

Luce Auditorium Reuse Feasibility Study



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The NTC Foundation
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Limitations and restrictions of this study – This feasibility study was carried out employing research techniques based on consultation with individuals and current and past research performed by the study team and others. The consultation results were supplemented with a review of selected project documentation and our findings and recommendations do not constitute a full and complete understanding of all issues surrounding the planned adaptive reuse of Luce Auditorium. We relied on information and representations from NTC Foundation staff, board, and third parties and therefore cannot fully verify as to its accuracy or completeness.

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Executive Summary

Study Objectives

AlbertHall&Associates (“AHA”), in collaboration with Landry & Bogan, Inc., Theatre Consultants, undertook this study to provide an independent assessment of the feasibility of various proposed adaptive reuse scenarios for the Luce Auditorium that constitute its best and highest use.

The Luce Auditorium (Building 35) was built in 1941 and is located on the west side of Truxtun Road, north of Dewey Road. The one-story historic structure consists of 20,365 square feet of interior space and, in its original configuration, had a seating capacity in excess of 2,000 seats and the interior and exterior of the structure is considered to be historically significant.

The consulting team sought evidence that the NTC Foundation’s currently defined goals for Luce can be developed into a cohesive physical design with an operating model that was realistic and financially sustainable over the long term. As an ancillary indicator for determining the viability of each scenario, we focused on the potential for the venue to attract the necessary users, operator(s) and patrons required to fulfill the Foundation’s objective of developing a vibrant, cultural arts facility that will be a magnet for cultural and community activity in the heart of the NTC Promenade.

This study represents a preliminary feasibility assessment and is designed to assist the NTC Board of Directors in making a judgment as to which design and operational scenarios are most appropriate to pursue. Once a reuse scenario is identified for further investigation, a more detailed review, design, and estimating process should be undertaken to fully develop the business model and venue design that will most successfully meet the Foundation’s criteria.

The specific objectives of the study process included:

- Defining the most appropriate design and operational goals for the facility’s adaptive reuse.
- Determining if the various operating scenarios could be financially sustainable.
- Analyzing the readiness of Dance Place resident companies to serve as anchor tenants.
- Developing self-sustaining operating models that best meet potential user, community and NTC Foundation needs.
- Identifying future uses that complement current NTC Promenade functions.
- Finding design and operational solutions that align with the Foundation’s existing business model.
- Determining the best methods to ensure broad community and user access.

Summary of Findings

The Luce Auditorium can be rehabilitated into a significant community asset. It is in a highly accessible and visible location in close proximity to the NTC Promenade core and there is

substantial interest from the community in its redevelopment potential. However, the building is not readily useful in its current state as it is plagued with outdated physical elements, significant historical constraints and an increasing level of physical disrepair. The additional burden of developing a reuse scenario that is financially self-sustaining presents substantive challenges for the operating model from an ongoing funding standpoint. Given those constraints, we recommend the following developmental approach be pursued:

1. Develop a flexible design that will serve the broadest need

The project constraints detailed above in conjunction with the use and financial criteria set by the NTC Foundation significantly narrowed our findings in terms of appropriate possible reuse scenarios. Specifically, our research and financial modeling suggests that the design and operational features that will best meet the various needs of users and provide the greatest opportunity for financial stability are:

- A flexible facility design that will attract a broad range of users.
- Programming developed to offer a wide range of community, arts and culture, exhibition, film and meeting activities.
- Built-in, multi-use capabilities to allow for efficient change over operations from one event to the next.
- Establishment of long-term relationships with core users to provide a stable and replicable annual source of base revenues.
- A range of seating capacities and functional attributes that offer affordable rental rates and multiple use opportunities to attract mid-size arts organizations, community groups, film and lecture presenters, and conference/meeting planners.

2. Avoid competing with a crowded market

Our research further indicates that San Diego County has a significant inventory of fixed configuration theatres with a seating capacity in the 300 – 500 range, but an extremely limited number of flexible use facilities that are available for rent to outside users at affordable rates. Given the market conditions, it does not appear to be a prudent business decision to add to that inventory of fixed configuration facilities at the present time unless a qualified third party operator is available to enter into an exclusive, long-term master lease and relieve the Foundation of ongoing financial risk. Therefore, the most significant need and most likely model to succeed in financial terms, is a multi-use facility that will accommodate the broadest possible segment of potential users.

3. Fully develop the operating plan first

As the NTC Foundation continues to pursue its goal of developing an adaptive reuse plan for the Luce Auditorium, it is imperative that the Foundation adheres to the familiar adage of “form follows function.” In this instance, a fully developed business plan and engaged relationships with potential users will be the key to a successful and lasting reuse design for Luce. San Diego County offers a number of examples of theatres or performing arts centers

that were developed as civic projects without clearly defined programmatic models or a tested business plan detailing their financial and operational feasibility. Unfortunately, those facilities are now struggling to survive and the communities for which they were built often have to bear the financial consequences. Given the overarching goal of ensuring financial sustainability for the revitalized facility, it is essential that a detailed assessment be undertaken to determine not only the interest of potential users, but also their financial and programmatic ability to undertake a positive, long-term position in the project's future.

4. Understand your programmatic potential

We would recommend that the specifics of potential user research begin with the Dance Place resident companies and move outward from there. Our preliminary research revealed that the combination of Malashock Dance, Jean Issacs San Diego Dance Theatre and the San Diego Ballet have the need and the capacity to rent performance space in Luce Auditorium in the range of 18 to 23 weeks per year. The dance companies, in conjunction with a group of resident film festivals/presenters, could provide up to 36 weeks of use in the first year of operation, a good starting point for the development of a self-sustaining business model. To fill out the annual calendar, that anchor tenant group can be complemented by various other "booked-in" users such as small theatre companies and community groups with shorter term and less predictable needs. Once a rental schedule is established and venue uses defined, NTC Foundation will have the opportunity to utilize open dates by booking meeting and conference business as necessary pursuant to the goals of its current business plan.

5. Complement your current operating goals and strengths

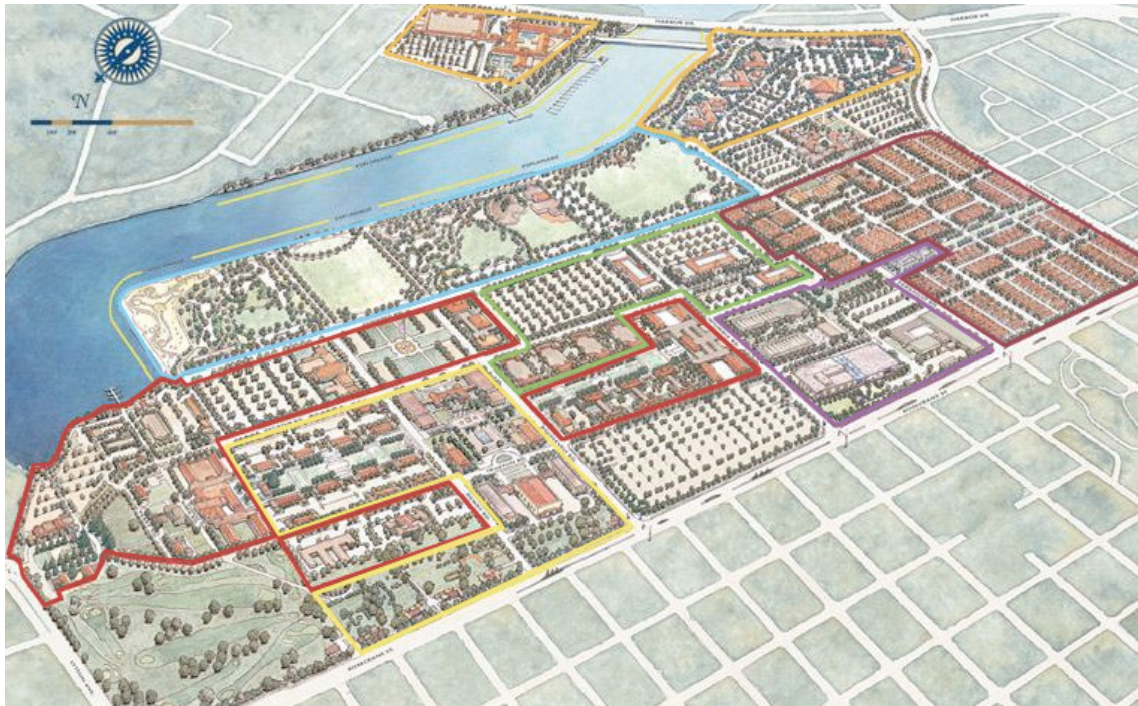
The NTC Foundation will go a long way toward managing future risk by developing an operating plan for Luce that is not only responsive to community needs and market conditions, but also by developing an operational reuse approach that is aligned with the Foundation's existing business model. Once an annual operating model has been established with some certainty of its operational and financial feasibility, NTC Foundation can then look for opportunities to use its existing management, sales and marketing, operations, and information technology capacity to develop operational alignment and efficiencies that will benefit both Luce and NTC Promenade's other business pursuits.

Also, by augmenting Luce's user rental income with meeting, conference, and events revenues, NTC Foundation has the opportunity to create a scheduling calendar that could result in annual rental capacities well beyond those enjoyed by most stand-alone operations.

Project Background

The NTC Foundation was established in 2000 to redevelop a portion of the former San Diego Naval Training Center and transform it into a place where “Innovative Experiences” will inspire the lives of generations to come. The Foundation is principally responsible for designing and developing the NTC Promenade, the creation of which is an unprecedented opportunity for San Diego to create a significant new flagship destination for arts, culture, science and technology at the former Naval Training Center in Point Loma.

NTC Promenade is located within the larger redevelopment project of Liberty Station. Liberty Station is a 361-acre project that involves the conversion of San Diego's former Naval Training Center into a self-contained community that will include, in addition to the Promenade’s arts and cultural center, offices, a retail center, an educational district, a number of hotels, and 125 acres of parks and open space. The project site is rigidly zoned to separate each of the uses into their own homogenous districts.



Liberty Station is very favorably situated on a waterfront location just west of the airport and only a few miles from downtown San Diego. As a focal point of the community redevelopment, NTC Promenade offers a rare opportunity to promote arts and culture and related community activities in a location that is situated in close proximity to the heart of the city.

When completed, the NTC Promenade will be a unique community asset designed as a creative district brimming with innovation, collaboration and celebration in an historic setting at Liberty Station.



The NTC Promenade is envisioned by the community as a creative destination that will:

- Showcase, advance, and strengthen San Diego’s creative community by providing a home to hundreds of San Diego’s most innovative and creative arts, science, culture, and technology organizations. The collaborative nature of the setting, combined with extraordinary tenant benefits, will provide a place where ideas are born and resident companies create, innovate, demonstrate, exhibit, train and teach.
- Provide a festive outdoor, sun-filled gathering place and a new source of civic pride for generations of San Diego residents, families, students, tourists, business travelers, and scholars. NTC Promenade will be a place to explore, experience, engage and enjoy.
- Restore 26 historic architecturally significant buildings on 28 park-like acres to their original Spanish Colonial Revival-style splendor all in a central San Diego location on the Bay with unparalleled views and a tranquil naturally beautiful setting.¹

It is also an essential tenet of the NTC Promenade development process to honor, respect and highlight the Naval Training Center’s rich and life-transforming past while building for the future.

¹ NTC Promenade Website, 2008

Study Methodology

Although Luce Auditorium would seem a perfect venue to meet the performance needs of arts and culture groups, the combination of its inherent physical deficiencies and the myriad design constraints required to mitigate sound problems and historic site guidelines, create formidable challenges for developing a well functioning arts facility that will be “self-sustaining” in its operations. The challenge becomes one of blending best and highest use with financial sustainability by defining the broadest possible spectrum of complementary uses that will create a sustainable programmatic model to support the Luce’s financial and operational needs. Given the responses we received during the assessment process, it is clear that the focus must be on a mixed-use model that will provide a base of user support sufficient to meet the facilities operational and financial goals and allow for a design approach that seeks to limit capital investment from the outset.

In order to successfully find a solution to the challenge, the NTC Foundation’s board retained the services of AlbertHall&Associates to conduct a feasibility study that would enable the foundation to make an informed decision regarding the best and highest reuse of the Luce Auditorium. Among other things, the feasibility study methodology was designed to (1) identify potential user needs, (2) develop a schematic design for each substantively identified need and, (3) test each approach against financial estimates for both the capital improvement phase of the project and each scenario’s ongoing operational requirements.

The study began with a review of current planning activities by the NTC Foundation and an analysis of its desire to determine the best and highest use for the Luce Auditorium. The NTC Foundation seeks to balance its ongoing commitment to create a vibrant arts, culture, and technology core for Liberty Station with the need to adhere to sound business and financial practices in every aspect of the Promenade’s development and operation. Balancing that tension between serving community needs and financial realities becomes acutely drawn when considering the best reuse approach to Luce Auditorium.

The study includes a summary analysis of community and user interest in reuse opportunities for the rehabilitated facility, an overview of the current market potential for the various scenarios and several recommendations as to possible operating models and their financial implications.

Based upon assessment interviews, a physical and visual survey of the building, a preliminary review of the historical rehabilitation guidelines, input from users, the community, and NTC representatives and architects, we have developed a number of potential operating scenarios for consideration. Once the various operating schemes were defined, Landry and Bogan undertook the task of creating a design schematic for the facility that would functionally support each operational approach. As previously mentioned, the combination of physical constraints, historic mandates and non-profit users’ lack of capital, present significant challenges for determining a financially sound, best and highest use solution for an adaptive reuse of the facility. The various scenarios contained in this study represent those outcomes that we believe have the greatest potential for success within those design criteria.

Each scenario that we have developed and their corresponding concept drawing from Landry & Bogan, broadly defines the adaptive re-use potential from a physical and operational perspective. The schematic drawings were developed as conceptual models for possible designs and should be viewed as such. **Once the Foundation has made a decision as to the best reuse and design approach**, further research into historic constraints and design details will be necessary to refine the building design into final form. As of this time, we have not studied the possible historic or physical impediments to the full development of each approach other than to get a verbal overview concerning those issues from The NTC Foundation's project architect, Chris Bittner, Associate with Roesling Nakamura Teraida Architects.

Although there is strong interest in Luce Auditorium filling the need for a mid-size performance venue, results of our investigation and discussions with non-profit performing arts groups reveal little evidence of these groups having the ability to substantively participate in the capital expenses associated with the construction phase of the project, nor was there an indication of their ability to sustain operating costs substantially in line with commercial market rates. Therefore, **without an identified source for capital and operational subsidies, it will be difficult to develop a self-sustaining model dedicated solely to non-profit arts users.** For that reason, we recommend that the project be envisioned as a mixed-use facility that will complement the Foundation's current conference/meeting business, while allowing for use by non-profit arts and community and commercial users as those opportunities present themselves and market conditions dictate.

It should be noted that both our interview and survey process were limited in scope. Should the NTC Foundation narrow its focus to one or more concepts recommended in this study, **additional research will be required** to validate the true breadth of interest from and ability of potential operators and/or users to commit to participating in the project based on a more detailed understand of the venue's preliminary physical design and rental/operating costs of each scenario going forward. AHA is continuing to interview potential users, including meeting planners, destination management companies, hotel owners/operators and production support companies as of the time this study is being drafted. Should we discover any new or previously unknown findings, we will update our data as appropriate.

Building History and Current Status



Throughout its occupancy by the U.S. Navy, Luce Auditorium was an extremely useful and versatile facility. It functioned variously as a venue for training films, orientation and classroom training, lectures, ceremonies and USO-type performances. From its construction in the early years of WWII until NTC's decommissioning in the 90's, Luce Auditorium was in constant use serving the needs of the Naval Training Center community. Unfortunately, by today's standards it is not well suited for presentation of modern productions or even for use as a conference/meeting facility. Whatever use is deemed to be most desirable and appropriate for Luce, there will be considerable challenges ahead in its physical redesign and development.

Current Issues

In its current condition, Luce Auditorium has many drawbacks to its use for any of the operating scenarios detailed in this study. The combination of historic site restrictions, outdated physical attributes, and a lack of modern systems and furnishings dictate a *top-to-bottom* approach to adaptive reuse possibilities. In its current configuration, it is:

- Too large for most of the area performing groups and the distance from its seats to its stage is too far for audiences to see the details of face expression or subtle body movements, essential qualities of a successful live performance experience.
- The acoustics within the performance space are indifferent and the acoustic separation between the auditorium and the outside is practically non-existent. Since the auditorium lies in the airport flight path, this is a significant issue.
- In order to meet appropriate acoustical standards for performance, film, and event presentations, it will be necessary to engineer sound damping requirements to reach a level of +/- 30 dBA.
- The stage is not deep enough for most user performance needs, has limited wing space to handle scenery and insufficient stage house height to adequately fly scenery.
- There is no performer support space (dressing rooms, costume storage, green room)
- There is no loading area and historic guideline restrictions may make it difficult, if not impossible to remedy this deficiency.
- The floor slope is too shallow in the front of the auditorium and the stage is too high for good, if not optimal audience sightlines.

- There is no method of blocking light from the many windows in the auditorium, making it impossible to control the environment, which is key for live performance
- There is no ADA access to any of the required locations; stage, seating, control room, restrooms, etc.
- There is no current lobby space, the restrooms are insufficient, there are no audience “amenities” of any kind.
- There is no provision for performance lighting, sound reinforcement, or other theatre technology.

Future Possibilities

The list of challenges and drawbacks to developing a successful adaptive reuse plan for the Luce Auditorium can go on and on. However, looking to its future, the NTC Foundation identified the better question to pose, which is, “What is the potential highest and best use for Luce Auditorium within realistic renovation opportunities?”

Size is the major virtue of a renovated Luce Auditorium as a prospective location for live performances, conference and meeting activities, and film and media presentations. There is square footage and volume enough to create a viable performance space or community center within it. Even with historical and physical constraints, early schematic studies indicate that a number of adaptive reuse approaches will align with expressed user needs, community support and NTC Foundation’s goals for the overall development of the NTC Promenade.

During the course of this study we analyzed several options from physical and operational perspectives. Because the building is so large, many possibilities are open, but we understand that historic preservation considerations will limit some, and physical and operational realities will preclude others from being financially sustainable.

In order to conform to potential historic guideline mandates that typically dictate that substantial modifications be removable, we looked at ideas that preserve the basic building shell while working within it. All of the operating scenarios detailed in this study assume that minimal physical changes will be undertaken to either current interior or exterior elements of the building.

From a functional standpoint, we considered various options that were deemed to be complementary to the NTC Promenade development goals, responsive to the expressed needs by potential users and, compatible with the input we received from NTC representatives and community members. Initial design studies included a fixed-seat theatre, a dinner theatre, a cabaret-type space, a conference center, a black box or studio theatre, and several multi-use scenarios.

Most options required either a flat floor (or two levels of flat floor) or a new sloped/stepped floor combination. Since we anticipated that excavation of the existing floor was most likely neither financially feasible nor possible given historic guideline constraints, we concentrated on a two-level flat floor option that builds up from the existing floor and could be removed in the future, if necessary.

This provides two large spaces that can be accessed and connected via ADA-accessible ramps in both directions (up and down) from the existing side doors. The existing restrooms can be reconfigured to be accessible, though the fixture count would not be optimum for large-scale events and will require augmentation.

Almost 4000 SF of useable space could be available on the upper level and 5600 SF on the lower level, exclusive of circulation, to be used as community space, flexible performance space, small meeting rooms, banquet space, lecture halls and film screening venues, or all of the above. The ceiling, roof, and walls of the existing Luce could remain little changed, but the new facilities would be designed as a “box-within-box” concept, with interior ceiling construction that would facilitate modern HVAC requirements and prevent the transmission of outside noise and ambient light to the interior.

Some second-level space could be developed on top of each of the new spaces for storage, offices, food service, etc. A permanent control room could be developed to allow the larger space to function as a flexible performance space equipped with a pipe grid for lighting and some scenery as well.

The entry/exit ramps shown in the accompanying sketches are oversized to provide an opportunity for art display, a row of benches or tables, or other opportunities for gathering before or after performances and events.

While it is unlikely that the Luce Auditorium will ever be able to serve as a live performance venue in its current configuration, a carefully planned interior adaptation could be a vital part of NTC Promenade and San Diego’s cultural landscape.

Community Context

NTC Promenade at Liberty Station

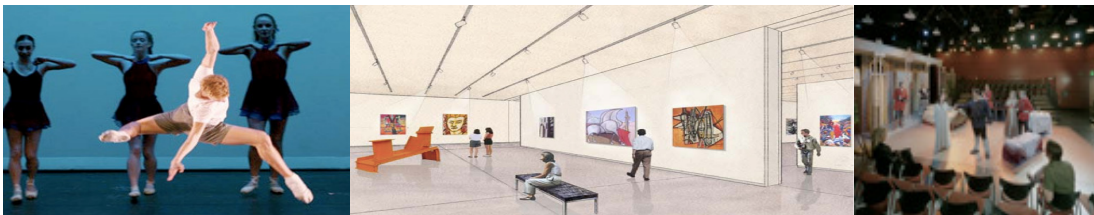
The existing rehabilitated venues at NTC Promenade offer opportunities for a wide variety of functions including meetings, conferences, and private functions, as well as rehearsal/performance, galleries, office, and classroom space for its residence companies. What is lacking is a public performance/presentation venue.

Venues currently operating under the management of the NTC Foundation include:

- NTC Command Center – State-of-the-art conference and meeting center with over 5,800 available square feet of meeting and conference space
- The Corky McMillin Companies Event Center – 8,700 square feet of conference and meeting space in an historic setting
- Luce Court and Legacy Plazas – Landscaped outdoor venues designed to meet the needs of community festivals, receptions and events
- The North Chapel – a historic setting for ceremonies and performances
- Dance Place San Diego – Housing various professional dance companies for rehearsal and providing dozens of classes offered daily by San Diego's top instructors.

Two nearly identical renovated buildings - one of which is Dance Place San Diego - house a variety of non-profit arts companies, fitness and martial arts groups, and community service organizations flank the Luce Auditorium.

Potential Luce Auditorium Users



Currently, the NTC Promenade is home to a number of resident groups that include dance companies at Dance Place San Diego, martial arts, educational groups, multi-disciplinary arts, and visual arts. NTC Promenade also offers dozens of hands-on classes held weekly and provides a plethora of programs that complement its mission.

Resident arts companies and organizations that are currently housed at NTC Promenade Dance Place adjacent to the Luce Auditorium include, among others:

- **The Actor's Alliance** –The Actors Alliance of San Diego (AASD) is a non-profit, membership based service organization dedicated to the advancement, education, and

exposure of the San Diego theatre artist and enhancing the good of the community through the medium of theatre.

- **Malashock Dance** -Malashock Dance is known for its collaborative projects and has successfully created projects with artists and organizations from various disciplines, such as the San Diego Opera, San Diego Symphony, La Jolla Music Society, KPBS-TV, the Old Globe Theatre, Museum of Photographic Arts, and many others. Malashock Dance is also known for their work in the new genre of dance film, choreography specifically for the camera. The Malashock Dance School at Dance Place San Diego offers many classes for children, teens and adults.
- **San Diego Ballet Company** -San Diego Ballet's mission is to excite, enrich, and entertain its diverse audience through the imaginative presentation of quality classical and contemporary dance. San Diego Ballet's educational outreach program reaches over 10,000 every year in innovated programs designed for K-12. San Diego Ballet has been voted #1 dance troupe by the reader's poll of the San Diego Union -Tribune, Signonsandiego.com and Best of San Diego.com.
- **Jean Isaacs San Diego Dance Theatre** - The San Diego Dance Theater (SDDT) has for 35 years enriched the cultural life of San Diego through countless dance concerts and training for young dancers. Jean Isaacs was appointed Artistic Director in 1997 and under her direction, SDDT has earned its reputation as a company of fully-professional dancers committed to unconventional and deeply courageous programming which expands access to the stage for dancers of many nationalities, races, ages, and physical abilities.

The dance companies have a pressing need for affordable performance space to complement their studio rehearsal and classroom work. In our interview sessions with principals from each company and in their survey responses, there was a strong and clear desire for a performance component in the Luce reuse program, as inclusion of that element in the project is viewed by the dance companies as an essential "critical need" for their continued artistic and financial well-being. Further, the three principal Dance Place companies (Malashock Dance, San Diego Ballet Company, and Jean Isaacs San Diego Dance Theatre) provided data that affirmed their current rental practices for the use of other San Diego venues and, should those companies be included in the Luce user mix, their combined current usage of performance venues represents the potential for 18-23 weeks of annual rental activity at Luce Auditorium.

There are also are a number of small theatres and other performing arts companies throughout San Diego who do not operate in their own performance venues that would be well served by a facility offering them affordable rehearsal and performance rates.

A Regional Center for Film and Media Arts

In addition to the expressed need for an affordable performance venue for San Diego's non-resident performing arts organizations, there is a broad and growing group of film festivals and presenters that would benefit from a complex of affordable venues for the presentation of their work. This burgeoning community of presenters and film aficionados may present an opportunity for the NTC Foundation to create a center at Luce Auditorium as a regional focal point for the film and media arts.

Among the various presenters and film festivals currently operating in San Diego without the benefit of a permanent venue are:

- **Cinema Society of San Diego** -The Cinema Society of San Diego presents select motion pictures offered by the top major and independent studios before they are released to the public, along with celebrity salutes involving classic films. Evenings include guest speakers who are local experts in the subject matter of the film, critics and occasionally actors, directors or studio representatives involved with the film's production. Cinema Society of San Diego also offers numerous film oriented travel opportunities annually, as well as other cultural events.
- **San Diego Film Festival** - The San Diego Film Festival is dedicated to supporting diverse, up and coming independent filmmakers. They program a broad selection of over 100 American and International films, and host many filmmakers during their festival held annually in San Diego. San Diego Film Festival is a competitive four-day festival and attendees can experience everything from industry access through educational panels and the American Screenwriters Association annual conference, to intimate filmmaker and celebrity gatherings.
- **The San Diego Asian Film Foundation** – San Diego Asian Film Festival is dedicated to upholding and sharing the diverse legacy of Asian Pacific Islanders through the media arts. The Foundation's premiere event is its 8-day annual film festival in October, during which thousands of patrons come out to experience films from around the world and connect with the artists who created them. SDAFF also offers a quarterly film series, a membership program, and documentary training for local high school students.
- **San Diego Latino Film Festival/Media Arts Center San Diego** - Media Arts Center San Diego/San Diego Latino Film Festival is celebrating its 15th anniversary and promotes access to film and video as tools for community self-expression and social change and supports the professional development of media artists. Over 138,000 people have attended the San Diego Latino Film Festival during the past 14 years where over 1,200 films/videos from across Latin America and the United States have been screened.

- **San Diego Women Film Foundation/SD Women’s Film Festival** - The San Diego Women Film Foundation's mission is to empower, promote and mentor young women and women filmmakers by developing opportunities to expose them to the art of filmmaking and to tell women's stories to broad and diverse audiences. The Foundation runs two main programs annually; Divas Direct, a series of film programs for young women and The San Diego Women's Film Festival, an annual film festival that attracts hundreds of attendees and is held in the fall each year.
- **BestFest America/Visual Arts Foundation** - The Visual Arts Foundation offers literary quality visual arts programming to San Diego and focusing solely on supporting the next generation of filmmakers. BestFest America seeks to mentor, train and inspire thousands of creative young filmmakers, providing a forum for their work to be seen and helping to foster their storytelling craft. In addition to the three-day BestFest America Festival, they offer seminars relating to filmmaking and a school team competition with screenings annually during the spring.
- **San Diego Jewish Film Festival** – The San Diego Jewish Film Festival aims to educate and illuminate audiences by offering an array of films that depict elements of the Jewish life, history, and culture in challenging, moving, and humorous ways as never seen before. Festival has become one of the largest and most prestigious festivals of its kind, attracting over 20,000 ticket holders annually. The 11-day festival presents approximately 40 short subject, documentary and feature films and an international roster of guest artists, special events and theme programs for all ages.
- **FilmOut San Diego** - The mission of FilmOut San Diego is to enlighten, educate, and entertain the communities of San Diego County through the exhibition of LGBT-themed films. FilmOut San Diego seeks to recognize, promote, celebrate and support the important diverse artistic contributions LGBT filmmakers make to our community.
- **The San Diego International Children's Film Festival** - The San Diego International Children's Film Festival showcases films from around the world made for children and teens, including live-action, animation and documentaries. Children enjoyed filmmaking and animation workshops. A free program for teens highlighted films made by teen filmmakers from the San Diego Women Film Foundation's Divas Direct program and the Media Arts Center Teen Producers Project.
- **San Diego Black Film Festival** - The San Diego Black Film Festival is an annual event that features the best in independent black films. The event includes an opening reception, awards party, festival party, panel discussions, celebrity appearances, directors, writers, and industry executives and is produced as a fundraiser for the Black Historical Society of San Diego.
- **48-Hour Film Project** - The 48 Hour Film Project's mission is to advance filmmaking and promote filmmakers. Through its festival/competition, the Project encourages filmmakers and would-be filmmakers to get out there and make movies.

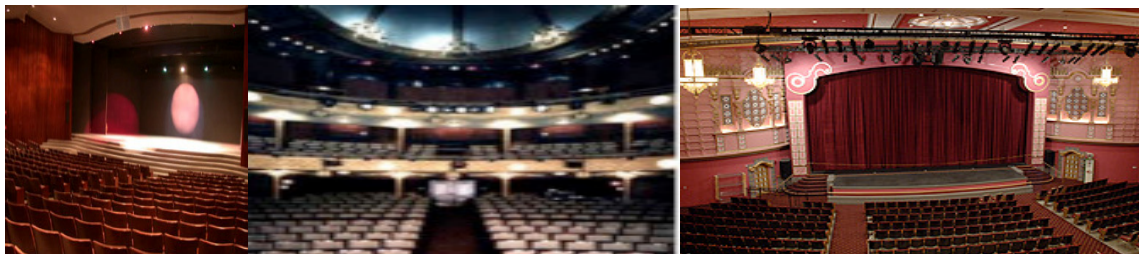
The tight deadline of 48 hours puts the focus squarely on the filmmakers—emphasizing creativity and teamwork skills. The Project travels to cities throughout the country on an annual basis, visiting San Diego once a year.

- **The San Diego UnderSea Film Exhibition** - The San Diego UnderSea Film Exhibition (UFEX) had its debut in 2000. It was initiated in response to the need for a local presenter to showcase some of the best of the underwater video creations of area divers. UFEX is in its ninth year of producing the San Diego UnderSea Film Exhibition.

In addition to dance and film, AHA contacted music performance organizations to determine their potential for joining an anchor tenant user group. Those groups interviewed had less need or interest in using Luce on a regular basis than the dance and film community. The combination of requirements for significantly larger seating capacity and highly specialized acoustics and performance configurations raised concerns as to the physical appropriateness of Luce as a concert venue. Additionally, many of the organizations have a mission or historically based mandate to perform at numerous venues throughout the county in order to serve audiences that are broadly disbursed geographically. Under the circumstances, it is unlikely that music groups will have an interest in using Luce on a regular and repetitive basis. Still, a number of the representatives that we interviewed did suggest that they might have a future interest in Luce as a venue for special events, run-outs and other “one-off” performance possibilities.

Finally, the NTC Foundation has established a burgeoning meeting/conference business that continues to attract meeting and conference planners, private parties, events and community functions that will greatly benefit from a state-of-the-art facility. If Luce Auditorium becomes another element of the foundation’s current mission and business plan, the synergy that can arise from complementary uses and combined staffing can have lasting positive impacts for the Foundation’s long-range plans for the NTC Promenade.

Existing San Diego County Performance Facilities



Research conducted for this study, as well as findings from work conducted for previous surveys, indicates that there is a rich mix of mid-sized performance facilities in San Diego County. Although the following breakdown of venues is not exhaustive, it provides a good overview of the inventory available to potential users for performance and conference activities in venues with seating capacities ranging from 352 to 750 seats. Venues that currently house resident companies, are located a significant distance from metropolitan San Diego, or are not readily available for outside rentals have not been included below.

North Park Theatre - A mid-sized Theatre, seating 700-750 in the orchestra without a balcony. Located on University Avenue, near downtown San Diego, the Theatre has been recently renovated.

Qualcomm Hall – This newly constructed auditorium is part of Qualcomm's new corporate headquarters in Sorrento Valley. The concert hall, which can also be used for lectures and film, has three levels of seating configured to provide optimal sightlines. It contains state-of-the-art digital technology and adjustable acoustical elements.

Lyceum Theatre – Located in downtown's Horton Plaza, the Lyceum is a shallow thrust stage configuration with a seating capacity of 550 seats. It is a fixed seat configuration and is home to the San Diego Repertory Theatre. The Lyceum also offers a smaller performance venue and public spaces suitable for small conferences and community gatherings.

The Neurosciences Institute Auditorium - 352-seat auditorium at the Neurosciences Institute located in the Torrey Pines area of La Jolla. The hall is used for scientific gatherings and is also the home of the “Performing Arts at The Neurosciences Institute” program.

Sherwood Auditorium – 492 seat proscenium theatre located in the Museum of Contemporary Art's La Jolla campus. The Sherwood Auditorium is a fixed-seat theatre that is used by the museum and other groups for lectures, film screenings and the small-scale performances.

In addition, there are a number of larger venues available for public rental, however, user responses suggest that, other than the San Diego Ballet and several of the more prominent music presenters, these venues are too large and rental rates too expensive to meet the needs of a broad segment of the potential users interested in Luce.

Those venues include:

- Mandeville Auditorium, UCSD campus in La Jolla – Seating Capacity 880
- ECPAC Theatre, El Cajon Performing Arts Center – Seating Capacity 1,150
- Balboa Theatre, Horton Plaza – Seating Capacity – Seating Capacity 1,339
- San Diego Civic Theatre – Community Concourse – Seating Capacity 2,967
- The Spreckels Theatre, Downtown San Diego – Seating Capacity 1,464

Flexible Use Venues

Flexible, multi-purpose venues are not plentiful in San Diego County and, within the greater metro area, the only venue of that type that was reflected in our survey findings was located on the Jacobs Campus at the Lawrence Family Jewish Community Center.

David & Dorothea Garfield Theatre – This Flexible, multi-purpose venue is designed to meet the needs of both the performing arts and business communities. It has a 2,500 Sq. Ft

stage with a 40-foot fly loft and state-of-the-art technical equipment. The auditorium has a 500-seat retractable seating system that allows for tier or flat-floor configuration.

Cinema Venues

San Diego does not currently have a non-commercial venue dedicated exclusively to promoting and exhibiting film and media. Local film festival and presenters rent space in one of the commercial theatre chains on a space available basis or, as with many of the live performance arts groups, utilize one of the available mid-sized venues such as:

- Birch North Park Theatre
- Sherwood Auditorium
- House of Blues
- Irwin & Joan Jacobs Theatre
- Rueben H. Fleet
- Qualcomm Hall
- SDSU Student Center
- David & Dorothea Garfield Theatre

The commercial movie theatres that are currently being utilized by local film festivals and a number of presenters include, among others:

- AMC 12 La Jolla
- Pacific Gaslamp 15
- UltraStar Cinema -Hazard Center
- AMC La Jolla 12
- Ultra Star Poway
- Landmark's Ken Cinema
- Regal UC Cinema

Potential Facility Uses



Responses to individual interviews, surveys and a public review session informed and focused the development of potential operating scenarios and helped determine the breadth of interest from possible Luce users and/or operators. Our research was supplemented by recent studies conducted on behalf of the NTC Foundation and the Center City Development Corporation focused on arts and culture facility needs and arts market demand.

Although many interview and survey participants expressed interest in the potential for using the facility, no single user, or group of users demonstrated the necessary programmatic density or financial wherewithal to consider year-round, full time occupancy. Unfortunately those users that might have had the desire and resources to enter into a single purpose, single user arrangement, have programmatic and design needs that cannot be accommodated at Luce due to design, physical or historical constraints. Given the lack of users with the ability to program the facility on a continuous basis, our work focused on a multi-use approach as the best possibility to meet the Foundation’s criteria for its “best and highest use.”

The focus on a multi-use scenario is further supported by prior research into the most feasible uses for the NTC Promenade as a whole. In a facility needs survey conducted in 2002 for the NTC Foundation by ArtsMarket², there was significant support from a broad spectrum of potential users for a multi-use facility that is readily available for rent. The ArtsMarket study identified the top five desired uses for NTC Promenade facilities to be (1) community meeting space, (2) gallery/exhibition space, (3) kitchen/banquet preparation areas, (4) theatre/rehearsal space and, (5) visual art - studio and classroom space. Although the NTC Foundation has since developed a number of various facilities to meet many of those needs, our research indicates that there is still a strong desire among potential users for performance/exhibition and community meeting space. This fact is further supported in the findings of a study conducted on behalf of the Centre City Development Corporation by AMS Planning and Research.³

The AMS study identified the two largest unmet needs for arts organizations as “performance space (13 organizations) and rehearsal space (11 organizations).”⁴ The study further identified the expressed need for two sizes of performance facilities, the first being a flexible facility of

² ArtsMarket, Facility Needs Survey – Potential User Findings, NTC Foundation; January 2002

³ AMS Planning and Research, Arts Market Demand Study, February 12, 2004.

⁴ AMS study, page 9.

approximately 200-300 seats and the second, a fully equipped, state-of-the-art 500 – 1000 seat theatre.

AMS study respondents described the optimal smaller facility as, “ a flexible facility, perhaps incorporating seating using telescoping risers and a simple ‘platform’ stage. The space would be fully equipped with lighting and sound systems and scenery flying capability and would have acoustics suitable for a wide range of performance types.”⁵

Although initial schematic studies of potential designs for Luce Auditorium indicate that the maximum seating capacity for a performance facility would not allow for the construction of the large, fully equipped facility described above, the potential to fill the need for the smaller, flexible venue with a seating capacity of up to 500 is clearly a realistic possibility. The AMS study estimated that the total use for such a facility could be in the range of 412 to 752 performances annually.⁶

The AMS study also identified the key factors that would impact potential users’ interest and ability in order of importance as (1) Rental rates, (2) Length of lease, (3) Ease of public access, (4) Available parking and, (5) Proximity to artists and arts organizations.⁷

Certainly Luce Auditorium’s location, proximity to artists and arts organizations, ease of public access and abundance of available parking make it a very desirable venue to meet the physical needs of various local arts organizations looking for suitable performance space.

Although AMS noted in their market demand study that there was the potential for non-profit arts users to utilize a mid-size performance venue at virtually 100% of capacity⁸, it is important to note that rental rates were the number one impediment to user’s interest and they remain so today.

Additionally, without a viable single operator or financially capable group of users identified in advance, the key issue of long-term financial sustainability for the Luce operation remains an issue. Given the feedback we have received from study research respondents, it is more than likely that the NTC Foundation will remain the principal operator of the venue and, under those circumstances, the mandate for financial sustainability absent annual operating subsidies, becomes a central criteria for measuring the long-term success of the project.

⁵ AMS study, page 11.

⁶ AMS Study, page 10.

⁷ AMS study, page 10.

⁸ AMS study, page 11.

Reuse Scenarios



Overview

Our research and interviews with community leaders, arts organizations, and meeting and convention planners have provided us with critical insights into the needs and feasibility of numerous reuse approaches to Luce Auditorium. The data and input collected suggests that there is a strong desire for a mid-size performing arts facility that is available to a broader constituency of users than other similar venues in the area that often house resident companies or lack the physical elements and affordability required by small to mid-sized non-profit arts organizations. At the same time, we were not able to establish the fact that small to mid-size arts organizations had the collective financial capacity to fully support the facility through their annual use. Therefore, at least in the early stages of the facility's operation, it will be necessary to find complementary users for those times when the arts users do not have the programmatic or financial wherewithal to rent the venue. Such activities as film presentations, community functions, meeting and conference rentals, and classes would be a practical alternative for dark periods in Luce's rental schedule and would fit seamlessly into NTC Foundation's current business model.

Our research further indicates that the dance companies currently housed in Dance Place are eager for a performance space in close proximity to their rehearsal/office facilities and have a demonstrated ability to rent the facility at current non-profit rates for approximately 18 to 23 weeks annually. If a cooperative scheduling model can be developed to manage potential scheduling conflicts, these resident users could provide a solid base of annual rental income for a performance facility. Additional interest in Luce has been expressed by other arts organizations, community groups, film presenters and meeting planners that would complement a core anchor group of annual users. Given the broad interest in the building with a clear priority for performance functions and community access, we believe the best and highest use can be achieved with a flexible, multi-user approach to design and operation of the venue.

Although we recommend a flexible design approach as the most practical for meeting NTC Foundation's goals, we have also identified a number of other scenarios that would serve more narrowly focused needs, but contribute greatly to the vibrancy of the NTC Promenade. We offer an analysis of each below in order to provide the breadth of input that the NTC Foundation Board will need to make an informed decision as to what direction will best suit user and community needs while adhering to the mandate for financial sustainability.

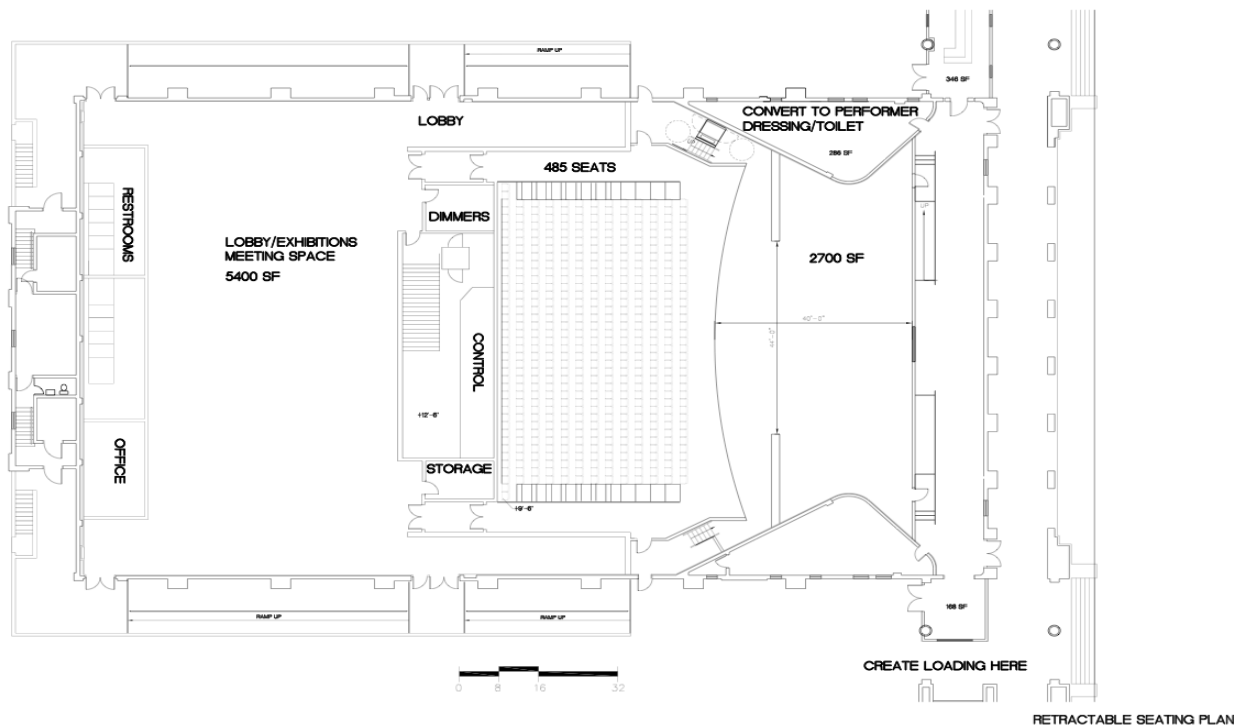
Concept 1: Multi-Use Facility with Flexible Configuration

This scenario will provide an open space, flat floor plan with adaptive staging capability for performance, film, exhibition, meeting and conference purposes. It would require less initial capital investment than a fixed seat theatre and will provide the broadest potential for multi-use events. Staging and audience requirements would be accommodated by the use of permanent production/staging elements and retractable seating. When not in use for performance related events, the space can be reconfigured to support smaller scale conference, meeting, or community activities.

This concept allows for varied staging possibilities and opens into a meeting room for conferences, meetings or other community functions. Staffing for changeovers can be held to a minimum by the use of automated, retractable seating and there is the opportunity for a wide variety of approaches to lighting and sound, depending on the project budget and desired price points for rental costs. Below are several configurations that are readily achievable with this design approach suggesting just some of the possibilities for various configurations to meet the needs of diverse users.

Configuration 1: Proscenium staging with retractable theatre seating

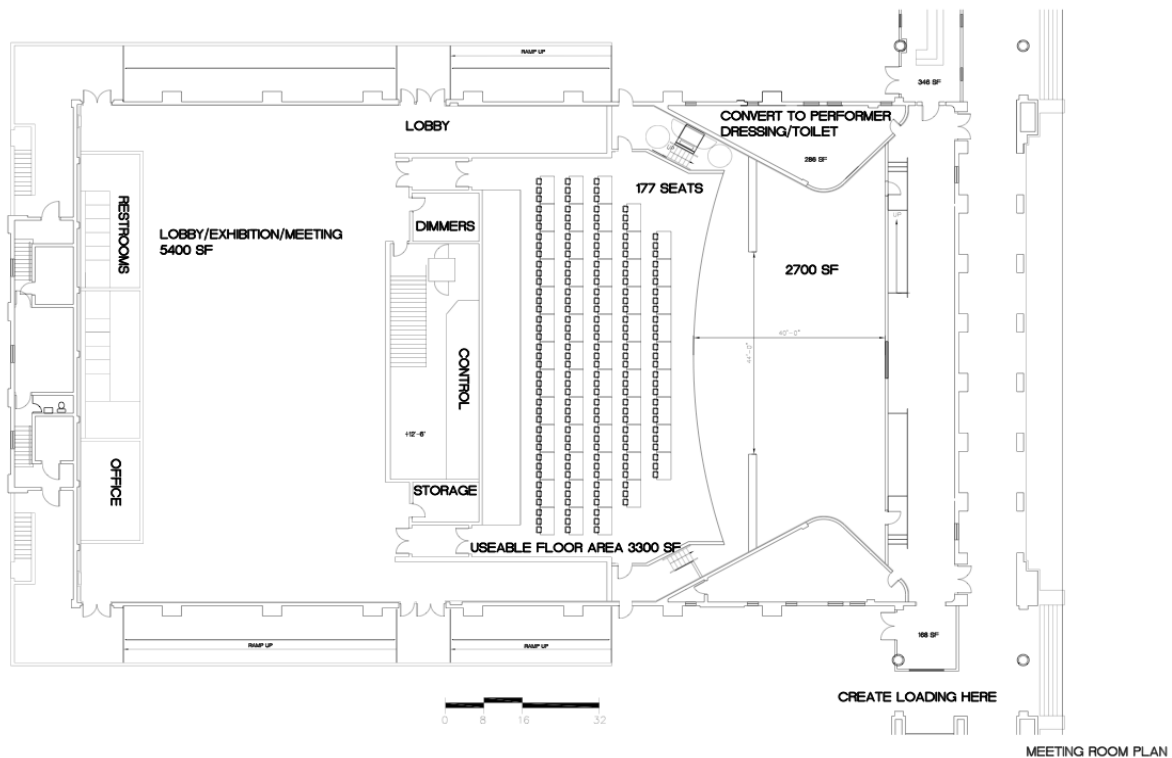
This configuration allows for traditional dance, theatre, music, film or any number of other performance events in the larger performance space while the adjoining space can be used for a public lobby, exhibition, intimate performance or other such purposes.



The lobby space in this design concept can be utilized as a “black box” type performance space with a seating capacity of approximately 100 seats in a 55X55 foot space. This arrangement allows for adequate audience circulation and design of sound locks between the large and smaller space. In the open format represented above, the public lobby space would also offer adequate room for food and beverage service and exhibit, meeting or lecture functions.

Configuration 2: Meeting/conference layout

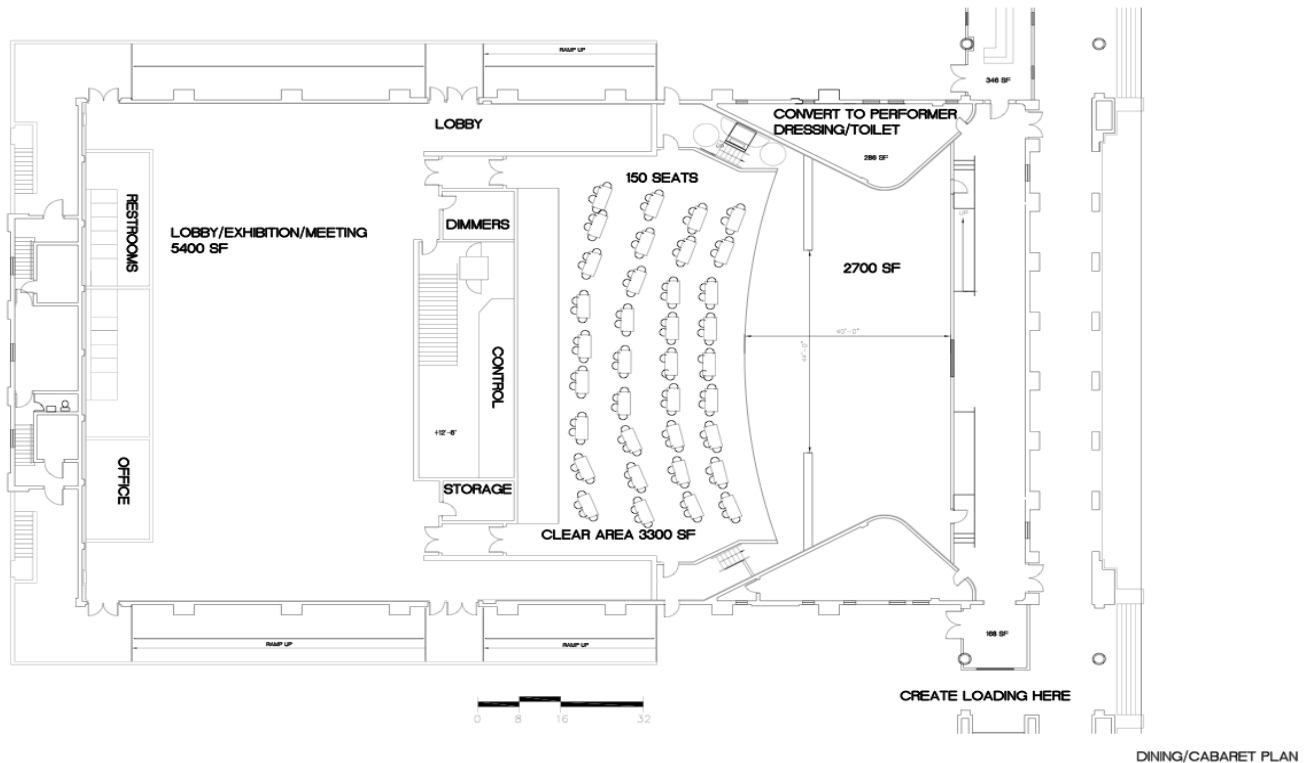
Utilization of the automated retractable seating systems allows the large performance space to be easily converted into a flat floor configuration to facilitate smaller meetings, seminars, lectures and classes. If use of the end stage configuration is not required, the room can be set-up in any number of ways to facilitate various configurations suitable for meetings, breakout sessions, exhibitions, lectures and classes.



As with Configuration 1, use of the large space can be augmented by complementary uses in the smaller space. With appropriate acoustical separation and planned scheduling, it is also possible to utilize both rooms simultaneously for different functions.

Configuration 3: Dining/Cabaret layout

This layout indicates one of the many ways that the main room could be configured to change the audience/performer relationship in the proscenium theatre setting. In this instance, the audience area is cleared of retractable seating and rearranged to allow for a dinner theatre or cabaret experience.



Utilizing NTC Foundations current capability to cater meals, the smaller area can be configured as an audience reception, bar and/or food and beverage staging area. Modern catering technology would allow for food and beverage service for a dinner theatre audience, cocktail service for a cabaret performance, or any combination of the two for functions of that would benefit from high quality food and beverage services when it is feasible for food preparation to be carried out offsite and transported to the venue.

Multi-use Facility with Flexible Configuration

Concept Advantages

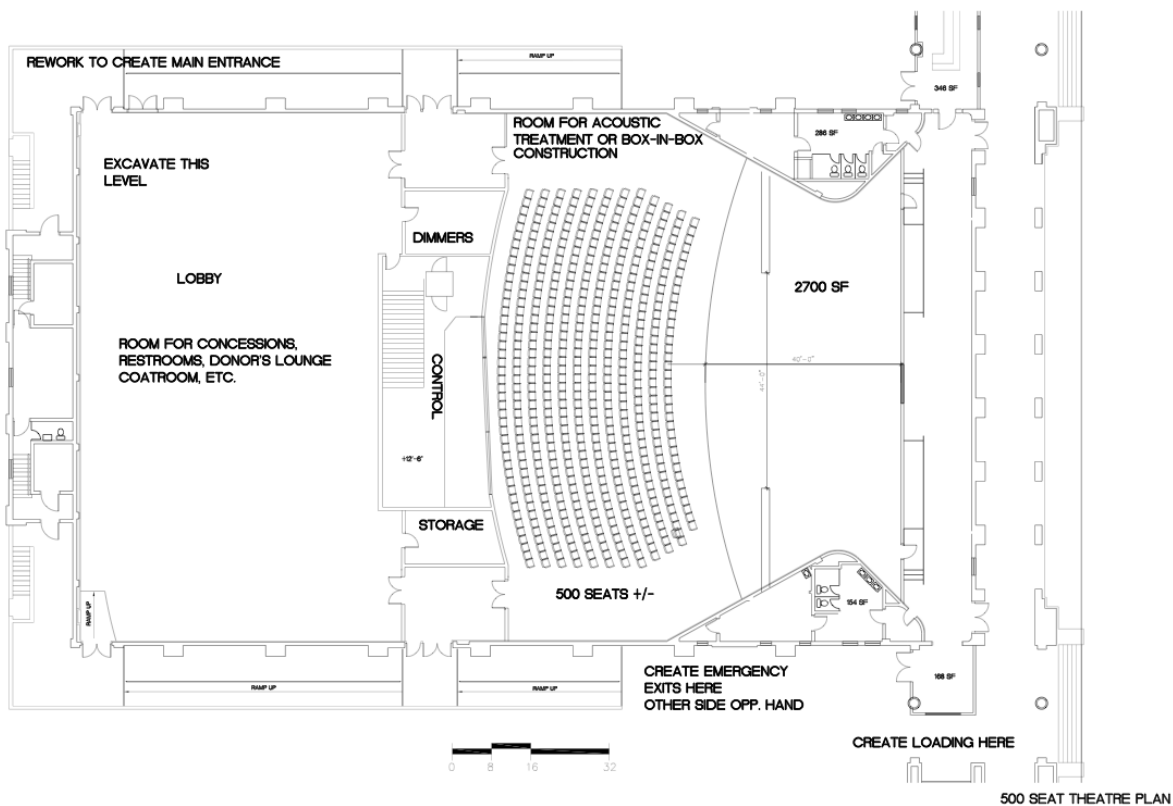
1. Offers a mixed use approach to the interior redesign of Luce Auditorium that will provide performance, meeting, and conference functionality, while allowing for varied community uses.
2. Is suitable for smaller scale dance, theatre, music, film and lectures. Public circulation and lobby areas allow for gallery space for exhibit purposes, additional meeting, rehearsal and/or performance space or food and beverage staging.
3. Capital expenses for rehabilitation of the facility would be reduced due to the flat floor approach.
4. Allows for functional flexibility and serves the broadest interests of arts groups, potential meeting/conference users and community groups.
5. Complements NTC Foundation's existing business model and allows for shared use of marketing and operational staff.
6. Provides greatest potential for "full use" of the building on a continuous basis.
7. Will provide high-quality performance venue for dance companies without limiting auditorium to that use exclusively.
8. Offers broad rental potential to various market segments.

Concept disadvantages

1. Does not provide full staging capabilities for performance functions and large scale musical presentations.
2. May require additional incremental staffing for change over and technical support.
3. Multi-use design limits performance seating capacity.
4. Flexible nature of design by necessity creates compromises in performance capabilities.
5. Not as appealing to a single use operator.
6. Not well suited to a resident company.
7. Does not allow for custom finishes or custom audience/stage relationship.
8. Lacks orchestra pit, making it unsuitable for musical comedy or operatic performance.

Concept 2: Fixed Configuration Performance Venue

This design encompasses a traditional fixed seating, proscenium stage performance venue that would be suitable for dance and small-scale theatre, music and related performance presentations. It would require the greatest capital investment, given its fixed seating and more advanced staging capabilities. If this facility is used for non-profit performance, it will most certainly require ongoing operating subsidy from either the users or operator in order to reach sustainable commercial market rental rates. We have yet to identify a potential commercial operator who would be able to develop a profitable business model with such limited seating capacity, but there are precedents for success with such facilities by contemporary jazz, blues and rock presenters, among others.



Limited seating capacity, shallow stage depth, poor loading facilities, and the lack of fly space make this concept unsuitable for commercial theatre productions. In order to make a facility of this size and type succeed, food and beverage service would need to become an important revenue stream in support of admission income. Further study would be required to see if such an operation could be self-sustaining financially and whether a single commercial operator or entertainment enterprise would meet the expressed desire for community access. It should also be noted that it is highly unlikely that such a scenario would allow for commercial operation in conjunction with providing performance dates for Dance Place tenants on a regular and predictable basis.

Concept 2: Fixed Configuration Performance Venue

Concept Advantages

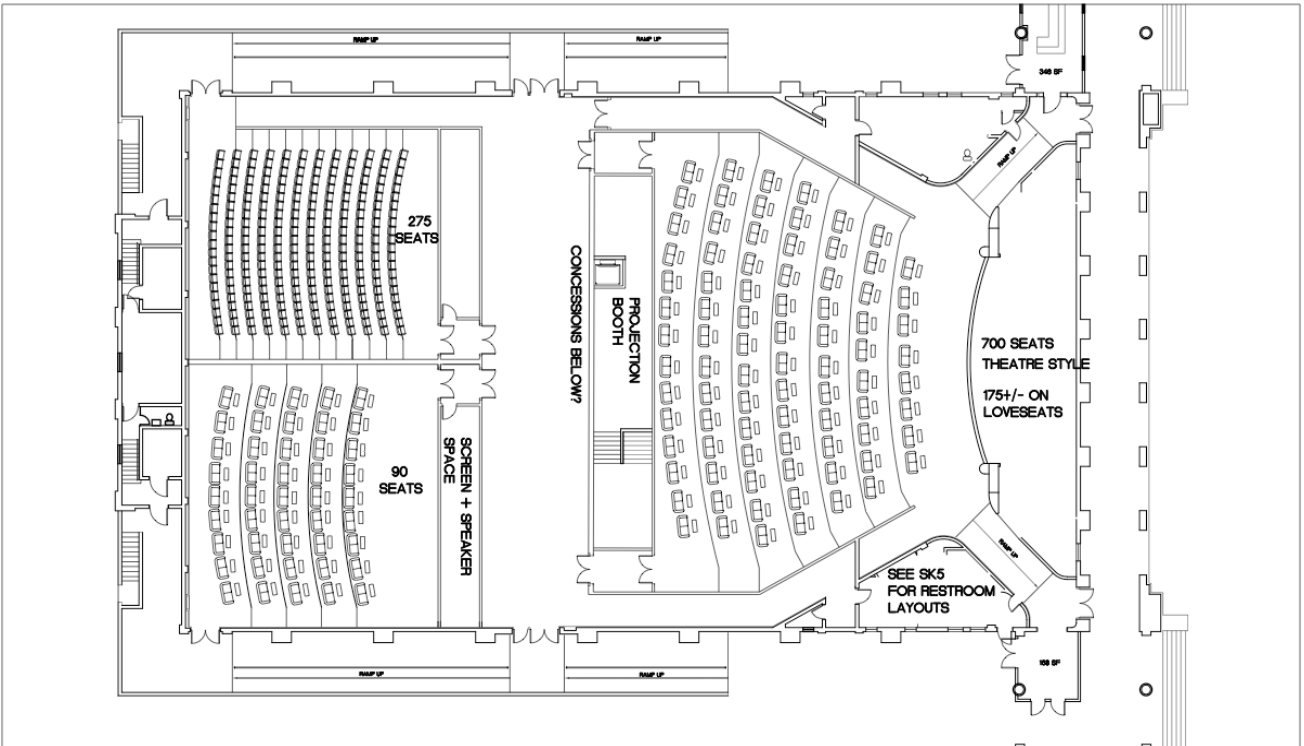
1. Fills the expressed need for a mid-sized state-of-the-art performance facility available to rental users.
2. Can be programmed to support dance, music, small theatrical, film and lecture series.
3. Has fully equipped stagehouse that will suit the needs of most small professional companies.
4. Would allow for acoustical music performances of the highest standards.
5. Can operate as a stand alone or enhance other NTC sales opportunities.
6. Can be rented by third party meeting managers or convention operators for additional activities or overflow as opportunities permit.
7. Lends itself to more luxurious and custom finishes.
8. Offers opportunity for higher level of audience amenities.
9. Enhanced audience/performer relationship.
10. Reduced labor costs for change-overs.

Concept Disadvantages

1. Would require the larger capital investment per s/f.
2. Can only operate in a fixed configuration.
3. Would limit potential use to those that require a fixed relationship between audience and performers.
4. Would appeal to smaller renter market segment.
5. Would require specialized knowledge of market for NTC Foundation marketing and conference staff to program.
6. Lacks orchestra pit, making it unsuitable for musical comedy or operatic performance.

Concept 3: A Multiplex design offering both intimate and larger venue film experiences

The multiplex configuration offers a specialized approach to the reuse design that would support a state-of-the-art Center for Film and Media. As envisioned, this venue would become the focal point for film presentation and study in the San Diego area. It would offer both the modern small film venue and a 700 seat auditorium that would bring back the days of the “grand palace” movie going experience.



MULTIPLEX PLAN

As envisioned, the state-of-the-art multiplex concept would require a significant investment in technical standards and design. Each auditorium would need to be minimally equipped with digital projection capability and the most desirable scenario would include IMAX capabilities in the largest auditorium. To meet the highest current standards, all of the auditoriums should be designed to THX design and presentation standards and equipped with digital sound and speaker systems while meeting noise reduction standards acoustically engineered to a specification of less than 29 dBA.

Concept 3: A Multiplex design offering both intimate and larger venue film experiences

Concept Advantages

1. Creates focal point venue for film and cinema.
2. Fills a gap in the Point Loma community for high quality film presentation.
3. Adds state of the art (digital & IMAX) capabilities to San Diego movie venue inventory.
4. Provides mix of commercial/non-profit cinema to NTC Promenade.
5. Design is compatible with existing floor slope.
6. Offers opportunity for commercial/non-profit joint venture.
7. Creates home for various San Diego film festivals and presenters.
8. Seen as a year round and flexible operation that crosses several different audiences, this use provides a “true local and tourist destination”.
9. Could become a marquee attraction for many return visits by local and out-of-town visitors.

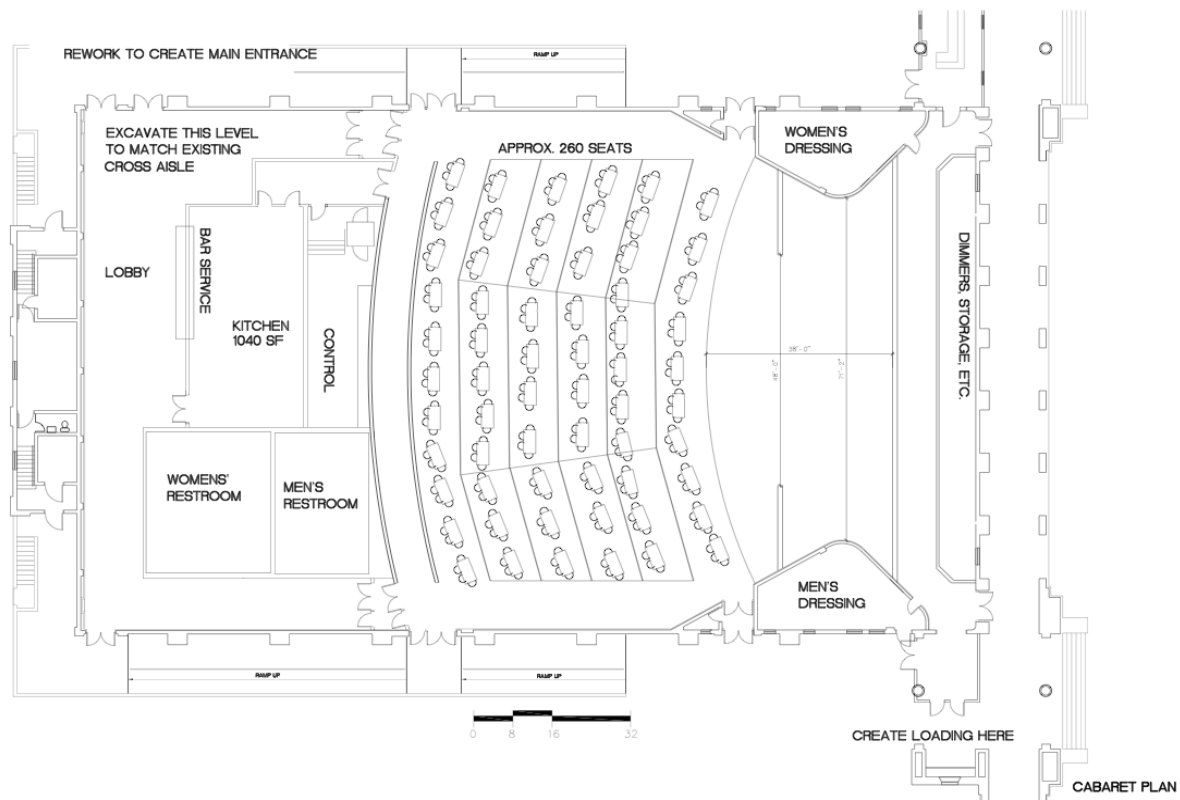
Concept Disadvantages

1. Would require the significant investment in high tech audio/visual equipment.
2. Technology advances require equipment upgrades every 3 to 5 years.
3. Would limit potential use exclusively to film/media/lecture related functions.
4. Would eliminate use of venue by Dance Place resident companies.
5. Limits building’s use for community functions.
6. Would require highly developed food and beverage component to achieve required revenue goals.
7. Would require liquor license to adequately support food and beverage business.

Concept 4: Commercial Dinner/Cabaret theatre w/ fixed seating

The dinner/cabaret theatre would only be suitable if a sole operator can be identified for a long-term lease relationship. If constructed in a permanent configuration as specified in the schematic design, this concept would exclude most other uses on a full time, part time or sub-lease basis.

Our interviews indicate that the one identified user for this model is desirous of an auditorium with a seating capacity of 500-700 seats and full gourmet food and beverage capability. Preliminary space planning reflected in the schematic design suggests that, after reuse and ADA modifications, the usable square footage of Luce would probably be inadequate to meet the user's needs. Should this scenario be deemed appropriate for further study, it would be necessary to make a definitive determination as to whether or not the venue can be configured to meet commercial specifications for capacity and food service functions. Since this configuration represents a unique use, the lease would necessarily require terms that at minimum, offset capital costs associated with the modifications for this specific use.



In addition to the issue of limited seating, our research into space and equipment requirements for a full kitchen, along with facilities required to support gourmet food and beverage service indicates that there would be significant space and functional challenges involved in such a design. Code requirements are far more strict for the development of a working kitchen than they are for providing hot meals prepared offsite and served on premise

(catered food and beverage services). Given the historical designation of the building, it is not clear at this time as to whether or not it would be possible to modify the existing ceiling and roof to facilitate hood exhaust and fresh air supply systems that are required for a full service kitchen. Below are estimated specifications of what is required to support onsite food preparation for service of a venue with a seating capacity of +/- 300:

Dinner/Cabaret Theatre Food & Beverage Specifications

Facilities Requirement Assumption

The food service goal is: To provide preparation and service capacity in order to deliver a maximum of 300 “gourmet table top meals” at each scheduled seating. Service includes complete meals, hot and cold alcoholic and soft beverages.

1. Active preparation facilities include
 - a. Hot side
 - b. Cold or salad side
 - c. Pantry, bread and dessert side
 - d. Beverage service
2. Support is required in the following areas
 - a. A single bay raised loading dock (minimum)
 - b. A single lockable dry disposal area (“dumpster” minimum)
 - c. Dry food storage with direct kitchen access
 - d. Refrigerated¹ food storage with direct kitchen access
 - e. Frozen food² storage with direct kitchen
 - f. Holding and deliver cart storage
 - g. A scullery (dish collection/sanitation/disbursement) w/ sufficient food and beverage plate and utensil storage capacity
 - h. Linen and miscellaneous table top service storage facilities
 - i. Employee locker/restrooms³ and uniform areas
 - j. Grease and solid kitchen waste traps⁴ and storage facilities
 - k. Automated fire suppression equipment⁵

Comments

The basis for this summary was formulated with input from one of the local leaders in volume hotel restaurant/catering management (Atlas Hotels® & Tarsadia Resorts®).

¹ Requires remote compressors and affiliated equipment to be located outside the structure and protected from adverse weather conditions

² See not “1”

³ As required by ADA compliance and local and state codes

⁴ As required by local County Health Department regulations and City of San Diego Codes

⁵ As required by City of San Diego and State of California codes

Additional information was gathered through contacts at San Diego Restaurant Supply Company® and Sysco Food Services®.

Best consensus sets a minimum square footage for food and beverage “cook, plate and serve space” at 1,800 SF. This space will need to be within the building structure with provisions for range hoods through the roof structure. Other spaces can be located outside the building with direct access to the main preparation spaces. Support equipment will likely require an additional 1,000 SF footprint as minimum. Considerations should include the need for a more health and safety systems.

Given the space requirements and logistical issues to develop a commercially viable dinner theatre scenario, we are not able to support such a design at the present time. However, given the fact that there are potential local operators who have expressed a strong desire to explore such an operational scenario, we have included our findings for a dinner/cabaret theatre in the study should the NTC Foundation wish to explore the possibility further. If the potential operator is able to provide input that would support a workable design and business plan for such an effort, it would constitute a single operator option for the Luce and afford the Foundation the opportunity to lay off significant capital expense and the entire operational risk to a third party.

Concept 4: Commercial Dinner/Cabaret theatre w/ fixed seating

Concept Advantages

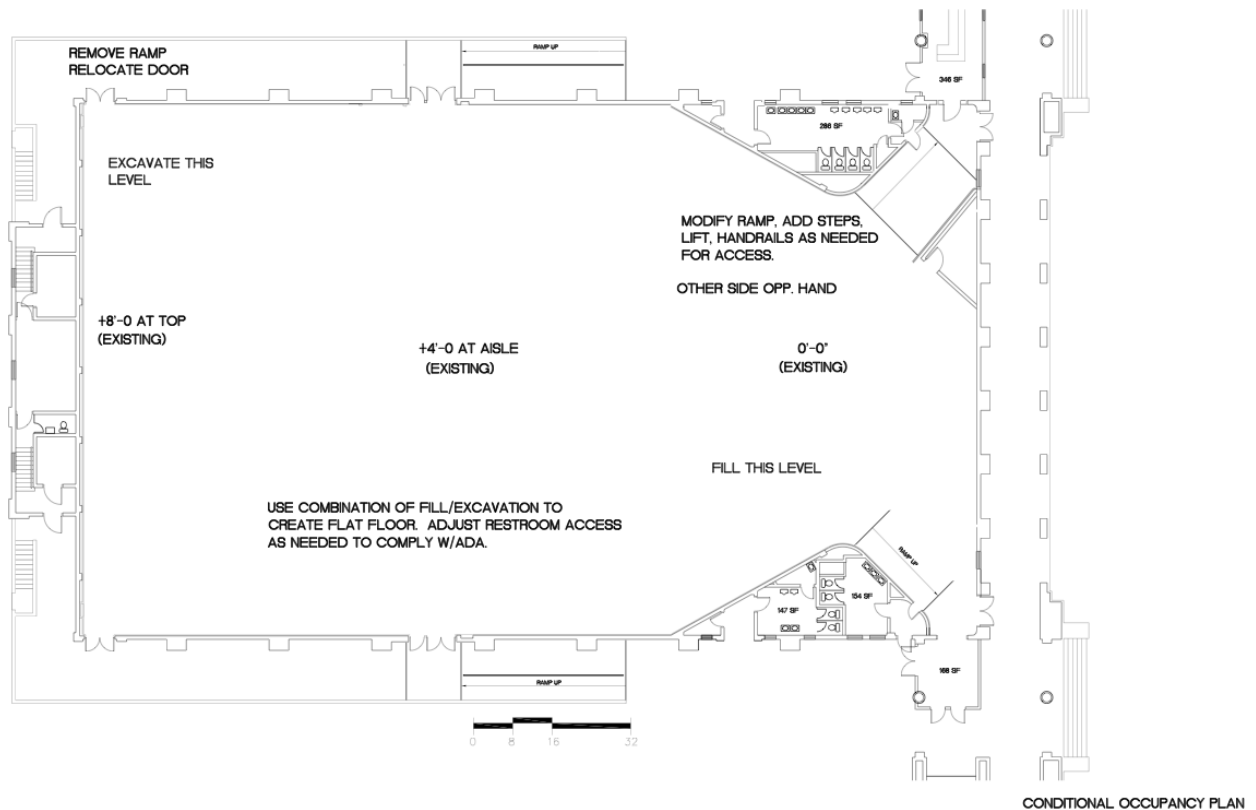
1. Allows for master lease with single commercial operator.
2. Transfers operating risks to third party.
3. Provides performance facility that could be used by community and other users during dark periods.
4. Creates an additional high quality food and beverage facility within NTC Promenade.
5. Provides financial partner for construction (TI and FF&E).
6. Could evolve into a destination venue.

Concept disadvantages

1. Limits use to single user.
2. Does not provide appropriate performance venue for Dance Place tenants.
3. Uncertain as to feasibility of design concept physically or financially.
4. Design concept extremely limiting in long-term.
5. Would require liquor license to adequately support food and beverage business.
6. May be inconsistent with community expectations.

Concept 5: Conditional Occupancy Restoration only

This scenario contemplates the NTC Foundation meeting its requirement to rehabilitate the building to the level that will provide for a conditional occupancy permit with a flat floor configuration developed to support various future tenant improvement schemes. Given the challenges of the scenarios explored to date, this would provide the Foundation with an opportunity to meet its minimum re-use requirements while allowing more time to make a determination as to the “best and highest” use for the building. This approach will also allow the Foundation to identify further potential users with the imagination and resources to develop a project, or projects, that will complement other uses at the NTC Promenade while meeting the requirement to be financially self-sustaining.



Should the NTC Foundation decide to restore the facility only to the level necessary to obtain a conditional occupancy permit, it is important to consider that there is the potential for having to retrofit some elements of a later design incorporating tenant improvements. This could add some costs to the project in the second phase of design and construction.

It is estimated that the construction costs for completing this work will range from \$1.5 to 4 million depending the final scope of the project.

Concept 5: Conditional Occupancy Restoration

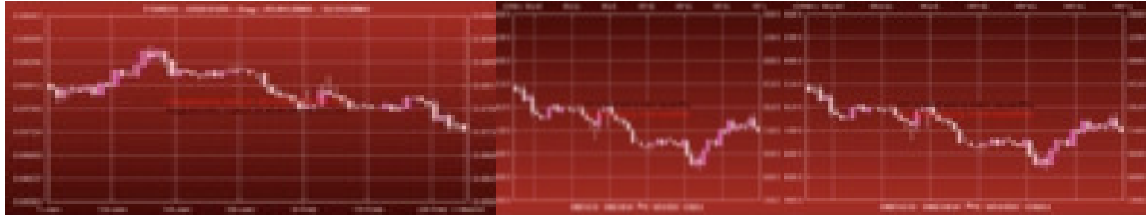
Concept Advantages

1. Allows NTC Promenade to commence construction at the earliest possible date.
2. Ensures construction timeline that will facilitate use of available tax credits.
3. Provides additional time to fully develop business models and gain financing.
4. Provides for greater community input into various use scenarios.

Concept disadvantages

1. Does not finalize venue design.
2. Does not facilitate overall budgeting for project.
3. Could delay full build-out construction further.
4. Could preclude or significantly increase the expense of a future slope floor scenario.

Financial Analysis



Preliminary Project Budgets

Preliminary estimates of construction costs vary considerably from one design concept to the next. Cost estimates for Scenarios 1 - 4 are derived from research of comparable facilities and current Landry & Bogan projects within California. In that context, the capital cost estimates are limited by current known conditions and forecasts for use. Once the NTC Foundation has refined its focus to a particular concept(s), it will be necessary to fully refine the operating model in each instance and update project budgets to reflect the specific venue uses and the required capital investment necessary for design and construction. For the purpose of this study, we have developed a preliminary project budget for three concepts: Concept 1- The Multi-use Venue; Concept 2 - The Fixed Performance Venue; Concept 3 – Multiplex Design; and, a preliminary cost estimate for Concept 4 - The Conditional Use occupancy scenario. Since our research suggested that the dinner/cabaret theatre scenario requires significant addition space to work, we have not developed a project budget in that case.

Project budget Assumptions

Construction Cost Assumptions:

Given Landry & Bogan's research and recent experience with similar projects in California, it is estimated that the cost of a "full" renovation to one of the recommended schemes would range from \$300 to \$375/SF.

The square footage estimates delineated above would result in an estimated range for project construction expenses of from \$5,300,000 to \$6,650,000, exclusive of demolition, hazardous materials disposal, kitchen equipment, FF&E and theatrical systems. That number includes GC markup and escalation to mid 2009.

Projected costs include only a rough estimate of site work, design fees, and other soft costs.

Design and Site Preparation Costs

In the estimates for each scenario below, we have included a reasonable percentage markup for those elements not included in hard construction costs, however those percentages may vary widely from one locale to another and should be viewed in that context.

Systems and Equipment Costs

Systems costs could run from \$600,000.00 for modest systems (144 dimmer lighting system, modest sound reinforcement and production communications, 20 counterweighted line sets) to over twice that amount for systems equal to a high quality university theatre or better. If motorized rigging is included, it would increase system and equipment estimates by approximately \$250,000.00. System costs vary significantly from one concept to the next due to the differing need for each art or presentational form. System costs will vary considerably depending upon facility uses and their specific needs.

Concept 1: Multi-Use Facility - Estimated Project Budget

Description	Development Cost
General Construction Building Restoration: (17,650 sq. ft. @ \$300 sq. ft.) Development/site preparation/utility upgrade: Hazardous Materials Removal:	\$5,295,000.00 TBD TBD
Fixtures and Furnishings Theatre Systems, Retractable Seating & AV Equipment: FF&E @ 6%:	1,200,000.00 325,000.00
Soft Costs Architectural Fees @ 12%: Consultant Fees: (Theatrical,Acoustic,Historical & A.V.) Project Management: (In-house) Bonds, Fees, Permits @3.5% :	635,400 350,000 0 185,325
Contingency @ 10%:	529,500
Total Estimated Project Costs:	\$8,520,225

Note: All project cost estimates provided in this study are "Class D Estimates." They are based upon a statement of requirements and an outline of potential solutions. These estimates are strictly an indication (rough order of magnitude) of the final project cost, and should be sufficient only to provide an indication of estimated future cost and allow for ranking all the options being considered. They are based on general size assumptions and the present cost of constructing similar facilities in the State of California. They should be considered rough, preliminary estimates subject to change during additional planning and design.

Concept 2: Fixed Performance Design – Estimated Project Cost

Description	Development Cost
General Construction Building Restoration: (17,650 sq. ft. @ \$375 sq. ft.) Site preparation/utility upgrade: Demolition/Hazardous Materials Removal:	\$6,618,750.00 TBD TBD
Fixtures and Furnishings Theatrical Systems and Equipment: FF&E @ 6%:	1,000,000.00 397,125.00
Soft Costs Architectural Fees @ 12%: Consultant Fees: (Theatrical,Acoustic,Historical & A.V.) Project Management: (In-house) Bonds, Fees, Permits @3.5% :	794,250.00 350,000.00 \$0 231,656.00
Contingency @ 10%:	661,875.00
Total Estimated Project Costs:	\$10,053,656.00

Concept 3: Multiplex Cinema Design – Estimated Project Budget

Description	Development Cost
General Construction Building Restoration: (17, 650 sq. ft. @ \$325 sq. ft.) Development/site preparation/utility upgrade: Hazardous Materials Removal:	\$5,736,250.00 TBD TBD
Fixtures and Furnishings A.V. Systems and Equipment: FF&E @ 6%:	1,250,000.00 345,000.00
Soft Costs Architectural Fees @ 12%: Consultant Fees: (Theatrical,Acoustic,Historical & A.V.) Project Management: (In-house) Bonds, Fees, Permits @ 3.5% :	688,350.00 350,000.00 0 200,769.00
Contingency @ 10% :	573,625.00
Total Estimated Project Costs:	\$9,143,994.00

Pro-Forma Operating Models

Operating assumptions

- Facility will be managed by the NTC Foundation or a third party non-profit operator.
- Facility will have no capital debt upon opening.
- All estimates made assuming base year of operation to be stabilized by the third year after facility opening.
- Project planning and development costs not included in operational financial modeling.
- Annual operating costs for years one and two expected to be 15% to 30% higher than stabilized estimates commencing in year three.
- Operating cost estimates include basic operation for presenting and rental facility not engaged in self-produced programming.
- Operating revenues derived from rent, staffing reimbursement and catering fees.
- Luce Auditorium FTE staff will include: Facility Manager, Production Services Supervisor, Ticketing Service Manger + 1 FTE, and Front of House Manager.
- Additional staff would be hired on an “as needed” basis and billed directly to user.
- Luce Auditorium staffing will be augmented by NTC Foundation Finance, Sales & Marketing, Operations and IT departments, as appropriate.
- Rental rates are based upon current rates paid by survey and interview respondents for similar services at comparable venues operating in San Diego County.
- All estimates are in 2009 dollars.

The following operating projections represent a forecast of potential operational outcomes based on known market conditions, information and representations from interview and survey respondents, and publicly available information regarding current practices for similar operating models in the region. For that reason, the estimates do not constitute a full and complete understanding of all issues surrounding the planned operational models.

Because there are few non-profit facilities that are not sustained without annual operating subsidies, we found it difficult to identify comparable operating models for comparative purposes. Given those limitations, we cannot fully verify each estimate’s accuracy or completeness.

The Pro Forma budgets should therefore be viewed as preliminary forecasts for broad comparative purposes only. Actual revenue and expense budgets will be dependent upon (1) the development of business relationships with external users not under operational control of the NTC Foundation and, (2) market factors existng at the time Luce Auditorium becomes operational.

Concept 1: Flexible Multi-Use Facility
Pro Forma Operating Estimates
 (Base Year – 3rd Year of Operation)

REVENUE FROM OPERATIONS	
Rental Revenue	
Performance	\$150,000
Film/Lectures	\$ 81,250
Meetings/Conference	\$ 25,000
Food & Beverage	\$125,345
Box Office Handling Fees	\$ 81,843
TOTAL OPERATING REVENUES	\$463,438
OPERATING EXPENSES	
Salaries and Benefits	\$178,000
Part-time staff	\$ 65,000
A&G Expense	\$ 40,000
F&B COGS @ 27%	\$ 33,843
Marketing/Sales Expense	\$ 25,000
Building Operations	\$ 83,000
TOTAL OPERATING EXPENSES	\$424,843
OPERATING PROFIT/(LOSS)	\$ 38,595

Operating Assumptions:

1. Performance rentals = 25 weeks @ \$6,000 p/w
2. Film/lecture rentals = 65 event days x \$1,250 p/d
3. Meeting/conference rentals based on current NTC rates
4. Multi-use scenario will be developed to serve a broad user group with resident performing arts companies assuming 23-30 weeks of rental business.
5. Center will be operated by NTC Foundation
6. Staff pursuant to interview input and analysis of similar venues in the area
7. NTC operations, sales, I.T., and custodial staff to complement multiplex staff and be charged back on a pro-rata basis.
8. Revenues principally derived from rent, F&B services, and B.O. fees
 - a. F&B revenue estimate-\$1.20 per/cap: performance & \$1.35 per/cap: film
9. Boxoffice handlong fees derived from per ticket charge on performance rentals and accrues to NTC

Concept 2: Fixed Configuration Performance Venue
Pro Forma Operating Estimates
 (Base Year – 3rd Year of Operation)

REVENUE FROM	
OPERATING REVENUES	
Rental Revenue	
Performance	\$168,000
Film/Lectures	\$ 27,500
Meeting/Conf.	\$ 20,000
Food & Beverage	\$130,627
Box Office Handling Fees	\$ 91,665
TOTAL OPERATING REVENUES	\$437,792
Salaries and Benefits	\$185,000
Part-time staff	\$ 80,000
F&B COGS @27%	\$ 35,269
Marketing/Sales Expense	\$ 35,000
Building Operations	\$ 83,000
TOTAL OPERATING EXPENSES	\$418,269
OPERATING PROFIT/(LOSS)	\$ 19,523

Operating Assumptions:

1. Performance rentals = 28 weeks @ 6,000 p/w
2. Film/Lectures rentals = 22 events \$1,250 p/d
3. Fixed Configuration scenario will be used principally for performing arts and film presentations.
4. Venue would be operated by NTC Foundation or non-profit operating company and rented to third party user groups.
5. Staffing pursuant to interview input and similar SD County venues.
6. NTC operations, sales, I.T., and custodial staff to complement facility operations and be charged back on pro-rata basis.
7. Revenues principally derived from user rent, F&B service & B.O. fees.
 - a. F&B revenue estimate-\$1.20 per/cap: performance & \$1.35 per/cap: film
8. Boxoffice handling fees derived from per ticket charge on performance rentals and accrues to NTC.

Concept 3: Multiplex Cinema Center
Pro Forma Operating Estimates
 (Base Year – 3rd Year of Operation)

REVENUE FROM OPERATIONS	
Rental Revenue	
Film/Lectures/events	\$ 91,250
Meetings/Conf.	\$ 25,000
Food & Beverage	\$ 91,750
Box Office Handling Fees	\$ 00.000*
TOTAL OPERATING REVENUES	\$208,000
OPERATING EXPENSES	
Salaries and Benefits	\$135,000
Part-time staff	\$ 30,000
F&B (COGS@27%)	\$ 24,772
Marketing/Sales Expense	\$ 15,000
Building Operations	\$ 43,500
TOTAL OPERATING EXPENSES	\$248,272
OPERATING PROFIT/(LOSS)	(\$ 40,272)

Operating Assumptions:

1. Film/lecture/events rentals = 73 event days @ 1,250 p/d
2. Multiplex scenario would be developed to house most, if not all of San Diego's current and future San Diego film festivals and film presenters
3. Center will be programmed and operated by a third party presenter under master lease arrangement with NTC
4. Staff pursuant to interview input
5. NTC operations, sales, I.T., and custodial staff to complement multiplex staff and will be partially offset when billed to operator on a per use basis, showing a lower net expense to NTC in this scenario.
6. Revenues principally derived from rent and F&B
 - a. F&B revenue estimates @ \$1.35 per/cap @ 90% capacity
7. *Film presenters are currently renting facilities exclusive of B.O. services.
8. It should be noted that the majority of film presenters interviewed felt they would increase programming in a facility such as Luce. These estimates are based upon current activities and conservative potential for incremental growth.

Summary and Recommendations



Given the combination of physical and historic constraints of Luce Auditorium, market conditions for potential users, and the desire to align the facility's use to complement the NTC Foundation's current and future goals, defining the "best and highest" use for the building within the context of a financially self-sustaining operating model remains a challenging task.

The most promising approach to the project will entail a reuse design and business structure that serves the broadest possible user function and attracts the widest possible patron base. For that reason, we recommend that the Foundation further explore the design of a flexible, multi-use facility that is suitable for its current Dance Place tenants in combination with film presenters and other various complementary users. In so doing, the Foundation will further its goal of developing the NTC Promenade into a "significant new flagship destination for arts, culture, science and technology," and have the best opportunity to do so with a business model that is financially self-sustaining.

Still, there remain questions as to the financial sustainability of the venture and the magnitude of those issues can only be resolved with further investigation. It is now time to carefully define the potential number and viability of future users and develop a master schedule that will provide for year-round presentation of performance, film, conferences and community events. Through this coalescence of user activity, a presenting model can be developed for Luce Auditorium that fulfills its mandate to provide vibrant, year-round activity in the heart of the NTC Promenade.

Due to the lack of an obviously compatible commercial use for the facility, we believe that the business model described above will of necessity need to be structured as a non-profit entity. This does not mean that the operation can't be self-sustaining; it simply means that its revenues will be derived from a broader mix of sources and its mission to serve the community will take primacy over profitability for a commercial operator.

Regardless of which scenario is ultimately chosen, with sound planning, tenacity, and vision, the Luce Auditorium can become a gem in the crown of the NTC Promenade and a community asset for all to enjoy for generations to come.

Appendix “A” - Sample Venue Rental Survey

In an effort to develop a sustainable and competitive operating model for the Luce Auditorium, we are researching existing venues in San Diego County and their various rental relationships with user groups. Would you please take a few minutes to answer the questions below and assist us in developing an accurate picture of what the future operator of the facility can expect in terms of providing realistic rental packages for users.

Return completed survey via email to: Tom Hall - thall@alberthallassociates.com or by mail to:

AlbertHall&Associates LLC
107 11th Street
Del Mar, CA 92014

This information is for the sole purpose of the Luce Auditorium study and will remain strictly confidential unless the provider gives permission to the contrary. Thank you in advance for your assistance with our work.

NAME OF YOUR ORGANIZATION: _____

PERSON COMPLETING SURVEY: _____

Please list the various rental facilities that you have used for rehearsal and/or performance during the last three years. Feel free to duplicate this survey to include as many venues as possible. Include the following information whenever available:

VENUE #1

1. Venue Name:
2. Address:
3. Contact Information:
4. Date(s) of Rental?
5. Seating Capacity?
6. Number of times you have rented this venue over the past 3 years?
7. Type of Rental (i.e. Performance, rehearsal, combination, other)?
8. Rental rate (i.e. daily, weekly, hourly)?
9. Was a deposit required? If so, how much?
10. Was there a specific cancellation policy? Please provide details

11. Rental Type (four wall, staffed, production support included, etc.)?

12. If rental included a "tech rider", please provide details.

13. Did the venue provide staff at your request? Please provide details, including services provided and any additional compensation/fee requirements. Did you find the contracted staff satisfactory?

14. Did the venue require that you use their staff? Please provide details.

15. Comments: Please provide any comments that would help us refine our modeling studies to incorporate your needs in a future operating model.

16. Did the venue offer any concession revenue sharing opportunities or allow you to sell concessions on sight? If yes, please provide details.

Appendix “B” – Research/Survey Participants

Jean Isaacs’ San Diego Dance Theater	Classics for Kids
San Diego Ballet Company and School of Ballet	Cinema Society of San Diego
Butterworth Dance Company	San Diego Film Foundation
Malashock Dance	Media Arts Center of San Diego
City Ballet of San Diego	San Diego Asian Film Festival
La Jolla Music Society	San Diego Women Film Foundation
Pointe Theatre	FilmOut San Diego
Sushi Performance and Visual Arts	San Diego International Children’s Film Festival
DramaBiz Magazine	
San Diego Chamber Orchestra	San Diego Black Film Festival
San Diego Youth Symphony	48-Hour Film Project
San Diego Master Chorale	San Diego UnderSea Film Exhibition

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Victoria Hamilton, *Ex-Officio*
Executive Director
City of San Diego Commission
for Arts & Culture

Appendix “D” - Feasibility Study Team

Feasibility Study for the Adaptive Reuse of:

Luce Auditorium

Prepared by:

AlbertHall&Associates LLC

107 Eleventh Street
Del Mar, CA 92014

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Stephen J. Albert, Principal/Partner
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Alan Ziter, Executive Director
Neal Singer, Project Manager

Appendix “E” – Study Donors

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