



Opera Conference 2006

Capital Project Planning

Presented by:

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DENHAMWOLF

REAL ESTATE SERVICES, INC.

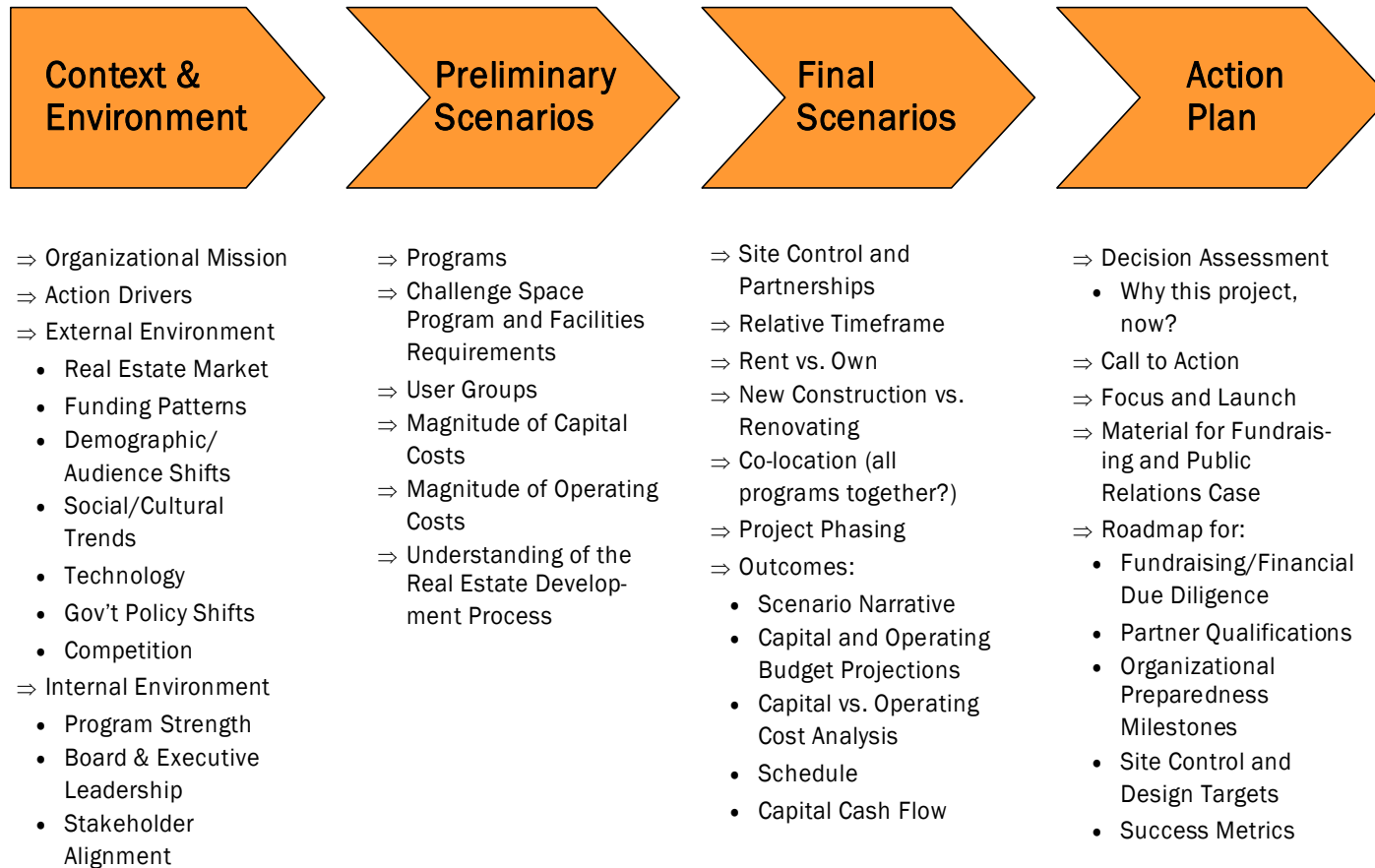
DEVELOPMENT CONSULTING ■ BROKERAGE & LEASE CONSULTING ■ PROJECT MANAGEMENT

Fundamental Assumptions

- Arts organizations need physical space (i.e., real estate) to create, present, and administer art
- The real estate's purpose is to support and (hopefully) to elevate the art
- Developing real estate for the arts is a complex multi-year endeavor resulting in multi-decade impacts on the organization
- The capital project development process inherently involves risk and uncertainty
- The success of the project is not measured simply by “on time and on budget”

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------|--------------------------------|--------|--------|--------------|--------|
| Major Project Phases | | | | | |
| | Planning | | | | |
| | Site Exploration & Acquisition | | | | |
| | | Design | | | |
| | | | | Construction | |

Sample Scenario Development Process



| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------|-----------------------|---|---|--|------------------|------------------|
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| | | | Design | | | |
| | | | | | Construction | |
| Major Activities | ORGANIZATIONAL | Org. Development Assembling the Team | Org. Development Assembling the Team | Org. Development Assembling the Team | Org. Development | Org. Development |
| | FINANCIAL | Fundraising Business Plan | Fundraising Business Plan | Fundraising & Financing Business Plan | Fundraising | Fundraising |
| | PHYSICAL | Phys. Programming Site Exploration | Preliminary Design Site Due Dil. & Acquisition | Final Design | Construction | Construction |

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| Typical Consulting Team Members | | Org. Dev. Consultant Fundraising Consultant Real Estate Consultant/ Project Manager Legal Counsel Architect/Engineer | Org. Dev. Consultant Fundraising Consultant Real Estate Consultant/ Project Manager Legal Counsel Architect/Engineer Property Owner(s) | Org. Dev. Consultant Fundraising Consultant Real Estate Consultant/ Project Manager Legal Counsel Architect/Engineer Property Owner(s) Construction Manager | Real Estate Consultant/ Project Manager Legal Counsel Architect/Engineer Property Owner(s) Construction Manager Subcontractors/Vendors | Real Estate Consultant/ Project Manager Legal Counsel Architect/Engineer Property Owner(s) Construction Manager Subcontractor/Vendors | |

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| Participation of Board Members/ Trustees | | <i>Fundraising Board/staff development Vision</i> | <i>Fundraising Board/staff development Decision-making</i> | <i>Fundraising Board/staff development Decision-refining</i> | <i>Fundraising Board/staff development Monitoring</i> | <i>Fundraising Board/staff development Monitoring</i> |

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| Approximate Capital Cashflow Requirements (assuming total capital budget of \$10 million, incl. endowment) | | | | \$4,000,000 40% | \$3,500,000 35% |
| | \$50,000 0.5% | \$950,000 10% | \$1,500,000 15% | | |

Characteristics/ Dynamics of the Process

ARTISTIC MODE

- Freedom
- Collaboration (non-hierarchical)
- Creativity
- Risk encouraged
- Find new paths
- Time/timing is incidental

MILITARY MODE

- Discipline
- Command and control (hierarchical)
- Reliability
- Risk minimized
- Avoid previous mistakes
- Timing/timeliness is everything

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| | MILITARY | | | | |

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