



MEETING DATE: May 27, 2015
TO: Board of Directors
FROM: Hardy Bullock, Director of Aviation and Community Services
SUBJECT: Truckee Roundhouse Maker Space Echo 3 Warehouse Space Use

RECOMMENDATION:

Authorize staff to enter negotiations with the Truckee Roundhouse Maker Space (TR) organizers on a commercial operating permit and ground lease within the currently vacant E3 Warehouse Space.

DISCUSSION:

Staff has been soliciting tenants for the E3 Warehouse space since the last tenant, Clear Capital departed in early 2014. Suitable tenants have not been found as discussed in the presentation.

(TR) originally approached the District in 2013/2014 during the master planning process and original Hangar 3 scoping discussions. Staff began discussing existing space options for the organization in March of 2015. The presentation details two components of the potential partnership:

1. The E3 warehouse space, its vacancy, the District's ability to lease the space within current marketplace conditions, and the District's potential options to enhance the warehouse building as a whole.
2. The Truckee Roundhouse Maker Space partnership potential, the District benefits and liability of a long term relationship/partnership, and the associated foregone revenue from providing temporary, pro-bono support to assist the organization in their infant stage growth.

FISCAL IMPACT:

Foregone rental revenue of E3 of \$3043.00 per month at current consumer price index rates. This is \$36,516 annually for an anticipated term of 24 months equally a total foregone revenue of \$73,032.00.

Additional fiscal impact associated with capital improvements of the E3 space to accommodate the Maker Space are currently being investigated by District construction manager Peter Beaupre. Initial estimates to make larger, building wide improvements to the warehouse as a whole will be brought forward at the budget workshop for Board review on May 27th, 2015.

The return on investment (foregone revenue):

1. The District gets a tenant willing to occupy the space while we make building enhancements in support of (Site & Facilities Investment Strategic Area 1.1).
2. The District will establish a community partnership while funding through an existing revenue stream, (Warehouse Income Strategic Area 5.2)
3. The District will enhance the benefit of the airport to the community at large (Strategy Area 3.4)
4. The District will receive founder level recognition by the Truckee Roundhouse commensurate with the foregone revenue. This partnership will support (Strategy Area 4.1, 4.3, 4.4)
5. The District's E3 warehouse space will be the genesis of a community wide asset that supports science, technology, engineering and math.

PUBLIC COMMUNICATIONS:

ATTACHMENTS:

1. Presentation from Staff
2. Presentation from Truckee Roundhouse
3. Financials from Truckee Roundhouse

TRUCKEE ROUNDHOUSE MAKERS SPACE

located at the airport



in a vacant warehouse space



using common shared tools

open to everyone thru membership
 computers
 machines
 technology
 materials
 collaboration
 inspiration
 innovation
 community

why maker space

compatible use with existing tenants
 use of existing, vacant space
 seed / kick starter for the organization
 seed / kick starter for a community asset
 develop stem educational opportunities
 partnership that benefits District constituents

E3 Warehouse Space

- 3,480 square feet unimproved warehouse
- Basic rent \$3046/month or \$36,560 per year
- Not currently configured for light industrial
- District is pursuing updates and modifications

SOME THINGS TO REMEMBER

Strategic Area 3.4 Community Enhancement

not for "free" - recognition plan

requires capital facility improvements for sustainability

impacts from traffic, parking, neighbors, light, noise, time of day, are somewhat unknown

mitigation is a strategy to grow the seed

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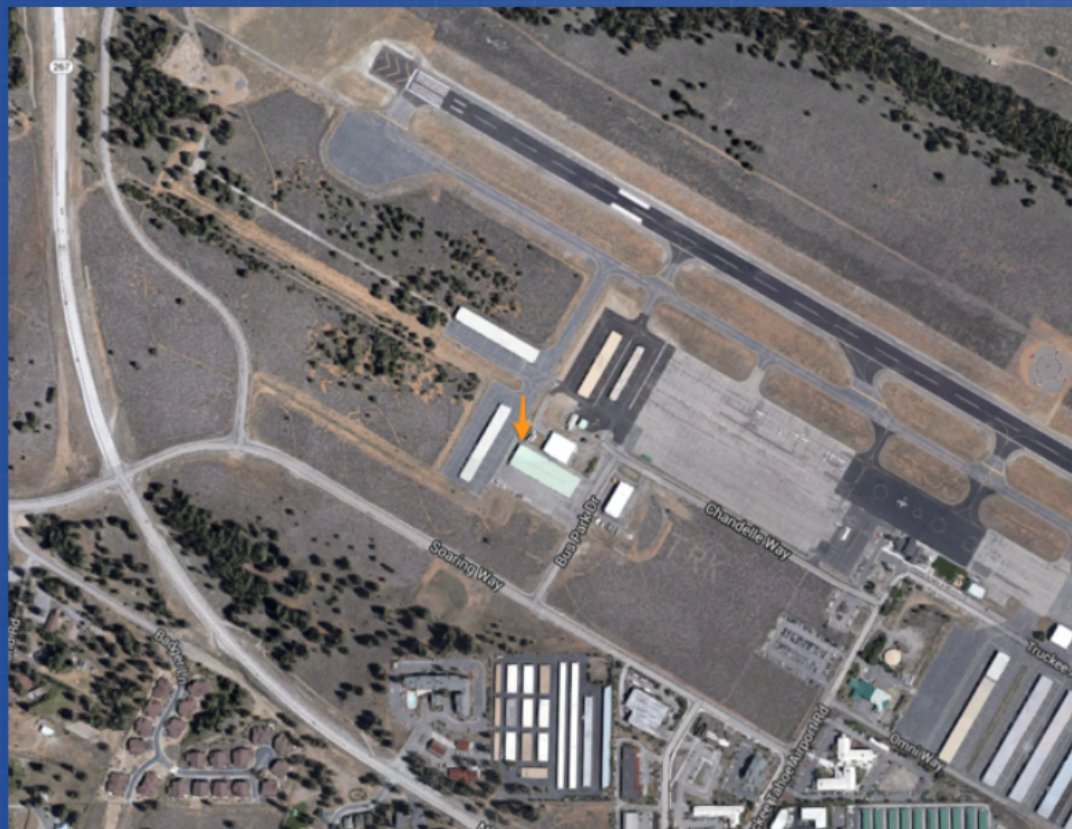
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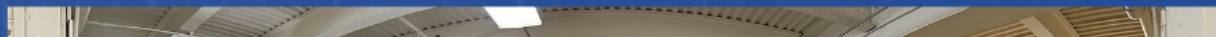
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General Terms and Conditions Truckee Roundhouse

Preface

The Truckee Roundhouse (TR) seeks a low-cost venue to develop a not for profit maker space. What makes this activity appealing to the Truckee Tahoe Airport District (airport) is the ability to utilize the space at times of low occupancy with the surrounding warehouse tenants. (TR) would be using the space primarily at times that are typically low impact periods from approximately 5 PM to 9 PM and weekends. The Truckee Tahoe Airport District has been looking for a suitable tenant for the E3 warehouse space for the past 12 months. The space consists of approximately 3480 ft.². Suitable tenants with compatible uses have not been found. The space does not currently support light industrial activity for a number of reasons. The building was never designed for this type of use, additional modifications are required to support general business activity. In addition to this the neighboring tenant has operations adjacent to the space so noise and other activity such as dust will impact them during their operational window.

Improvements the Airport would be responsible for include: 220v power, basic ventilation, running water, sprinkler systems, emergency doors, paved apron, ADA compliance (if needed). Tenant improvements the Truckee Roundhouse would be responsible for, with possible assistance from the Airport, would be noise abatement on the dividing wall, a loft/office space, PVC airlines, dust abatement systems, noise abatement systems, specific mitigation for storage of materials and debris. The Airport and (TR) can work together on scheduling these improvements. Improvements required for business occupancy will be identified prior to a final agreement. Below is a list of draft general conditions that would apply to the space, a list of potential modifications required to ultimately support the (TR) operation, and a recognition plan that would fulfill the requirements of the District as a community benefit partner.

General Conditions

Open Hours: for the space are 7 AM to 9:30 PM, restricted use for specific, noisy tools such as CNC machines, skill saws, band saws, routers, planers, etc. is from 5 PM to 9:30 PM until suitable, and acceptable mitigation measures are in place. If the airport is closed, the space is closed.

Gates: All gates close at 9:30pm at which time access to the space will cease. The District would consider staying open later on specific nights. This would require keeping airport staff after hours and be subject to approval by the Airport General Manager.

Who has access to the space? Airport trained Roundhouse Hosts will be present whenever the space is being used. RFID system for doors, paint cabinet and specific tools.

1. The airport will maintain authority over the space throughout the term of the agreement, with the right to enter the space, make repairs and improvements and enforce airport rules and regulations.
2. The lease and any operating permits will be by and between the Truckee Tahoe Airport District and the Truckee Roundhouse (TR) entity recognized by the state of California as a not-for-profit 501C (3).
 - a. Operating as Sierra Business Council
3. The (TR) will offer the services of its organization to all parties equally.
4. (TR) will agree to provide supporting material related to its membership, offering, and equity in support of the non-profit status to the airport upon request.
5. (TR) will be subject to all airport rules and regulations.
 - a. Rules & Regulations -- Applies to all people.
 - b. Minimum Standards – Applies to the Truckee Roundhouse as an entity.

6. (TR) agrees to enforce all the covenants of the lease and operating permit at all times with all parties related to its organization.
7. (TR) agrees to designate a company representative (Morgan Goodwin, Chair of the board) authorized to bind the organization and enforce the fiduciary responsibilities outlined by the District.
8. (TR) agrees that all future improvements, lease terms, rights to premises, or promises of expansion are entirely at the discretion of the District.
9. (TR) agrees to uphold the airport grant assurances at all times, meaning a list of 39 Airport Sponsor Assurances required by the FAA and attached herein.
10. (TR) agrees to support the community recognition plan throughout the life of the agreement.
11. No one person or group of people can receive a larger benefit than any joining, public member.
 - a. No specific benefit to airport employees is allowed. Airport District employees are treated as public and will pay their fair, pro-rata share of any rates, fees or charges.
 - b. Scholarships may be given to people in need.
12. Truckee Roundhouse may enter in agreements with artists in residence to rent workspace. Fees generated in this way would go into general operating funds of Truckee Roundhouse, primarily spent on tooling and utilities. These business agreements are subject to review and approval by the Truckee Tahoe Airport District.

General Conditions / Use of Premises

1. No use shall include toxic or noxious chemicals, vapors, glues, paints, aerosols, or flammable substances without approved mitigation measures.
 - a. Truckee Roundhouse will be responsible for a paint locker, proper safety around materials inside, and clear safety procedures.
2. No space shall be allotted for outdoor use.
3. Large gatherings of people shall be permissioned independently by the District.
 - a. Maximum occupancy rules apply
 - b. Rollup door shall be open until the additional exit doors are installed.
 - c. No alcohol on premises.
 - d. No smoking.
4. Times of day will be from approximately 7am – 930 PM M-F Weekend 8-930.
 - a. Use of certain tools will be restricted until after 5pm based on noise concerns.
5. Dust abatement equipment shall be in use.
6. Tools creating noise will be mitigated by sound dampening equipment, walls, structures, etc.
7. The Airport will not cover cost associated with utilities, communications, water, data services, or any other typical utility cost, the space is the only portion included in the agreement.
8. One person (host) having been trained by the Airport shall be present at all times when the space is being utilized. Hosts will be trained from the volunteer base as well as (TR) board of directors.
9. The space will be continuously accessible by the District for inspection purposes.
10. (TR) will make the space handicap accessible and ADA compliant to the extent possible inside the space.
11. Activity will be well clear of all aircraft movement areas.
12. Lights, lasers, smoke or anything that would obstruct aeronautical use is not permitted.
13. Operation of remote-controlled vehicles or UAS technology is not permitted unless specifically authorized by the District compliant with Federal Regulation.
14. The operation of the Truckee Roundhouse in general terms will not impact the free flow of aeronautical traffic, hangar tenants, joint use personnel, or special use aviation activity such as the US. Military or law enforcement.

General Conditions / Community Recognition

1. The District shall be identified through a mutually agreed upon community recognition plan that shall include:
 - A. Logo placement on supporting collateral.
 - B. Partnership recognition commensurate with the market rate, pro bono value of the lease hold.
 - C. Mutual promotion through social media.
 - D. Mutual promotion through radio and newsprint.
 - E. Quarterly recognition in the member's newsletter etc.

General Conditions / COP & Lease

1. The term of the lease will be monthly until the (TR) is "Open to the public", with the intent to establish a 12 month lease at that time.
2. The cost of the lease will be adjusted to a graduated fee after 24 months after the facility is "Open to the public".
3. (TR) agrees to allow access, and potential configuration for landlord improvement such as power, water, door, access, loft, etc.
4. A non-refundable fee will be charges for construction of the lease documents and commercial operating permit.
5. A deposit will be required.
6. A principal authorized to do business on behalf of the organization will be the principal signer of the lease (Morgan Goodwin, Chair) and commercial operating permit.

	Year 1 Income	year 2 income	year 3 income	Description							
Non Operational Inflows											
Donations	100,000	35,000	25,000								
Fundraisers	20,000	40,000	60,000								
Grants	20,000	50,000	75,000								
Non-operational inflow	140,000	125,000	160,000								
Operational Income											
Membership	25,500	52,530	57,783	Estimated reaching \$4050 in monthly rent by end of year 1. Increasing 3%/yr after that							
Classes	19,200	42,240	46,464	End of year 1 projected monthly class income \$3200. Years 2 and 3 grow at 10%							
Studio Leases	6,672	13,744	15,119	Estimated reaching \$1,112k/month in rent from resident artists by end of year 1							
Sponsorships	10,000	15,000	20,000	Selling banner space, logos on marketing materials							
Sales of consumables / sales of art	2,500	5,000	5,000	Selling \$3k of materials per month at a 20% profit margin, plus an additional \$3k from annual art sale proceeds							
Shop facilities for schools	5,000	15,000	25,000	Contract with local charter schools to provide shop facilities. 1 school year 1, 2 schools year 2, 3 schools year 3							
Operational Income	68,872	143,514	169,366								
Total Inflow	208,872	268,514	329,366								
Non-Operating Expense											
Tenant Improvements	(5,000)	(20,000)	0								
Tooling	(85,000)	(35,000)	0	Our goal is to provide high quality tools, accepting donations if possible							
Future capital improvements / Art Grants	0	(80,000)	(50,000)	Contingency for possible future beyond Airport space and possible grants to artists							
Future budget contingency	0	0	(30,000)								
Total non-operating expenses	(90,000)	(135,000)	(80,000)								
Operational Expenses											
Rent	12	12	105,000	\$1/mo from airport for first year. Expanding into larger/additional space thereafter							
Utilities	24,000	24,720	25,462	Starting at \$2k/mo, growing 3% annually. The Generator, at 30,000 ft, uses approx \$2k/mo for utilities. Winter temperatures will be kept cool, except for isolated space heaters. Includes Electric, propane, trash							
Shop consumables and maintenance	10,000	10,300	10,609	See attached tooling budget							
Marketing	5,000	5,150	5,305	Marketing to develop membership and revenue from events. Note: this does not include fundraising. See attached fundraising sheet							
Executive director	30,000	30,900	31,827	Part time of a \$50k salary (low end of comparable Truckee non profits), plus 10% overhead, and \$500/mo in benefits.							
Facilities manager	15,000	30,900	31,518	part time first year -- assumes a \$35k salary, plus 10% overhead and \$500/mo in benefits							
Insurance	12,000	12,600	13,230	General liability and workers comp.							
Business Services	8,000	8,240	8,487	Accountant, taxes, misc. Estimated 3% increase annually							
Fiscal Sponsorship	6,266	0	0	3% fiscal sponsorship for 'pass through' via Sierra Business Council until (c)3 status reached							
Scholarships	2,550	5,253	5,778	We plan to discount 10% of all membership fees as 'scholarships'							
Total Operating Expense	(112,828)	(128,075)	(237,216)								
Total outflows	(202,828)	(263,075)	(317,216)								
Operational Balance	(43,956)	15,439	(67,850)	Amount required to fundraise to maintain operations							

Pricing	Day use (8am-9pm)	Business use
Individual	\$40.00	\$200
Junior (Under 21)	\$25.00	
Group/business (min 5 seats)	\$25.00	

To encourage businesses to offer membership as a job perk

Projected demand by end of yr 1	Day use	
Individual	50	5
Junior	25	
Group/business (min 5 seats)	25	

Target number of members:

100

Monthly membership revenue by sc	Day use	
Individual	\$2,000.00	\$1,000
Junior	\$625.00	
Group/business (min 5 seats)	\$625.00	

Membership Income per month

\$4,250.00

Studio Space	
Rented to members at \$2/sqft	\$2
Projected 4 x 8x8 and 3 x 10x10	556 sqft
Total monthly studio space income	\$1,112

Monthly Classes income projection
Instructor paid 50% of class proceeds

Average 10 classes per month (range 5-20)	10
Average 8 students per class (range 2-20)	8
Average class lasts 4 hrs (range 1-20)	4
Average cost of class \$20/hr (range \$10-\$50)	\$20
Monthly class gross	\$6,400
Mounthly Roundhouse income	\$3,200
Individuals instructed	64 80/mo, w/ 20% overlap rate

General liability	\$1,500	Dependent on space, # of members, events
Umbrella Policy	\$1,400	Additional 'layers' of liability beyond \$1,000,000 for professional/general - ~\$700 per \$1,000,000 of additional coverage
Workers Comp	\$1,800	61 percent of total yearly salary for clerical and administrative work and 3.17 percent of total yearly salary for trade or vocational instruction.
Professional Liability (D&O)	\$1,500 - 2,000	Dependent on coverage - \$1,000,000 vs \$2,000,000
Contents Coverage	\$1,200	Imperative with expensive tools - \$6 for every \$1,000 worth of contents
Crime Coverage	\$1,000	Money securities, employee dishonesty, etc.
Employment Practices	\$2,000	Employee-employer relationships, employee suing for discrimination/termination
Total	~11,000	

Truckee Roundhouse

Truckee Roundhouse is a non-profit makerspace located in Truckee, California that supports the teaching, learning, and practicing of a wide variety of crafts, skills, technologies, and arts in the Truckee-Tahoe community.

Background

What is Truckee Roundhouse?

Truckee Roundhouse will be a community makerspace in Truckee, CA.

What is a MakerSpace?

A makerspace is a community-operated shop or workspace where people with common interests, often in computers, machining, technology, science, digital art or electronic art, can meet, socialize and collaborate. Classes will be offered in topics that are of interest to the members of the Roundhouse. To learn more visit: <http://www.truckeeroundhouse.org/>

Goals

- Promote creativity
- Build connections
- Public art
- Create livelihoods
- Accessibility across incomes

Strategy

- Organize the maker community
- Fundraise
- Open a makerspace
- Continue building community
- Continue fundraising
- Expand makerspace

Roundhouse Community

Outreach

- **Oct '14 Big Art Big ideas:**
Coffeebar, 100+ people
- **Jan '15 Reno Makerspace field trip:** 20 makers
- **Jan '15 Impossible Light movie:**
60+ people
- **May '15 May Maker Show:**
45+ presenters, 500 attendees!
- **Community needs survey:**
140 responses & counting

Partners

- Truckee-Tahoe Lumber Co.
- Porter Simon Law
- Sierra Business Council



Roundhouse organized tour of makerspaces in Reno



Maker Show – May 17th

Location: Truckee Tahoe Lumber Co.













Community Survey results

From 140 responses so far.....

Top Interests: to learn new skills, crafts, or to work with new mediums

Top Classes/skills to Learn: metalworking, furniture building/household wares, textiles/fabric shop, ceramics, jewelry, digital fabrication

Top Mediums/Tools: wood, metal, textiles, jewelry, digital fabrication

- **29%** are interested in teaching classes
- **71%** would use the space at least several times per month
- **85%** would volunteer, **23%** would donate supplies, **25%** would donate tools, **21%** would donate money
- **54%** answered the open ended question: “How do you see Roundhouse impacting the community?”

Fundraising

Over \$40,000 raised to date

- \$20,000 large donor
- \$10,000 in -kind tool purchase
- \$5,000 Truckee-Tahoe Lumber Co.
- \$3,500 Maker Show sponsors
- \$4,000 Maker Show income

Future:

- Capital campaign, Crowdfunding, Grants, Tool donations, Events

Airport Partnership

Truckee Tahoe Airport

- Airport strives to support community
- Airport has space available that they wish to find a good tenant to occupy
- Looking for a win/win

Truckee Roundhouse

- A community resource
- Strong desire for large creative space
- Nonprofit -- spend \$ on tools instead of rent
- Diversity of community using space

Recognition Partnership

- Logo placement on supporting collateral.
- Partnership recognition commensurate with the market rate, *pro bono* value of the lease hold.
- Mutual promotion through social media.
- Mutual promotion through radio and newsprint.
- Quarterly recognition in the members' newsletter etc.



Business Plan

Truckee Roundhouse serves the community with classes, access to tools, and access to workspace.

Income:

- Membership fees
- Classes
- Studio rentals to artists
- Fundraising
- Grants
- Crowdfunding

Truckee Roundhouse is a 501c (3) nonprofit, (application pending) seeking to operate a high quality, large makerspace in Truckee

Expenses:

- Tooling
- Staff
- Utilities
- Insurance
- Shop maintenance and consumables

Pricing and Scholarships

Community Survey Results

'what is the most you'd be willing to pay'?

80 respondents answered this question, of 130

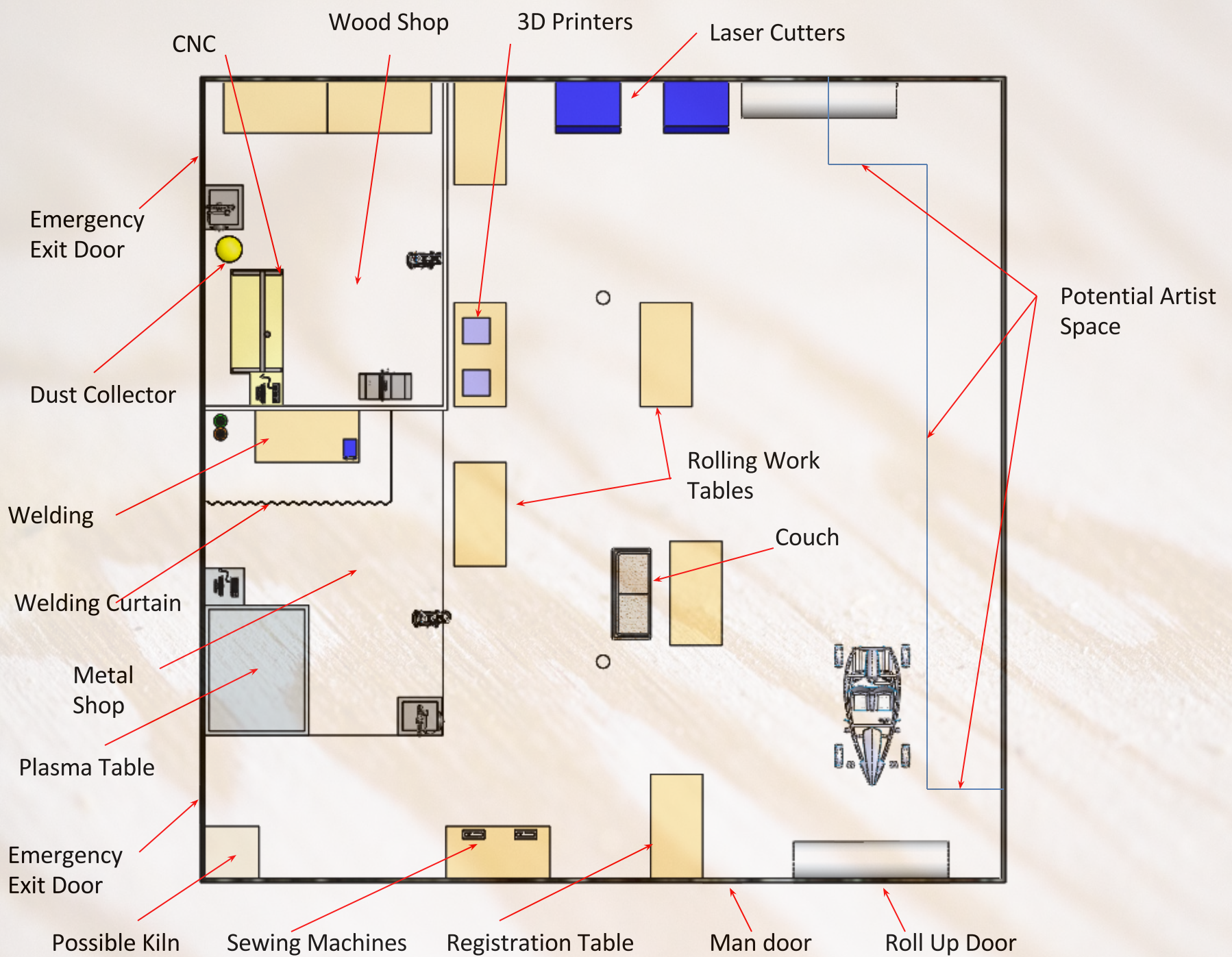
- Mean: \$72
- Median: \$50
- Range: \$5-\$300

Scholarship Program

- 10% of all membership revenue covers scholarships in the form of discounts
- Scholarship requires plan of 'what to learn' and 'how to give back'

Membership levels:

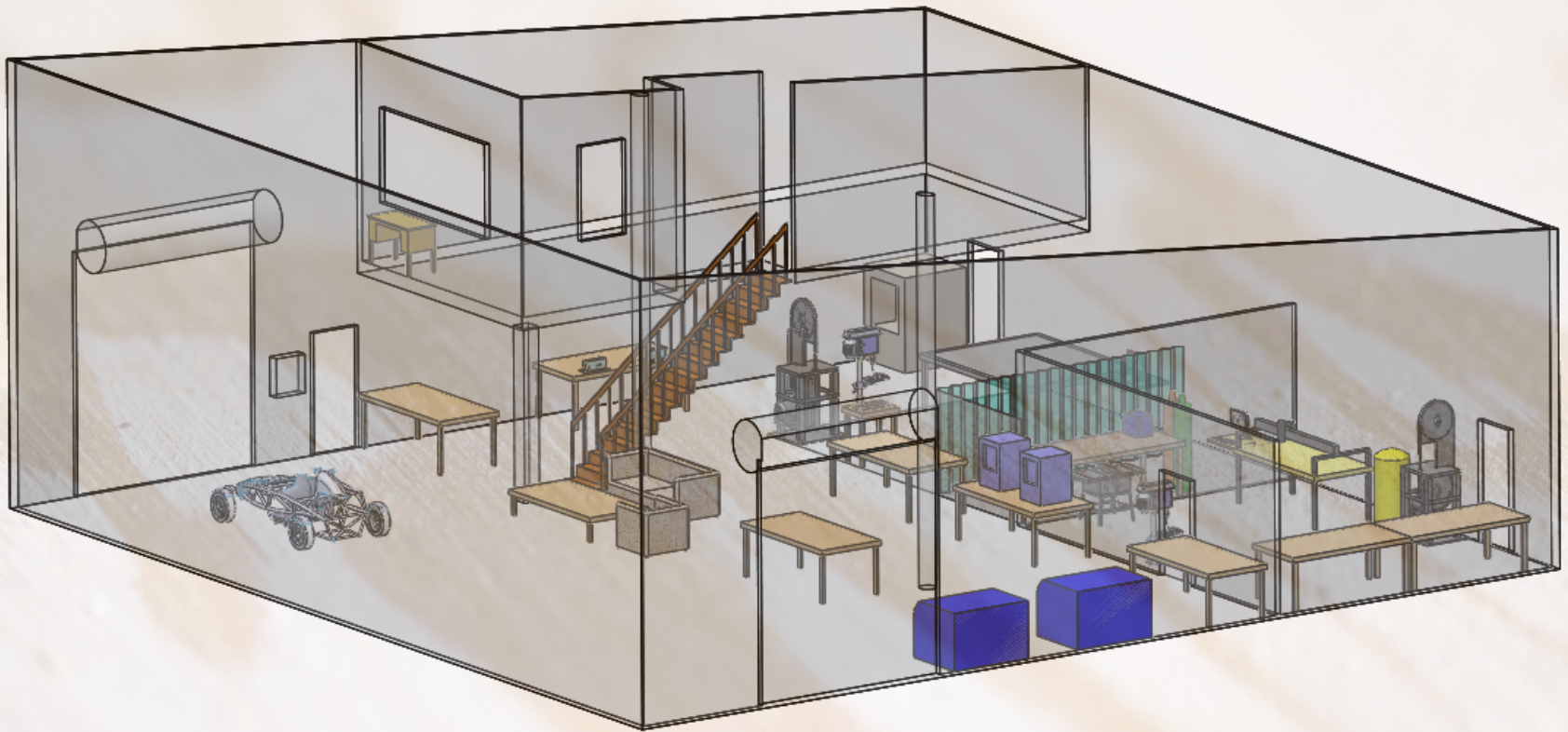
- General: \$40/mo
- Student: \$25/mo
- Group discount: \$25/mo
- Business use: \$200/mo
- Scholarship: \$10-20/mo



Existing



Proposed Layout



Roundhouse Team

Chair

Morgan Goodwin,
Avaaz.org, Truckee Town Council

Secretary

Emily Vitas,
Truckee-Tahoe Lumber Co.

Treasurer

Grant Kaye, PhD
Grant Kaye Photography

Board

Karin Johnson,
MWA Architecture

Board

Chris 'Chief' Gregor,
USCG licensed Chief Engineer

Founding Members

Stephen Hoyt, *Imagitech*

Nina Pivorotto,
Urban Angels Salon

Andrew Cross,
Truckee-Tahoe Lumber Co.

Alex Terrazas,
Town of Truckee

Sean O'Toole, *Property Radar*