

ARMORY BUDGET MODEL 5 YEAR OPERATING PRO-FORMA

		<u>FY27</u> <u>(Planned)</u>	<u>FY27</u> <u>(Current)</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>	<u>FY31</u>	
REVENUES		<u>Year 1</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Gross Rent (minimum)		\$342,396	\$342,396	\$358,870	\$375,933	\$393,110	\$412,405	
Common Area Maintenance (CAM) Fee		\$33,488	\$33,488	\$33,488	\$33,488	\$33,488	\$33,488	
Vacancy Loss (%)		23%	48%	10%	3%	3%	3%	
Collection Loss (%)		6%	6%	6%	3%	3%	3%	
Vacancy & Collection Loss (\$)		\$100,322	\$183,589	\$55,710	\$22,556	\$23,587	\$24,744	
Net Rent Revenue (minimum)		\$242,074	\$192,295	\$336,648	\$386,865	\$403,011	\$421,148	
Annual Change				+75.1%	+14.9%	+4.2%	+4.5%	
EXPENSES								
Custodial staff	6.25%	\$47,700	\$47,700	\$50,681	\$53,849	\$57,214	\$60,790	Two janitors working 15 hours/week at Armory
Management staff	6.25%	\$100,000	\$100,000	\$106,250	\$112,891	\$119,946	\$127,443	On-site, full time Armory building steward
Utilities	4.30%	\$27,000	\$27,000	\$27,000	\$28,161	\$29,372	\$30,635	Electrical and gas service to City operated spaces
Building insurance	4.30%	\$17,660	\$17,660	\$18,419	\$19,211	\$20,038	\$20,899	
Property maintenance and operations	4.30%	\$46,060	\$46,060	\$48,041	\$50,106	\$52,261	\$54,508	Trash removal, pest control, snow removal, landscaping, elevator upkeep
Preventive maintenance	4.30%	\$5,000	\$5,000	\$5,215	\$10,000	\$10,430	\$10,878	Contractors for preventive maintenance
Maintenance supplies	4.30%	\$23,146	\$23,146	\$24,141	\$25,179	\$26,262	\$27,391	Cleaning materials, lumber, glass, plumbing supplies & paint
Total Operating Costs		\$266,566	\$266,566	\$279,747	\$299,398	\$315,523	\$332,545	
Annual Change				+4.9%	+7.0%	+5.4%	+5.4%	
NET INCOME		-\$24,492	-\$74,271	\$56,901	\$87,467	\$87,488	\$88,603	
Net revenue - total costs				+176.6%	+53.7%	0.0%	1.3%	

Armory Budget Model Assumptions

1. Per the Armory Master Plan, City needs to balance cost and revenue for a sustainable Armory
2. We need sufficient (>\$40k/yr) positive net revenue for contingencies and emergencies after full occupancy
3. Armory rents are based on Somerville's market for arts space, and range from \$17.50 to \$26.00/sf per year
4. Ground floor space is more valuable than upper floor and basement space, due to foot traffic access
5. The Performance Hall (Unit 1B) is a unique space with a lower rent potential than the Armory's studio spaces (\$6/sf per year)
6. Basement spaces rent for less than ground or upper floor spaces due to conditions - less light, shared thermostats, etc.
7. Ground floor space is more valuable than upper and basement space (ex. P. Hall)
8. Revenue, from rents and Common Area fees, need to keep pace with rising costs
9. Operating costs will increase faster than rents can rise