

at the conclusion of the public hearing authorize the City Manager, using of the attached form lease, to renew current leases and issue new leases to artists and arts organizations.

BACKGROUND: The Torpedo Factory Art Center leases most of its space of 82 studios and galleries to approximately 110 artists and arts organizations. During the course of a year, the City may execute up to 100 leases with artists, most of whom lease for a year or more, with some 15 artists subleasing for much shorter periods of time. In addition, with many studios shared by multiple artists, the leases are also often amended as the artists within a studio change.

Given that the presentation of that many leases for public hearing and Council approval would be burdensome and not add value to the public decision-making process, the practice the City has used is to use a standard form lease which does not have to be brought to Council each time the lease was executed. However, periodically it makes sense for the standard form lease to be brought to Council for approval.

Given that all the current leases for studios and galleries in the Art Center expire on September 30, 2022, a new lease form is being brought forward at this time for public hearing and then Council consideration and approval. There are no material changes in the proposed lease language compared to the language of the leases currently in place. However, there will be a 3% increase in the cost per square foot (to \$16.88 per square foot/per year) beginning in 2022. The last increase (3%) was in 2019. Additionally, the Operating Rules and Procedures (Attachment 2) are subject to change with notice by the City. Staff will continue engaging with the artists in the coming months to discuss updates to these.

In 2022, the City undertook re-jurying for artist studios in the Art Center for the first time in the history of the Art Center. Existing studios were divided into three groups with each group undergoing re-jurying over the next three years. An additional group of “founding member” studios are exempt from the re-jurying process. Selected artists will be granted three-year leases and undergo re-jurying prior to the expiration of their lease. All artist studios will complete the process by 2024. All leases begin no earlier than October 1. Leases issued in 2022 will expire September 30, 2025. Leases issued in 2023 will expire September 30, 2024. Leases issued in 2024 will expire in 2027.

FISCAL IMPACT: The Art Center operates as an enterprise fund within the City government with approximately 75% of earned revenue coming from studio rent. This lease rate is intended to cover the costs of staffing, marketing, programming, utilities, property taxes, and operational costs such as custodial services. It should be noted that the City, unlike some other art facilities and galleries, does not charge a commission fee to the artists for work sold at the Art Center.

ATTACHMENTS:

1. Torpedo Factory Art Center Studio Lease
2. Torpedo Factory Art Center Operating Rules and Procedures

STAFF:

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