

**Massachusetts Museum of Contemporary Art  
(MASS MoCA)**

**Economic Impact Report**

**Phase I Construction: Leveraging & Stretching Public Funds**

Certified by the Commonwealth in April 1995, MASS MoCA broke ground in early 1996 with an 18-month demolition and hazardous materials abatement project of massive scale, removing over 4,000 tons of asbestos and other hazardous debris, and positioning the site as one of the first in the Commonwealth to complete all four phases of the Department of Environmental Protection's so-called Massachusetts Contingency Plan, a landmark achievement in the reclamation of troubled industrial sites for adaptive reuse.

Renovations and new construction began July 1997. The museum opened on schedule and on budget in May 1999, having drawn down only \$18.6 million of a total state construction grant of \$35 million. Subsequent additions of commercial rental space, landscaping improvements and capital equipment acquisitions brought the total Phase I state grant drawdown to \$25.5 million, leaving \$9.5 million in funds still available for future museum buildout from the original 1988 enabling grant.

The scope of Phase I construction encompassed 300,000 SF gross of developed space, and a further 300,000 SF of minimally repaired and mothballed space. 60,000 square feet of the developed space was set aside for rent-producing commercial office space, all of which is now rented, while 240,000 SF was programmed for galleries, theaters, public spaces, offices, mechanical service and other back-of-house support spaces. MASS MoCA's \$76/SF construction hardcosts budget compares to the national average for museum construction of \$250/SF, with many high-profile projects routinely costing two and three times that figure. By any measure an amazing financial achievement, for an intricate public-sector rehabilitation of a 19th-century, multi-building, abandoned industrial site (listed on the National Register of Historic Places), the return on state construction dollars was nothing short of miraculous. The project was also an aesthetic success, winning praise for its well-planned architectural program, design, and quality of finish, including the top architectural awards from the American Institute of Architects, the National Trust for Historic Preservation, Massachusetts Historic Commission, and Historic Massachusetts.

**A Joint Public-Private Venture: Non-state Matching Funds**

To date MASS MoCA has raised \$13.4 million in cash and \$4.1 million in-kind in private sector contributions, not including earned revenues from admissions, retail sales, and commercial leases. Of that \$17.5 million in private investment, \$13.1 million has been invested in permanent capital facilities improvement. The remaining \$4.4 million in private investment has funded programs, start-up costs, and yearly running costs, supporting the museum during the first three years of regular operations.

MASS MoCA was recently awarded a Federal Housing and Urban Development grant of \$2.0 million, together with a low-interest loan of between \$3.2 to \$5.0 million. MASS MoCA is now discussing the underwriting of the loan portion with a potential donor. Reserved for Phase II, the HUD funds—stipulated for commercial development, housing, and neighborhood blight removal—have not yet been availed.

## **The Current Program**

### In the Galleries

MASS MoCA has organized and presented five major long-term and 15 smaller short-term exhibitions. Winning enthusiastic critical reviews in *The Boston Globe*, *New York Times*, *Time Magazine*, *Washington Post*, *New Yorker* and many other national and international publications, the exhibitions have also attracted good public attendance, drawing 100,000 visitors the first year, with the second year visitation exceeding that rate. MASS MoCA programs 80,000 SF of exhibition space, 95% of which changes every 12 months. The large-scale exhibitions (such as *Unnatural Science*, *Uberorgan*, and this year's *Game Show*) remain on view for ten months, while the smaller exhibitions rotate on a four-month schedule.

### Off-Site Installations

MASS MoCA has commissioned several long-term sound installations that are located off-site, leading thousands of museum visitors downtown, and to the state-run Natural Bridge State park. These, together with a careful signage program, jitney bus service, joint ticketing, and other programmatic initiatives all encourage cross-traffic between MASS MoCA, local downtown business districts, and other regional cultural institutions and outdoor recreational facilities.

### On Stage

Even before it opened, MASS MoCA had widespread name recognition as a "museum-in-waiting". The extent and quality of its performing arts program, however, is still a growing story. MASS MoCA presents some 70 performing and participatory performing arts events per year, ranging from mainstage events like The Paul Taylor Dance Company, Merce Cunningham, and Robert LePage, to popular concerts like Patti Smith and Los Lobos, to dance parties with lessons and outdoor silent films with live music. Initially uncertain as to the audience for these events in the winter months, MASS MoCA has enjoyed remarkably strong ticket sell-through, averaging 82% sales year round. Its stages, quality of technical support and outdoor venues are gaining a powerful reputation among artists, and its dance/theater residencies are actively sought out by America's leading avant-garde performing artists. Many shows that have had technical rehearsals and development at MASS MoCA have gone directly from North Adams to the Lincoln Center, Brooklyn Academy of Music and other leading venues. To lock in the economies that makes these programs possible, MASS MoCA must secure additional low-cost housing. To continue to build audiences and create new destination audiences (particularly in the summer shoulder months and winter season), MASS MoCA must modestly increase its programming budget and staff resources, which are stretched too thin.

## **Special Program Initiatives**

### Kidspace and C4

Kidspace at MASS MoCA is a child-centered art gallery within MASS MoCA where contemporary artists' work is exhibited. At the same time, it is a hands-on studio where children create artwork. A collaboration between MASS MoCA, the Williams College Museum of Art, and the Sterling and Francine Clark Art Institute, and now in its second year of programming, Kidspace has quickly become an important part of the lives of every elementary schoolchild and teacher in North Adams. During field trip visits to the gallery, students engage in creative looking, critical thinking and art-making activities inspired by the artwork on exhibit. Back in their own classrooms, students work

from a special Curriculum Guide that uses art-based activities to promote interdisciplinary connections to language arts, math, science and creative writing. The 100% participation in Kidspace by elementary teachers is among the most extraordinary and perhaps lasting impacts MASS MoCA has made upon its home community, and the National Endowment of the Arts is now studying Kidspace as a national prototype for school-reform arts education programming. Consider this: by 2005, every middle-schooler in North Adams will have visited MASS MoCA at least 20 times, entering the world of museums through a space and program that they know well (and, by all reports, truly love). In 2002 the program will be expanded to four small neighboring hilltowns, and the field trip program extended to Williams College Museum of Art and the Clark Art Institute.

C4 is a dedicated computer and internet lab facility which has provided basic computer training, email accounts and web-page hosting to over 11,000 adults during its first four years of operation. The curriculum has recently been re-tooled to focus on 16-24 year olds, offering advanced software programming and high-end computer application classes to two groups of 12 students. With funding by the Prospect Foundation (a philanthropic funding vehicle of several of the region's successful idot coms), and with curriculum advice from local digital commerce companies, C4 offers a fine-tuned career ladder to entry level jobs based at MASS MoCA and surroundings.

## **Education**

MASS MoCA's commitment to public education extends from Kidspace and C4 to its galleries and stages. MASS MoCA has published six fully illustrated scholarly catalogues, together with a series of "Artcards" -- informative mini-brochures distributed in the galleries that offer well-written introductions to the art on view. Our patrons avidly collect these cards (which now number 35), and to date MASS MoCA has distributed over 600,000 cards.

MASS MoCA also offers low-cost audioguide with separate tours of the art exhibits and the building itself, giving a detailed history of the industrial, social and economic history of the site. Free, live, guided tours—praised as among the finest tours of any contemporary art museum in the county—are offered daily in the summer and fall, and weekends in the winter and spring.

MASS MoCA's performing arts department has formed a partnership with the School Arts Advisory Council to present two mainstage performances per semester, which are then marketed to local classes through the elementary, middle and high school systems. Over 2,000 students per semester attend these sold-out performances.

On 10 Saturdays throughout the year, MASS MoCA offers special child-oriented programming to the public, including dance lessons, puppetry, theater workshops, educational cartoons, drumming seminars and other interactive programs that are free with museum admission.

## **Commercial Development**

MASS MoCA signed its first tenant lease in 1996, renting 5,000 SF of office space (shared with the museum staff) to digital special effects company Kleiser-Walczak Construction Company, for \$2.40/SF/yr. Since then, MASS MoCA has developed and leased Building 1 (20,000 SF), Building 2 (30,000 SF), Building 26 (5,000 SF) and allocated 5,000 SF of Building 10 to commercial tenants,

gradually raising the rent price to \$11/SF/Yr, plus utilities. MASS MoCA provides “shell & core” space, with the tenants making their own fitout investments. The museum has target-marketed to software, graphics and e-commerce companies, though the tenant population also includes a local newspaper weekly (*The Advocate*), a mid-sized publishing company (Storey Communications), and soon, a full-service restaurant. The museum operates its own retail store, and rents lobby café space to a concessionaire.

## **Economic Impact**

MASS MoCA’s beneficial economic impact on Berkshire County is manifest and dramatic:

The downtown business occupancy rate has doubled since the museum began construction, from 30% in 1995, to 75% in 1999.

The range and quality of services has improved: while in 1996 the restaurant options were limited to a few diner-style cafes and pizza parlors, by summer 2001 there will be at least four high-quality restaurants, two upscale coffee bars, and one comfortable café in the downtown business district.

Fueled by resurgence in the local housing market (after years of virtually no real estate transactions in North Adams), landlords and homeowners have invested substantial funds in structural and cosmetic improvements. The neighborhoods look notably better, and there is a wider range of rental options in North Adams, with more in the works, including a premium condominium development in a large downtown apartment block. Several landlords are now offering rental units in the \$700-950/month range to service new employees; in 1997, the rental rates in North Adams topped out at \$600/month.

Timed to correspond to the museum’s opening, the City recently completed a beautiful Main Street enhancement project, including improved signage, historic lighting, and substantial greenscaping. The Mayor has recently announced plans to build a public park in the blighted commercial zone just north of MASS MoCA, on River Street.

At MASS MoCA’s suggestion, a private investor and friend of the museum has teamed up with the Red Lion Inn of Stockbridge to rehabilitate ten blighted Victorian row houses into a premier boutique hotel. This \$6 million private investment, *The Porches*, will open with 37 rooms in July 2001, and an additional 15 rooms by spring 2002, instantly converting what was the city’s single worst block of blighted real estate into a grand, civic avenue and place of great community pride.

The hard socio-economic line that used to demarcate North Adams from neighboring Williamstown is softening. With increasing domestic/work crossover traffic between those two communities, and increased social and cultural interaction between MASS MoCA and the two regional colleges, there is also increasing cooperation between the local business and political communities, which is paying off in joint marketing and public investment initiatives, such as the Berkshire Connect project which has significantly expanded telecommunications options in the region.

The resurgence of the City in the wake of MASS MoCA’s opening has been the subject of dozens of hard and soft news articles, TV programs, and feature stories, including *Smithsonian Magazine*, *CBS Sunday Morning*, *CNN*, *New York Times*, *Boston Globe*, *Chronicle*, *Washington Post* and others. A regional tourism agency recently estimated the total value of public relations coverage of MASS MoCA to be in excess of \$4 million since 1999.

In 1988, economists and staff at Williams College developed a comprehensive economic impact forecasting model, which was certified by the Commonwealth as the basis of the project’s original feasibility study and development plan. Using the same economic model, but substituting actual museum visitation figures, commercial tenant activity and updated econometric data for the pro forma projections and forecasts of the original model, MASS MoCA has recently re-calculated the regional economic impact.

Here is a side by-side comparison of the original forecast, and the actual measured economic impact to date:

	<b>1989 Feasibility Study Forecast</b>	<b>Actual Economic Impact 2000 Dollars</b>	<b>1989 Dollars</b>
<b>I. Direct &amp; Induced Effects, Museum Operations</b>			
Business Sector Impact	16,077,302	18,504,600	14,803,680
Local Government Sector Impact	397,759	800,319	640,255
State Revenue Nominal Effects	687,483	747,721	598,177
Impacts on Individuals:			
Jobs Created (Direct & Indirect)	470	464	464
Income	6,137,427	5,819,600	4,655,680
<b>II. Direct &amp; Induced Effects of Commercial Development</b>			
Business Sector Impact	4,841,190	11,258,485	9,006,788
Local Government Sector Impact	259,161	447,454	357,963
State Revenue Nominal Effects	205,860	574,475	459,580
Impacts on Individuals:			
Jobs Created (Direct & Indirect)	148	384	384
Income	1,815,114	6,956,453	5,565,162
<b>III. Convention Activity/Special Events</b>			
Business Sector Impact	1,165,901	N/A	N/A
Local Government Sector Impact	93,717	N/A	N/A
State Revenue Nominal Effects	51,326	N/A	N/A
Impacts on Individuals:			
Jobs Created (Direct & Indirect)	32	N/A	N/A
Income	487,100	N/A	N/A
<b>TOTALS</b>			
<b>Business Sector Impact</b>	<b>22,084,393</b>	<b>29,763,085</b>	<b>23,810,468</b>
<b>Local Government Sector Impact</b>	<b>750,637</b>	<b>1,247,773</b>	<b>998,218</b>
<b>State Revenue Nominal Effects</b>	<b>944,669</b>	<b>1,322,196</b>	<b>1,057,757</b>
<b>Impacts on Individuals:</b>			
<b>Jobs Created (Direct &amp; Indirect)</b>	<b>650</b>	<b>848</b>	<b>848</b>
<b>Annual Income</b>	<b>8,439,641</b>	<b>12,776,053</b>	<b>10,220,842</b>

*\*\*Not incl. construction jobs or other temporary effects.*

## Notes

Including \$500,000 in permanent capital improvements invested by tenants. MASS MoCA's enabling legislation (Chapter 8 of the 1988 Acts and Resolves) requires that every \$7 of state grant funds invested in capital improvements be matched by \$3 of non-state investment. Having received \$25,446,196 in state grant funds to date, the museum's total matching obligation is \$10,909,798; MASS MoCA has thus accrued \$2.0 million in qualified surplus match to carry forward into later phases.

While, not surprisingly, several of the original economic impact report's assumptions and forecasts proved inaccurate, most were startlingly prescient. The major variances were:

The original study expected development of a 90-room hotel on site. Instead, a private developer, responding in part to the MASS MoCA's certification in 1995, re-opened a long-abandoned downtown hotel with 100 rooms. In addition, a new boutique hotel featuring 52 rooms will open in July 2001, but across the street from the museum on River Street rather than on the museum property itself. At least three other bed & breakfasts have opened in response to the new demand for overnight accommodations at all price points in Northern Berkshire County.

Instead of the projected 20,000 SF of retail space on the museum property, 60,000 SF of commercial office space has instead been developed. Instead of the projected 20 "on-site, non-museum" jobs, the number approaches 300.

The original study was based on 130,000 museum visitors. While total museum visitation is near that number, the breakdown is different than anticipated: 100,000 per year visit the galleries, 15,000 per year are patrons of the performing arts, and 10,000 per year are children and other users of Kidspace and the C4 computer training facility. The performing arts component of the museum program is stronger than anticipated by the original study.

The general size of the museum budget is almost precisely as projected (in nominal terms, adjusted for inflation the budget is still about 25% less than projected), however a significantly larger portion of the museum's spending has been local. On the other hand, the museum's work force is younger than expected, meaning there is lower percentage of homeowners. Interns, artists-in-residence, and visiting art installers have had a much greater than anticipated effect on local business, spending some 2,900 overnights per year versus the 360 projected in the original study.