Introduction

In November 2018, the County Board adopted the Four Mile Run Valley Area Plan. As Arts and Industry Planning is an implementation element of this plan, the County Board directed staff to undertake a public process to define a vision for the arts and industrial uses within the study area, including consideration of designating an Arts and Industry District. The first of this two-part process is a Technical Advisory Panel (TAP), led by County staff with representatives from the Arlington Commission for the Arts (Carol Patch and Tina Worden) and the Economic Development Commission (Mary Margaret Schoenfeld and Carlo Ninassi). This report represents a summary of the findings from this Phase I process.

The objective of Phase I was to introduce six (6) distinct Models for an Arts and Industry District that can then be further discussed and evaluated during the Phase II community-engagement process. This introduction of the Models includes a discussion of the relative desired outcomes, attributes, general costs, impacts, implementation risks and next steps for each Model. The TAP viewed its role as providing a whittled-down set of options so that the Phase II community discussion could be informed and focused. However, the TAP intentionally steered clear of choosing a preferred or ideal Model, so the Phase II process should consider each Model as potentially viable and evaluate each model relative to community-formed desired outcomes. It is also important to note that the technical analysis in Phase I was intentionally general in nature, and any future implementation would require a much more in-depth analysis of the cost and benefits, funding sources, implementation elements and timing of any preferred Model. Thus, this report is meant to be only an interim step in the evaluation process.

Summary of Findings

The Phase I TAP identified six (6) relatively distinct alternative Models for further evaluation in Phase II. The six Models are intended to represent a spectrum of viable concepts with regard to outcomes and costs, so that the Phase II process can consider a suitable range of alternatives. However, none of the Models is considered by the TAP to be a fully-baked concept, and thus the Phase II discussion should view each Model as a starting point for discussion and evaluation. Specifically, potentially the Phase II process may choose to create new or more refined Models by combining attributes and outcomes presented in one of the six Models introduced by the TAP.

A summary of the expected impact on the arts environment, the industry/business community, and the physical and branded place for each of the six Models in provided in Table 1 below:

Table 1. Summary of Expected Impacts of Presented Models

Model		Arts	Industry	Place
1	Branding and Marketing of Existing Assets	Focus existing arts programming resources	Maintain status quo	Established brand and marketing message
2	Enhanced Investments in the Arts	Enhanced arts programming resources and 3700 facility investments	Maintain status quo	Established brand and marketing message
3	Enhanced Investments in the Arts and Place	Enhanced arts programming resources and 3700 facility investments	Maintain status quo; review of any conflicts between infrastructure plan and business activities	Established brand and marketing message & placemaking infrastructure investments
4	Facility-Based Investment Strategy	Significant investments in existing and new facilities and enhanced programming efforts	Maintain status quo; review of any conflicts between infrastructure plan and business activities	Established brand and marketing message & placemaking infrastructure investments
5	An Audience-Driven Approach	Create arts and entertainment destination for a broader audience group	Greater focus on arts, retail, food and beverage and entertainment businesses; potential to threaten existing industrial uses	Major marketing brand and public-private infrastructure improvements aimed at enhancing customer experience
6	Arts and Industry Production Model	Maintain existing; focus on new back-of-house and “arts maker” opportunities	Targeted attraction of “maker” businesses	More dynamic environment while maintaining industrial character

The Phase II process focus will be to further set a vision for an arts and industry district, specifically the desired outcomes and measures for success. The Phase I TAP work is intended to allow the Phase II process to place these desired outcomes in the context of likely attributes of arts and industry district, general costs and commitments, and implementation risk. This is meant to be an iterative process, where a more refined vision should continue to be matched with a more refined arts and industry district Model and implementation plan. Given the relatively limited scope of the Phase I work, the TAP feels strongly that more detailed technical analysis will still be required following the Phase II process.

A key aspect of establishing setting desired outcomes for each Model presented by the TAP was a discussion around whether change should occur organically, incrementally, or accelerated fueled by some level of catalytic investments. Many arts and/or industry districts studied were centered around catalyst-driven change – i.e., a component of broader revitalization objectives, such as with underutilized downtowns, main streets, or blighted industrial areas. Other districts were more focused on marketing and enhancing existing assets – i.e., historic downtowns – with targeted programming and events. The TAP expects the Phase II to continue to refine the desired outcomes of a district in this appropriate context, with the core assumption that the adopted land use policy does not identify revitalization as an objective of the plan.

The Models presented by the TAP first and foremost represent a spectrum of investment in and impacts on the scale of arts activity in a defined district. The scale of costs and potential implementation risk should always be considered relative to the potential impact, thus Models that introduced bolder ideas that require greater investments and potentially greater risks should not be viewed an inherently inferior to “safer” Models. With that said, a lot of discussion of the TAP focused on concepts of incremental growth, phasing and a Model evolving from one Model to another over time as successes are proven and momentum is gained.

Four of the six Models address the industry component of an arts and industry district relatively passively, with a primary focus on maintaining status quo and identifying and minimizing conflicts; this was not due to a view by the TAP of a secondary importance of the industry component of a potential district, but more reflective of the general assumption out of the 4MRV plan that existing land use patterns be maintained and functioning nature of the current business activity in the area that did not seem to require direct intervention by the County. However, throughout all Models investments should always be viewed through the lens of the potentially unintended consequences on business activity in one of the County’s last remaining cluster of industrially-zoned land. The TAP believes the Phase II process can further progress a vision for the role that existing business activities, potentially future industry opportunities, and other existing non-arts activities (e.g., AFAC, SEEC) can play with an arts and industry district.

The geography of a potential district was a major topic of conversation during the Phase I process. The TAP believed that a clear definition of the geographic boundary of a district was a necessity, if not down to the parcel level (which would be required if land use changes and/or incentives were considered) but at least at a general level so that an area can be effectively branded. With that said, the TAP also believed that which neighborhoods/areas should be included in a district should be left to the visioning process in Phase II. Undoubtedly, the vision/character, scale and implementation of an arts and industry district will be significantly affected by which areas included in the district given the varying existing conditions and assets and land use visions for the South Four Mile Run Drive corridor, Green Valley and Shirlngton. Each Model presented by the TAP should be able to be scaled to meet whatever vision the Phase II process recommends.

The Models presented by the TAP do reflect upon governance or organizational structure relative to each of the models. The Phase II process should consider these as relevant of how such Models were assumed to work best, but should continue to discuss and refine the potential governance structures that may best meet a more defined vision. With that said, following Phase II a more focused technical analysis on organizational structure that focuses on cost efficiency and organizational focus will need to be studied. Many other districts studied tended to rely on existing organizational capacity (including, most often, local government) to start and grow a district's impact over time. Stand-alone non-profits most often arose after clear organizational and funding capacity existed, which is often later in a district's life span.

The TAP did spend time discussing funding sources for any upfront and ongoing costs. The TAP concluded that this level of detailed analysis was premature at this stage, and was more appropriate to undertake after a more refined vision and Model for an arts and industry district was established by the Phase II process. It is worth noting that the limited existing assessed value base and modest expectation of incremental assessment gain in the area given the 4MRV land use vision makes the use of tools such as special assessments or tax increment financing very unlikely, so it should be assumed as of now for most of the Models that costs should be born primarily by the County (especially in the start-up phase of a district).

Formal partnerships, as introduced in Model 4B and Model 5, can potentially reduce the share of the cost burden to the County. In Model 4B for example the TAP did assume the potential to reduce capital and operating costs by as much of 50%, but this should be viewed as merely a placeholder at this time, as the TAP did note that such partnerships require much more analysis and implementation steps before they are viewed as viable options for cost reductions. Partnerships should thus be primarily considered as means to effectively implement a Model than to solely reduce the costs of said Model to the County.

The SNAIQ report from the Arts District Committee of the 4MRV land use process was continuously referenced back to during the development and refining of Models by the TAP. While no one of the six presented Models exactly mirrors the concept presented in the SNAIQ report, all the elements included in the SNAIQ can be found in some form in at least one of the TAPs six Models.

Methodology and Assumptions

The TAP approached the evaluation of Models from a bottom-up approach. Instead of starting with case studies of arts districts in other areas, which can often result in applying lessons learned without appropriate local context, the TAP chose to build Models based upon a universe of district attributes, desired outcomes and impacts, implementation steps, general costs and risks. Specifically, the TAP process proceeded as such:

- Developed a list of potential attributes that would comprise and arts and an industry district, including geography, governance, County resources required/funding mechanisms, visioning process, land use and zoning impact, regulatory changes, financial incentives, marketing strategy, arts programming, business support, and the role of County-owned facilities.
- Described the varying aspect of each attribute relative to a spectrum ranging from organic to flexible to aspirational to prescriptive.
- Allocated mixed of attributes along the spectrum to a universe of potential Model structures. The key was a first stage whittling down as the TAP evaluated how certain attributes were connected, related or in conflict.
- Discussed a range of desired outcomes and implementation next steps that could be applied to the developed Models.
- Developed broad findings of typical objectives, structure and lessons learned from research and evaluation of other arts and industry districts, and applied these findings to a further refinement of desired outcomes and implementation for identified potential Models.
- Refined the list of potential Models to study to six, and refined specific desired outcomes and analyzed general costs and implementation challenges.

Core assumptions associated with the already completed 4MRV land use policy and vision were consistently applied to these steps in the process. Most notably, the reality that the vision for much of the 4MRV area is maintaining and enhancing the current character and land use, and that any Model needed to reflect that context.

Description of Introduced Arts and Industry District Models

The following provide summaries of the each of the six Models. One-sheet graphic summaries are also provided in the Appendix.

Model 1: Branding and Marketing of Existing Assets

Model 1 represents the most organic of all the Models, focusing on community building, place branding and incremental growth of an arts and culture eco system. It operates within the existing County capacity, including continued operations and activities at 3700 Four Mile Run Drive ("3700"), with no new specific resources allocated to arts programming or facilities outside of normal budgetary decisions for the Cultural Affairs Division (CAD) of Arlington Economic Development (AED). The only expected additional cost would be one-time funding for a marketing and branding study that would allow CAD/AED to effectively market the area and to focus available arts programming dollars consistent with a brand. While not a known future cost, under this Model there is also a greater possibility for opportunistic but strategic partnerships and programs to be considered on a case-by-case business than under the status quo. While the TAP felt it was important that any Model to be considered had some measurable impact over the status quo, this Model clearly has the least expected impact of any of the six, and thus a modest metric of success of cresting an established brand for the area. Model 1 also represents the lowest implementation risk given the limited scope and scale of resource commitment. There is no anticipated impact – positive or negative – on the existing business community, and the only land use impact would be a study of the compatibility with arts-oriented uses within M1 zoning and other relevant zoning districts.

Model 2: Enhanced Investment in the Arts

Model 2 focuses on community building, place branding and accelerated growth of an arts and culture eco system focused new investments in marketing, arts programming, and facilities to better utilize 3700 and develop new partnerships/events in the area. Similar in many ways to Model 1, the key distinguishing factor is an increase in capital and programming investment, specifically 1) capital investments and an increase ongoing operating costs within the existing 3700 footprint to expand performance, production and back-of-house activities; and 2) increase in CADs annual programming budget to better support an expanded 3700 facility as well as seek out potential new partnerships (such as support for the nascent Valleyfest event). This model also assumes the need to expand CAD staff by 1.0 CAD FTE and given the increased one-time and ongoing investments should incorporate a standing stakeholder advisory group supported by staff member. Metrics of success should expand to include measures associated with number of arts groups served and increases in audience participation. Implementation risk is moderate, but higher than in Model 1 primarily because of the greater risk associated with realizing the full value of one-time capital costs. Much like with Model 1, there is no anticipated impact – positive or negative – on the existing business community, and the only land use impact would be a study of the compatibility with arts-oriented uses within M1 zoning and other relevant zoning districts.

Model 3: Enhanced Investment in the Arts and Place

Model 3 builds upon Scenario 2 with the addition of targeted and expedited infrastructure investments (e.g., parking, streetscapes and lighting, multimodal access, etc.) to improve the arts group and customer experiences. The TAP felt that a distinct Model building off on Model 2 that incorporated a custom physical improvement plan that supported the brand of the area and improved accessibility for audience/customers and functionality for arts activities was necessary to address a key challenge identified in the area. Specific elements for physical improvements the TAP considered significant included: accessibility to and from the area from adjacent areas; branding elements and wayfinding; parking, streetscapes; lighting; and public spaces improvements aimed at temporary artistic elements and events. The cost of planning for and prioritizing infrastructure improvements is difficult to estimate at this stage, but could be significant, especially if competing with infrastructure improvements throughout the County within the CIP. Implementation risk above and beyond Model 2, was viewed as minimal, however, once an infrastructure plan and funding elements were in place. Perhaps the greatest risk is that physical improvements deemed critical to improving accessibility would conflict with current industry activities in the area; thus a stakeholder advisory group that participates in the formation of an infrastructure investment plan should even more so seek to incorporate a wide range of business interests in the area.

Model 4: Facility-Based Investment Strategy

Model 4 utilizes significant investments in cultural facilities to drive significantly enhanced programming and support services for arts groups and arts activities/events. The review of other relevant districts focused on the arts showed that often one or more operating performance/visual facilities are critical anchors to maintaining a district's brand and audience traffic. Often this also includes significant back-of-house, support and production arts spaces. It is also assumed that like in Model 3, that this Model would marry investment in facilities with complementary public infrastructure and placemaking investments. This Model assumed that an initial facility study would focus on County-owned assets, and determine the potential to add or upgrade facilities to accommodate spaces and utilization that met identified needs of the arts community. Costs associated with developing this Model were deemed to be significant, but also would be the expected impact. Also, the cost of new investments in arts support uses in this district Model could be offset by replacing like uses in other County/APS facilities However, the TAP also believed that a facility plan could space out investments (and impact) over time -- as lessons are learned, market dynamics are better understood, a brand is established, and resources become available -- to lessen the initial and ongoing risk of this Model.

The TAP did distinguish between two strategic approaches to achieving the Model. Model 4A assumes that the County would be the lead in planning, funding, constructing and operating expanded or new arts facilities. This results in high direct costs to the County, and risks that resources become constrained at certain points due to budgetary challenges.

Model 4B introduces the concept of a formal partnership with an external organization. In this Model it assumed a facility strategy that set clear needs and outcomes initiated by the County would lead into a Request for Proposals from potential partners. The value of this Model is the potential to reduce direct upfront and ongoing costs to the County my accessing capital sources not generally and/or readily available to the County investments. It would also potentially expand the sphere of expertise and allow an external partner to react more nimbly to changing market dynamics. However, the TAP also believed this partnership Model also brings higher risk – both in getting from strategy to implementation, and then post implementation performance/sustainability of a selected partner. Thus, expected cost savings to the County could easily be wiped away if the partnership fails.

Model 5: An Audience-Driven Approach

Model 5 creates a formal partnership structure with an entity – including for-profit operators -- focused on driving audience demand and/or support of back of house operations, with less direct County involvement in facility construction and operations, and marketing and programming efforts. This was viewed by the TAP as the most transformative of the Models from an arts perspective, and the one that would diverge the greatest from the status quo of serving local arts groups. Theoretically, this Model's partnership with an external entity focused on revenue production could reduce direct ongoing costs to the County, and could in fact deliver net positive fiscal revenues over time; however, when this Model has been attempted in other areas, the local government is often a significant source of the real estate and start-up costs (e.g., facility construction), as well as fully or partially funding significant infrastructure improvements. The implementation risk is also very high, as ramp-up challenges, and even the threat of outright partnership failure, can pose an unforeseen cost and resource burden on the County. This Model would also have the most impact on land use mix, with a greater focus on incorporating supportive land uses such as private arts, retail, good and entertainment uses; this would present a real challenge to the existing built form and industrial business activity in much of the area – thus in this Model the geography of the proposed district would be particularly critical, especially relative to where audience-focused and back-of-house/support uses were planned. While the TAP did not believe this transformative Model was likely to fit in with a vision for an arts and industry district in this area, it felt it was important to introduce it as an option along the spectrum of investment in the arts, as well as accommodate a potentially larger geographic boundary.

Model 6: Arts and Industry Production Model

Model 6 focuses on maintaining and attracting a mix of arts and industry production and back-of-house uses that is consistent with the industrial nature of the area and could provide a unique business cluster for Arlington. It envisions a place where existing industrial business activity is supplemented with a broader range of “maker” focused arts and industrial uses. For arts this would mean a focus on back-of-house, support and production uses, with arts programming maintaining a status quo. For industry this would mean significant resources committed to attracting and retaining craft and innovation-focused private ventures – given the limited supply of industrial land in the County this location could serve to grow this important piece of Arlington’s innovation economy. A core metric would be the number and character of new businesses and arts support services provided, but success of this model would not be direct fiscal revenue production given the nature of expected target uses. The costs are expected to be moderate but requires further study of the potential scale of incentives to attract uses and use of County assets for incubator and partnership spaces. Much like in Model 4, the cost of new investment in arts support uses in this district Model could be offset by replacing like uses in other County/APS facilities. The implementation risk was viewed as moderate given the ability to understand and control costs and grow the envisioned environment incrementally over time.