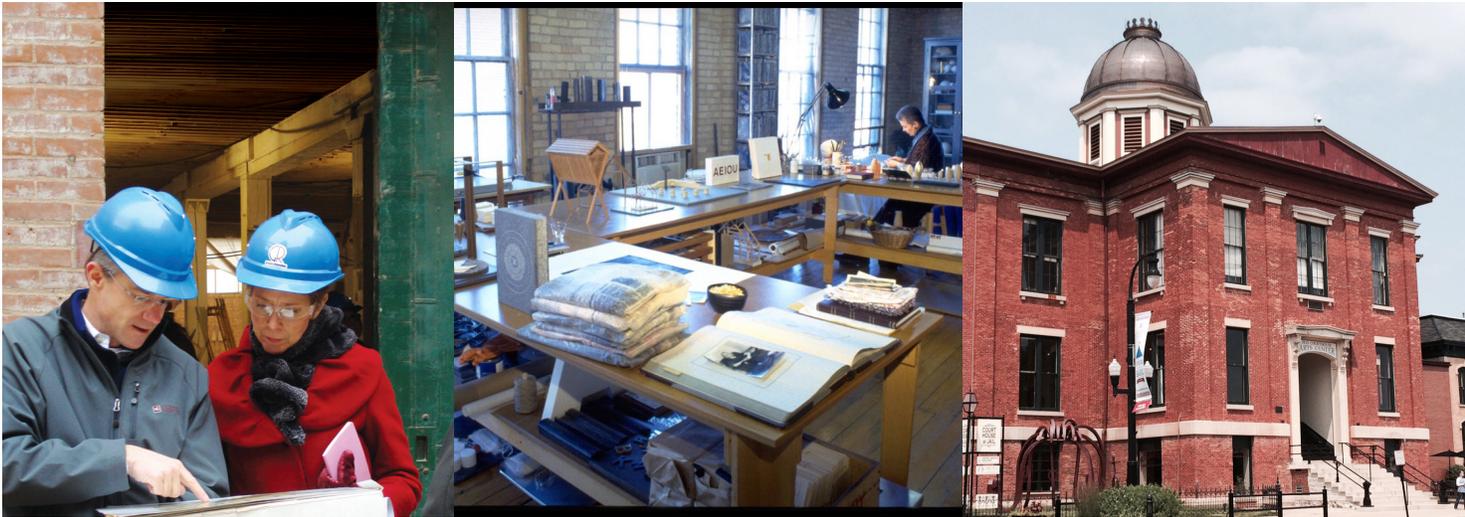


artspace

Building better communities through the arts



Creative Spaces Consulting Report

Old McHenry County Courthouse and Sheriff's House
Woodstock, Illinois

August 2016

Artspace Projects, Inc.

Offices

Minneapolis

Los Angeles

New Orleans

New York

Seattle

Washington DC

250 Third Avenue North

Suite 400

Minneapolis, MN 55401

P 612 / 333 / 9012

F 612 / 333 / 9089

artspace.org

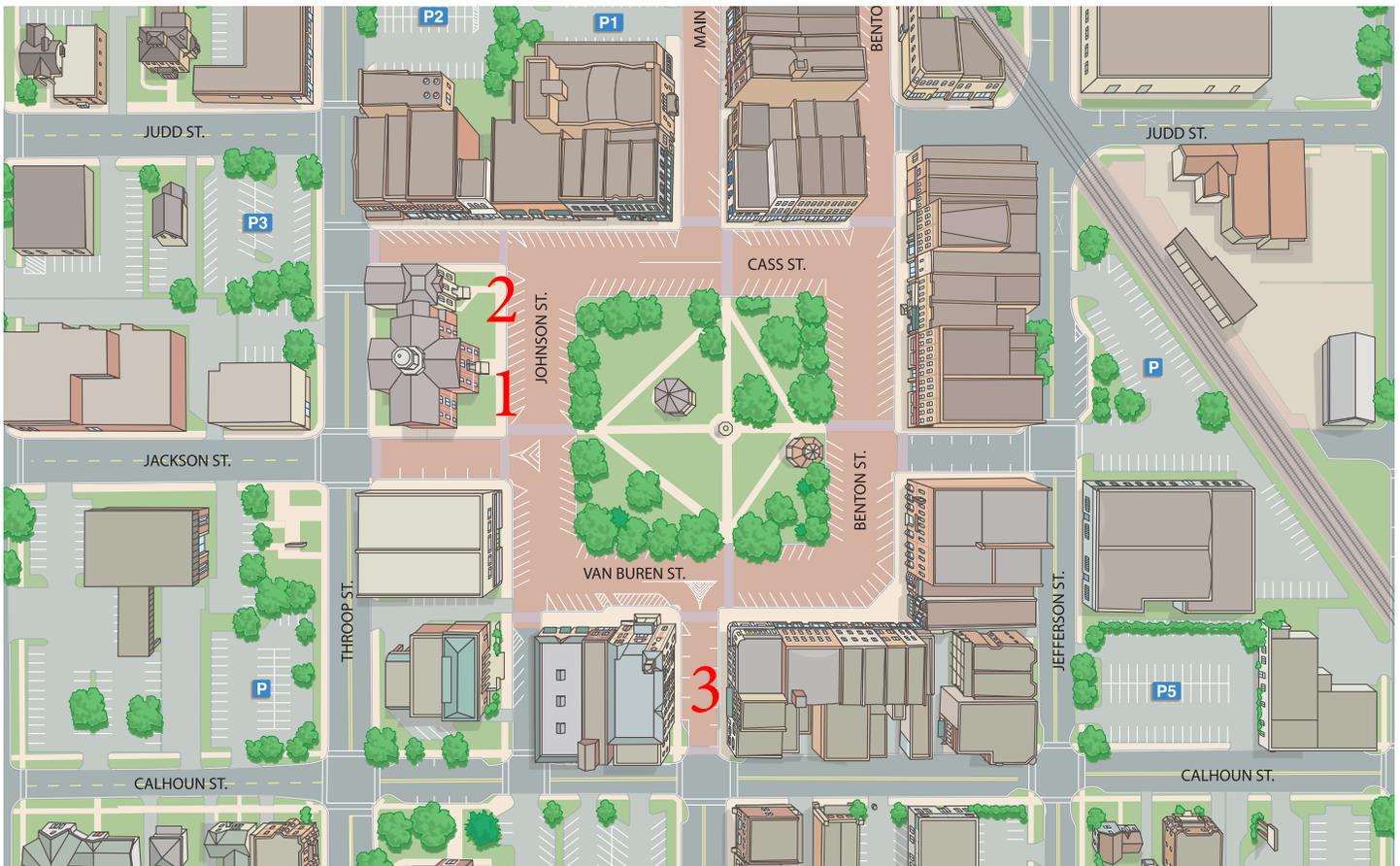
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Introduction

Located 50 miles northwest of Chicago, the City of Woodstock, Illinois, established in 1845, offers an atmosphere of historic charm. Over the decades it has been the typewriter-manufacturing capital of America, a boyhood home of Orson Welles, the source of the famous “Dick Tracy” comic strip, and the place where the 1993 movie Groundhog Day was filmed. It prides itself both on its rural appeal – McHenry County is mostly agricultural – and urban sophistication, for the Loop is only a 90-minute Metra ride away.

The community’s preeminent civic asset is Woodstock Square, a two-acre public common surrounded by historic buildings, most dating from the 19th and early 20th centuries. Among them are two of special note: the Old McHenry County Courthouse, built in 1857, one of the few remaining pre-Civil War courthouses in Illinois; and the 1889 Woodstock Opera House, which originally housed all the City offices, the police and fire departments, the public library, and an auditorium. A third important building is the 1887 Sheriff’s House, an architectural curiosity that includes both a residence facing the Square and a two-story jail in back. It stands right next to the Courthouse, to which it is connected. The Courthouse and the Sheriff’s House (including the jail) are the subject of this report.



Woodstock, Illinois Town Square. 1. Old McHenry County Courthouse, 2. Sheriff's House, 3. Opera House



Aerial view of Woodstock, Illinois' Town Square

In 1973, having moved to a new government center on the edge of town, the County sold the Old Courthouse and Sheriff's House. Over the next four decades, under private ownership, the buildings provided homes for various uses, including an arts center, restaurants, clothing stores, an event center, and a museum devoted to Woodstock artist Chester Gould, Dick Tracy's creator. Deferred maintenance became an increasing problem, however, and in 2011 the properties were deeded to the City of Woodstock in hopes of saving, preserving, and finding new uses for them.

Since then, the City has made significant progress. It has spent \$1.7 million to repair the Old Courthouse roof and cupola, replace the front steps, repair all Sheriff's House windows, begin work on the Old Courthouse windows, and otherwise stabilize the buildings – a necessary first step, though everyone agrees that much more needs to be done. In 2014, the City issued a Request for Proposals to identify potential developers interested in acquiring, restoring, and repurposing the Old Courthouse and Sheriff's House. Although two proposals were submitted, both were rejected, one because it involved only one building, the other because it proposed residential use and the City wants to keep the buildings open to the public.

URBAN LAND INSTITUTE

In 2015, with funding from the McHenry County Community Foundation (which also funded the Artspace study), the City engaged the Urban Land Institute's Chicago office to evaluate the Courthouse complex and to make recommendations for future uses. ULI Chicago convened a Technical Assistance Panel to address four specific questions posed by the City:

- What uses or combination of uses are realistic, financially sustainable, and make the property a destination and economic engine for the downtown?
- What type of ownership is in the best long term interest of the City of Woodstock and in the best interests of the property?
- Significant restoration still needs to be completed in the very near future. How does the City fund this restoration and recoup the cost until ownership and occupancy is [sic] resolved?
- Should the City re-issue the RFP with a more defined focus, and if so, how can it improve the process? What active steps can the City take to attract the best possible owners and financiers for this project?

After two days of meeting with local stakeholders, the Panel recommended a four-step process that included issuing a new RFP limited to stabilization proposals only, forming an advisory board to create a "common vision" for the buildings, establishing a nonprofit entity to own and operate them, and implementing the vision by means of identifying suitable users.

As for ultimate uses, the Panel stopped short of identifying suitable uses and users for the complex. It recommended "that the Courthouse's stewards explore partnerships with institutions for higher learning as a potential anchor use" for the building. "Whatever the end-use might be," the report concluded, "the panel feels strongly that by working together and partnering with local and regional institutions, the City has the best possible chance of re-inventing the Old Courthouse as a community anchor for another 150 years."

ARTSPACE INVOLVEMENT

One potential use for the Old Courthouse complex involves the creative sector. The possibility of harnessing the economic potential of the arts is attractive to civic leaders. Moreover, the Old Courthouse has housed the Old Courthouse Arts Center for nearly 25 years; the Arts Center's current operator, the Northwest Area Arts Council (NAAC), is an active presenter that hosts at least two shows a month, produces juried shows of regional artists, and runs a curated consignment shop. The Old Courthouse houses another nonprofit tenant, Woodstock Celebrates, Inc., a volunteer group that mounted an Orson Welles film retrospective in 2015. Unlike NAAC, which pays rent, Woodstock Celebrates operates under a no-rent agreement.

Accordingly, the City invited Artspace to conduct a Creative Spaces Consulting Visit to determine whether the Courthouse and Sheriff's House can be successfully repurposed for possible arts/cultural and other creative-sector uses – and, if so, which uses are most likely to be successful. Specifically, the City asked us:

- to help advance the repurposing of the Courthouse into “a sustainable, vibrant space” for the community,
- to “provide feedback and analysis on potential space use ideas,” and
- to “refine the vision of the proposed project.”

During our meetings and other interactions with the community, we were asked more specifically to identify appropriate arts-related uses, ownership scenarios, and operating scenarios for both the Courthouse and the adjacent Sheriff's House.

This report is our response to these and related questions.

Because the ULI report touches on issues that Artspace customarily addresses in a Creative Spaces Consulting Visit, this report will also touch on some of the same questions that the City put to the ULI Panel last year. That our recommendations differ in some instances should not be interpreted as criticism of ULI Chicago or its report; our perspective is necessarily a different one. We hope that both reports will prove useful to the City and its leaders.

The Artspace visit took place May 17-19, 2016. Artspace was represented by Wendy Holmes, Senior Vice President, Consulting and Strategic Partnerships; Roy M. Close, Vice President, Special Projects; and Lucas Koski, Consulting Associate. We wish to thank the City of Woodstock and the Core Group for their hospitality and energy. The Core Group included four City administrators – Economic Development Director Garrett Anderson, City Planner Nancy Baker, Economic Development Coordinator Krista Coltrin, and Grantwriter Terry Willcockson – as well as Tammy Townsend Kise of the Old Courthouse & Sheriff's House Advisory Commission and John Heng of the all-volunteer Northwest Area Arts Council.

FINDINGS

The Creative Spaces Consulting Visit is Artspace’s most flexible consulting service, designed to help arts organizations and communities address a wide range of issues involving the arts-related uses of spaces ranging from single buildings to entire arts districts. In Woodstock, we were asked to focus on two historic buildings, the Courthouse and the Sheriff’s House. It was clear from the start, however, that these important structures must be viewed in the context of the entire Woodstock Square Historic District – the Square itself and the surrounding buildings, especially the Opera House, the other large City-owned building on the Square.

SUMMARY OF ACTIVITIES

The Woodstock Creative Spaces Consulting Visit included a short driving tour of the community followed by a walking tour of the Square and guided tours of the Opera House, Old Courthouse, and Sheriff’s House, including the jail. Over two days the Artspace team met with four focus groups consisting primarily of artists, potential partners, business leaders, and

public officials, respectively. The last of these doubled as an official meeting of the Old Courthouse and Sheriff’s House Advisory Commission, a new City agency formed in December (in response to a recommendation by ULI Chicago) “to ensure the historic preservation, complete restoration, and maximum public benefit” for the Courthouse and Sheriff’s House.

There was also a public meeting, a working lunch at the Public House of Woodstock, the restaurant that occupies the ground floor of the Courthouse, and a final wrap-up session with the Core Group. With the exception of the wrap-up session, all of the meetings took place at the Stage Left Café, which is part of an Opera House annex built in 2003.

Old Courthouse & Sheriff’s House Advisory Commission

Dennis Sandquist / McHenry County Director of Planning & Development, Chair

Dr. David Stumpf / Physician, Professor Emeritus of Neurology, Northwestern University

Jim Campion / Attorney, Campion, Curran, Lamb & Cunabaugh, PC

Tammy Townsend Kise / Sales & Marketing Manager, Visit McHenry County CVB

Lynde Anderson / Architect

Trisha Doornbosch / Artist and former member, McHenry County Historic Preservation Commission

Jim Prindiville / Real estate restoration and management

Joe White / PR Consultant, Silbar Public Relations

KEY TAKEAWAYS

Woodstock impressed us as a City that “gets it” with respect to the potential of Woodstock Square to drive economic development and the importance of both the Opera House and the Old Courthouse as the Square’s main attractions. As Mayor Dr. Brian Sager said at the public meeting, “the Old Courthouse facility is more than just a building; it is a house of our culture, a beautiful historic architectural and spiritual center.” The Mayor and other City officials also understand the challenges they will need to overcome, not least the political challenge of raising funds to restore, furnish, and operate the Old Courthouse complex.

Our other key takeaways:

- Reuse options for the Old Courthouse and Sheriff’s House are limited by the buildings’ physical constraints.

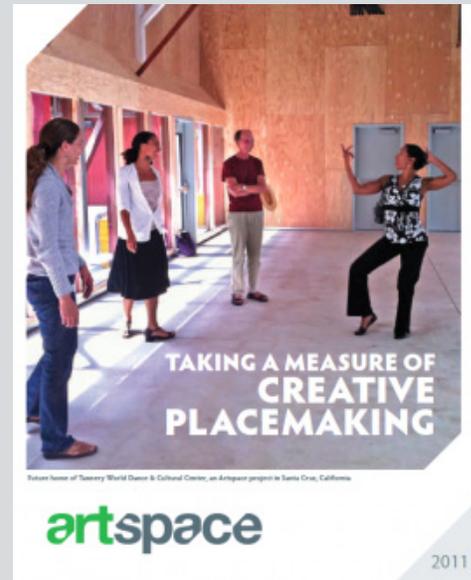
Despite their commanding presence at the highest point on the Square, these are not especially large buildings. The Old Courthouse contains 22,000 square feet, the Sheriff’s House (including the jail) only 6,500. Nor are they very flexible; both buildings have many small rooms, some of which can be reached only by walking through other rooms. Although the buildings are connected, access from each to the other is complicated by the fact that no two floors are at the same level.

- The Old Courthouse, Sheriff’s House, and Opera House can generate more revenue than they now do.

Nobody disputes this with respect to the Old Courthouse, which is about half empty, and the Sheriff’s House, which is entirely vacant. But there is probably less consensus about the Opera House, whose public spaces include a 420-seat auditorium, two community rooms on the ground level, and the Stage Left Café. According to the Opera House’s marketing brochure, more than 500 “events and activities” take place in the building each year. While that’s a healthy number, we assume that many (like our focus group sessions in the Café) are not revenue-generating, for the Opera House’s annual earned income is only

Artspace Analytics:

Taking A Measure of Creative Placemaking



Taking a Measure of Creative Placemaking is an overview of the findings of Metris Arts Consulting’s studies *How Artist Space Matters* and *How Art Spaces Matter II*. It summarizes Metris Arts Consulting’s in-depth examination of five Artspace projects: the Northern Warehouse Artists’ Cooperative, the Tilsner Artists’ Cooperative, and the Traffic Zone Center for Visual Art - all in Minnesota; as well as the Tashiro Kaplan Artist Lofts in Seattle, and the Riverside Artist Lofts in Reno. The three Minnesota projects are among Artspace’s earliest efforts and therefore address questions of long-term impact and sustainability. Both Reno and Seattle reflect Artspace models where there is either a major nonprofit anchor tenant (Sierra Arts in Reno) or a substantial presence of non-residential space (the 16 galleries that anchor Tashiro Kaplan in Seattle). To download, visit http://www.artspace.org/sites/default/files/public/downloads/news/taking_a_measure_of_creative_placemaking_09_11.pdf

about \$200,000 – not a particularly large number for a venue of its size. Understanding that the mission of the operation is to provide affordable cultural experiences while supporting local community groups, we think this very attractive facility is capable of earning considerably more revenue than it does now.

- The Old Courthouse, Sheriff’s House, and Opera House represent an opportunity for synergy.

These three buildings, all owned by the City, are capable of supporting one another in a variety of ways. Their capacity for hosting events that require multiples spaces, such as weddings with receptions, large assemblies with breakout sessions, or banquets with performances, would be greater if all three could be used and programmed under the same management, at some future time. But as Dr. David Stumpf, a member of the Old Courthouse Advisory Commission, noted during the Business Focus Group, “I don’t think we’ve vetted how that synergy would potentially work.”

- No consensus exists about potential uses for the Old Courthouse and Sheriff’s House.

In many communities, there is a clearly identified need for one or more kinds of artist spaces – residential, studio, exhibition, rehearsal/performance, etc. Not so in Woodstock. Although some focus group participants spoke nostalgically about attending banquets in the Old Courthouse’s second-floor courtroom, or dining in the Sheriff’s House, we encountered no general agreement about how the two buildings could best be used. The building’s current tenants may prefer to stay there and would naturally like to see improvements that favorably impact their operations. None of them, however, has the capacity to utilize the entire building. For these and other reasons, we think the Old Courthouse complex will probably require multiple uses, at least for a time.

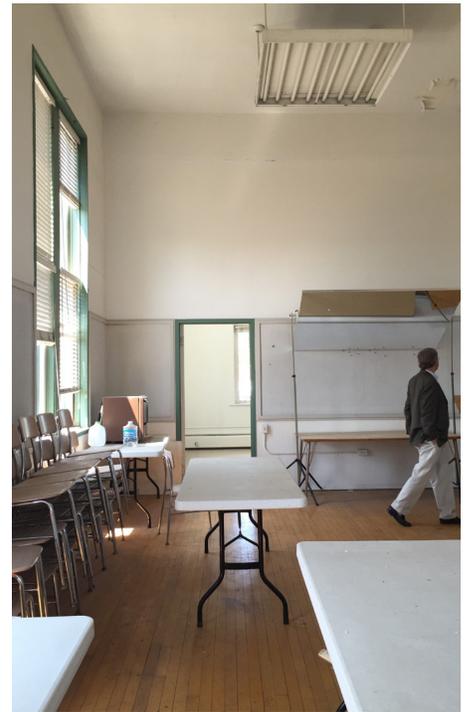
- Financing will be a challenge.

The City has already obtained an estimate of what it would cost – upwards of \$5 million – to renovate the Old Courthouse complex. Building out interior spaces to serve the needs of specific tenants could cost another \$1 to \$2 million, depending on uses. Although some public funding may be available, the City is respectful of community sentiments regarding increasing property taxes in the area – which suggests that some kind of public-private partnership and a full-fledged capital campaign may be needed.

- The Courthouse complex is an opportunity for greater cooperation between the City and McHenry County.

Although both the Old Courthouse and Sheriff’s House were originally County buildings, McHenry County had been largely absent from the discussion about their future until late 2015, when Dennis Sandquist, the County’s Planning & Development Director, was named Chair of the newly created Old Courthouse Advisory Commission; Trisha Doornbosch, an artist and former member of the McHenry County Historic Preservation Commission, was named to the

Commission as well. Since Woodstock is the county seat, a strong Woodstock Square is very much in the County's interest. The Old Courthouse renovation project is thus an opportunity for the City to build a mutually beneficial relationship with the County.



Respectively: clockwise from top: panoramic view of town square, second floor room, NAAC consignment shop, Courthouse and Jail signage; middle photo, door to courtroom. photos by Lucas Koski

Recommendations and Next Steps

Artspace's recommendations for the Old Courthouse and Sheriff's House are based on observations we made during our visit, input from focus groups and the public, and conversations with the Core Group. They are grounded in our experience over the last three decades as developer, owner, and operator of 40 arts projects around the country as well as our experience as a consultant to many more arts organizations, foundations, and communities.

The first thing that needs to be said is that there are no easy fixes. Although the Old Courthouse and Sheriff's House are of great historic and symbolic value, they will be expensive to restore and are likely to prove challenging to repurpose. But the stakes are high: the Old Courthouse is a commanding focal point of Woodstock Square, which cannot hope to achieve its full economic potential without a functioning Old Courthouse complex to anchor its west side. Woodstock Square without the Old Courthouse would be a much less appealing public space. We begin, therefore, with a general recommendation about how to approach the project.

Recommendation 1:

Make broad community and County buy-in a very high priority.

This needs to be everyone's project, not just the City's. McHenry County should be brought to the table in a meaningful way. The public needs to be educated about the alternatives and to understand both the benefits of investment in the Old Courthouse complex and the consequences of inaction. There is no substitute for this step, and no shortcut. A new group of community volunteers, Friends of the Old Courthouse, has begun presenting public events to increase awareness, and is exploring development of a traveling exhibition about the buildings, which may prove very helpful in this regard.

OWNERSHIP AND OPERATING SCENARIOS

Recommendation 2:

The City should retain ownership of the Old Courthouse and Sheriff's House.

City ownership provides the greatest measure of long-term control over what is, and should be recognized as, a valuable public asset. Only by retaining ownership can the City ensure that the Old Courthouse complex will continue to serve the public in perpetuity. Serious fundraising is virtually impossible until a firm commitment to building ownership is made.

While we agree with the ULI Panel's point that a nonprofit ownership structure has several advantages, we believe that the City can achieve the same results without relinquishing ownership by entering into a master-lease arrangement with an independent nonprofit operator. Within agreed-upon parameters, the operator would have the freedom to set policies, choose tenants, and manage the day-to-day affairs of the complex. But it would not be able, for example, to tear down one or both buildings, turn them into apartments, or sell them to the highest bidder – actions entirely possible if the buildings are transferred to nonprofit ownership.

As owner of the Old Courthouse complex, the City would be responsible for capital and major maintenance expenses, while the operator would be responsible for routine maintenance and operating expenses.

Recommendation 3:

The City should create a new nonprofit organization (or identify an existing one) to operate the Old Courthouse complex.

An independent nonprofit operator, dedicated to operating the Old Courthouse complex sustainably and in the long-term public interest, is the scenario we prefer. A master-lease arrangement would give the operator all the authority and flexibility it needs while freeing it from having to deal with competing municipal priorities (one of the concerns that led the ULI Panel to recommend nonprofit ownership) or to look over its shoulder after every municipal election (another ULI concern).

The master lease should be of sufficiently long duration to give the operator ample time to find the right mix of uses. It should include reasonable performance benchmarks. Most importantly, it should give the nonprofit full authority to operate the buildings as it sees fit, to select tenants, to set and collect rents, and to do its own programming within the parameters set forth in the contract.

A model for such an operation can be found in Open Book, a nonprofit formed in 2000 by three other nonprofits (The Loft Literary Center, Milkweed Editions, and Minnesota Center for Book Arts) that had acquired three contiguous historic buildings in downtown Minneapolis. Open Book is not merely a facility manager; although an important part of its mission is “to provide a sustainable home for literary and book arts organizations,” it also does its own programming and controls the calendar for common spaces such as an auditorium and meeting rooms. (For more information: openbookmn.org.)

Recommendation 4:

At some future time, the City may wish to consider having the same nonprofit operate the Opera House as well.

These three buildings have so much in common that it may make sense for the City to bring them all together under the nonprofit organization that it selects to operate the Old Courthouse complex. Once the organization has successfully established operations in the other buildings, this combined approach to programming, audience generation, and funding would create an

Artspace Snapshot: Consulting Case Study Long Beach // CA



The Challenge

Help the City of Long Beach plan the development of a new arts center to be managed by a newly formed nonprofit arts organization

Goals

- Ensure a sustainable, successful project
- Complete all work on a tight timelines

Scope of Work

Guide the process for the City and community, including project visioning, community building, review of documents, operating budget, and concept plan. We outlined strategies and examples to solicit artist input and translate it into a compelling report for design revision and funding. We offered project phasing suggestions, including the hiring of an Executive Director and a fundraising consultant to move the project to the next phase.

Update

An Executive Director was hired, and the group launched a successful community arts program with classes, workshops, exhibitions, and events that will find its permanent home in an adapted historic building in downtown Long Beach.

attractive cultural organization that could compete more effectively in the marketplace.

RECOMMENDED USES

As noted in the Findings section, one of the key takeaways from our visit was that no consensus exists about potential uses for the Old Courthouse and Sheriff's House. Another key takeaway was that reuse options for these two buildings are limited by physical constraints, including their relatively small size (28,500 square feet combined), design issues, and poor connections between buildings. These constraints can be mitigated – a strategically placed elevator, for example, could dramatically improve connectivity – but not eliminated: the buildings' area is a given and most of their design quirks, above all the jail on the back side of the Sheriff's House, are essential to their historic character.

For these and other reasons, including the need for the Old Courthouse complex to pay at least part of its own way through earned income, we think the best approach to repurposing the Old Courthouse and Sheriff's House is one based on a mix of nonprofit arts activities and “arts-friendly” creative businesses. Such a mix already exists, of course, but it is not the result of planning, and the City has not analyzed what the ideal mix of uses should be.

Recommendation 5: Retain the restaurant and arts center.

At the time of our visit, the Old Courthouse had four tenants – a restaurant, two nonprofits, and a painter who uses one of the rooms as a studio. Since our visit, a former tenant, the Talia Pavia String Academy, has decided to return to the building after a year's absence. All of these tenants apparently wish to stay. The negotiated rents are very low due to the building's current condition.

The restaurant, the Public House of Woodstock, occupies the entire lower level of the Old Courthouse and has a long-term lease. It's an excellent use for the space, and the City should make every effort to help the Public House thrive.

The Old Courthouse Arts Center has been an anchor tenant of the building for nearly a quarter-century, has developed a loyal following, and pays rent. It has been operated since January 2014 by the Northwest Area Arts Council, an all-volunteer nonprofit that has been around since 1994. The Arts Council occupies several first-floor rooms that it uses for exhibitions, teaching, and a small consignment shop. We think this type of use, continuing through the Arts Council with increased hours and more promotion of its activities, or through a similar group, fully deserves a prominent presence in the building. We understand that the majority of community responses to the Advisory Commission’s on-line survey tool support some type of Arts Center concept.

**Recommendation 6:
Add “micro” retail and working studios for artists.**

The two small front rooms on the Courthouse’s first floor and the two larger rooms on the right side of the foyer have good potential to work as retail spaces. We would encourage the Arts Council to move its gift/consignment shop to the front left room, which adjoins its current space. The front right room and the two rooms behind it should be earmarked either for micro retail – that is, small stores that focus on small, targeted selections of products or for working studios for artists. We heard from a number of artists who told us that studio space is at a premium in the Woodstock area; this leads us to believe that studios in this location would find tenants quickly. The potential exists for the artists who use these studios to pay reduced rent in exchange for helping to staff the adjacent retail spaces.



Micro Retail concept rendering from Archimania, at <http://www.archimania.com/projects/retail-restaurants/micro-retail/#.V8RdiZMrKx9>

Recommendation 7:
Add a co-working center on the second floor.



CoCo Minneapolis, a co-working space in an old Grain Exchange building.
photo provided by liquidspace.com

A co-working center is an office environment designed to accommodate individuals and small groups of people working independently. Designed to appeal to freelancers, entrepreneurs, start-up companies, and small creative businesses, co-working spaces generally provide work stations with wi-fi, access to copy/fax/scan machines, and coffee. Common amenities include kitchens, private conference rooms, storage lockers, and mailing services. Co-working venues typically offer monthly rates for members and charge daily fees for “drop-in” visitors.

Co-working centers have taken root in every large American city and are increasingly to be found in smaller ones. They appeal particularly to self-employed millennials, many of whom would otherwise have to work at home, and to small start-ups that dislike or can’t afford traditional offices. They tend to be relaxed, informal places, and they are a good fit for historic buildings; a case in point is Minneapolis’ Coco, which occupies the former trading floor of the Minneapolis Grain Exchange (<https://exploreco.co/about>).

The second floor of the Courthouse, with its abundance of small rooms surrounding the large courtroom, has a good mix of spaces that could be adapted for use as a co-working center. It would be on a smaller scale than Coco, of course, but it would have some of the same historic charm. The restored courtroom would be the main “day room” for members and visitors, and it would be designed for easy conversion into a unique gathering space for private events in the evenings and on weekends. We think it would be well-used; although there appear to be a few

large event spaces in the Woodstock area, they are not as intimate or historically interesting as the courtroom would be. The smaller rooms, meanwhile, would serve as conference rooms, “campsites” for businesses willing to pay a premium for them, or “24/7 rooms” for use by members when the courtroom is otherwise occupied.

A co-working space that uses the courtroom in this manner would be highly compatible with that historic space, requiring little in the way of visible upgrades. The building is already wired into the City’s recently completed high-speed fiber optic network, a key resource for start-ups, and food service is available on the lower level and around the Square. Finally, and not least, a successful co-working space would contribute earned income to the Courthouse’s bottom line.

Whether the space would be operated by the nonprofit that holds the master lease or subcontracted to a tenant is a question to be decided later. There may be a role for the Woodstock Public Library to play in development of a co-working space. The public library in Naperville, Illinois, is one of many that operates its own co-working space; for more on the topic, see: <http://www.triplepundit.com/special/rise-of-the.../libraries-coworkers-perfect-match/>.

Co-working

- Commercial space enabling people to work in a common location
- Although in practice is similar to colocation, true coworking has a emphasis on encouraging the organic growth of community, collaboration, networking, and accessibility between members
- Membership models include annual, monthly, weekly, daily, hourly
- Standard amenities often include robust wifi, coffee, conference rooms, print center, tables and chairs
- Premium amenities could include private office suites, concierge, lecture hall, community in/out reach coordinator, gourmet kitchen, private phone booths, mail service, media center, bike shop, day care, pet care, 24 hour access, support staff, happy hours, workshops, promotion, mentorship programs, commuter showers, yoga studio, teleconferencing capabilities...

Artspace Snapshot:

Northern Warehouse Artists' Cooperative
and Tilsner Artists' Cooperative



In the late 1980s, the City of Saint Paul invited Artspace to redevelop a six-story warehouse built in 1908 by the Northern Pacific Railway. The result was the Northern Warehouse Artists' Cooperative, which opened in 1990 and served as a catalyst for the economic and cultural growth of downtown Saint Paul's struggling Lowertown neighborhood. The Northern was not only Artspace's first project, it was also the first in the nation to use Low Income Housing Tax Credits for artist housing.

The Northern offers 52 affordable live/work units for artists and their families on its upper four floors. The lower two floors provide office, studio and commercial space for nonprofit arts organizations, commercial artists and other tenants, including a coffeehouse and an art gallery.

The Northern and the neighboring Tilsner Artists' Cooperative, completed by Artspace in 1993, ignited a spectacular renaissance in Lowertown, now Saint Paul's hottest neighborhood for galleries, restaurants and cultural activity. Just across the street, the Saint Paul Farmer's Market enlivens weekend mornings, and a new light rail station stands just two blocks away.

In 2011, Artspace refinanced the Northern, using a new round of Low Income Housing Tax Credits to pay for more energy-efficient windows, a new roof and tuckpointing of the building's distinctive brown brick façade. The refinancing guarantees Artspace's first project will remain affordable for the artists who helped revive Lowertown for an additional 30 years.

Recommendation 8:

Transform the Sheriff's House into a history museum, preferably with a restaurant or coffee shop.

The Sheriff's House's potential for adaptive reuse is limited by many factors, including its size, design, and above all by the jail that takes up the entire back half of the building. Yet the jail is an essential piece of the building's history, as Woodstock residents were reminded on June 16 when members of the McHenry County Historical Society gathered in front of the building to re-enact Eugene V. Debs's release from what was then the McHenry County Jail in November 1895.

Although the building's most recent tenant was a restaurant, we think it has greater potential as a history museum that capitalizes on its long tenure as the county lockup. Here's why:

- Given the prominent role the Sheriff's House and Jail have played in McHenry County's history, this use seems highly appropriate.
- There is currently no history museum in Woodstock (the Historical Society itself is based in the small town of Union, 10 miles away).
- A history museum would add to the "critical mass" of tourist attractions on the Square. Rather than simply being an adjunct to the Courthouse, the Sheriff's House and Jail would have independent drawing power.
- A history museum would be very compatible with the building as it stands. Restoration (as opposed to adaptive reuse) would eliminate the need to devise a new function for the jail cells and, not incidentally, would make the project more attractive to foundations and other entities that support historic preservation activities.
- This could be one way to get McHenry County involved. Calling the museum the Old McHenry County Jail on signs and marketing materials could be part of that strategy.

Woodstock has achieved numerous awards for its dedication to historic preservation. The entire downtown Woodstock Square Historic District is listed on the National Register of Historic Places. It was named a Distinctive Destination by the National Trust for Historic Preservation, and a Preserve America Community by the White House. While a strictly defined history museum might have limited appeal, the community offers some intriguing cultural figures, and a rich agricultural heritage, that may prove of interest to visitors, residents, and funders. We think the operator of this one should have a front-of-building restaurant or coffee shop open not only to museum visitors but to the general public.

Who should operate the museum is an important question. The nonprofit operator of the Courthouse complex could undertake this role itself, or it could sublet the space to an organization that specializes in running museums. The Historical Society might be a candidate for this role, if it is interested and has the capacity to take on another facility; if not, we don't doubt that other possibilities exist.

The City should approach the restoration of the Sheriff's House and Jail as an opportunity to involve McHenry County in the project in an important way, giving it a prominent presence on the Square and underscoring the fact that the Old Courthouse and Sheriff's House remain regional assets even though they are now owned by the City of Woodstock.



Fika, a renowned cafe attached to the American Swedish Institute in Minneapolis, MN, helped to create a newly vibrant scene at a venerable historic institution. Photo by Emily Weiss, Timout Chicago

FINANCIAL RECOMMENDATIONS

The City has received an estimate of \$5 million to renovate the Old Courthouse complex plus \$1 to \$2 million for tenant improvements. While these are very round numbers, they do at least suggest the scale of the project. One way for the City to fund this work would be to do so incrementally through annual budget allocations over several years. Although such an approach would be slow, it would allow the City to tap into TIF (Tax Increment Financing) funding or other economic development sources. The alternative would be a public-private capital campaign; \$5 to \$7 million is a very reasonable goal for a major civic project. We note the following potential public funding sources:

- **Enterprise Zone**

Woodstock Square is part of the Harvard-Woodstock Enterprise Zone, which includes Woodstock, the neighboring city of Harvard, and parts of McHenry County. The Enterprise Zone's economic development emphasis could prove to be a good fit with the Old Courthouse project concept. At the very least, the mix of uses we recommend (co-working, micro retail, an emphasis on small creative businesses) seems to align nicely with economic development and the current growth of small business around the Square. There are some limitations due to the Old Courthouse's location in an existing TIF District, but where applicable, we think Woodstock has an attractive case to make for Enterprise Zone funding.

- **TIF funding**

Woodstock's entire downtown area is part of a Tax Increment Financing district, and the City has used TIF funds to pay for most of the Courthouse stabilization work done since it acquired the building in 2011. The TIF District designation will expire in about five years. It wasn't clear to us whether the City is inclined to renew the designation or to create a new TIF district with different boundaries. We were told there would not be strong community support for increasing tax revenues to support this project; however, TIF funding adds nothing to residents' tax payments. Instead, it captures the additional dollar value to the community created by the public improvements being made, and uses those dollars to pay for the improvements. While it is somewhat difficult to understand and can be controversial if used inappropriately, TIF funding is nevertheless a proven means of financing civic improvements that provide substantial benefits. We think the City should consider renewing the existing district's designation.

- **Historic Tax Credits**

Although the City has considered federal and state Historic Tax Credits for renovating the Courthouse and Sheriff's House, the ULI Panel concluded that they wouldn't be cost-effective and recommended against submitting an application. We agree. In our experience, Historic Tax Credits can be an important funding source for residential projects when used in conjunction with Low Income Housing Tax Credits, but in a non-residential project like the Courthouse they are significantly less valuable.

- Other Historic Programs**
 Historic Tax Credits are not the only option. A number of federal or state agencies with historic preservation agendas have grant and/or low interest loan programs worth investigating, when such programs are funded and accepting applications. One is the Illinois Historic Preservation Agency, which maintains an extensive list of grants, loans, and other financial incentives for projects involving historic buildings.
- Community Development Block Grants**
 The City's source for Community Development Block Grants (CDBG) funds is the McHenry County Department of Planning and Development. Although the County's long-term CDBG priorities are infrastructure and affordable housing, it did provide funds three years ago for a new library roof. We think the Old Courthouse would qualify for CDBG funding in that the proposed project would create jobs and business opportunities for artists and other lower-income individuals and would also support Woodstock's downtown economy. In our view, CDBG funding should be approached for items that improve ADA accessibility, including restrooms and an elevator, as well as other improvements to public areas of the Courthouse complex.

PRIVATE SOURCES

If the City elects not to underwrite the project itself, the alternative is a capital campaign to make up the difference between the total project cost and whatever revenue can be obtained from public sources such as TIF funding and CDBG.

Artspace's experience in the Chicago area, where we have three operating projects (in Chicago, Elgin, and Waukegan) and a fourth in predevelopment, is that many if not most foundations in the region have narrowly defined service areas. It may be difficult, in other words,

Artspace Snapshot:

Elgin Artspace Lofts
 Elgin // Illinois



Like many railroad communities in Chicagoland in recent years, Elgin has been working hard to preserve and enhance its downtown, with the arts as part of the plan. When City officials were introduced to Artspace at an Illinois Main Street Conference, they asked Artspace to help them achieve their goals.

The result is the Elgin Artspace Lofts, a \$15.2 million mixed-use project that created 55 units of affordable live/work space for artists and their families plus 5,874 square feet of retail and community space for arts-friendly businesses and nonprofit organizations. The historic Sears structure, occupied most recently by Elgin Community College, has been completely renovated and linked to a new addition.

The City of Elgin and the Elgin arts community were the driving forces behind the project, working with Artspace to plan and develop the facility. Elgin's residents and civic leaders believe that permanently affordable space for artists will strengthen an emerging arts and culture cluster in downtown Elgin, serve as a catalyst for continued development, bring vibrancy and activity to the street and increase the number of individuals and families living and working downtown.

for Woodstock to identify foundations (other than the McHenry County Community Foundation) that serve McHenry County. This suggests that individual fundraising will be necessary and important to the success of a capital campaign.

Our capital projects in Elgin and Waukegan both relied heavily on contributions from individuals (including family foundations). In each community, fortunately, an individual came forward with a major leadership gift and also helped identify and cultivate other potential donors. In Waukegan, where grassroots fundraising played an important role, we used a professional fundraising consultant, Chris Watkins, with good results. In Elgin, where a relatively few donors provided most of the funds needed, no grassroots fundraising was needed and we did not use a consultant.

We think Woodstock would do well to engage Watkins or another consultant to advise the local campaign committee.

Other observations:

- If the City is willing to cover the operating expenses of a remodeled Old Courthouse complex, this will be a very big plus for prospective capital campaign contributors as well as an incentive for arts organizations to relocate there.
- Since 80% of the money in a traditional capital campaign comes from 20% of the donors, crowdsourcing (soliciting contributions via the Internet) is a tool best held in reserve until most of the funds have been raised and the public phase of the campaign is underway.

NEXT STEPS

The City of Woodstock has already made important strides in stabilizing the Old Courthouse and Sheriff's House and beginning the process of determining how to repurpose them. What comes next?

Next Step 1: Analyze specific use scenarios.

It was clear to us during our visit that the City does not yet have as much information as it needs to make a fully informed decision about the future of the Old Courthouse complex. The recommendations provided by the ULI Panel and by Artspace in this report are a good start. The next step should be to analyze specific use scenarios with respect to their space needs, capital costs, operating costs, and earned income potential. This is an area in which Artspace has extensive experience.

A Sustainable Facilities Analysis includes production of a Capital Needs Assessment and Capital Needs Budget, followed by an Operating Analysis of Expenses and Revenue. By

completing these detailed evaluations, Artspace can help the City better understand the capital requirements of the buildings, how renovations could be phased, and potential long-term operating scenarios. To arrive at this analysis, the City could work with an architect to produce an independent capital needs assessment that outlines the capital costs of the site shell, interior common areas, and mechanical and electrical systems. From that assessment, Artspace can create an overarching Sustainable Facilities Analysis of the site. Artspace would also provide a Strategic Financial Operating Analysis that estimates a 15-year operating budget with multiple break-even income generating scenarios.

Next Step 2: Identify an operator.

The ULI Panel recommended transitioning the Old Courthouse Advisory Commission into the Board of a new nonprofit organization that would operate the Old Courthouse and Sheriff's House. As noted, we think the City should continue to own the properties, but if it decides that it wishes to create its own operating entity, the Advisory Commission is the logical choice. An alternative would be to identify an existing nonprofit operator through an RFP process. That operator could then report to the Old Courthouse Advisory Commission.

Either way, it will be important to give the operator enough tools to be successful while laying out the parameters that will make the operation a growing and vital concern for Woodstock citizens and visitors alike. Again, this is an area in which Artspace could help as part of a second scope of work, if the community wishes to go in that direction.

Next step 3: Determine a funding scenario.

Where the money will come from is a question only the City can decide, with guidance from the suggestions outlined in this report. Although Artspace can delve more deeply into renovation costs and potential funding sources, it is up to the City to decide how to underwrite the majority of costs for this project. We have suggested some scenarios for the community to consider. Based on the benefits to the community and the future livelihood of the Woodstock Square, we believe that public sources (City and County) can be justified both for the continued capital improvements of the two buildings and for a modest operating subsidy.

In order to understand the long game, Artspace and the City would need to quantify the cost of the remaining capital improvements needed to stabilize and "build out" the spaces in the buildings for the operator(s) of programming in the facilities. During our visit, we had a sense that the projected operating costs were not significant enough for the City to call out. However, from our own work in operating historic facilities, we believe that both an operating and capital improvement budget, along with a 15-year forecast of operating costs and major system replacement costs should be part of the next round of analysis in order to clearly lay out a solid future for the buildings as well as the Square.

Next step 4: Develop a case statement.

A concise Case Statement – no more than four or five pages, including illustrations – that explains the project and tells why it is important to preserve the Old Courthouse is an essential fundraising tool and should be developed as soon as possible. Although it doesn't need to be fancy, it should be attractive and professionally printed. A Case Statement can go a long way towards making a project “real.”

CONCLUSION

Woodstock Square is a hugely important civic asset. Although many American towns grew up around central squares, few are as well-preserved as Woodstock's. The Woodstock Square Historic District, a 14-acre tract consisting of the common itself as well as the surrounding buildings, has been on the National Register of Historic Places since 1982 (the Courthouse and Opera House were both listed individually in 1974).

The Square has always been a focal point of civic life: the site of City Band concerts (132 years and counting), farmers markets, and a variety of other festivals and events, including the annual late-November “Lighting of the Square.” In short, the Square is a living museum of immense symbolic, cultural, and economic value that will only increase over time if the community nurtures and continues to reinvest in it. A commitment by both the City's leadership and the community at large to restore and repurpose the Old Courthouse and Sheriff's House complex is a fundamental component in the continued success and growth of the Woodstock Square.

APPENDIX



Artists at work

With affordable space to live and work, our resident artists can unleash their creativity



Lively neighborhoods

Our projects spur economic activity and dynamic street life in the area.



Sustainable solutions

Our projects provide long-term affordable space without ongoing fundraising.

ABOUT ARTSPACE

Established in 1979 to serve as an advocate for artists' space needs, Artpace effectively fulfilled that mission for nearly a decade. By the late 1980's, however, it was clear that the problem required a more proactive approach, and Artpace made the leap from advocate to developer. Since then, the scope of Artpace's activities has grown dramatically. Artpace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

Artpace's first three live/work projects were in Saint Paul: the Northern Warehouse Artists' Cooperative (1990), Frogtown Family Lofts (1992), and Tilsner Artists' Cooperative (1993). In the mid-1990s, Artpace broadened its mission to include non-residential projects. The first of these, The Traffic Zone Center for Visual Art (1995), transformed an historic bakery in the Minneapolis Warehouse district into 24 studios for mid-career artists.

Since then, Artpace has expanded its range of activities to include projects in operation or development in more than 20 states across the nation. In all, these projects represent nearly 2,000 live/work units and millions of square feet of non-residential community and commercial space. Artpace has evolved from a Minnesota organization with a few national projects into a truly national organization based in the Twin Cities, with offices in New York, Los Angeles, Seattle, New Orleans, and Washington D.C.

Artpace programs fall in three broad categories:



Property Development

Development projects, which typically involve the adaptive reuse of older buildings, but can also involve new construction, are the most visible of Artspace's activities. To date, we have completed more than 41 major projects. A dozen more are under construction or in the development pipeline. Artspace live/work projects are operating from coast to coast.

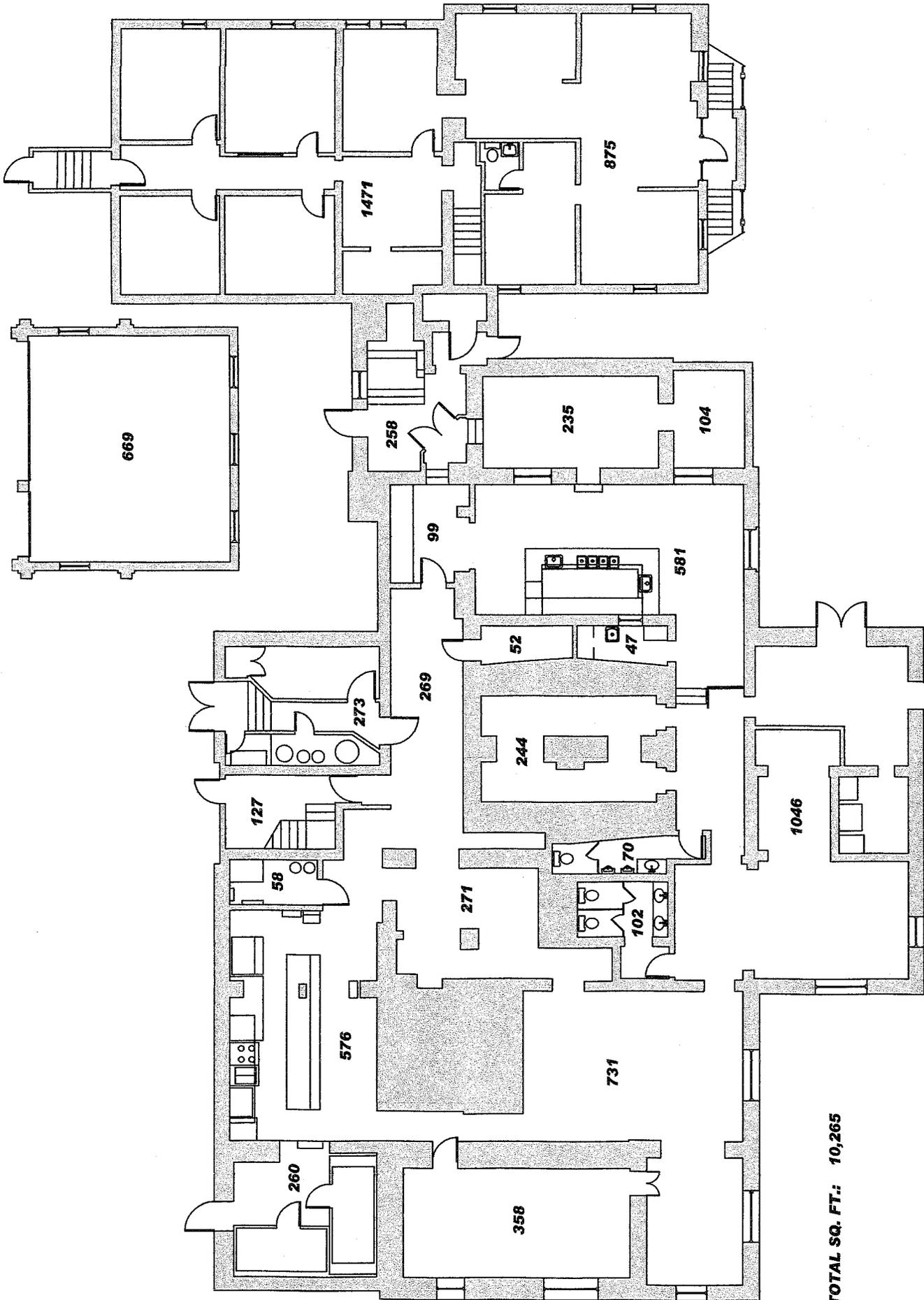
Asset Management

Artspace owns or co-owns all of the buildings it develops; our portfolio now comprises more than \$600 million worth of real property. We strive to manage our properties so that they will be well-maintained, yet remain affordable to the low- and moderate-income artists for whom they were developed in the first place. Revenues in excess of expenses are set aside for preventive maintenance, commons area improvements and building upgrades.

Consulting Services

In addition to its roles as developer, owner, and manager, Artspace acts as a consultant to communities, organizations, and individuals seeking information and advice about developing affordable housing and work space for artists, performing arts centers, and cultural districts, often within the context of historic preservation.



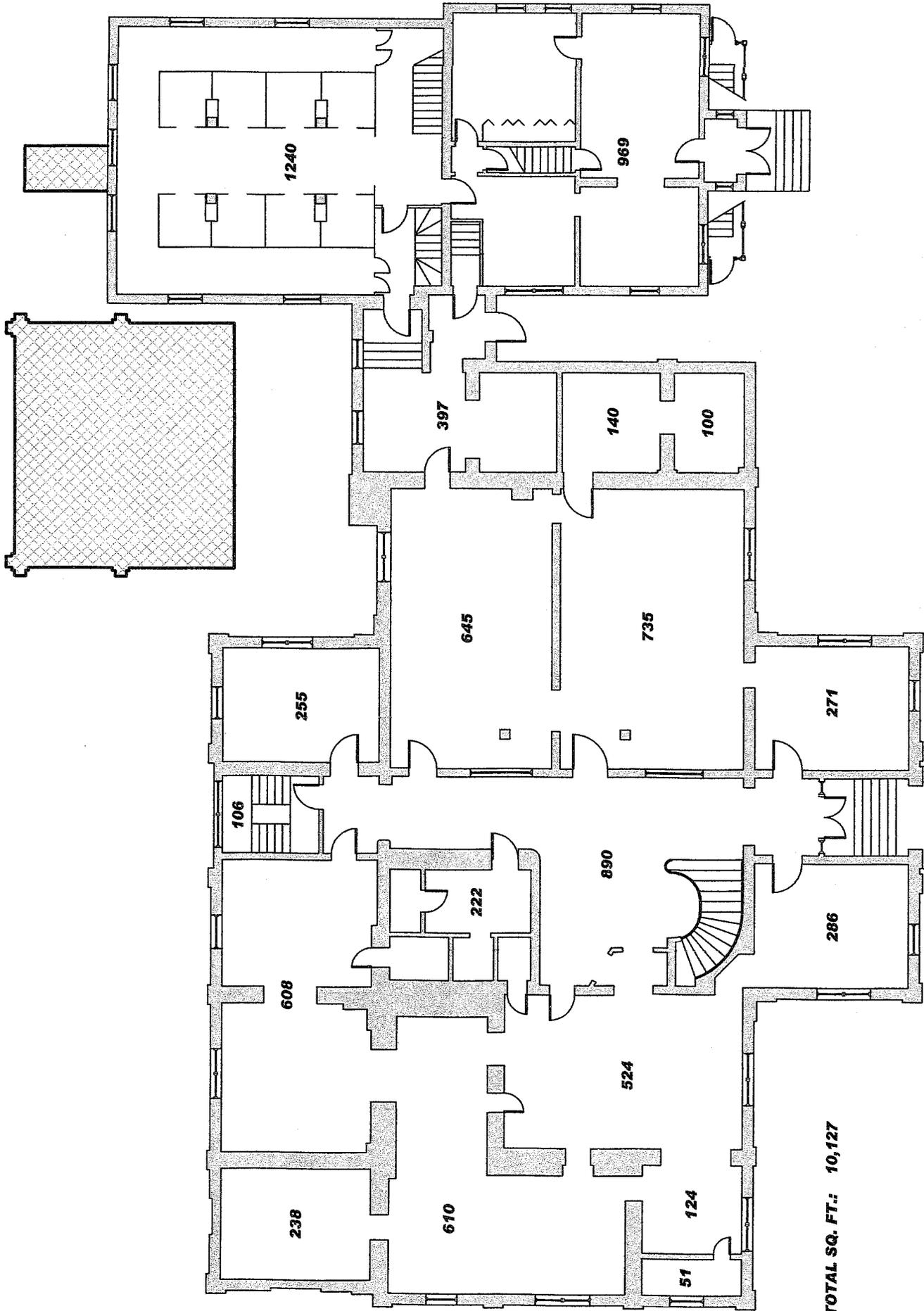


TOTAL SQ. FT.: 10,265

OLD MCHENRY COUNTY COURTHOUSE LOWER LEVEL FLOOR PLAN

SCALE: 1/16" = 1'-0"



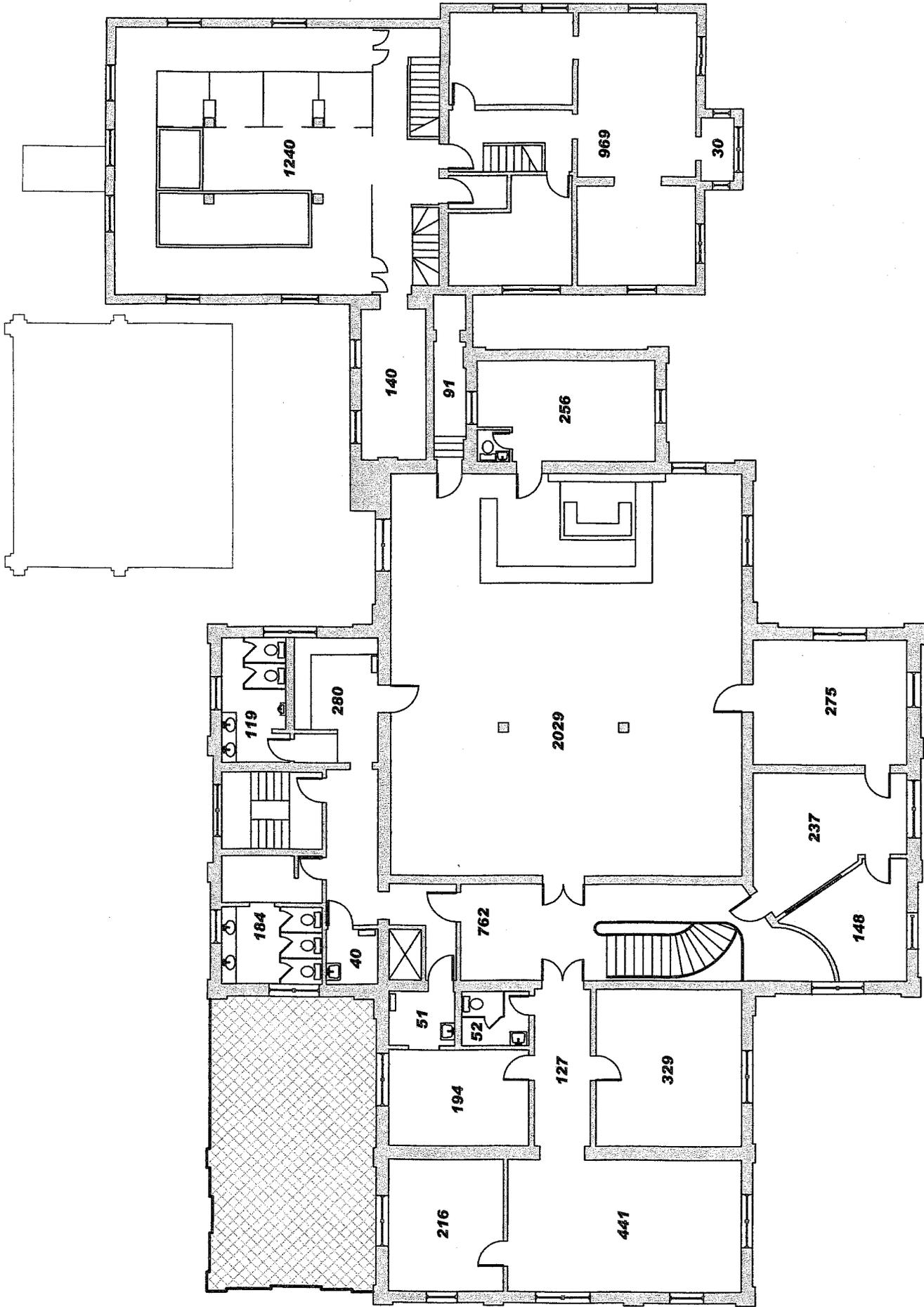


TOTAL SQ. FT.: 10,127



OLD MCHENRY COUNTY COURTHOUSE FIRST FLOOR PLAN

SCALE: 1/16" = 1'-0"



OLD MCHENRY COUNTY COURTHOUSE
SECOND FLOOR PLAN

SCALE: 1/16" = 1'-0"

