Alternative Revenue Sources
Program Goals

Goals of Alternative Revenue Center

• Create Sustainable Annual Revenue Center
• Leverage Existing Sources of Revenue
  – Non-Educational Programs
• Identify New Sources of Revenue
• Support the BOE Mission
• Enhance the Student Experience
• Minimum Impact on School Activities
• Provide Benefits to the Larger Montclair Community
  – Generate Jobs for Students and Community
Categories of Opportunities

• Rental Income
  – Social & Community Events
  – Film and TV Production
  – Sports Programs
  – Performing Arts
• School Related Merchandise
• Food Concessions
• Advertising & Sponsorship
Inventory of Facilities

• 8 Stage Venues: 6509 Seats
  – HS Auditorium: 1500 Seats
  – 3 Auditoriums with 700+ Seats
  – 1 Amphitheater- 700 (Cement) to 1500 (with Folding Chairs) Seats

• Dance Studios:
  – 3 spaces with a total of 4440 Sq/Ft

• 7 Multi-Purpose Spaces 25,000 Sq/Ft
  – All with Professional Kitchens

• 7 Cafeterias with Professional Kitchens

• 14 Professional Kitchens

• 12 Libraries with Media Centers

• Music Rehearsal Spaces

• Planetarium
Sports Assets

• 18 Gyms Spaces 76,000 Sq/Ft
  – 11 Gym Spaces: 50,000 sq/ft
  – 7 Multi-Purpose Spaces: 25,000 Sq/Ft
    • Many with wood floors, Basketball Courts
    – Basketball Courts
    – Gymnastic Equipment
    – Locker rooms with Showers
• 12 Full Fields: 33 Acres
  – Soccer, Football, Baseball, Track
• Woodman Field Complex
  – Full Service Exercise and Training Facility
Interior Capacity

School Year: Over 2000 Rental Hours * per space
• Weekday 5 PM to 11 PM: 30 hours per week
• Weekend 7 AM to 8 PM: 26 Hours Per week
• Total Availability: 56 Hours per Week X 37 Weeks

Summer Hours: Over 1000 Summer Rental Hours per space
  • 7 AM to 8 PM X 7 Days a week X 12 Weeks

Total Capacity per year
• 3000 Total Rental Hours per Space X 60+ rental Spaces

• 180,000 Rental Hours
• 2009 Rental Hours: 220

* Assumes no School events scheduled
Income Example

High School Gym Rental

Winter Months: Over 1120 Rental Hours *
• November to March, 20 Weeks
• Weekday 5 PM to 11 PM: 30 hours per week
• Weekend 7 AM to 8 PM: 26 Hours Per week
• Total Availability: 56 Hours per Week X 20 Weeks

• $150 per Hour X 1120 Hours = $168,000

* Assumes no School events scheduled

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2009 Rental Income Summary

Total Rental Income $95,000

- Educational Groups (PTA, YMCA) $16,000
- Adult School $29,000
- Arts Groups (4 Rentals) $12,258
- Film & TV Rentals (14 Rentals) $8,000
- Sports Total (Fields) $29,800
- Total Rental Income $49,900
- Non-Sports Total $20,200
Current Rental Policy

• Cultural Issues: Resistant to Non-Educational uses
• No Marketing materials or Directory
• Approval Process:
  – Approval by Principal for each school
  – Advance Scheduling a challenge
  – Unresponsive to requests
  – Access to Building
• Liability Issues: Insurance
• Alcohol Service: Against BOE Policy
• Staffing Costs: Custodian Overtime
  – $52 per hour Mon-Sat, $71 per hour Sundays and Holidays
  – 1/3 to ½ of all rental income covers the costs of Custodian OT
• Result: Limited Rental Incomes from Rentals

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## Staffing Costs Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts Rentals 2009</td>
<td>$12,258.00</td>
</tr>
<tr>
<td>- 4 Groups (61 Hours)</td>
<td></td>
</tr>
<tr>
<td>Custodian Overtime</td>
<td></td>
</tr>
<tr>
<td>- $71 per hour X 20 HRs (Sunday)</td>
<td>$2,132.00</td>
</tr>
<tr>
<td>- $52 per Hour X 41 Hrs (Weekday)</td>
<td>$1,460.00</td>
</tr>
<tr>
<td>Custodian Fees Total</td>
<td>$3,592.00</td>
</tr>
<tr>
<td>Net Rental Fees</td>
<td>$8,666.00</td>
</tr>
<tr>
<td>6/13/09 Sunday Rental Fee: $714</td>
<td></td>
</tr>
<tr>
<td>- $714 for 8 Hours= $89.25 per hour</td>
<td></td>
</tr>
<tr>
<td>- $586 Custodian Overtime 8 Hours= $71 per hour</td>
<td></td>
</tr>
<tr>
<td>- Net Fee $128 or $16 per hour</td>
<td></td>
</tr>
</tbody>
</table>
Adult School Rentals

Adult School of Montclair

- 50 Evenings
- Monday and Tuesday Nights, 4 Hours a night
- 30 Rooms in HS, 20 Rooms in Annex
- Year Round Office space
- ASM School Schedule: Oct thru Dec, March thru May
- District Payments : $29,000
  - Custodian Fees: $19,000
  - **Net Rental Fee: $10,000***

*Based on the District Non-profits rental rates, the fee should be $336 for the first Classroom and $45 for each additional classroom. The fee would be $2541 per evening. Annual fee for 50 evenings for a total of **$110,250 per year**
Rand Rental

- Option to Close or Relocate Renaissance at Rand
  - Lease Building to be reclaimed and convert back in future
- Rand Building
  - 21 Classrooms & 5 Offices
  - 37,000 Sq/ft & 2 Acres Field with Access to Parking
- Conversion for Short Term Leases: 5 to 20 years plus
  - Commercial, Medical and Professional Offices
- Creation of SWIS program
- Potential Net Income: $500,000 to $1,000,000 per year
  - Conversion Costs: $500,000 to $2,000,000 plus
- Budget Committee Report Savings: $840,000
- Net Savings and Income: $1,340,000 to $1,840,000
Shared Library Services

• 12 Full Service Libraries in District
• Shared Services and Costs with Library Board
  – Access to District Libraries
  – Shared Expenses for operating costs
• Evening, Weekend and Summer Hours at District Schools
• Example: Mt Hebron 2,100 Sq/Ft Library is 100 yards from Bellevue Branch
• Potential Benefits
  – Shared Operational Costs with Library
  – Expanded Services for community
  – Increased Community Involvement with the schools

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Categories of Opportunities

• Rental Income
  – Social Events
  – Film and TV Production
  – Sports Programs
  – Performing Arts
• School Related Merchandise
• Food Concessions
• Advertising & Sponsorship
Social Events

• Social Events
  – Weddings, Confirmations, Bar Mitzvahs, Birthdays,
  – Sports Theme events, Reunions, Dances

• Corporate Training Events
  – break-out rooms for smaller meetings
  – Professional Certification programs

• Community Groups
  – Fund Raisers, Formal Events, Meetings, Seminars
  – Sports Groups Banquets
  – Non-profit Children’s groups (i.e. Girl/Boy Scouts)

• Specialized Events
  – Cooking Classes, Planetarium, Media Rooms, Library
Related Services

Meeting and Event Services provided by the District and/or third party vendors.

• Catering Services
• Catering Preparation (for off-site events)
• Rentals of existing Inventory of Chairs, Tables and Furnishings
• Meeting Planning Services
• Rentals of existing Audio and meeting equipment (may require additional equipment)
• Staffing services
  – Custodial, Security, Event Staff, Wait Staff, AV Technicians, Musicians
Educational Services

For Profit and Privately Arranged Services Not Offered by the District

• Tutoring Services
  – For Profit Companies
  – Private Tutors (non-district employees)
    • Teachers are not permitted to offer Tutoring services in School
  – Performing Arts Lessons

• College Preparation
  – SAT, PSAT
  – College Advisors

• Professional Services for Students
  – Disability counseling
Television and Film Production

- Feature films
- TV Shows
- Broadcast Commercials
- Infomercials
- Still Photography Shoots
- Casting Locations
- Corporate Communications
Sports Programs

• Field House: Access to the State of the Art Equipment and Resources
  – Residential Members
  – Rentals by area Fitness Clubs
• Sports Academies
  – Rental for use by Third party sports vendors
  – Professional Sports Organizations (i.e. Ashley)
  – Montclair State University Teams
  – Partner with Montclair Y
• Leagues and Traveling Teams
  – Winter and Adult leagues
  – In Door Programs
  – Clinics
• Exercise Classes
  – Allow Personal Trainers and Local Fitness Clubs
Regional Performing Arts Center

• Performing Arts Organizations
  – Professional Theater, Music and Dance Arts Programs
  – Local and Regional Arts Groups
• Concerts Series
  – Professional Music Promoters
• Music Rehearsal Space
  – Professional and Amateur performers
• Studio Space
  – Dance Classes and Studios
  – Yoga Classes
  – Martial Arts Classes
Merchandise Programs

- Students: $280 per year for School Related Supplies
- Teachers: $200 per year out of Pocket
- Merchandise Categories
  - School Supplies
  - Art Supplies
  - Electronics
  - Books and Educational materials
- Montclair Buying Power: $2,000,000 per year
- Creation of Small Learning Community for Retail
- Retailer Partnership
  - Percentage of direct Sales
  - Discounts for Students and Teachers
Merchandise Programs

• Co-Brand Web Site
  – National Retailer: On-line Sales for School Supplies
    • Amazon.com will create program
  – Promotional Code for Parents/Residents
  – Promoted by School and Community
  – Percentage of Sales to District (5%-15% depending product margins)
Merchandise Programs

- High School Retail Store:
  - Year Round Retail Store with Limited Selection of Items
  - Creation of Small Learning Community
Merchandise Programs

• Vending Machines
  – Year Round Retail Store
  – Limited Selection of Items
Food Retail

• High School Campus
  – 2000 students and District Employees per day
  – Adult School, School Events and Community Activities
  – Increase activities and traffic from Rental Program

• Shortage of Food and Beverage options
  – Food Trucks and One retailer

• Food Retailer on Campus
  – Food Kiosks
  – Full Service Restaurant
  – Catering for Rentals and Parties

Possible Vendors

• Aramark
• Local Merchants
Food Kiosk
Kiosk Locations
Coffee Shop
Aramark Specialty Restaurants

- ARAMARK Higher Learning has several retail options such as convenience stores, coffee kiosks, after hours eateries and branded restaurants.
Montclair Demographics

• Montclair Area
  – 40,000 Residents, 15,000 Households
  – 150,000 in greater Montclair area
  – Affluent, High HHI, Educated, professional
  – Diverse community

• Montclair Schools
  – 6500 Students including 1500 High School Students
  – 1100 Teachers and Staff
  – Approximately 8,000 Parents/Guardians
  – 1100 Alumni Association
Advertising Guidelines

• Enhance the Educational Experience
• Primary Target audience Parents and the Montclair Community
  – No direct advertising to K-8 Students
  – Limited Advertising to HS Students (i.e., Newspaper)
• BOE will develop advertising guidelines for integration of brands
• Program elements limited to Public Areas primarily High School Campus
  – No access to the classrooms and curriculum
• Appropriate brands
  – Brands pre-approved by District Guidelines
  – Prohibited Categories: Alcohol, Tobacco, Gambling, Sugar Drinks
Advertising and Sponsorship

- Permanent Signage & Billboards (Annual Revenue)

Exterior LED High School

©2010, Sponsorship Resources, Inc.
Advertising and Sponsorship

• Permanent Signage & Billboards (Annual Revenue)

Woodman Field, High School Gym & Auditorium
Advertising and Sponsorship

Exterior Banners
Advertising and Sponsorship

• Sports Sponsorship
  – Team Sponsor Banners at each sporting event
  – Sponsorship of Team Uniforms and equipment
Advertising and Sponsorship

• School Events
  – Sponsor Fair with Kiosk and Displays
  – College Night
  – Sponsored Receptions
Advertising and Sponsorship

• Web Site Sponsorship
  – Sale of banners and links on School Web Site
  – Special offers to Students and Residents
  – Opt-in email promotions to residents

• Advertising Sales
  – Back to School “Kit”
  – College “Kit”
  – School Yearbooks
  – Graduation programs
  – HS Newspaper: American Society of Newspaper Editors program
Economic Development Office

- Responsible for all Third Party Revenue
- Reports directly to BOE and Superintendent
- All Sales and Marketing of District Initiatives
- Authorized by the BOE to enter into contracts
- Manage Business for Strong ROI
- Manage BOE Guidelines for each approved program
- Identify New Opportunities
- Full Time Professional Staff
  - Economic Development Advocate: $100,000 to $125,000 plus performance pay
Program Execution

Option One: Managed by District
- District Employees
- Experts in Specific Areas (Facility management, Advertising Sales, etc)
- Pro: Higher ROI, Performance based employees
- Con: Additional Overhead, Not Districts Core Business

Option Two: Third Party Vendors: Fee or percentage based firms
- Facility Managers: Aramark, Facility management companies
- Advertising Agencies: Alloy, Titan, CBS, Clear Chanel
- Pro: Experts in Each Field, Investment in Programs, Turn-Key Solutions
- Con: Lower ROI, High Percentage Split, Conflict with BOE mission

Hybrid
- Combination of Both Approaches
Suggested Investments

• Economic Development Officer: $100,000 to $125,000 plus performance pay

• Marketing and Sales Materials: $15,000

Optional Program Upgrades

• Floor Coverings (Mats, Dance Floors): $25,000
• Decorations and partitions: $10,000
• Upgrade AV and Stage equipment $25,000
• Upgrade Kitchens: $25,000- $50,000
• Purchase new rental furnishings: $15,000
  – (Linens, High Hats, Stools, Serving Bowls)
• Secure Buildings: $10,000

Optional Capital Improvement:

• Air Condition HS Auditorium: Approximately $1,100,000
Rentals of Fields

• Current Rates
  – District $15 per hour
  – Township $15 per hour
  – Essex County $20 for three hours

• Market Demand: Increase Capacity to 4000 Hours
  – Drainage issues at Brookdale Park
  – Increase Demand for fields

• Pricing Strategies
  – Increase to $25 per hour= $20,000 net increase per year
  – Peak Pricing: Charge Premium for Attractive Time Slots
  – Block Sales of Hours to groups
Comparative Rates

Area Venues

- Area Gyms: $100 to $150 per hour
- Upper Montclair Women’s Club: $2300: Capacity 450
- Montclair Women’s Club: $700: Capacity 180
- Loft: $2600: Capacity 250
- Wellmont Theater: $3500: Capacity 2100
- MSU Keiser Theater: $5000: Capacity 400
- MSU Ball Room: $5000: Capacity 800

- Maintenance is included in all the rental fees
- Additional Staffing (Security, Event Staff, Food Service) are charged at $20 to $25 per hour per person
District Rates

• Gyms and Multi-Purpose Rooms (5 hrs with one custodian)
  – Non-Profit Rate-$336
    • Cost of one Custodians $208
    • Net Fee= $128 (or $25 per hour)
  – Profit Rate- $672
    • Cost of one Custodians $208
    • Net Fee= $464 (or $92 per hour)

• HS Auditorium
  – Non-Profit Rate -$1874
    • Cost of two Custodians $416
    • Net Fee= $1458
  – Profit Rate- $3540
    • Cost of two Custodians $416
    • Net Fee= $3124
Program Assumptions

- BOE: Updates Existing Policies
- 2 year Plan: A minimum of two years to develop program
- BOE: Creates an Economic Development Agency or Office

- These projections are for informational purposes only and should not be considered as any guarantee of possible revenues.
- These estimates are our reasonable projections based on similar projects and/or prevailing rates for the advertising, events, rental and other industries referenced in this report.
- Actual revenues will be determined by a number of factors including the economic environment, local competition and the ability of the District to execute and maintain a business development plan.
## Estimated Net Income

<table>
<thead>
<tr>
<th>Summary of Revenue Estimates</th>
<th>Low</th>
<th>Most Likely</th>
<th>Best</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social &amp; Educational Rentals</td>
<td>$82,750</td>
<td>$189,500</td>
<td>$475,000</td>
</tr>
<tr>
<td>Film Production Rentals</td>
<td>$28,500</td>
<td>$38,300</td>
<td>$92,000</td>
</tr>
<tr>
<td>Sports Activities</td>
<td>$147,500</td>
<td>$377,500</td>
<td>$530,000</td>
</tr>
<tr>
<td>Performing Arts Rentals</td>
<td>$102,500</td>
<td>$287,500</td>
<td>$500,000</td>
</tr>
<tr>
<td>Merchandise</td>
<td>$60,000</td>
<td>$105,000</td>
<td>$165,000</td>
</tr>
<tr>
<td>Food Concessions</td>
<td>$115,000</td>
<td>$185,000</td>
<td>$450,000</td>
</tr>
<tr>
<td>Advertising &amp; Sponsorship</td>
<td>$150,000</td>
<td>$280,000</td>
<td>$485,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$686,250</strong></td>
<td><strong>$1,462,800</strong></td>
<td><strong>$2,697,000</strong></td>
</tr>
</tbody>
</table>

- Assumes 2 year Development period and change in BOE Policies
- Does not include additional income from ASM or Rand Building
- Financial Modeling includes allowances for execution costs

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New BOE Policies

• Cultural Change
• Increased Access (with increase risk potential)
• Insurance: Change in Coverage
• Advertising and Sponsorship: Change BOE Policy
• Alcohol Service: Allow Service of Alcohol with Strict Guidelines
  – No Storage on Property, ID proof, Wrist bands etc.
• Building Security: Secure Buildings
• Adjust Pricing to reflect market
  – Charge same fees to all outside groups
• Staffing Issues: Reorganize Staffing for program
• Approval Process: Centralized process
• Flexibility: Scheduling and access to buildings

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Next Steps

• Create Economic Development Advocate Position for 2011 Budget
  – Job Description
  – Determine Corporate Structure
• Create BOE Volunteer Committee for specific areas
• Identify resources/Consultants for Specific programs
  – Facilities Management
  – Sports and Exercise
  – Advertising Sales Representatives: Alloy, Titan, Clear Channel, CBS
• Approach Aramark Senior Management for Food Options
2011 Next Steps

- Hire Economic Development Officer
- Create Marketing Materials
- Adapt Board Policy
  - Insurance Issues
  - Resolve Staffing Issues
  - Liability issues
  - Centralize Approval Process
  - Allow Service of Alcohol
  - Advertising Guidelines
2011 Potential Income

- **Rentals**
  - Increase Field rentals to 3000 hours at $25 per hour
  - Access to select Gyms, Theaters, Spaces, Cafeterias

- **Limited Advertising**
  - Team Banners, Ads Woodman Field, Banners on Exterior Areas
  - Exhibitors at College Night, Team Uniforms

- **Merchandise programs:** Web and Limited retail

- **Food Retail:** Catering and add limited Food Concessions

**Estimated 2011**

$300,000 to $500,000