



LAKE CITY RECORDING STUDIO:  
THE FINANCIAL MODEL

# Track Listing

---

Welcome to Refuel. This document is one of 3 parts that serve to guide the establishment of a new economic driver in Lake City.



**Liner Notes:**  
presents executive summary of the project



**The EP:**  
presents the "Extended Play" version, providing detailed background and project description



**The Financial Model:**  
A deep dive into the numbers behind a workable project

## TABLE OF CONTENTS

OVERVIEW + CONCEPT	1
INDUSTRY PROFILE	2
ASSUMPTIONS	4
MARKET DEMAND	5
REGIONAL SUPPLY	6
BUSINESS CONCEPTS FOR SPOTSMAN'S GARAGE	7
CONCERT VENUE + ARTIST-IN-RESIDENCE	11
BUSINESS CONCEPTS: STRENGTHS + WEAKNESSES	14
CAPITAL COSTS	15
DISCUSSION	16
GENERAL INFORMATION & DISCLAIMER	18

# Overview + Concept

---

This report provides a test-of-concept feasibility analysis in support of Lake City's desire to expand its music scene and to use music as a catalyst for economic growth. The Downtown Improvement and Revitalization Team (DIRT) envisions a combination performance venue and recording studio, developed at the site known as "Sportsman's BBQ Garage and Towing". The site currently houses a business with three operating lines: Fuel sales, a convenience store, and a barbecue stand/restaurant. In addition, the site has an outdoor stage where larger musical performances are produced during the summer season.

- This analysis is based on the following preliminary assumptions. These assumptions evolved in the course of our work, as the purpose of this assessment is to find a viable concept.
- Several sites in and around downtown were initially considered, but the organizing group believes the Garage property represents the best potential site. The consulting team did not assess other possible sites, but agrees that the Garage is a compelling, central location. It has character and a "retro" feel that fits well with the proposed re-use.
- The site already has several commercial (and residential) functions. In addition to fuel, convenience retail, and barbecue, it includes a small residential unit in one of the garage bays that is currently intended for short-term rentals during the summer. The commercial functions are expected to continue. We did not analyze the existing business lines.
- While the original concept was to develop a professional recording studio, we modified the concept early in this exploration to include live-performance venue.
- The outdoor stage would continue to be used for festivals, but the focus of this study is the re-use of the garage building itself. This would allow for indoor concerts during colder months, inside the garage bays (which could also be opened for expanded seating in warmer weather).
- We have assumed that the food, fuel, and short-term rental unit will be operated by the current owner (or a new owner) and that the future music presentations will be operated by a separate entity under a lease arrangement with the property owner.
- Music recording capability should be included as one component of a multi-channel business concept, and would be run by the music-presentation entity.

# Industry Profile

---

Even when a small town like Lake City considers ways to grow its music culture, that goal is affected by macro-economic changes in the music business.

The music sector continues a systemic restructuring that began about 20 years ago. A shift to streaming over this period has upended some of the industry's traditional ownership and revenue structures: Major music labels once controlled the vertical market, including composition rights, artist management, publishing, distribution, and live performance. Today, musicians make most of their money through live performance rather than recording sales.

Three major labels – Universal, Sony, and Warner – remain after recent consolidations, and they control the majority of the music market. At the same time, easier access to some aspects of financing, production, and distribution have democratized the industry for smaller artists trying to break in. For example, aspiring artists can raise capital through crowdsourcing platforms like Kickstarter to fund an album; consumer-level recording equipment is now good enough to provide a reasonable alternative to renting expensive studio space; and music can be released to the public directly through multiple platforms, like iTunes, Spotify, or YouTube, in the hopes of building a following. There are many more full-time, but lesser-known, musicians today than there were in the past. The challenge for many of them is how they can break out in a market with so much choice.

In short, performances (and audiences) are key to musicians' livelihoods. If Lake City can deliver paying audiences, musicians will come. The concert-going public faces a different kind of challenge: Even with expanded choice, it remains so that a relatively small number of artists attain wide public recognition, and those stars command larger venues and high ticket prices.

Two roles are particularly relevant when considering how to reach artists and connect them to venues: the manager and the booking agent. Managers run the business side of things for artists and help to build their careers. Booking agents scout out opportunities for live performances, pitch their artists, and negotiate deals. In this hierarchy, booking agents are the ones to reach in trying to bring indie acts to Lake City.

However, smaller artists and those in the earliest stages of their careers – and this accounts for the majority of musicians in the U.S. – may not have a manager or a booking agent. They may fill these roles themselves, or they may have friends who believe in their talent and help to manage their careers and bookings. On the venue side of the equation, small and startup performance spaces may hire a booking agent to work as a consultant on behalf of the space, or the venue's manager or executive director may serve that function. The consultant, manager, or executive director would scout out small acts through an artist's agent (if they have one), or book them directly.

### Recording studios

Lake City DIRT began this exploration with an interest in creating a professional recording studio that would attract artists who sought a beautiful, isolated location to record an album.

Top artists may build professional studios in their own homes, or they may rent studio space. Such recording studios tend to be located in hub cities for the music industry, particularly New York, Los Angeles, and Nashville. Equipment costs for a professional-level recording studio can well exceed \$100,000.

The recording, mixing, and mastering process has also been changed by technology. Smaller bands and artists may record in a professional studio, if they can afford it. But prices for mid-level or so-called “prosumer” recording equipment have become relatively accessible. Home studios, or good (though not professional) commercial studios, can be equipped for \$10,000 to \$20,000.

For artists, the decision of where to record comes down to two factors:

Cost. Leading artists being the exception, most musicians cannot afford to travel with their band and equipment to record an album. They are likely to rent studio space where they live.

Synergy. Artists who have made it, and can afford to rent professional space, gravitate to the main industry cities because that is where they have access to the highest-quality musicians and technicians, and it is where their “scene” is based.

The overall demand for studio space, while difficult to quantify, is less than the supply. Most recording studio spaces are not operating at capacity and many do not operate profitably. The over-supply of studios is, at least in part, a function of the accessibility created by lower-cost (but satisfactory) equipment, and lower-cost (but satisfactory) mid-level studios.

# Assumptions

---

We explored three music-business concepts for the Sportsman's Garage: A pure recording studio, a pure performance venue, and a performance venue with an artist-in-residence program. We made the following assumptions:

- The preferred site is a reuse of the Sportsman's Garage. We assumed the venture would be housed in the four existing garage bays, containing 2,750 square feet of space.
- New construction on the site would be limited to public restrooms, which would be needed for a performance venue. (In addition to the space constraints of the garage bays, the concrete slab floor would increase the cost of adding plumbing within the existing envelope.)
- DIRT would act as the startup entity, preparing a full business plan, raising capital, and developing the venue.
- After a startup period, the venue would be run by a non-profit entity. This is because our rough revenue projections suggest the venture is not likely to be profitable if run as a traditional business. A non-profit would be eligible for gifts and grants. The parent non-profit could be DIRT, another existing organization, or a new organization.
- The music entity would lease space from the current or future owner of the Garage.
- All four garage bays would be dedicated to the new venture. (Maintaining one bay for short-term lodging would not work with noise from the music venue.)
- Food, beverage, and merchandise sales would continue in the retail/office portion of the site and be run by the current operator.
- The venue would be fully operational from May through October, with peek use in June and July.

# Market Demand

---

Market demand is typically calculated based on household expenditures within a given geography or trade area. The Consumer Expenditure Survey (CES) reports that Americans spend \$46 per year on admissions to “plays, theater, opera, and concerts”. The data also show that spending on the performing arts increases with both education level and household income. Spending on the performing arts is reported as local spending (e.g., performances one attends near home) and does not include admission fees paid while traveling away from home.

Based on the CES, total spending on live performing arts by residents of Lake City is less than \$15,000 per year. However, the purpose of establishing a music venue in Lake City is not to capture more local spending, but to induce demand by putting Lake City on the music map and attracting new visitors.

If attracting new visitors is the goal, then the potential market expands dramatically. It becomes a function of the quality and appeal of the venue, and the artists it attracts. Lake City DIRT has demonstrated a market for ticketed music performances through its Uncorked Wine and Music Festival, which sells 850 tickets at \$65 – approximately \$55,000 in gross ticket sales. The Festival happens one weekend annually (in September); it is an open question whether a smaller number of patrons would come to Lake City for several concerts per week.

While it is not possible to calculate the potential for induced demand, the size of the market is influenced by some external factors. For example, in wintertime, when there are fewer visitors to non-ski resort towns, the potential market is smaller than in summertime.



# Regional Supply

---

Colorado's music scene is well-known, from large and small venues in Boulder and Denver to Telluride's famous Bluegrass Festival. There are also well-attended music venues in Southwest Colorado, and a few small recording facilities. The following is a sampling of performance and recording spaces in the region:

## Lake City

- The Moseley Arts Center offers a 90-seat, traditional theater-style auditorium with programming during the summer season.
- Three downtown food and bar businesses – Restless Spirits Saloon, American Elk Grill & Inn, and Packer Saloon / Cannibal Grill, Lake City Brewing, and Chillin' Cafe – regularly offer live music as an amenity for their patrons.
- Sportsman's Garage is used during the high season for outdoor concerts and dinners. The back yard can accommodate 400 people at tables and far more standing. At the Uncorked festival, the largest concerts are held here.

## Gunnison (55 miles; 1+ hour)

- In addition to bars and restaurants offering live music, Gunnison is home to one of the largest outdoor music venues in the region, I Bar Ranch. I Bar Ranch is a covered, outdoor facility in a scenic country setting with seating for 515. This makes it a different, and less intimate, venue than what is contemplated at the Sportsman's Garage.

## Montrose (100 miles; two hours)

- Intrinzik is a small, low-tech event space in a storefront in downtown Montrose that hosts, among other things, touring bands. There is no permanent seating and many events are standing room.
- Sunny Daze Productions is a simple, family-run recording studio in a scenic, rural setting offering recording and mixing services for as little as \$35 per hour.
- Precedence Music Academy offers instrument rentals and lessons, primarily for school-age students. It has limited recording capabilities in-house.

## Winter Park (250 miles; five hours)

- Further afield, Eagle Wind South in Winter Park offers a \$250,000, world-class recording studio. While it is not in Lake City's trade area, in such a highly-specialized sector, Eagle Wind could be considered a competitor.

# Business Concepts for Sportsman's Garage

---

Because the genesis of this study began with the desire to build a recording studio, we have included it here. The more viable concepts, however, make musical performance the core business, with capacity for live-performance recording.

## A Recording Studio

In practice, "recording" is a three-part process that includes recording, mixing, and mastering. Artists use recording studios to, in essence, package their music for distribution. In addition to the recording equipment itself, professional-level studios attract artists based on their location and their amenities (such as plush lounge areas, wine cellar, high-end lodging, etc.). Build-out costs are higher than normal construction because of sound-proofing needs, wiring, and the need for special low-noise air handling equipment.

Based on interviews with recording studio founders and operators, a stand-alone recording studio would be a nearly-impossible model to establish and operate. There are many reasons why it is an extremely challenging business model:

- Most independent (i.e., non-corporate) studios seem to be the vision of a passionate individual who has, by sheer will (and financial resources), brought the business into being. While we did not have access to the independent studios' financials, owners reported anecdotally that the businesses are not generally profitable. This comports with commonsense: Supporting the operational costs alone would require a busy booking schedule. If, in addition, there were debt service on the building and equipment, it could be unsustainable.
- Big-time musicians often have their own recording studios.
- Build-out costs could top \$1 million. The building would require sound-proofing (in addition to normal weather insulation), special air-handling equipment, and specially-constructed interior rooms (control room, live room, vocal booths, mixing room, and mastering room). Typically, a recording studio also has a lounge area for musicians, which might not be achievable within the existing building envelope.
- Professional-level recording equipment costs \$100,000 to \$200,000 and, as with most electronic equipment, has a limited useful life before it is outmoded.

- The build-out for a “bare-bones” or “prosumer” level recording studio would still be expensive, though it could be equipped for \$20,000 to \$50,000. The weakness of a mid-level studio is that, while the isolated setting of Lake City may be appealing to some musicians, a mid-level facility would not warrant the travel.
- Musicians tend to keep late hours, and it is the nature of the business that many musicians record at night and into the early-morning hours – a time frame that doesn't match Lake City's economy and might cause noise disturbance.

For illustration, an independent, professional-grade studio charges approximately \$1,000 for four hours. Let's assume the “Sportsman's Studio” offers six hours at that price – enough time for professional musicians, working with a professional engineer, to record, mix, and master a single. We penciled out conservative-to-optimistic booking volumes for Lake City (“Min”, “Mod”, and “Max”). Even at a high level of use, the projected revenues would barely pay for a sound engineer and would not cover rent, utilities, debt service, and additional staff and expenses.

Number of "single" session bookings per month															
	Session fee	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Sessions/ yr	Total revenue
"Min"	\$ 1,000	0	0	0	1	2	4	6	6	3	0	0	0	22	\$ 22,000
"Mod"	\$ 1,000	0	0	0	1	4	6	8	8	5	0	0	0	32	\$ 32,000
"Max"	\$ 1,000	0	0	0	2	6	10	12	12	8	0	0	0	50	\$ 50,000

Even a successful studio only attracts perhaps a dozen or so users per week – a small number whose indirect spending (e.g., lodging, restaurants) would have a small economic impact on Lake City.

### Concert Venue

A performance space in the Sportsman's Garage would offer a unique venue and appealing, “retro” character. With the right line-up of bands and artists, it could conceivably attract audiences to fill the seats for three concerts per week, during the busy season.

For successful artists accustomed to playing larger halls, the “sweet spot” for those looking to connect intimately with fans is 200 to 300 seats – exactly where the Sportsman’s Bar would probably land. Similarly, fans respond to the opportunity to see a favorite artist in a small venue because they can connect, feel like they have a relationship with the artist, and perhaps get a “selfie”. Operable garage doors can provide expanded seating for high-draw artists, in good weather. And, attracting a few hundred patrons per week could have a very positive spillover effect on local restaurants, retail, and other businesses.

A concert venue has a lot to recommend it as a model and an economic anchor. It also comes with significant challenges:

- Mid-level artists command roughly \$5,000 to \$20,000 for a three-night run. Sometimes, a “name” artist will cut their price for an opportunity that has personal or emotional appeal, like the opportunity to come to a special setting like Lake City, or the opportunity to connect intimately with their audience. But we can’t assume a reduced fee will be the norm for most established artists.
- A remote location, while having aesthetic and emotional appeal for artists, is likely not to be on their touring circuit.
- If a name artist comes, and a crowd doesn’t show up, the artist will not return (and word will spread). The artist cares about more than being paid.
- Mid-level artists can command a “guarantee”, where the venue may be required to pay 50% of the fee 90 days in advance. Booking a different performer every week, and fronting the guarantee, will tie up a lot of operating cash until ticket revenues are realized.
- If a popular artist is playing in the region (e.g., at I Bar Ranch in Gunnison), a fan of that artist will likely make the drive to see the performance. This means, if the artist makes another stop in Lake City, some of the market demand will have already been captured at the larger venue. In this situation, Lake City would become a redundant stop for the artist, since artists on the road tend to plan their schedule around a geographically-efficient circuit of venues.

The following three tables illustrate potential "Min", "Mid", and "Max" ticket revenues for a 200-seat performance space with bookings by known, mid-level artists.

"Min"	Peak attendance per week	Ticket price	Peak sales/wk	Peak sales/mo	May (50%)	Jun (100%)	Jul (100%)	Aug (80%)	Sep (70%)	Oct (40%)	Total May-Oct
Thursday concert	75	\$35	\$2,625	\$10,500	\$ 5,250	\$10,500	\$10,500	\$8,400	\$7,350	\$4,200	\$42,000
Friday concert	100	45	4,500	18,000	9,000	18,000	18,000	14,400	12,600	7,200	72,000
Saturday concert	150	45	6,750	27,000	13,500	27,000	27,000	21,600	18,900	10,800	108,000
Totals					\$27,750	\$55,500	\$55,500	\$44,400	\$38,850	\$22,200	\$244,200

"Mod"											
Thursday concert	100	\$45	\$4,500	\$18,000	\$9,000	\$18,000	\$18,000	\$14,400	\$12,600	\$1,800	\$72,000
Friday concert	150	55	8,250	33,000	16,500	33,000	33,000	26,400	23,100	3,300	132,000
Saturday concert	200	55	11,000	44,000	22,000	44,000	44,000	35,200	30,800	4,400	176,000
Totals					\$47,500	\$95,000	\$95,000	\$76,000	\$66,500	\$9,500	\$389,500

"Max"											
Thursday concert	150	\$55	\$8,250	\$33,000	\$16,500	\$33,000	\$33,000	\$26,400	\$23,100	\$3,300	\$132,000
Friday concert	200	65	13,000	52,000	26,000	52,000	52,000	41,600	36,400	5,200	208,000
Saturday concert	200	65	13,000	52,000	26,000	52,000	52,000	41,600	36,400	5,200	208,000
Totals					\$68,500	\$137,000	\$137,000	\$109,600	\$95,900	\$13,700	\$561,700

Based on assumed artist fees of \$5,000 to \$20,000 per week, total fees would range from \$120,000 to \$480,000 for a 24-week season (not accounting for venue rent, staff, utilities, and other expenses). Theoretically, this model might be workable, but it would be a cash-intensive, management-intensive, marketing intensive, and risky.

# Concert Venue + Artist in-Residence

---

A concert space combined with an artist-in-residence program represents a third way, with potential appeal to artists and audiences. It also has the benefit of fewer “moving parts” than a performance-only venue, where headliners change weekly.

A performer who would be a good match for an artist-in-residence program is a singer-songwriter who has name recognition and has had a successful career, but finds she is no longer getting the bookings or festival slots she once did. Or someone who is tired of spending time on the road and wants time to reconnect with her creativity and a small audience. Such a person might command \$15,000 to \$25,000 for the month (or \$90,000 to \$150,000 for six artists over a six-month season), with lodging provided as part of the package. Some musicians may require a percentage of “the door” (tickets sold) as part of their compensation.

The concept in a nutshell:

- A non-profit entity establishes an educational music venue at the Sportsman’s Garage.
- Mid-level artists are invited to take up residence in Lake City for a month at a time, from approximately May through October. The artists are attracted to the setting and the ability to write and compose away from distractions.
- As part of their contract, the artist-in-residence performs two concerts per week, on Fridays and Saturdays, for the month they are in Lake City.
- The artist offers a one or two-day “master class” weekly (e.g., on Wednesdays and Thursdays), for small classes of three to fifteen “students”. Amateur musicians are attracted by the opportunity to work with an artist they admire.
- Student/amateur musicians have the chance to work on their own material with the guidance of the artist-in-residents, and the students give a master class concert on Thursday night. During the concert, each student musician might perform a single of their own work, composed during the master class. A live video recording of their performance would be provided to each musician for their own demo and marketing use.
- An artist-in-residence program, while challenging to produce, would be somewhat easier to administer and market than a constantly-changing weekly headliner series.
- It would require less cash reserves because the artists would likely not require a guarantee.



The following three tables illustrate potential “Min”, “Mid”, and “Max” tuition and ticket revenues for a 200-seat performance space with bookings by known, mid-level artists.

"Min"	Peak attendance per week	Ticket price	Peak sales/wk	Peak sales/mo	May (50%)	Jun (100%)	Jul (100%)	Aug (80%)	Sep (70%)	Oct (40%)	Total May-Oct
Master Class	6	\$250	\$1,500	\$6,000	\$3,000	\$6,000	\$6,000	\$4,800	\$4,200	\$2,400	\$24,000
Thursday student concert	30	10	300	1,200	600	1,200	1,200	960	840	480	4,800
Friday concert	75	20	1,500	6,000	3,000	6,000	6,000	4,800	4,200	2,400	24,000
Saturday concert	75	20	1,500	6,000	3,000	6,000	6,000	4,800	4,200	2,400	24,000
Totals					9,600	19,200	\$19,200	\$15,360	\$13,440	\$7,680	\$84,480

"Mod"	Peak attendance per week	Ticket price	Peak sales/wk	Peak sales/mo	May (50%)	Jun (100%)	Jul (100%)	Aug (80%)	Sep (70%)	Oct (40%)	Total May-Oct
Master Class	10	\$350	\$3,500	\$14,000	\$7,000	\$14,000	\$14,000	\$11,200	\$9,800	\$1,400	\$56,000
Thursday student concert	100	10	1,000	4,000	2,000	4,000	4,000	3,200	2,800	400	16,000
Friday concert	150	35	5,250	21,000	10,500	21,000	21,000	16,800	14,700	2,100	84,000
Saturday concert	150	35	5,250	21,000	10,500	21,000	21,000	16,800	14,700	2,100	84,000
Totals					\$30,000	\$60,000	\$60,000	\$48,000	\$42,000	\$6,000	\$246,000

"Max"	Peak attendance per week	Ticket price	Peak sales/wk	Peak sales/mo	May (50%)	Jun (100%)	Jul (100%)	Aug (80%)	Sep (70%)	Oct (40%)	Total May-Oct
Master Class	12	\$750	\$9,000	\$36,000	\$18,000	\$36,000	\$36,000	\$28,800	\$25,200	\$3,600	\$144,000
Thursday student concert	125	12	1,500	6,000	3,000	6,000	6,000	4,800	4,200	600	24,000
Friday concert	200	45	9,000	36,000	18,000	36,000	36,000	28,800	25,200	3,600	144,000
Saturday concert	200	45	9,000	36,000	18,000	36,000	36,000	28,800	25,200	3,600	144,000
Totals					\$57,000	\$114,000	\$114,000	\$91,200	\$79,800	\$11,400	\$467,400



# Business Concepts: Strengths + Weaknesses

The following table summarizes key strengths and weaknesses of the three business concepts considered.

	Recording Studio	Performance Venue	Performance Venue with Artist-in-Residence
STRENGTHS	<ul style="list-style-type: none"> <li>▶ Beautiful, remote setting</li> <li>▶ Moderate cost for mid-range equipment (but then not a destination studio)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Beautiful, remote setting</li> <li>▶ Could establish music scene Lake City</li> <li>▶ Moderate cost for mid-range equipment</li> <li>▶ No soundproofing needed</li> <li>▶ Larger number of patrons = higher economic impact</li> <li>▶ Track record of attracting audiences to special events (e.g., Wine &amp; Music Festival)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Beautiful, remote setting</li> <li>▶ Could establish music scene in Lake City</li> <li>▶ Moderate cost for mid-range equipment</li> <li>▶ No soundproofing needed</li> <li>▶ Moderate number of users = moderate economic impact</li> <li>▶ Requires less cash reserves than performance venue</li> <li>▶ Unique to the region</li> <li>▶ Higher average price point per patron</li> <li>▶ Offers an attractive benefit to artists (place, time to write)</li> <li>▶ Potential to bridge to shoulder seasons</li> </ul>
WEAKNESSES	<ul style="list-style-type: none"> <li>▶ Very high construction costs (e.g., soundproofing; low-noise HVAC)</li> <li>▶ Very high costs for professional equipment</li> <li>▶ Few musicians can afford to travel to record</li> <li>▶ Very small number of users = limited economic impact</li> <li>▶ Negligible food, beverage, and merch sales</li> <li>▶ High operational costs, including professional engineer</li> <li>▶ “Typical” late-night recording hours not compatible with small-town scene or business hours</li> </ul>	<ul style="list-style-type: none"> <li>▶ High construction costs, if including new public restrooms</li> <li>▶ Limited to high season and adjacent weeks</li> <li>▶ High cash-advance costs to attract mid-level headliners</li> <li>▶ Significant promotion and marketing required</li> <li>▶ Competes with free music at bars and restaurants</li> <li>▶ Competes with live shows further away</li> </ul>	<ul style="list-style-type: none"> <li>▶ High construction costs, if including new public restrooms</li> <li>▶ Moderate cash costs for mid-level artists</li> <li>▶ Significant promotion and marketing required</li> </ul>

# Capital Costs

Renovation and equipment costs are based on the following assumptions:

- Very high construction costs because of location. Construction in Lake City can be double the cost of more accessible locations in Colorado.
- Construction assumes minimal demolition, rougher finishes, weather insulation, and higher-than-typical electrical costs.
- Lower-noise HVAC, but not studio-level
- All four bays of garage space used for new venue
- New-construction adjacent public restrooms
- Equipment package for a small but high-quality concert venue
- Live-performance video recording capability
- Hardscape and landscape costs are not included

	Est. cost PSF	Size (SF)	Estimated cost
<b>Build-out, garage space</b>	\$300	2,750	\$ 825,000
<b>New construction, new public restrooms</b>	350	200	70,000
<b>Estimated equipment</b>			30,000
<b>Total</b>			\$ 925,000

The equipment cost has the greatest variability, depending on the level of sound quality desired, lighting, and other amenities.

A “test-scenario” operations pro-forma is included in an accompanying spreadsheet.


# Discussion

---

- The driving impetus behind this exploration and “test-of-concept” is to create a vibrant downtown hub that attracts new visitors to Lake City, and that those visitors generate new demand for other retail, services, food, lodging, and entertainment – and that new spending brings additional prosperity to Lake City. Wrapped up in this goal is the desire to further establish and grow Lake City’s nascent arts scene, and to do that by establishing a regionally-recognized, professional music and/or recording venue.
- We have assumed from the outset that any new venture related to music and the arts will likely require subsidy. If making money were the primary impetus, there are smarter business ventures to consider.
- Of the options considered, a recording studio is the least viable venture. While it was the initial inspiration for this test-of-concept, without an angel donor, any reasonable estimate of demand and potential revenues would not support the operations of the studio and would almost certainly not be able to carry debt related to construction and equipment. A recording studio is a compelling idea, but it would almost certainly cause a great deal of financial heartache.
- If we put aside the pure recording studio, the alternative music-based use for the Garage is as a concert venue. We considered the potential revenues and expenses of a performance space with regularly-scheduled, name-recognized headliners. And we considered a twist on the traditional concert hall model, a combination performance venue and artist-in-resident program. The capital costs for each are similar, but the operating costs for each are different. The costs are also highly elastic, depending primarily on the level of artist signed. (Each contract would be unique, within a broad price range.) We modeled minimum, moderate, and maximum projected revenues. Still, it would be wise to use the most conservative estimates, and consider projecting half of the minimum revenues in the first season of operation.
- The venture would likely need to be established as a non-profit, or run by an existing Lake City arts non-profit.
- Food and beverage service (and merchandise sales) remain open questions in terms of organizational structure. Food and beverage (and, especially, alcohol sales) can significantly bolster the bottom line. If the venue’s management were to take on these functions, it would require renovation of the convenience store space and the management of an additional aspect of the business.



# General Information & Disclaimer



Market analyses, their components (such as consumer demand and sales void analyses), and derivative business development plans provide important guidance on how a venture should, theoretically, be able to perform and on the sales levels businesses should be able to achieve. However, a number of factors affect the actual performance of any business, including the skills of the business operator, level of business capitalization, the quality of the physical environment, changes in overall economic conditions, the effectiveness of a business' marketing programs, and many other factors. The information in this report is intended to provide a foundation of information for making concept and directional decisions about establishing a music and/or recording venue in Lake City, but it does not, and cannot, ensure success. Accordingly, the CLUE Group makes no warranty or representation that any of the potential results contained in this study will actually be achieved.

As is true of all demographic, economic, and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, county and municipal sources, from community organizations, and from business owners is accurate and reliable. Given these limitations, our report reflects what we believe are reasonable estimates of trends, current conditions, and future possibilities.

# Closing

---

In an effort to assist communities to maximize the impact of limited resources, Colorado Main Street, a program of the Colorado Department of Local Affairs, has made funding available to cultivate planning projects.

The Lake City Recording Studio project was made possible by the contributions and insights of Lake City DIRT. The research and analysis was conducted by Ayres Associates with assistance provided by Arnett-Muldrow and Community Land Use + Economics (CLUE) Group.

For more information, contact:



Matt Ashby  
Urban Planner  
970.797.3595  
[ashbym@ayresassociates.com](mailto:ashbym@ayresassociates.com)



Ben Muldrow  
Graphic Designer  
970.797.3595  
[ashbym@ayresassociates.com](mailto:ashbym@ayresassociates.com)



Joshua Bloom  
Economic Development Specialist  
970.797.3595  
[ashbym@ayresassociates.com](mailto:ashbym@ayresassociates.com)