

Is tannery project sinking?



Dan Coyro/Sentinel

Despite a \$20 million shortfall, Santa Cruz City leaders say the \$50 million Tannery Arts Center project remains afloat.

Santa Cruz leaders say not to worry, money will be found

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SANTA CRUZ — The subsidized artist colony the city is hoping to build in an old tannery along the San Lorenzo River faces a \$20 million shortfall.

That has some doubting its future, but backers remain confident. They say increased city contributions, private fundraising and government grants can keep the project afloat.

"It's always a possibility we'd have to sell

(the land), but I feel very optimistic," Mayor Emily Reilly said. "There are places out there to continue to look for money."

A report detailing the Tannery Arts Center's financial woes was presented to the City Council this week by Redevelopment Agency Director Ceil Cirillo, who was seeking the council's approval to move forward with the project.

The council unanimously agreed to push on with the artist colony despite the bleak report.

"We're not making commitments we can't

walk away from," Councilman Mike Rotkin said. "There's no guarantee they'll raise the money. If they don't, we won't build it."

The Tannery Arts Center, former home of a 150-year-old leather factory on River Street, has been designed to give local artists an affordable place to live, create and perform. The tannery closed in 2001.

The 8-acre site includes several barn-red historic buildings and was bought by the city Redevelopment Agency for \$6 million

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An artist's rendering of the Tannery Arts Center.

Contributed photo



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in March 2005. The agency then agreed to lease the land to Artspace, a nonprofit developer out of Minneapolis, for \$1 a year. The agency will allow the developer to build 100 below-market-rate apartments with studios, offices and performance space for artists and nonprofit organizations.

Project costs had been estimated at \$43 million, but the rising price of construction materials has pushed the price tag closer to \$50 million.

Work on the apartments, the most expensive part of the project, is slated to start this summer. Still missing, however, is \$1.3 million of the \$32 million needed to start construction. The studios for artists to work

in are expected to cost \$8 million, but little of that has been secured.

The largest financial hurdle is proving to be the \$15 million needed to build the center's creative learning center. And \$1.5 million is still needed to house the Santa Cruz Ballet.

George Newell, executive director of the Tannery Arts Center, said he expects private donations will cover \$5 million for the creative learning center, with the remaining \$10 million likely coming in the form of government grants or low-interest loans.

"We don't have the resources for all that, but we have a good idea of what doors we need to knock on," Newell told the council Tuesday. "We feel pretty good about the prospects for covering that end of the bill."

City leaders are considering using \$1.3 million from the city's housing

trust fund — mostly developer-paid fees that go toward building affordable housing in Santa Cruz — to cover the shortfall in the apartment funding.

The Redevelopment Agency is also applying for a \$3 million grant from the California Cultural and Historical Endowment to go toward the price of turning historic tannery buildings into artist studios.

Greg Handberg of Artspace, whose company has built art centers nationwide, said he's handled financial shortfalls in the past and is confident money matters in Santa Cruz will work out.

"It is a complicated project," Handberg told the council. "I'm feeling very good. I think we're doing pretty well."

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