

i3Detroit Expansion Report - January 21, 2019

i3 Board of Directors: David Henry, Matt Carpenter, Jody Raiford, Mark Furland, Paul Lee, Jan Henry, Mike Fink

i3Detroit was founded in 2009 in Royal Oak, originally occupying 1500 sq ft and paying \$890 a month. The city of Royal Oak forced i3 to relocate in early 2010. We moved into our current 7200 sq. ft. space in Ferndale March 31, 2010. Since then, we have continued to grow internally, filling our space with equipment and many new zones. We now have the opportunity to lease an additional 6069 sq. ft. in our building. The board of directors believes leasing Suite B is within our means and has the potential to fulfill many of the desires expressed over the years by the membership.

A Brief and Incomplete History of Discussions on Expansion

Our neighbor, B. Nektar, informally told us they were considering moving around April 2017, so we started preparing to eventually occupy that space. The board froze the budget in order to save money so we could afford construction expenses for Suite B on at the May 9, 2017 [board meeting](#)¹. Since that time, the desire of all members for more space has been a frequent topic of discussion.

A Sampling of Surveys and Discussions

- [Vision Survey](#)² of the membership, September 17, 2016: When asked to fill in the blank “I would like the size (square footage) of our space to...”, 92% chose “increase”, 0% chose “decrease” and 8% chose “stay about the same”.
- [Member Meeting Straw Poll](#)³ in favour of expansion May 2, 2017:
- [Board Meeting](#)¹ discussion of the results of the vision survey, May 9, 2017
- [Member Meeting](#)⁴ Update from the President, everyone involved in the discussion was in favor of leasing Suite B, May 16, 2017
- [Post-Member Meeting discussion](#)⁵ of floor-planning organized by James, August 15, 2017
- [Zone Priority Survey](#)⁶ based on vision survey results, to understand where the membership wants to see us grow, January 19, 2018

Exploring Other Buildings

In late 2018, the board explored many other buildings, with 15 rentals and 11 properties for sale receiving consideration. These buildings were located fairly close to i3’s current location and were evaluated on cost per month, total square-footage, cost per sq.ft., and location. It was estimated that moving to a new building would cost over 30,000 USD. None of them were viable solutions because they were either too big and costly or in less desirable locations. The price per square foot puts i3’s current lease rates slightly below the average. (See [this sheet](#)⁷ for details.)

The primary issue we face with buying a building is that we don’t have sufficient financial history that stands up to the level of scrutiny that a bank requires for a loan. We’re keeping better records now, so in a few years we expect to be in a much better position to qualify for a mortgage.

A Brief and Incomplete History of Floorspace Changes

When i3 moved to Ferndale, it was a sparsely populated warehouse, and it has grown to be full of zones all butting up against each other. Most zones don't have the space for new major pieces of equipment, and there's little room for zones to expand or new zones to be created. Recent new zones have all come directly out of other zones or common areas.

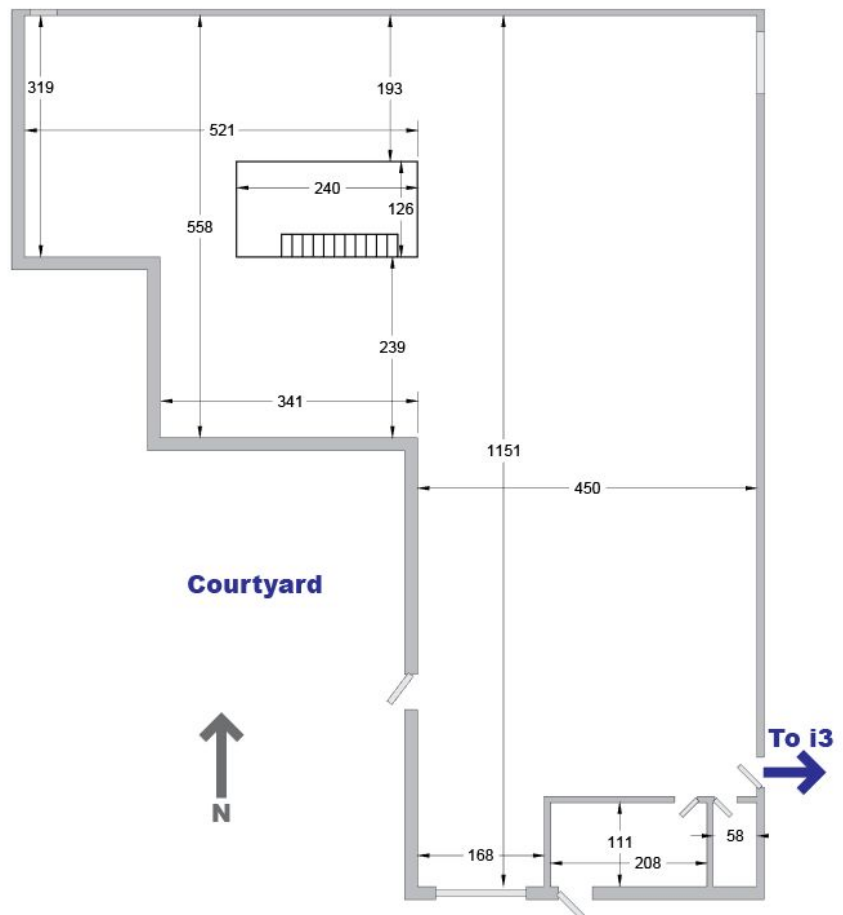
- The Kitchen became the Classroom.
- General-use workbenches became the Jewelry Zone.
- The whiteboard room became the Media Lab.
- The Fab Lab and Media Lab swapped spaces.
- The Treehouse became the Leather Loft.
- Large Project Storage has shrunk several times, with the creation of MESA, the expansion of the Kiln Zone, and the addition of the paint booth.
- ELab overflow moved to the west mezzanine and its space became cart storage.

Leasing Suite B

What Are We Getting?

Suite B is the 6069 sq ft in the other half of the building we currently occupy. It is composed very similarly to our unit. It's mostly wide open warehouse with a small loft structure (treehouse), a front office room, and an additional single occupancy bathroom. The warehouse area is heated by several furnaces much like Suite A. The full drawing of Suites A & B can be found [here](#)⁸.

i3 will nearly double in size, without having to move, and it will be the same sort of space we've spent 10 years getting used to.



Wordsworth

scale = inches

Can We Afford Leasing Suite B?

The rate we are quoted for Suite B is below market rate, though it will increase yearly. In five years, the cost/sq. ft. will match what we are paying for Suite A, and both will be near current market rate.

Financially, i3 will be able to afford this added expenses. Using 150 members as a baseline (We've been at or exceeded 150 members for over a year.), our net income is approximately \$35,000. If we lease Suite B, this drops to around \$14,000 which, while manageable, is not ideal, especially since these numbers do not include discretionary spending on zones or maintenance activities. If dues were increased by \$10, as has recently been discussed, our annual net income sits much more comfortably at around \$32,000. This decision must be accepted by the membership, so it should be discussed further at upcoming member meetings.

	Suite A		Suites A + B	
Dues	\$49.00	\$59.00	\$49.00	\$59.00
# Members	150	150	150	150
Annual Income	\$89,200	\$107,200	\$89,200	\$107,200
Annual Rent	(\$30,000)	(\$30,000)	(\$50,350)	(\$50,350)
Utilities	(\$20,895)	(\$20,895)	Est. (\$22,000)	Est. (\$22,000)
Other (bank fees & subscriptions)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)
Annual Net Income	\$35,305	\$53,305	\$13,850	\$31,850

A change in dues does not need to happen immediately. From the [January 2019 Treasurer Report](#)⁹, i3 has \$31,000 in savings as well as \$30,000 specially reserved as an emergency fund. The expectation is to draw upon those saved funds as we grow and expand into the new space, while keeping the emergency fund intact.

Assuaging Further Concerns

We may need a new, revised, or separate Certificate of Occupancy in order to occupy Suite B. We are in contact with the city to determine the answer to this. We may be required to pass a city inspection, which side A most recently passed last summer. We intend to have a professional inspection as well, though, given that we have been in the building for nearly a decade and trust the previous tenant who is an i3 member, we don't anticipate any significant issues or surprises.

A common question is how the additional space will be used. Several things are going to happen simultaneously starting very soon. We, the board, would like to speak to all zone coordinators to understand the wants and needs of each zone individually. The board is tasked with setting the floor plan, so we will use this information along with results from member surveys to guide us. Members, now is the time to voice concerns to zone coordinators, and for members interested in starting new zones, it's also time to put your thoughts together because the board would like to speak to you as well. While this happens, once we have access, we can also begin inspecting, making repairs, and installing the most basic of infrastructure where it is lacking. Expansion and moving into the new space is going to be a slow process. We won't be allowing "land grabs" or large scale moves of any zones. Equipment and zone moves and major, permanent modifications to the space are completely dependent on first having a well-reasoned vision that both the leadership and membership believe in.

References

1. https://www.i3detroit.org/wiki/Minutes:Board_Meeting_Minutes_20170509#Motion_to_claw_back_discretionary_budget_for_the_rest_of_the_year
2. https://www.i3detroit.org/wiki/Minutes:Board_Meeting_Minutes_20170509#Vision_Survey_Part_2
3. https://www.i3detroit.org/wiki/Minutes:Meeting_Minutes_20170502#Expansion
4. https://www.i3detroit.org/wiki/Minutes:Meeting_Minutes_20170516#Expansion_Next_Door
5. https://www.i3detroit.org/wiki/Minutes:Meeting_Minutes_20170815
6. https://www.i3detroit.org/wiki/2018-01-19_Zone_Expansion_Survey
7. https://docs.google.com/spreadsheets/d/1thYeUYwKjdleGcwo3GMBFFnE0kfD3Ak2wK6Sn_Mu_9o/edit?usp=sharing
8. https://www.i3detroit.org/wi/images/c/c9/Full_building_floorplan_-_dimensions.pdf
9. https://www.i3detroit.org/wiki/Minutes:Board_Meeting_Minutes_20190108#Treasurer