

## Cost Benefit Analysis – Shipping Containers

This cost benefit analysis for the shipping containers was developed using multiple sources, including online research, discussions with Matt Egan from BoxPop, Miles Miller from Container City, and a meeting with Kathleen Rendek from Ontario, Canada, who has successfully operated a shipping container popup program since 2020.

### **Costs**

#### **Purchase Price (Per Unit)**

- 20' Stage Container: \$64,433
- 20' TrailerBox Premier Stage: \$115,000
- Shipping Estimate: \$10,631 per truckload (can fit two 20' containers)
- 20' Customized Container from Container City (*basic model*):
  - Base cost (container + electrical + roll-up door): \$7,150
  - Shipping: \$550
  - Total: \$7,700
  - Comes with a 10-year leak warranty

#### **Delivery & Setup Costs**

- Shipping: \$10,631 per truckload
- Installation Service:
  - Now available through vendor's nationwide network
  - Cost TBD based on location (Estimate: \$5,000 - \$15,000 per unit)
  - Includes unloading, securing, and final positioning

#### **Ongoing Costs (Annual)**

- **Maintenance:**
  - Minimal annual maintenance: Only touch-up paint and electrical consumption.
  - Estimated cost: \$500 - \$1,500 per year (includes paint, minor electrical repairs)
- **Insurance (Risk Management):**
  - Nick Vinh had no concerns with ensuring the containers and covering them under the City's policy. He could not provide me with an estimate of the cost of insurance, but was not concerned with the price. He was more so concerned with the liability.

- o Kathleen in Ontario said their container was covered by their organization's blanket insurance similar to any other City facility.
- **Nationwide Service Network:** Available if repairs are needed (on-call basis, cost per service call TBD)
- In my conversation with Kathleen Rendek in Ontario, Canada, she said there has not been any ongoing maintenance besides some cleaning of their containers. They have their parks and facilities maintenance teams provide ongoing cleaning and maintenance to the boxes.

### **Staffing & Operations**

- Staffing (if required for events/operations): \$18 - \$30 per hour
- Cleaning & Waste Removal: \$50 - \$200 per month (estimate)
- Administrative time: Administering permits, collecting insurance and fees, communicating with program participants.

### **Permit & Application Fees**

- Application Fee: \$75 (one-time per event)
- Permit Fee: \$125 per event day
- I took these fees from our [Special Event permit fees](#).

## **Financial Considerations**

### **Depreciation Schedule**

- Yes, it can be depreciated as a capital asset per Scott Wagner.
- Estimated useful life: 13+ years
- Straight-line depreciation over 13 years:
  - o Stage Container (\$64,433) → \$4,956/year depreciation
  - o TrailerBox (\$115,000) → \$8,846/year depreciation
- Kathleen from Ontario said the containers are worth more now than when they bought them, because the repurpose value is high.

### **Total Cost Over Useful Life (13+ Years)**

- 20' Stage Container:
  - o  $\$64,433 + (\$1,500 \text{ maintenance} \times 13) = \$83,933$
- 20' TrailerBox Premier Stage:
  - o  $\$115,000 + (\$2,000 \text{ maintenance} \times 13) = \$141,000$

- Container City Customized Container (*basic model*):
  - $\$7,700 + (\$1,500 \text{ maintenance} \times 13) = \$27,200$

## **Revenue Generation & Payback Period (ROI)**

### **Potential Revenue Streams**

- Sponsorships & Advertising: \$1,000 - \$5,000 per year (estimate)
- Permit & Application Fees Charged to Users:
  - \$75 application fee + \$125 per event day
  - If rented 50 days per year: \$6,375 annually per unit
  - If rented 100 days per year: \$12,750 annually per unit

### **Estimated Revenue Based on Event Days Per Year**

<b>Usage Days Per Year</b>	<b>Application Fee (\$75 per rental)</b>	<b>Permit Fee (\$125 per day)</b>	<b>Total Annual Permit Revenue</b>
50 days	\$3,750	\$6,250	\$10,000
100 days	\$7,500	\$12,500	\$20,000
150 days	\$11,250	\$18,750	\$30,000

- Each event pays one application fee per rental.
- The permit fee applies per event day.
- More event days = higher revenue.

### **Total Estimated Annual Revenue**

<b>Container Type</b>	<b>Permit/Application Fees (50-150 days/year)</b>	<b>Total Estimated Annual Revenue</b>
<b>Stage Container</b>	\$10,000 - \$30,000	<b>\$10,000 - \$30,000</b>
<b>TrailerBox Stage</b>	\$10,000 - \$30,000	<b>\$10,000 - \$30,000</b>

### **Payback Period**

Usage Scenario	Annual Permit Revenue	Years to Break Even (Based on Total Cost)
Low Usage (50 days/year)	\$10,000	8 - 14 years
Moderate Usage (100 days/year)	\$20,000	4 - 7 years
High Usage (150 days/year)	\$30,000	3 - 5 years

## Conclusion

- If the Container City container is used at a moderate level (50+ event days per year), the investment can pay for itself in less than one year due to its low upfront cost.
- At higher usage levels (100–150 event days per year), the revenue generated could significantly exceed the cost, offering a strong return on investment and allowing for future program expansion.
- This option greatly reduces the financial risk compared to more expensive alternatives, while still allowing for flexibility in use and long-term repurposing by other City departments.

## Programming Logistics

- Scheduling and reservations: Online reservations – Similar to permitting process for special events, park permits, facility reservations, etc.
  - o Directors level permit or Special Event Permit.
  - o License agreement or simplified lease with city for use.
  - o Indemnification waiver.
- Unlock/open/lock them:
  - o Lock Box with a keypad. The renter will receive a code to enter into the box. Key is inside the box. The box is padlocked.
  - o Issuing keys to renters.
  - o Staff can meet to unlock/lock.
- Monitor for maintenance and repairs: The nationwide installer network can be dispatched should any problems arise.
  - o This could be City facilities or parks team.
- Programming oversight:
  - o Program Analyst
  - o Economic Development Intern

## **Recommendation**

After speaking with Kathleen Rendek in Ontario, Canada, and considering the financial aspects, I recommend starting small and expanding the program as needed. I appreciate how the Ontario program utilized standard shipping containers and had artists paint them, and I believe we could implement a similar approach with local artists.

After reviewing options, I recommend launching a one-year pilot program using a standard 20' container purchased from Container City, a local supplier. This option is significantly more affordable (\$7,700 total), includes customizations (roll-up door, LED lighting, electrical package), and offers a 10-year leak warranty.

This pilot allows us to evaluate community and business engagement with minimal financial risk. Should the container not be viable for pop-up programming long term, we can easily repurpose it for other City needs such as emergency response, a mobile recreation unit, sports storage, or parks maintenance.

Supporting a local vendor strengthens the regional economy and improves service responsiveness.

## **References & Resources**

- **BoxPop Proposal**
- ***Matt Egan with Box Pop*** – I reached out to Matt with questions about ongoing maintenance, container set up, the useful life of the container, and any annual servicing or repairs.
- ***Kathleen Rendek, Project Coordinator, Ontario, Canada*** – I met with Kathleen to discuss the [Pop Up Container](#) program she operates. She shared valuable insights into its logistics, successes, and key details.
- ***Financial Consideration*** – Depreciation— Consulted with Finance Department
- ***Risk Management*** -- Conversation with Nick Vinh, Risk Manager
- ***Container City*** – I reached out to a local shipping container supplier here in Santa Rosa to explore our options. I am planning on setting up a time to meet with their local sales team.
- ***Article*** -- [5 Reasons Retail Stores Are Embracing Shipping Containers for Luxury Pop-Ups](#)
- ***Article*** -- [City funded shipping container Pop-Up Stores are helping local brands thrive](#)

- **Article** -- [San Francisco's Container Stores You Need to See](#)