

MARKO PERIĆ  
MIRNA RAVNIĆ

Faculty of Tourism and Hospitality Management in Opatija, University of Rijeka, Croatia

## **PROJECT MANAGEMENT SOLUTION: REMODELLING OF SACRAL OBJECT FOR TOURISM PURPOSES\***

ORIGINAL SCIENTIFIC PAPER

Sacral objects are part of cultural, historical and art heritage. Neglected sacral objects that are not in use create a significant social problem in Croatia. Why is it so and how hard it is to challenge traditionalism is becoming clearer both to entrepreneurs and those working in cultural sector wanting to preserve heritage interwoven in an inventive product. The aim of the paper is to offer the alternative solution for valorisation of sacral objects. Tourism being a complex industry is capable of valuing sacral objects as market items in completely new way. In the first part are presented good international examples in area of remodelling sacral objects and external factors that led to their accomplishment. Second part is pointing out the current situation in Croatia, as well as possibilities and aggravating circumstances defined by existing business frame. Third part consists of the innovative model of project management that transforms an existing sacral object for tourism purposes, including basic economic performances. The research results show that the change of thinking and social attitude, as well as creating synergy of public-private partnership (Church, local community, investors) with necessary business assumption would contribute and lead towards better use of abandoned sacral objects and through that to potential development of more sustainable tourism, thus society in general.

**Keywords:** project management, sacral object, tourism, culture, Croatia

### **INTRODUCTION**

Sacral objects all over the world are part of cultural, historical and art heritage. In medieval times, churches were used for many functions, court rooms, schools and libraries, places for gathering, elections, debates, games and celebrations. Until recently, churches were multi-functional social centres.

Unfortunately, trend of decay of sacral architecture is present worldwide. The reason for that lies in the fact that number of believers is drastically decreasing as well with the fact that churches are branching out so there is more diverse churches with smaller number of believers which leaves traditional churches empty compared to their massive architecture and space. Also, decay of buildings caused by weather as well as inadequate artistic value of the church can be reasons for abandoning them and later on for becoming more profane.

Only in Great Britain, there is more that 47 thousand churches, and only 10% of population of Great Britain goes to church. Each year 30 churches are pronounced to be surplus. In the northern, mostly protestant European countries, practice of remodelling churches is usual, which tell a lot about the development level of those societies that makes difference between signifier and signified, and also takes pragmatically the problem of high rents and real-estate prices. According to research conducted in 1996 – in France 82% of respondent declared themselves as believers while only 13% goes to Sunday mass. In the United States more than 90% of respondents believe in God and 45% visit Sunday service. In Portugal 80% believes in God but only 30% visit

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Sunday service. Exactly that difference between huge belief in God and relatively small attendance of ritualistic practices is the best indicator of wide-spread secularization or religious indifference in society.<sup>1</sup>

In order to keep those churches from becoming part of the past, architects came up with an idea to turn them into homes of 'mortals'. Alternative solutions for abandoned sacral objects become new trends, which is further more emphasized by more and more frequent writings of experts with conducted researches, opinions of local community and statistic data. Alexander Hobohm<sup>2</sup> dealt with the existent cases of remodelling in Great Britain, while the newly proposed vision and introducing new ways of usage Hilburn<sup>3</sup> connected with social usage, sustainability and culture.

The research conducted within 'The Association Oltre il Chostro in Naples' brought to light statistic data that majority of visitors who took the survey (93%) declared their motives and reasons for visiting church museum as cultural interests, while only 3.2% visitors visited it from religious interests. It is interesting that 84.5% visitor expressed that they are agreeing with proposed usage of church for social, cultural and recreational purposes.<sup>4</sup>

Thus far the source for acceptance of remodelling of neglected churches was based in its alternative usage as spaces for exhibitions, concerts, stages for purposes of cultural and artistic expression. Market remodelling and new positioning of sacral objects is also possible and visible in cultural sector, inherent to that as part of tourism and valorisation of destination in which visitors and local citizens enjoy and benefit. Examples that follow show variety of alternative usage for neglected and abandoned sacral objects.

## 1. INTERNATIONAL EXAMPLES OF REMODELLING OF SACRAL OBJECTS

Sustainable trends of remodelling of sacral objects, on one hand, innovative and special on the other hand, became popular worldwide. Following that direction, the Mulias, who are Catholic, bought a church in Trevi, only 20 minutes by car from Assisi (Italy) where St. Francis lived and preached, and renovated it into vacation home.<sup>5</sup> The church was built in the 13<sup>th</sup> century and converted into a church in 1646 by followers of Saint Filippo Neri, a priest who instituted the Oratory, a system of community centres still common in Catholic churches. The church was deconsecrated in the early 1960s.

Since 2001 Gattopardo Cafè is a new and multi-functional/purpose creative space realized in the centre of Milan (Italy).<sup>6</sup> Church of the beginning of last century and deconsecrated in the 1970's, it is a modern disco bar, and a location for events and for all sorts of manifestations, private and corporate. It is also a perfect place for organizing gala dinners and buffets.

Examples of private property in domains of culture and art, mostly tightly related with tourism, are those pronounced to be common/cultural goods. One of the examples is Pena Palace in Sintra, Portugal – property of the Portuguese crown. Majority of alike examples charge entrance fees, same as public institutions, but there is no discounts for certain age groups, since they are financed from own resources (Westminster Abbey, etc).

One of the most famous festivals of modern theatre, Belgrade international theatre festival/BITEF (founded in 1967 under the theatre *Atelje 212*), is part of cultural and art institution placed in the never finished evangelist church.<sup>7</sup> The main idea for it was to be the church with boarding school, with offices and apartments for Clair. Today it is protected monument of culture, while it went through many phases before getting that status. The building is reconstructed and adapted in 1988-89 for purposes of the theatre. Bitef theatre is open for all kinds of multimedia art and expression, it explores theatre trends in its own production, and it works on international exchange of artists, organizes workshops and diverse actions. Fund for sustaining non-profit

<sup>1</sup> According to: Jukić, J., "Secularisation of families and society as whole", *Renewed Life*, Vol. 51, No. 6, december, 1996., [http://hrcak.srce.hr/index.php?lang=en&show=clanak&id\\_clanak\\_jezik=3412](http://hrcak.srce.hr/index.php?lang=en&show=clanak&id_clanak_jezik=3412), p. 629, available: 25.04.2011.

<sup>2</sup> Hobohm, A., *Changes & chances in church use – Shared use of churches as an alternative to redundancy and total conversion*, University of Oxford, 2008, [http://www.frrarchitects.co.uk/wp-content/uploads/2011/07/Churches\\_ChangesChances\\_Alexander-Hobohm.pdf](http://www.frrarchitects.co.uk/wp-content/uploads/2011/07/Churches_ChangesChances_Alexander-Hobohm.pdf), available: 27.04.2011.

<sup>3</sup> Hilburn, A. Wayne, "A new use for old and abandoned Churches", *Arts Management Newsletter*, No.103, may/june, 2011, pp. 2-5.

<sup>4</sup> Lo Presti, O., Petrillo S., C., "Co-management of religious heritage – An Italian case study", *Tourism*, Vol. 58, No. 3, 2011, p. 308.

<sup>5</sup> <http://www.nytimes.com/2007/07/25/realestate/greathomes/25gh-italy.html?pagewanted=all>, available: 27.04.2011.

<sup>6</sup> <http://www.ilgattopardocafe.it/>, available: 16.11.2011.

<sup>7</sup> <http://www.bitef.rs/festival/?pg=simple&jez=sr&smpl=festival> and [http://www.bitef.rs/teatar/?pg=simple&jez=sr&smpl=teatar\\_o\\_pozoristu](http://www.bitef.rs/teatar/?pg=simple&jez=sr&smpl=teatar_o_pozoristu), available: 08.11.2011.

organization of Bitef secures Assembly of the City of Belgrade (around 50%), Ministry of Culture of Republic of Serbia (around 20%), embassies and foreign cultural centres, donors and sponsors.

Old church in Aberdeen (Scotland) is new location for new casino. TSCJOHNHUXLEY is company that worked on remodelling of the old church and now they can offer their customers without comparison the best gambling experience in that field. Remodelling of Soul casino, both esthetical and organizational, was demanding since the Langstane church belongs into category of antic monuments. Designers managed to use all restrictions in redesigning and to turn them into advantage (great example are organ pipe had to remain in the building. Walls, except the eight meter tall north window in 'vitrage' are decorated with original pipes of the organ.<sup>8</sup>

The Church of St. Mary in Dublin (Scotland), dated in late 17<sup>th</sup> century, designed by Sir William Robinson, located in Wolf Tone park is also protected monument. Unusual example of spectacular barrel-vaulted ceiling (oak breakfronts) went under process of deconsecrating in 1986 and with it the church became a target for private owners. Within a project it was turned into publicly owned art centre and restaurant and contributed to revitalization of that area. Project started in 2006 and was worth 14 million Euro. Attracting over 625,000 visitors each year The Church has become one of Dublin's top tourist attractions.<sup>9</sup>

'Paradiso' is cultural centre in Amsterdam (Netherlands) and place where rock music is played.<sup>10</sup> 'Paradiso' is located in remodelled object which used to be church, built in 19<sup>th</sup> century. Until 1965 it was used as gathering point of liberal Dutch religious group known as Free Congregation. In 1968 the city authorities turned 'Paradiso' into youth entertainment centre.

Shopping mall, in notable 19<sup>th</sup> century church situated in the most famous part of the world – Manhattan in NY, formerly the 'Limelight night club', will combine elements of holiday gift bazaars and department stores.<sup>11</sup> Store will be lined up one next to another in 1,115 m<sup>2</sup> complex, in small premises alike ship cabin size circa 10 m and customers will have an option on central registrars at the exit. Remodelling, investment worth 15 million USD, made interior lighter than the one of night club, but the space still has the feel of the maze which was the trade mark of Limelight club.

Another interesting example is remodelling Gothic church in the biggest single man home in San Francisco (USA). The church was built in 1909 as congregational church, later in 1930 it was bought by Norwegian Lutheran Church for 36,000 USD and was used by Norwegian crown for visits and gatherings. In 2005 it was sold to Siamak Akhavan, well known American businessman and novelist, and two years after remodelled from neglected church into a luxurious home with 3 bedrooms and two and a half bathrooms and 12 additional rooms.<sup>12</sup> Now, current owner sells its home for 7.49 million US dollars.

## **2. POTENTIALS AND LIMITATIONS OF CURRENT BUSINESS FRAME FOR REMODELLING IN CROATIA**

Although world's innovative and special concepts show remarkable results, implementation and realization of intriguing projects in Croatia is slowly becoming competitive. Percentage of believers in Croatia in last decade significantly increased, in 2010 statistics show 88% of Catholic population.<sup>13</sup> On the other hand, the exact number of sacral objects in Croatia, both in use and out of use, is not known to public but the awareness in regard of this issue raises amongst the population. Decrease of number of believers in rural areas (as the result of abandoning of rural areas and moving to urban 'better life' areas) can partly answer why sacral objects in rural areas stay out of use. In the same time, increase of number of believers in urban areas effects on situation that existing sacral objects become insufficient. Need for new sacral objects is on rise, therefore old sacral objects get the status of unused sacral objects. Deficient financial resource for restoration is also a problem which led to increased number of abandoned sacral objects. The same as in Croatia, other European countries (Great Britain, Slovakia, Spain and other EU countries that are fighting with relatively small number of financing sources

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<sup>8</sup> [http://www.holburnhifi.co.uk/assets/files/Soul\\_Casino.pdf](http://www.holburnhifi.co.uk/assets/files/Soul_Casino.pdf), available: 10.04.2011.

<sup>9</sup> <http://www.thechurch.ie/>, available: 27.04.2011.

<sup>10</sup> <http://www.iguideamsterdam.com/clubs/paradiso-amsterdam>, available: 27.04.2011.

<sup>11</sup> <http://www.nytimes.com/2010/03/17/realestate/commercial/17limelight.html>, available: 27.04.2011.

<sup>12</sup> <http://realestate.msn.com/blogs/listedblogpost.aspx?post=00000065-0000-0000-8df0-1a0000000000>, available: 27.04.2011.

<sup>13</sup> <http://www.dzs.hr/>, available: 02.11.2011.

introducing changes in shape of new taxes<sup>14</sup>. Church in Croatia is financed by the state and around 50 million Euro is annually allocated for maintenance, salaries and restorations, which amounts to 40 Euro per household. Church being financed by the state has no need to open up to entrepreneurship which would bring profit, i.e. make church come closer to the goal of independent functioning.

In other countries (historical and cultural heritage of Sintra in Portugal and numerous churches in England) objects that end up in private sector its own preservation and restoration issues cover by charging entrance fees within cultural and tourist sector. Church institutions are governed by cultural organizations which treat religious diversity and all that comes along with it, puts in hands of the public and profane ways of management. Thus, reasons for remodelling can be reached clearer and more concrete if the governance and management are handed to tourism and cultural sector since organizational structure of fields within management are well divided, with detailed and precise task division.

Managing matters in this way in fundamental process project plan, aims and strategies will be more precise. For example, churches, monasteries and other sacral objects remodelled into libraries, museums, galleries, theatres, concert halls, and all places with cultural and art significance (either partly or completely corresponding with interests of Church) would have its own governing role, divided from ownership and management of its original 'owner'. Through that role they would manage promotion and marketing, work independently and explore alternative ways of funding (opposed from the Church ownership which is mainly financed by the state, believers and sponsors).

Sacral objects being 'buildings' have higher possibility of survival if they contain their purpose and practical use as opposed to those which do not have it.<sup>15</sup> Restoration of historical heritage is most often too expensive to be a priority for commercial use within the limited budget. Remodelling of sacral objects can leave many possibilities and create many opportunities both for existing companies, local communities and new forms of entrepreneurship.

Obstacles and potential risks for investors/entrepreneurs are underdeveloped local infrastructure of cultural and tourist attractions, lack of orientation of local population towards sustainable tourism and economy. From the existent business frame it is hard to see indicators and reasons for somebody to invest in tourist object in given region, but on the other hand cultural and historical distinctiveness and recent history create perfect imaginary space for developing new ideas for future based on what was 'ruined' and what can be built in that devastated space.

Also, through given business frame of public-private partnership, Church - financed until now by the state and tax payers, can be subjected to paying taxes for all sacral object that are out of use. That would prevent further deterioration and be motivating for entrepreneurship which would lead to covering certain costs so that number of neglected sacral objects has the possibility to be used in alternative ways.

Inexistence of former practices, in Croatia and in the region, as well as narrow understanding of religion, brought to lack of readiness of population to accept alternative remodelling of neglected cultural heritage amongst which there are some architectural rarities such as the one church on Hvar<sup>16</sup> island which was shortly a night club, and a monastery in Šibenik<sup>17</sup> whose restoration and remodelling into museum have finished with no success. 'Uspenje Bogomater' – originally female Benedictine monastery, went a long way from being property of Croatian Catholic church, then Serbian Orthodox church and at the end the failed attempt of remodelling into museum.

Although it is expected for Croatia to largely follow the experiences of other countries in the future, it does not mean that Croatia can't develop its own management models.

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<sup>14</sup> <http://news-spain.euroresidentes.com/2006/09/changes-in-state-funding-of-church.html>, available: 15.10.2011.

<sup>15</sup> Hilburn, A. Wayne, "A new use for old and abandoned Churches", *Arts Management Newsletter*, No. 103, may/june, 2011, p. 2.

<sup>16</sup> [http://www.croatiantimes.com/news/General\\_News/2011-01-05/16231/Serbian\\_Church\\_wants\\_back\\_its\\_monastery-turned-disco\\_club\\_on\\_Hvar](http://www.croatiantimes.com/news/General_News/2011-01-05/16231/Serbian_Church_wants_back_its_monastery-turned-disco_club_on_Hvar), available: 05.04.2011.

<sup>17</sup> [http://onecroatia.info/turisticke\\_atrakcije/crkva-uspenie-bogomaterie-sibenik/](http://onecroatia.info/turisticke_atrakcije/crkva-uspenie-bogomaterie-sibenik/), available: 12.04.2011.

### **3. INNOVATIVE MANAGEMENT MODEL PROPOSAL OF CHURCH REMODELLING**

Regarding ownership, there are two main models of transferring the assets – sale and rent. Obligatory pre condition for introducing either sale or rent model is to undertake the process of deconsecrating and desacralization. With that process ‘sacral’ and ‘profane’ are separated and sacral object becomes a building (with the ritual of desacralization and removing relics’ sacral object).

#### **3.1. Public-private partnership versus sale**

In the model of sale both sides, the one that buys and the one that sells, are abiding to fulfil commitments – giving away rights of sold object, paying agreed price. After those commitments are fulfilled, side that was selling loses all rights to influence decisions regarding the sold object and the new owner gains complete freedom to handle and manage it the way he wants. Surely, complete freedom should be treated only conditionally because the object could be a cultural heritage under protection and some special conditions had to be applied.

In the model of rent, the side that rents temporarily loses, while the other side temporarily gains limited possibilities to handle and manage the object the way he wants. In order to manage public interest in the most effective way, public-partner partnership (PPP) is an option under model of rent.

Partnership of public and private sector can be defined as cooperation between individuals and organizations of public and private sector aimed at financial gain. Interests of public sector lie in overall development and increase of standard and wellbeing of population, while interest of private sector is to return what is invested.<sup>18</sup>

In modern times infrastructure project are considered to be the most frequent and the most demanding field of interconnecting interests of public and private sector. It can be said that public-private partnership means two things: private investments in public projects and/or public co-financing of private project that are matter of public interest in which case all known risks are divided amongst private and public sector. The main reason for involving private sector in infrastructure projects is to support public sector because it lacks financial resources.<sup>19</sup> In recent times, partnership of public and private sector is considered to be crucial in advancement of long term competitiveness of tourism and cultural sector/industry too.

Even though the public-private partnership model is new model of more sustainable society, in the sales model both sides, buyer and seller after signing sales contract have clear right so the freedom of buyer is broader than the one in public-private model of partnership. In the public-private model, public side is represented by the Church (and some non-governmental organizations) while private side of arrangement, represented by physical or legal person, will be private limited company, or certain cultural institution.

Also, there is an issue revolving around extent to which law and complexity of reaching decisions on all levels and harmonization of strategies and goals in public-private partnership leaves spaces for team work, tolerance of ideas when there is on one side conservative Church and local community that cannot see at all times benefits of carrying out farsighted ideas!? Regardless, public-private model would allow Church to still have influence since permanent transfer of ownership is not an option, while potential resistance of local community will decrease over time by perceiving benefits, advantages of economic performances and security through supervisory body.

#### **3.2. Project proposal: Remodelling church of St. Josip Radnik into hostel ‘Fabrik.os’**

The project proposal is remodelling church of St. Josip Radnik in Osijek into a youth hostel. Church St. Josip Radnik which belongs to Đakovačko-osječka Archdiocese. Possibility of sale of one sacral object owned by Đakovačko-osječka archdiocese is the consequence of lack of current capacities due to increase of believers. Occasion calls for building a new church with a capacity to accommodate higher number of believers. Today’s community of believers amounts to 11,000 members and the new church will be built on the new spot.

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<sup>18</sup> According to: Dragičević, D., Partnersko investiranje u funkciji razvoja turističke destinacije, in: Grupa autora, *Javno-privatno partnerstvo*, Fintrade & Tours d.o.o., Rijeka, 2007, p. 80. and Perić, M., “Criteria for setting up the public-private partnership in Croatian tourism and selection of optimal public-private partnership model”, *Poslovna izvrsnost*, Vol. 3, No. 2, pp. 116-118.

<sup>19</sup> Nikšić, M., Izravna strana ulaganja i partnerstvo u projektima infrastrukture, in: Grupa autora, *Javno-privatno partnerstvo*, Fintrade & Tours d.o.o., Rijeka, 2007, p. 245.

Advantage of Osijek as a region, in this case of the project proposal as well, lies in the close proximity of the airport that hosts the cheapest airways company in Europe – Ryanair. That brings Osijek in favourable cultural and tourist as well as more accessible destination. Another advantage is the sole fact that Osijek is 250 km from Zagreb. In the recent history this region was struggling day to day with consequences of war - in this environment youth needs the reason to stay/return to Osijek, and to have vision for better future in which youth hostel 'Fabrik.os' and activities related with it would play the huge role. Moreover, Osijek and its region are currently going towards standardization of agricultural production with EU. In that process huge practical and consulting role have: Biopa – organization for producing, processing and sale of eco products, Agricultural University in Osijek; Faculty for Food Technology Osijek, Agricultural Institute, Croatian Institute for Agricultural Consulting, Ministry of Tourism and Croatian Youth Hostel Association that can be stakeholders and also partners in entrepreneur's ventures of the hostel oriented to youth entrepreneurs from the given region. Rather favourable current situation in Osijek and the region, combine with the project proposal, would create sustainable environment for better and more prosperous society in which investment in certain region becomes brand.

Hostel 'Fabrik.os' is meant to be project done in the frame of sale or public-private partnership, where the public side would be represented by the Church and private by entrepreneurs – investors and partners. Buying or through contract limited long-term use of the church would be the decision brought after thoroughly reviewing economic performances and surveying of the market which would indicate what model is more realistic in regards to circumstances and potentials and at the end which is more sustainable on annual level.

Hostel 'Fabrik.os' is planned to be accommodation facility with 130 m<sup>2</sup> (of basic ground area), with surrounding area of additional 130 m<sup>2</sup>. It could accommodate young people and could also offer food, drink and pastry services. 'Fabrik.os' will be composed of facility for reception of guests, accommodation units (6 rooms per 2 persons, 6 rooms per 4 persons and 8 rooms per 3 persons) – total capacity 60 individuals, lounge rooms, toilets and shower locate near accommodation units (entrance through the hallway).

Hostel would be primarily profit-oriented and would work year-round for both individuals and groups, with average accommodation price of 23 Euro. Basic area is 130 m<sup>2</sup> and with further design and interior organization the hostel would gain additional space, up to 300 m<sup>2</sup>. Sacral object is 7.50 m high, length 15.50 m, plainly built with flat roof with big vertical windows. The hostel would gain additional space with architectural solution – building two galleries that would provide space for 20 rooms, toilets and showers, small library and two offices. On the ground floor would be located common premises – lounge room, kitchen and café as well as space for exhibitions and cultural events. Possibility of using transportation containers for needs of café in the middle of the hostel would reflect modern industrial interior architecture with smart use of space and aesthetics and further on it would complete the visual representation of mission of the hostel. Renewable energy sources (solar panels) and huge sources of day light would decrease expenses to a minimum and also promote spirit of 'Fabrik.os'.

Inventive model of remodelling sacral object into youth hostel with entrepreneur's background, oriented towards hosting seminars, trainings and other gatherings of civil sector and entrepreneurs, would lead to creating brand in tourism and cultural sector as well as beyond it. Activities of the hostel can be divided into several groups: culture and art (workshops of short animated movie 'meter of rights' and workshops of filming and editing, educational workshops on use of media for managing ideas), ecological (seminar and workshops of bio-dynamic growth and perma-culture workshop), peace-building (peace-building workshops and humanization of experience of 'other') and entrepreneurship (turning ideas into practice 'how to'). Culture and art activities and eco-workshops have immense potentials to develop entrepreneurs' spirit and also to be segment in the process of sustainable development of the society as a whole. Some of potential pick-nick programs would be visiting agricultural and livestock farms as part of field research that would be basis for repositioning of the region on competitive market.

Positive influence of remodelling sacral object on revitalization of Osječko-baranjska County is wide in its spectrum. Even though Đakovačko-osječka archdiocese has increase of believers within its counties, visits of young people and tourists would lead to development and building awareness of attractiveness of that destination if this project was implemented. Not particularly urban position of the hostel and investment's ambition through project management of 'Fabrik.os' would positively affect concentration and focus of participants of programs to set goals and challenges, rather than distractions offered by big urban environments.

Valorisation of tourism and culture, project vision and opportunities would result in frequent visits of renowned lecturers in fields of agriculture who will together with local community and those working in agriculture work and burst motivation in branding the area, products and people who are the main motive of the whole project. Also activities such as peace and reconciliation, personal narratives would reconcile and overcome images of past for personal benefit and benefit of the society as a whole. Youth hostel, besides regularly hosting tourist would have entrepreneur's framework in which also the hostel would be part of creating new trends.

Despite the significant positive effects to destination, it is necessary to highlight the economic feasibility for both models. Due to lack of exact information on prices of the church in question, the price that would be paid for the church in sales model is higher than current real-estate value in Osijek region.<sup>20</sup> Although the goal of Church is not to make profit, the higher price can be explained by uniqueness of the facility. Bearing in mind calculation of market value, area of the church (130 m<sup>2</sup>) and its surrounding - additional 130 m<sup>2</sup> (price being around 300 Euro per square meter), the sales price of 335,000 Euro is reached. Therefore, sales price reaches value of 335,000 Euro out of what price of sacral object is 300,000 Euro and the remaining 35,000 Euro is price of surrounding area. The section additional investment of the sacral object (250,000 Euro), with 20 rooms, embraces all costs of remodelling, decoration, construction work (floors, walls, interior design, painting, impregnation, design of exterior, carpentry, doors – rooms, premises; roof – reparations, windows; solar heating system and solar panels; cleaning chimneys, designing and building construction for rooms – materials, knauf panels, isolation; furniture, sanitary facilities – sewer system, installations, materials).

While for the same parameter in public-private model there is no price listed, there is price of rent (1,500 Euro/month) which elevates financial sustainability of the hostel (Table 1). Project partners, sponsors and Church are network of partners who contribute in subvention and payment of costs while using premises of 'Fabrik.os'. Moreover, non-profit organizations working in premises of the hostel would have role of associates/partners. Cooperating with hostel and adding to its mission and vision, associated non-profit organizations would increase sustainability of 'Fabrik.os' by contributing to rent costs (subletting). The costs could be partly subvention by Church, municipality and county funds, ministries (Ministry of Culture, Ministry of Science, Education and Sport) as well as with contributions made through donations, sponsorship and foundation grants for carrying out various activities.

Table 1. Review of parameters for sales model and public-private partnership model

Item/Model	Sales Model 1	Public-Private Model 2
Sales price	335,000 €	-
Additional investment	250,000 €	250,000 €
Total investment	585,000 €	250,000 €
Investor's co-financing	100,000 €	100,000 €
Loan	485,000 €	150,000 €
Interest rate	4%	4%
Costs of rent	-	1,500 €/month
Project partners	church, foreign/domestic buyer	church, investors, local community, other partners

Source: Authors' calculations

For both models, sales and public-private partnership, financial projections have been made. Some economic performances remaining more or less the same while the profitability of two models is not the same due to different investments and related costs (Table 2).

<sup>20</sup> Real-estate prices in Osijek are revolving around 1.000 Euro per square meter of apartment (<http://www.oglas.hr/cijenenekretnina>, available: 08.11.2011.) while the highest real-estate price was taken into account.

**Table 2. Economic performances and profitability**

<b>Item/model</b>	<b>Sales Model 1</b>	<b>Public-Private Model 2</b>
No. of accommodation units	20	20
Average price/person	23 €	23 €
Total incomes (represent. year)	378,000 €	378,000 €
% of profitability (represent. year)	6,5%	3,8%
Solvency/liquidity	yes	yes
Payback period	10 years	6 years
Net present value	108,000 €	164,000 €
Internal rate of return (IRR)	7,56%	18,75%

Source: Authors' calculations

Even though it was rather hard to quantitatively value both models, according to financial projections and results, it can be concluded that both models could be accepted by investors. Due to lower investments, internal rate of return is higher and payback period shorter in public-private partnership model than in sales model. Therefore, in relation to investments, public-private model is more profitable to investors.

Besides positive financial evaluation, positive side of public-private partnership lies in broader social context where consent of local community represents success in realization of goals which were primarily designed to benefit the local community itself. Public-private ownership would decrease negative influences that can occur along with eventual complete sale (that would give complete freedom to buyer to turn it into anything). Position of Church in public-private partnership would be in public sector – that would enable accord with goals, strategies and plans of private sector – investors as well as non-profit organizations that would be part of organizational sector.

## CONCLUSION

While many sacral objects are places of spiritual renovation and important tourism resources, at the same time there are many that are neglected, ruined and/or not in use. World experiences suggest that there are positive movements in direction to preserve heritage and to use it as entrepreneurs' and managers' business resource. Moreover, certain sacral objects carrying out various activities can serve as mediums of culture and tourism and lead to better social, political, economical and national development.

Due to objectively existing obstacles, first of all confusing status of sacral object that are out of use and still sustain by taxpayer's money, then lack of legal frame that regulates this specific niche of entrepreneurship, as well as many other factors that are not visible due to lack of alike initiatives, project of remodelling a neglected sacral object in Osijek into a youth hostel is designed to match optimal conditions derived from existing local infrastructure and cultural needs.

Proposed management and entrepreneurship models of remodelling neglected church of St. Josip Radnik in youth hostel differ in business model i.e. sole approach to partnership, ownership and authorization of decision making while the mission is equal in both models. In sales model there are two potential sides – foreign and/or domestic buyer and Church as seller, while public-private model unites church, local community, investors and other business partners. Investments are higher in sales model while costs of rent exist only in other model.

The research showed that both models could be acceptable for investors but public-private model is more profitable in relation to investment. Moreover, public-private partnership could enable the best realization of remodelling of sacral objects, especially in Croatia where the period of adjustment of local community to the new usage of what used to be sacral object would be gradual and where all stakeholders would fulfil given criteria.

Projects like this could mobilize stakeholders that were not involved thus far in cultural and tourism production and could create wide spectrum of offer that would enrich Croatian tourism offer and make it more culturally-specific and at the end – would open new work places.

It can be concluded that proposed public-private model can initiate the trend of remodelling neglected sacral objects in Croatia and pioneer venture that will bring together public and private sector in work towards sustainable local communities and society as a whole. This and alike initiative can stimulate state to clarify cases of sacral objects out of use, not just because they drain money but also because they could bring to diversification of cultural production, added value to tourism and to stimulate project management on multiple levels.

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