



November 22, 2004

City Council
Sacramento, California

Honorable Members in Session

SUBJECT: Crocker Art Museum Business Plan

LOCATION AND COUNCIL DISTRICT: 216 O Street – Council District 1

RECOMMENDATION:

This report recommends that the City Council approve the Crocker Art Museum Business Plan (Attachment A) demonstrating the operating feasibility of the renovated and expanded Crocker Art Museum.

CONTACT PERSONS: Lial A. Jones, Director, 264-1054
Crocker Art Museum

Barbara Bonebrake, Director, 808-7733
Department of Convention, Culture & Leisure

FOR COUNCIL MEETING OF: December 7, 2004

SUMMARY:

On December 3, 2002, the City Council authorized the City Manager to execute a Memorandum of Understanding (MOU) with the Crocker Art Museum Association (CAMA) that set out the project roles, responsibilities and expectations of both the City and CAMA for the delivery of the renovated and expanded Crocker Art Museum.

The Business Plan, prepared by Ralph Andersen in consultation with Crocker and City staff, affirms the operating feasibility of the expanded museum and provides the Operating Budget that projects operating revenues and expenses for the first three-year period commencing on the opening of the expansion. CAMA will report back by July 2005 with the capital improvement finance portion of the business plan.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION:

The project to expand the existing Crocker Art Museum by approximately 100,000 square feet and to renovate the existing museum, has made significant progress since the City, in conjunction with CAMA, authorized funding for the preparation of the Master Plan and future preparation of the California Environmental Quality Act (CEQA) documents in 2001. Key milestones are noted below:

- On January 10, 2002, Council accepted the Crocker Art Museum Master Plan study (Resolution 2002-011) that outlined the need for a 100,000 square foot addition.
- On December 3, 2002, Council approved the MOU (City Agreement 2002-215, Resolution 2002-799) between the City and CAMA for the Crocker Art Museum Expansion and Renovation project.
- On March 11, 2003, Council approved an application to file for a State of California Historical and Cultural Resources Preservation, Opportunity Grant to be used for the project and established a Capital Improvement Project (CIP) (PN:CF61). In June 2003, the \$4 million grant was awarded.
- The conceptual design was initially reviewed by the Design Review and Preservation Board on February 19, 2003 and subsequently endorsed unanimously by Council on March 11, 2003.
- Following a comprehensive, competitive, qualification-based selection process involving both City and CAMA representatives, Rudolph & Sletten was selected to serve as Construction Manager/General Contractor for the project.
- On September 9, 2003, Council approved the allocation of \$2 million in SHRA tax increment funds (Fund 206) for the expansion project.
- On February 3, 2004, City Council authorized an agreement of \$2,502,103 with Gwathmey, Siegel & Associates (City Agreement 2004-078) for architectural services related to the project.
- On August 18, 2004, the DRPB praised Gwathmey, Siegel & Associates for responding thoroughly and appropriately to previous DRPB Conceptual Design comments and unanimously supported the continuation of the project in its current form.
- On September 28, 2004, Council approved an application to file for another California Cultural and Historical Endowment grant in the amount of \$5 million and agreed to provide \$5 million in matching dollars.

- On November 4, 2004, Council endorsed the Schematic Design and authorized CAMA to proceed to the Design Development phase of the project.
- On November 18, 2004, CAMA approved the Crocker Art Museum Business Plan.

The Museum has begun laying the groundwork for a comprehensive capital campaign that will secure the funding needed for this significant project. Initial estimates indicate that completion of the project as proposed will require \$75 million, of which \$60 million is for construction and related costs and \$15 million is for an enhanced endowment to assist with operating costs for the expanded museum. To date, almost 50% of the \$60 million construction goal has been raised in the form of pledges, contributions, grants and City funding.

BUSINESS PLAN DISCUSSION:

The attached Business Plan was approved by the CAMA Board at its November, 2004 meeting. However, Section 4 A. of the City /CAMA MOU requires the following:

"A Business Plan will be provided by CAMA for review and approval by the City Council. The Plan will contain an Operating Budget and a Capital Improvement Budget. The Operating Budget will project operating revenues and expenses for the three-year period commencing on the opening of the Expansion. The Capital Improvement Budget will project Expansion and Renovation costs and will provide a cash flow analysis demonstrating that sufficient funds will be available to complete the Project as designed. The Business Plan will discuss the efficacy of campaign pledges, enterprise opportunities to help offset new operating costs and other aspects normally identified in a Business Plan. The Business Plan must be approved by the City Council before construction of the Project is authorized to proceed."

The analysis presented within the operating portion of the Business Plan demonstrates that sufficient revenue will be available from the outset to cover the costs associated with operating the new Museum. The forecast of operating revenues and expenses is conservative and reflects the research by Ralph Anderson, in consultation with experienced museum staff. The forecast takes historical experience, population projections, and the practices of other museums into account. On an overall basis, the forecast is reasonable and indicates that operation of the new and expanded Museum is feasible.

Although shown to be financially feasible, the Business Plan anticipates a worst-case scenario where revenues from any source are not sufficient, and sets forth practical guidelines and a process for assuring that the Museum budget is always balanced. With respect to City funding, the Business Plan assumes that the City will continue to support the currently funded Museum-related expenses.

Today the Museum has an operating budget of \$3,508,400. The City provides \$939,900 or 26.8% of that total, the remaining \$2,568,500 or 73.2% of the total is provided by CAMA. After expansion, the Museum's physical plant will triple and its operating budget will also increase. The Museum's budget the first year after expansion is anticipated to be \$7,400,083. Of that, the Business Plan assumes the City will provide \$1,592,219 or 21.5% of total; CAMA will provide \$5,807,864 or 78.5%, of total. In the second year the budget is anticipated to be \$7,641,009. Of that the City will provide \$1,659,471 or 21.7% of total; CAMA will provide \$5,981,538 or 78.3% of total. In the third year the budget is anticipated to be \$8,182,071. Of that the City will provide \$1,734,834 or 21.2% of total; CAMA will provide \$6,447,237 or 78.8% of total.

The City's financial commitment to the Crocker reflects the fact that the Museum collection and the Museum building are owned by the City of Sacramento. It also reflects the fact that pursuant to the original Trust agreement and amendments thereto, the City... "is obligated to maintain the Art Museum and to keep the building, personal property and works of art contained therein in good condition and repair as well as to employ competent personnel to operate the Art Museum so that its objects of art may be visited, viewed, and enjoyed by the public."

The Business Plan assumes that the historical sharing of responsibility between the City and CAMA will continue. The General Fund budget for the Crocker provides seven full-time staff who are dedicated to the Museum as well as salary support for the Museum Director. The City funds Museum security through a contract with an independent security firm; utilities; janitorial supplies, and other minor items. The City's non-departmental support includes fine arts insurance; fire and liability insurance on the Museum building and property; museum facility and asset maintenance; exterior grounds and landscape maintenance; maintenance of major systems including heating, air conditioning, electrical, and roof; and information technology support.

Business Plan Assumptions (City Support)

- Salaries and benefits - No change other than normal labor related increases on existing positions (assumed at five percent annually).
- Contracted security services - At present, there are six "security posts" on duty whenever the Museum is open. The City budgeted \$239,000 for this service in 2003-04. A minimum of nine "security posts" will be needed when the new Museum opens at a cost of approximately \$432,000 the first year.
- Utilities - The City's 2003-04 budget for utilities at the Crocker was \$102,969. Actual costs were \$116,356 or \$2.33 per square foot. Since the Museum's square footage will triple with the expansion it is estimated that utilities will triple as well for an anticipated cost of \$402,000 the first year.

- Janitorial and other supplies - In 2003-04, the City funded \$48,842. With the size of the building tripling, it is expected that these costs will at least double for a cost of \$97,684 for the first year.

In addition to the above referenced general fund allocation the City provides non-departmental support for Fine Arts Insurance, Fire and Liability Insurance, Building, Systems and Grounds Maintenance and Information Technology Support. It is assumed that only normal inflationary increases will effect these areas with the possible exception of Fire and Liability Insurance on the Museum building and property. In 2003-04, the City budgeted \$11,275 for all risk insurance, including earthquake coverage. Due to the modernization of fire protection and security systems in the new building, the per unit cost for the expanded Museum may well be less or it could increase in proportion to the square footage increase. Additionally, the Museum is supported by the City's deferred maintenance funds for assets of the museum including the grounds, buildings, exhibits and artworks.

Under the preferred design alternative, Parking Lot Y will be reconfigured and relocated resulting in an increase from 106 to 198 spaces. A loss of approximately 50 parking meters is projected due to the abandonment of 2nd Street.

CAMA will provide over 78% of the Museum's annual operating budget after expansion. CAMA's revenues are diverse but generally fall within four categories: Public Support, Earned Income, Investments, and Programs. In the expanded Museum, Earned Income will provide 38.4% of CAMA's budget in the first year of operation; 34.1% in the second year, and 33.6% in the third year. Programs and Investments will provide between 10% and 12% of income each year and the remaining, and largest, income source will be Public Support. Historically, Public Support has provided just over 50% of CAMA's annual operating revenue so this revenue split is in line with past performance.

Revenue growth for the Museum has been fairly constant. As evidenced by actual audited returns, revenue has grown annually at the average rate of 14% during the past ten fiscal years. Revenue growth in the first year of operation after expansion is expected to be significant, reflecting real growth and new baselines resulting from expanded Museum activity and new revenue opportunities provided by the new facility. Greater revenue opportunities will exist in areas such as annual giving, special events, admissions, store sales, Museum use, and programs. Beyond the first year of operation, a more conservative figure ranging from 5% to 10% is used in most cases to forecast annual increases in specific revenue sources. The forecast of 5% to 10% is lower than actual past experience on an overall basis, and is conservative to this extent. In fact, overall, the assessment of operating feasibility provided by the Business Plan is conservative. It assumes that if there are excess revenues, they will be applied to new program development at the Museum. On the other hand, if a situation occurs where revenues do not equal expenses, the CAMA Board and staff will make expenditure reductions so as to assure a balanced budget. CAMA has historically been fiscally sound, returning balanced budgets year in and year out.

FINANCIAL CONSIDERATIONS:

In FY2003-04 the City provided \$939,000 in General Fund support to the Crocker Art Museum Division, including salaries and benefits. Beginning in FY2007-08, the Business Plan assumes a General Fund increase of \$540,873 due to the expanded facility. Although not related to the expansion project, additional General Fund increases of \$111,446 are projected by the first year due to annual salary adjustments for existing City positions. Thus, the total General Fund support (for both on-going and the expansion) is anticipated to be increased by \$652,319 by the first year of operation.

The expense estimates for the City for costs associated with operating and maintaining the renovated and expanded Museum during the first three years of operation have been estimated as follows:

CROCKER ART MUSEUM – City Expense Forecast				
	2003-04	First Year	Second Year	Third Year
Salaries and Benefits*	\$549,089	\$660,535	\$693,562	\$728,239
Contracted security	\$239,000	\$432,000	\$449,280	\$467,251
Utilities	\$102,969	\$402,000	\$414,060	\$426,482
Janitorial, Supply and Other	\$48,842	\$97,684	\$102,569	\$112,862
TOTAL	\$939,900	\$1,592,219	\$1,659,471	\$1,734,834

*NOTE: No new City positions

The Capital project feasibility is not included in this portion of the Business Plan. The discussion of project financing, debt service payments, and the anticipated increase in endowment funds will be addressed in the capital portion of the Business Plan which will be presented to the City Council by July, 2005.

ENVIRONMENTAL CONSIDERATIONS:

For the purposes of this specific action request, CEQA Section 15262 provides a statutory exemption for feasibility and planning studies such as the Business Plan.

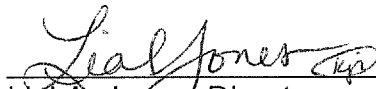
However, the City's Environmental Planning Services has determined that the proposed Crocker Art Museum Expansion and Renovation Project (PN:56) is a project under CEQA. A Draft Environmental Impact Report (EIR) for the project has been circulated for public review, the public comment period ended on November 5, 2004, and the EIR must be certified by the City Council prior to any project approval.

POLICY CONSIDERATIONS:

The action requested herein is consistent with the Sacramento City Code, Title 3 and with the City's Strategic Plan goal of (1) strengthening community and regional partnerships to enhance the quality of life, (2) preserving the arts and culture opportunities, and (3) enhancing educational opportunities for the entire community.


ESBD CONSIDERATIONS: None

Respectfully submitted,



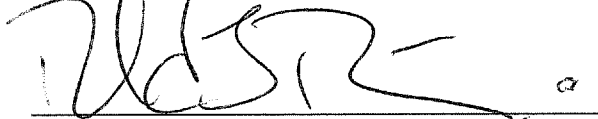
Lial A. Jones, Director
Crocker Art Museum

APPROVED:



Barbara E. Bonebrake, Director
Convention, Culture and Leisure Dept.

RECOMMENDATION APPROVED:



Robert P. Thomas, City Manager

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Renovation and Expansion Project

BUSINESS PLAN

Operating Feasibility

Date: November 18, 2004

CROCKER ART MUSEUM

Renovation and Expansion Project

BUSINESS PLAN Operating Feasibility

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CROCKER ART MUSEUM

Renovation and Expansion Project

SUMMARY – Business Plan (Operating Feasibility)

The Memorandum of Understanding between the City of Sacramento and the Crocker Art Museum Association (CAMA), dated December 3, 2002, provides, in part, as follows:

“A Business Plan will be provided by CAMA for review and approval by the City Council. The Plan will contain an Operating Budget and a Capital Improvement Budget. The Operating Budget will project operating revenues and expenses for the three-year period commencing on the opening of the Expansion. The Capital Improvement Budget will project Expansion and Renovation costs and will provide a cash flow analysis demonstrating that sufficient funds will be available to complete the Project as designed. The Business Plan will discuss the efficacy of campaign pledges, enterprise opportunities to help offset new operating costs and other aspects normally identified in a Business Plan. The Business Plan must be approved by the City Council before construction of the Project is authorized to proceed.”

The data and analysis contained in this Business Plan deals with the operating feasibility of the renovated and expanded Museum during the first three years of operation. That portion of the Business Plan setting forth a specific financing plan will be completed when all details regarding the capital needed to construct the renovated and expanded Museum are available. Together, these documents will constitute and fulfill that portion of the Memorandum of Understanding requiring preparation of a Business Plan before construction commences on the renovated and expanded Museum.

With respect to the operating feasibility of the renovated and expanded Museum during the first three years of operation, the analysis contained herein demonstrates that sufficient revenue should be available from the outset to offset costs associated with operating the new Museum. The forecast of revenues is conservative, and takes historical experience, population projections, and the practices of other museums into account. Although operating feasibility should not be a problem, the Business Plan anticipates a worst case scenario where revenues from any source are not sufficient, and sets forth practical guidelines and a process for assuring that the Museum budget is always balanced. With respect to City funding, the Business Plan assumes that the City will continue to fund the same Museum-related expenses as they do today. The Business Plan does not assume that the City will take on new or additional financial obligations to assist in operating the new Museum.

Projections of Museum operating revenue and expenses are contained herein. A small and prudent surplus is forecast for each of the first three years of operation. For planning purposes, a forecast of existing City expenses associated with operating the new Museum is also included.

As indicated above, the section of the Business Plan dealing with the availability of capital to pay for the cost of constructing the renovated and expanded Museum will be completed when all details are available and have been finalized. As set forth in the Memorandum of Understanding, it is understood that Phase II of the Business Plan must be reviewed and approved by the City Council before construction can commence on the renovated and expanded Museum.

BUDGET AND STAFFING SUMMARY

Budget Summary

Current:

2003-04 Budget = \$3,508,400 City provides \$939,900 or 26.8% of total
CAMA provides \$2,568,500 or 73.2% of total of that \$690,000 or 26.9% is from Earned Income.

After Expansion:

Year 1 Budget = \$7,400,083 City to provide \$1,592,219 or 21.5% of total
CAMA to provide 78.5%, of that \$2,252,127 or 38.4% is from Earned Income.
Year 2 Budget = \$7,641,009 City to provide \$1,659,471 or 21.7% of total
CAMA to provide 78.3%, of that \$2,055,814 or 34.1% is from Earned Income.
Year 3 Budget = \$8,182,071 City to provide \$1,734,834 or 21.2% of total
CAMA to provide 78.8%, of that \$2,198,391 or 33.6% is from Earned Income.

Staffing Summary*

Current:

34 full-time and 7 part-time staff members 7 of the full-time positions are funded by the City**

After Expansion:

40 full-time and 17 part-time staff. City staffing levels to remain constant.

*Does not include contract or project staff.

**City provides support for the Museum Director position.

CROCKER ART MUSEUM

Renovation and Expansion Project

CROCKER ART MUSEUM – Today

The Facility

- The Crocker Art Museum was given to the City of Sacramento by Margaret Crocker in 1885.
- The existing Museum consists of approximately 50,000 square feet. This includes the original gallery building given to the City of Sacramento in 1885, as well as the Crocker Mansion, the Herold Wing addition in 1969, and the Pavilion addition in 1989.
- The existing Museum contains the following:

	<u>Net Program Area</u>
- Entry Lobby	840 sq. ft.
- Gallery Space	22,300 sq. ft.
- Store	900 sq. ft.
- Education space/Library	4,655 sq. ft.
- Administrative and Staff Offices	3,580 sq. ft.
- Art storage/Preparation Space	3,000 sq. ft.
Total – Net Program Area	35,275 sq. ft.
Total – Building Square Footage	49,940 sq. ft.

In addition to the areas listed above, the existing Museum also has a courtyard that can be used for social and other events, and about 5,000 square feet of off-site storage.

Ownership and Governance

- The Mayor of the City of Sacramento and the Crocker Art Museum Association (CAMA) jointly operate the Museum, as Co-Trustees, pursuant to an 1885 Trust Agreement and amendments thereto. The agreement and amendments specify the responsibility of the City and CAMA. Among other things:

The City...“is obligated to maintain the Art Museum and to keep the building, personal property and works of art contained therein in good condition and repair as well as to employ competent personnel to operate the Art Museum so that its objects of art may be visited, viewed, and enjoyed by the public.”

- The Crocker Art Museum Association is a 501 (c) (3) non-profit corporation. The CAMA Officers and Board of Directors, along with the Mayor of the City of Sacramento or her designee, meet ten times annually to set policy, review financial statements, coordinate fund raising activities, develop capital projects, and develop and implement long-range and strategic plans.
- The Crocker Art Museum Foundation (CAMF) was established in the 1980s as a subsidiary of CAMA. The primary responsibility of CAMF is to raise and manage endowment funds to provide a reasonably stable and predictable stream of income to CAMA. Today, the Crocker Art Museum endowment is approximately \$5,000,000.
- Under the terms of the 1992 Operating Agreement between the City Council of the City of Sacramento and Crocker Art Museum Association regarding the E. B. Crocker Art Gallery (Resolution No. 92- 692) five parcels of land, in addition to the works of art acquired by the City for the Gallery, make up the “entire Gallery”. Those five parcels are described as follows:

Parcel One: The Block bounded by O, P, 2nd and 3rd Streets, including the abandoned Alley in said Block.

Parcel Two: The Block bounded by N, O, 2nd and 3rd Street.

Parcel Three: All that portion of the Block bounded by O, P, Front and 2nd Street, lying East of Interstate 5.

Parcel Four: All that portion of the Block bounded by N, O, front and 2nd Streets, lying East of Interstate 5, including the abandoned portion of N Street lying in said Block and lying Easterly of Interstate 5.

Parcel Five: All that portion of the Block bounded by Capitol Mall, N, 2nd and 3rd Streets lying Easterly of Interstate 5, including all that portion of the abandoned 2nd Street and the abandoned Alley in said Block lying Easterly of Interstate 5; EXCEPTING THEREFROM all that portion of the said Block lying Northeasterly of the following described line:

Beginning at a point distant 403.64 feet Southeasterly, measured radially from the “B” line at Engineer’s Station “B1” 542 + 84.35 of the Department of Public Works Survey on Road 03-Sac-5, Post Mile 21.7/34.7; thence from said point of beginning North 18 degrees 22’ 54” East 15.55 feet; thence from a tangent that bears North 27 degrees 53’ 44” West along a curve to the right with a radius of 218.00 feet through an angle of 23 degrees 27’ 44”, a length of 89.27 feet; thence North 04 degrees 26’ 26” West 119.96 feet; thence curving to the left on an arc of 158.00 feet radius, through an angle of 33 degrees 57’ 22”, a length of 93.64 feet; thence North 29 degrees 31’ 11” West 31.50 feet; thence

curving to the left on an arc of 100.00 feet radius, through an angle of 19 degrees 17' 09", a length of 33.66 feet; thence South 85 degrees 18' West 24.10 feet to a point on the Easterly line of Interstate 5.

These parcels are referred to commonly as: Parcel One - Museum Block; Parcel Two - Crocker Park; Parcel Three - South Lot Y; Parcel Four - North Lot Y, and Parcel Five - Lot X. The real property transferred to the City by Margaret Crocker's 1885 is to be operated as the E. B. Crocker Art Gallery. With respect to the other real property owned by the City listed above, the terms of the 1992 agreement provide that these parcels are "for use in connection with the E. B. Crocker Art Gallery" and "are to be collectively operated as the Crocker Art Museum."

Another land parcel - Caltrans ID # DD017881-01-02 - at 3rd Street and Capitol Mall (abutting Lot X) has been deemed excess lands and will be sold by the State. CAMA supports the City's purchase of this land. CAMA is desirous of said parcel (tentatively referred to as Lot Z) being assembled with Lot X and jointly developed with the City. CAMA desires that the resulting income stream from the assembled Lots X and Z support the Museum.

Current Operations

- CAMA budgets for 27 full-time and 7 part-time staff. As part of its financial support, the City of Sacramento employs an additional 7 full-time staff who are dedicated to the Museum, making a total of 34 full-time and 7 part-time Museum positions. The Museum utilizes over 250 volunteers annually.
- In addition to employing full-time staff who are dedicated to the Museum, the City also budgets for salary support for the Museum Director. The City also funds a security force that is provided through a contract with an independent security firm; utilities; janitorial supplies, and other minor items. The City's non-departmental support includes fine arts insurance; fire and liability insurance on the Museum building and property; Museum building maintenance; exterior grounds/landscape maintenance; maintenance of major systems, including heating, air conditioning, electrical, and roof; and information technology support.
- The Museum's Director is a CAMA employee jointly appointed by the City Manager and the CAMA Board of Directors. The Museum Director serves at the pleasure of the CAMA Board of Directors.
- Over 160,000 people visited the Museum in 2003; outreach programs served an additional 120,000 people.
- The Museum's operating budget in 2003-2004 was \$3,508,400. The operating budget is summarized, as follows:

CROCKER ART MUSEUM		
CAMA 2003-2004 OPERATING BUDGET		
REVENUE		
Item	Amount	Percent
Public Support (Annual giving, Membership, Special Events, Grants)	\$1,455,500	42%
Earned Income (Parking lots, Admissions, Store)	840,000	24%
Investments (CAMF, Interest)	210,000	6%
Programs (Education, Curatorial)	63,100	2%
City Budget Support (a)	939,900	26%
TOTAL REVENUE	\$3,508,400	100.0%
EXPENSES		
CAMA Salary Expense	\$1,472,903	42.2%
CAMA All Other Expense	1,095,597	31.3%
City Salary Expense (a)	549,089	15.0%
City All Other Expenses (b)	390,811	11.5%
TOTAL EXPENSES (c)	\$3,508,400	100.0%
SURPLUS (Revenue vs. Expenses)	\$100	
(a) Includes professional staff salaries and benefits (b) Includes contract security, utilities, and miscellaneous items. (c) In addition, the City provides funds for fine arts insurance; fire and liability insurance on the Museum building and property; Museum building maintenance; exterior grounds/landscape maintenance; maintenance of major systems, including heating, air conditioning, electrical, and roof; and information technology support.		

Strengths and Weaknesses

- The Crocker Art Museum, one of the City’s crown jewels, is also a regional treasure.
 - The Crocker was founded as the first public art museum in the West and continues as the leading art institution for the California Capital Region and the Central Valley.
 - The original Crocker collection included approximately 2,200 pieces. Today the collection includes more than 14,000 pieces.
 - The Crocker has one of the most impressive collections of historic California art in the world. It also houses an important and growing collection of contemporary California art, an exceptional collection of Old Master Drawings, a world-class collection of ceramics, and strong holdings of Indian and Persian Miniatures and Asian art.
 - The Crocker is situated in a prime downtown location in a park setting.

- The Crocker represents one of the City's and the region's most successful public-private partnerships.
- As it exists today, the Crocker's facilities suffer from numerous deficiencies:
 - A critical shortage of gallery space, which limits the size and number of exhibitions offered.
 - Less than four percent of the Museum's collection can be viewed at any one time.
 - No food service or café, which discourages tour groups.
 - No auditorium or dedicated space for programs.
 - Small and poorly located Museum Store.
 - Awkward circulation through the galleries, which impacts the learning experience.
 - limited access to the courtyard.
 - Inadequate office space for volunteers and staff.
 - Outdated heating, ventilation and air conditioning systems.
 - Inadequate art and general storage facilities.
 - No loading dock or freight elevator.

CROCKER ART MUSEUM

Renovation and Expansion Project

CROCKER ART MUSEUM – As Renovated And Expanded

Master Planning Process

- A comprehensive master planning process has guided the overall renovation and expansion project.
- Following a competitive proposal process; the internationally renowned architectural firm of Gwathmey Siegel & Associates Architects was selected to develop a master plan that would address current needs and provide facilities for the future.
- The planning process was guided by objectives established by the CAMA Board of Directors, as follows:
 - Increase the permanent collection on display by increasing the number, quality and variety of gallery spaces
 - Improve the physical relationship between the permanent collection galleries and the temporary exhibit spaces
 - Enhance the educational and programmatic spaces
 - Expand the collection and exhibition support spaces, and meet future administrative needs
 - Improve and increase access to different areas of the building
 - Develop space conducive to public events and income-related activities
 - Integrate the building with the site and provide appropriate spaces for art in the landscape
 - Add a loading dock and receiving facilities to accommodate major exhibitions

New Facilities

- As outlined in the master plan, the renovation and expansion project will triple the size of the existing Museum.
- The renovated and expanded Museum will triple the amount of gallery space, as well as provide for a variety of other needed facilities and spaces.
- When completed, the renovated and expanded Museum will contain the following:

CROCKER ART MUSEUM		
Renovated and Expanded Museum – Net Program Area		
Space	Current Museum	Expanded Museum
Entry lobby and event space	840 sq. ft.	3,500 sq. ft.
Gallery space	22,300 sq. ft.	70,130 sq. ft.
Store	900 sq. ft.	2,500 sq. ft.
Café, Catering kitchen	None	1,500 sq. ft.
Auditorium	None	4,400 sq. ft.
Education space/Library	4,655 sq. ft.	5,920 sq. ft.
Public meeting rooms and conference rooms	None	1,500 sq. ft.
Administration and staff offices	3,580 sq. ft.	5,475 sq. ft.
Art storage, Preparation areas, Loading dock	3,000 sq. ft.	15,175 sq. ft.
TOTAL – Net Program Area	35,275 sq. ft.	110,000 sq. ft.
TOTAL – Building Square Footage (a)	49,940 sq. ft.	150,000 sq. ft.
(a) When completed, the renovated and expanded Museum will be approximately three times as large as the existing Museum.		

Enhancements – Compared to the Existing Museum

- The renovated and expanded Museum will result in a facility that more adequately meets the needs of the City and the region today and in the future.
- As compared to the existing Museum, specific enhancements resulting from the renovation and expansion project include the following:
 - Permanent collection gallery space is tripled, thereby permitting a larger percent of the Museum’s permanent collection to be on display.
 - Special exhibition space is quadrupled, allowing the Museum to accommodate larger traveling exhibitions.
 - Dedicated space is provided for education programs, including studio art classrooms and an auditorium.
 - New facilities provide additional amenities, including a café, catering kitchen, and conference and meeting rooms.
 - Enhanced operational areas including art storage and exhibit preparation space, general storage facilities, and a loading dock.
 - Efficiencies resulting from consolidated facilities, additional and more adequate space, and reduction in the need to lease off-site facilities.
 - New revenue opportunities to support operations resulting from additional rental space, additional programs, increased usage, larger and more visible store, new café, etc.

Benefits to the City and the Region

- In addition to enhancing the Museum facility itself, the renovated and expanded Museum results in a variety of benefits to the City and the region, including the following:
 - The Museum will have the ability to attract and accommodate large “blockbuster” traveling exhibitions, generating more attendance.
 - The Museum will be a greatly expanded cultural center, providing additional visibility for exhibits, greater diversity of exhibits, and a new educational center for the community.
 - The Museum will represent an enhanced tourist attraction.
 - The Museum will provide an improved ability to host important regional and statewide events, both public and private.
 - The Museum will serve as an important asset for regional economic development.

CROCKER ART MUSEUM

Renovation and Expansion Project

CROCKER ART MUSEUM – Assessing Operating Feasibility

The Memorandum of Understanding between CAMA and the City requires, among other things, a determination that operation of the expanded Museum is feasible. The next section of this Business Plan will analyze operating revenues and expenses associated with the expanded Museum, and will conclude that operation of the expanded Museum is indeed feasible.

The forecast of operating revenues and expenses as presented in the next section is conservative and reflects the best judgment of experienced Museum management staff at this point in time. As with any forecast, individual revenue and expense items may vary based upon actual experience. On an overall basis, however, the forecast is reasonable and indicates that operation of the new and expanded Museum is feasible.

A review of other considerations that can influence projections of this sort also suggests that the forecast contained in the next section is reasonable. Other considerations include the following:

- Historical Experience
- Population Projections
- Comparison Museums

Historical Experience

Revenue growth for the Museum has been fairly constant over both a short and longer term period of time.

Based upon actual audited returns, revenue for the existing Museum has grown annually at the average rate of 14.1% during the past three fiscal years, as follows:

CROCKER ART MUSEUM ASSOCIATION – Actual Revenue Growth			
	1999-2000	2002-2003	Average Annual % Increase
Total Revenue	\$1,916,831	\$2,726,587	14.1%

Similarly, revenue growth since 1993-94, the last ten fiscal years, has increased annually at the average rate of 13.98%, as follows:

CROCKER ART MUSEUM – Actual Revenue Growth			
	1993-1994	2002-2003	Average Annual % Increase
Total Revenue	\$1,207,061	\$2,726,587	13.98%

Although total revenue has grown annually at approximately a 14% rate, actual revenue growth in any one year may be more or less than this average rate. Revenue growth in the first year of operation is expected to be significant, reflecting real growth and new baselines resulting from expanded Museum activity and operations in areas such as annual giving, special events, admissions, store sales, Museum use by others, and education programs. Beyond the first year of operation, a more conservative figure ranging from 5% - 10% is used in most cases to forecast annual increases in specific revenue sources. The forecast of 5% - 10% is lower than actual past experience on an overall basis, and is conservative to this extent. It also reflects a practical judgment as to what can be achieved.

The forecast of expenses in the next section also reflects realistic assumptions. Salaries and benefits, the larger portion of Museum operating expense, are assumed to increase at a compound rate of 5% from the current fiscal year, including the first three years of operation of the new Museum. To the extent that salaries and benefits increase at a lesser rate in a particular year, these estimates are conservative.

In addition to salaries and benefits, an estimate of “All Other Expenses” is also included in the forecast of expenses. “All Other Expenses” are a lesser part of the total Museum budget, and many of these expenditure items do not change significantly from year to year. When comparing actual 2002-3 with budgeted 2003-4, “All Other Expenses” actually decreased, as follows:

CROCKER ART MUSEUM – “All Other Expense” Comparison		
	2002-2003	2003-2004
Fundraising and Membership	\$96,837	\$79,120
Special Events	\$200,448	\$202,150
Marketing	\$148,210	\$137,050
Museum Store	\$171,105	\$157,899
Curatorial	\$295,654	\$229,650
Education	\$72,110	\$86,578
Administration	\$21,690	\$64,250
Finance & Human Resources	\$37,274	\$44,050
Operations	\$57,744	\$94,850
TOTAL	\$1,101,072	\$1,095,597

The expenditure forecast, to be conservative, also incorporates an overall 3% annual increase for “All Other Expenses.” To reflect the cost of operating the expanded Museum, specific increases in “All Other Expenses” have also been identified and incorporated into the forecast for all Museum Departments, with significant increases included for Special Events, Marketing, Museum Store, and Curatorial/Exhibitions.

Population Projections

Today the Crocker Art Museum is operating at capacity. The significant population growth that is being experienced and is forecast to continue will result in additional demand for Crocker’s services and facilities. Population projections for the County of Sacramento and the region in general, as prepared by the Sacramento Area Council of Governments, are as follows:

POPULATION PROJECTIONS			
JURISDICTION	2000	2005	2010
County of Sacramento	1,218,860	1,335,283	1,459,952
Placer County	237,145	292,640	336,805
El Dorado County	124,910	140,395	158,085
Six County Region	1,886,175	2,117,788	2,340,297

POPULATION PROJECTIONS – Percent Increase	
JURISDICTION	2000-2005 – Percent Increase
County of Sacramento	9.6%
Placer County	23.4%
El Dorado County	12.4%
Six County Region	12.3%

POPULATION PROJECTIONS – Percent Increase	
JURISDICTION	2000-2010 – Percent Increase
County of Sacramento	19.8%
Placer County	42.0%
El Dorado County	26.6%
Six County Region	24.1%

Comparison Museums

While not always providing an apple to apple comparison, a review of this type provides an order of magnitude comparison that can be insightful and helpful when forecasting revenues and expenses.

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Two tables are included in the Appendix. Table B provides comparative data for five museums that are comparable in size to the renovated and expanded Crocker Art Museum. Table C includes data for ten museums that have either recently expanded or are in the process of expanding. These ten museums are located in geographic areas having an urban population ranging between 1.4 million and 2.8 million, similar to the population forecast for the County of Sacramento and the six county Sacramento region. For proprietary reasons, the ten Museums are not identified by name on Table C. However, for general information purposes the ten Museums are, as follows:

- Carnegie Museum of Art, Pittsburgh
- Cleveland Museum of Art
- Indianapolis Museum of Art
- Milwaukee Art Museum
- Minneapolis Institute of Arts
- Modern Art Museum of Fort Worth
- Nelson-Atkins Museum of Art, Kansas City
- Portland Art Museum
- San Francisco Museum of Modern Art
- Seattle Art Museum

Specific revenue and expenditure items in Table B are not comparable in all instances. For example, visitor counts may vary widely from museum to museum, and revenue from investments and endowments permit different degrees of operating subsidy. On the whole, and when taking the analysis associated with assumptions regarding Crocker revenues and expenditures, nothing appears to be out of line insofar as forecasts for the renovated and expanded Crocker are concerned.

Importantly, Table C demonstrates the positive benefits of museum expansion. While some of the ten museums are currently in an expansion mode, five have reported actual attendance growth both pre and post expansion. Actual growth in attendance for these five museums averages 299.4%, which lends comfort to and supports the forecasts contained herein for the renovated and expanded Crocker Art Museum.

Overall, this assessment of operating feasibility is conservative. It assumes that if there are excess revenues, they will be applied to new program development at the Museum. On the other hand, if a situation occurs where revenues do not equal expenses, the CAMA Board and staff will make expenditure reductions so as to assure a balanced budget.

As at present, it is the practice and the intent of the CAMA Board and staff to monitor Museum finances on an ongoing basis so as to minimize financial problems. This is and will be achieved, in part, by incorporating assumptions contained in the Business Plan in both the annual Museum budget and the annual performance objectives for key Museum staff. In addition, Museum cash flow, annual budget performance, and the status of key goals and assumptions will be monitored by both the CAMA Board and staff on a monthly basis. Should negative financial trends develop, it is the intent of the CAMA

Board and staff to develop cost cutting scenarios in advance and to be prepared to implement them should they prove necessary.

CROCKER ART MUSEUM

Renovation and Expansion Project

CROCKER ART MUSEUM – Operating Feasibility

Background

- In fiscal year 2003-04, CAMA had total budgeted revenue of \$2,568,600. An additional \$939,900 is included in the budget of the City of Sacramento as support for curatorial staff, Director’s support, contracted security and security supervisor, and utilities. Total budgeted revenue for the Crocker in 2003-04, including the City’s budgeted amount, is \$3,508,400.
- The Crocker budget is balanced. Expenditures in 2003-04 were budgeted to be \$3,508,300 or \$100 less than budgeted revenue. This amount includes the \$939,900 support from the City of Sacramento.

Operating Revenue

- In 2003-04, Crocker has budgeted revenue from the following sources:

CROCKER ART MUSEUM – Existing Revenue Sources		
Revenue Source	2003-04 Budgeted Amount	Description
PUBLIC SUPPORT		
• Annual Giving	\$293,000	Board giving, Director’s Circle, Leadership Council, and Annual Fund Campaigns
• Membership	315,000	Two mail appeals and annual membership renewals under \$1,000
Corporate/Foundation		
• Corporate Contributions	275,000	Annual Corporate Partners
• Donation Boxes	10,000	Public gifts to two donation boxes
• Foundation Contributions	75,000	Foundation grants
• Tribute Fund	5,000	Gifts made in tribute to others
Government Contributions		
• Government – State	10,000	Annual grant(s)
• Government - County	20,000	Annual grant(s)
Special Events		
• Crocker Ball	145,000	Black-tie dinner dance
• Art Auction	155,000	Art auction and reception
• Crocker UnCorked	146,500	High-end wine auction

Other		
• Volunteer/Board Dues	6,000	Pass through account for Board lunches and related expenses
Total Public Support	\$1,455,500	
EARNED INCOME		
• Admissions	\$185,000	General Museum admissions
• Beverage Sales	35,000	Event beverage sales
• Museum Store	302,000	Store revenue
• Museum Use	15,000	Rental revenue
• Travel Program	3,000	Percentage from travel programs
• Parking Lot Revenue	150,000	Museum share from 2 Y lots and lot X
• Temporary Restricted	50,000	Dollars released from restricted funds and grants
• Capital Expansion	100,000	Reimbursement from capital campaign
Total Earned Income	\$840,000	
INVESTMENTS		
• Interest/Investment Income	\$10,000	Interest income on idle funds
• Foundation Income	200,000	Endowment income
Total Investment Income	\$210,000	
PROGRAMS		
Education Programs		
• Adult Programs	\$9,700	Program revenue
• Art Ark	27,300	Program revenue
• Family/Youth Programs	17,000	Program revenue
• School Tours	5,600	Program revenue
• Teacher Workshops	2,000	Program revenue
Curatorial Programs		
• Exhibition Loan Fee	1,500	Loan fee
Total Programs	\$63,100	
TOTAL MUSEUM REVENUE	\$2,568,600	Excludes City Support
City Support	\$939,900	For staff, Director's support, contracted security, utilities and other
TOTAL REVENUE	\$3,508,500	

- When the renovation and expansion project is completed, the Crocker Art Museum will have additional revenue-raising opportunities, as follows:

CROCKER ART MUSEUM – New Revenue Opportunities	
Revenue Opportunity	Description
PUBLIC SUPPORT	
• Annual Giving	Additional revenue due to increased visibility, awareness, and use of Museum, and implementation of comprehensive development plan.
• Memberships	Additional revenue due to increased visibility, awareness, and use of Museum, and implementation of comprehensive development plan.
• Corporate Contributions	Additional revenue due to increased visibility, awareness, and use of Museum, and implementation of comprehensive development plan.
• Donation Boxes	Additional revenue due to increased Museum attendance.
• Foundation Contributions	Additional revenue due to overall increase in the scope of programming, cultivation of corporate partners with foundations, and implementation of comprehensive development plan.
• Tribute Fund	Additional revenue due to increased visibility, awareness, and use of Museum, and promotion of this fund as a way to honor and pay tribute to individuals.
• Special Events	Additional revenue due to ability to accommodate greater attendance, reflecting greater profile and increased visibility of the Museum in the community.
EARNED INCOME	
• Admissions	Additional revenue due to increased Museum attendance, including tour groups.
• Beverage Sales	Additional revenue due to more events and greater attendance at events.
• Museum Store	Additional revenue due to additional square footage, improved location, and increase usage of the Museum, including tour groups.
• Museum Use	Additional revenue due to the availability of new rental space including the new entry lobby, new atrium courtyard, auditorium, public meeting rooms, and classrooms.
• Parking Lot Revenue	Existing Lot X plus net increase of 106 spaces from replacement parking for Lot Y.
INVESTMENTS	
• Foundation Income	Additional revenue from growth in existing endowment and new endowment funds.
PROGRAMS	
• Adult Programs	Additional revenue due to ability to accommodate greater usage and attendance.
• Family/Youth Programs	Additional revenue due to ability to accommodate greater usage and attendance.

• School Tours	Additional revenue due to ability to accommodate greater usage and attendance.
• Teacher Workshops	Additional revenue due to ability to accommodate greater usage and attendance.
• Studio Art Revenue	Additional revenue due to introduction of new programs.
OTHER	
• New Café	Not intended to be a full-scale restaurant, but should produce positive revenue stream based on increased Museum usage and attendance.

- Based upon the current project schedule, the newly renovated and expanded Crocker Art Museum will open in 2008. Annual revenue estimates for the first three years of operation, after the renovation and expansion project is completed, are based on the following assumptions:

REVENUE SOURCE – FORECASTING ASSUMPTIONS

Public Support

- **Annual Giving**

This revenue source is comprised of Board giving, Director Circle memberships, Leadership Council memberships, and two Annual Fund mailings. Assumptions with respect to each are, as follows:

- Board Giving – Based on the 2003-04 budget, the current Board gift averages \$1,700. It is assumed that this will grow to \$5,000 in 2007-08. Assuming approximately 50 Board members, this revenue source would amount to \$250,000 in 2007-08.
- Director’s Circle/Leadership Council – Those households contributing between \$1,250 - \$9,999 are considered members of the Director’s Circle. Those households contributing \$10,000 or more annually are members of the Leadership Council. Presently, there are approximately 150 members of Director’s Circle, and there are only a few members of the Leadership Council. Between now and 2007-08, and pursuant to the adopted CAMA Development Plan, it is assumed that membership in the Director’s Circle will grow to 400, and that a Director’s Circle gift will be at least \$1,500 annually. It is further assumed that Leadership Council gifts will grow to 15, averaging \$10,000 each annually. Together, this revenue source would generate \$750,000 in 2007-08.
- Annual Fund Campaigns – Members of the Crocker Art Museum at all levels receive two annual mailings requesting financial support beyond their membership fee. It is assumed that this new program will raise approximately \$50,000 in 2003-04, and that this amount will grow to at least \$75,000 between now and 2007-08, reflecting the projected increase in both general Museum membership and Director Circle memberships.

When combined, revenue from the Annual Giving category is expected to total \$1,075,000 in 2007-08. Reflecting historical experience, it is assumed that this base figure will grow at the rate of 10% annually thereafter.

- **Membership**

This revenue source is comprised of the annual renewal of Museum memberships under \$1,250, and the proceeds from two annual mailings seeking additional members. Assumptions with respect to membership are as follows:

- Membership Renewals/Mail Appeals – The Museum currently has approximately 6,750 members paying a base fee of \$50. It is assumed that the number of members in this category will increase to 12,000 in 2007-08. This assumption is based on the experience of other Museums who have seen their membership double. Many of the “Grand Opening” events are for members only and this factor, coupled with the excitement surrounding the new Museum, typically provides an enhanced incentive and an increased level of interest in joining.

The membership fee is expected to increase over time. However, to be conservative, it is assumed that the base fee will continue to be \$50 for purposes of this forecast. Based on the above assumptions, membership renewals and new memberships would generate \$600,000 in 2007-08.

As indicated above, revenue from the Membership category is expected to total \$600,000 in 2007-08. It is assumed that this base figure will grow 15% in 2008-09, reflecting a continued spike in memberships because of the opening of the newly renovated and expanded Museum. After 2008-09 it is assumed that Membership revenue will grow at the historic rate of 5% annually.

- **Corporate Contributions**

As part of its comprehensive development plan, the Museum is just beginning to reach out to corporate partners on an ongoing basis. The Museum has received corporate support in the past, largely for sponsorship of specific programs and exhibitions. The goal of Museum staff is to also recruit a base of corporate partners who will participate as members of the Museum on an annual basis. The Museum received \$156,000 from the corporate community in 2002-03. It is assumed that this will grow to \$300,000 in 2007-08, and that this revenue will come from both annual corporate memberships and corporate sponsorship of specific programs and exhibitions.

As indicated, revenue from the Corporate Contributions category is expected to total \$300,000 in 2007-08. It is assumed that this base figure will grow at the historic rate of 10% annually thereafter.

- **Donation Boxes**

In 2003-04, the Museum is budgeted to receive \$10,000 in contributions from donor boxes located at the Museum. With both increased space and attendance, it is assumed that this revenue source will generate \$25,000 annually beginning in 2007-08. Revenue from this source is typically flat, and no increase is assumed thereafter for purposes of this forecast.

- **Foundation Contributions**

The expanded Crocker Art Museum will experience a significant increase in the scope of programs and operations, generating additional opportunities for Foundation support. In addition, more focus and attention will be paid to this area as spelled out in the Museum's comprehensive development plan. The goal of Museum staff is to grow the budgeted \$75,000 in Foundation revenue in 2003-04 by 25% annually over the next four years to \$150,000 in 2007-08. Because there are a limited number of Foundations in Sacramento, and because those Foundations outside the region typically do not provide ongoing financial support, it is assumed that this revenue source will average 10% annually after 2007-08.

- **Tribute Fund**

Increased attendance and use of the Museum, supported by an enhanced marketing and development program, will increase donor familiarity with this fund as a way to honor and pay tribute to individuals. It is assumed that the modest \$5,000 budgeted for 2003-04 will grow to \$10,000 by 2007-08, and will grow annually at the rate of 5% thereafter.

- **Government Contributions**

Revenue from the County and the State is ahead of budget for 2003-04, but it is less than what was actually received in either 2001-02 or 2002-03. Until the fiscal problems currently facing both State and local government are resolved, it is assumed that the Museum will receive \$30,000 annually on a combined basis from the County and the State.

- **Special Events**

The Crocker Art Museum has traditionally held three special events annually – the Crocker Ball, an Art Auction, and Crocker UnCorked. These special events currently sell out, and there is no additional capacity. Expansion of the Museum will permit the Crocker to accommodate more people at each event, thereby generating additional revenue. It is possible that the nature of one or more of these events may change, which could provide additional revenue-raising opportunities. However, if the same three events continue to be held annually, Museum staff indicates that gross revenue will increase, as follows:

- Crocker Ball – Gross revenue will grow from the \$145,000 budgeted for 2003-04 to \$250,000 in 2007-08 due to additional corporate and public support and increased seating capacity.
- Art Auction – Gross revenue will grow from the \$155,000 budgeted for 2003-04 to \$240,000 in 2007-08 due to increased seating capacity and additional auction space.
- Crocker UnCorked – Gross revenue will grow from the \$146,500 budgeted for 2003-04 to \$241,000 in 2007-08 due to increased seating capacity and additional auction space.

When combined, revenue from the Special Events category is expected to total \$731,000 in 2007-08. It is assumed that this base figure will grow 10% annually thereafter, which is less than the historic average.

- **Volunteer/Board Dues**

This small budget line item is a pass through account reflecting annual Board payments for meeting lunches and related items. No increase in this minor revenue item is assumed.

Earned Income

- **Admissions**

Total admissions at the Museum have increased significantly in recent years, and were 160,322 in 2002-03. Admissions in the future will increase due to a variety of factors, establishing a new baseline once the renovated and expanded Museum is open. Factors contributing to the new baseline include the new Museum itself, its enhanced status as a unique regional art center and tourist attraction, its expanded program of exhibitions and related activities, and the continued significant population growth in both the City and the region.

Admissions are expected to grow to 450,000 in 2007-08, the first year the new Museum is open. Beginning in 2008-09, admissions are expected to decline to 375,000, and then grow to 400,000 in 2009-10. For purposes of this forecast, it is assumed that admissions will stabilize at this level thereafter. Based on the experience of other new and/or expanded Museums, it is not unusual for attendance to increase three times the past annual average as indicated by Table B in the Appendix. In San Francisco, for example, the deYoung Museum expects over 1 million visitors in its first year, as compared to 300,000 annual visitors to the old Museum. The Sacramento Zoo attracts 500,000 visitors annually, and the State Railroad Museum in Sacramento attracts over 250,000 visitors annually, as indicators of what is possible.

Revenue from admissions is expected to increase due to growth in attendance and an increase in the price of admission. The actual price of admission is expected to increase from \$6.00 to \$8.00 by 2007-08, a 33% increase. No further increase in the cost of

admission is forecast after 2007-08. By comparison, an adult admission to the zoo in the City of Sacramento currently ranges from \$6.75 during the week to \$7.25 on the weekend. Green fees at City of Sacramento golf courses range from \$17 - \$49.50 with a cart, and from \$9 - \$29.50 without a cart.

The average cost of admission is lower, however, due to discounts offered to Museum members and student groups. When the new Museum opens in 2008, Museum staff indicates that the average cost of admission is expected to be at least \$2.25. This assumption is particularly reasonable when considering it incorporates both an increase in the cost of admission, as well as the fact that the Museum's enhanced status as a regional and tourist destination attraction will result in more visitors paying the full price of admission.

The following table summarizes projected revenue from admissions, as follows:

Projected Admission Revenue			
	2007-08	2008-09	2009-10
Museum Attendance	450,000	375,000	400,000
Average Cost of Admission	\$2.25	\$2.25	\$2.25
Total Revenue	\$1,012,500	\$843,750	\$900,000

- **Beverage Sales**

This revenue comes from the sale of wine and other beverages at Museum sponsored events such as the 3rd Thursday Jazz program. The ability to conduct these types of events is enhanced by the renovated and expanded Museum, and the extent to which this revenue source will grow in the future will be clearer as the new program of expanded events is developed. For purposes of this estimate, it is assumed that the 2003-04 budget estimate of \$35,000 will grow at the rate of 5% annually, producing \$42,500 in 2007-08. This base figure is assumed to increase 5% annually thereafter.

- **Museum Store**

Gross revenue from the existing Museum store has been relatively flat in recent years, reflecting its less than ideal location. Revenue is expected to increase significantly when the renovated and expanded Museum opens due to a variety of factors including increased Museum attendance and usage, greater marketing efforts, more square footage, and improved location.

Similar to total admissions and admissions revenue, the operation of the Museum store should achieve a new baseline when the renovated and expanded Museum opens in 2007-08. Benchmark data is presented later in this section for five Museums that are similar in size to the expanded Crocker. This data suggests that Museum store revenue should increase significantly, whether measured by sales per square foot or sales per visitor.

Currently, the Crocker receives revenue from the Museum store that equals \$335.55 per square foot or \$1.88 per visitor. The benchmark comparison data for the five Museums in 2003 averages \$373.31 per square foot and \$2.62 per visitor. Applying these conservative 2003 figures to Crocker projections for 2007-08, and then averaging them together, a reasonable projection of Museum store revenue for 2007-08 is \$869,482. Revenue will increase 5% annually beginning in 2008-09. However, a relative decline in revenue is forecast for 2008-09 reflecting lower annual attendance after the opening year.

This 2008-09 projection represents a new baseline for the expanded Museum and, as indicated, will increase annually at 5%. This calculation is summarized, as follows:

Projected Museum Store Revenue				
	Factor	2007-08	2008-09	2009-10
Sq. Feet – Sales Area (1,500)	\$373.31/sq.ft.	\$559,965	\$587,963	\$617,361
Visitors (450/375/400,000)	\$2.62/Visitor	\$1,179,000	\$1,031,625	\$1,155,420
Revenue-Above Averaged		\$869,482	\$809,794	\$886,390

- **Museum Use**

The Museum does not presently derive significant revenue from the rental of its facilities. This is because the space that is available for rental is limited. Additionally, the existing Museum has no kitchen and only a small elevator which makes catering difficult.

Currently, anyone making a contribution of \$5,000 or more to the Museum may, as a donor benefit at that level, use the Museum for a private function such as a wedding. With the exception of four or five donors annually, most of those using the Museum for private functions are long-time donors to and supporters of the Museum.

In the future, when the renovated and expanded Museum is completed, rental of Museum facilities for private functions will become a more significant revenue source. To be successful, the Museum will have to do an effective job of marketing, and it will have to be prepared to service these private, outside events. Those renting the space will pay many of the direct costs, but expense forecasts contained herein allow for increased Museum costs in this regard. The fact that the Museum will have a kitchen will increase its potential as a rental facility, as will the availability of significant additional space. In addition to the ballroom, forum, and courtyard that are currently available, the renovated and expanded Museum will have the following additional space:

- New entry lobby with the ability to accommodate 400 sitting down and 1,000 standing.
- New atrium courtyard with the ability to accommodate 800 sitting down.
- New auditorium with the ability to seat 325 people.
- New public meeting rooms with the ability to accommodate 150 seated lecture style and 100 sitting for meals. The public meeting rooms can be used as one room, or divided into two.
- Three new classrooms and several small conference rooms that can be rented for other purposes when not in use.

The 2003-04 budget item of \$15,000 for Museum use is simply revenue that the Museum receives as reimbursement for direct cost items such as security and janitorial expense incurred in conjunction with a donor's private event. As indicated, this revenue item will increase when the new Museum opens due to the fact that more space is available and there will be new charges for items such as room rental and use of facilities.

The availability of rental space at the Museum will be impacted to some extent by virtue of the fact that it is only available when it is not being used for some other purpose by the Museum. It can also be impacted to the extent that donors who make an annual gift of \$5,000 or more may wish to use the Museum for private functions, assuming this donor benefit continues to be offered. During the first year of operation, the availability of rental space can also be impacted by the variety of public events, exhibitions, and programs that may be held in conjunction with the opening of the new Museum.

On an ongoing basis, however, there should be significant demand to rent space at the Museum for private functions. There are not many, if any, facilities in the greater Sacramento area that have the ambiance and can accommodate 1,200 sitting down or several times that standing. This, in itself, will create additional demand, and can have a positive impact on rental pricing.

The City Library Galleria is a case in point. Although the Galleria does not have as much rental space available, its experience as a venue for private functions has been positive. Demand has been strong since the Galleria was first opened in 1992. Today the Library nets close to \$120,000 from rental of its facilities, and it serves a broad group of users including weddings; state and local government; corporate events and training; non-profit associations; and the private sector. Based on their experience, Library Galleria staff emphasize the importance of advance planning and preparation, including:

- Adequate event, marketing, and custodial staffing with appropriate skill sets, in place prior to opening.
- Detailed operational procedures for staff/caterers/customers.
- Choice of multiple caterers available to customers.
- Adequate furniture and equipment storage space located for efficiency of event set up, tear down, and turn around.
- High quality built-in sound system.
- Adequate marketing budget tied to the goals of the business plan.
- Comparative analysis of local event venue rate structures.
- Staff participation in professional event planning organizations.
- Inclusion of museum staff in the planning process to generate involvement and support for this new activity.
- Continuous review of the operation.
- Flexibility to alter various elements of the plan, as needed.

Room rental charges at the expanded Crocker will vary due to factors such as the size and nature of the space and the day of the week. Room rentals, on individual occasions, will also involve larger and smaller spaces. Seldom, if ever, would the entire Museum be

rented. However, based on existing room rental rates in the Sacramento area, it is reasonable to assume that a combination of small and large space rentals could generate \$12,500 per month, or \$150,000 in gross revenue annually. For estimating purposes, this amount is reduced 20% in 2007-08 due to one-time opening activities that can have some impact on the availability of rental space. 2008-09 and thereafter assumes the \$150,000, adjusted annually at 5%.

- **Travel Program**

This minor revenue item is budgeted at \$3,000 in 2003-04. Occasionally the Crocker organizes or sponsors a trip, and this is the revenue that is residual to the Crocker. Although this could increase and be a more significant revenue item when the renovated and expanded Museum is open, it is assumed that the Museum will receive no revenue from this source in the near future.

- **Temporary Restricted**

The Crocker Art Museum receives grants and other revenues that are temporarily restricted. In other words, they cannot be released or used until something specific has been done or an expenditure has been made. Because the amount can vary significantly from year to year, it is assumed that the Museum will receive \$100,000 from this source in 2007-08, and that this amount will be held flat for purposes of a revenue estimate.

- **Parking Lot Revenue**

The Museum receives revenue from two small parking lots (Lot Y – 92 spaces) and Lot X (183 spaces), for a total of 275 spaces. The lots are maintained by the City of Sacramento, and the Museum receives 60% of the net proceeds. As part of the renovation and expansion project, the City and the Museum will lose all of the current Lot Y (92 spaces), but Lot Y will be replaced by new parking lot with 198 spaces, for a net increase of 106 spaces. It is assumed that the Museum will share equally in all of the revenue from the Lot X parking spaces, as well as the revenue from the Lot Y replacement parking.

When the renovation and expansion project is completed, the City will lose approximately 50 parking meters due to the abandonment of 2nd Street. However, this revenue loss will be offset by the 106 additional parking spaces attributable to the replacement of Lot Y, as well as some new diagonal parking with meters on O Street.

CAMA's budget for 2003-04 for parking lot revenue is \$150,000 which, when applied to the 275 spaces that are presently available, is the equivalent of \$545 per space. When this per space number is applied to the 381 parking spaces that will be available when the renovation and expansion project is completed, it will result in \$207,645 in parking lot revenue at the current cost of parking. To be conservative, no increase in the cost of parking is projected. As such, this revenue source will be held flat at \$207,645 annually beginning in 2007-08.

Investments

- **Interest/Investment Income**

This minor revenue item is budgeted at \$10,000 for 2003-04. It represents interest earned on the investment of idle Museum operating funds. Anticipating slightly higher cash balances once the new Museum is open, and anticipating slightly higher interest rates, this revenue item is projected at \$15,000 for each of the three years beginning in 2007-08.

- **Foundation Income**

This revenue source is the amount of dollars distributed to the Museum annually from the Museum's endowment. The endowment was valued at \$5,350,000 on December 31, 2003. It will grow in the future from investment of the principal, plus the addition of new principal.

In this regard, \$15 million of the current \$75 million capital campaign is for additional endowment dollars. Although it is expected that these dollars will be pledged, it is not assumed for purposes of this estimate that they will all be available to be added to the endowment principal during the first three years of operating the new Museum.

However, the Museum also receives gifts annually from wills and the creation of new funds that also help to grow the endowment principal. For purposes of this estimate, it is assumed that the endowment principal will grow at the average rate of 8% annually. In addition, it is assumed that \$100,000 per year will be added to the endowment principal in the form of bequests and other gifts until 2007-08. Beginning in 2007-08 it is assumed that \$200,000 will be added to the endowment principal in the form of bequests and other gifts, reflecting the greater visibility and usage of the new Museum. Five percent of the endowment principal is available annually for distribution to the Crocker for Museum operations. The components of that estimate are included in the table below.

FOUNDATION INCOME (000's)							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Endowment Principal	\$5,350	\$5,592	\$5,840	\$6,094	\$6,355	\$6,725	\$7,105
Addition to Endowment	\$100	\$100	\$100	\$100	\$200	\$200	\$200
Total Endowment	\$5,450	\$5,692	\$5,940	\$6,194	\$6,555	\$6,925	\$7,305
Five Percent Distribution	\$272	\$285	\$297	\$310	\$328	\$346	\$365
Carryover Balance	\$5,178	\$5,407	\$5,643	\$5,884	\$6,227	\$6,579	\$6,940

With respect to the capital campaign, the above estimates are conservative to the extent that any of the \$15 million additional endowment dollars are actually received by the

Museum and added to the endowment principal in the years 2007-08, 2008-09, and 2009-10.

Programs

- **Education Programs**

This revenue source results from a variety of educational programs sponsored by the Museum, including adult programs, Art Ark, family/youth programs, school tours, and teacher workshops. On a combined basis, these educational programs are budgeted to raise \$61,600 in 2003-04, a 9% increase over the previous year. Museum staff indicates that they will offer the same number of programs when the new Museum is open, but that they will be able to accommodate more people. For purposes of estimating this revenue source, it is assumed that it will grow 5% annually between now and 2007-08, and that beginning in 2007-08 it will grow annually at the rate of 10%. On this basis, revenue from educational programs would generate \$71,300 in 2007-08.

In addition to the variety of educational programs referenced above, it is important to note that the Education Department and its related galleries and classrooms will be consolidated at the new Museum. Among other things, the Museum expansion includes three multi-purpose studio art classrooms. Museum staff indicates that this new and expanded program space will significantly enhance its studio art program, and that it will generate \$150,000 - \$200,000 annually in gross tuition revenue. This estimate is consistent with the experience of other art museums. For purposes of this estimate, it is assumed that the new studio art program will generate \$150,000 in 2007-08.

Together, revenue from Education Programs is assumed to total \$221,300 in 2007-08. For forecasting purposes, it is assumed that this revenue source will grow at the rate of 10% annually thereafter.

- **Curatorial Programs**

Museum staff indicates that revenue from exhibition loan fees will average \$20,000 annually during the first three years that the new Museum is open.

Other

- **New Café**

The renovated and expanded Museum will have a much needed Café. This will not be a full service restaurant but, rather, a place where visitors to the Museum can have soup, sandwiches, beverages, and other sorts of light refreshments. The Café will be able to accommodate approximately 50 people at tables, and it will be able to accommodate more for bus and other tour groups with advance arrangement. It will also be available as additional space for banquet support.

It has not been determined who will operate the Café, or what the hours of operation will be. It is intended to be a revenue generator for the Museum to a limited extent but, for purposes of these estimates, it is assumed that the Café will be revenue neutral for the first three years of operation. Even if the Café ends up to be a break even operation, however, it will contribute indirectly to increased Museum revenue by encouraging longer visits and increasing the possibility that the Museum will become a regular group bus tour destination.

The revenue sources listed above are known revenue sources, and almost all of them will increase as a result of a renovated and expanded Museum. For purposes of this forecast, however, projected revenue increases are conservative in order to assure the operating feasibility of the renovated and expanded Museum. Nothing has been included herein to note the positive economic impact of additional visitors to the City. According to the Convention and Visitors Bureau, for example, an overnight visitor contributes a minimum of \$215 per day to the local economy in the form of costs for lodging, food and beverage, transportation, sightseeing, and retail purchases. In addition, it is important to note that the new Museum offers unlimited opportunities for new programs, new partner relationships, new product ventures, and other activities that will have positive benefits from both an educational and revenue-raising standpoint. Museum staff has indicated an enthusiastic interest in pursuing these new opportunities, and to the extent that they generate new and additional revenue these estimates are again conservative.

Revenue Estimates – First Three Years of Operation

- Utilizing the analysis and assumptions presented above, revenue estimates for the renovated and expanded Museum have been prepared for the first three years of operation. Although the new Museum is not expected to open until the first part of 2008, figures for fiscal year 2007-08 are used for the first year. Fiscal years 2008-09 and 2009-10 represent years two and three, accordingly. The revenue estimates are summarized on Table 1 on the following page.

Operating Expenses

- In fiscal year 2003-04, CAMA has total budgeted expenses of \$2,568,500. An additional \$939,900 is included in the budget of the City of Sacramento as support for staff, Director's support, contracted security, utilities, and other supplies. Total budgeted expenses for the Crocker in 2003-04, including the City's budgeted amount, is \$3,508,400.

The breakout between CAMA and City of Sacramento expenses for 2003-04 is, as follows:

CROCKER ART MUSEUM – 2003-04 Operating Expenses		
	Amount	Percent
CAMA Budget	\$2,568,500	73.2%
City of Sacramento Budget	\$939,900	26.8%
TOTAL	\$3,508,400	100.0%

- Of the \$2,568,500 in CAMA budgeted expenses for 2003-04, \$1,472,903 represents salaries and benefits. The breakout between salaries and benefits is, as follows:

CROCKER ART MUSEUM – 2003-04 Salaries and Benefits				
	Base Salary	Benefits	Total	Benefits as a Percent of Salary
TOTAL	\$1,162,564	\$310,339	\$1,472,903	26.7%

TABLE 1				
CROCKER ART MUSEUM				
CAMA Revenue Estimates				
First Three Years of Operation				
Revenue Source	2003-04	First Year	Second Year	Third Year
PUBLIC SUPPORT				
Annual Giving	\$293,000	\$1,075,000	\$1,182,500	\$1,300,750
Membership	315,000	600,000	690,000	759,000
Corporate Contributions	275,000	300,000	330,000	363,000
Donation Boxes	10,000	25,000	25,000	25,000
Foundation Contributions	75,000	150,000	165,000	181,500
Tribute Fund	5,000	10,000	10,500	11,025
Government Contributions	30,000	30,000	30,000	30,000
Special Events - Crocker Ball	145,000	250,000	275,000	302,500
Special Events - Art Auction	155,000	240,000	264,000	290,400
Special Events - Crocker UnCorked	146,500	241,000	265,100	291,610
Volunteer/Board Dues	6,000	6,000	6,000	6,000
EARNED INCOME				
Admissions	185,000	1,012,500	843,750	900,000
Beverage Sales	35,000	42,500	44,625	46,856
Museum Store	302,000	869,482	809,794	886,390
Museum Use	15,000	120,000	150,000	157,500
Travel Program	3,000	0	0	0
Temporary Restricted	50,000	100,000	100,000	100,000
Parking Lot Revenue	150,000	207,645	207,645	207,645
Capital Expansion	100,000	0	0	0
INVESTMENTS				
Interest/Investment Income	10,000	15,000	15,000	15,000
Foundation Income	200,000	328,000	346,000	365,000
PROGRAMS				
Education Programs	61,600	221,300	243,430	267,773
Curatorial Programs	1,500	20,000	20,000	20,000
OTHER				
Café	0	0	0	0
TOTAL (a)	\$2,568,600	\$5,863,427	\$6,023,344	\$6,526,949
(a) Excludes City support				

- Of the \$2,568,500 in Crocker budgeted expenses for 2003-04, \$1,095,597 represent all other expenses, as follows:

CROCKER ART MUSEUM – 2003-04 All Other Expenses	
Department	Amount
Fundraising and Membership	\$79,120
Special Events	\$202,150
Marketing	\$137,050
Museum Store	\$157,899
Curatorial	\$229,650
Education	\$86,578
Administration	\$64,250
Finance & Human Resources	\$44,050
Operations	\$94,850
TOTAL	\$1,095,597

- On a combined basis, salaries/benefits and all other expenses in 2003-04 breakout, as follows:

CROCKER ART MUSEUM 2003-04 Salaries/Benefits and All Other Expenses – Combined		
	Amount	Percent
Salaries and Benefits	\$1,472,903	57.3%
All Other Expenses	\$1,095,597	42.7%
TOTAL	\$2,568,500	100.0%

- On a departmental basis, salaries/benefits and all other expenses in 2003-04 breakout, as follows:

CROCKER ART MUSEUM – 2003-04 Salaries/Benefits and All Other Expenses			
Department	Salaries/Benefits	All Other Expenses	Total
Fundraising and Membership	\$328,312	\$79,120	\$407,432
Special Events	\$93,600	\$202,150	\$295,750
Marketing	\$210,612	\$137,050	\$347,662
Museum Store	\$117,868	\$157,899	\$275,767
Curatorial	\$49,296	\$229,650	\$278,946
Education	\$223,054	\$86,578	\$309,632
Administration	\$169,200	\$64,250	\$233,450
Finance & Human Resources	\$141,588	\$44,050	\$185,638
Operations	\$139,373	\$94,850	\$234,223
TOTAL	\$1,472,903	\$1,095,597	\$2,568,500

- In addition to the \$2,568,500 in CAMA operating expenses in 2003-04, the City of Sacramento also budgeted \$939,900 in 2003-04 for support of the Crocker, as follows:

CROCKER ART MUSEUM – 2003-04 City Contribution to the Crocker		
Item	Amount	Percent
Salaries and Benefits (for curatorial staff, Director’s salary support, and security supervisor)	\$549,089	58.5%
Contracted security	\$239,000	25.5%
Utilities	\$102,969	10.8%
Staff Support and Other	\$48,842	5.2%
TOTAL	\$939,900	100.0%

- The above referenced \$939,900 in City support is reflected directly in the Crocker budget. However, the City of Sacramento also incurs and includes other expenses in its budget that benefit the Crocker Art Museum.

The total City financial commitment to the Crocker reflects the fact that the Museum collection and the Museum building are owned by the City of Sacramento. It also reflects the fact that pursuant to the original Trust agreement and amendments thereto, the City...“is obligated to maintain the Art Museum and to keep the building, personal property and works of art contained therein in good condition and repair as well as to employ competent personnel to operate the Art Museum so that its objects of art may be visited, viewed, and enjoyed by the public.”

City expenditures for the Crocker will be set forth in more detail at the end of this section, and assumptions will be made regarding potential increases in City costs associated with operating the newly renovated and expanded Museum.

For purposes of this report, it is generally assumed that the historical sharing of responsibility between the City and CAMA will continue, and that the City will continue to fund the following Museum-related expenses as they do today:

- Salaries and benefits for seven professional staff positions
 - Curator of Art, Curator of Education, Associate Curator, Security Supervisor, Registrar, 2 Exhibition Coordinators
- Salary support for the Museum Director
- Contracted security services for the Museum
- Utilities
- Janitorial and other supplies
- Fine arts insurance
- Fire and liability insurance on the Museum building and property
- Building maintenance
- Exterior grounds/landscape maintenance

- Maintenance of major systems, including heating, air conditioning, electrical, and roof
- Information technology support

- The newly renovated and expanded Crocker Art Museum will open in 2008. Annual expense estimates for the first three years of operation, after the renovation and expansion project is completed, are based on the following assumptions.

MUSEUM EXPENSES – FORECASTING ASSUMPTIONS

Salaries and Benefits

As indicated previously, the 2003-04 Museum budget for salaries and benefits is \$1,472,903. This budget provides for a total of 27 full-time and 7 part-time Museum employees. In addition, in 2003-04 the City has budgeted \$549,089 for 7 additional full-time Museum employees and Director's salary support. At present, therefore, the Crocker Art Museum has 34 full-time and 7 part-time employees, plus contracted security services personnel, grant employees, and special project staff.

In addition to these current employees, Museum staff estimates that an additional 6 full-time and 10 part-time Museum employees will be needed to properly staff the renovated and expanded Museum when it opens. The additional full-time and part-time positions are listed in Table 2:

TABLE 2		
CROCKER ART MUSEUM		
Additional Positions Needed To Staff New Museum		
Department/Position	Full-Time	Part-Time
Fundraising and Membership		
Volunteer Coordinator		X
Special Events (no additional positions)		
Marketing		
Visitor Services Representative		X
Communications Assistant		X
Graphic Design Assistant		X
Museum Store		
Director of Retail Programs	X	
Catering/Building Rental Sales Associate		X
Curatorial		
Associate Curator - Contemporary	X	
Assistant Registrar		X
Exhibition Designer	X	
Education		
Docent/Tour Program Coordinator		X
Librarian or Archivist		X
Administration		
Deputy Director	X	
Finance & Human Resources		
Human Resources Associate	X	
Accounting Assistant		X
Operations		
Director of Operations	X	
Custodian		X
TOTAL	6	10

All current and proposed Museum positions are listed on Table 3. The proposed additional 6 full-time and 10 part-time positions are indicated in italics on Table 3 to distinguish them from the current 34 full-time and 7 part-time positions. When the renovated and expanded Museum opens, it is assumed the Museum will have 40 full-time and 17 part-time employees, as well as its contracted security services personnel, grant employees, and special project staff.

TABLE 3

CROCKER ART MUSEUM

Staffing – Renovated and Expanded Museum

Department/Position	Full-Time	Part-Time	Employer
Fundraising and Membership			
Director of Development	X		CAMA
Manager, Museum Partnerships	X		CAMA
Donor Services Manager	X		CAMA
Administrative Assistant	X		CAMA
Membership Assistant	X		CAMA
<i>Volunteer Coordinator</i>		X	CAMA
Special Events			
Events Manager	X		CAMA
Events Associate	X		CAMA
Marketing			
Director of Marketing	X		CAMA
Graphics Designer	X		CAMA
PR/Marketing Coordinator	X		CAMA
Visitor Services Representative	X		CAMA
Visitor Services Representative		X	CAMA
<i>Visitor Services Representative</i>		X	CAMA
<i>Communications Assistant</i>		X	CAMA
<i>Graphic Design Assistant</i>		X	CAMA
Museum Store			
Store Manager	X		CAMA
Inventory Specialist		X	CAMA
Store Associate		X	CAMA
Store Associate		X	CAMA
<i>Director of Retail Programs</i>	X		CAMA
<i>Catering/Building Rental Sales Associate</i>		X	CAMA
Curatorial			
Assistant Curator	X		CAMA
Curatorial Coordinator	X		CAMA
Registrar	X		City of Sacramento
Associate Curator	X		City of Sacramento
Exhibition Coordinator	X		City of Sacramento
Curator of Art	X		City of Sacramento
Exhibition Coordinator	X		City of Sacramento
<i>Associate Curator – Contemporary</i>	X		CAMA
<i>Assistant Registrar</i>		X	CAMA
<i>Exhibition Designer</i>	X		CAMA
Education			
Curator of Education	X		City of Sacramento
Public Programs/Adult Education Coordinator	X		CAMA
Education Program Manager (Schools & Teachers)	X		CAMA
Youth & Family Member Coordinator	X		CAMA

TABLE 3 (Continued)			
CROCKER ART MUSEUM			
Staffing – Renovated and Expanded Museum			
Department/Position	Full-Time	Part-Time	Employer
Education (Continued)			
Education & Community Assistant	X		CAMA
Art Ark Manager		X	CAMA
Art Ark Teacher (Outreach Specialist)		X	CAMA
Art Ark Teacher (Outreach Specialist)		X	CAMA
<i>Docent/Tour Program Coordinator</i>		X	CAMA
<i>Librarian or Archivist</i>		X	CAMA
Administration			
Museum Director	X		CAMA and City of Sacramento
Director of Administration	X		CAMA
Administrative Assistant	X		CAMA
<i>Deputy Director</i>	X		CAMA
Finance & Human Resources			
Director of Finance & Human Resources	X		CAMA
Finance Associate	X		CAMA
<i>Human Resources Associate</i>	X		CAMA
<i>Accounting Assistant</i>		X	CAMA
Operations			
Security Supervisor	X		City of Sacramento
Custodian Supervisor	X		CAMA
Custodian	X		CAMA
Custodian	X		CAMA
Operations Assistant	X		CAMA
<i>Director of Operations</i>	X		CAMA
<i>Custodian</i>		X	CAMA
TOTAL	40	17	

For estimating purposes, it is assumed that the 2003-04 budgeted figure of \$1,472,903 for salaries and benefits for the current Museum employees will increase 5% annually in the future. With respect to the additional 6 full-time and 10 part-time positions that will be needed when the renovated and expanded Museum opens, estimated salary and benefit costs for the 6 new full-time positions are listed below. The estimates for the 6 new full-time positions include base salary and an additional 25% for all benefit costs. These figures are also increased 5% annually. Additionally, it is assumed that the 10 additional part-time positions will have an average cost of \$20,000 each, and that this cost will also increase at the rate of 5% annually.

CROCKER ART MUSEUM – Salary and Benefit Estimates				
	2003-04	2007-08	2008-09	2009-10
27 full-time and 7 part-time positions	\$1,472,903	\$1,790,323	\$1,879,839	\$1,973,831
Additional 6 full-time positions				
Deputy Museum Director	\$115,000	\$139,783	\$146,772	\$154,111
Director of Operations	\$93,750	\$113,954	\$119,651	\$125,634
Director of Retail Programs	\$56,250	\$68,372	\$71,791	\$75,380
Assoc. Curator-Contemporary	\$75,000	\$91,163	\$95,721	\$100,507
Exhibition Designer	\$60,000	\$72,930	\$76,577	\$80,406
Human Resources Assistant	\$56,250	\$68,372	\$71,791	\$75,380
Additional 10 part-time positions	\$200,000	\$243,100	\$255,255	\$268,018
TOTAL (Salaries and Benefits)		\$2,587,997	\$2,717,397	\$2,853,267

All Other Expenses

The Museum budget has two principal expenditure categories – Salaries and Benefits and All Other Expenses. The category of All Other Expenses includes everything except salaries and benefits and those items funded directly by the City of Sacramento (eg., contracted security services and utilities). Many of the individual expenditure accounts within the All Other Expense category are minor or nominal in amount (eg., conference expense, staff development, office supplies, etc.), and are not subject to significant variation from year to year.

For purposes of this forecast, it is assumed that All Other Expenses will increase at the rate of 3% annually, except where significant changes are anticipated in one Museum Department or another. These will be referenced in the Departmental forecasts below.

• **Fundraising and Membership**

All Other Expenses in 2003-04 for the Fundraising and Membership Department total \$79,120. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is assumed that this department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Staff Travel - + \$1,500
- Credit Card Fees - + \$5,500
- Cultivation Expense - + \$7,000
- Director’s Circle Expense - + \$17,000
- Printing Expense - + \$7,000
- Supplies - + \$3,000
- Flowers and Decorations - + \$15,000
- Postage - + \$80,000
- Maintenance Contracts - + \$10,000
- TOTAL + \$146,000

It is assumed that these additional expenses will also increase annually at the rate of 3%. The expenditure forecast for the Fundraising and Membership Department is summarized below:

CROCKER ART MUSEUM – Fundraising and Membership Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$79,120	\$89,050	\$91,722	\$94,473
Additional Expenses		\$146,000	\$150,380	\$154,892
TOTAL	\$79,120	\$235,050	\$242,102	\$249,365

• **Special Events**

All Other Expenses in 2003-04 for the Special Events Department total \$202,150. Of this amount, \$167,000 or 83% is attributable to the Crocker Ball, Art Auction, and Crocker UnCorked annual events.

Beginning in 2007-08, it is assumed that expenses for these three fundraising events will be \$140,000 (Crocker Ball), \$110,000 (Art Auction), and \$175,000 (Crocker UnCorked). When comparing these expenses with the revenue estimates for these events in Table 1, they result in net revenue of \$110,000 (Crocker Ball), \$130,000 (Art Auction), and \$66,000 (Crocker UnCorked) respectively.

Remaining expenses for the Special Events Department in 2007-08 are assumed to be, as follows:

- Professional fees – Honorarium -	\$5,000
- Security personnel -	\$6,000
- Credit card fees -	\$20,000
- Concert expense -	\$15,000
- Preview expense -	\$25,000
- Miscellaneous expense -	\$10,000
- TOTAL -	\$81,000

It is assumed that all expenses will increase 3% annually after 2007-08.

The expenditure forecast for the Special Events Department is summarized below.

CROCKER ART MUSEUM – Special Events Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
Crocker Ball	\$35,000	\$140,000	\$144,200	\$148,526
Art Auction	\$86,000	\$110,000	\$113,300	\$116,699
Crocker UnCorked	\$46,000	\$175,000	\$180,250	\$185,658
All Other	\$35,150	\$81,000	\$83,430	\$85,932
TOTAL	\$202,150	\$506,000	\$521,180	\$536,815

- **Marketing**

All Other Expenses in 2003-04 for the Marketing Department total \$137,050. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is assumed that this Department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Contract Personnel -	+ \$3,740
- Advertising Expense -	+ \$150,000
- Printing and Signage Expense -	+ \$24,000
- Supplies -	+ \$1,000
- Other -	+ \$10,000
- TOTAL	+ \$188,740

It is assumed that these additional expenses will also increase annually at the rate of 3%, with the exception of advertising expense. Recognizing that the new Museum will have to significantly increase its visibility to attain goals related to membership, corporate participation, attendance, and overall use of the Museum, an additional \$200,000 is included in 2009-10 for expanded advertising and promotion. The expenditure forecast for the Marketing Department is summarized below:

CROCKER ART MUSEUM – Marketing Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$137,050	\$154,251	\$158,878	\$163,645
Additional Expenses		\$188,740	\$194,402	\$400,234
TOTAL	\$137,050	\$342,991	\$353,280	\$563,879

- **Museum Store**

Gross revenue from the Museum Store is expected to increase significantly when the newly renovated and expanded Museum opens. From an expense standpoint, cost of goods sold is anticipated to equal approximately 50% of gross revenue. Based on historical ratios, other expenses (other than cost of goods sold) should average approximately 22% of cost of goods sold. After the Museum opens, cost of goods sold will continue to be a function of gross revenue, and all other expenses are assumed to approximate 22% of cost of goods sold.

The expenditure forecast for the Museum Store is summarized below.

CROCKER ART MUSEUM – Museum Store Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
Gross Revenue (a)	\$302,000	\$869,482	\$809,794	\$886,390
Cost of Goods Sold (b)	\$130,000	\$434,741	\$404,897	\$443,195
Other Expenses (c)	\$27,899	\$95,643	\$89,077	\$97,503
TOTAL	\$157,899	\$530,384	\$493,974	\$540,698
(a) From Table 1 for 2007-08 – 2009-10				
(b) Assumes 50% of gross revenue for 2007-08 – 2009-10				
(c) Assumes 22% of Cost of Goods sold for 2007-08 – 2009-10				

- **Curatorial**

Expenses in this Museum Department relate, to a great extent, to all of the costs associated with preparing for and conducting exhibitions.

The current Museum budget for All Other Expenses of \$229,650 for 2003-04 does not represent a good baseline for this important expenditure category. Among other things, the current budget does not reflect either the increased amount of exhibit space nor the type and nature of exhibits that the new renovated and expanded Museum will be able to attract.

Beginning in 2007-08, Museum staff estimates that exhibition costs will increase to \$1,000,000 per year. These costs will vary from year to year, depending on the availability of exhibitions and the ability of the Museum to pay these costs. However, the initial estimate of \$1,000,000 by Museum staff is based on weekly cost assumptions for available exhibition space for 40 weeks of exhibitions, plus a conservative amount for maintenance and repair of related Museum facilities and equipment. This calculation is, as follows:

CROCKER ART MUSEUM – 2007-08 Exhibition Cost Estimate			
	Cost per Week	Number of Weeks	2007-08 Total Cost
Exhibit Area			
Main Hall	\$15,000	40	\$600,000
Secondary Hall	\$7,500	40	\$300,000
Project Gallery	\$2,000	40	\$80,000
Maintenance and Repair Allowance			\$20,000
TOTAL			\$1,000,000

These costs are all inclusive, and are assumed to increase annually at 3%. The expense forecast for Curatorial is summarized below:

CROCKER ART MUSEUM – Curatorial Expense Forecast				
	2003-04	2007-08	2008-08	2009-10
All Other Expenses	\$229,650			
Exhibition Expense		\$1,000,000	\$1,030,000	\$1,060,900
TOTAL	\$229,650	\$1,000,000	\$1,030,000	\$1,060,900

- **Education**

All Other Expenses in 2003-04 for the Education Department total \$86,578. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is assumed that this Department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Professional fees – Honorarium	+ \$6,500
- Staff travel	+ \$4,000
- Library expense	+ \$9,000
- Outreach expense	+ \$2,000
- Docent/volunteer expense	+ \$6,000
- Lectures/Program expense	+\$28,000
- Printing and photography expense	+ \$7,000
- Supplies	+ \$3,000
- Exhibition-related expense	+ \$4,000
- Freight	<u>+ \$2,500</u>
- TOTAL	<u>+\$72,000</u>

It is assumed that these additional expenses will also increase annually at the rate of 3%.

In addition, and as referenced in the revenue forecast portion of the Business Plan, the renovated and expanded Museum will conduct a new Studio Art Program. For purposes of these estimates, Museum staff indicates that the expenses associated with the Studio Art Program will be \$60,000 in 2007-08 for contracted employees and related expenses, and that this expense will increase at the rate of 3% annually thereafter.

The expenditure forecast for the Education Department is summarized below:

CROCKER ART MUSEUM – Education Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$86,578	\$97,444	\$100,367	\$103,378
Additional Expenses		\$72,000	\$74,160	\$76,385
Studio Art Program		\$60,000	61,800	63,654
TOTAL	\$86,578	\$229,444	\$236,327	\$243,417

- **Administration**

All Other Expenses in 2003-04 for the Administration Department total \$64,250. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is

assumed that this Department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Dues/memberships + \$7,500
- Staff travel/development + \$4,500
- Board expense + \$21,500
- Volunteer expense + \$2,000
- Printing expense + \$4,000
- Hospitality + \$3,500
- Supplies + \$15,000
- Other + \$5,000
- TOTAL + \$63,000

It is assumed that these additional expenses will also increase annually at the rate of 3%. The expenditure forecast for the Administration Department is summarized below:

CROCKER ART MUSEUM – Administration Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$64,250	\$72,314	\$74,483	\$76,718
Additional Expenses		\$63,000	\$64,890	\$66,837
TOTAL	\$64,250	\$135,314	\$139,373	\$143,555

• **Finance & Human Resources**

All Other Expenses in 2003-04 for the Finance & Human Resources Department total \$44,050. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is assumed that this Department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Insurance + \$10,000
- Payroll processing expense + \$1,400
- Bank charges + \$1,600
- Maintenance contracts + \$1,200
- Other + \$15,000
- TOTAL + \$29,200

It is assumed that these additional expenses will also increase annually at the rate of 3%.

The expenditure forecast for the Finance & Human Resources Department is summarized below:

CROCKER ART MUSEUM – Finance & Human Services Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$44,050	\$49,579	\$51,066	\$52,598
Additional Expenses		\$29,200	\$30,076	\$30,979
TOTAL	\$44,050	\$78,779	\$81,142	\$83,577

- **Operations**

All Other Expenses in 2003-04 for the Operations Department total \$94,850. It is assumed that these expenses will increase at the rate of 3% annually. In 2007-08, it is assumed that this Department will incur the following additional expenses in conjunction with operating the new renovated and expanded Museum:

- Maintenance contracts	+ \$2,500
- General maintenance expense	+ \$35,150
- Equipment lease	+ \$7,500
- Additional security (eg., 24 hour taping, radios, key pads, etc.)	+ \$40,000
- Less: Reduced furnishings and equipment	<u>(\$30,000)</u>
- TOTAL	+ \$55,150

It is assumed that these additional expenses will also increase annually at the rate of 3%. The expenditure forecast for the Operations Department is summarized below:

CROCKER ART MUSEUM – Operations Expense Forecast				
	2003-04	2007-08	2008-09	2009-10
All Other Expenses	\$94,850	\$106,755	\$109,957	\$113,256
Additional Expenses		\$55,150	\$56,805	\$58,509
TOTAL	\$94,850	\$161,905	\$166,762	\$171,765

- **Other**

In addition to the departmental expense categories listed above, the Museum will incur additional expenses for the new café. As indicated in the revenue forecast portion of the Business Plan, it is assumed that the Café will be revenue neutral for the first three years of operation. Thus, no revenues or expenses have been forecast herein.

Museum Expense Estimates – First Three Years of Operation

Utilizing the analysis and assumptions presented above, expense estimates for the renovated and expanded Museum have been prepared for the first three years of operation. Although the new Museum is not expected to open until early 2008, figures for fiscal year 2007-08 are used for the first year. Fiscal years 2008-09 and 2009-10 represent years two and three, accordingly. The expense estimates are summarized on Table 4 on the following page.

City Expense Estimates – First Three Years of Operation

As indicated previously, the City of Sacramento incurs and budgets for a variety of expenses associated with the operation and maintenance of the Crocker Art Museum. In 2003-04 the total City budget for the Crocker was \$939,900. These expenses are listed

below, along with the assumptions used to forecast them during the first three years of operating the newly renovated and expanded Museum.

- **Salaries and Benefits for Six Professional Staff Positions and One Security Supervisor** – In 2003-04, the City budgeted \$444,089 in salary and benefit support for seven staff positions for the Crocker Art Museum. As with the estimates for salary and benefit cost for CAMA personnel, it is assumed that these costs will increase annually at 5% in the future.
- **Salary Support for the Museum Director** – The City also budgeted \$105,000 for salary support for the Museum Director in 2003-04. Similar to other salary and benefit estimates, it is assumed that this cost will increase 5% annually in the future.
- **Contracted Security Services for the Museum** – At present, there are six “security posts” on duty whenever the Museum is open. The City budgeted \$239,000 for this service in 2003-04, or approximately \$40,000 per security post. Museum staff indicates that a minimum of nine “security posts” will be needed when the new Museum opens. For estimating purposes, it is assumed that this cost will increase 4% annually between now and time the museum opens when a minimum of nine security posts will be provided and that this cost will increase by 4% annually.
- **Utilities** – The City’s 2003-04 budget for utilities at the Crocker Art Museum was \$102,969. Actual costs was \$116,356 or \$2.33 per square foot. Adjustments for inflation suggests a square footage cost of \$2.68 at opening and that number will increase annually at 3%. Initial discussions with those involved in the design and management of the renovation and expansion project indicate that any efficiencies resulting from new equipment may well be offset by increased lighting loads and the increased space in general. While a more refined estimate can be made when final plans and specifications are available, it is reasonable to assume that the increase will be proportional in nature.

TABLE 4				
CROCKER ART MUSEUM				
CAMA Expense Estimates				
First Three Years of Operation				
Expense Category	2003-04	First Year	Second Year	Third Year
Salaries and Benefits				
Fundraising and Membership	\$328,312	\$423,375	\$444,544	\$466,771
Special Events	93,600	113,771	119,460	125,433
Marketing	210,612	328,930	345,377	362,645
Museum Store	117,868	235,951	247,749	260,136
Curatorial	49,296	248,323	260,739	273,776
Education	223,054	319,744	335,731	352,518
Administration	169,200	345,447	362,719	380,855
Finance & Human Resources	141,588	264,783	278,022	291,923
Operations	139,373	307,673	323,057	339,209
Sub-Total	\$1,472,903	\$2,587,997	\$2,717,397	\$2,853,267
All Other Expenses				
Fundraising and Membership	\$79,120	\$235,050	\$242,102	\$249,365
Special Events	202,150	506,000	521,180	536,815
Marketing	137,050	342,991	353,280	563,879
Museum Store	157,899	530,384	493,974	540,698
Curatorial	229,650	1,000,000	1,030,000	1,060,900
Education	86,578	229,444	236,327	243,417
Administration	64,250	135,314	139,373	143,555
Finance & Human Resources	44,050	78,779	81,142	83,577
Operations	94,850	161,905	166,762	171,765
Sub-Total	\$1,095,597	\$3,219,867	\$3,264,141	\$3,593,970
Other				
Café	\$0	\$0	\$0	\$0
TOTAL (a)	\$2,568,500	\$5,807,864	\$5,981,538	\$6,447,237
City Support	939,900	1,592,219	1,659,471	1,734,834
Total CAMA & City	\$3,508,400	\$7,400,083	\$7,641,009	\$8,182,071

- **Janitorial, supplies, and other** – In 2003-04, the City allowed \$48,842 for these costs. With the size of the building tripling, it is expected that these costs will at least double and then increase annually at 5%.

In addition to the above referenced general fund allocation the City provides non-departmental support for Fine Arts Insurance, Fire and Liability Insurance, Building and Grounds Maintenance and Information Technology Support. Estimates on the current level of support in these areas and anticipated future support follows:

- **Fine Arts Insurance** – The City presently budgets approximately \$40,000 annually for fine arts insurance at the Crocker Art Museum. It is possible that this cost item will increase as the Museum’s collection increases. But since the City mostly self insures for purposes of this forecast, it is assumed that the 2003-04 budget figure of approximately \$40,000 will hold constant, with the exception of an annual inflationary increase of 3%.
- **Fire and Liability Insurance on the Museum Building and Property** – In 2003-04, the City budgeted \$11,275 for all risk insurance, including earthquake coverage. Due to modern fire protection and security systems, the per unit cost for the new Museum may well be less. For estimating purposes, however, it is assumed that the increase will be proportional. As such, the base cost is assumed to triple and then increase annually at 3%.
- **General Building and Landscape Maintenance** – In 2003-04, the City undertook a variety of building maintenance and landscape maintenance projects that were coordinated by the City’s Facilities Maintenance Department at a cost of \$163,500. While janitorial maintenance will increase, general building maintenance should not significantly increase because of the improvements resulting from the renovation and expansion project. To be conservative, it is assumed that this 2003-04 cost will double, and will increase annually at 3%.
- **Information Technology Support** – There will be some one-time costs associated with cabling/networking in the expanded building, but the City does not presently charge the Crocker for information technology support, and it is assumed that this practice will continue in the future.

Utilizing the analysis and assumptions presented above, expense estimates for the City of Sacramento for costs associated with operating and maintaining the renovated and expanded Museum during the first three years of operation have been calculated. Although the new Museum is not expected to open until the first part of 2008, figures for fiscal year 2007-08 are used for the first year. Fiscal years 2008-09 and 2009-10 represent years two and three, accordingly. The City expense estimates are summarized below, as follows:

CROCKER ART MUSEUM – City Expense Forecast				
	2003-04	First Year	Second Year	Third Year
Salaries and Benefits (for 5 curatorial staff, curator of education and security supervisor)	\$444,089	\$532,907	\$559,552	\$587,529
Director's salary support	\$105,000	\$127,628	\$134,010	\$140,710
Contracted security	\$239,000	\$432,000	\$449,280	\$467,251
Utilities	\$102,969	\$402,000	\$414,060	\$426,482
Janitorial, Supply and Other	\$48,842	\$97,684	\$102,569	\$112,862
TOTAL	\$939,900	\$1,592,219	\$1,659,471	\$1,734,834

FIRST THREE YEARS OF OPERATION

SUMMARY – CAMA and City Revenue and Expense Forecast

Table 5 presents a summary of the revenue and expense estimates for the first three years of operation for the newly renovated and expanded Museum. Although the new Museum is not expected to open until early 2008, figures for fiscal year 2007-08 are used for the first year. Fiscal years 2008-09 and 2009-10 represent years two and three, accordingly.

The summary includes both estimates for CAMA and the City. With respect to CAMA, the initial summary of revenues excludes \$105,000 in Director's salary support that is received annually from the City. This number, adjusted at the annual rate of 5%, is added back to permit an accurate and complete comparison of projected Museum revenues and expenses. As indicated, Table 5 also includes an initial estimate of City expenses for the first three years of operation of the newly renovated and expanded Museum.

TABLE 5			
CROCKER ART MUSEUM			
SUMMARY - CAMA Revenue and Expense Forecast			
First Three Years of Operation			
	First Year	Second Year	Third Year
REVENUE	\$5,863,427	\$6,023,344	\$6,526,949
EXPENSE	5,807,864	5,981,538	6,447,237
Sub-Total	\$55,563	\$41,806	\$79,712
Add Back: City Director's Salary Support	127,628	134,010	140,710
BALANCE	\$183,191	\$175,816	\$220,422
SUMMARY - City Expense Forecast			
First Three Years of Operation			
	First Year	Second Year	Third Year
CITY EXPENSE (from Table on page 46)	\$1,592,219	\$1,659,471	\$1,734,834

CROCKER ART MUSEUM

Renovation and Expansion Project

APPENDIX

- **Table A – Map of Parcels**
- **Table B – Museums of Comparable Size**
- **Table C – Visitor Statistics for Museums Experiencing Expansion in Comparable Population Areas**

TABLE A

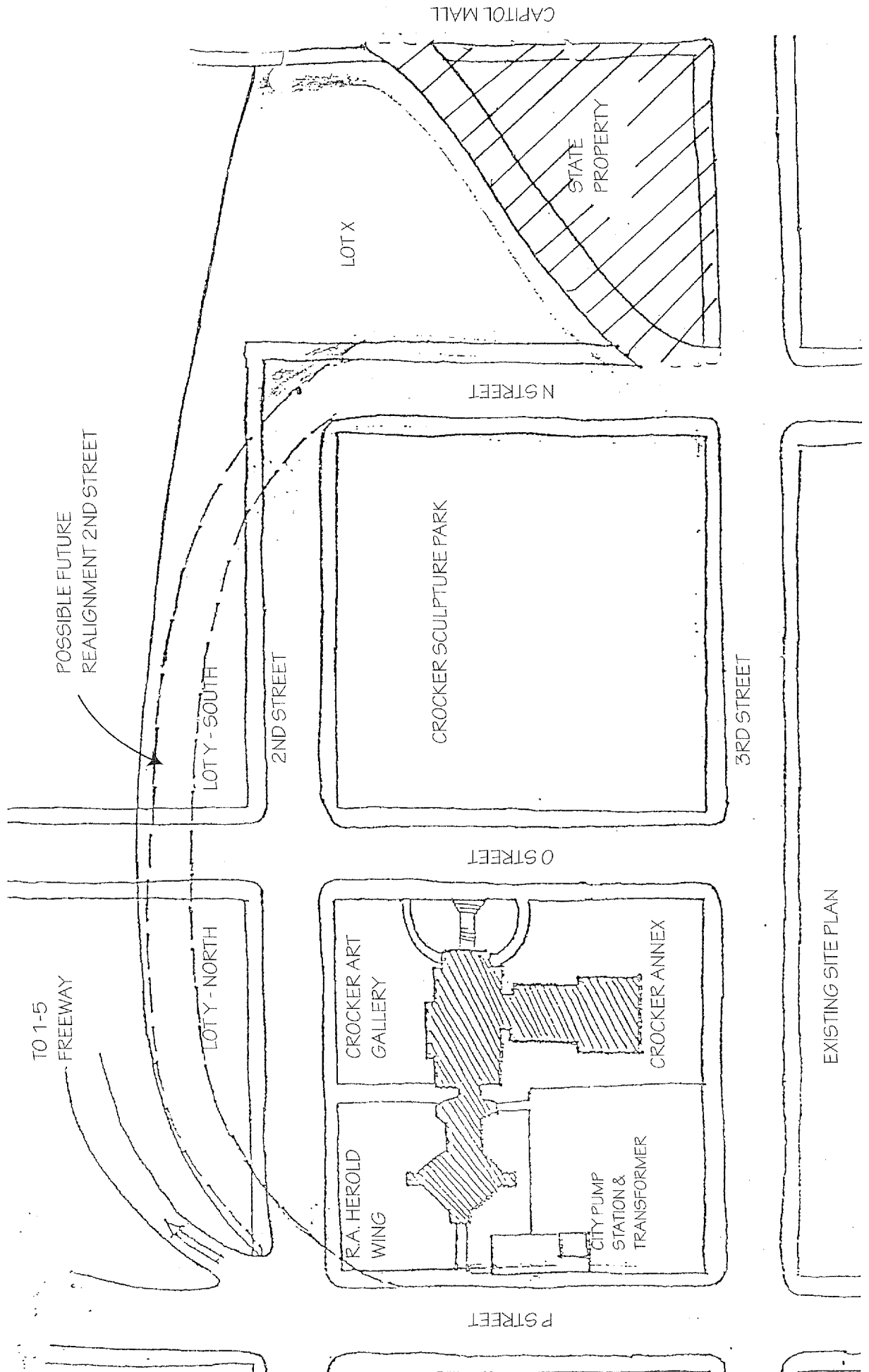


TABLE B

GENERAL DATA		CROCKER ART MUSEUM – Museums of Comparable Size						
	Crocker Art Museum	2003 Data – Association of Art Museum Directors					Walker Art Center	
	2003-4 (Budget)	2008 (Projected)	Dayton Art Institute	Palm Springs Desert Museum	Phoenix Art Museum	San Antonio Museum of Art		
Total Building Size (Square Feet)	49,940	150,000 +/-	156,000	125,035	162,000	146,682	135,000	
Total Exhibition Space (Square Feet)	22,300	70,130	69,690	53,000	60,100	70,959	30,000	
Full-Time Employees	34	40	60	80	73	38	117	
Part-Time Employees	7	17	53	5	28	12	33	
Volunteers	250	250+	429	396	2,930	285	170	
Annual Membership – Total	6,750	12,000	11,624	4,184	18,415	1,831	8,899	
Annual Attendance – On Site	160,322	400,000	248,800	151,584	295,401	76,148	444,520	
REVENUE								
Private Support – Individuals/Family	\$608,000	\$1,550,000	\$252,245	\$1,391,075	\$1,805,576	\$342,400	\$1,234,548	
Private Support – Corporate	\$275,000	\$300,000	\$342,710	\$230,189	\$588,610	\$117,480	\$1,674,675	
Private Support – Foundations/Trusts	\$75,000	\$150,000	\$72,000	\$190,258	\$305,604	\$268,416	\$1,370,183	
Special Events	\$446,500	\$731,000	\$877,426		\$688,260	\$193,406		
Admissions	\$185,000	\$1,012,500	\$106,384	\$268,155	\$1,424,736	\$219,681	\$150,472	
Museum Store								
• Space (On-Site) – Square Feet	900	1,500	2,000	900	2,200	783	2,500	
• Income (On-Site)	\$302,000	\$869,482	\$247,387	\$502,130	\$1,241,468	\$184,589	\$962,284	
• Income (Per Square Foot)	\$335.55	\$373.31	\$123.69	\$557.92	\$564.30	\$235.75	\$384.91	
• Income (Per Visitor)	\$1.88	\$2.62	\$0.99	\$3.31	\$4.20	\$2.42	\$2.16	
Facility Rental	\$15,000	\$120,000	\$150,225	\$68,595	\$85,566	\$49,878	\$70,834	
EXPENSE								
Salaries and Benefits	\$1,996,919 (a)	\$3,224,942 (a)	\$2,880,679	\$2,671,130	\$3,763,117	\$1,742,784	\$7,042,000	
Development, Marketing, Membership	\$755,094	\$1,330,346	\$733,583	\$903,690	\$1,045,249	\$250,532	\$1,630,991	
Special Events	\$295,750	\$619,771	\$533,433	\$380,699	\$386,211			
Museum Store (On-Site)	\$275,767	\$766,335	\$232,749	\$330,998	\$1,072,213	\$147,473	\$949,674	
Store Expenses as % of Store Revenue	91%	88%	94%	66%	86%	80%	98%	
Curatorial	\$278,946	\$1,248,323	\$453,121	\$1,263,088	\$1,047,555	\$1,032,150	\$3,300,049	
Education	\$309,632	\$549,188	\$260,713	\$401,891	\$748,121	\$211,266	\$1,255,406	
Administration	\$419,088	\$824,323	\$1,089,420	\$1,148,262	\$1,482,060	\$361,207	\$1,596,223	
SUMMARY DATA								
Total Operating Revenue	\$3,495,346	\$5,896,055	\$5,067,528 (b)	\$3,918,034 (b)	\$10,202,363 (b)	\$4,017,105 (b)	\$14,573,188 (b)	
Total Operating Expense	\$3,495,246	\$5,807,864	\$5,202,226		\$11,707,586	\$3,860,250	\$14,561,649	
Personnel Expense - % of Total Expense	57%	56%	55%		32%	45%	48%	

(a) CAMA salaries and benefits plus City staff, and Director's salary support

(b) Revenue totals are larger than revenues reported above because the totals include government support, earned income, and proceeds from investments and endowments.

Crocker Art Museum
Visitor Statistics for Museum Expansions

TABLE C
CROCKER ART MUSEUM - Visitor Statistics for Museums Experiencing Expansion in Comparable Population Areas

Museum	2004 AAMD Stat		2004 AAMD Stat		Visitor count		Expansion Date	% increase	Notes
	Visitor count	Population count	Population count	Expansion Date	Visitor count prior to expansion	Visitor count after expansion			
A	319,145	2,331,000	2,331,000	In process	300,000	600,000	anticipated 200%	Anticipate double attendance for the first two years, with subsequent decreases back down to 300,000 over the course of 5 - 6 years.	
B	450,544	2,221,000	2,221,000	Groundbreaking took place summer 2004	NA	NA		No Admission charged, so no projections made.	
C	294,935	1,537,000	1,537,000	Entire expansion to be completed May 2006	NA	NA		No projections set. Currently in the midst of a capital campaign.	
D	524,816	1,462,000	1,462,000	May-01	166,000	450,000	actual 271%	Visitor count prior to addition represents an average over 3 years. After addition, membership tripled and out-of-state visitors increased.	
E	737,490	2,872,000	2,872,000	fall of '98	390,000	737,000	actual 189%	Visitor count prior to expansion is from 1998. Visitor count after expansion is from 2004.	
F	374,890	1,629,000	1,629,000	New building opened to the public Dec-02	100,000	350,000	actual 350%	Waived admission for first 8-9 months. Started charging again Sept. 2003.	
G	347,649	1,756,000	1,756,000	Excavation began 2002. New bldg. to open in 2007	335,000	800,000	anticipated 239%	Historic average before expansion is 335,000. Anticipate count to drop to 290,000 during construction. Second year after expansion, anticipated visitor count = 750,000 with counts bottoming at 500,000 in subsequent years.	
H	541,778	2,181,000	2,181,000	Renovation of the north building began Feb-04 Moved museum to South of Market district Jan-95.	150,000	550,000	actual 367%	Museum has been on a course of regular expansion over a ten year period. Numbers shown are actuals prior to expansion (96) and last year(03) No projections made for current project. Single year attendance reached as high as 1 million.	
I	639,146	1,686,000	1,686,000	Demolition of adjacent bldg. began Jan-04. To be completed spring 2007.	250,000	800,000	actual 320%	Visitor count after relocation is for the first year. Average count for subsequent years is 650,000.	
J	504,482	2,335,000	2,335,000		500,000	635,000	anticipated 127%	Expansion project will not have an opening, but rather additional space each year over a 10 year period hence no attendance increase is projected other than regular visitor growth of 127% a year.	

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

Crocker Art Museum Business Plan

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- 1. The Crocker Art Museum Business Plan demonstrating the operating feasibility of the renovated and expanded Crocker Art Museum is hereby approved.
- 2. That by approval of this plan, the City Council hereby recognizes the increased annual City General Fund costs as a result of the Crocker expansion is anticipated to be approximately \$541,000 beginning in FY 2008.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____