

September 9, 2015

To: Members,
Community and Protective Services Committee

Re: Regina Plains Museum Support (also known as the Civic Museum of Regina)

RECOMMENDATION

1. That City Council approves a one-time grant of \$25,000, from the 2015 Community Investment Grants Reserve for Community & Protective Services, for the Regina Plains Museum to develop options on how to sustainably execute their mandate (business plan);
2. That the Executive Director of City Services be authorized to negotiate and approve a funding agreement with Regina Plains Museum as further outlined in this report;
3. That the City Clerk be authorized to execute the agreement on behalf of the City of Regina; and
4. That this proposed business plan be completed by December 31, 2015, at which time Administration will report back to Community & Protective Services with recommendations.

CONCLUSION

Due to financial challenges with current levels of revenues and expenses, the Regina Plains Museum (Organization) has requested a one-time total investment of \$80,000; \$60,000 in support of continued operations through 2015 and \$20,000 to contract a consultant to work with the Organization's staff and board to create a business plan to determine methods for sustaining operations beginning in 2016 and into the future (Appendix A and Appendix B). Administration is recommending approval of \$20,000 to contract a consultant to create the business plan, as well as \$5,000 to dedicate staff and resources to the project.

BACKGROUND

Located originally at the Regina Exhibition grounds in 1960, the Regina Plains Museum (Museum) was led by the Old Timers Association and attracted estimates of 30,000 visitors each year. By the 1970s the Museum, serving as a history museum, exhibiting artifacts from its collection which reflect the social, political, cultural and economic climates of the city's history, had relocated a number of times. In 1981, the Organization found a home in downtown Regina on Scarth Street. At this location, there was a peak level of attendance of 8,900 visitors in 2008¹, but a steady decline of attendance from 2009 through 2011, resulting in approximately 2,500 visitors per year. The Museum was then open six days a week with extensive hours. Volunteer hours were approximately 3,000 hours per year over this period. Since 2004, the City of Regina's (City) financial support for the Organization remained steady with an annual allocation of \$100,200 for the core operations and programs.

In 2012, precipitated by an upcoming rent increase and desire by the Board of Directors to address waning attendance and maximize their delivery of service to the public (ie., exhibit more of the collection), the Organization began the process of facilitating a move to a new location at 1375 South Broad Street. The Board had also endorsed a new five-year strategic plan (Appendix

¹ Figures from the organization's reporting to the City's Community Investment Grants Program

C), outlining the Organization's vision, mission, partners, state of financial strength and capacity, including the detailed strategies for achieving its mandate. The two year update on the strategic plan, including the Implementation for 2012 to 2014 is included as Appendix D.

In 2013, along with the planned relocation, the Organization changed its operational name to 'Civic Museum of Regina'. Throughout this year the Museum was closed to the public to facilitate the move and refurbishment of the new location. The new location provides 3,757 square feet of display and programming space, parking and wheel chair accessibility. The Organization took the opportunity to create new governing policies supporting the collection. In support of the Organization's policy work and application for annual support as a 'Community Partner' in the Community Investment Grants Program (CIGP), the City provided a 10 per cent increase to the Organization's core operations, bringing the annual grant to \$110,000.

With the reopening of the Museum in February 2014, the Museum was open to the public five days a week with limited hours (i.e. closing by 4 p.m. each day). In this year, the Museum increased visitation from historical numbers with an estimate of 3,500 visitors, however volunteer hours fell to approximately 925 hours.

In 2015 the Organization was provided a small increase for core operations from \$110,000 to \$115,000. On May 22, 2015 the Organization submitted a one-time ask for \$80,000, \$60,000 in support of continued operations through 2015 and \$20,000 to contract a consultant to work with the Organization's staff and board to create a business plan to determine methods for sustaining operations into the future. By mid-July, the timing of bringing the request to Committee had been established with the Organization. On August 7, 2015 the Organization informed City Administration that it would be closing to the public on August 31, 2015 and would remove its collection by the end of the year.

DISCUSSION

With the ask of funds to support both the operational needs of the Organization throughout the remainder of 2015, and to analyze a model for sustainability going forward, Administration's recommendation of \$25,000 to support the business planning considers a range of issues related to the Organization's operations. These issues include the current levels of City support and the opportunities available in the development of a new business plan.

While City financial support for the Organization remained steady over its history and particularly since 2004, with an annual allocation of \$100,200 for core operations, the past three years have seen steady growth in the City's annual support via the CIGP. Table 1 showcases the increases in City support to the organization's annual operating funds since 2012.

Table 1 – City Financial Support

	2012	*2013	2014	2015
Core operating	\$100,200	\$110,000	\$110,000	\$115,000
**New Initiatives	\$15,000	-	\$4,000	-
Municipal tax exemption	\$5,434	\$9,219	\$9,660	\$7,696
TOTAL	\$120,634	\$119,219	\$123,660	\$122,696
% of annual revenues	86%	76%	84%	TBD

*2013, the year of the relocation, saw a large grant from SaskCulture and a draw down from the organization's allocated reserve.

**The organization has been eligible to apply to the City for 'New Initiatives' funds to support one time and first time initiatives. They did not apply in 2013 or 2015.

In undertaking the relocation to the south Broad Street location, the Museum, beginning in 2013, created annual operating budgets which forecast significant deficits in the absence of major self-generated revenues. In providing consulting services to the Organization from 2013 through to the 2015 year, Administration provided the following services in cooperation with the Organization's Executive Director:

- Identified potential new sources of revenue, which included grants available from the City, other levels of government, foundations and the private sector;
- Indicated, both in the adjudication letter on core operating support as a 'Community Partner' in the CIGP for 2013, and again in the 2014 performance letter, that the organization needed to address the ratio of earned revenues versus non-discretionary spending via the development of a strong business plan. The March 4, 2015 letter of the 2014 performance review indicated that the business plan would constitute part of the Organization's 2015 performance review for consideration of 2016 funding;
- Clarity on potential partnerships, collaborations, outreach opportunities, and strengthening the presentation of the collection to the public.

The Organization was successful in securing some new sources of revenue, evidenced by a 2014 annual budget of \$146,636, but annual expenditures outpaced revenues, precipitating the formal feedback from Administration that the Organization needed to begin to address both sides of the financial ledger. Table 2 and Table 3 capture a summary of the Organization's revenues and spending from 2012 to 2014, and the percentage breakdown of the Organization's revenues and expenditures in 2014, the first year of operation at the new location on South Broad Street (see Appendix E for the Organization's last financial report to the City, their Draft 2014 financial statements).

Table 2 – Organization Revenues and Expenses

	2012	2013	2014	2015
Annual operating revenue	\$139,828	\$155,105	\$146,636	TBD
Annual expenses	\$195,449	\$250,267	\$210,706	TBD

Table 3 – *2014 Budget Summary

	Amount	% of overall budget
REVENUES		
City	\$114,000	*77%
SaskCulture	\$23,250	16%
Other; sponsorships, donations	\$9,386	7%
TOTAL REVENUES	\$146,636	100%
EXPENSES		
Personnel and Administration	\$84,707	40%
Physical facility	\$101,451	*48%
Amortization, programming, marketing and other	\$24,548	12%
TOTAL EXPENSES	\$210,706	100%

*Does not account for the \$9,660 municipal tax exemption which would count either against the revenues or the expenditure on the physical facility.

The result was a 2014 deficit of \$64,070, where 93 per cent of revenues were from two public sector sources (City and SaskCulture) and 88 per cent of the Organization's expenses were related to costs incurred on the physical facility and personnel.

The City's financial support to the Organization can be further contextualized by drawing comparisons to the other arts and cultural organizations, especially museums and galleries, in the CIGP. For 2014, the City supported the core operational expenses of 20 arts, cultural, sport and recreation and social development organizations. As stated earlier, the program allows for 'Community Partner' status for these successful applicant organizations. The Organization received a significant amount of support comparative to other large institutions ('large' by measure of staffing levels, physical space owned or leased, number of programs and services and community participation rates).

A typical measure, used to showcase the principles of a funding agency's support against community participation rates, is to indicate the amount of financial subsidy provided per visitor. While there is no acceptable amount or target and other levels of government may also be contributing significantly to an organization, the comparisons illuminate the following, specifically for the City:

- Financial management, where strong self-generated revenue and fund development from the organization, along with efficiency in delivering their services, become evident with lower subsidy rates;
- Community engagement, where there is evident community participation measured in visitation;

- Strength of support, in this case from the City, where very high subsidy rates indicate a willingness by the City to support museums or galleries that may be unique or serving an important niche.

Table 4, indicates the comparative funding of the Organization versus other ‘Community Partner’ organizations and the discrepancy of subsidization rate from the City for the Organization versus other museums/galleries receiving core operational support². Museums and galleries are often compared for their similarities in maintaining and exhibiting collections (whereas performing arts organizations, like the Globe theatre, focus on other types of programs like live music or plays). Of exceptional note is that the comparisons do not include municipal or provincial tax abatements or exemptions on use of space.

*Table 4 – Comparisons of ‘Community Partner’ Support and Subsidy Rates in 2014

Position # based on amount of investment	Organization	Amount	# of visitors	\$ value of Subsidy per visitor
1	Mackenzie Art Gallery	\$300,000	65,000	\$4.61
2	Saskatchewan Science Centre	\$165,000		
3	Regina Symphony Orchestra	\$137,000		
4	Globe Theatre	\$125,000		
5	Civic Museum of Regina	\$110,000	3,500	\$31.42
6	RCMP Heritage Centre	\$100,000	30,000	\$3.33

*Does not include municipal tax abatement or exemptions

In accordance with the policies laid out in the ‘Culture’ chapter of the Official Community Plan, Administration recommends a one-time grant of \$25,000 to the Organization to enable the organization to develop options on how to sustainably execute their mandate. The recommendations support the Organization’s ask of \$20,000 for the business plan and provides an additional \$5,000 to enable the Organization to dedicate staff and other resources to the process. The provision of this funding would be conditional upon the Regina Plains Museum restoring its corporate status to good standing, as it was struck off of Saskatchewan’s corporate registry in July of this year, and Regina Plains Museum entering into a grant agreement with the City agreeing to use the funds for the purpose for which they are being provided.

Opportunities with Business Planning

With the Organization closing the Museum to the public, the opportunity exists to support the Organization’s ask to re-imagine what it means to have an historic collection in the 21st century in Regina. The parameters of the plan for exploring the sustainability of delivering the Organization’s mandate should include the following model options, along with any others;

1. A non-profit organization in a space that allows for large exhibitions of the collection;
2. A non-profit organization in a space that allows for some smaller exhibitions of the collection;

² Figures from organization reporting to the City’s Community Investment Grants Program

3. A non-profit organization in a space for administration only, focussing on outreach and leasing of the collection; and
4. Gifting of the full collection to the City and the resources required by the City to make the collection available to the public.

As planning takes place, and as the Museum remains closed to the public, Administration recommends that the Organization stage the removal process of transfer, gifting, sale, exchange or destruction of any collection materials, beginning with pieces that have no perceived value based on the Organization's guidelines and museum standards. This way, the Organization may continue to wind down operations but not impact the integrity of the collection before the final plans are known. Alternately, if the Organization wished to gift the entire collection to the City until planning is complete, Administration would negotiate with the Organization and consider what are currently unknown cost and resourcing implications.

It is recognized that during the planning process the Museum will remain closed to the public for several months, as was also the case throughout 2013. Administration is committed to upholding the mandate of the Organization during the planning process and, with the necessary cooperation from the Organization, will seek to make pieces of the collection accessible to the public via social media, situating pieces of the collection in public spaces owned by the City or partnering with others to display items in other spaces.

RECOMMENDATION IMPLICATIONS

Financial Implications

Administration's recommendation will result in a one-time contribution of \$25,000 in 2015. This contribution will be drawn from the Community Investment Grants Reserve for the Community and Protective Services Committee. Current forecasts suggest that the balance of the Community and Protective Services portion of the Grants Reserve is expected to be \$154,627 at the end of 2015. This one-time grant would result in the Reserve being decreased to a \$129,627. This amount is within the target balance for this reserve.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The 'Culture' chapter of the Official Community Plan highlights supportive policy to Administration's recommendation on supporting the development of new models for a potential Civic Museum, and in the City working to make the collection publically accessible through the planning period. They include:

10.3 – Identify, evaluate, conserve and protect cultural heritage, historic places and cultural resources (i.e., an historic collection)

10.15 – Partner with stakeholders to improve promotion of, awareness of, and access to cultural resources, learning opportunities, and activities

10.16 – Support equitable access to cultural resources, practices and activities

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

If a decision were made to provide this one-time contribution, consultation with the – Organization's staff, board and membership would be carried out.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

A handwritten signature in blue ink that reads "Laurie Shalley".

Laurie Shalley, Director
Community Services

Respectfully submitted,

A handwritten signature in blue ink that reads "Kim Onrait".

Kim Onrait, Executive Director
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