



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 3, 2016

FROM: MUSEUM & CULTURAL AFFAIRS DEPARTMENT WARDS: ALL

SUBJECT: BUDGET PRESENTATION FROM THE MUSEUM & CULTURAL AFFAIRS DEPARTMENT

ISSUE:

The issue for City Council consideration is to receive and provide input on the budget presentation from the Museum & Cultural Affairs Department about 1) current and historical operations; 2) FY 2016/17 recommended reductions; and 3) unfunded challenges for fiscal years (FY) 2016/17 and 2017/18.

RECOMMENDATIONS:

That the City Council receive and provide input on the Museum & Cultural Affairs Department on 1) current and historical operations; 2) FY 2016/17 recommended reductions; and 3) unfunded challenges for fiscal years (FY) 2016/17 and 2017/18.

BACKGROUND:

Department Operations

The Museum and Cultural Affairs Department (Department) tells the stories, collects the history and creates memories for the Riverside region. The Department does this through developing and executing Cultural and Entertainment events (e.g. Festival of Lights) and providing educational activities and programs (e.g. Nature Lab, Children's Discovery Days, etc.). The Department also develops and implements Museum exhibits [e.g. Cahuilla, John Muir, etc.]; acts as the steward of over 210,000 objects in the Museum collections and oversees Museum historic structures (e.g. Riverside Metropolitan Museum, Heritage House Museum, the historic Robinson House, and the National Historic Landmark Harada House). The Department also acts as the arts and culture liaison between the City and community by providing oversight and guidance for four entertainment venues (e.g. Fox Performing Arts Center (Fox), The Box, Showcase and Riverside Municipal Auditorium (RMA)), collaborating with arts organizations throughout the region, managing the City sponsorship program and overseeing event and film permitting for the City. These activities serve over 632,000 visitors annually, and the Festival of Lights Economic Impact Report by the UC Riverside Center for Economic Development & Innovation in 2015 found the Festival of Lights has an economic impact of \$47 million.

The Department's above-stated mission and services reflect the principles for effective government and are aligned with the strategic goals as identified in the Riverside 2.0 Strategic Plan. The Department has designed its five-year budget to expand, refine and/or redirect some of its focal areas to further align with Riverside 2.0 and the principles for effective government.

With regard to principles of effective government, the Department is accountable to the public, City Council, City Manager, the Metropolitan Museum Board and the American Alliance of Museums, the organization that oversees Museum professional standards. The Department's five-year Institutional Plan was submitted to the American Alliance of Museums as part of the Museum's Re-Accreditation submission. The Department strives to be transparent and exercise fiscal prudence through careful and efficient use of resources. The five-year budget process and institutional planning process provided an opportunity for the Department to identify ways to be more responsive to the community through more frequent changing of exhibits, expanding programming, developing new events and enhancing existing events. The request for additional funding through the five-year budget process will allow the Department to be more decisive and responsive in addressing community needs.

The Department's current services and programs align with the Strategic Priorities of the City as follows:

Enhanced Customer Service and Communication: Community, Safety, Enrichment and Well-Being.

The Department offers a sense of community and enrichment to residents and organizations through arts organization support, sponsorships, cultural and special events, exhibits and educational programming. The Museum Division does this through sending curators to schools with specific educational programming that is both aligned with educational standards and creates a fun way to interact with the students in an experiential way. The Arts and Culture division brings youth to the theater through the Fox Foundation, creates memories through the varied events and programs it offers and serves as the City's liaison in the arts community.

Economic Development and Community Services: Stewardship of Community and Public Resources

As the steward of the Riverside region's cultural and natural history, the Department oversees conservation and preservation of the Museum collections which are composed of over 210,000 objects. These objects represent the stories of the Riverside Community and its environs. In addition to preserving these objects, the Museum makes these objects and the stories associated with them accessible to the public through exhibits, educational programs and open access to collections data. The Department also oversees City sponsorship, film and event permits, and maintains historic structures, including the Fox Theater, Riverside Municipal Auditorium (RMA), National Historic Landmark Harada House, Robinson House, Main Museum and Heritage House.

The Department manages these responsibilities through three divisions: Administration, Riverside Metropolitan Museum and Arts and Cultural Affairs. These three divisions have separate funds in the department budget: Administration, Facilities and Operations, and Arts and Cultural Affairs. Current budgeted staffing of the three divisions is: Administration 4.0 FTE, Museum 12.25 FTE, and Arts and Cultural Affairs 6.5 FTE.

Performance Measures:

Department measures performance quantitatively and qualitatively:

- | | |
|---------------|---------------------------------|
| Quantitative: | Attendance Numbers/Ticket Sales |
| | Demographic Information |
| Qualitative: | Significance of Partnerships |
| | Customer Experience Surveys |
| | Spontaneous Customer Feedback |

Accomplishments

- Submitted re-accreditation documentation to the American Alliance of Museums
- Migration to Argus.Net, a top-of-the-line Museum collections management system

- Raised over \$90,000 in sponsorship for Department programs/events
- Festival of Lights was recognized as the Best Holiday Festival by USA Today/10 Best
- On track to serve over 632,000 visitors by fiscal year end
- Will have provided approximately 4,000 hours of Museum access to the public fiscal year end

Goals

- Expansion of Festival of Lights event footprint and programming
- Decrease general fund expenditure for the Fox and RMA
- Increase Museum attendance by 10%
- Add new and better customer tracking and feedback tools
- Expand Educational programming/outreach
- Nature Lab expansion
- Further enhance staffing for better efficiency and safety

Overview of Prior and Current Financials

MUSEUM	FY 2013-14 Actuals		FY 2014-15 Actuals		FY 2015-16 Adopted Budget	
Division Operational Expenditures	\$	FTEs	\$	FTEs	\$	FTEs
Administration	\$ 641,619	3.50	\$ 329,187	4.00	\$ 453,662	4.00
Facilities and Operations	\$ 660,495	7.00	\$1,019,613	9.00	\$1,258,077	12.25
Arts & Cultural Affairs	\$ 1,617,942	5.00	\$1,696,303	5.00	\$2,042,633	6.50
Totals	\$ 2,920,056	15.50	\$3,045,103	18.00	\$3,754,372	22.75

Major changes for Fiscal Year 2015-16 include:

- Department's budget has increases to support Museum re-accreditation by the American Alliance for Museums through additional staff, exhibit and marketing support.
- Specifically, Department added 4.75 FTE (1.5 FTE Associate Curator of Collections, 1.0 FTE Associate Curator of Education (Science), 2.25 FTE Arts & Culture Project Coordinator).

Departmental 4% Reduction Measures and Managed Savings

During the development of the FY 2016-2018 two-year budget, the Finance Department estimated the City would have a structural shortfall in the General Fund of approximately \$10 million to \$12 million. To address the issue, each department was asked to reduce their General Fund operational budget by 4%. This amount is in addition to the Department's annual managed savings target. A managed savings target represents the amount of money the department has historically saved each year. Examples of managed savings include vacancy savings and better pricing on professional services than expected. Typically, departments have been left to manage their budget to determine how these managed savings amounts would be achieved; however, given the need to reduce 4% of the Department's operating budget, it is imperative a plan to realize the managed savings target is provided.

For the FY 2016-18 two-year budget, the Department has the following 4% reduction and managed savings targets:

- \$163,317
- \$100,000

4% Reductions:

In order to achieve 4% savings (\$163,317) of the Department's General Fund operational budget, the following measures may be needed:

- Staffing Adjustments (\$55,526)
 - Underfills and staff adjustments requiring meet and confer with SEIU
 - Impact ability to cover existing commitments
- Reduce Security Guard Schedule (\$16,285)
 - Reduce hours security guard is on site at Main Museum
 - Increased safety risk for guests and staff due to reduced security services
- Heritage House Facility Support (\$5,000)
 - Reduce funding for projects at Heritage House
 - Fewer projects completed, preventive maintenance will be eliminated and only emergencies will be addressed on a funding-dependent basis
- Unfilled Staff Position (\$53,915)
 - 0.5 FTE Project Coordinator
 - Marketing responsibilities will fall to City Marketing Department and existing staff
- Public Art Fund (\$20,000)
 - Eliminate Public Art Fund
 - City will not have a Public Art Fund to support Riverside as City of Arts and Innovation
- City Sponsorship Program (\$6,090)
 - Reduces funding for City Sponsorship Program
 - Limit City's ability to impact community events
- Riverside Arts Council Agreement (\$4,091)
 - Reduces Riverside Arts Council Funds
 - City will reduce support for Riverside Arts Council
- Mission Inn Museum Agreement (\$2,796)
 - Reduces Mission Inn Museum Funds
 - City will reduce support for Mission Inn Museum

Managed Savings:

In order to achieve the Department's managed savings target (\$100,000) for the General Fund, the following measures may be needed:

- Opera Program (\$18,000)
 - Elimination of Opera Program
 - Will impact approximately 45 students, ages 7-35 years-old
- Arts Grants (\$11,200)
 - Reduce Arts & Culture Grants by 4%
 - Will impact the non-profit arts community of Riverside
- Downtown Farmer's Market (\$1,520)
 - Proposed reduction in marketing
 - Limited marketing limits growth
- Professional Services (\$23,000)

- Elimination of customer service consultant
 - Will impact our initiative to aggressively improve customer service
- Additional security guard reduction of hours and days
 - Further impacts security of guests and staff
- Eliminate work on the reprint of the book: Rods, Bundles and Stitches
 - Delay of reprint and potential sales income
- Outside Printing (\$2,200)
 - Printing of Harada House Newsletter
 - No newsletter
- Tourism, Marketing & Promotion (\$10,000)
 - Reduction to Harada House campaign collateral and marketing budget by 1/4
 - Negatively impact outreach and donor cultivation for a program that does not already have a platform
- Special Departmental Supplies (\$14,970)
 - Conservation supplies
 - Prevents ability to respond to unexpected conservation needs
 - Exhibitions, Education Programming impact and Marketing Materials
 - Further impedes dexterity and freshening of Exhibits, Education Programs and Marketing Materials
- Travel/Training/Meetings (\$7,000)
 - Reduce budget by nearly 2/3
 - Reduce ability to train staff on evolving industry standards and limit networking for funds
- Cahuilla (\$2,500)
 - Reduce Cahuilla Exhibit refresh by 1/4
 - Risk of limited impact of exhibit

Critical Unfunded Needs

Priority Level	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Highest	\$ 495,238	\$ 854,481	\$ 716,142	\$ 691,142	\$ 701,142
High	\$ 100,285	\$ 350,243	\$ 535,337	\$ 682,348	\$ 711,848
Important	\$ 1,500	\$ 14,000	\$ 19,000	\$ 255,177	\$ 696,177
Grand Total	\$ 597,023	\$ 1,218,724	\$ 1,270,479	\$ 1,628,667	\$ 2,109,167

The Department has identified seven key areas for additional funding requests to expand and enhance programs and services to fulfill the Department's mission and support the City of Riverside's strategic goals and principles of effective government:

Educational Programming (\$327,000): Additional funding for educational programming will provide resources that will engage the community through the development of experiential educational activities associated with museum exhibits and enhance and expand current educational program offerings.

Exhibits (\$529,000): Additional funding for exhibits will provide the Department with resources to change out exhibits more frequently and engage the public in new and innovative ways.

Festival of Lights (\$425,000): Additional funding for Festival of Lights will provide for expansion of footprint to increase programs and activities, increase the economic impact to the City of Riverside and provide additional resources to highlight the 25th Anniversary of the Festival of Lights.

Management of Collections & Conservation (\$429,000): Additional funding for management of

collections and conservation will provide for the proper care and preservation of Museum collections. This type of conservation is an essential Museum function. This funding request will provide for conservation of the teaching collection that is used in hands-on activities and prepare the collections for a move to a new collections storage facility and museum-appropriate shelving at the new collections storage facility.

Outreach (\$100,019): Additional funding for outreach will provide resources to develop a comprehensive volunteer program, museum membership program, and a publication on Native American handicrafts in collaboration with Native Nations. These three outreach efforts have revenue potential. Additionally, resources are needed to purchase emergency preparedness supplies which will impact our patrons.

Sponsorship/Events (\$750,000): Additional funding for sponsorship/events will enhance existing events and encourage new events and sponsorship opportunities which support additional community organizations.

Staffing (\$4,264,041): Additional funding for staffing will provide resources: to enhance the visitor experience through additional education, curatorial and exhibit design staff; for staff in FY17-18 that are currently grant-funded; support additional project staff to oversee the volunteer and expanded film permit programs; and to provide maintenance and project management staff to maintain and preserve historic structures under the Museum & Cultural Affairs Department's purview.

An additional critical unfunded need that has been submitted through the Capital Improvement Process is a request to address conservation and preservation of the National Historic Landmark Harada House.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report; however, as stated above the two-year budget process will include necessary deliberation on the proposed measures to meet both 4% reductions and managed savings targets. Moreover, the unfunded needs discussed above represent fiscal challenges above and beyond these reduction targets.

Prepared by: Sarah S. Mundy, Director
Certified as to
availability of funds: Scott Miller, Interim Finance Director/Treasurer
Approved by: Alexander T. Nguyen, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Department Organization Chart
3. Financial Summaries
4. Unfunded Needs