



Budget Engagement Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS **DATE: MARCH 14, 2024**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD: ALL**

**SUBJECT: PERFORMANCE AND FISCAL IMPACT FOR THE CHEECH MARIN CENTER
FOR CHICANO ART & CULTURE**

ISSUE:

Receive an update on the performance and fiscal impact of the Cheech Marin Center for Chicano Art & Culture.

RECOMMENDATION:

That the Budget Engagement Commission receive an update on the performance and fiscal impact of the Cheech Marin Center for Chicano Art & Culture.

BACKGROUND:

On December 17, 2020, the Budget Engagement Commission (BEC), by a vote of 8 ayes and 6 noes, with 1 absence, recommended the City Council approve the Management Agreement for the Cheech Marin Center for Chicano Art and Culture with the Riverside Art Museum (RAM) for an initial term of 25 years with an automatic renewal of two additional five-year terms. Following the BEC meeting, the City and Riverside Art Museum staff met to discuss additional revisions to the Management Agreement in order to be responsive to the comments expressed.

On January 19, 2021, the City Council approved the Management Agreement for The Cheech Marin Center for Chicano Art and Culture with the Riverside Art Museum (RAM) for an initial term of 25 years with two, optional, five-year terms.

On June 18, 2022, the Cheech Marin Center for Chicano Art and Culture (The Cheech) opened to the public. Activities to highlight this new museum included receptions, a gala, concerts, and civic dedication. The Cheech is currently open six days a week, but modifies the schedule with holidays, school schedules, special events, and programs.

The Management Agreement outlines a structure for RAM and the City to provide, discuss and report on accounting and financial aspects. The structure and information that is required and responsibilities of both parties are clearly outlined for accounting, financial records, reporting, payment of Facility Fee, responsibility of operating expenses, budget, and audit between RAM and the City.

Highlighted in the Management Agreement are the following with the status of each:

1. Maintain a separate account for Facility Fees collected – Complete;
2. Maintenance of Financial Accounts – Complete;
3. Payment of Facility Fees in a timely manner – Complete;
4. Responsibility of Operating Expenses by RAM – Complete;
5. Records and Annual Audit:
 - a. First Six (6) Month period, mid-year – Complete;
 - b. Annual Audit – In Process
6. Annual Budget – Complete
7. Diversified Revenues – Complete

RAM has met the terms of the Management Agreement with reporting and submittals for the first year.

In January 2023, the team agreed to final reporting details in compliance with the Management Agreement. These components include:

- timing and format;
- financial and operational content;
- format of the report; and
- information required and format for reporting to the City.

DISCUSSION:

A responsibility in the Management Agreement is for RAM is to provide timely reporting to the City on attendance and the Facility Maintenance Fee (FMF). RAM provides the information monthly. Staff from the Finance and Community and Economic Development Departments review. Below is a synopsis of activity for the first year.

	Individual Attendance	Attendance including Facility Maintenance Fee (FMF)	Percentage of Attendance including FMF
Total Admissions	117,850	83,033	70%
Total Facility Rentals	3,771	3,771	100%
Total Tours (teen + adult no education)	3,917	3,917	100%
Total Education Program (including Walk and Wonder)	9,630	0	0
Grand Total	135,486	90,721	67%

The grand total attendance number includes programs and events (e.g., Artswalk, First Sundays, etc.) specified in the agreement that are exempt from the facility fee. The total FMF received was \$221,649.35 for FYs 2022/23 and 2023/24.

Admissions for June through December of 2023 totaled 43,790. Revenue to the City for the same time period was \$75,093.90. Current admissions are 68% of last year's admissions at the same time. An exhibition for Judithe Hernandez is opening in February with an anticipated increase in attendance because of her work.

Admission comparison trends for the last 18 months are below with the table including June and January so the total attendees for the eight months is 58,685.

FY 2022/2023	Attendees	FY in 2023/2024	Attendees	Percentage Comparison
June	9,607	June	7,984	83%
July	17,466	July	8,760	50%
August	11,627	August	5,892	51%
September	7,876	September	6,310	80%
October	11,229	October	6,469	58%
November	8,156	November	7,393	91%
December	11,058	December	8,966	81%
January	11,767	January	6,911	59%

Facility Maintenance Fee

The Facility Maintenance Fee is added to the price of admissions to the Center and for Facility Rental Events to help underwrite the maintenance and operation for the City, which includes landscaping and utility costs

Adults	\$3.00
Children (0-13)	\$1.00
Seniors (65+)	\$1.00
Facility Rental Participant	\$1.00

Free Admission Programs that are exempt from the Facility Maintenance Fee are: RAM Trustee and Art Alliance functions; RAM sponsored events open to the public, such as Arts Walk, Artists Talks, First Sundays; Youth Education; Active-Duty Military and Family; Voices for Children; Big Brothers and Sisters; North American Reciprocal Museum.

Staff receives a Statement of Activities annually, and monthly reports in compliance with the terms of the Agreement. Revenue categories include: Admission; Donation; Exhibition; Education; Fundraising; Grant; Rent; Sales; and City Management Fee. The revenue categories show the diversity of income sources that RAM is using, not solely relying on the management fee for the operation of The Cheech.

American for the Arts Economic Impact Study

Arts & Economic Prosperity 6 (AEP6) study results brings a welcome message: when you invest in the arts and culture, you are investing in an industry that strengthens your economy and builds more livable communities. What continues to set the AEP6 apart from other national studies is its analysis of the event-related spending by arts and culture audiences. When people attend a cultural event, they often make an outing of it—dining at a restaurant, paying for parking or public transportation, enjoying dessert after the show, and returning home to pay for child or pet care. Our results from the latest study of 2022/2023 show that local attendees spend \$38.86 not including ticket price per person and nonlocal attendees spend \$46.50 not including ticket price with the average being \$40.85. Based on the data from RAM and AEP6, the estimated economic impact was over \$5.5 million in the first year.

Future Plans

Arts & Culture plays an essential role in cultural and social life for community; beyond that, arts & culture are essential to our economy by generating revenue, creating jobs, and contributing taxes. City staff are currently in the final process of a Request for Proposal for an economic impact analysis on The Cheech. The economic impact of the study will include:

1. Direct Impact, which measures the economic benefit of museum operations and activities;
2. Indirect Impact, Activity that is generated as museums makes purchases/services from a wider supply chain;
3. Induced Impact, monies spent by employees/visitors/etc. in the community (coffee, gifts, hotel, etc.);
4. Tax Revenue at the local, state, and federal levels; and
5. Equivalent Full Time Employees

As we move forward, City Staff and RAM staff will continue to meet and regularly evaluate and reassess the agreement, financial obligations, programming, and marketing between the two organizations per the benchmarks, dates, and information required as outlined in the agreement.

STRATEGIC PLAN ALIGNMENT:

This report contributes to **Strategic Priority 1 – Arts, Culture and Recreation, and Goal 1.1** - Strengthen Riverside's portfolio of arts, culture, recreation, senior, and lifelong learning programs and amenities through expanded community partnerships, shared use opportunities, and fund development. This report also contributes to **Strategic Priority 5 – High Performing Government, and Goal 5.4** - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

This report aligns with *EACH of the five Cross-Cutting Threads* as follows:

1. **Community Trust** – Staff and RAM will present an annual update to City Council to convey updates, trends, and programs on the investment that the community has made to The Cheech.
2. **Equity** –The Riverside Art Museum will continue to provide diverse programming as outlined in the original agreement.
3. **Fiscal Responsibility** – The First Amendment provided clear language and consistency within the agreement for the prudent and fiscal use of the facility fee revenue.
4. **Innovation** –The Cheech is innovative, different, and exciting with programming and opportunities as the only Chicano Museum in the country.
5. **Sustainability & Resiliency** – Regularly scheduled presentations on the financial and programmatic elements of the agreement aligns resources efficiently and productively for the City and Riverside Art Museum.

FISCAL IMPACT:

The FMF is intended to help underwrite the City's maintenance and operation of the premises. Amounts collected in excess of the annual facility expenses are reserved by the City for future maintenance and capital repairs. Separately, the City pays a management fee to the Riverside Art Museum. A high-level summary of prior year actuals for The Cheech is shown below, for the City impact only.

	FY2022	FY2023
Facility Maintenance Fee	\$ 14,047	\$ 207,593
Facility Maintenance Expenses	117,095	164,930
Net Amount	\$ (103,048)	\$ 42,663
Other Revenues	\$ 70,550	\$ 20
Management Fee	133,333	804,167
Total General Fund Cost	\$ 165,831	\$ 761,484

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Attachment:
Presentation