



Audit and Finance Committee Report

Date: March 7, 2011
To: Audit and Finance Committee
Through: Kari Kent, Deputy City Manager
From: Cindy Ornstein, Arts & Culture Director
Subject: Recommended Fee and Charges Updates for FY11/12

Purpose and Recommendation

The purpose of this report is to provide the Audit and Finance Committee with proposed adjustments to fees, and ranges of fees, charged by the Arizona Museum of Natural History (AzMNH), Arizona Museum for Youth (AMY), and Mesa Arts Center (MAC) programs.

Background

The AzMNH, AMY and MAC administer fee-based programs, which are periodically adjusted to reflect those charged at similar Valley institutions, and to maximize, where appropriate, earned program revenue.

Discussion

Each year, staff proposes updates to the City's Schedule of Fees and Charges to the Audit and Finance Committee. The recommendations are then carried forward to City Council for final consideration. For FY11/12, staff is recommending the following updates:

Arizona Museum of Natural History – Establish Fee Ranges

The Museum is proposing a broader range for rental fees. In FY07/08, AzMNH earned \$4,471 in rental revenue; in FY08/09, \$3,730; and in FY09/10, \$1,932. As part of consolidation of shared services following the budget cuts of 2008, the MAC, AMY and AzMNH began a system of shared services to find efficiencies out of necessity. One aspect of this was consolidating the Arts and Culture Department rentals under the Events Services staff located at the MAC. Marketing materials such as a new facilities rental brochure are now available to help promote rental opportunities. Since the cooperative marketing of rentals is still fairly new, we feel it is better to be conservative on the revenue expectations related to increased/decrease rental fees.

The revenue target from rentals for AzMNH for FY10/11 is \$2,000, at this point no fiscal impact is anticipated, and we do not see additional revenue being earned for FY11/12.

Arizona Museum for Youth – Establish Fee Ranges

The Museum is proposing a range in admissions and tours fees. There will not be a fiscal impact for FY11/12. The reason for the change is to meet current economic conditions and to allow for flexibility to change as needed. A fee range is desired because there are many cost variables, including a large range of exhibit costs, and with a range this will enable fees to be adjusted to appropriately recoup increased costs or to reflect the market price for a specific exhibit or type of exhibit.

Mesa Contemporary Arts – Eliminate Current Admission Fee

MAC is proposing that Mesa Contemporary Arts (MCA) eliminate its current admission fee of \$3.50 per person over age seven, and adopt a policy of free admission for persons during existing business hours. MCA currently has free admission on Thursdays, Target Free Sundays, and during Mesa Arts Center festivals and special events. Annual admission revenue is \$5,000 and they will be promoting their donation box with an expected \$2,000 in annual donations. Net revenue loss will be \$3,000.

FY09/10 attendance total was 10,650. Attendance is 12,488 through March 1, 2011. Our goal is to generate more patrons by eliminating admission fees. MCA would retain the option to charge an admission fee of up to \$6.00 per person in the case of special “blockbuster” exhibitions that would necessitate an admission fee to help offset higher costs.

Staff believes that MCA can be most successful as an educational program if the number of patrons is

substantially increased through a no-admission-fee policy; with contemporary art sometimes being a challenge for visitors to understand and appreciate. With free admissions, we feel that this will enable the investment in this great cultural resource to benefit a much larger number of citizens and especially to enable educational services to increase so that larger audiences are developed for contemporary art.

Fiscal Impact

AzMNH and AMY will not have any revenue impact at this time. MAC impact will be a reduction in revenue estimated at \$5,000.

Concurrence

The Museum and Cultural Advisory Board voted unanimously (8-0) to support these staff recommendations at their meeting on January 27, 2011.

Teri Siggins, Administrative Services

Cindy Ornstein, Arts & Culture Director

Karolyn Kent, Deputy City Manager