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The Remai
Art Gallery of Saskatchewan
Business Plan: 2015 to 2017

March, 2012

EXECUTIVE SUMMARY

Overview

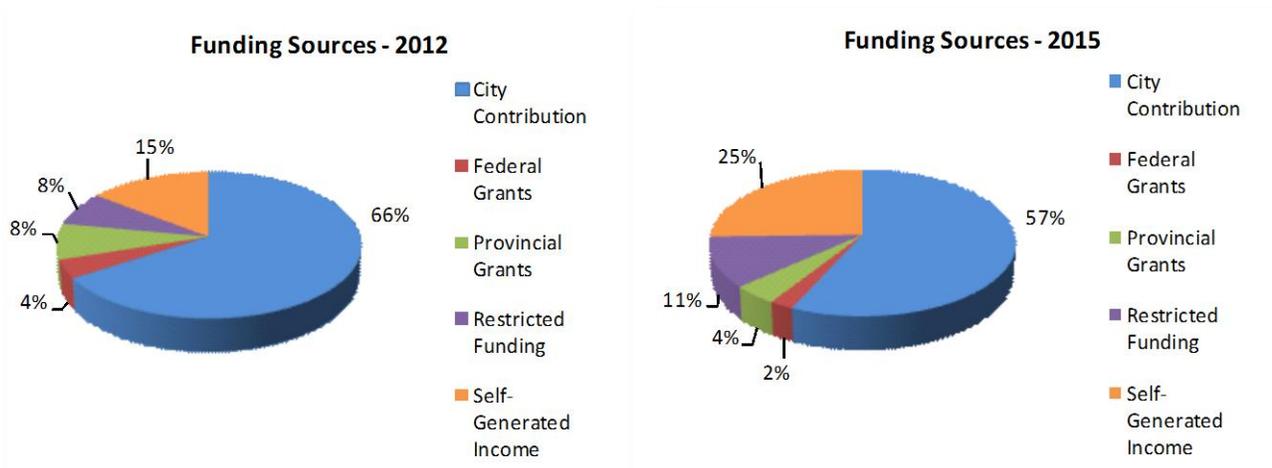
In 2015 the Remai Art Gallery of Saskatchewan (The Remai Gallery or the Gallery) will open at River Landing in Saskatoon’s south downtown. The new Gallery is a key element in that area’s revitalization and will be a vibrant gathering place in an inner-city neighbourhood that is enjoying a long-anticipated renewal. The Remai Gallery is poised to become the premier Western Canadian art gallery, celebrating the region’s contribution to the visual arts world while maintaining an uncompromising commitment to public accessibility.

The four-storey Remai Gallery will be a key destination at River Landing for both residents and visitors. Together with Persephone Theatre and planned residential and commercial development on the adjoining sites, the Gallery will help to animate the riverfront and connect with downtown. There is a remarkable alignment between the City’s vision to create a culturally oriented “destination” at River Landing and the Gallery’s determination to have a more dynamic presence in the City.

This Business Plan discusses in detail the Gallery’s relationship with the City, analyzes the projected costs associated with operating the new Gallery, assesses new sources of revenue available to the new Gallery, and makes a series of recommendations to be implemented by the City in furtherance of the Business Plan.

Operating Costs

Current and projected funding sources are shown in the following pie charts:



In dollar terms, the City of Saskatoon's contribution to the Mendel's budget in 2012 is \$2,507,028, which is expected to increase to \$3,993,006 in The Remai Gallery's first full year of operation. This \$1,485,978 increase to the City's contribution to The Remai Gallery includes an increase to provide the funding to the City Infrastructure Services Department for building operations, utilities and reserve increases of \$1,261,200. The remaining \$224,778 is for increased security, staffing and inflationary costs over the three year period. The value received by the City and its residents for this anticipated 59% increase is substantial. In the new Gallery the amount of exhibition space will increase by over 300%, the number of annual visitors will increase by 56% (based on average anticipated attendance for the first 3 years) and the City's share of annual operating costs will drop from 66% to 57%. It is also worth noting that 84.9% of this increase is attributable to increased building operating costs.

Capital Costs

This report includes capital replacement and new purchases of capital equipment required for the ongoing and newly enhanced programming and revenue generated activities.

Specifically, the recommendations include the purchase and funding strategy for proposed gallery related installation equipment, computer equipment including server and workstation network platform and software to support the operational, administrative and program functions of the Gallery.

A capital financing strategy for \$770,000 which is required to purchase the kitchen equipment for food and beverage services is also provided. The Business Plan is contingent on the financing plan for the kitchen being in place and the kitchen being functional in advance of opening. Financing of the kitchen has been included in the facility rentals and catering budget with income earned covering the cost of annual financing over a five-year period.

Revenue Generating Activities

Food & Beverage and Facility Rentals

The Remai Gallery will include a number of public spaces available for rental and catered events:

- The Bistro Café on the main floor
- The Riverview Room on the 2nd floor which accommodates up to 350 people
- The 4th Floor Rooftop Terrace which will accommodate up to 80 people (on a seasonal basis)
- The 4th floor boardroom which will accommodate 30 people
- The 2nd floor Lecture Theatre which will seat 150 people for lectures, film screenings and public presentations.

Under the recommended approach to managing these venues, bookings would be handled by Gallery staff while catering of all food and beverage functions would be contracted out to an exclusive operator. By doing so, net income of approximately \$290,000 is projected for 2015, rising to about \$340,000 in 2017.

Admission Fees

A number of alternative admission fee options were considered including free admission for everything, free admission except for special exhibitions, modest fee for permanent exhibition access and higher fees for special exhibitions, and modest admission fee with access to all exhibits with a free day or evening. After considering the revenue implications for each scenario, as well as public opinion on the admission question, a policy of free admission to the entire Gallery (excepting special exhibitions) is recommended. Two special exhibitions of duration of eight weeks each are contemplated with an average admission fee of \$8.00 per person for such exhibitions.

Under such a policy, average net income from admission fees over the first three years of operation is projected at \$283,000 annually.

Fundraising

Building on the momentum of the Capital Campaign, there is an opportunity for the Gallery to significantly increase its self-generated revenues in memberships, donations and sponsorships. To achieve this, the responsibilities for resource development should be separated from marketing and communications. A new, full-time Manager, Marketing and Communications would allow the existing Manager, Resource Development position to focus solely on increasing revenues from memberships, donations and sponsorships. Under this approach net income from fundraising is projected at \$39,000 in 2015 rising to \$196,000 in 2017.

Gallery Shop

The Gallery Shop compliments the Gallery's core mandate, serves to attract visitors and provides additional services to Gallery members and the community, as well as contributing to self-generated revenues. Through administrative changes, a focus on unique product offerings, a slightly larger shop, and additional traffic (as a result of more Gallery visitors), net income of \$15,000 is projected for 2015.

Recommendations

To achieve all of the foregoing the following recommendations are made:

Recommendation #1

The Remai Gallery Board recommends that a Memorandum of Understanding be developed between the City of Saskatoon and The Remai Gallery detailing the City's grant to the Gallery.

Recommendation #2

The Remai Gallery Board introduces a modest admission fee (on average \$8/person) for special exhibitions.

Recommendation # 3

The Rемаi Gallery Board recommends **2.5 FTE** be hired to staff the Reception/Information Desk during gallery operating hours, and **0.65 FTE** be hired for admissions collection during special exhibitions.

Recommendation #4

The Rемаi Gallery Board issues a Request for Proposal (RFP) for an exclusive operator for all food and beverage services at the new facility with the Gallery retaining responsibility for marketing and bookings.

Recommendation #5

The Rемаi Gallery Board recommends hiring a full-time Facility Rentals Sales Coordinator **1.0 FTE**. This position will be responsible for actively marketing and selling the AGS's rental spaces and for working with the exclusive operator for food and beverage services to maximize revenues for the gallery.

Recommendation #6

The Rемаi Gallery Board recommends the current responsibilities for resource development and marketing and communications be separated. It is also recommended that a full-time Manager, Marketing and Communications **1.0 FTE** be hired to enable the Manager, Resource Development to focus solely on increasing revenues from membership, donations and sponsorships.

Recommendation #7

The Rемаi Gallery Board recommends reallocation of an existing part-time Gallery Shop staff position to a full-time Assistant Shop Supervisor which is required for administrative assistance and coaching staff in sales techniques. This will require a **0.34 FTE** and salary adjustment.

Recommendation #8

The Rемаi Gallery Board recommends all hardware and software to be used at The Rемаi Gallery be in place by mid 2014 to facilitate training and a seamless transition to the new Gallery.

Recommendation #9

The Rемаi Gallery Board recommends that financing be made available for the capital costs associated with outfitting the kitchen.

Recommendation #10

The Rемаi Gallery Board recommends that in 2013 an Accounting Coordinator **1.0 FTE** and Manager of Community Education and Public Programs **1.0 FTE** be hired to address current administrative, planning, accounting and program capacity related needs and to facilitate the transition to the new Gallery.

CONCLUSION

This Business Plan represents the business model proposed for the new Gallery and the financial impact of that model. It creates a clear direction for The Remai Gallery to deliver on its commitment to service in the community. The new Remai Art Gallery of Saskatchewan will serve as an architectural landmark for the community that demonstrates the value of supporting creative arts-based initiatives that contribute to lifelong learning and quality of life. Together, The Remai Gallery and City can further the City's aims to be a destination in the province, and for Canadian and international visitors.

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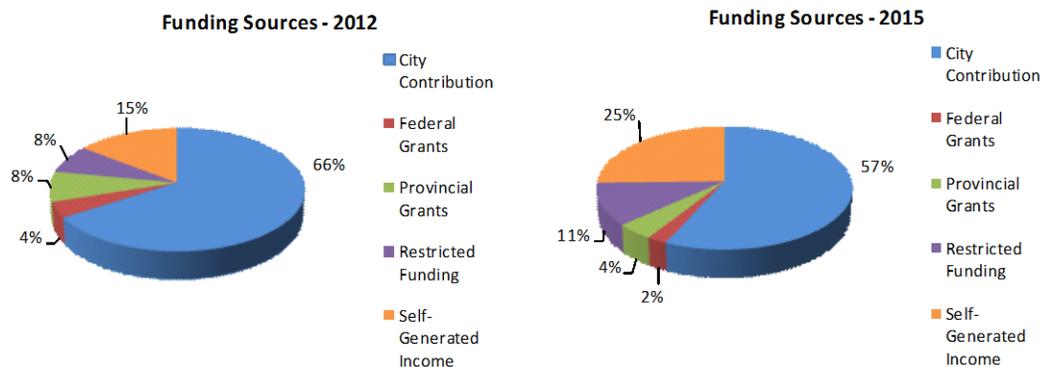
INTRODUCTION

In early 2015, the Rемаi Art Gallery of Saskatchewan (The Rемаi Gallery or the Gallery) will open at River Landing in Saskatoon’s south downtown. As part of the City of Saskatoon’s plans to revitalize its south downtown, civic leaders have approved plans to build a new art gallery on the riverfront of the South Saskatchewan. Galleries are not built every day, and this new facility will be a landmark for the city and a sensational addition to the Canadian art scene.

The Rемаi Gallery will be important to Saskatoon and to Canada. It will make a profound mark on the community, introducing a vibrant gathering place in an inner-city neighborhood that is enjoying a long-anticipated renewal. The Rемаi Gallery is poised to become the premier Western Canadian art gallery, celebrating the region’s contribution to the visual arts world while maintaining an uncompromising commitment to public accessibility.

In preparation for the move, Management, with the approval of the Board of Trustees, has prepared this Business Plan. The Business Plan is based on research and historical operating data.

Current and projected funding sources are shown in the following pie charts:



The City’s operating grant currently covers 66% of the Mendel’s operating costs. This percentage will drop to 57% in 2015 with the increase from 15% to 25% in the Gallery’s self-generated revenue. The City of Saskatoon’s contribution to the Mendel’s budget in 2012 is \$2,507,028 and is anticipated to increase to \$3,993,006 in 2015. The total estimated increase to the City’s operating grant from 2012 to 2015 is \$1,485,978, which includes the increased building maintenance, utilities and reserve costs of \$1,261,200. The remaining \$224,778 is for increased security, staffing and inflationary costs over the 3 year period. The budget includes an increase of an additional 7.49 FTEs which includes 2.00 FTEs that are funded from self-generated revenue. The increase in staff is required to support the new requirements for operating and programming the new facility.

The table below identifies the operating impact of The Mendel 2013-2014 and The Rемаi Gallery 2015-2017.

Summary of Operating Impact

	2012	2013	2014	2015	2016	2017
<i>Revenue</i>						
Federal Grant	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
Provincial Grant	301,000	301,000	301,000	301,000	301,000	301,000
Restricted Funding	285,646	431,400	291,400	790,350	796,535	792,839
Program Revenue	74,800	33,790	34,134	34,484	34,842	35,207
Self Generated Income	479,730	505,540	535,900	1,748,782	1,839,866	1,949,116
Total Revenue	\$ 1,301,176	\$ 1,431,730	\$ 1,322,434	\$ 3,034,616	\$ 3,132,243	\$ 3,238,162
<i>Expenditures</i>						
Program and services	\$ 2,745,130	\$ 2,934,275	\$ 3,023,537	\$ 3,468,484	\$ 3,542,150	\$ 3,599,401
Self Generated Expenses	211,530	225,297	326,884	787,609	800,617	822,796
Mtce Agreement Fee (Building)	476,200	486,976	497,968	1,800,000	1,854,000	1,909,620
Transfer to Building Reserve ¹	62,600	62,600	62,600	0	273,056	546,112
Transfer to Restrictd Funds	272,444	431,400	291,400	790,350	796,535	792,839
Transfer to various Reserves	40,300	40,300	90,100	181,179	188,158	196,004
Total Expenditures & Transfers	\$ 3,808,204	\$ 4,180,848	\$ 4,292,489	\$ 7,027,622	\$ 7,454,516	\$ 7,866,772
City Contribution Required	\$ 2,507,028	\$ 2,749,118	\$ 2,970,055	\$ 3,993,006	\$ 4,322,273	\$ 4,628,610
Total Contribution from Self						
Generated Activities	\$ 268,200	\$ 280,243	\$ 209,016	\$ 961,173	\$ 1,039,249	\$ 1,126,320
FTE Increases		2.00	1.00	4.49	0.00	0.00
Total FTEs	24.75	26.75	27.75	32.24	32.24	32.24

¹ - As per the City Administration, the Reserve Contribution will be phased in. In year one (2015) no funds will be contributed to the reserve, in 2016 one-third of the total contribution will be made, in 2017 a two-thirds contribution will be made and by 2018 the full contribution will be added to the reserve.

For Complete Financial Analysis refer to Appendix 1.

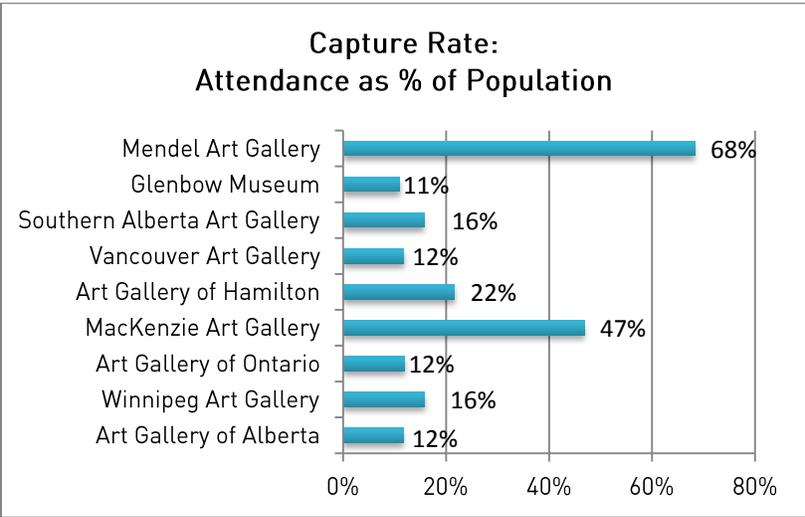
BACKGROUND

The Saskatoon Art Gallery and Civic Conservatory officially opened on October 16, 1964. It had been built on the initiative of the Saskatoon Arts Centre and Fred Mendel who initially contributed \$175,000 towards the construction of the Gallery. The following year, Mr. Mendel and his family donated 13 paintings including some by the Group of Seven, which today form a significant part of the Mendel Art Gallery's Permanent collection. In 1967 the City of Saskatoon assumed ownership and responsibility for the Gallery providing it with operational funding.

The core mandate of the Mendel Art Gallery is:

“To operate and maintain in the City of Saskatoon, a public museum for the collection, exhibition, preservation and interpretation of works of art and for the development of public understanding and appreciation of art”.

During the 1960s and 1970s the Mendel Art Gallery established itself as a gathering place for Saskatoon’s art community: visual artists and artisans exhibited their work; the Camera Club met at the Gallery regularly; classical, jazz and pop musicians performed; readings were held; films were shown; and since 1964, more than 450,000 school students from Saskatoon and Saskatchewan have participated in gallery programs. Over the past 48 years the Gallery has earned an exceptional reputation, locally and nationally for its high level of engagement with its community, its excellence in exhibitions, its significant permanent collection, and its notable level of public programming. With over 160,000 visitors in 2011, the Mendel has one of the highest per capita attendance rates in Canada.



In 2006, market research conducted by Saskatoon-based Fast Consulting showed a majority of key stakeholders viewed the Gallery as a prime tourist attraction, but felt it was not positioned or promoted as such. The majority of residents felt the Gallery should expand if it wanted to attract more people. Internally, staff and the Board of Trustees recognized the current facility was not large enough to accommodate significant national and international exhibitions impeding the Gallery’s presentation mandate and its ability to enhance public understanding and appreciation of art. The Gallery’s permanent collection had grown to a size where offsite storage was required, space for Public Programs was limited, preparation areas for exhibitions were inadequate, and administrative space was extremely tight.

Initially, renovations to the existing facility were investigated and a \$21.5 M expansion was proposed. While the City and Province made financial commitments to the project, further support was tepid with the quiet phase of a capital campaign raising less than \$1M of a \$6M target. No funding was forthcoming from the Federal Government.

In early 2009 the Gallery’s Board Chair and CEO/Executive Director initiated discussions with City leaders about exploring a River Landing location for the Gallery. On April 3, 2009 the Art Gallery of Saskatchewan gained momentum when Saskatoon’s City Council announced that, with commitments from the Federal and Provincial Governments, it intended to build a purpose-built

gallery that would also serve as a destination centre in the city's south downtown, at River Landing. Some controversy around the relocation of the Gallery and the loss of the Mendel name followed the announcement. The Gallery's Board and Management responded by indicating the Mendel legacy would be honored with a dedicated gallery space in the new facility where the works donated by Fred Mendel and his family would be displayed. Since this initial reaction concerns have been addressed and the controversy has subsided.

On April 26, 2010 the Functional Program Plan for the Gallery was approved by City Council.

The schematic design concept for the \$71-million Art Gallery of Saskatchewan, designed by KPMB Architects of Toronto, in association with Smith Carter Architects and Engineers, Winnipeg was approved May 30, 2011 by City Council. Under the *Building Canada* infrastructure program, the three levels of government have committed a total of \$51 million for construction of the new Gallery. The remainder is being raised in a \$20-million private sector fundraising campaign. The Gallery and its patrons will also be served by a \$13.2M underground parkade which will be owned and operated by the City.

On June 3, 2011, Saskatoon philanthropist Ellen Rемаi announced a donation of \$30 million to the Art Gallery of Saskatchewan on behalf of the Frank and Ellen Rемаi Foundation. The gift provides for \$15 million toward the construction costs of the 11,582-square-meter, four-storey gallery, and \$500,000 annually for 30 years for enhanced exhibition programming. In gratitude for this gift, which is unprecedented in Saskatchewan history, City Council unanimously voted June 13, 2011 to name the new Gallery the Rемаi Art Gallery of Saskatchewan (The Rемаi Gallery or the Gallery); and on June 22, the City held a public open house to give citizens a chance to hear the architects' vision for the Gallery and to see the designs.

The four-storey facility will be a year-round destination in its own right and a landmark for Saskatoon. The main floor with an inviting, bright and spacious atrium houses a Bistro Café, Gallery Shop, Community Studio, Education Activity Suite while glazed windows on the south side of the building will offer unparalleled views of the river. Also on the main floor will be the Mendel Salon - a permanent display of the artworks donated by Fred Mendel. In addition the Mendel Salon will feature the Perhudoff Murals recently rescued and restored from Mr. Mendel's offices at Intercontinental Packers/Mitchell's Gourmet Foods. The atrium will be one of the largest public spaces in the building. It will set the tone for visitors' experiences as a whole and is destined to become Saskatoon's 'living room'.

The second floor will contain a 150-seat state-of-the-art Lecture Theatre ideal for public presentations, video and small performances. The permanent collection Galleries will offer exhibitions of the City-owned collection of more than 7,000 artworks. A Multipurpose Room with full service kitchen attached can accommodate 200 people for a banquet or 350 people for a reception.

The third floor comprises the galleries where the regular changing exhibitions will be presented as well as 'special exhibitions' - those exhibitions which are made possible, in part, with the Rемаi Foundation

funding. The Gallery's exhibition plans will include works from its Permanent collection along with contemporary and historical works of local, national and international calibre.

The fourth floor of the building will contain the administrative offices, a 30-seat Board room, 10-seat Meeting Room, and a seasonably accessible roof top terrace which will be able to accommodate 70 to 80 people for a reception or banquet.

The arrival of the Remail Art Gallery of Saskatchewan, alongside Persephone Theatre, at River Landing, will make the site a center of arts and culture that defines the City's identity for the future. The City has clear objectives for the River Landing site. It wishes to ensure the development is a strong attraction for residents and visitors, and functions as a gateway to the river activity areas.

ENVIRONMENTAL SCAN

The Gallery is fortunate to have a strong, dedicated Board of Trustees and an enthusiastic, committed and skilled staff team working collaboratively to enhance public learning and understanding about the importance of art in the lives and to the community.

The Gallery's exhibition program places local and regional artists within a national and international context. The exhibitions situate local art production within a broader discourse by researching, preparing and exhibiting the work of local, national and international artists within a dynamic series of exhibitions. Issues of commonality and difference in terms of media, approach, content and execution are considered and investigated throughout the programming year. The Gallery offers a number of public programs to visitors of all ages that advances understanding and appreciation of the artwork being presented. The Gallery offers a regular schedule of public lectures, artist talks and symposia. Family and child-friendly hands-on programs are designed to make art more accessible and, with the exception of the Education Studios and Guided Tours, all public programs are offered free-of-charge. Partnerships with community groups locally and with galleries across the country underscore the Gallery's commitment to providing an exemplary public service that fosters artistic and creative capacity and appreciation for the arts.

The Gallery is committed to its role of providing a public service to the citizens of Saskatoon in the most cost efficient manner possible and to careful fiscal management. Over the past 20 years, the number of FTEs has decreased while increases to the Gallery's operating budget have related primarily to building maintenance, insurance and salary adjustments.

The current facility has presented a number of challenges for the Mendel Art Gallery Board and staff including: a shortage of space for key gallery functions such as inadequate space for significant exhibitions and public programs, operational problems associated with collection handling, exhibitions preparation and changeover; inflexible flow of visitors; outdated mechanical and air handling systems; and lack of space for staff. The needs and expectations of a growing city and one of its primary cultural amenities, coupled with the limitations of the physical plant, have established a significant challenge for the Board of Trustees and the City. The current number of staff is stretched to develop and implement

the current exhibition program and elevate public programming, outreach activities and partnerships, and operate the Gallery as outlined in this business plan.

The Remai Gallery will more than triple the space available for temporary and collection-related exhibitions, and the facility will include a community gallery, studio classrooms, a film and lecture theatre, meeting rooms, spaces for receptions and other public events, and a gift shop featuring the work of local, provincial, Canadian and international artisans. There will be ample storage space for the growing permanent collection, now numbering more than 7,000 works, and the building will meet rigorous modern gallery standards, making it possible to host national and international touring exhibitions previously unavailable to the city.

The increased space and new location means exhibitions, public programs and other offerings at The Remai Gallery will provide opportunities to extend the Gallery's reach to Saskatoon residents and visitors from around the world. Self-generated income levels, currently acceptable in relation to the activity at the Mendel, can be improved upon at The Remai Gallery through increased attendance and income generated through an appropriate admission fee model, facility rentals, catering and the Gallery Shop. There are also opportunities to build upon the momentum created by the Capital Campaign currently underway by increasing memberships, donations and sponsorships to provide additional resources and increased financial stability for the new Gallery.

Patronage from local residents will be critical and the City's visible support for The Remai Gallery can assist in bolstering attendance and participation in programs. Diverse programming, aimed at various audiences and age groups while providing multiple points of access to these programs, is paramount to achieving the Gallery's core mandate and the City's interests in providing a place where people from all walks of life gather to experience the transformative and community building that the visual arts and gallery provides. Robust marketing and promotion of The Remai Gallery and the Gallery's new programs and other offerings will be required to ensure the Gallery reaches a multitude of audiences. Adequate staffing levels to ensure the quality of service and programs are achieved and City funding support underlie the ability of the Gallery to achieve its goals and meet the standards of service expected by the people of Saskatoon.

THE BUSINESS PLAN OVERVIEW

The Business Plan for The Remai Gallery is grounded by the Core Purpose, Mandate and Vision of the Gallery. It is informed by research conducted specifically to validate assumptions and provide recommendations that contribute to realistic and measureable goals that will ultimately benefit the citizens of Saskatoon and Saskatchewan. With support from the City of Saskatoon, the following consultancies were undertaken to inform this business plan:

Fast Consulting - Market Assessment:

- ✓ verify the level of support for The Remai Gallery amongst Saskatoon residents;
- ✓ assess residents' opinion for revenue generating activities (i.e. admissions, programs, rentals, food services, gift shop; and

- ✓ determine resident support for attendance and membership.

TCI Management Consultants - Admission Fee Study

- ✓ review options related to various admission fee scenarios;
- ✓ determine the gross and net revenue implications of each scenario; and
- ✓ determine the impact of the various admission fee scenarios on membership.

fsSTRATEGY - Food and Beverage Opportunity Assessment and Management Strategy

- ✓ determine the potential value of the food and beverage, catering and facilities rentals business;
- ✓ make recommendations related to the Gallery offering these services and determine the impact on the private sector;
- ✓ determine management model options for engaging food service operator(s), including the pros and cons of each model, and recommend the most appropriate model;
- ✓ determine how many and the type of food and beverage operators to be considered; and
- ✓ make recommendations related to marketing and managing facility rentals.

DCG Philanthropic Services Inc. - Annual Fundraising Strategy

- ✓ identify an ongoing fund development program that includes memberships, individual and major gifts, planned giving including revenue expectations for each;
- ✓ make recommendations on an effective stewardship program;
- ✓ identify an ongoing sponsorship development program and revenue expectations;
- ✓ identify best practices related to developing new members and prospects;
- ✓ comment on the impact of special events; and
- ✓ provide recommendations related to the current and future staff required for future fundraising needs.

Professional Computer Services - IT Study

- ✓ propose a server and workstation platform;
- ✓ identify hardware and software required to support Gallery functions, program related activities and visitor services;
- ✓ ensure integration of and operation with current software and identify new software required; and
- ✓ provide a high level estimate of capital costs associated with the server and workstation platform, hardware and software.

Where interviews with other jurisdictions were undertaken by the consultants, each company was asked to interview the same galleries to ensure consistency and comparability in findings.

Terry Schwalm was contracted to oversee the work of the consultants, and to assist management in drafting this business plan.

CORE PURPOSE

With a long history as Saskatoon's Municipal Art Gallery, the Mendel Art Gallery is preparing to move to a new location and transform itself into the Remai Art Gallery of Saskatchewan which will open its new facility in the City's south downtown at River Landing in early 2015. Building on the legacy of the Mendel Art Gallery, the purpose of The Remai Gallery is set out in the following excerpt from the Articles of Incorporation:

The activities the Corporation may carry on are restricted to:

- The establishment, management, operation and maintenance of The Art Gallery of Saskatchewan in the City of Saskatoon and promotion of its facilities, amenities, works of art and programs for the benefit of the citizens of the City of Saskatoon and visitors;
- Encouraging the development and appreciation of the fine arts, with particular emphasis on the visual arts, including creation, collection, exhibition and presentation of the same, the provision of various educational, teaching and other programs and the lending and borrowing of works of art and art displays, and
- All things necessarily incidental to and reasonable connection with the above in relation to the operation of The Art Gallery of Saskatchewan as a provincially, nationally and internationally renowned art gallery.

CORE MANDATE

The Remai Art Gallery of Saskatchewan is a living public trust. The mandate of the Gallery is:

“To operate and maintain, in the City of Saskatoon, a public museum for the collection, exhibition, preservation and interpretation of works of art and for the development of public understanding and appreciation of art.”

The Remai Gallery will carry out its mandate by:

- Developing and holding in trust for the citizens of Saskatoon, the Province of Saskatchewan, and Canada, a representative and outstanding permanent collection of contemporary and historical works of art by Saskatchewan, Canadian, and International artists.
- Providing a balanced program of curated visual art exhibitions in various media and in consideration of issues of race, gender, politics, and contemporary cultural ideas and concerns.
- Circulating exhibitions regionally, nationally, and internationally to expand and serve audiences beyond the City of Saskatoon, to provide greater exposure for significant art of the region, and to participate in active exhibition exchange with art museums from other centres.
- Publishing exhibition catalogues of original curatorial research related to exhibitions and the permanent collection for use by researchers, Art Gallery and museum professionals, critics, writers, artists, students, and the general public.

- Providing a wide range of public programs that encourage diverse audiences to engage with works of art and to enjoy and learn more about the visual arts.
- Providing professional public programs that encourage the study and appreciation of art by avocational and professional artists, curators, art writers, and academics.
- Serving as a vital resource for local and regional art galleries, artist-run centres, museums, arts organizations, schools, universities, and the diverse cultural communities of Saskatchewan.
- Raising funds from a variety of public sources (through grants and City allocation) and private sources (i.e. sponsorships, donations, membership) to fund the programs and operations of the Gallery.

VISION

It is the goal of The Remai Gallery to be a vital gathering place, a cornerstone in the cultural life of Saskatoon and Saskatchewan, and a dynamic and highly respected, leading arts institution in Canada. The Remai Art Gallery is committed to being a relevant, responsive and responsible partner in the arts, cultural and economic development of the City and region where the experience of art brings people together to see the world in new ways.

GUIDING PRINCIPLES

- To further develop a major community asset for the people of Saskatoon.
- To support and promote the visual artists of Saskatoon and Saskatchewan.
- To be Saskatoon's centre for visual art experiences in the broadest and most inclusive ways possible.
- To be actively engaged in Saskatchewan's various communities by sharing resources and expertise.
- To present a balanced, quality program of exhibitions and public programs that provide the most innovative public and professional programs, thereby ensuring that the constituents have maximum enjoyment of the visual arts.
- To be a leading visual arts institution, locally and nationally.
- To make significant gains in private sector support for The Remai Gallery.

THE REMAI BRAND – THE GALLERY’S COMMITMENT TO SERVICE

The four-storey Remai Art Gallery of Saskatchewan will be a key destination in River Landing for both residents and visitors. Together with Persephone Theatre and planned residential and commercial development on the adjoining site, the Gallery will help to animate the riverfront and connect with downtown.

There is a remarkable alignment between the City’s vision to create a culturally oriented ‘destination’ at River Landing and the Gallery’s determination to have a more dynamic presence in the City. Galleries around the world are moving away from the ‘temple’ model and seeking ways of becoming more engaging, accessible, and transparent, with a greater diversity of activity. The underlying motivation is to deepen and broaden their relationship with, and involvement in, their communities. A common feature is the creation of very public and lively spaces where many social activities occur. One of the focal spaces in this marriage of intentions will be the Gallery’s atrium. With a welcoming Gallery Shop, Bistro Café and program spaces attached, the atrium provides the initial impression and experience for visitors before entering the exhibitions. It can become the ‘winter haven’ and gathering place. The Multipurpose Room, Conference and Meeting Rooms and Lecture Theatre on the upper floors will add to the facility’s amenities and public offerings to the public.

Notwithstanding the many expectations on this site, providing an Art Gallery facility worthy of the potential of the institution is an overriding objective in the Functional Program Plan approved by City Council in April 2010. The Remai Gallery will have a strong visible presence within the community and it must have a distinctive brand identity to assert its own stature as a leader in the visual arts. Key to the development is branding the Gallery as a gathering place where the experience of art intersects with freedom of interaction and mingling among different communities and user groups to help define a key aspect of the new Saskatoon.

In late summer/early fall 2011, the Gallery initiated the process of creating and defining a new and distinctive brand for The Remai Gallery, including detailed concept work on developing a striking new visual identity and comprehensive brand and marketing strategy. The brand establishes the overall framework in which the new Gallery will emerge and grow and it will define and drive the personality and operation of this new cultural and civic landmark. The new visual identity is planned to be revealed in the spring of 2012 as part of the Capital Campaign.

The brand and marketing strategy will establish The Remai as a centre of excellence for Western Canadian art, and will differentiate the Gallery from other art galleries. It will give the Gallery’s communication, marketing and education materials clear, compelling and co-ordinated messages and direction. It offers a visual identity system (a ‘look and feel’) that is distinct and identifiable to the Gallery and will consistently demonstrate and articulate the personality of The Remai Art Gallery of Saskatchewan. The Gallery’s brand essence will mature over time growing stronger and more refined. The brand plan will create the Gallery’s overall identity as it grows to integrate with the community and responds to the expectations and desires of those who visit it.

The Rемаi brand is about distinguishing the Gallery as a centre for creativity, a place that is open to all, and where innovation and inspiration and most importantly, quality service, are central to all programs and offerings. The Gallery will ensure excellence in programming, in outreach activities and in the services provided to the citizens of Saskatoon and visitors from the province and around the world.

In the months leading up to the opening of the new Rемаi Gallery, people will come to know the Gallery better and understand what to expect when they interact with the Gallery. The public will discover new things about the Gallery, uncover surprising new truths and better understand how the Gallery represents the community's past and future. The public will get to know and develop pride in this new destination for Saskatoon and area, and it will be a place of curiosity, creativity, reflection and exploration – a portal through which Saskatoon will view the world and the world will view Saskatoon.

OWNERSHIP AND GOVERNANCE

The Rемаi Gallery is owned by the City of Saskatoon and is incorporated under the Non-Profit Corporations Act of Saskatchewan. The Gallery received registered charitable status in January 2012. The Rемаi Art Gallery of Saskatchewan is one of two public art museums designated by the Government of Saskatchewan as having provincial responsibilities.

The Gallery is governed by a fourteen-member Board of Trustees, twelve of whom are appointed by Saskatoon's City Council, and two of whom are elected by the Gallery's membership. The Gallery's Board of Trustees is one of five of the City's Boards and Commissions. In this role, the Board is responsible for preserving this public asset and governing the affairs of the Gallery on behalf of the City of Saskatoon and its citizens. The Board of Trustees oversees the management of the Mendel Art Gallery, approves policies and budgets, and appoints the CEO/Executive Director. Annually, the Gallery submits its Audited Financial Statements and Annual Report to the City of Saskatoon outlining highlights of the year.

The Gallery receives basic operating funding support from the City of Saskatoon and supplementary financial support for its programs from the Saskatchewan Arts Board, Canada Council for the Arts and Saskatchewan Lotteries. Restricted program funding is also received from the Canada Council for the Arts Acquisitions Program, the Museums Assistance Program at Canadian Heritage and in the future the Ellen and Frank Rемаi Foundation.

Historically, the City of Saskatoon's financial support has covered full-time equivalent salaries and benefits (FTEs), the capital building replacement reserve contribution, and equipment reserve fund contribution, building maintenance costs (i.e. operating and utilities), Insurance, a portion of the computer data maintenance contract, a portion of security costs, a nominal amount for administrative services (postage, automobile fuel, etc.) and offsite storage. The table below shows a breakdown of the expenditures that were covered by the City Contribution in 2012.

Expenses covered by the City Grant in 2012

Salaries & Benefits	\$ 1,732,345
Insurance	20,400
Maintenance Fee Agreement	538,800
Security (at 85%)	65,450
Server/Computer Maintenance (100%)	20,000
Capital Equipment Reserve	40,300
Offsite Storage	65,334
Administration / General	<u>24,399</u>
City Operating Grant Required	<u>\$ 2,507,028</u>

There has not been a formal agreement with the City in the past regarding its contribution to the Gallery, and at times there has been some confusion as to what comprises the City grant. This plan identifies opportunities for the Gallery to reduce the percentage that the City contributes to the Gallery by generating more self-generated income.

In order to have a complete understanding by both parties of the City's contribution, the following recommendation is made:

Recommendation #1

The Rемаi Gallery Board recommends that a Memorandum of Understanding be developed between the City of Saskatoon and The Rемаi Gallery detailing the City's grant to the Gallery.

The City's grant is projected to decrease from 66% of the total operating budget for the Gallery in 2012 to 57% in 2015.

All aspects of governance and gallery operations support the delivery of the Gallery's mandate. The overriding guiding principle of the Gallery is to be a relevant resource to this community while ensuring sound and effective fiscal management of the operations so that the assets (i.e. collection) held by The Rемаi Gallery on behalf of the citizens of Saskatoon and Saskatchewan are researched, documented, exhibited, interpreted, protected and preserved for future generations.

The Gallery's proposed programming and operating model at The Rемаi Art Gallery of Saskatchewan includes:

- Continuing to provide a balanced program of contemporary and historical exhibitions that Inform and excite residents' and visitors' knowledge and appreciation of art in Saskatoon, Saskatchewan and the prairie region, and Canada;
- Introducing national and international calibre special exhibitions not previously possible due to limitations of space and lack of funding;
- Introducing engaging Public Programs that will attract new and diverse audiences. To guide

- and achieve this, hire a Manager, Community Education and Public Programs who will also enhance the outreach capacity by creating new partnerships and engaging in new programming opportunities;
- Expanding product lines in the Gallery Shop and increasing sales;
- Introducing a modest Admission fee to special exhibitions;
- Managing the food service and facility rentals business units that will increase the Gallery's capacity to increase its self-generated revenue;
- Expanding the Gallery's capability to generate more funding in memberships, donations and sponsorship; and
- Providing sound financial oversight and management of all operations, thereby preserving the public trust with which the Gallery is given.

CORE PROGRAMS

The Rемаi Gallery's purpose and core public commitment incorporates an integrated, three-pillar approach that links exhibitions, public and outreach programs and the development of the Permanent collection. The Gallery's focus will be on Saskatoon, Saskatchewan, and the prairies and programming activities will seek to establish a balance between relevance to this place and situating the art making of the region in a national and international context.

The Rемаi Gallery intends to provide programming in an immersive environment, where people of diverse backgrounds can connect with visual art through a multitude of activities and resources that are sensitive to a broad range of learning styles. Art education will be offered to small groups of adults and children. Free-guided tours will be held every Sunday, while private guided tours can be arranged any time for any group size. The Gallery will also offer a regular schedule of public lectures, artists' talks, symposia and a variety of family and kid-friendly hands-on educational programs. The Rемаi Gallery will develop strategic partnerships with other organizations in the community, regionally and internationally to create a meaningful dialogue amongst citizens of all backgrounds. Research conducted to inform the business plan found that almost one quarter (24%) of Saskatoon residents say they will participate in programs offered at The Rемаi Gallery, and three out of ten (30%) residents say they would be willing to pay for an art class or workshop at The Rемаi Gallery.

With the unprecedented and generous support of the Ellen and Frank Rемаi Foundation, TThe Rемаi Gallery will receive a \$500,000 contribution annually for 30 years to enhance the Gallery's programs. These funds are restricted to enhanced programming that would not be possible without this support - "special" exhibitions - likely two each year of 8 weeks in duration and of a calibre the Gallery has not been able to attract due to physical limitations of the current facility and/or lack of financial capacity. Research conducted to inform the business plan found that 73% of Saskatoon residents would visit The Rемаi Gallery if there were more exhibitions of the Gallery's collection and 71% would visit if there were more touring exhibitions.

For more information see Appendix 2.

REVENUE GENERATING ACTIVITIES

The move to The Remai Gallery at River Landing provides opportunities for the Gallery to increase its self-generated revenue, and market research conducted to inform the Business Plan found 80% of residents agree that the Gallery should be as financially self-sufficient as possible. The Remai Gallery Board and management see opportunities to significantly increase the Gallery's self-generated income by; introducing a modest admission fee for special exhibitions; offering rental spaces to the public for banquets, receptions and meetings; increasing memberships, sponsorships and donations; and increasing sales in the Gallery Shop.

The November 2011 Fast Consulting Market Assessment found that:¹

- *80% of residents agree that the Gallery should be as financially self-sufficient as possible;*
- *68% of residents see a Lecture Theatre capable of hosting film screenings and small performances as something that would draw them to the Gallery.*
- *Accessible space is also important with 44% of residents saying a large meeting space for special events would be attractive to them.*
- *56% of residents say they will visit the Bistro Café, and 55% would visit if the Gallery had an expanded Gallery Shop.*

The Remai Gallery sees opportunities to significantly increase the Gallery's self-generated income by:

- increasing Gallery Shop sales;
- introducing a modest admission fee for special exhibitions;
- offering rental spaces to the public for banquets, receptions and meetings; and
- increasing memberships, sponsorships and donations.

What follows are descriptions of each of these activities and the highlights of the research conducted to inform the recommendations in each of these areas.

Admission Fees

The Gallery contracted TCI Management Consultants (Toronto), specialists in feasibility assessments for cultural institutions, to undertake a study related to admission fees, including looking at various admission fee scenarios and assessing the financial impact for each, projecting attendance for each

¹ Fast Consulting - *Public Opinion Survey Report*, November 2011

scenario and commenting on its likely impact on membership. Four specific admission fee scenarios were examined:

- Scenario A - Free Admission for Everything All the Time
- Scenario B - Free Admission except for special exhibitions
- Scenario C - Modest Admission for Permanent collection and regular exhibitions; Higher Fee for special exhibitions
- Scenario D - Modest Admission Fee with a Free Day /Evening

While about two-thirds of the City's residents would like to see free admission continue, market research shows the majority (73%) agree the Gallery should continue with free admission to the permanent collection, but charge admission to special or significant exhibitions. Few residents (5%) are willing to pay more than \$25 for an individual adult admission to a special exhibition. But close to a third (31%) are willing to pay up to \$10, 13% are willing to pay up to \$15 and another 13% are willing to pay up to \$20. Three out of ten residents (30%) would be willing to pay \$50 for a yearly membership that gave them free admission plus reduced rates on special exhibition.

After examining the Admissions Study report in detail and with consideration of the "intangibles" (i.e. accessibility, visibility, admissions history, etc.) as well as the need for the Gallery to generate more income, The Remai Gallery Board is recommending a modest fee (i.e. on average \$8/person) be considered for special exhibitions. By doing so, casual staff (equivalent to 0.65 FTE) will be required to take admissions.

The Gallery projects from admission's fees net income of around \$338,000 in 2015, reducing to about \$223,000 in 2017 after attendance levels off.

For more information refer to Appendix 3.

Food & Beverage and Facility Rentals

The new Remai Gallery will include a number of spaces that will be made available for rent to the public and which will provide residents and visitors with a variety of food and beverage experiences:

- The Bistro (counter-service) Café, featuring light lunches, snacks and beverages on the main floor of the building, will provide casual seating in the atrium year round and can open to an outdoor river-view patio in warmer months.
- The Multipurpose Room on the 2nd floor can accommodate 200 people for a banquet and up to 350 people for a reception. The room is attached to the main kitchen which will service this room and the Café.
- The seasonably accessible 4th floor Roof Top Terrace, serviced by a small prep kitchen on the same floor, can accommodate 70-80 people for a reception with the Multipurpose Room used as backup in the event of inclement weather.
- The 4th floor Boardroom and Meeting Room can accommodate 30 people and 10 people respectively for business meetings with onsite catering being provided.

- The 2nd floor Lecture Theatre will seat 150 for lectures, film screenings and public presentations.

The Gallery contracted fsSTRATEGY - specialists in consultations to the food service industry - to analyze the financial impact of food and beverage services and facility rentals at The Remai Gallery, and to provide recommendations to The Remai Gallery related to management options.

The study included examining the views of the private sector about the Gallery providing additional services in food and beverage and facility rentals. In general, the private sector sees no problem with the Gallery providing this service, as long as the Gallery does not undercut market prices on food service and facility rentals and providing the Gallery charges similar gratuities and corkage fees as other venues.

The consultants explored two facility rental management options:

- the Gallery managing the bookings (taking all the income)
- a third-party managing the bookings and paying the Gallery a commission

The consultants examined the following three food and beverage services management options:

- the Gallery operating the Bistro Café and doing its own catering
- an exclusive caterer operating the Bistro Café and handling the catering
- a resident Bistro Café operator who would also be among a list of preferred caterers for events requiring food and beverage.

Room capacity, probable number of attendees by function (e.g. banquet, meeting, and reception), estimated annual bookings, room rental rates and per-person spend rates based on Saskatoon's market informed the financial analysis. The Gallery managing the bookings with an exclusive caterer operating the Bistro Café and catering results in the highest cash flow for The Remai Gallery. An exclusive caterer operating the Bistro Café' and handling all the catering as well as managing the bookings reaps the highest return on investment for the Gallery.

The consultants recommend an exclusive caterer be contracted and manage all bookings in the facility. The Gallery Board concurs with the recommendation of an exclusive caterer but has chosen to manage the bookings itself to ensure that the needs of the Gallery are met, and that the brand and experience at the Gallery remain intact. The Gallery has first-hand knowledge of other institutions who have relinquished the right to manage their bookings and the results have been negative.

The Remai Gallery Board is recommending an RFP be issued for an exclusive operator for all food and beverage functions at the new building with the Gallery managing the bookings. By doing so, 1.0 FTE will be required and the Gallery projects net income of approximately \$290,000 in 2015 to rising to approximately \$394,000 in 2017.

For more information refer to Appendix 4.

Fundraising

With the momentum of the Capital Campaign there is an opportunity for the Gallery to significantly increase its self-generated revenues in memberships, donations and sponsorships. The campaign currently includes plans for ongoing donations and sponsorships. DCG Philanthropic Services was contracted by the Gallery to develop an annual fundraising strategy.

The consultant recommends that a Major Gifts Officer with several years experience be hired to develop membership, and implement a stewardship program that will contribute to annual giving, major gifts and eventually planned giving. The position would also be responsible for developing sponsorships and ensuring the momentum from the Capital Campaign is not lost.

The Mendel has a Manager of Resource Development currently in place who is also responsible for Marketing and Communications. The Remai Gallery Board is recommending a separation of fundraising and marketing / communication responsibilities with the Manager, Resource Development focusing solely on income development. Marketing will be an essential element of the Gallery's success and adopting this recommendation requires 1.0 FTE (Manager, Marketing & Communications) be hired. The Gallery projects fundraising net profit of approximately \$39,000 in 2015 increasing to around \$196,000 by 2017.

For more information refer to Appendix 5.

Gallery Shop

The Gallery Shop complements the Gallery's core mandate, serves to attract visitors and provides additional services to Gallery members and the community as well as contributing to the Gallery's self-generated revenues. The Mendel's Gallery Shop has experienced healthy sales over the years and the shop at The Remai Gallery will have a slightly larger space and will feature unique product offerings.

The focus in the new shop will be on increasing revenues and finding products that are exclusive to The Remai Gallery Shop and which support the Remai brand. A Corporate Gifts Program and online Store are planned once established at River Landing, and regular consumer market research will be continually undertaken.

The Remai Gallery Board recommends reallocation of an existing part-time Gallery Shop staff position to a full-time Assistant Shop Supervisor which is required for administrative assistance and coaching staff in sales techniques. The Remai Gallery Shop projects a net income of approximately \$15,000 in 2015.

For more information refer to Appendix 6.

CAPITAL REQUIREMENTS

There will be an increased program requirement in The Remai Gallery to support public and Gallery related needs (i.e. events, meetings, exhibits, video, lectures) and these services are typically technology based. Moreover, these services are often tied to the building's systems (e.g. security, lighting, HVAC, etc.) and telecommunications.

In order to assure the Gallery is appropriately outfitted to meet these requirements, the Gallery contracted Professional Computer Services (PCS) Saskatoon to conduct a high level needs assessment with respect to: proposing a server and workstation network platform that ensures functionality and

integration with IT, building systems and telecommunications; and providing advice and high level cost estimates on the necessary hardware and software required to support the operational and administrative and program functions of the Gallery.

The report recommends three servers for the facility, replacement of all computers by 2014 (most of which have outlived their life span), and purchase of new software to support the business model and to support operating decision making (i.e. Point of Sale, facility rentals and fundraising) and to ensure integration with the financial accounting program. The Remai Gallery Board is recommending these capital purchases by 2014 which increase the Gallery’s Equipment Reserve by \$94,800 in 2014 only, enabling the Gallery to continue with its \$40,300 Reserve allocation before and after that year.

The City’s capital construction budget for The Remai Gallery did not include capital financing for the kitchen required for food and beverage services. The Business Plan is contingent on the kitchen being functional and funding in advance of opening will be required. The consultant’s report suggests an exclusive operator may contribute to this capital cost, but to be realistic and conservative the Gallery has not included a capital contribution from the operator in its projections. Financing of the kitchen has, however, been included in the Facility Rentals and Catering budget with income earned covering the cost of annual financing in five years.

For more information on Capital funding refer to Appendix 7.

HUMAN RESOURCES

In 1990 the Gallery had 28.9 FTEs. In 2000 the number of FTEs dropped to 21.4 and today, there are 24.75 FTEs on staff at the Mendel Art Gallery. A total of 17.75 of these positions are members of CUPE 59.

To ensure the successful transition and provide the needed capacity to meet the mandate of the new Remai Gallery, 7.49 new FTE’s are requested from 2013 to 2015. A phased-in approach will address current capacity requirements for the Mendel as well as provide critically important strategic and operational support for the transition to The Remai Gallery.

The Remai Gallery Board recommends the following:

# of FTE	Year Req’d	Position	Funding Source
1.0	2013	Accounting Coordinator ¹	City of Saskatoon
1.0	2013	Manager Education & Public Programs ²	City of Saskatoon
1.0	2014	Facility Sales Coordinator ³	City of Saskatoon (offset by self-generated income)
1.0	2015	Manager, Marketing & Communications ⁴	City of Saskatoon
0.65	2015	Admissions Clerks ⁵	City of Saskatoon (offset by self-generated income)
2.5	2015	Reception / Information Clerks ⁶	City of Saskatoon
0.34	2015	Assistant Shop Supervisor ⁷	City of Saskatoon (offset by self-generated income)

¹ Required to address current administrative and accounting capacity related needs to facilitate the transition to the new Gallery.

² Required to address current administrative and education related to public program planning related needs to facilitate the transition to the new Gallery.

³ Required to begin marketing the facility to individuals, community groups, and corporations interested in booking space in 2015 and beyond. Introduction of this position prior to moving into the facility is essential to realizing 2015 financial goals.

⁴ Required to market and promote the Gallery, its programs and offerings; and to enable the Manager, Resource Development to focus solely on increasing self-generated revenues in memberships, donations and sponsorships. (Manager, Resource Development salary will be offset by self-generated income)

⁵ Required to take admissions 12 hrs per day, 7 days per week, 16 weeks per year while special exhibitions are on.

⁶ Required to ensure that residents and visiting public are properly oriented to the facility including the Gallery, its programs and offerings.

⁷ Required to assist the Shop Supervisor with administration and staff coaching.

Volunteers

Since the establishment of the Mendel Art Gallery, volunteers have played a vital role in the Gallery's programs, services and contribution to the community, with their time, energy, talent and commitment to the Gallery. Volunteers contribute actively to many aspects of the Gallery including fundraising events (Mother's Day Tea and Spring Plant Sale, Poinsettia Fundraiser, and Members' Show and Sale), organizing receptions at openings and special events, hosting on Sunday afternoons, attendant/security duties, gift wrapping, assisting with membership phone calls, stuffing envelopes, learning about the world of art through an art appreciation group, and being community ambassadors for the Gallery.

While the organizing of receptions at the Gallery may change with the addition of a food and beverage operator in the facility, the Gallery is committed to volunteers and looks forward to receiving the support of volunteers for beverage serving at opening receptions – which is a way to increase profits for the operator and ultimately the Gallery. The volunteers will also be critical in assisting with fundraising and other special events that are intended to raise friends and funds in support of the Gallery.

Volunteers are at the heart of the Gallery and will continue to play an important role at The Rемаi Gallery. The Gallery will continue to work with its volunteers to find new and meaningful ways for them to assist the Gallery in its mandate.

For more information on Human Resources refer to Appendix 8.

SUMMARY OF RECOMMENDATIONS

The Rемаi Gallery Board makes the following recommendations:

Recommendation #1

That a Memorandum of Understanding be developed between the City of Saskatoon and the Rемаi Art Gallery of Saskatchewan detailing the City's grant to the Gallery.

Recommendation #2

The Gallery introduce a modest admission fee (on average \$8/person) for special exhibitions only.

Recommendation # 3

The Rемаi Gallery hire **2.5 FTE** to staff the Reception/Information Desk during gallery operating hours, and **0.65 FTE** be hired for admissions collection during special exhibitions.

Recommendation #4

Management issue a Request for Proposal (RFP) for an exclusive operator for all food and beverage services at the new facility with the Gallery retaining responsibility for marketing and bookings.

Recommendation #5

Management hire a full-time Facility Rentals Sales Coordinator **1.0 FTE** who will be responsible for actively marketing and selling The Rемаi Gallery's rental spaces, and for working with the exclusive operator for food and beverage services to maximize revenues for the Gallery.

Recommendation #6

The responsibilities of resource development and marketing and communications which are currently performed by the Manager of Resource Development be separated. It is also recommended that a full-time Manager, Marketing and Communications **1.0 FTE** be hired to enable the Manager, Resource Development to focus solely on increasing revenues from membership, donations and sponsorships.

Recommendation #7

Management reallocate an existing part-time Gallery Shop staff position to a full-time Assistant Shop Supervisor which is required for administrative assistance and coaching staff in sales techniques. This will require a **0.34 FTE** and salary adjustment.

Recommendation #8

All hardware and software to be used at The Rемаi Gallery be in place by mid 2014 to facilitate training and a seamless transition to the new Gallery.

Recommendation #9

Financing be made available for the capital costs associated with outfitting the kitchen.

Recommendation #10

In 2013 an Accounting Coordinator **1.0 FTE** and Manager of Community Education and Public Programs **1.0 FTE** be hired to address current administrative, planning, accounting and program capacity related needs and to facilitate the transition to the new Gallery.

CONCLUSION

The Rемаi Gallery Business Plan represents the business model proposed for the new Gallery and the financial impact of that model. Financial estimates have been based on sound research and have provided the Board of Trustees and City with a detailed operating budget. Further work will be required to develop detailed program goals and plan, and further measurement tools are needed to help monitor and analyze the Gallery's work towards its program, service and financial goals. The Gallery's Business Plan is three years away from implementation but it creates clear direction for The Rемаi Gallery to deliver on its commitment to service in the community.

The new Remai Art Gallery of Saskatchewan will serve as an architectural landmark for the community that demonstrates the value of supporting creative arts-based initiatives that contribute to lifelong learning and quality of life. Together, The Remai Art Gallery of Saskatchewan and City can further the City's aims to be a destination in the province, and for Canadian and international visitors.

APPENDIX 1 - Financial Projections

The financial projections that follow are based on the Gallery's best estimates at this time (January 2012). The projections are informed by the research conducted by the consultants outlined earlier in the report.

Operating Model and Assumptions

The Gallery's proposed operating model at The Remai Gallery includes:

- Continuing to provide a balanced program of contemporary and historical exhibitions that inform and excite residents' and visitors' knowledge and appreciation of art in Saskatoon, Saskatchewan and the prairie region, and Canada;
- Introducing national and international calibre special exhibitions not previously possible due to limitations of space and lack of financing;
- Introducing engaging Public Programs that will attract new and diverse audiences. To guide and achieve this, hire a Manager, Community Education and Public Programs who will also enhance the Gallery's Outreach capacity by creating new partnerships and engaging in new programming opportunities;
- Expanding product lines in the Gallery Shop and increasing sales;
- Introducing a modest Admission fee to special exhibitions;
- Managing the food service and facility rentals business units that will increase the Gallery's capacity to increase its self-generated revenue;
- Expanding the Gallery's capability to generate more funding in memberships, donations and sponsorship; and
- Providing sound financial oversight and management of all operations, thereby preserving the public trust with which we are given.

Please see the Gallery's Operating Budget, along with Notes, that follows this section.

Operating Budget Summary: 2012 to 2017

Saskatoon Gallery and Conservatory Corporation
Operating Fund
Rimai Art Gallery of Saskatchewan Operating Budget 2015 - 2017

	2012 Approved Budget	2013 Estimates	2014 Estimates	2015 Estimates	2016 Estimates	2017 Estimates
Federal Grants	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
Provincial Grants	301,000	301,000	301,000	301,000	301,000	301,000
Restricted Funding	285,646	431,400	291,400	790,350	796,535	792,839
Program Revenue	74,800	33,790	34,134	34,484	34,842	35,207
Self-Generated Income	479,730	505,540	535,900	1,748,782	1,839,866	1,949,116
Total Revenue and Grants	\$ 1,301,176	\$ 1,431,730	\$ 1,322,434	\$ 3,034,616	\$ 3,132,243	\$ 3,238,161
Expenditures						
Programs & Services Expenditures						
Salaries & Benefits	\$ 1,732,345	\$ 1,945,007	\$ 2,043,455	\$ 2,330,472	\$ 2,400,565	\$ 2,448,476
Less: Salary & Benefits Self Generated Income	0	0	(59,647)	(371,027)	(378,447)	(386,016)
Facilities & Equipment	746,954	761,383	776,611	2,321,172	2,348,806	2,414,322
General Exhibitions	401,422	351,676	358,709	365,884	373,201	380,665
Administration	143,314	175,082	158,018	182,742	185,910	190,153
Marketing & Communications	67,372	76,128	106,325	137,431	141,237	150,604
Public Programs	49,034	37,300	38,034	38,783	39,546	40,325
Fundraising	25,423	33,845	36,540	220,451	227,508	234,831
Staffing Expenditures	24,525	16,150	39,300	9,303	32,926	9,479
Collection Maintenance	20,284	13,715	12,950	21,090	13,235	13,485
Board & Committees	9,113	9,945	9,634	10,576	10,023	11,023
Library	1,545	1,020	1,576	1,607	1,640	1,672
Programs & Services Expenditures	\$ 3,221,330	\$ 3,421,251	\$ 3,521,504	\$ 5,268,484	\$ 5,396,150	\$ 5,509,020
Self-Generated Income Expenditures						
Gift Shop	\$ 211,530	\$ 225,297	\$ 244,037	\$ 494,633	\$ 502,257	\$ 519,025
Facility Rentals & Catering	0	0	82,847	259,764	265,060	270,380
Admissions	0	0	0	33,212	33,300	33,391
Self-Generated Income Expenditures	\$ 211,530	\$ 225,297	\$ 326,884	\$ 787,609	\$ 800,617	\$ 822,796
Total Expenses	\$ 3,432,860	\$ 3,646,548	\$ 3,848,388	\$ 6,056,093	\$ 6,196,767	\$ 6,331,816
Transfers						
Transfer to Capital Replacement Reserve	\$ 62,600	\$ 62,600	\$ 62,600	\$ -	\$ 273,056	\$ 546,112
Transfer to Equipment Replacement Reserve	40,300	40,300	135,100	40,300	40,300	40,300
Transfer to Facility/Catering Capital Reserve	0	0	10,000	72,765	72,765	72,765
Transfer to Permanent Collection Fund	37,350	41,400	46,400	45,350	51,535	47,839
Transfer to Rimai Exhibition Fund	0	0	0	500,000	500,000	500,000
Transfer to Museums Assistance Program	240,296	390,000	245,000	245,000	245,000	245,000
Transfer to Sustainability Reserve	0	0	0	68,114	75,093	82,939
Transfer from Reserves	(5,202)	0	(55,000)	0	0	0
Total Transfers	\$ 375,344	\$ 534,300	\$ 444,100	\$ 971,529	\$ 1,257,749	\$ 1,534,955
Total Expenses and Transfers	\$ 3,808,204	\$ 4,180,848	\$ 4,292,488	\$ 7,027,622	\$ 7,454,516	\$ 7,866,771
City Contribution Requested	\$ (2,507,028)	\$ (2,749,118)	\$ (2,970,055)	\$ (3,993,006)	\$ (4,322,273)	\$ (4,628,610)
FUNDING SOURCES (%of budget)						
City Contribution	66%	66%	69%	57%	58%	59%
Federal Grants	4%	4%	4%	2%	2%	2%
Provincial Grants	8%	7%	7%	4%	4%	4%
Restricted Funding	8%	10%	7%	11%	11%	10%
Self-Generated Income *	15%	13%	13%	25%	25%	25%

* Self-Generated Income includes: Program Revenue and Self-Generated Income.

Detailed Operating Budget: 2012 to 2017

	2012 Approved Budget	2013 Estimates	2014 Estimates	2015 Estimates	2016 Estimates	2017 Estimates	Note
GRANTS							
Federal Government Grants							
The Canada Council for the Arts	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	1
Provincial Government Grants							
Saskatchewan Arts Board	198,000	198,000	198,000	198,000	198,000	198,000	2
Saskatchewan Lotteries	103,000	103,000	103,000	103,000	103,000	103,000	3
TOTAL FEDERAL & PROVINCIAL GRANTS	\$ 461,000	\$ 461,000	\$ 461,000	\$ 461,000	\$ 461,000	\$ 461,000	
Restricted Funding							
Canada Council - Art Acquisition Grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	4
Permanent Collection Fundraising	7,350	11,400	16,400	15,350	21,535	17,839	5
Remai Foundation Exhibition Grant	0	0	0	500,000	500,000	500,000	6
Museums Assistance Program Grant	221,296	380,000	245,000	245,000	245,000	245,000	7
Museums Assistance Program Rental Fees	19,000	10,000	0	0	0	0	7
One-time Grants: Exhibitions	8,000	0	0	0	0	0	8
One-time Grants: Public Programs	0	0	0	0	0	0	9
TOTAL RESTRICTED FUNDING	\$ 285,646	\$ 431,400	\$ 291,400	\$ 790,350	\$ 796,535	\$ 792,839	
TOTAL GRANTS & RESTRICTED REVENUE	\$ 746,646	\$ 892,400	\$ 752,400	\$ 1,251,350	\$ 1,257,535	\$ 1,253,839	
PROGRAM REVENUE							
Exhibition Circulation Fees	\$ 22,500	\$ 17,190	\$ 17,534	\$ 17,884	\$ 18,242	\$ 18,607	10
Exhibition Co-Producer Contribution	0	0	0	0	0	0	11
Exhibition Workshop Fees	31,000	0	0	0	0	0	12
Art Caravan Fees	2,300	1,600	1,600	1,600	1,600	1,600	13
Public/Professional Program Fees	19,000	15,000	15,000	15,000	15,000	15,000	14
TOTAL PROGRAM REVENUE	\$ 74,800.00	\$ 33,789.82	\$ 34,133.61	\$ 34,484.28	\$ 34,841.97	\$ 35,206.81	
SELF-GENERATED INCOME							
River Landing Rental Fee	0	0	0	\$ 220,000	\$ 220,000	\$ 220,000	15
SPONSORSHIP							
Exhibitions	22,500	22,950	23,409	24,579	25,808	27,099	12
Public Programs	35,000	35,000	35,000	35,000	35,000	35,000	13
General	0	0	0	40,000	65,000	80,000	14
Sponsorships	57,500	57,950	58,409	99,579	125,808	142,099	16
Donations	36,700	36,700	36,700	176,700	230,535	284,561	17
Memberships	23,000	24,460	28,949	35,528	44,239	55,124	18
Gift Shop Revenue	330,000	353,100	377,817	510,053	510,053	535,556	19
Facility Rentals	1,530	1,650	1,650	228,500	261,650	294,750	20
Cafe Rental	6,000	6,180	6,365	39,579	52,772	65,964	21
Catering Commission	0	0	0	43,804	50,690	57,576	22
F & B Utilities Reimbursement	0	0	0	17,227	21,647	26,067	23
F & B Leasehold Improvements	0	0	0	0	0	0	24
Admissions	0	0	0	349,200	291,000	232,800	25
Special Events	25,000	25,500	26,010	28,611	31,472	34,619	26
TOTAL SELF-GENERATED INCOME	\$ 479,730	\$ 505,540	\$ 535,900	\$ 1,748,782	\$ 1,839,866	\$ 1,949,116	
TOTAL REVENUE	\$ 1,301,176	\$ 1,431,730	\$ 1,322,434	\$ 3,034,616	\$ 3,132,243	\$ 3,238,161	

	2012	2013	2014	2015	2016	2017	
	Approved	Estimates	Estimates	Estimates	Estimates	Estimates	Note
	Budget						
EXPENDITURES							
<i>Programs & Services Expenditures</i>							
Salaries & Benefits	\$ 1,732,345	\$ 1,945,007	\$ 2,043,455	\$ 2,330,472	\$ 2,400,565	\$ 2,448,476	27
Less: Salary & Benefits Self-Generated Income	0	0	(59,647)	(371,027)	(378,447)	(386,016)	28
Facilities & Equipment	746,954	761,383	776,611	2,321,172	2,348,806	2,414,322	29
General Exhibitions	401,422	351,676	358,709	365,884	373,201	380,665	30
Administration	143,314	175,082	158,018	182,742	185,910	190,153	31
Marketing & Communications	67,372	76,128	106,325	137,431	141,237	150,604	32
Public Programs	49,034	37,300	38,034	38,783	39,546	40,325	33
Fundraising	25,423	33,845	36,540	220,451	227,508	234,831	34
Staffing Expenditures	24,525	16,150	39,300	9,303	32,926	9,479	35
Collection Maintenance	20,284	13,715	12,950	21,090	13,235	13,485	36
Board & Committees	9,113	9,945	9,634	10,576	10,023	11,023	37
Library	1,545	1,020	1,576	1,607	1,640	1,672	38
SUB-TOTAL: Programs & Services Expenditures	\$ 3,221,330	\$ 3,421,251	\$ 3,521,504	\$ 5,268,484	\$ 5,396,150	\$ 5,509,020	
<i>Self-Generated Income Expenditures</i>							
Gift Shop	\$ 211,530	\$ 225,297	\$ 244,037	\$ 494,633	\$ 502,257	\$ 519,025	39
Facility Rentals & Catering	0	0	82,847	259,764	265,060	270,380	40
Admissions	0	0	0	33,212	33,300	33,391	41
SUB-TOTAL: Self-Generated Income Expenditures	\$ 211,530	\$ 225,297	\$ 326,884	\$ 787,609	\$ 800,617	\$ 822,796	
TOTAL EXPENSES	\$ 3,432,860	\$ 3,646,548	\$ 3,848,388	\$ 6,056,093	\$ 6,196,767	\$ 6,331,816	
TRANSFERS							
Transfer to Capital Replacement Reserve	62,600	62,600	62,600	0	273,056	546,112	42
Transfer to Equipment Replacement Reserve	40,300	40,300	135,100	40,300	40,300	40,300	43
Transfer to Facility/Catering Capital Reserve	0	0	10,000	72,765	72,765	72,765	44
Transfer to Permanent Collection Fund	37,350	41,400	46,400	45,350	51,535	47,839	45
Transfer to Remai Exhibition Fund	0	0	0	500,000	500,000	500,000	45
Transfer to Museums Assistance Program	240,296	390,000	245,000	245,000	245,000	245,000	45
Transfer to Sustainability Reserve	0	0	0	68,114	75,093	82,939	46
Transfer from Reserve	(5,202)	0	(55,000)	0	0	0	47
TOTAL TRANSFERS	\$ 375,344	\$ 534,300	\$ 444,100	\$ 971,529	\$ 1,257,749	\$ 1,534,955	
Funding Required from City of Saskatoon Grant	\$ (2,507,028)	\$ (2,749,118)	\$ (2,970,055)	\$ (3,993,006)	\$ (4,322,273)	\$ (4,628,610)	
New FTEs - 7.49		2.00	1.00	4.49	0	0	
Total FTEs	24.75	26.75	27.75	32.24	32.24	32.24	48

Remai Art Gallery of Saskatchewan
Detailed 2015 to 2107 Operating Budget and Notes

NOTES:

- Note 1** - Canada Council Multi-year grants are applied for every three years. Funding is restricted to programming related expenses. Assumes no increase on base grant.
- Note 2** - Sask Arts Board Multi-year grants are applied for every three years. Funding is restricted to programming related expenses. Assumes no increase on base grant.
- Note 3** - Beginning 2013, the Sask Lotteries grant will be adjudicated with the Sask. Arts Board Multi-year grant. Funding is primarily restricted to programming related expenses. Assumes no increase on base grant.
- Note 4** - Canada Council Matching grant for art acquisitions for the Permanent Collection. Maximum is \$30,000 annually.
- Note 5** - Includes Members Showcase, Mothers Day Tea & Plant Sale, Christmas Poinsettia sales, and restricted donations.
- Note 6** - Remai Foundation Annual grant is restricted to enhanced programming related expenses. Enhanced programming is programming that would not be possible without this funding (e.g. Special Exhibitions).
- Note 7** - Museums Assistance Program (MAP) Grant is project funding restricted Exhibition and touring related expenses. and is not guaranteed. If the grant application is not successful, the program does not go ahead. 2014 to 2017 reflects the 5-year average for grants. Rentals fees are charged to other institutions borrowing these exhibitions.
- Note 8** - 2012 reflects a one-time "Culture On the Go" grant from the Arts Board for a touring exhibition. Assumes no one-time Exhibition grants will be received in 2013 to 2017.
- Note 9** - No one-time Public Program grant applications have been planned at time of preparing the business plan.
- Note 10** - Funding is exhibition program dependant (i.e. whether the exhibition tours provincially or not). 2% increase over previous year 2013 to 2017. Circulation fees have ranged from 47% to 87% with exception of 2007 (128%); the 4 year average excluding 2007 is 59%. 2013 to 2017 reflects 59% recoup on circulation costs.
- Note 11** - Funding is related to joint-partnerships with other institutions in organizing exhibitions. No partnerships are in place at this time.
- Note 12** - 2012 reflects the Exhibitions "Monuments Conference" fees. At this time, no conferences are planned from 2013 to 2017. However, planning for 2015 to 2017 will begin in mid-2012.
- Note 13** - Reflects fees associated with outreach Art Caravan. Assumes charge and outreach activities will remain constant. Additional outreach activities will be part of the Remai sponsored exhibitions.
- Note 14** - 2013 to 2017 averages 2010 actual and 2011 projected. Assumes fees will remain constant.
- Note 15** - As per agreement with the City, the River Landing Office will contribute \$220,000 per year.
- Note 16** - 2015 to 2017 sponsorships are related to the Capital Campaign fundraising - proposals are being developed during the campaign that balance capital requirements and ongoing program and general sponsorships.
- Note 17** - Considers DCG Annual Fundraising Strategy report and reflects a conservative increase in Annual and Major Gifts.
- Note 18** - 2% increase 2012 to 2104 in Individual memberships. 2015 to 2017 projections are supported by TCI Management Consultants Admission Fee study and DCG Annual Fundraising Strategy reports. Assumes Corporate membership fees increase to \$1000 in 2015 due to new benefits (e.g. discounted room rental rates)
- Note 19** - 2013 and 2014 assumes 7% increase in each year over previous year; 2015 assumes 35% increase due to increased attendance. 2016 assumes sales remain flat due to decreased attendance; 2017 assumes 5% increase as shop becomes a destination and online sales are implemented. Projections are supported by FAST Consulting Market Assessment report.
- Note 20** - Based on strategy Food Services Management report. Assumes The Remai Gallery is managing rental bookings.
- Note 21** - 2012 to 2014 reflects Café rental at the Mendel. 2015 to 2017 based on fsSTRATEGY Food Services Management report, and assumes one exclusive operator for the Café and catering. Rental is based on 10% of estimated Café revenue.
- Note 22** - Based on fsSTRATEGY Food Services Management report, and assumes one exclusive operator for catering and the Café. Commission is based on 10% of estimated catering income.
- Note 23** - Based on strategy Food Services report. Caterer reimburses Gallery for utilities @ 1.7% of total food & beverage revenues.
- Note 24** - The strategy report includes a potential maximum Capital Contribution made by Café/Catering exclusive operator over 3.5 years. and recommends the Gallery pursue this arrangement in the contract. For the purposes of this budget, the Gallery has assumed the exclusive operator will not contribute to capital costs and financing for capital costs will come from overall earned revenues.

Note 25 - Considers projections in the TCI Management Admission report. Assumes admission fees are charged for Special Exhibitions only. (Permanent Collection and Regular Exhibitions are free). Average admission price is \$8/person.

Currently, the Mendel Gallery's electronic counters count all people entering the building, not just those using the Gallery. To account for this and for purposes of this budget, the Gallery has assumed that only 1/2 of the projected admission income to Special Exhibitions will be realized.

Note 26- Lugo - 2% increase annually over previous year from 2012 to 2014. 10% increase annually from 2015 to 2017.

Projections supported by DCG Annual Fundraising Strategy report.

Note 27 - 2013 adds 1.0 FTE: Accounting Coordinator required for increased financial accounting capacity, and 1.0 FTE: Manager, Community Education and Public Programs is required to develop public and education programs and generate additional community relations.

2014 adds 1.0 FTE: Facility Sales Coordinator required to ensure 2015 rental & catering targets are met.

2015 separates the currently combined positions of Manager, Resource Development and Manager, Marketing & Communications and adds the latter position as 1.0 new FTE. In addition, one Gallery Shop position is increased by 0.34 FTE, 2.5 FTE are sought to staff the Reception/Information Desk from 9am to 9pm daily, and 0.65 FTE are sought for Admissions. 2% increases annually in Salaries; benefits are calculated at 17%.

Note 28 - Reflects salary & benefits costs associated with Fundraising, Facility Rentals & Catering, Gallery Shop and Admissions. included in the Salary & Benefits lines.

Note 29 - The following information was provided by Infrastructure Services of the City of Saskatoon:

Increases are primarily related to: increased insurance costs due to increased building value (\$21,000 to \$38,000), increased Maintenance Agreement Fee based on the increased value of the building (2.5% of NVR - \$582,000 vs. \$1.84M), and increased security (\$80,000 to \$398,000). The Maintenance Agreement Fee includes utilities and operating costs (including 8.61 new FTE at Infrastructure Services). 2016 & 2107 includes a 3% increase in the Maintenance Agreement Fee over the previous year as recommended by Infrastructure Services who also recommends a review of the Maintenance Agreement Fee after one year of operation.

Note 30 - General Exhibitions reflects historic expenditures with nominal annual increases.

Note 31 - Administration reflects historic expenditures with nominal annual increases to 2014.

2015 to 2107 increases reflect annual maintenance agreements for new software.

Note 32 - Marketing & Communications increase in 2015 to 2017 is primarily related to a significant increase in advertising (required to properly promote the new Gallery) and the introduction of annual research to inform program and 'revenue generating activity' decisions and measure achievement of goals.

Note 33 - Public Programs reflects historic expenditures with nominal annual increases.

Note 34- The increase in Fundraising beginning in 2015 is primarily related to the Manager, Resource Development being solely responsible for increasing donations, major gifts, sponsorships and membership, and initiating a Planned Giving Program.

Supported by DCG Annual Fundraising Strategy report.

Note 35 - Staffing Expenditures reflect historic expenditures (with nominal annual increases) with the exception of 2014 and 2016 when all staff will participate in extensive Customer Service training.

Note 36 - Collections reflects historic expenditures with nominal annual increases.

Note 37 - Board & Volunteers reflects historic expenditures with nominal annual increases.

Note 38 -Library reflects historic expenditures with nominal annual increases.

Note 39 - Gift Shop revenues are projected to increase by 35% in 2015 and this projection is supported by the Fast Consulting Market Assessment report. Shop staff previously included in the Salaries expenditure line are moved into Gift Shop expenditures in 2015. One current part-time position is made a full-time Assistant Shop Supervisor to assist with administration, training staff and to replace the Shop Supervisor when they are away.

Note 40 - A Facility Sales Coordinator is hired in 2014 to promote the facility and ensure revenue targets are achieved for 2015. The strategy Food Services Management Report provides conservative, but realistic revenue and expenditures projections, and assumes one exclusive operator for the Café and catering.

Note 41 - Reflects a modest charge for two 8-week long Special Exhibitions each year. The model is based on the TCI Management Consultants Admission report which provides revenue and expenditures projections for admission and memberships. The budget includes the cost of casual staff to take admissions while Special Exhibitions are on display.

Note 42 - As per agreement with the City Manager, the Capital Building Replacement Reserve contribution at 1.20% of NVR will be phased in. No contribution will be made in the 1st year (2015); 1/3 of the cost will be allocated in 2016; 2/3 in 2017 with the full contribution being made by 2018.

Note 43 - Reflects the Capital Equipment Replacement Reserve which has been \$40,300 for several years. The increase in 2014 reflects costs associated with three new servers required for administrative and building operations.

Note 44 - Reflects amounts required for the Capital Equipment Replacement Reserve for kitchen equipment.

Note 45 - Reflects Transfers from Restricted funds for the Permanent Collection Reserve, Remail Fund Reserve, and Museums Assistance Program Reserve.

Note 46 - Reflects 10% of earned income from Self-Generating Income activity to build a Sustainability Reserve to address potential program grant reductions.

Note 47 - Reflects a Transfer from Reserves to balance the 2012 budget and 2014 budget reflects a transfer to cover staff training and research.

Note 48 - 7.49 new FTEs are proposed - 2.0 FTEs are proposed in 2013 (Accounting Coordinator and Manager Community Education and Public Programs).

1.0 FTE is proposed in 2014 (Facility Sales Coordinator).

4.49 FTEs are proposed in 2015 (1.0 FTE: Manager, Marketing & Communications, 2.5 FTE: Reception/Information clerks, 0.65 FTE: casual Admission Fee staff, and an existing Gallery Shop staff person will be increased by .34 FTE and to the position of Assistant Shop Supervisor).

All positions associated with Self-Generated Income activities (i.e. Manager, Resource Development; Facility Sales Coordinator; Gallery Shop personnel; and casual staff to take Admissions) are included in the Salaries & Benefits line (note 27) and then deducted in the line below as the salary and benefits are included in the Fundraising, Facility Rentals & Catering, Gallery Shop and Admissions budgets.

Admissions

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Note
ADMISSIONS REVENUE							
Donations Box	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 22,785	\$ 23,924	1
Special Exhibitions Admissions	0	0	0	349,200	291,000	232,800	2
Total Admissions Revenue	\$ 21,700	\$ 21,700	\$ 21,700	\$ 370,900	\$ 313,785	\$ 256,724	
ADMISSIONS EXPENDITURES							
Reception Clerks Salary & Benefits	0	0	0	\$ 30,578	\$ 31,189	\$ 31,813	3
IT support & equipment supplies	0	0	0	2,634	2,111	1,578	4
Total Admissions Expenditures	0	0	0	33,212	33,300	33,391	
Profit / Loss	\$ 21,700	\$ 21,700	\$ 21,700	\$ 337,688	\$ 280,485	\$ 223,333	

New FTEs: 0.65

NOTES:

Note 1- Donations Box projection is based on 2011 projected. Donations expected to be flat until 2016 due to impact of the capital campaign, and initial reaction to an admission fee for Special Exhibitions. 5% increase annually in 2016 & 2017.

Note 2- Based on TCI Management Consultants report. Assumes admission is charged to Special Exhibitions only. Two of these exhibitions will be held each year, and each will be 8 weeks in duration. Average admission is \$8.00. For the purposes of the budget, the Gallery has taken a conservative approach to admissions income and assumed 50% of visitors to special exhibitions as outlined in the TCI Management Consultants report will pay admission.

Note 3- Reflects cost of 0.65 new FTEs at an hourly rate of \$16.62 plus 17% benefits.

Note 4- IT support and supplies for portable POS system to take admissions.

Facility Rentals/Catering

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Note
FACILITY RENTALS / CATERING							
REVENUE							
Bistro Café Rental	\$ 6,000	\$ 6,180	\$ 6,365	\$ 39,579	\$ 52,772	\$ 65,964	1
Catering Commission	0	0	0	43,804	50,690	57,576	2
Facility Rentals	1,530	1,650	1,650	228,500	261,650	294,750	3
F & B Utilities Reimbursement	0	0	0	17,227	21,647	26,067	4
River Landing Office Contribution	0	0	0	220,000	220,000	220,000	5
Total Facility Rentals / Catering Revenue	\$ 7,530	\$ 7,830	\$ 8,015	\$ 549,110	\$ 606,759	\$ 664,357	
FACILITY RENTALS / CATERING							
EXPENDITURES							
Facility Sales Coord. - Salary & Benefits	0	0	\$ 59,647	\$ 60,840	\$ 62,057	\$ 63,298	6
Advertising	0	0	23,200	26,663	30,742	34,821	7
Loan Payment	0	0		172,261	172,261	172,261	8
Total Facility Rentals / Catering Expenditures	0	0	\$ 82,847	\$ 259,764	\$ 265,060	\$ 270,380	
Net Income	\$ 7,530	\$ 7,830	\$ (74,832)	\$ 289,346	\$ 341,699	\$ 393,977	

NEW FTEs = 1.0

NOTES:

Note 1 - 2012 to 2014 reflects Café rental at the Mendel. 2015 to 2017 is based on the fsSTRATEGY report, and assumes one exclusive operator for the Café and catering with the Gallery managing bookings. Café rent is based on 10% of estimated Café revenue.

Note 2 - Based on fsSTRATEGY report. Commission reflects 10% of catering income.

Note 3 - Based on fsSTRATEGY report and includes rentals of the Multi-purpose Room, Boardroom, Meeting Room, Lecture Theatre and Roof Top Terrace at utilization rates of 34.4% to 41.4%.

Note 4 - Based on fsSTRATEGY report. Caterer reimburses Gallery for utilities @ 1.7% of total food & beverage revenues.

Note 5 - As per agreement with the City, the River Landing Office will contribute \$220,000 per year for occupancy costs.

Note 6 - Based on fsSTRATEGY report with 2% increases over previous year. This position is responsible for marketing rental spaces and catered special events, and liaising with the exclusive operator. The position starts in 2014 to promote facility usage so 2015 revenue targets are achieved.

Note 7 - Based on fsSTRATEGY report. Advertising is specific to facility rentals and catered functions at the Gallery.

Note 8 - Reflects annual payment for Kitchen capital cost starting in 2015.

Fundraising

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Notes
FUNDRAISING REVENUE							
Individual Donations: Annual	\$ 15,000	\$ 15,000	\$ 15,000	\$ 55,000	\$ 57,750	\$ 60,637	1
Individual Donations: Major Gifts	0	0	0	100,000	150,000	200,000	2
Individual Donations: Planned Giving	0	0	0	0	0	0	3
Memberships	23,000	24,460	28,949	35,528	44,239	55,124	4
General Sponsorships	0	0	0	40,000	65,000	80,000	5
Special Events	25,000	25,500	26,010	28,611	31,472	34,619	6
Total Fundraising Revenue	\$ 63,000	\$ 64,960	\$ 69,959	\$ 259,139	\$ 348,461	\$ 430,380	
FUNDRAISING EXPENDITURES							
Manager, Resource Development - Salary & Benefits	0	0	0	\$ 105,300	\$ 107,406	\$ 109,554	7
Prof. Development, Memberships & Travel	0	0	0	24,700	26,494	28,363	8
Advertising	0	3,300	3,366	3,433	3,502	3,572	9
Stewardship	1,273	2,000	3,500	10,000	10,500	11,025	10
Printing	0	3,500	3,675	50,000	51,500	53,045	11
Special Events	19,000	19,380	19,768	20,163	20,566	20,978	12
Supplies	5,150	5,665	6,232	6,855	7,540	8,294	13
Total Fundraising Expenditures	\$ 25,423	\$ 33,845	\$ 36,540	\$ 220,451	\$ 227,508	\$ 234,831	
Net Income	\$ 37,578	\$ 31,115	\$ 33,419	\$ 38,688	\$ 120,953	\$ 195,549	

NOTES:

Note 1 - 2012 to 2014 reflects Mendel donations and no increases due to capital campaign. 2015 to 2017 based on DCG report and assumes the existing Manager, Resource Development and Manager Marketing & Communications positions are split.

Note 2 - 2015 to 2017 considers DCG report with conservative financial targets.

Note 3 - Based on DCG report. Assumes Manager, Resource Development is working on developing Planned Gifts but, as per the report, these type of gifts take 5-8 years to be realized.

Note 4 - 2% increase annually over previous year in Individual Memberships from 2012 to 2014 due to increased sales promotion by Gallery Shop staff. 2015 to 2017 projections are supported by TCI Management Consultants and DCG reports. Corporate memberships increase to \$1000 in 2014 due to new benefits (e.g. discounted rates on room rentals). Assumes 4 Corporate members in 2014 and 2 additional corporate members each year thereafter.

Note 5 - Based on DCG report. Does not include exhibition or public programs sponsorships.

Note 6 - Lugo - 2% increase annually over previous year from 2012 to 2014. 10% increase annually from 2015 to 2017. Projections supported by DCG report.

Note 7 - As per DCG report recommendations.

Note 8 - As per DCG report recommendations.

Note 9 - In 2013 quarterly display advertising is placed to promote Membership purchases and new benefits (e.g. Free admission to special exhibitions). 2% increase from previous year from 2014 to 2017.

Note 10 - 2012 to 2014 stewardship is done by existing staff. Beginning in 2015, as per DCG report, stewardship is more robust. Includes receptions beginning in 2015 and photography of events.

Note 11 - 2015 to 2017 based on DCG report and includes sponsorship packages, membership communications (newsletters, brochures, etc.).

Note 12 - Lugo - 2% increase annually over previous year from 2012 to 2017.

Note 13 - Donor Wall annual maintenance. 10% increase annually from previous year from 2013 to 2017.

Gallery Shop

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Note
GALLERY SHOP REVENUE							
Sales	\$ 330,000	\$ 353,100	\$ 377,817	\$ 510,053	\$ 510,053	\$ 535,556	1
Total Gallery Shop Revenue	\$ 330,000	\$ 353,100	\$ 377,817	\$ 510,053	\$ 510,053	\$ 535,556	
GALLERY SHOP EXPENDITURES							
<i>Cost of Sales</i>							
Cost of Goods Sold	\$ 181,500	\$ 194,205	\$ 207,799	\$ 280,529	\$ 280,529	\$ 294,556	2
Freight	7,260	7,768	8,312	11,221	11,221	11,782	3
	<u>\$ 188,760</u>	<u>\$ 201,973</u>	<u>\$ 216,111</u>	<u>\$ 291,750</u>	<u>\$ 291,750</u>	<u>\$ 306,338</u>	
<i>Administration</i>							
Current Shop Staff Moved out of Core							
Expenditures - Salary & Benefits	0	0	0	\$ 174,309	\$ 177,796	\$ 181,351	4
Credit Card Charges	6,270	6,709	7,179	9,691	9,691	10,176	5
Inventory Count Fees	0	1,005	1,025	1,046	1,067	1,088	6
Purchasing Travel	3,500	1,500	4,500	1,500	4,500	1,500	7
Shop Supplies	4,000	4,080	4,162	4,245	4,330	4,416	8
	<u>\$ 13,770</u>	<u>\$ 13,294</u>	<u>\$ 16,865</u>	<u>\$ 190,791</u>	<u>\$ 197,383</u>	<u>\$ 198,531</u>	
<i>Marketing and Promotion</i>							
Advertising	\$ 7,500	\$ 8,500	\$ 9,500	\$ 10,500	\$ 11,500	\$ 12,500	9
Promotional Materials	1,500	1,530	1,561	1,592	1,624	1,656	10
	<u>\$ 9,000</u>	<u>\$ 10,030</u>	<u>\$ 11,061</u>	<u>\$ 12,092</u>	<u>\$ 13,124</u>	<u>\$ 14,156</u>	
Total Gallery Shop Expenditures	\$ 211,530	\$ 225,297	\$ 244,037	\$ 494,633	\$ 502,257	\$ 519,025	
Net Income	\$ 118,470	\$ 127,803	\$ 133,780	\$ 15,420	\$ 7,796	\$ 16,530	

New FTE: 0.34

NOTES:

Note 1- 2013 and 2014 assumes 3% increase in each year over previous year; 2015 assumes 35% increase due to increased attendance. 2016 assumes sales are flat due to decreased attendance; 2017 assumes 5% increase as shop becomes a destination and online sales are implemented. Projections are supported by FAST Consulting report.

Note 2- Cost of Goods ranges between 52-55% of Total Sales. 2013 to 2107 assumes 55%.

Note 3- Freight has been as low as 2% of COG, but 4% since 2008. 2013 to 2107 assumes 4%.

Note 4- In 2015, Shop staff salaries are removed from Salaries line of Operating Budget, and one current position is promoted to a full-time Assistant Shop Supervisor which is required to replace the Shop Supervisor while away, to assist with administration (e.g. Inventory, sales reports) and assist in coaching other part-time and casual staff in sales techniques.

Note 5- Credit card charges have been as low as 1.8% of Sales, but 1.9% since 2008. 2013 to 2107 assumes 1.9%.

Note 6- To ensure audit requirement, an external count is required.

Note 7- Shop Supervisor may travel every other year to major gift shows to source new product. 2012 & 2014 travel reflects the Museum Shop Association show in the United States. Assumes 2013, 2015 & 2017 entails local travel - to provincial craft fairs, artist studios.

Note 8- 2% increase annually.

Note 9- Budget increases by \$1000 over previous year from 2013 to 2017 and is required to meet sales targets.

Note 10- Reflects store decorations (e.g. Xmas). 2% increase over previous year from 2013 to 2017.

General Capital Equipment Replacement Fund

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Note
Opening Balance	132,043	125,643	139,089	83	6,612	32,977	
Transfer from Operating Budget	40,300	40,300	135,100	40,30	40,300	40,300	1
Balance including contribution from operating	40,300	40,300	135,100	40,30	40,300	40,300	
				0			
				0			
EXPENDITURES							
Computer Replacements (all computers replaced 2012-2014)	13,000	17,000	16,200	3,600	3,600	3,600	2
Computer Servers (3 servers)	-	-	115,000	-	-	-	3
SmartBoard Monitors			6,860				
Point of Sale Software	-	-	25,000	-	-	-	4
Fundraising Software	-	-	45,000	-	-	-	5
Facility Rentals Software			15,000				6
SmartBoard Software			17,000				7
Software Updates	-	-	24,035	-	-	-	8
Leased Equipment (Automobile)	7,700	7,854	8,011	8,171	8,335	8,335	9
Furnishings	2,000	2,000	2,000	2,000	2,000	2,000	10
Genie Lift	-	-	-	20,000	-	-	11
Forklift	24,000	-	-	-	-	-	11
Total Funding Required	46,700	26,854	274,106	33,771	13,935	13,935	
Year-End Balance	125,643	139,089	83	6,612	32,977	59,342	

NOTES:

Note 1 - reflects the City of Saskatoon's historical contribution to the Capital Equipment Replacement Fund with the exception of 2014 when an additional \$94,800 is required for computer servers.

Note 2 - a number of computers are nearing the end of their life expectancy. All computers will be replaced prior to the move, and new software will be purchased or updated prior to the move to ensure staff are trained and operations run smoothly once in the new building.

Note 3 - as per Professional Computer Service IT report, 3 servers will be needed for administration, security, smart boards, and back-up.

Note 4 - Point of Sale (POS) software that integrates with the AccPac accounting system and that can generate detailed sales reports is required for the Gallery Shop, and a portable POS system is required for the 3rd floor to take admissions when Special Exhibitions are on.

Note 5 - updated software that integrates with the AccPac accounting system to track memberships, donations and sponsorship is required.

Note 6 - software that integrates with the AccPac accounting system and is specific to facility rentals and catered events bookings is required.

Note 7 - software that is specific to the SmartBoards messaging is required.

Note 8 - reflects the cost of updates for existing software utilized by staff.

Note 9 - reflects the lease for the Toyota Camry.

Note 10 - reflects replacement of small furnishings (office chairs, filing cabinets, etc.).

Note 11 - reflects equipment required for exhibition installations.

Facility Rental Catering Capital Requirements

	2012	2013	2014	2015	2016	2017	Note
	Approved Budget	Estimate	Estimate	Estimate	Estimate	Estimate	
Opening Balance			-	-	-	-	
Operating Budget Contribution	0	0	10,000	72,765	72,765	72,765	
Balance including contribution from operating	0	\$ -	\$ 10,000	\$ 72,765	\$ 72,765	\$ 72,765	
Facility Rental Software (life expectancy 5 Years)	0	0	10,000	0	0	0	1
Kitchen Equipment (\$770,000)	0	0	0	0	0	0	2
Mechanical/Architectural 40% 15-20 years - \$15,400 per year	0	0	0	15,400	15,400	15,400	2
Furniture/Fixtures/Finishes 21% 5 years	0	0	0	32,340	32,340	32,340	2
Equipment 39% 8-12 years	0	0	0	25,025	25,025	25,025	2
Total Funding Required	\$ -	\$ -	\$ 10,000	\$ 72,765	\$ 72,765	\$ 72,765	
Ending Balance			-	-	-	-	

NOTES:

Note 1 - The Gallery will be responsible for all facility rentals and catering bookings. Undertaking bookings activity enables the Gallery to generate more income than taking a commission on sales, and ensures the Gallery has control of the types of bookings that are made in the facility.

Note 2 - Replacement costs for various aspects the kitchen and rental furnishings capital costs have been determined for their lifespan.

Permanent Collection Fund

	2012 Approved Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	Note
Opening Balance	\$ 21,318	\$ 10,068	\$ 5,968	\$ 6,868	\$ 6,718	\$ 13,653	
Artwork Donated	150,000	150,000	150,000	150,000	150,000	150,000	1
Canada Council Acquisitions Assistance	30,000	30,000	30,000	30,000	30,000	30,000	2
Operating Budget Contribution	30,000	30,000	30,000	30,000	30,000	30,000	3
Donations	-	2,500	7,500	2,500	7,500	2,500	4
Fundraising	7,350	8,900	8,900	12,850	14,035	15,339	5
Balance including contribution from operating	\$ 217,350	\$ 221,400	\$ 226,400	\$ 225,350	\$ 231,535	\$ 227,839	
EXPENDITURES							
Artwork Donated (moved to Asset)	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	1
Artwork Purchased	60,000	60,000	60,000	60,000	60,000	60,000	6
Frieght/Shipping/Courier	3,600	3,500	3,500	3,500	3,500	3,500	7
Fees Honoraria & Appraisals	13,000	10,000	10,000	10,000	10,000	10,000	8
Supplies	1,000	1,000	1,000	1,000	1,000	1,000	9
Travel by Staff	1,000	1,000	1,000	1,000	100	1,000	
Total Funding Required	\$ 228,600	\$ 225,500	\$ 225,500	\$ 225,500	\$ 224,600	\$ 225,500	
Year-End Balance	\$ 10,068	\$ 5,968	\$ 6,868	\$ 6,718	\$ 13,653	\$ 15,992	

NOTES:

Note 1 - Artwork Donated in Revenue is offset by Artwork Donated in Expenditures (artwork is moved to Assets).

Note 2 - Canada Council provides, on an application basis, a matching grant of up to \$30,000 for purchases.

Note 3 - Reflects the amount from the Operating Fund to match the Canada Council grant.

Note 4 - Include donations towards the cost of appraisals and donations restricted to the Permanent Collection. Historically, larger donations are made every other year.

Note 5 - Reflects incomes from sales at the Membership Showcase, Mother's Day Tea & Plant Sale and Christmas Poinsetta Sales. 2015 reflects a 50% increase in the Mother's Day & Christmas Sales due to the sales being held in a larger space (i.e. Multipurpose Room) and with increase stock levels. 2016 & 2017 reflect 10% increases in sales each year.

Note 6 - Reflect the total amount of purchases offset by Canada Council grant & Transfer from the Operating Fund.

Note 7 - Reflects cost of shipping donated work to the gallery.

Note 8 - Reflects costs associated with appraisals of work before donation or purchase. 2012 reflects appraisals necessary for a Cultural Property application.

Note 9 - Reflects costs associated with matt boards and framing.

Note 10 - Reflects staff travelling to view potential donations or purchases.

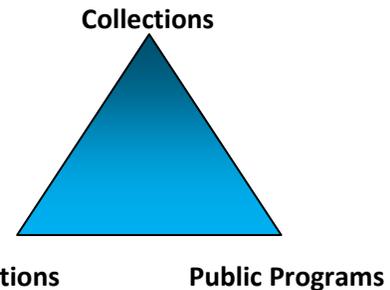
APPENDIX 2 - Expansion of Programs and Services

Core Program Guidelines

The Rемаi Art Gallery of Saskatchewan's purpose and core public commitment incorporates an integrated, three-pillar approach that links exhibitions (including research and publications), public and outreach programs and the development of the permanent collection (which includes research, development, documentation and exhibition).

The Gallery's focus will be on Saskatoon, Saskatchewan, and 1

will seek to establish a balance between relevance to this community and situating the art making of the region in a national and international context. This will be accomplished through:



- Exhibition and interpretation of historical and contemporary art that is significant to the development of the Gallery's history and permanent collection, and works that have had an impact on, or have been impacted by, the art of the region and Canada;
- Exhibition and documentation of works of art that were inspired by, influential to, and/or produced within the prairie region;
- Exhibitions and public programs that reflect the values, perceptions, issues and physical realities of the region;
- Exhibition, interpretation and documentation of artists who were born, lived, and/or worked within the region;
- Featuring artwork of international origin from contemporary and historical periods, in keeping with the initial vision of the Mendel Art Gallery's founder, Mr. Fred Mendel.
- Highlighting thematic selections from the Gallery's permanent collection to provide the public with access to the artworks it owns in the exhibition galleries and in other display areas throughout the building.
- Facilitating and enabling programs with multiple points of entry for audiences to engage with art.

Core Program Development

The Rемаi Art Gallery of Saskatchewan will set in place an integrated strategy in which understanding of place and community are interwoven with programming that serves as a catalyst for dialogue and exchange, and encourages an understanding and appreciation of visual arts.

A primary role for the new Rемаi Gallery will be to celebrate visual art in its diverse manifestations and to act as an agent of community well-being and development. The Rемаi Gallery intends to provide programming in an immersive environment, where people of diverse backgrounds can connect with visual art through a multitude of activities and resources that are sensitive to a broad range of learning styles.

For example, hands-on activities in the Education Centre will be offered to small groups of adults and children. Free-guided tours will be held every Sunday, while private guided tours can be arranged any time for any group size. The Gallery will also offer a regular schedule of public lectures, artists' talks, symposia and a variety of family and kid-friendly hands-on educational programs.

The Rемаi Gallery will develop strategic partnerships where art serves as a catalyst for interaction with other organizations in the community, regionally and internationally to create a meaningful dialogue amongst citizens of all backgrounds. Community partnerships and collaborations will continue to be developed with non-profit agencies, arts and cultural groups, and academic institutions; for instance, serving as a community Gallery for the Saskatoon Community Youth Arts Programming, and exhibiting works by students recently graduated from the University of Saskatchewan as well as other emerging artists.

The Rемаi Gallery will be a gathering place. Through public programming, The Rемаi Gallery is determined to make historical and contemporary art accessible, enjoyable and integral to all visitors, and to support professional development of artists in the community. The program of activities will centre on the notion of the art museum as 'inclusive', a place where all people have access to work by artists, curators, and programmers, and a space to research, interact with, reflect on, and discuss the issues of their lives through art. The Rемаi Gallery will demonstrate, on a daily basis that art is necessary to quality of life, and to the advancement of Saskatoon as a creative city dedicated to life-long learning.

Where the experience of art brings people together to see the world in new ways, The Rемаi Gallery will be the destination for positive social development through art-based activities and for collaborations among community stakeholders.

Remai Foundation - Contribution to Programming

With the unprecedented and generous support of the Ellen and Frank Rемаi Foundation, The Rемаi Gallery will receive a \$500,000 contribution annually for 30 years to enhance the Gallery's programs. As part of the agreement with the Foundation, these funds are restricted to enhanced programming that would not be possible without this extraordinary support. The Gallery envisions "special" exhibitions of a calibre the Gallery has not been able to attract due to physical limitations of the current facility and/or lack of financial capacity.

These exhibitions may be of international or national significance - solo, group or thematic exhibitions of "important" artists which are touring - works of art and/or exhibitions, for example from the Art Gallery of Ontario, National Gallery of Canada, Tate Gallery in London, Museum of Modern Art in New York, or

the Moderna in Stockholm. Our plan includes two 8 week projects a year which will induce interest in the Gallery brand - *“the best place on the prairies to view art you can't see anywhere else - it is exciting!”* These exhibitions will help the Gallery attain its goals related to increasing self-generated revenue by boosting attendance - *“come with me, let's see what's on”* - and building value for increased memberships through discounts on admissions to these special exhibitions as well as other benefits.

The programming direction is validated by the Fast Consulting Market Assessment report which found:²

- *New features would encourage visitation. More exhibitions would be the biggest attraction: 73% would visit if there were more exhibitions of the Gallery's collection and 71% would visit if there were more touring exhibitions.*
- *Programmable, accessible space is another draw: 70% of residents would visit if the Gallery offered a community studio, 68% if it had a lecture theatre capable of hosting film screenings and small performances and 44% if it had a large meeting space for special events.*
- *38% would visit if there were more art classes and programs.*
- *Almost one quarter (24%) say they will participate in programs offered at The Remai Gallery. Three out of ten (30%) residents say they would be willing to pay for an art class or workshop at The Remai Gallery. Of these, 31% would pay less than \$25 for a class, 14% would pay \$25-\$49, another 14% would pay \$50-\$99 and 9% would pay \$100 or more. A significant percentage (32%) are unsure how much they would be willing to pay, saying it would depend on the program.*

² Fast Consulting - *Public Opinion Survey Report*, November 2011

APPENDIX 3 - Attendance and Admissions

The Gallery contracted TCI Management Consultants, specialists in feasibility assessments for cultural institutions, to undertake a study related to admission fees, including looking at various admission fee scenarios and assessing the financial impact for each, projecting attendance for each scenario and commenting on its likely impact on membership.

Four specific admission fee scenarios were examined:

- a) Scenario A - Free Admission for Everything All the Time
- b) Scenario B - Free Admission except for special exhibitions³
- c) Scenario C - Modest Admission for permanent collection and regular exhibitions; Higher Fee for special exhibitions
- d) Scenario D - Modest Admission Fee with a Free Day / Evening

The report highlights variables to consider in determining an appropriate admission fee structure: materiality and significance of the visitor experience (e.g. length and quality of experience); the extent to which the Gallery is perceived as a public good; the existence of a membership program; the existence of a donations box; providing a free admission day; ancillary charges (e.g. parking fees); and pricing strategies (bundling, packaging and discounting). The consultants caution that intangible elements (i.e. non-financial) such as community values and attitudes towards accessibility must be considered.

The consultants reviewed attendance and membership-related information provided by the Mendel Art Gallery. They also contacted seven other public Canadian galleries which currently have admission fees in place. Those who have gone from free admission to an admission charge had mixed experiences - some had no problem implementing an admission charge, others had negative reactions and experienced a decline in attendance. All galleries adjust their fees according to the local economic conditions.

In determining the 'base' projected attendance at The Remai Gallery, the consultants noted the following:⁴

³ Special exhibitions are those made possible through annual funding from the Remai Foundation, and exhibitions which tend to be larger and more widely promoted versus regular exhibitions which are the sorts of exhibits that most galleries mount on an on-going basis and are funded typically by Canada Council, Saskatchewan Arts Board and SaskCulture. Other special exhibitions might be those that receive Museums Assistance Program project funding.

⁴ TCI Management Consultants - *Remai Art Gallery of Saskatchewan Admissions Study*, December 2011

- *Given the advantages of the new Gallery (size, programming, location) the new norm of attendance in a typical year of operation will be significantly higher than the current average [160,000]; we assume (likely conservatively) that the new norm of attendance will be one-quarter higher than the existing levels: 200,000 visitors per year which is in line with the Functional Program Plan for The Remai Gallery.*
- *However, in the first years of operation of the new Gallery there will be a significant spike in attendance, reflecting the ‘novelty effect’ and pent-up demand to see the new facility that will develop during the construction period. This is consistent with the experiences of other galleries. We expect that the first year will see attendance levels 50% higher than the ‘new norm’ of 200,000, and in year 2 this will drop down to levels 25% higher. After this novelty effect in the first couple of years has worn off, attendance in year 3 will level off at a typical year of operation level. Accordingly, the attendance projections under this base scenario will be⁵:*

<i>Year 1 (2015)</i>	<i>300,000</i>
<i>Year 2 (2016)</i>	<i>250,000</i>
<i>Year 3 (2017)</i>	<i>200,000</i>

Financial assumptions outlined in the report for all admission fee scenarios include:

- *At present the Mendel Art Gallery has 700 members; the average gross membership fee is \$27.59; net membership revenues are assumed to continue at current levels (96%)⁶*
- *In the applicable scenario, the cost of supplying an additional staff to collect admissions is assumed to be \$85,000⁷. IT and equipment costs are assumed to be 10% of this amount resulting in total collections costs of \$93,500.*
- *For scenario B, the cost of collecting admissions for 16 weeks associated with the special collections timing is assumed to be 16/52 of the collection cost noted above (\$28,769).*

⁵ *This may actually be a conservative estimate. Attendance at the Art Gallery of Ontario rose by nearly 60% to 878,000 (from 550,000) after its expansion in 2008. The Art Gallery of Hamilton’s attendance rose by 140% (from 74,000 to 177,000) after its expansion in 2006. The Art Gallery of Alberta saw attendance rise by several multiples after its expansion in 2009 (from 20,000 to over 100,000). However, these were expansions on those galleries’ existing sites, whereas in Saskatoon the new gallery will be on a totally new site.*

⁶ *Mendel’s membership expenditures would be considered low relative to other galleries and cultural institutions. Mendel groups its membership and development revenues and expenditures in its financial reporting and therefore some of the costs related to servicing the membership may be allocated to development. We have used membership expenditures of 4% which is consistent with the Mendel’s historical reporting and future budgeting.*

⁷ *Calculated as 12 hours per day at \$16.62 plus 17% benefits for 363 days and rounded to nearest thousand.*

- *Other types of income (e.g., rental income and programming income) are likely to be higher in the new Gallery; however, we do not expect these income streams to be dependent on admissions or admissions pricing policies. Accordingly, we have not modeled the impact of increased income from rentals and programming.*

In addition to staff that will be required to take admissions when special exhibitions are on, there will be a need to ensure the Reception/Information Desk is staffed during the Gallery's operating hours - every day except Christmas, from 9am to 9pm daily. These staff (2.5 FTE) are required to ensure a high level of quality public service and to orient residents and visitors to the facility, the Gallery and its programs.

Assumption highlights of each admission fee scenario are:

Scenario A - Free Admission for Everything All the Time - assumes there is free admission all the time with two special exhibitions annually, each 8 weeks in duration. On average, special exhibitions attract audiences equal to approximately 50% more than the regular audience to the permanent collection and regular exhibitions. Membership fees remain at current levels (i.e. \$27.59 on average) and memberships are assumed to be 30% higher than present levels in 2015 (substantiated by the Fast Consulting Market Assessment report) dropping to 25% higher than present levels by year 3, reflecting increased levels of interest in becoming a member generated by the new Gallery.

Scenario B - Free Admission except for special exhibitions - assumes there is free admission to the permanent collection and regular exhibitions, with an average charge of \$8/person for the two 8-week long special exhibitions. Attendance to the special exhibitions will be 25% less than in Scenario A reflecting price sensitivity to an admission fee. (Consistent with the Fast Consulting Market Assessment report that 73% of Saskatoon residents support an admission for special exhibitions). Membership fees will remain the same (i.e. \$27.59 on average) and the number of members is assumed to be 10% higher than in Scenario A due to economic advantages of entering into the Special Exhibition for free if visiting 3 times or more. Members will account for 3% of visitors to special exhibitions.

Scenario C - Modest Admission for permanent collection and regular exhibitions; Higher Fee for special exhibitions assumes there will be an average charge of \$6/person for the permanent collection and regular exhibitions and an average charge of \$8/person for the special exhibitions. The number of annual visitors to the permanent collection and regular exhibitions will decrease by 50% and attendance to the special exhibitions will be 25% less than in Scenario A due to the admission charge (findings which are consistent with the Fast Consulting Market Assessment report). Membership fees will remain the same (i.e. \$27.59) and membership will include free access to the exhibitions. Members will represent 25% of attendance. A small segment will be interested in paying to see the permanent collection and regular exhibitions, but will not pay 'extra' to see the Special Exhibition.

Scenario D - Modest Admission Fee with a Free Day / Evening assumes the same admission charge as Scenario C. As a result of a free day, visits by non-members to the permanent collection and regular exhibitions will be 10% higher than in Scenario C, and 25% of those paying to come to the Gallery in Scenario C will come on a free day instead. Attendance patterns of members and those paying

admission to see a Special Exhibition and member visits remain unchanged from Scenarios B and C. A small segment will be interested in paying to see the permanent collection and regular exhibitions, but will not pay 'extra' to see the Special Exhibition. Members fees remain the same and members continue to get free access but there is less incentive to be a member and members visitation reflects 15% total visitation.

Attendance is expected to spike in the first year, drop slightly in the second year and level off by the third year. The outcome of the financial modeling for each scenario on the next page reflects a typical year (assumed to be 2017).

- Scenario B projects total attendance of 180,000 with a projection of 60,000 of these visitors paying to see a Special Exhibition.
- Scenario C projects 121,600 visitors with 61,600 paying a modest admission fee to see the permanent collection and/or regular exhibitions, and 60,000 paying a higher fee to see a Special Exhibition.
- Scenario D projects total attendance of 127,600 with 67,600 paying to see a permanent collection and/or Regular Exhibition, and 60,000 paying a higher fee to see a Special Exhibition.

Also in this modeling, Gross and Net Revenue figures include membership revenue (Gross: \$26,551; Net: \$25,489) as well as admissions revenue (Gross: \$465,600; Net: \$436,831).

	Scenario A Free Admission for Everything	Scenario B Free Admission to permanent collection / regular exhibitions; Charge for special exhibitions	Scenario C Admission Charge for permanent collection / regular exhibitions and special exhibitions	Scenario D Scenario C with Free Day
Attendance	200,000	180,000	121,600	127,600
Memberships	875	963	4,286	2,700
Gross Revenues	\$24,138	\$492,151	\$757,824	\$742,131
Net Revenues	\$23,172	\$462,320	\$659,595	\$645,652
Net Revenues per visitor	\$0.12	\$2.57	\$5.42	\$5.06
Incremental Net Revenues over Scenario A	n/a	\$439,148	\$636,423	\$622,480

After examining the Admissions Study report in detail and with consideration of the "intangibles" (i.e. accessibility, visibility, admissions history, etc.) as well as the need for the Gallery to generate more income, The Remail Gallery Board is recommending:

Recommendation #2

The Remai Art Gallery of Saskatchewan Board recommends Scenario B (introduction of a modest admission fee on average \$8/person for special exhibitions).

Recommendation # 3

The Remai Art Gallery of Saskatchewan Board recommends 2.5 FTE be hired to staff the Reception / Information desk during gallery operating hours, and 0.65 FTE be hired for admissions collection during special exhibitions.

The Gallery's recommendation is supported by findings in the Fast Consulting Market Assessment:⁸

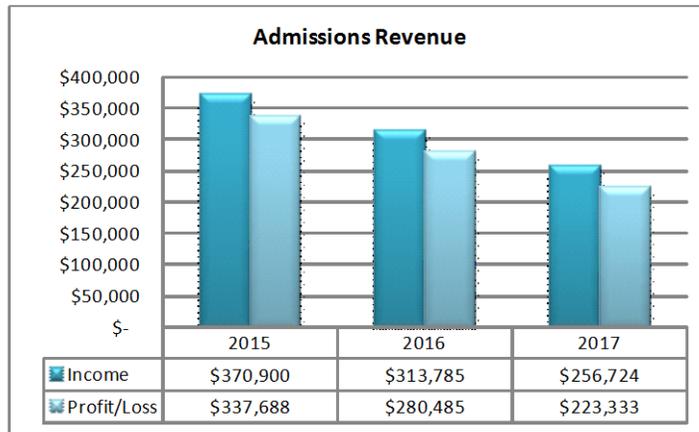
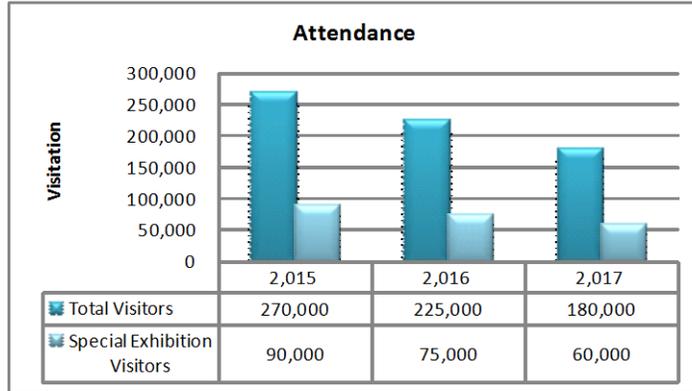
- *Eight out of 10 residents (80%) say they are likely to visit the Remai Art Gallery of Saskatchewan at some point when it opens at River Landing, including 22% who are very likely to visit.*
- *Residents who are likely to visit the new location are asked how often they think they'll visit in a typical year. Most (68%) say once or twice a year, another 18% say three to five times and 8% say six or more times.*
- *New features would encourage visitation. More exhibitions would be the biggest attraction: 73% would visit if there were more exhibitions of the Gallery's collection and 71% would visit if there were more touring exhibitions.*
- *Programmable, accessible space is another draw: 70% of residents would visit if the Gallery offered a community studio, 68% if it had a lecture theatre capable of hosting film screenings and small performances and 44% if it had a large meeting space for special events.*
- *Services would also draw visitors: 56% would visit the Gallery if it had a bistro style counter-service café and 55% would visit if it had an expanded gift shop (55%). Finally, 38% would visit if there were more art classes and programs.*
- *Roughly two-thirds (65%) of residents agree that the Remai Art Gallery of Saskatchewan should continue to offer free admission for all exhibitions at all times, compared to a third (33%) who disagree.*
- *The majority (73%) agree the Gallery should continue with free admission to the permanent collection, but charge admission to special or significant exhibitions. This compares to 37% who agree the Gallery should charge a standard, affordable admission for all exhibitions at all times.*

⁸ Fast Consulting - Remai Art Gallery of Saskatchewan Public Opinion Survey Report, November 2011.

- *Even assuming the artist was of great interest to them, few residents (5%) are willing to pay more than \$25 for an individual adult admission to a special exhibition. Close to a third (31%) are willing to pay up to \$10, 13% are willing to pay up to \$15 and another 13% are willing to pay up to \$20.*
- *Three out of ten residents (30%) would be willing to pay \$50 for a yearly membership that gave them free admission plus reduced rates on special exhibitions.*
- *While a third (33%) say the frequency of their visits to the Gallery will depend on the admission cost, over a quarter (27%) say an admission fee for special exhibitions would not stop them from visiting. Another 19% say an admission fee for special exhibitions would reduce their visits and 18% say they would no longer visit.*

In developing the Admissions component of the budget, the following assumptions were made, and the projected revenue and profit/loss are outlined below.

- 2.5 FTEs will be required to staff the Reception/Information Desk from 9am to 9pm daily, and 0.65 FTE will be required to take admissions during special exhibitions.
- Each year two special exhibitions, each of 8 weeks duration, will be organized.
- Admission will be charged for the special exhibitions only
- Admission will be \$10 for adults and \$6 for seniors, students, and teens.
- Total attendance will spike in the opening year 2015 at 270,000 visits, will drop to 225,000 visits in 2016 and will level out in 2017 at 180,000 visits. Only a portion of these visitors will pay to see a Special Exhibition.
- Donations Box income will be included in the Admissions budget.
- Donations will remain flat until 2016 due to the capital campaign and the initial reaction of an admissions charge, and will increase 5% annually with Reception/Information staff pointing out the Donations Box to visitors.
- Membership income will be included in the Fundraising Budget.
- The Gallery has taken a conservative approach to the budget and projected revenue is reduced by 50% from the projections provided by TCI Management Consultants because attendance figures provided to the consultants include *all* visitors to the Mendel, not just those visiting the exhibitions. (i.e. some people may be visiting the Conservatory, washrooms or Gallery Shop only).



For more detailed financial information refer to Appendix 1

APPENDIX 4 - Food & Beverage Services/Facility Rentals

The new Remai Art Gallery of Saskatchewan will include a number of spaces that will be made available for rent to the public and which will provide residents and visitors with a variety of food and beverage experiences:

- The Bistro (counter-service) Café, featuring light lunches, snacks and beverages on the main floor of the building, will provide casual seating in the atrium year round and will open to an outdoor river-view patio in warmer months.
- The Multipurpose Room on the 2nd floor will accommodate 200 people for a banquet and up to 350 people for a reception. The room is attached to the main Kitchen which will service this room and the Café.
- The seasonably accessible 4th floor Roof Top Terrace, serviced by a small prep kitchen on the same floor, will accommodate 70-80 people for a reception with the Multipurpose Room used as backup in the event of inclement weather.
- The 4th floor Board Room and adjacent Meeting Room will accommodate 30 people and 10 people respectively for business meetings with onsite catering being provided.
- The 2nd floor Lecture Theatre will seat 150 for lectures, film screenings and public presentations.

The Gallery contracted fsSTRATEGY - specialists in consultations to the food service industry - to analyze the financial impact of food and beverage services and facility rentals at The Remai Gallery, and to provide recommendations to The Remai Gallery related to management options. In order to estimate the potential size of the business and determine its impact on the private sector and The Remai Gallery' core operations, the consultants met with several key hospitality and event space providers and caterers in the City, and they interviewed eight public galleries across the country who offer food and beverage services and facility rentals.

Overview of Research - Food & Beverage Services/Facility Rentals

Other Jurisdictions: gallery Interviews

Highlights from the interviews with other galleries are:

- Five of the eight galleries contacted offer retail food services (e.g. restaurant, Café and/or bar), four of which outsource the management of the retail food service to a third-party caterer.
- Three of the eight galleries work with an exclusive contracted caterer (who is also responsible for the retail food services) and one gallery self-operates its facility rentals, catering and retail food services. In all four cases, the retail food services operations are not profitable and the operator (i.e. caterer) operates the retail food service to gain access to the profitable catering operations. Revenue is generated from a flat rental fee, commission or a combination of both.

- The four remaining galleries rent the space to clients and groups, and an event convener arranges the caterer - usually from a list of preferred caterers. In all four of these cases a flat rent is charged to the caterer and the Gallery does not receive a commission on food and beverage operations, with the exception of one Gallery which receives commission from only one of its preferred caterers. These galleries receive corporate donations or discounted catering for Gallery-hosted events from their preferred caterers and, in most cases; these galleries desire a re-structured agreement where they would receive a commission on catering.
- All of the galleries offer rental space in their facilities. Seven of the eight galleries administer and book space at their galleries taking all the room rental revenue. The eighth receives a 50% commission from the exclusive caterer who handles bookings. The average rental per square foot for a half day is \$0.62 and for a full day is \$0.95. Theatre rental averages per square foot are \$2.44 per half day and \$3.93 per full day.
- Additional charges vary but most galleries charge for security outside of regular operating hours. Audio/Visual equipment is often outsourced to a third party and sometimes the Gallery receives a commission on AV rentals.
- Other restrictions and charges at the various galleries include: minimum food service orders, Internet access fees, after hours usage fees, set up/break down charges over the normal time required for this activity, deposits, obtaining liquor licenses and insurance.
- Additional offerings with catered events and rentals include: packages (e.g. weddings with registry in the Gallery Shop, membership, use of AV equipment), tours of exhibitions, and discounts to non-profit groups.

Demand Analysis

In Saskatoon, seventeen (17) traditional venues (hotels, convention centres) and non-traditional venues (Western Development Museum, golf clubs, German Club, etc.) were contacted to: discuss the market for catered events and rentals, demand for venues, pricing, sales structures and thoughts on The Remail Gallery being in competition with the private sector.

Highlights from the interviews with hotels include:

- Unlike most jurisdictions where hotels use meeting space to sell hotel rooms, Saskatoon has a relatively strong hotel room market and, as a result, meeting space is used to generate additional catering and rental revenue. Also, hotels target the wedding, banquet and reception market because of high room demand.
- There is only one facility in the city with a river view ballroom - The Remail Gallery Multipurpose Room will be the second.
- Non-traditional venues such as the Western Development Museum, Wanuskewin, etc. are often used for off-site dinners and/or conferences.
- For some, demand for catered events has been soft in the summer and during the holiday season; both in terms of size of event, number of events and per person spend. Demand for high-end weddings is a small segment but is not well supplied in the city. There is an excess of supply of meeting space in the city.

- Most hotels would not be concerned with The Remail Gallery getting into the food and beverage services and facility rentals business providing the Gallery does not undercut the private sector on price, and providing it charges corkage and gratuities similar to rates charged elsewhere.
- Market opportunities exist for The Remail Gallery to occupy a niche in the high-end wedding and reception market.
- Self-operation of the food services and catering is not advised as the amount of business would be too small to be lucrative, and there is a limited supply of servers in Saskatoon.
- The hotels interviewed, for the most part, were potentially interested in the opportunity to provide food services (including catering) at The Remail Gallery, but a number say they would like to manage bookings as well.
- None of the hotels are interested in making a capital investment in the kitchen and Bistro Café.

Highlights from the interviews with other venues are:

- There are mixed views on demand for catered events and meeting space - some say demand is increasing; others say it is flat. Current demand is heaviest on the weekends and, periodically, there is a shortage of space especially for weddings.
- Market opportunity for The Remail Gallery exists in upscale smaller corporate and social events, and the exhibitions at The Remail Gallery provide a value-added opportunity for facility rentals.
- Attracting a quality caterer and servers could be a challenge.
- The cost of operating may be greater on a per event basis due to fewer events being held at the Gallery, and as a result of the flexibility enjoyed by other venues which have catering and facility rentals as their core business.
- On the whole, the interviewees view the market as healthy and they are not overly concerned with the Gallery engaging in the catering and facility rental business.

Four caterers in the City were also interviewed by the consultants and are generally positive about the local supply of venues and demand for catered events. Other comments include:

- Corporate catering is increasing due to growth in the City.
- Demand for low cost, base catering (e.g. 'beef on a bun') is greater than sophisticated catering but unique offerings and 'cool' event delivery can facilitate higher prices.
- Demand exists for another niche oriented venue as the quality of event spaces, other than at hotels, is basic.
- There is a shortage of space that can accommodate 300+ people although the number of events of this size at the present time is limited.
- Market opportunity exists for hosting events at The Remail Gallery and the focus should be on higher-end weddings and corporate events. The Gallery setting and view of the river offers a distinct market advantage.
- There could be opportunities for the caterer to promote their own events (e.g. Sunday brunch, pre-theatre dinners).
- A professional quality caterer is required.

- The Bistro Café will be most successful if unique products are offered, and the Café operator should have access to the kitchen in order to provide fresh food (suggesting the operator should be exclusive or one of the preferred caterers). To attract and maximize business for the operator, after business day / evening tapas and licensed drinks should be considered.
- Market prices for catering range from \$25 to \$35 per person for plated dinners and \$40 to \$50 per person for reception food.
- All of these operators are interested in the catering opportunity at the Gallery. Self-operation by the Gallery for catering is not seen as feasible.
- One caterer prefers to be the exclusive caterer and would be interested in operating the Bistro Café providing they were on the list of preferred caterers, but would not be interested in operating the Café alone.
- Two caterers interested in the Café and catering would like to control bookings and one says they would consider working with a food and beverage/event planner professional who would sell, book and coordinate events.
- One person interested in operating the Bistro Café would prefer control of the kitchen but is not in a position to be the exclusive caterer.
- Most of the caterers, if successful in securing a contract, would prefer input on the design of the Bistro Café and kitchen.
- With regard to capital investment, one caterer has limited interest in providing a capital investment and would prefer to pay commission to assist in covering operating and capital costs. One has made capital investments in the past but would require a buy-back clause in the case of either party deciding to terminate the contract early.

Tourism Saskatoon was also interviewed as part of the supply/demand analysis and indicated the event business in the city is strong. They are excited about including the facilities at The Remai Gallery when selling Saskatoon as a meeting and convention destination, and they believe there are opportunities for the Gallery to partner with festivals and events held at River Landing to increase traffic to the Bistro Café and provide demand for facility rentals.

fsSTRATEGY also reviewed the findings of the Fast Consulting Market Assessment which found:⁹

- *Exploring residents' preferences regarding food services reveals that most (69%) would be interested in buying a non-alcoholic beverage at the Gallery café, compared to 42% who would be interested in buying an alcoholic beverage.*
- *Most (66%) would also be interested in buying lunch at the Gallery café, 64% would be interested in buying snacks and 51% would be interested in buying dinner.*

⁹ *Fast Consulting - Remai Art Gallery of Saskatchewan Public Opinion Survey Report, November 2011*

- *Roughly half (52%) of Saskatoon residents think they would visit a bistro style counter-service café at the Gallery once or twice a year, while another 22% think they would visit three to five times and 12% think they would visit six or more times a year.*
- *The large majority (80%) of residents agree that space for special events and meetings at the Gallery is a good thing for Saskatoon, including 26% who completely agree.*
- *Saskatoon residents say they would consider using rental space at the Gallery for various events, including a catered reception (47%), catered lunch or dinner (41%), public event/presentation (44%) or meeting (40%).*

In terms of supply and demand, the consultants at fsSTRATEGY concluded that: ¹⁰

A market exists for facilities rentals at the Gallery. This appears to be especially true for higher-end corporate meetings as well as higher-end social events (including meetings). The venue will likely compete primarily with the downtown convention hotels (Delta, Sheraton, Radisson and Hilton). Secondary competitors will likely include the other unique venues in the City. Primary demand for the Gallery's spaces will likely occur:

- *weekends between May and September for weddings;*
- *late November through mid-December for holiday parties; and*
- *September through November and March through June for corporate events and meetings.*

Those interviewed were mixed about competing with another publicly funded venue for events (TCU Place is also publicly funded as well as marketed using the destination marketing fee, in which the hotels interviewed all participate). The Gallery can mitigate this perception by:

- *not undercutting private sector competitors on price;*
- *applying a gratuity charge on food and beverage similar to that of comparable venues in the City; and*
- *having similar corkage policies and rates as that of comparable venues.*

¹⁰ fsSTRATEGY - Mendel Art Gallery Food and Beverage Opportunity Assessment and Management Strategy, December 2011

Operating Projections- Food & Beverage Services/Facility Rentals

Bistro Café Revenue Estimates

The Bistro Café will draw from gallery patrons, gallery staff, Persephone Theatre patrons and staff, area residents, the area working population and those using the recreation area along the rivers. Bistro Café revenue estimates were calculated using various capture rates for various population groups and average cheque-per-cover estimates. In the case of The Remai Gallery and Persephone Theatre staff, capture projections are based on average annual restaurant visits per employee.¹¹

	Current Counts / Category	Projected Population	Capture Rate / Visits / Year	Capture Rate / Visits/Year	Average Cheque	Revenue
<i>gallery Patrons (2011)</i>	160,000	200,000	20.0%	40,000	\$ 9.00	\$ 360,000
<i>gallery Staff (FTEs) (Visits per Year)</i>	24.75	32.5	36	1,170	\$ 5.00	\$ 5,850
<i>Persephone Theatre Patrons</i>	80,000	80,000	10.0%	8,000	\$ 9.00	\$ 72,000
<i>Persephone Theatre Staff (Visits per Year)</i>	17	17	12	204	\$ 5.00	\$ 1,020
<i>Area Residents</i>	670	800	15.0%	120	\$ 9.00	\$ 1,080
<i>Area Working Population</i>	9,017	9,500	15.0%	1,425	\$ 9.00	\$ 12,825
<i>Pedestrian Counts at River Landing</i>	<u>250,000</u>	<u>300,000</u>	5.0%	<u>15,000</u>	<u>\$ 5.00</u>	<u>\$ 75,000</u>
<i>Total (Base Case)</i>	510,727	590,030		65,919	\$ 8.01	\$ 527,775
<i>Low Revenue Scenario (25% less than Base Case)</i>						\$ 395,831
<i>High Revenue Scenario (25% greater than Base Case)</i>						\$ 659,719

Source: fsSTRATEGY Inc., Mendel Art Gallery, Persephone Theatre, City of Saskatoon, Meewasin Valley Authority

NOTE: In a survey of Saskatoon residents, 7% of respondents indicated that they were very likely to visit the Gallery because it has a bistro-style counter-service Café, 9% indicated they were likely and 18% indicated they were moderately likely.

¹¹ fsSTRATEGY - Mendel Art Gallery Food and Beverage Opportunity Assessment and Management Strategy, December 2011

Catering and Facilities Rentals Revenue Projections

The Remail Gallery will be able to accommodate several types of events. These include: ¹²

- *Receptions - Social events where guests enjoy food and beverage, but do not sit at a table. Receptions may precede Banquets.*
- *Banquets - Events with a focus of providing food and beverage to guests. Such events may be combined with entertainment or be celebratory (i.e. weddings).*
- *Meetings - Events where the facility is used as a location for groups of people to meet. The group size may vary significantly. Most meetings are one day in length. Such events could include business meetings, management and board meetings, technical meetings, sales meetings and training seminars. Some meetings will generate revenue from food and beverage, audio visual revenues and other ancillary revenues.*
- *Theatre Rentals - Events such as meetings, training sessions, product launches, etc. could be held in the Gallery's Lecture Theatre.*

Using typical square footage metrics for various types of events (i.e. banquets, receptions, meetings with classroom/boardroom seating and meetings with the theatre seating) total capacity rates for Banquets, Receptions, and Meetings are as follows:

Capacity					
Event Space	Estimated Square Footage	Banquet	Reception	Meeting (Theatre)	Meeting (Classroom / Boardroom)
<i>Multipurpose Room</i>	<i>3,046</i>	<i>200</i>	<i>305</i>	<i>305</i>	<i>152</i>
<i>Boardroom</i>	<i>904</i>	<i>30</i>	<i>n/a</i>	<i>n/a</i>	<i>30</i>
<i>Meeting Room</i>	<i>323</i>	<i>10</i>	<i>n/a</i>	<i>n/a</i>	<i>10</i>
<i>Roof Top Terrace *</i>	<i>1,500</i>	<i>80</i>	<i>80</i>	<i>n/a</i>	<i>n/a</i>
<i>Lecture Theatre</i>	<i>1,830</i>	<i>n/a</i>	<i>n/a</i>	<i>150</i>	<i>n/a</i>
<i>Atrium</i>	<i>4,090</i>	<i>270</i>	<i>409</i>	<i>n/a</i>	<i>n/a</i>

¹³

** This area is exposed to the elements (i.e. is not available for year round events). Also, another event space with similar capacity would be required for back up in the case of inclement weather. Due to load restrictions, the capacity of this space is 80 persons.*

Note: The Boardroom and Meeting Room each have one large board table. These rooms will be ideally suited for board style meetings. Banquets, such as working lunches, may also be served in these rooms.

¹² fsSTRATEGY - Mendel Art Gallery Food and Beverage Opportunity Assessment and Management Strategy, December 2011

¹³ Ibid

Each event type was categorized by size based on the number of attendees, including the Meeting Room and Boardroom which have permanent board tables. The availability of rental spaces will be subject to the programming of these spaces for the Gallery’s own use, and lower and higher space availability information was provided to the consultants by the Gallery.

Average Number of Attendees / Event					
	Meeting Room	Board Room	Small Size Event	Medium Size Event	Large Size Event
Reception	n/a	n/a	50	100	150
Banquet	7	20	50	100	200
Meeting	7	20	40	60	80

The consultants prepared demand projections using the Lower and Higher Space Availability information provided by the Gallery for each of the rental spaces at The Remai Gallery. The report notes the projections represent a stabilized event load typically achievable during the 2nd or 3rd year of operation, and the projections depend on how early and how competently the spaces are marketed as well how early bookings are accepted.

Annual Demand Projections Summary						
	Reception Bookings	Banquet Bookings	Meeting Bookings	Theatre Bookings	Total Bookings	Utilization Rate
Lower Space Availability	27	89	275	110	501	34.3%
Higher Space Availability	35	115	330	125	605	41.4%

The Lower Space Availability scenario projects 501 event bookings in total for a utilization rate of 34.3%. The Higher Space Availability scenario projects 605 event bookings in total for a utilization rate of 41.4%. The consultants note that *“utilization levels of this magnitude are significant for a cultural venue such as the Gallery and reflect the event spaces that are primarily focused on generating income from events rentals (i.e. Multipurpose Room, Boardroom and Meeting Room) as opposed to event spaces primarily focused on programming, which is the case in most galleries and museums. Several venues, such as the Art Gallery of Ontario and Art Gallery of Hamilton, have dedicated event spaces and, as a result, generate relatively significant event revenues.”*¹⁴

¹⁴ fsSTRATEGY - Mendel Art Gallery Food and Beverage Opportunity Assessment and Management Strategy, December 2011

Using the average attendance capacity for each rental space, and the number and types of events in each space, the chart below illustrates the consultants’ estimate for annual catering visitation at the Gallery to be 26,379 at the Low end of the scale and 32,918 at the High end of the scale.

Annual Visitation Projection					
	Reception	Banquet	Meeting	Theatre	Total
Lower Space Availability	27	89	275	110	501
<i>Estimated Attendance</i>	<i>2,750</i>	<i>5,434</i>	<i>7,470</i>	<i>10,725</i>	<i>26,379</i>
Higher Space Availability	35	115	330	125	605
<i>Estimated Attendance</i>	<i>3,500</i>	<i>7,455</i>	<i>9,775</i>	<i>12,188</i>	<i>32,918</i>

Facility rentals revenues at The Remail Gallery may be generated from straight room rentals, and rentals that include a food and beverage component. In hotels and other venues where an event has a significant food and beverage component, room rental is often waived. However, in most galleries rent is charged regardless of food and beverage revenues and the consultants recommend The Remail Gallery adopt this strategy.

The following rents, consistent with other venues in the City, are proposed by the consultants:

- Multipurpose Room \$ 1,000
- Boardroom \$ 200
- Meeting Room \$ 150
- Roof Top Terrace * \$ 1,000
- Lecture Theatre \$ 200

* includes Multipurpose Room in the event of inclement weather

The consultants note that the majority of the Gallery’s rental revenues will come from food and beverage sales and base the per person spend for various types of events on competitive catering venues researched during this study:

- Receptions \$20.00 per person
- Banquets \$40.00 per person
- Meetings \$15.00 per person
- Lecture Theatre bookings \$ 5.00 per person

When visitation projections, room rental rates and per-person spend rates on food and beverage for various rooms and various types of events are applied, the consultants estimate total catering revenue

between \$666,585 and \$870,513 as seen below. The Base Case Scenario represents the mid-point between the Low and High Availability Scenarios.

	Receptions	Banquets	Meetings	Theatre Bookings	Total
Lower Space Availability Scenario					
Patrons	2,750	5,434	7,470	10,725	26,379
Average Revenue Per Patron	\$ 20.00	\$ 40.00	\$ 15.00	\$ 5.00	\$ 16.61
Food & Beverage Revenue	\$ 55,000	\$ 217,360	\$ 112,050	\$ 53,625	\$ 438,035
Room Rentals Revenue	\$ 27,000	\$ 60,050	\$ 114,000	\$ 27,500	\$ 228,550
Total Catering Revenue	\$ 82,000	\$ 277,410	\$ 226,050	\$ 81,125	\$ 666,585
Base Case Scenario					
Patrons	3,125	6,445	8,623	11,456	29,648
Average Revenue Per Patron	\$ 20.00	\$ 40.00	\$ 15.00	\$ 5.00	\$ 17.10
Food & Beverage Revenue	\$ 62,500	\$ 257,780	\$ 129,338	\$ 57,281	\$ 506,899
Room Rentals Revenue	\$ 31,000	\$ 69,900	\$ 131,375	\$ 29,375	\$ 261,650
Total Catering Revenue	\$ 93,500	\$ 327,680	\$ 260,713	\$ 86,656	\$ 768,549
Higher Space Availability Scenario					
Patrons	3,500	7,455	9,775	12,188	32,918
Average Revenue Per Patron	\$ 20.00	\$ 40.00	\$ 15.00	\$ 5.00	\$ 17.49
Food & Beverage Revenue	\$ 70,000	\$ 298,200	\$ 146,625	\$ 60,938	\$ 575,763
Room Rentals Revenue	\$ 35,000	\$ 79,750	\$ 148,750	\$ 31,250	\$ 294,750
Total Catering Revenue	\$ 105,000	\$ 377,950	\$ 293,375	\$ 92,188	\$ 870,513

Business Models - Food & Beverage Services/Facility Rentals

Three potential business models for the operation of the food and beverage and facility rentals were analyzed:

- Option 1: Self-Operation by The Remai Gallery
- Option 2a: One Exclusive Operator for the Bistro Café and all catering
- Option 2b: One Operator for the Bistro Café (also the resident caterer) and additional Preferred Caterers

Key drivers for food and beverage operations takes into consideration the scale of catering demand, the scale and probable seasonality of demand for the Bistro Café (i.e. busiest in the summer; low to moderate business in the winter); the space and production capability of the Bistro Café; and the interest and preference expressed by operators interviewed during the study.

Benefits and Risks for each option are outlined on the next page and show that Option 1 is most risky, and Option 2b is the least desirable from a business perspective.

Food & Beverage Business Models		
Risk/Benefit Analysis		
	Benefits	Risks
Option 1 Self - Operation	Control over outcomes; ability to respond to internal needs without consultation.	Scale of the business is too low to provide an attractive return on investment; limited pool of servers; responsibility for day-to-day operations; Gallery assumes all financial risk and all capital investment; increase in FTEs (5) and negotiation with City for new positions not currently present in the City HR system; no support resources; limited growth opportunity for the Food and Beverage Manager.
Option 2a - Single, Exclusive Operator	No responsibility for food & beverage operations; limited financial risk; commission income; control through a contract with performance standards; operator has support resources; profit motivation for the operator; operator has greater purchasing power due to this and other businesses; no increase in the Gallery' FTE; operator assumes HR risks; operator could also take on rentals creating a more attractive business opportunity.	Gallery's control is more limited as the operator has to make a profit; Gallery has to provide some capital investment; limited interest from operators to make a capital investment; only one choice of caterer (some users may want their own); Gallery must source new operator if service is poor.
Option 2b - Single, Exclusive Operator for CaféCa & Multiple Caterers	Same as Option 2a plus: Users have access to multiple caterers.	Same as Option 2a plus: At least 3 FTEs required for management, sales, event delivery; catering is split between several caterers reducing desirability; multiple caterers compromises the resident caterer in using the kitchen to support the Café.

In terms of the types of operators that might be engaged, the consultants found local hotels expressed guarded interest and all would prepare food offsite; two are only interested if they manage bookings. No other venues expressed an interest. Only one caterer would consider managing the Bistro Café only. The others say their interest is conditional on having both the Café and catering business. Two caterers would require exclusive rights to manage the facility room rentals and all food and beverage services (i.e. Café and catering) as one package although they would not be opposed to being on a Preferred

Caterers list. One caterer indicated they would like to operate the Café and be a preferred caterer but could not be the exclusive caterer due to limited capacity.

Facility Rental Business Models

Two business models were explored for facility rental operations:

1. Internal Management of marketing, sales and control of facility rentals, the Bistro Café and catering;
2. Contracting out management, marketing, sales and control of facility rentals, the Bistro Café and catering to a caterer or third party.

Key drivers in considering these options included: the scale of facility rental demand; the Gallery’s needs and community use needs as provided by the Gallery; the need to optimize revenue; interest and preferences by operators interviewed during the study.

Facility Management Models Benefits / Risk Analysis		
	Benefits	Risk
Internal Management	Complete control over rentals; Gallery receives all gross revenues from rentals; ensures appropriate control of brand and customer service.	High calibre of service would require a Special Events Manager/Salesperson/ Supervisor for the Bistro Café; Gallery responsible for potential losses; sales would require a proactive effort; would likely only work with Option 2b.
Third-Party Management	No responsibility for day-to-day operations; no FTEs; Gallery receives commission.	Limited control (blackout dates required 18 months in advance); Gallery must source new operator if marketing and sales performance is poor; limited or no control of the brand and customer service.

In terms of the types of operators that might be engaged, the consultants found two hotels would be interested in managing facility rentals as a condition of managing food and beverage services; one other venue would be interested; and most of the local and national caterers would be interested in a facility management contract.

Financial Analysis- Food & Beverage Services/Facility Rentals

Three statements of projected operations were prepared for the foodservice and facility rentals operations - Low Scenario, Base Scenario and High Scenario. Assumptions specific to each business model included:

- Revenue Projections
- Cost of Sales
- Labour expenses
- Other Expenses (repairs and maintenance; advertising; utilities; depreciation and other expenses such as sub-contract fees, office supplies, insurance, taxes, licences, warehousing, etc.)

A summary of projected operations is outlined below. In Option 1 (Self-Operation) the bottom line is expressed as 'Pre-Tax Profit'. In Option 2a (Exclusive Operator) the bottom line is expressed as 'Gallery Cash Flow' and this option explores two scenarios for management - one with the Gallery handling the bookings; the other with the exclusive operator managing the bookings. In Option 2b, the bottom line is also expressed as 'Gallery Cash Flow' and this option assumes the Gallery is managing the facility event bookings.

Summary of Operations Projections			
	Low Scenario	Base Scenario	High Scenario
TOTAL REVENUE	\$ 1,062,371	\$ 1,296,264	\$ 1,530,156
Option 1 - Self Operation			
Gallery Pre-Tax Profit	\$ 44,037	\$ 116,103	\$ 188,168
Option 2a -Exclusive Operator (Gallery responsible for Bookings)			
Total Gallery Cash Flow	\$ 215,388	\$ 262,678	\$ 309,967
Option 2a (Exclusive Operator responsible for Bookings)			
Total Gallery Cash Flow	\$ 172,207	\$ 207,025	\$ 241, 843
Option 2b - Multiple Operators (Gallery responsible for Bookings)			
Total Gallery Cash Flow	\$ 131,719	\$ 180,386	\$ 229,052

In the original fsSTRATEGY report prepared for the City in April 2010 the order-of-magnitude capital costs for food and beverage services were estimated at \$760,000. In the December 2011 report to inform this business plan, the cost was increased to \$770,000 to allow for the purchase of event booking software. Return on Investment (ROI) calculations follow on the next page.

Option 1 reflects the Gallery's ROI because it would be responsible for all capital costs.

Option 2a assumes the exclusive operator may be willing to contribute to the capital cost to construct the kitchen which is currently not included in the City's capital budget for the facility. fsSTRATEGY

estimates the maximum capital contribution the exclusive operator would be willing to make assuming a ten-year contract, and the contribution levels are determined for the Low, Base and High revenue projection scenarios. The calculations for this option also look at the ROI if no capital contribution is made by the exclusive operator in both booking responsibility scenarios. In the case of the maximum capital contribution by the exclusive operator when they are also responsible for bookings, the maximum capital contribution exceeds the capital requirements and the Gallery would not be required to invest funds into the capital costs of the kitchen.

Option 2b assumes the Bistro Café operator may be willing to contribute to the capital cost with a ten year contract. The ROI calculation also looks at the outcome should this operator not contribute.

Summary of Return On Investment			
	Low Scenario	Base Scenario	High Scenario
Order-of-Magnitude Capital Cost	\$ 770,000	\$ 770,000	\$ 770,000
Option 1 - Self Operation Return on Investment	5.7%	15.1%	24.4%
Option 2a -Exclusive Operator (Gallery responsible for Bookings) No Exclusive Operator ROI Contribution Return on Investment	28.0%	34.1%	40.3%
Option 2a -Exclusive Operator (Gallery responsible for Bookings) Maximum Exclusive Operator ROI Contribution Return on Investment	33.6%	71.1%	322.6%
Option 2a (Exclusive Operator responsible for Bookings) No Exclusive Operator ROI Contribution Return on Investment	22.7%	27.2%	31.8%
Option 2a (Exclusive Operator responsible for Bookings) Maximum Exclusive Operator ROI Contribution Return on Investment	39.8%	245.6%	n/a
Option 2b - Multiple Operators (Gallery responsible for Bookings) No Café Operator ROI Contribution Return on Investment	17.1%	23.4%	29.7%
Option 2b - Multiple Operators (Gallery responsible for Bookings) Maximum Café Operator ROI Contribution Return on Investment	15.4%	24.4%	32.6%

The greatest cash flow to the Gallery occurs in Option 2a - one exclusive operator for all food and beverage with the Gallery responsible for marketing, selling, and booking the facility as well as event

coordination. The greatest ROI is also generated in Option 2a but in this scenario the exclusive operator is responsible for selling and booking the venue.

Based on the financial analysis, fsSTRATEGY recommends The Remail Gallery pursue Option 2a - one operator for all food service. Although cash flow is lower when the Gallery allows this operator to market and book the facility (as opposed to the Gallery doing so), the consultants recommend the exclusive operator be responsible for marketing and bookings for the following reasons:

- The Gallery's ROI is greater in this option compared to the others.
- Marketing and selling the venue will require a proactive approach (simply answering the phone and taking orders will not generate the potential revenues outlined in the report). The exclusive operator will be motivated to sell the Gallery as an event venue as this will maximize their revenues.
- This option results in a potential Gallery staffing impact of 0.25 FTEs as opposed to as many as 5 (required for Option 1 - Self Operation).
- The Gallery would be able to control facility rentals by releasing space to the exclusive operator once its own bookings were made and would be able to establish booking policy.

The consultants further recommend the contractual arrangement with the exclusive operator include specifications with respect to the type of events booked, the Gallery's expectations for quality food and service, and a performance clause, and they note that should the contract be terminated a reimbursement of a portion of the operator's capital contribution (if any) would likely be required.

fsSTRATEGY recommends the operator be selected through an RFP process under the two different booking scenarios (i.e. Gallery or operator being responsible for marketing and bookings). Under each scenario, proponents should be asked to make a submission with no capital contribution, and one with a contribution including what amount of capital they would be prepared to offer and under what conditions. The RFP must also contain the key assumption that the operator will not undercut market level pricing and gratuities. If a capital contribution is not required, the RFP process should begin nine months in advance of the Gallery opening. If a contribution is desired, the RFP process should begin as soon as possible to allow the successful operator to participate in elements of the design process.

The Gallery management and Board appreciate the extensive work done by fsSTRATEGY and their recommendation with respect to the business model for food and beverage service, and the Gallery agrees with the recommendation for an exclusive operator. However, control of the Remail brand is critical to achieving the programming and financial goals. In part, this requires The Remail Gallery to manage the number and types of activities that are staged at the Gallery as well as manage how the facility is marketed. The Gallery is aware of the experiences of other galleries who have given up control in marketing and booking their facility, allowing a third party to manage this aspect of its food and beverage business, and it has had a severe and negative impact to these institutions. Typically, a disconnect emerges between the Gallery and its food and beverage services, and at times the Gallery itself cannot book space in its own facility or there are events that take place that potentially reflect

negatively on the Gallery (and by extension - the City). The primary reason is the operator is motivated by profit and this focus eventually overshadows the needs of the Gallery. For these reasons The Remail Gallery Board makes the following recommendations:

Recommendation #4

The Remail Gallery issue a Request for Proposal (RFP) for an exclusive operator for all food and beverage services at the new facility with the Gallery retaining responsibility for marketing and bookings.

Recommendation #5

The Remail Gallery Board recommends hiring - a full-time Facility Rental Sales Coordinator (1.0 FTE). This position will be responsible for actively marketing and selling The Remail Gallery's rental spaces, and for working with the exclusive operator for food and beverage services to maximize revenues for the Gallery.

In developing the budget for Food & Beverage Services and Facility Rentals the following assumptions have been made, and projected revenue and net income are shown below:

- 1.0 FTE - a full-time Facility Rentals Sales Coordinator - will be hired, and their salary and benefits will be included in the Facility Rentals and Food & Beverage budget.
- It is anticipated that the rental spaces will be utilized between 34.3% and 41.4% of the time.
- Total food and beverage and facility rentals revenues for 2015 will be equivalent to the Low financial analysis scenario (\$1,062,371), 2016 will be equivalent to the Base scenario (\$1,296,264), and 2017 will be equivalent to the High scenario (\$1,530,156).
- Café Rent will be 10% of total Bistro Café revenues; Catering commission will be 10% of all catering revenues; and the Gallery will take all of the Facility Rentals income.
- The exclusive operator will reimburse the Gallery for utilities at a rate of approximately 1.7% of total revenues. The operator will not contribute to the capital cost of the kitchen.
- The River Landing Office will pay the Gallery \$220,000 for occupancy costs.
- Dedicated advertising will be undertaken to promote the Gallery's food and beverage and facility rentals services.
- Payments of \$172,261 annually over five years will be used to pay for the capital cost of the kitchen and payments will be made from revenues.

Food & Beverage / Facility Rentals



APPENDIX 5 - Fundraising

As plans move forward with the Remai Art Gallery of Saskatchewan, financial resources beyond those required for the Mendel Art Gallery will be needed. Seeking external financial resources will require processes and programs that invite stakeholder engagement and contributions. Various forms of engagement will contribute to: increased donations, increased sponsorships, increased memberships and increased attendance.

To inform the development of the business plan for the Remai Art Gallery of Saskatchewan, DCG Philanthropic Services (DCG) was contracted to provide an Annual Fundraising Strategy. DCG interviewed five public galleries across the country as well as: the University of Saskatchewan, St. Paul's Hospital Foundation, St. Thomas More College, Saskatoon Friendship Inn, Station 20 West, Royal University Hospital Foundation and the Association of Fundraising Professionals.

The report provides a holistic and integrated approach to fund development and notes *"the most important factor is the overall number of people connected to the organization. By engaging more people in the life of the Gallery, the Remai will be better positioned to solicit their financial support. ...Donors give when they see a tangible benefit to giving."*¹⁵

The report recommends increasing the frequency of contact with individuals already in the Gallery's database through mailings and technology, quarterly appeals and utilizing volunteers to assist in expanding the database. The introduction of an online registry to learn about events at the Gallery and special sales in the Gallery Shop as well as participating in gallery surveys is also recommended.

DCG cautions there is never a "one size fits all" solution to fund development and each group and demographic needs to be approached in a way that is meaningful to them. Invitations to become involved must be directly tied to the potential donor or sponsor's interest. Individuals become involved when they relate to the organization in some way. Publicly-traded companies are more likely to associate their support with organizations that support their short and long-term community objectives. For privately held companies there is less of a need to completely align with their corporate messaging but if this alignment exists, it provides an important tool to leverage financial support. The same holds true for attracting volunteers. Finding a task that matches their interests and engaging their support in a meaningful way can move a volunteer to a member and eventually to a donor.

Membership development is a way to increase the donor base and The Remai Gallery provides an excellent opportunity for the Gallery to expand its membership. The new facility will be exciting and its proximity to downtown and the river trails, and the special events and festivals at River Landing will give the gallery exposure to new audiences. New members can be enticed by encouraging people to take

¹⁵ DCG Philanthropic Services - Remai Art Gallery of Saskatchewan Annual Fundraising Strategy, December 2011

advantage of existing benefits such as discounts in the Gallery Shop, invitations to exhibitions and *Folio* (quarterly publication) as well as new benefits like free admission to special exhibitions, discounts on facility rentals, and invitations to special member-only events. The report notes that the Art Gallery of Alberta saw their membership increase from 1,400 to over 5,000 with the opening of their new facility.

Solicitations for donations should be made regularly and followed up with a telephone call from a volunteer or Board members. *This increases the response rate to 20-25% versus direct mail with no follow-up call which generally nets a 1-5% response. While not all people may be in a position to donate to the Gallery, they may be in a position to volunteer. Regular and gentle reminders of the need for financial support are helpful in future solicitations.*¹⁶

Stewardship - regular contact and personal contact - are key to maintaining donors and moving them up the donor ladder to major gifts and eventually planned giving. The Remail Gallery Capital Campaign provides an opportunity to put into place a formalized stewardship plan to keep the Gallery top of mind. Stewardship is time intensive work and appropriate human resources will be needed to properly steward the top 50 or so Capital Campaign donors and attract new donors. Major gift fundraising is most successful when it involves a team of paid staff and many volunteers who assist in stewardship and prospect research.

*Recent research has shown that between 8% and 10% of Canadians have included a charity in their will, and 28% to 30% would do so if they were asked. The average planned gift in Canada is \$20,000 with most people making two gifts of \$20,000 each.*¹⁷ Planned Giving requires time to steward the prospective donor and usually takes 5 to 8 years before a gift is formalized.

Sponsorship is different from a donation as it focuses more on public exposure for the funder in return for their contribution. In order to increase the ongoing sponsorship capacity, as well as increase existing sponsorship levels, considerable planning has been done to incorporate program sponsorship as part of any major gift to the Capital Campaign. It will be important to adhere to the multi-year sponsorship structure being promoted during the capital fundraising effort as it will allow recognition beyond the capital requirements.

DCG cautions: *Research has shown that it is very common for an organization's annual external funding to increase when the campaign is completed, despite the fact many donors may still be fulfilling their campaign pledge. Exhausted from the efforts of implementing and managing a capital campaign, many organizations tend to remove themselves from increased campaigning following a major campaign.*

¹⁶ DCG Philanthropic Services - Remail Art Gallery of Saskatchewan Annual Fundraising Strategy, December 2011

¹⁷ *Ibid*

When this happens, donors and sponsors tend to drop off and considerable opportunities are lost to engage and strengthen this relationship further.¹⁸

The report recommends the creation of a Major Gifts Officer position dedicated solely to membership, donor, sponsorship, major gifts and planning giving development and notes that following the building of the new Art Gallery of Alberta the fundraising FTE staff compliment grew by two people and annual revenue from memberships, donations and sponsorships grew from approximately \$900,000 to approximately \$1.6M. In the first year the Major Gifts Officer should recover the expenses of their office entirely with a small net gain, and for subsequent years, the performance should increase to a level that is acceptable to the Board and which attains financial targets.

Board and volunteers will play an important role in assisting the Major Gifts Officer, and a committee from the existing Board should be developed with the sole function of assisting the Major Gifts Officer. Committee or Board members serving in this capacity must be seen to be leaders within both the community and the stakeholder group they represent. To be effective, they need to be actively engaged in the solicitation process and support the fundraising or sponsorship efforts personally.

DCG recommends regular membership campaigns designed and marketed to each relative age group and demographic leading up to and after the move to The Remail Gallery. A recommendation is also made to move the annual campaign from a once per year ask to a bi-annual ask with telephone follow-up and with a focus directly on various exhibits and or programs. *The bi-annual ask provides an opportunity for prospective donors and sponsors to fund something that is of particular interest, and research has shown the more opportunities that donors or sponsors have to direct their support the more elevated their support will be.¹⁹*

DCG recommends the Gallery prepare Planned Giving materials and make them available to their donors through a soft marketing campaign, such as basic informational materials made available through Gallery mail outs or information placed on the website for a period of 1-2 years. Following the introduction phase an assessment is recommended of the current donor base to determine if The Remail Gallery is ready for a direct solicitation Planned Giving campaign.

A formalized stewardship plan should be developed to support the ongoing needs of sponsors and donors and be developed specifically for all contribution levels. For entry-level donors it is a thank you note, follow-up letter or email, or phone call to let the donor know how much their gift was appreciated, and how and when it was used. Major gift donors should be thanked in a more personalized manner. The Major Gift Officer or Board/committee members should have personalized contact with these donors at least 4 times a year, and at least once through a personal visit. These levels of stewardship are needed to maintain a donor or sponsor.

¹⁸ *Ibid*

¹⁹ *Ibid*

In terms of special events, depending on the type of event DCG recommends that a volunteer committee be formed to work alongside the Fundraising Oversight Committee and Gallery fundraising staff to plan and implement the Gallery's events. Events are generally time intensive and costly if the Gallery needs to use its own staff but events are great "friend raisers" and this level of engagement can also lead a volunteer to become a potential donor.

DCG provided a projected budget outlining expected revenues providing a professional Major Gifts Officer is put into place and assuming recommendations in the report are adopted.

Currently, the Mendel Art Gallery has a Manager, Resource Development in place; however, this position is also responsible for Marketing and Communications. Given the need for significantly increased marketing of The Remai Gallery in order to attract residents and visitors to enhanced programs and in order for the Manager, Resource Development to focus solely on income development to meet financial targets, the following recommendation is made.

Recommendation #6

The Remai Gallery Board recommends that the current responsibilities for resource development and marketing and communications be separated. It is also recommended that a full-time Manager, Marketing and Communications be hired in 2015 (1.0 FTE) to enable the Manager, Resource Development to focus solely on increasing revenues from membership, donations and sponsorships.

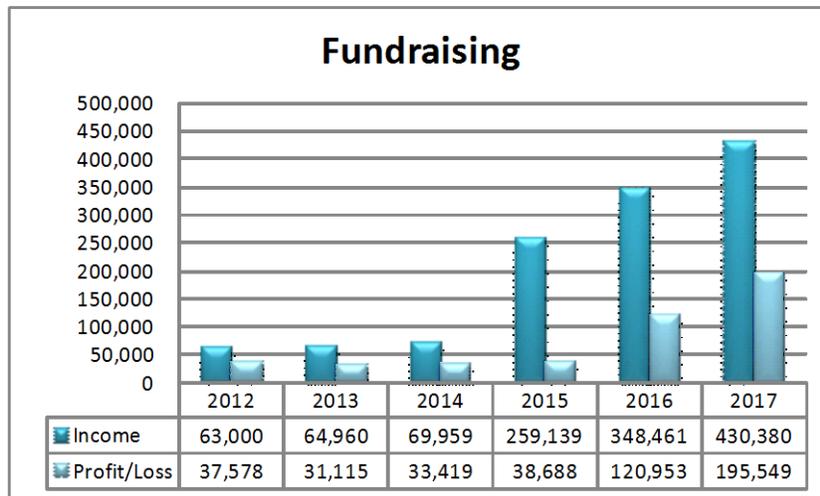
In developing the Fundraising budget the following assumptions were made, and projected revenues and profit/loss follows on the next page.

- 1.0 new FTE - a Manager, Marketing and Communications - will be hired in 2015 to enable the Manager, Resource Development to focus solely on income development.
- The salary and benefits of the Manager, Resource Development will be included in the Fundraising budget.
- Donations will be \$55,000 in 2015 increasing to slightly over \$60,000 by 2017.
- The Gallery has taken a conservative approach to increasing major gifts and assumes the Manager, Resource Development will raise \$100,000 in major gifts in 2015 and by 2017 major gifts will account for \$200,000.
- A phased-in Planned Giving approach will be created in 2015 but no formalized gifts will be received within the first three years of operation at The Remai Gallery.
- Membership income will continue to rise from now until the move due to promotions by Gallery Shop staff, and by 2015 will generate approximately \$35,000 rising to just over \$55,000 by 2017.

(This projection is supported by both the TCI Management Consultants Admission Fees report and by DCG Philanthropic Services Annual Fundraising Strategy report).

- Corporate membership fees will increase to \$1,000 per year and two new corporate members will be found each year from 2014 onward due to increased benefits at the Gallery (e.g. reduced room rental rates, corporate gift program, special corporate events).
- Sponsorships, over and above those already generated by the Gallery, will be \$40,000 in 2015 and increase to \$80,000 by 2017.
- Special event income will continue to increase modestly each year and by 2017 will generate net income of approximately \$14,000.

Detailed financial available in Appendix 1



APPENDIX 6 - Gallery Shop

The Mendel's Gallery Shop has been primarily viewed as a benefit to the membership and service to the community. In 2010, an experienced gift shop supervisor was hired. A combination of sales techniques and creative marketing initiatives has had a positive impact on sales resulting in 2011 sales of more than \$300,000. Also, in 2010 the *Mendel Gallery Shop Purchasing and Promotional Strategy* was undertaken and a plan was developed to assure that customer service expectations were achieved in tandem with financial viability.

The Remai Gallery Shop, while continuing to provide a service to members and the community, will shift its purpose to that of an amenity that focuses on contributing to the Gallery's self-generated income. The Gallery Shop at The Remai Gallery will be approximately 1,400 sq. ft. and will contain adjacent office and storage areas of approximately 325 sq. ft. The shop will have south facing windows (with tempered glass) that will enable product to be visible from the Bistro Café patio and the river trails. The shop will be repurposed and re-imagined and will feature highly unique, sought after products.

The November 2011 Fast Consulting Market Assessment report indicates quality-made craft products (50%), reproductions of artwork (49%), and art-related products aimed at children (46%) as Saskatoon residents' top three desired products for the shop. Handcrafted jewellery follows closely (45%) along with art-related books (43%), and general giftware (e.g. puzzles, etc. - 40%). Designer giftware (e.g. Georg Jensen, - products designed by artisans and made in Europe) was introduced into the shop in the last 18 months and sales have been brisk.

These product demands closely follow the analysis in the April 2010 *Mendel Gallery Shop Purchasing and Promotion Strategy*. In that report, recommendations were made with respect to product mix and while ratios between product categories have shifted slightly, sales and research is proving that there is a high demand for the high quality, unique products described above.

A focus will be made to find products that are exclusive to The Remai Gallery Shop. A Corporate Gifts Program will be introduced, and there are plans to launch an Online Store once established at River Landing (e.g. 2017). Regular consumer market research will be introduced by 2014 (for the Gallery Shop as well as other Gallery activities) to inform decision making.

Attendance is expected to spike in 2015 due to curiosity and intrigue about the new Gallery (validated by the TCI Management Consultants Admission Study report) and sales are projected to increase. Other factors that are anticipated to increase sales at The Remai Gallery Shop are the expectation that the shop will be recognized as a destination for unique quality product, the traffic that results from the increased exposure proximity to the river trails and introduction of an online sales presence.

Currently, the profit/loss analysis of the Gallery Shop does not take into consideration the salary and benefits for shop staff. If salaries are considered in 2012-2014 the Gallery Shop projection is a net loss but in the new location is expected to turn around a positive net income. In 2015, the Gallery intends to move the costs of shop staff to the Gallery Shop budget. In addition, it is necessary to reallocate one

part-time position to a full-time Assistant Shop Supervisor to assist with administration and sales coaching for staff.

Recommendation #7

The Rемаi Gallery Board recommends reallocation of an existing part-time Gallery Shop staff position to a full-time Assistant Shop Supervisor which is required for administrative assistance and coaching staff in sales techniques. This will require a 0.34 FTE and salary adjustment.

In developing the budget for the Gallery Shop the following assumptions were made:

- One current part-time position will be reallocated to a full-time Assistant Shop Supervisor to assist with administration and training.
- Staff salaries and benefits will be included in the Gallery Shop budget
- Gallery Shop sales will continue to increase slightly between now and 2015 (i.e. 7% annually).
- Sales will increase by 35% in 2015 and stay flat in 2016 due to some loss of attendance. In 2017 sales will increase by 5% due, in part, to the introduction of an online store.
- Cost of Goods will remain, on average, at 55%, and Credit card charges will remain at 1.9% of total sales.
- Advertising will increase each year to promote the shop, specials and general sales.

Projections made in the Business Plan are validated by the Fast Consulting Market Assessment which found:²⁰

- *Roughly four out of every ten Saskatoon residents (42%) say they would purchase items from a gift shop located at the Rемаi Art Gallery of Saskatchewan. These residents would like to see a variety of items in the Gallery gift shop, including high quality craft products, art reproductions, art-related products aimed at children, handcrafted jewellery, art-related books, giftware (e.g. puzzles) and designer giftware and stationery.*
- *Among those who would visit a gift shop at the Rемаi Art Gallery, the largest percentage say they would visit once or twice a year (46%) or three to five times a year (35%). The summer and winter/Christmas seasons would be the most popular times to visit the Gallery gift shop.*

²⁰ Fast Consulting - *Public Opinion Survey Report*, November 2011

- *Among those who would visit a gift shop at the Remai Art Gallery, 32% think they would spend between \$50-\$99 on a typical visit to the gift shop, 30% think they would spend between \$25-\$49, and 10% think they would spend \$100 or more.*

Detailed financial available in Appendix 1

APPENDIX 7 - Capital Requirements

There will be increased program and building requirements in the Remai Art Gallery of Saskatchewan to support public and gallery related needs (i.e. events, meetings, exhibits, video, lectures) and these services will be technology based. Moreover, these services are often tied to the building's systems (e.g. security, lighting, HVAC, etc.) and telecommunications.

In order to assure the Gallery is appropriately outfitted to meet these requirements the Gallery contracted Professional Computer Services (PCS) to conduct a high level needs assessment with respect to: proposing a server and workstation platform and network platform that ensures functionality and integration with IT, building systems and telecommunications; and providing advice and high level cost estimates on the necessary hardware and software required to support the operational and administrative and program functions of the gallery.

In addition to the regular administrative requirements for computers and software, The Remai Gallery will have three 'video display panels' (i.e. computerized display panels) throughout the building, and a computerized monitoring system for building and parkade security. All of these systems must integrate with the administrative office, and existing staff and security personnel are required for their management and day-to-day operation.

PCS is recommending three servers, and replacement of all existing computers at the Mendel by 2015. (The majority of the computers in use today are several years old and would be replaced in any event). In addition, software upgrades will be needed within the next three years.

A new Point of Sale (POS) system is recommended for the Gallery Shop as the current system is not able to provide the detailed reports required for informed decision making in purchasing.²¹ The POS system being recommended by PCS will also serve the function of taking admissions during special exhibitions.

Rentals Booking software is required for the Facility Sales Coordinator to ensure tracking of bookings and effective distribution of event needs to various departments. PCS also recommends new software for membership, donation and sponsorship data which will become increasingly important as fundraising initiatives are put into place.

All of the hardware and new software applications will be compatible with and integrate with AccPac, the accounting software currently used by the Gallery. The expected move-in date is early 2015 and it is necessary to ensure training can take place prior to the move to assure a seamless transition to the new Gallery.

²¹ This recommendation was also made in the report by Terry Schwalm & Associates - Mendel Art Gallery Purchasing & Promotional Strategy, April 2010.

The cost to outfit the kitchen is not included in the City's capital project budget for the facility and the Gallery has included the cost (\$770,000) in a Food & Beverage Reserve Fund that also includes a replacement schedule for all equipment. Financing to cover this capital expenditure has been built into the Facility Rentals and Food & Beverage budget and payments required for capital financing will be made from self-generated income.

Detailed financial information including reserve sufficiency tables are available in Appendix 1.

Recommendation #8

The Rемаi Gallery Board recommends all hardware and software required at The Rемаi Gallery be in place by mid 2014 to facilitate training and a seamless transition to the new Gallery.

Recommendation #9

The Rемаi Gallery Board recommends that financing be made available for the capital costs associated with outfitting the kitchen.

APPENDIX 8 - Human Resources

In 1990 the Gallery had 28.9 FTEs. In 2000 the number of FTEs dropped to 21.4 and today, there are 24.75 FTEs on staff at the Mendel Art Gallery. A total of 17.75 of these positions are members of CUPE 59.

To ensure the successful transition to the new Rемаi Gallery, 7.49 new FTE's are requested from 2013 to 2015. A phased-in approach will address current capacity requirements for the Mendel as well as provide critically important strategic and operational support for the transition to The Rемаi Gallery.

Description of New FTE positions

2013 - 2.0 FTE:

Two new positions are required for 2013 - an Accounting Coordinator and Manager of Community Education and Public Programs. These positions are required to address current administrative, planning, accounting and program capacity related needs to facilitate the transition to the new Gallery. These two positions will also be vitally important in being able to effectively anticipate two key community and City Council expectations – the expanded public program activity and exhibition program, and a soundly conceived and executed business plan that will ensure the financial sustainability of The Rемаi Gallery in achieving an acceptable balance of self-generated revenue and City funding.

Recommendation #10

The Rемаi Gallery Board recommends that in 2013 an Accounting Coordinator and Manager of Community Education and Public Programs be hired to address current administrative, planning, accounting and program capacity related needs and to facilitate the transition to the new Gallery.

Accounting Coordinator - 1.0 FTE

Recognizing that the Mendel's budget and the complexity of its operations has increased over the past four and half decades it is recommended an Accounting Coordinator position be hired in 2013. During 2013 and 2014 the Mendel Gallery will require additional accounting expertise to set up and manage the financial records for two essentially different operations. During this time and during the transition into the new facility adequate capacity to support day-to-day accounting functions is important. In addition, there are increased audit functions required for federal grants and more accountability with the additional requirements of all levels of government and private sector stakeholders.

This new support position will enable the Director, Finance and Operations to provide essential strategic and analytical support to the CEO/Executive Director and Board of Trustees in the implementation of the new business plan for The Rемаi Gallery.

Manager of Community Education & Public Programs - 1.0 FTE

Public Programs will take on a new dimension at The Remai Gallery with increased activity and enhanced audience development, therefore it is recommended a Manager of Community Education and Public Programs, an out-of-scope position, be hired in 2013. In 2007, this position (previously known as Head, Public Programs) was vacated and was not reposted. The Board recommends this position be reinstated to increase capacity to support the mid-to-long term audience development and public program. Also this position would be responsible for related strategic and operational planning required as part of the phasing in process to support the transition to The Remai Gallery. As a member of the senior management team, the position will provide strategic and day-to-day guidance to the Executive Director & CEO. The Manager will guide the Gallery's core community-oriented commitment of education and accessibility to the people of Saskatoon to the exhibitions, education and outreach programs provided to the community. In addition, this position is central to fostering partnerships with the Boards of Education, community groups and other partners, and attracting new audiences to the Gallery thereby assisting in membership development and building an enhanced profile for the Gallery in the community.

2014 - 1.0 FTE:

Facility Sales Coordinator - 1.0 FTE

Food and Beverage services will account for a significant amount of new self-generated revenue. In order to manage the food and beverage services, it is recommended a Facility Sales Coordinator be hired in 2014 to solicit bookings in order that 2015 financial targets are realized. This position will be responsible for actively marketing and selling The Remai Gallery rental spaces, and for working with the exclusive operator for food and beverage services to maximize revenues for the Gallery. The position will be responsible for the budget associated with the Food and Beverage services (including the Bistro Café) and facility rentals. The Facility Sales Coordinator will work with the Marketing and Communications department to promote the Gallery's rental spaces and catering. They will conduct tours of the facilities with potential clients and follow-up to secure bookings. Close liaison with the exclusive operator (who is also assumed to be the operator of the Bistro Café) will be necessary to ensure the public's needs on a day-to-day basis are met and that rental clients' needs are fulfilled.

2015 - 4.49 FTE:

Manager, Marketing and Communications - 1.0 FTE

The synergy of the Capital Campaign for The Remai Gallery and the move to River Landing will create opportunities to increase the level of membership, donations and sponsorship income. Currently, the position accountable for these outcomes - Manager, Resource Development - is also responsible for marketing and communications. Given the increase in marketing and promotions that will be required at The Remai Gallery to achieve the Gallery's financial goals, it is prudent to separate these responsibilities. Therefore, it is recommended that an out-of-scope Manager, Marketing and Communications be hired

in 2015. As a senior member of the management team, this position will work with the CEO/Executive Director to actively promote the Gallery. The position will work closely with the Chief Curator and Manager, Community Education and Public Programs to maximize promotional opportunities related to exhibitions and public programs. They will be responsible for liaison with the media, and oversight of all print and web-based marketing, development of all internal publications, and development of interior messaging on video display panels displayed throughout the building.

Adopting this recommendation enables the Manager, Resource Development to focus solely on providing leadership and direction to stewardship and solicitation of donations, major gifts, sponsorships and memberships. In addition, the Manager will begin the development of an ongoing planned giving program. Over the last number of years the Mendel Art Gallery has been able to solicit approximately \$100,000 annually through donations, memberships and sponsorships. This was done through the existing staff who have many shared operational roles. With increased resources and strategies, these areas of funding would see considerable increases in donations, major gifts and sponsorships.

Reception/Information Clerk - 2.5 FTE

The Rемаi Gallery will become a gathering place for Saskatoon residents and visitors to the city. The atrium provides the entry point to the facility and public amenities such as washrooms and Gallery offerings like the Bistro Café, Community Studio and Gallery Shop. To assure the utmost in customer service, the reception and information desk must be staffed throughout the Gallery's operating hours (9am to 9pm daily).

Admissions/Reception - 0.65 FTE

With the introduction of an admission fee for special exhibitions, there is a need for personnel to take admissions during the Gallery's operating hours at the point of entry to the exhibition. Admission fees for special exhibitions will be taken outside of the galleries on the third floor, and will require casual staff during the 8 week period the exhibitions are on display.

Gallery Shop Assistant Supervisor - 0.34 FTE

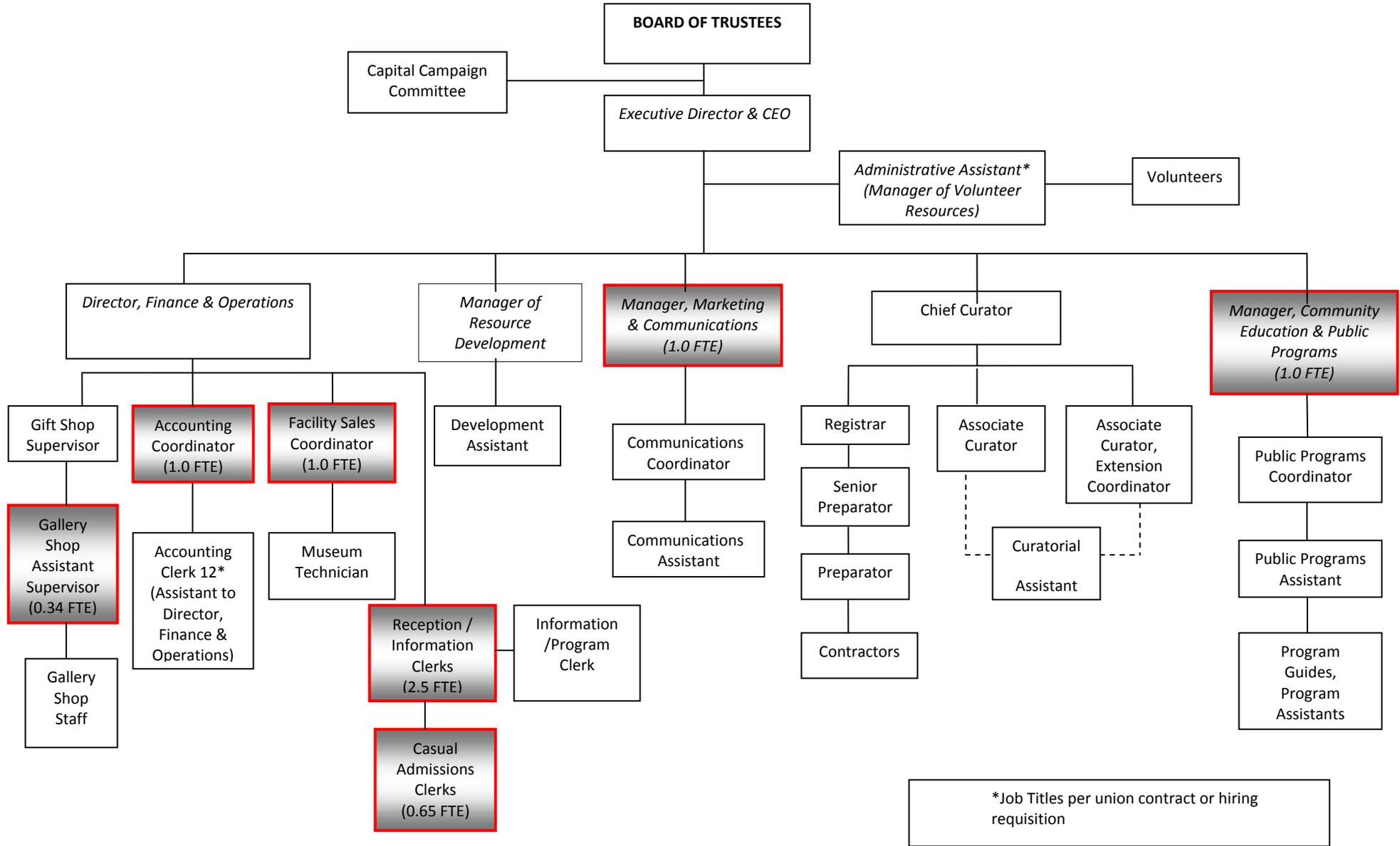
The Gallery Shop's sales are projected to continue to grow over the next five years and spike considerably in 2015. At present, there is one full-time Shop Supervisor, two part-time Shop Clerks and three casual staff who work in the shop. It is recommended that one part-time position be reallocated to a Gallery Shop Assistant Supervisor in 2015. The position will assist the Gallery Shop Supervisor with administrative duties, assist with coaching staff in training techniques and cover administrative duties when the Shop Supervisor is away.

This reallocation will also allow the Gallery Shop Supervisor to implement the recommendations in the April 2010 *Mendel Art Gallery Purchasing and Promotional Strategy*. In that report, a specific but diverse product mix is recommended requiring the Shop Supervisor to continually research new suppliers, and new marketing and promotional methods are suggested. Other recommendations relate to developing a method for collecting information on customer purchases and preferences to build on sales, as well as the creation of a Corporate Gifts Program and development of an online retail store.

Remai Art Gallery of Saskatchewan Organizational Chart

On the following page is an organizational chart depicting the new structure at The Remai Gallery. New FTE positions are outlined in red, and staff management positions are italicized.

Remai Art Gallery of Saskatchewan Organizational Chart



*Job Titles per union contract or hiring requisition