

EXECUTIVE SUMMARY

Overview

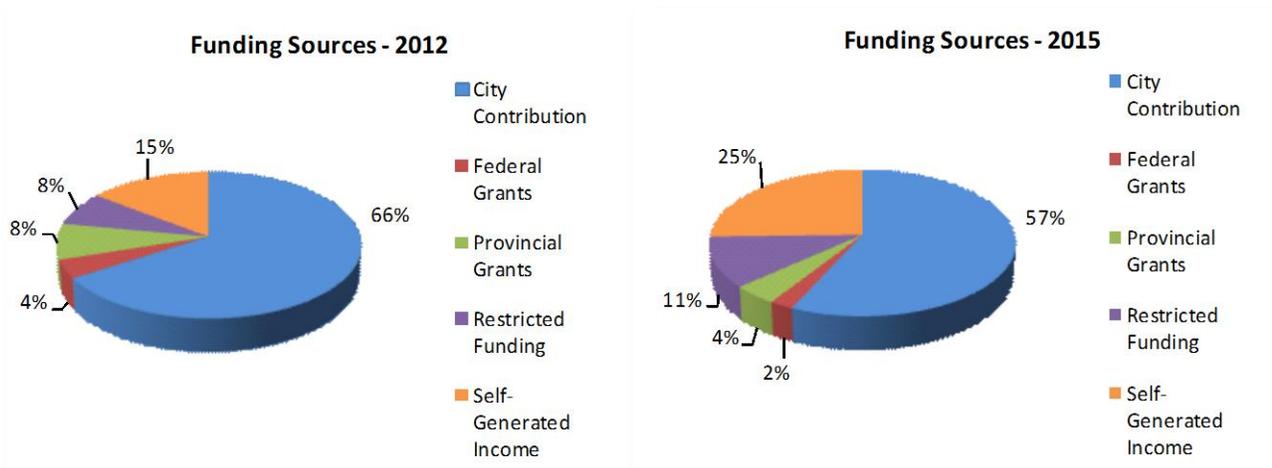
In 2015 the Remai Art Gallery of Saskatchewan (The Remai Gallery or the Gallery) will open at River Landing in Saskatoon’s south downtown. The new Gallery is a key element in that area’s revitalization and will be a vibrant gathering place in an inner-city neighbourhood that is enjoying a long-anticipated 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.