



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting June 14, 2022
Second Reading Ordinance for the City Council Meeting June 28, 2022

DATE: June 14, 2022
TO: Peter Zaroni, City Manager
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Amendment to Service Agreement with Friends of the Museum of Science and History

CAPTION:

Ordinance to authorize the execution of Amendment No. 1 to the Service Agreement for the Management of the Corpus Christi Museum of Science and History with Friends of the Museum of Science and History to increase City's payment from \$150,000 annually to \$500,000 annually for Fiscal Years 2022 and 2023 and providing for funds to be paid from Hotel Occupancy Tax Fund.

SUMMARY:

This Ordinance authorizes an amendment to the five-year service agreement with Friends of the Museum of Science and History to provide management services for the Museum of Science and History and provides an increase in funding from \$150,000 to \$500,000 annually for FY 2022 and FY 2023.

BACKGROUND AND FINDINGS:

The Museum was founded in 1957 as the Corpus Christi Junior Museum by several educational organizations who hired the museum's first director. The Director's vision was to create an encyclopedic-style museum that would cover all time, places, and a broad spectrum of concepts. The junior museum was in a repurposed school building demolished later to create the current museum. The museum was initially an independent organization until the mid-1960s. In planning for the Arts District, the museum became a city department and the first cultural institution in the Sea District. In 1968, the south wing of the current building was constructed and opened as the Corpus Christi Museum.

The south wing began with an emphasis on natural science. Almost immediately following the opening of this building, the collections outgrew the facility. An interest in creating another wing specifically for history exhibits was apparent, and construction of the north wing took place in 1972 for this purpose. An enclosed breezeway served as an entry area, ticket counter, and gift shop between the two buildings on the east or Water Garden side. The subsequent building modification expanded the center section to house the state's 1554 shipwreck and Naval aviation exhibits in the mid-

1980s. When the USS Lexington berthed in Corpus Christi in the late 1980s, the museum donated its Naval exhibition. The Director retired on December 31, 1984, and a predecessor was hired.

The Corpus Christi Museum changed its name to the Corpus Christi Museum of Science and History in 1989. In the mid-1990s, the city acquired the replicas of Columbus ships through a challenging and controversial process that endured for decades. During this period, a complicated consortium of multiple non-profits work began with the Columbus Ships and the museum. The combined organizations were called the Worlds of Discovery. Until late 2012, visitors would purchase separate admission to see the museum and the ships.

In 1978, the Friends of the Corpus Christi Museum of Science and History organized. The Friends served as the not-for-profit support for the museum. In the late 1990s, the Friends raised funds and provided the dome room addition to bring a dome ceiling, previously part of the Philadelphia Museum of Art, to the museum. The Friends provided more than \$15M in incremental improvements to the museum.

The operations of the museum were overseen by the Director until 2012, when the city entered a public-private management arrangement, the Corpus Christi Museum Joint Venture (CCMJV). The city of Corpus Christi and CCMJV hired a firm to search for the next director for the museum. An Executive Director was hired in November 2012.

The Friends of the Corpus Christi Museum of Science & History bid for the museum's management in a blind bid arrangement through city procurement. In August 2018, the Friends secured the management bid and began management as a not-for-profit management organization on October 1, 2018.

As a result of fundraising opportunities diminishing due to the pandemic, various projects having a negative impact on the access to the facility and the lack of proper signage, the Museum of Science and History is requesting an increase in funding at the first level set in the 2018 agreement. The funding increase is being requesting for the duration of the current agreement (two years, FY 2022 and FY 2023).

The typical U.S. museum derives just over 24 percent of its operating revenue from government (Federal, State and Local). Over the years, the bulk of this has come from state and local governments, with a small percentage coming from the federal level. In 1989, the average U.S. museum received 38 percent of its funding from government sources. The largest share of museum operating revenue (38 percent) comes from donors in the private sector. This is defined as individuals, charities and philanthropic foundations, as well as corporate sponsors. Often these funds are pegged to a particular exhibition or initiative, frequently focused on education. (U.S. museums invest more than \$2 billion annually in education programs.) The third operating revenue segment is commonly referred to as earned revenue. This is defined as those revenues resulting directly from museum exhibitions, programs, retail sales or rentals. Admission fees are included in this category, although such fees account for a very small percentage of museum revenue — generally around 5 percent. Many find this surprising, but it is understandable considering that the average admission price for a U.S. museum is just \$7, and 37 percent of American museums offer free admission. The average U.S. museum draws 27 percent of its revenue from earned income.

The Corpus Christi Museum of Science and History receives .09% of its operating funding from government (that doesn't include PPP funding) and 63% from earned income.

The Museum looks forward to partnering with the City for years to come and specifically seeks to ensure the Museum continues its accreditation in 2023. Hopes exist that tourism style projects planned for the area will generate an increased visitor interest in the museum and together, the attractions will yield a greater increase to the Corpus Christi economy.

ALTERNATIVES:

An alternative would be for the City to deny the funding increase for Friends of the Museum of Science and History, which would hinder their staffing capabilities and provide less incentive to continue providing management services for the Museum of Science and History and may ultimately lead to the closing of the museum. The accreditation of the Museum may also be in jeopardy if the funding isn't increased to maintain the staffing levels needed for continued operations that includes the tremendous workload required for retaining the accreditation.

FISCAL IMPACT:

The fiscal impact of the amendment for the City is a funding amount of \$500,000 annually in FY 2022 and FY 2023. If approved \$500,000 will be included in the FY 2023 Budget.

FUNDING DETAIL:

Fund:	1030	HOT Fund
Organization/Activity:	13013	
Mission Element:	734	
Project # (CIP Only):	N/A	
Account:	530000	

RECOMMENDATION:

Staff recommends approval of the ordinance to authorize the execution of Amendment No. 1 to the Service Agreement for the Management of the Corpus Christi Museum of Science and History with Friends of the Museum of Science and History to increase City's payment from \$150,000 annually to \$500,000 annually for Fiscal Years 2022 and 2023 and providing for funds to be paid from Hotel Occupancy Tax Fund.

LIST OF SUPPORTING DOCUMENTS:

Ordinance; Amendment, Financial Analysis, Presentation