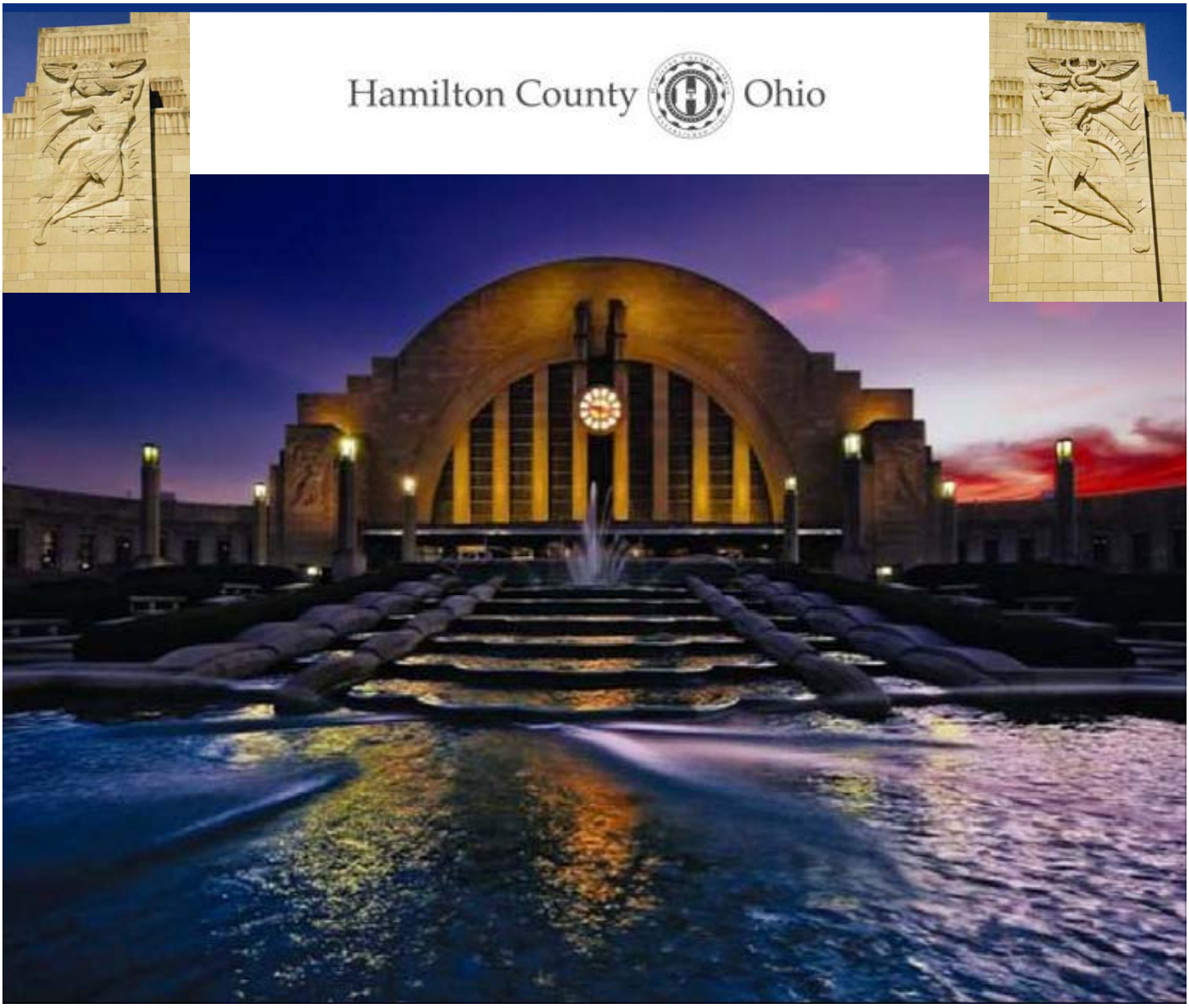

Operations and Tax Levy Review : Cincinnati Museum Center

Final Report: July 2009

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I. EXECUTIVE SUMMARY

We are pleased to submit to the Hamilton County Tax Levy Review Committee this report of our levy operations review of the Cincinnati Museum Center (CMC). We would like to thank the staff of Hamilton County and of the Museum Center for their assistance in the development of this report.

The scope of this project included review CMC from two perspectives: first, CMC's ability to raise sufficient funds to allow the use of levy funds for the issuance of bonds to rehabilitate the Union Terminal building, and, second, to determine whether CMC is operating as efficiently and effectively as possible.

Our principal observations of CMC include the following:

- CMC appears to operate efficiently and effectively, but it also appears to have some organizational, institutional, and operational conditions that limit its ability to both generate additional operating revenue that will be needed in the future and manage performance.
- CMC appears to perform at a level equal to, or above, peer institutions.
- CMC has an ambitious capital plan to rehabilitate Union Terminal. Hamilton County and CMC will need to work together closely in order to overcome potential economic and political hurdles that could impede prompt implementation of those plans.

In sum, we experienced a fundamental change in philosophy and attitude at CMC, when compared against the project team's last levy review of the organization. CMC is aggressively pursuing a broader, visionary future. It will be important to communicate that future to the general public in order to gain their support. CMC has chosen to begin that communication through its efforts focused on the preservation and restoration of Union Terminal.

While we make a number of recommendations in the concluding chapter of this report, there are several that we believe comprise the fundamental performance drivers for CMC in the future. These recommendations include:

- CMC has developed a strategic action plan. Behind that plan is a wide ranging vision of a modern, visitor-friendly, world-class center anchored by a science center as a key attraction. CMC has determined that its long-term success depends first upon a focus on the renovation of Union Terminal. This segmentation is appropriate to foster support for immediate structural needs. CMC should also take this opportunity to address operational strategies as well. Key operational elements of this planning should include the following: the future of CMC as a collector or exhibitor; completion of the integration of the three museums into a single entity; determining the role of OMNIMAX in its offerings; and, long-term financial planning. CMC is above the norm in relying on earned income, and this levy

report encourages greater growth in the earned income stream; however, the review of peer museums and industry literature support the need for CMC to expand both its institutional endowments as well as governmental support.

- CMC needs to focus aggressively on improving its earned income stream by reorganizing its earned income activity and by implementing significant recommendations from the 2008 retail marketing strategy report as a part of the Union Terminal restoration.
- CMC should work closely with Hamilton County to implement its capital plan at the earliest possible opportunity, recognizing the need to make some modifications in its planning to accommodate some retail elements as well as recognizing the limitations inherent in the current economic and political climate.
- CMC should continue its efforts to strengthen its internal financial management and performance reporting capacity under the new Chief Financial Officer.

In this report, we provide the following: review the organizational and administrative operations of CMC; discuss issues in retail management; present the importance of special exhibits to the overall performance of CMC; compare CMC performance against peer organizations; summarize CMC's compliance with its agreements for the previous tax levy; provide a detailed financial analysis of the past five years and a projection for the next five years; and conclude with a series of recommendations for consideration by CMC and the Tax Levy Review Committee.

II. PROJECT BACKGROUND AND SCOPE

We are pleased to have been selected by the Hamilton County Tax Levy Review Committee (TLRC) to conduct a management and operations review of Cincinnati Museum Center (CMC). This report presents the work we have done in the conduct of this analysis, provides a series of operational recommendations, and provides our best estimate of CMC revenues and expenditures during the next tax levy period, addressing the question of whether CMC will be able to operate without tax levy resources in order to assign all levy funds to proposed capital bonds.

A. BACKGROUND

Prior to County Commissioners placing a tax levy on the ballot, the TLRC reviews the agency request and advises the Board of County Commissioners. Composed of nine Hamilton County residents, the TLRC also includes the County Administrator and Budget Director as non-voting members. The TLRC evaluates and reports on petitions for placement of tax levies on the ballot.

As part of its evaluation process, the TLRC hires a professional consulting firm to conduct a performance review of the requesting agency. These "management and operations reviews" must analyze the target agency's management processes, core business processes, staff utilization, client base, service quality, shortcomings and accomplishments, financial records, and other facets of operations and administration.

B. PROJECT SCOPE

The objectives of the project include:

- Determine compliance with the current agreement with Hamilton County;
- Conduct comprehensive financial analysis;
- Review of the findings of the capital consultant in relation to CMC operating budget;
- Compare CMC's operations with peer organizations;
- Develop financial forecasts for the upcoming five-year levy period;
- Conduct full review of CMC's current tax levy supported operations;
- Recommend tax levy contract provisions between Hamilton County and CMC assuming successful passage of the proposed tax levy; and,

- Develop recommendations for costs savings and/or revenue enhancements.

C. Work Activity and Organization of Report

The work plan for this study includes the following tasks:

- Evaluate the consistency of CMC's services with its mission and whether the service outcomes are satisfactory (Chapter 3);
- Conduct a review of CMC's operations to include staffing and work volume, business processes, operations and cost analysis, concessions contract management, strategic operations planning, and organization structure (Chapter 3);
- Collect and analyze comparative data for similar institutions, including admission and membership costs and policies in other counties that provide public funding for museums (Chapter 4);
- Determine if CMC is in compliance with the terms of the current agreement dated June 29, 2005 (Chapter 5);
- Conduct a comprehensive analysis of internal financial data, the analysis of historic trends, and projections for the immediate future, including financial forecasts for the upcoming five-year levy (Chapter 6); and,
- Make recommendations for future contractual conditions upon passage of the levy (Chapter 7).

III. REVIEW OF CINCINNATI MUSEUM CENTER

Cincinnati Museum Center (CMC) is a nonprofit organization that accomplishes the following: operates a Cincinnati history museum, a natural history museum and children's museum; conducts research; maintains collections; develops and maintains an historic library/archives; and, provides exhibits and educational programming for the general public. Total attendance for the CMC for the 2008 fiscal year (FY08) was approximately 1.3 million (including all museum, OMNIMAX and special exhibit attendance), making CMC one of the highest-attended attractions in the Hamilton County Metropolitan Statistical Area.

Two of the museums are in their nineteenth year of operation at the Cincinnati Union Terminal. CMC emerged as a corporate entity with the 1995 merger of the Museum Center Foundation, Natural History Museum and Historical Society. The Duke Energy Children's Museum became a part of CMC thirteen years ago (1998). The Art Deco building, originally built in 1933 as the Union Terminal train station, is a national historic landmark and was renovated and re-opened as the Cincinnati Museum Center in 1990. CMC rents the Union Terminal from the City of Cincinnati for ten dollars per year. CMC holds a 99-year lease, with purchase option, on the Union Terminal. The leasehold improvements that have been made to the Union Terminal include approximately $33.75 million in Hamilton County voter-approved bond levy improvements and $8 million in State of Ohio capital improvements.

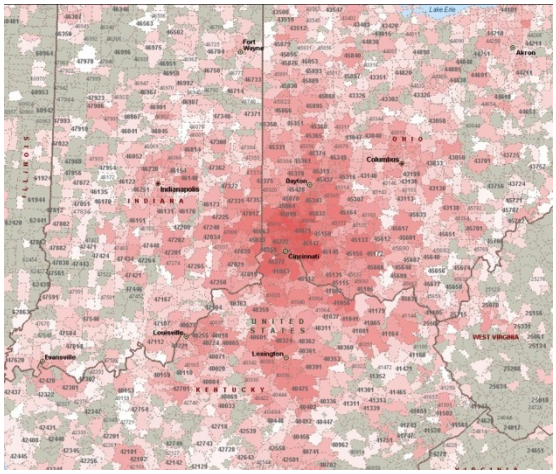
Of particular note is a demonstrable change in attitude and orientation in CMC, when compared to the project team's experience with the previous levy review. At that time, we observed an organization that was still working through the cultural shift of combining the three museums into a single building, if not necessarily into an integrated organization. The focus of the organization appeared to be on maintaining the individual museum's level of effort. CMC has begun to change in the intervening period. Many of today's management staff members joined the organization following the merger. As such they do not have the historical loyalty to one of the specific museums. This has allowed the organization to begin changing, moving away from the traditional orientation of separate institutions. The capital planning that has been going on—although concentrating on building preservation—is driving the organization to think about the future.

CMC has begun defining that future through its strategic planning effort. It is balancing a broad vision of a future Center with the realities of limited economic resources. Over the next two years, CMC will be concentrating its efforts on the operating and capital issues that confront it immediately, but the organization—and the Hamilton County region—should not lose sight of the longer range prospects.

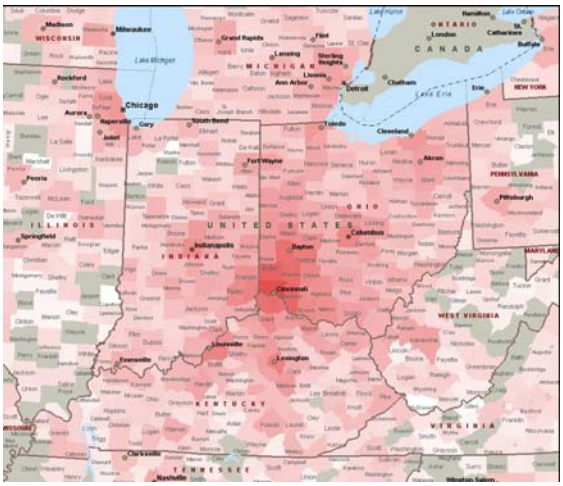
A. Regional Impact of Cincinnati Museum Center

While it is impossible to quantify fully the impact that CMC has on the Hamilton County area, there are several indicators of that value and the role that CMC serves as a regional, and even national, attraction. These include the distribution of attendance, membership, and the donor base, as documented in a recent economic value study conducted by the University of Cincinnati's College of Business.

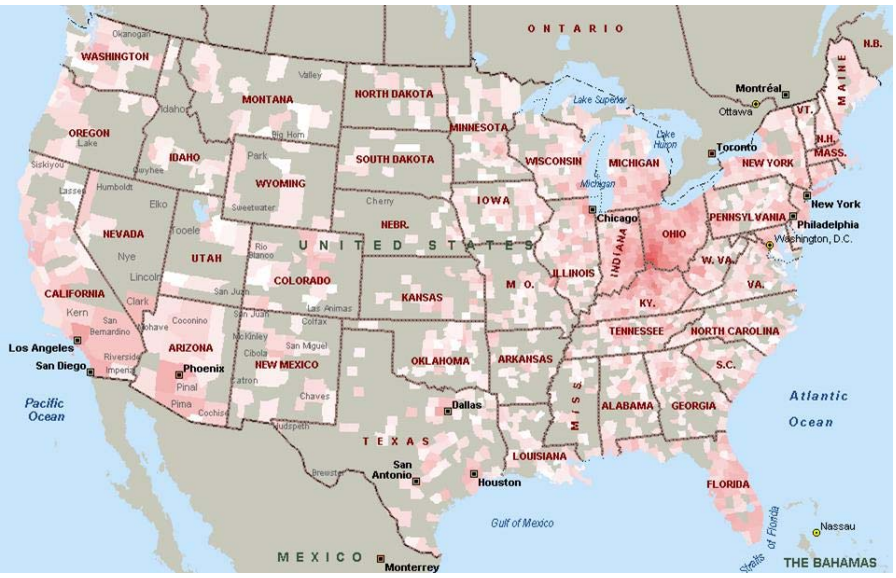
- **Attendance.** The following maps prepared by CMC staff plot the attendance at CMC, first by the immediate Greater Hamilton County area, then by the Midwestern region, and finally by national distribution. While the greatest attendance is obviously from the immediate region, these maps demonstrate the regional and national draw of CMC.



CMC Attendance: Greater Hamilton County Area

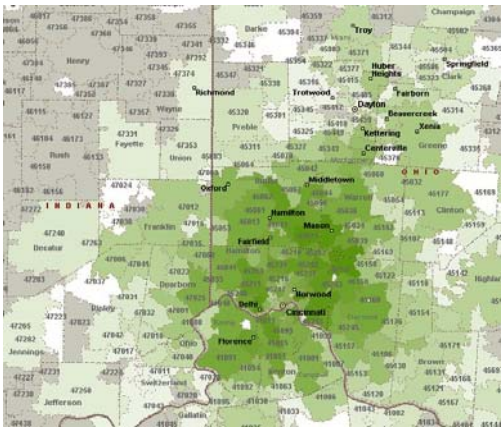


CMC Attendance: Midwestern Region



CMC Attendance: United States, by County

Membership. The following maps prepared by CMC staff show the distribution of CMC membership, first by the Greater Hamilton County area and then nationally by county. Approximately 30% of the total membership comes from outside the 450, 451, and 452 zip codes, which serve Hamilton County.



CMC Membership: Greater Hamilton County Area

CMC Membership: United States, by County

- **Donor Base.** The following map prepared by CMC staff shows the distribution of the CMC donor base over the past five years. Approximately 20% of the total five-year donor base and 11% of the total gifts come from outside the 450, 451, and 452 zip codes. Most of these donations, though, come from persons with previous ties to Hamilton County.

CMC Donor Base
(In addition to the locations shown, CMC also receives donations from the Naples area of Florida)

- **Economic Impact Analysis.** The Economics Center for Education and Research, part of the University of Cincinnati's College of Business, recently conducted an economic impact study of the Cincinnati Museum Center on the Greater Cincinnati Area. Principal financial conclusions of the study were:

  - $87 million in total economic output
  - More than 1,100 jobs
  - About $27 million in household earnings
  - More than $37 million in "new" money impacts for the area

  These financial conclusions are based on a statistical model and subject to variation based on interpretation and differing assumptions. The study uses a methodology that is generally accepted by the economic development industry. Thus, it is reasonable to accept the financial conclusions as "directionally accurate" while acknowledging the probability of variation in the interpretation of the actual values.

  Other impacts that the study cites include:

  - Fiscal impacts through the generation of sales and income tax;
  - Stabilization of area property values and impact on the Empowerment Zone in which CMC is located;
  - Elevation of the profile of the area as a tourist destination; and,
  - Strong educational impact.

B. Organizational and Administrative Observations

We are impressed with the operations of the Cincinnati Museum Center based on the scope of our review of its staffing, organization, and service delivery. Our overall perceptions of the organization include:

- While CMC's organization structure has changed some over the past several years, CMC's current organization still reflects its origin as three separate museums. This is most notable in the area of the Vice President of Museums, in which there are three Assistant Vice Presidents, one for each museum. The Vice President of Museums is re-organizing that division along more functional lines than has been the case in the past. Going forward, this division will be organized along more functional lines, such as education, community engagement and research, each of which is involved in the operations of all three museums. The project team believes this is an opportune time to make this organizational transition, as it coincides with the vacancies of two assistant vice president positions. Additionally, the structure of the Museum Group appears to be very hierarchical.

- Other organizational issues appear to be:

  - The combination of varying responsibilities assigned to the joint position of Vice President of Exhibits and Chief of Staff. This joint position was created approximately eighteen months ago to enable the President and Chief Executive Officer to devote a much greater percentage of his time to fund raising. While the incumbent has done an admirable job balancing the challenges of the two assignments and the Exhibits staff has worked to fill any voids, these are still inherently two different jobs, each requiring full time attention;
  - A lack of coherent organization of CMC's earned income operations; and,
  - The lack of an integrated technology staff.

- The organization has been able to avoid potential organizational issues by using cross-trained staff and by having its management team participate jointly in both decision making and implementation;

- While the mid-levy report was critical of CMC for not acting more promptly on roof repair issues, we believe that the longer range capital plan that was developed during the mid-levy period will ultimately yield greater results for the costs;

- The project team is impressed with the staffing and business processes of CMC's development unit. This unit has essentially changed over and expanded since the last review. Their approach to fundraising is well organized and reflects industry best practices for institutional development. The capability of this unit will be tested by the current fundraising initiative, and we believe that the current organization provides a strong likelihood of success.

- CMC seems highly dependent on revenue from special exhibits; it has done a good job in developing its own and managing them as a revenue source, and its programming of traveling exhibits is very aggressive. We will discuss the importance of special exhibits later in this report.

- Housekeeping and security functions appear to be cost effective:

  - CMC contracts with a private firm for housekeeping. This contract called for a budgeted expenditure of $463,473 in FY09, which equates to approximately $0.81 per square foot. In the experience of the project team, this is a very advantageous contract and should be continued.
  - Similarly, CMC expends a relatively small amount for security services. The budgeted Public Safety costs (which include the security function) for FY09 are $455,831, which equates to approximately $0.79 per square foot. By comparison, the 2006 Museum Financial Information Survey of museums indicated that institutions with over 65,000 square feet (CMC has 574,000 interior square feet) had a median expenditure of $1.90 per square foot. Institutions with budgets over $3,000,000 had a median security expenditure of $2.93 per square foot, which is significantly higher than the amount expended by CMC.

- Maintenance of the facility appears to be an area that the CMC could improve:

  - As a County-owned building, Hamilton County pays CMC for maintenance and repair services provided at the Museum Center but not for services provided at the Geier Center.
  - The CMC Facilities Operations staff bid on, and was awarded, the contract to provide maintenance and repair services in the 2003-2004 time period in an open bid, for which a single bid (from Facilities Operations) was received.
  - The County pays CMC for services on a monthly basis for one-twelfth of the total annual contract amount.
  - As work is performed, "Review Work Requests" are generated by staff completing the work. Neither the number of hours expended, nor the items used in completion of individual work requests are entered on the form. These omissions make it difficult to determine the following:
    - ✓ Building mechanic productivity
    - ✓ The hours expended in maintenance and repair on the CMC facility (as opposed to the Geier Center)
    - ✓ Relative time expenditure for preventive maintenance, emergency maintenance, and deferred maintenance.
    - ✓ Full cost of specific repairs, and for general repair types
    - ✓ The degree to which the inventory on hand at any point in the year reconciles to the inventory used in completion of Work Requests during the year.

- Generally, CMC's contract management appears to be appropriate. The two primary contracts administered by CMC are the custodial services contract, mentioned above, and the Sodexo contract for food service and catering. CMC's finance staff currently manage the Sodexo contract. Contract monitoring is handled on concession contracts to ensure performance and appropriate payment. Monthly reports are provided by Sodexo to support commission payments from Sodexo to CMC.

- CMC is changing its financial management, with a new Chief Financial Officer. Of importance to CMC and Hamilton County will be the development of a long range (five year) financial plan and forecast. CMC is expanding the use of its financial systems to analyze profit and loss statements for each principal project and activity. This will allow better cost analysis and decision making. It will also allow CMC to determine where to invest its programmatic funds and to develop a meaningful statement of its costs for CMC's community commitment. However, it is uncertain whether this system will allow CMC to have a robust, meaningful performance management system since not all direct costs are assigned to specific activities, indirect costs are not captured and allocated, and performance measures are not captured

- Technological support for CMC is limited. A recent survey of CMC technology identified the following key issues:

  - Separate applications for ticketing and membership, with the lack of integration between the two. CMC has been actively seeking an integrated customer relations management solution that will meet its needs; however, to date, they have not been able to identify any application which can meet their needs better than their current software;
  - Lack of scanning capability for ticketing services, resulting in the inability to generate valuable data regarding attendance at individual museums;
  - Lack of a point of sale technology for parking operations;
  - Separated technology support, with hardware support located in the Finance Department, collections databases in the Museum's Division under the responsibility of the Registrar, an applications support person in Box Office operations; and,
  - No long term integrated technology strategy.

  In order to address internal communications issues, CMC is in the process of implementing a SharePoint application that will enable staff to exchange information internally.

C. Earned Income Operations

Of particular note in understanding the financial operations of CMC are the organization's earned income operations. As used by CMC's strategic planning consultant, earned income refers to revenue earned by virtue of some form of purchase of goods or services at the

individual or group level. This includes memberships, tickets and admissions, parking, the retail sales stores, and the food and catering concessions. Tickets and admissions include tickets to the three museums, the OMNIMAX Theater, and special exhibits.

The following table presents the last five years of retail history for the revenue categories that include these revenue sources:

INCOME FROM MEMBERSHIPS, ADMISSIONS, SALES, RENTALS, AND PROGRAM/SERVICE FEES					
	FY 2005	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**
Memberships*	1,493,178	1,477,242	1,558,666	1,687,541	1,670,666
Admissions	3,079,206	2,855,604	4,767,419	8,126,406	6,446,912
Sales and Rentals	1,611,767	2,076,456	2,321,286	2,556,372	2,556,372
Program and Services Fees	937,923	1,010,577	1,235,132	1,816,193	1,525,662
Subtotal	$ 7,122,074	$ 7,419,879	$ 9,882,503	$14,186,511	$12,199,612
Total of All Revenues	$ 15,547,072	$ 26,610,605	$21,579,080	$19,415,222	$25,367,771
Pct Represented by Retail Activities	46%	28%	46%	73%	48%
*It should be noted that there is discussion within the Museum industry as to whether memberships should be considered a retail activity. We have included it in this table since it reflects the purchase of goods or service at an individual level.					

The percentage of total revenue represented by retail activities changes significantly, based on the treatment of investment income and dispersal. Typically, without a significant increase or decrease in the transfer of endowment funds, retail operations generally represent between 45 and 48 percent of the total annual income of CMC. CMC's special exhibits are a second factor influencing retail revenue. We explore the impact of special exhibits in the next section of this report.

We note that CMC's strategic planning consultant calculated CMC's 2004 earned income at a significantly higher amount of $9,669,116, or 69.5% of total revenue for that year. We have not attempted to reconcile that report with the data included in this report since the data represented different reporting periods. Additionally, the consultant report includes, appropriately, income from special and traveling exhibits as earned income.

The following table provides more detail regarding growth of traditional retail operations at CMC. Of particular note are the increases in revenue from parking, the food court, and catering services.

CMC RETAIL SALES, 2005-08 (with 2009 Budget)					
	2005	**2006**	**2007**	**2008**	**09 Budget**
Admissions - OMNIMAX	1,334,278	1,073,922	1,292,732	1,192,090	1,369,830
Admissions - Museums	1,354,657	1,292,626	1,330,765	1,325,328	1,370,000
Admissions - Special Exhibits	390,271	489,056	2,143,922	5,608,988	1,727,517
Gift Shops	1,001,208	761,284	828,352	839,477	907,000
Parking	244,605	665,941	888,045	1,079,185	938,027
Food court	11,977	49,994	57,341	74,711	68,215
Catering	71,830	203,494	180,956	176,236	140,350
Facility & equipment rentals	222,886	307,132	260,093	272,534	167,864
Ice Cream Parlor	13,980	16,317	17,024	16,234	17,860
Total Retail Sales	**4,645,691**	**4,859,766**	**6,999,231**	**10,584,782**	**6,706,662**

Currently, earned income operations are spread among several different divisions of CMC:

- Responsibility for ticketing and admissions is located under the Vice President of Featured Experiences and Customer Services. This office has also assumed responsibility for parking operations.
- Customer Services, under the Vice President of Featured Experiences and Customer Services, functions as the facility coordinator for catering services provided after regular museum hours
- The Vice President of Featured Experiences and Customer Services is also responsible for the OMNIMAX Theatre and has lead responsibility for the rental of large traveling exhibits.
- The Vice President of Exhibits and Chief of Staff has lead responsibility for smaller exhibits, including development of exhibits for lease to other museums.
- The Vice President of Administration and Chief Financial Officer has responsibility for administration of the food and concessions contracts.
- The membership sales function is under the Vice President of Institutional Advancement.

In January 2008, CMC contracted with Landor Associates to prepare an audit and opportunities assessment of CMC's retail brand experience. This assessment included staff and customer perceptions as well as comparison against industry best practices for both museums and retail operations. Among its key recommendations were the following:

LANDOR RETAIL SURVEY – PRINCIPAL RECOMMENDATIONS January 2008	
Short Term	Visually engage community by activating façade
	Develop communication hierarchy to optimize experience
	Express Museum's unique identifies at admission point
	Improve customer service throughout
	Focus retail offerings elevating content and presentation
	Improve existing food quality and choices
	Move food kiosk, create Concourse Café
	Capitalize on unique Rookwood Parlor
	Create new purposeful arrival and gathering area for large groups
Long Term	Reorganize rotunda level space planning
	Create Losantiville Food Court
	Relocate ticketing, information and guest services
	Create Mosaic Café/Rotunda Retail Store, Books and Coffee concept

In the area of retail store sales, the Landor study reported that "excess time and energy are spent managing low dollar/high volume business of low quality trinkets at the expense of overall retail impression and other categories." The report noted that the 2006-07 sales of $774,500 were up by three percent over the previous year but that the dollar value of inventory had increased by fourteen percent for the same period. It concluded that, "Generally, stock turns are below industry standards, creating low sales per square foot numbers (average sales per square foot $134). The findings of the Landor report are consistent with the Museum Store Association's 2006 MSA Retail Industry Report, and CMC's comparative performance relative to statistics provided in that study; one exception is that CMC's turn rate was more consistent with the museums in the MSA report.

The Landor Report concludes, "If retail performed at industry standards (sales per square foot $300 to $400), sales volume could reach $1.7 million to $2.3 million."

While achieving a change of such magnitude in the near future would be an enormous task, and certainly not achievable without significant capital investment described in the Landor Report, what should be taken from this report is the idea that CMC could—and should—significantly increase its retail capacity over the next several years. This is particularly critical if the use of levy funds for capital bonding instead of operations is to remains a viable option. As noted, though, CMC's capital renovation plans will need to be modified to accommodate some of the changes proposed by Landor.

Another retail issue is the significant decline in OMNIMAX attendance over the past decade. In 2000, attendance was slightly over 450,000; last year, the attendance was slightly under 250,000. Staff interviewed generally displayed consensus that the decline was largely due to the lack of good OMNIMAX films available for showing.

Despite the decline, OMNIMAX appears to remain operationally profitable, based on the following table. It should be noted, however, that this profit and loss statement reflects only direct charges taken from CMC's financial system. It does not include an allocation of costs for space rental, and it does not include capitalization of the recent $850,000 renovation.

CMC OMNIMAX Revenues and Expenses By Fiscal Year						
	2003 -2004	**2004 -2005**	**2005 -2006**	**2006 -2007***	**2007 -2008**	**2008 -2009 (partial year)**
Revenues	$1,806,223	$1,705,048	$1,765,764	$1,381,707	$1,211,140	$ 975,184
Expenses	$1,392,221	$1,448,818	$1,239,332	$1,188,376	$1,101,417	$ 769,670
Net	**$ 414,002**	**$ 256,229**	**$ 526,432**	**$ 193,331**	**$ 109,723**	**$ 205,514**
*The OMNIMAX Theater was closed for several months during this fiscal year for remodeling.						

An important element of the profitability is CMC's ability to limit its costs through showing management. A primary cost is film rental, and CMC pays per person rather than per showing. For this reason, CMC has been able to manage the profitability of OMNIMAX by reducing the number of showings to high demand periods.

The decline in attendance and revenue, though, raises a key strategic issue that CMC needs to address, the role of OMNIMAX in the future of CMC. Interviews indicate some divergence of opinion about the future of OMNIMAX, from returning to its marquee status, to settling in as an adjunct for special exhibits, to eventually phasing out. It is a general conclusion that much depends on the future availability of quality products to show. It is also reasonable to assume that CMC will have to look at adapting its OMNIMAX technology as home and commercial video entertainment becomes more technologically capable of providing varied and engaging options.

D. Impact of Special Exhibits on CMC Performance

In the previous section of this report, we addressed general observations regarding the operation and performance of the Cincinnati Museum Center. However, we think that it is important to focus specifically on the impact of special exhibits on the attendance and retail revenues of CMC. While CMC, and the individual institutions which came together to form CMC, have historically been collection museums, i.e., museums which maintain a large body of their own collections, have field exploration staff, and which build their exhibits largely from a large curatorial collection, the economic driver of CMC is the retail activity of the organization. In this regard, the retail activity broadly includes museum ticket sales and memberships, OMNIMAX ticket sales, special exhibit ticket sales, and food and beverage sales.

During our preliminary information collection, the project team reviewed CMC staff reports that showed dramatic fluctuations in operating revenues and expenditures, based largely on the presence, and success or failure of, special exhibits. Successful exhibits have resulted in increased retail activity and generated greater revenue, which, in turn, has allowed CMC not to draw as heavily from its endowment for operations support.

This becomes an even more important issue as CMC commits to greater internal operational revenue collection and as it moves forward with its capital plans. It is reasonable to assume that the large scale capital renovation being planned will have some negative impact on revenue generation, and it will be important for CMC to anticipate as accurately as possible what those impacts might be.

To assist in this, the project team and CMC staff have worked together to collect sample data regarding ticket sales, museum attendance, and retail store sales. In this analysis, we excluded food and beverage sales since those also capture events that are not necessarily related to the exhibition aspects of CMC. The question is how the various component parts of CMC affect other parts. The trial analysis covered a four week period in February, bracketing the opening of the Dinosaurs Unearthed Special Exhibit.

The table below clearly demonstrates the impact that a special exhibit—in this case, the current Dinosaurs Unearthed exhibit—has on overall museum ticket sales and retail store sales:

Date and Day		Ticket Sales				Click Attendance Data				Sales		
Date	Day of Week	OMNIMAX	Museum	Dinosaurs Unearthed	Total Tickets	Children's Museum	Cincinnati History	Natural History	Total Clicks	Retail Stores	Dinosaur Store	Total Sales
2/1/2009	Sunday	567	486		1,053	780	318	652	1,750	$ 1,633		$ 1,633
2/2/2009	Monday	142	219		361	411	103	236	750	$ 789		$ 789
2/3/2009	Tuesday	109	142		251	25	20	105	150	$ 296		$ 296
2/4/2009	Wednesday	236	234		470	377	102	282	761	$ 612		$ 612
2/5/2009	Thursday	517	496		1,013	434	160	48	642	$ 1,061		$ 1,061
2/6/2009	Friday	729	420		1,149	479	57	223	759	$ 948		$ 948
2/7/2009	Saturday	1,921	1,206		3,127	991	341	496	1,828	$ 4,076		$ 4,076
2/8/2009	Sunday	1,314	795		2,109	1,173	265	565	2,003	$ 2,149		$ 2,149
2/9/2009	Monday	277	236		513	975	124	728	1,827	$ 602		$ 602
2/10/2009	Tuesday	634	414		1,048	377	408	623	1,408	$ 759		$ 759
2/11/2009	Wednesday	643	257		900	219	414	229	862	$ 1,358		$ 1,358
2/12/2009	Thursday	1,129	512		1,641	339	134	362	835	$ 1,576		$ 1,576
2/13/2009	Friday	1,595	680	1,346	3,621	480	208	316	1,004	$ 2,787	$ 3,833	$ 6,620
2/14/2009	Saturday	2,377	1,902	2,180	6,459	1,400	378	962	2,740	$ 3,363	$ 5,938	$ 9,301
2/15/2009	Sunday	1,841	1,926	2,131	5,898	2,326	621	1,294	4,241	$ 3,479	$ 4,664	$ 8,143
2/16/2009	Monday	1,528	1,266	1,880	4,674	2,576	387	1,391	4,354	$ 3,322	$ 4,524	$ 7,846
2/17/2009	Tuesday	641	628	310	1,579	2,378	250	976	3,604	$ 1,105	$ 1,111	$ 2,216
2/18/2009	Wednesday	751	375	875	2,001	489	491	1,704	2,684	$ 829	$ 2,159	$ 2,988
2/19/2009	Thursday	334	516	296	1,146	557	513	259	1,329	$ 821	$ 661	$ 1,482
2/20/2009	Friday	1,375	1,215	755	3,345	675	792	335	1,802	$ 1,433	$ 1,971	$ 3,404
2/21/2009	Saturday	1,989	1,241	2,357	5,587	556	297	555	1,408	$ 4,482	$ 6,490	$ 10,972
2/22/2009	Sunday	1,777	1,475	2,506	5,758	1,296	521	516	2,333	$ 3,254	$ 5,242	$ 8,496
2/23/2009	Monday	571	481	283	1,335	1,641	142	81	1,864	$ 898	$ 545	$ 1,443
2/24/2009	Tuesday	282	435	224	941	1,277	145	371	1,793	$ 653	$ 627	$ 1,280
2/25/2009	Wednesday	320	502	275	1,097	615	493	982	2,090	$ 958	$ 725	$ 1,683
2/26/2009	Thursday	234	636	257	1,127	478	588	981	2,047	$ 986	$ 992	$ 1,978
2/27/2009	Friday	898	750	592	2,240	550	223	401	1,174	$ 1,874	$ 1,863	$ 3,737
Total		**26,299**	**20,552**	**16,267**	**63,118**	**25,414**	**9,191**	**16,848**	**51,453**	**$ 49,835**	**$ 41,345**	**$ 91,180**

To understand the data in the preceding table, it is necessary to make a distinction between ticket sales and the term "click attendance." Ticket sales are just that, purchased admission to either one or all three of the museums, the OMNIMAX, or Dinosaurs Unearthed, or any combination of the options. A museum guest has two options, either to purchase a ticket to a single museum or a ticket to all three museums. CMC's ticketing software does not have the capacity to tell where a patron actually goes. CMC captures that information by having staff at the entry to each of the three museums. As a patron enters the museum, the staff attendant clicks a hand-held counter, thus the term "click attendance." CMC is anticipating an upgrade to its ticketing software that will allow ticket scanning at each museum, thus enabling more accurate counts of sales related to actual attendance.

E. CMC Strategic Action Plan

In 2006, CMC retained the services of Lord Cultural Resources to assist with the development of a Strategic Action Plan. The initial planning process included an extensive review of the current state of CMC as of early to mid 2006 and provided a series of recommendations for consideration. A second part of the project resulted in the formation of the Strategic Action Plan in September 2006. The process included the CMC Board and executive officers, 68 staff and volunteers, and 34 community participants.

The Assessment and Strategic Recommendations Report of the first phase identified six strategic issues:

1. CMC's identity needs to be clarified and communicated.
2. CMC is earned revenue, not mission, driven.
3. Financial sustainability can only be achieved with a broader strategy.
4. The visitor experience needs to be revitalized to meet the "promise" implied by Union Terminal and the expectations of a community oriented to "world class."
5. CMC needs to be seen as playing a major role in the community revitalization.
6. CMC's organizational capacity must be strengthened.

These are all themes which are consistent with the Landor retail report and this tax levy analysis.

Lord Cultural Resources provided nine recommendations as a result of the first phase of the project:

1. Adopt and communicate the Vision and Mission for CMC.
2. Make a commitment to become visitor-centered, that is to create a welcoming, seamless, and highest quality experience that integrates mission and visitor need.
3. Review the Exhibition Master Plan for congruence with the findings and recommendations of the Phase I Master Plan Report (Note, the Exhibition Master Plan

was a separate study conducted by Lord Cultural Resources, providing guidance to CMC on how best to use CMC's collections and exhibition space.)

4. Integrate the planning for the Renovation/Restoration Master Plan with the overall master plan.
5. Prepare a comprehensive audience development strategy to increase attendance by broadening and diversifying the audience and to increase participation in the institution which incorporates the exhibitions, programs, shows, and services.
6. Diversify the strategy to increase operating income with particular attention to contributed income.
7. Connect with stakeholders, develop partnerships with organizations, and participate more effectively in the community, in particular with African Americans.
8. Develop a clear brand identify as a welcoming, multigenerational, community-oriented institution and position the Museum as a world-class primary resource for the history, natural history and related sciences of the tri-state region of the Ohio Valley.
9. Recognize and address organizational issues and staff morale.

The Strategic Action Plan is designed to identify the goals, objectives, and actions necessary to address the strategic issues and recommendations from the first phase. In Appendix A of this report, we provide a summary list of the vision, mission, and goals and objectives statements of the Strategic Action Plan.

IV. COMPARATIVE ANALYSIS

The project team collected performance and financial data comparing CMC against other large museums throughout the United States. The data source for this analysis is the 2006 report of the American Association of Museums (AAM). In many cases, the project team determined that direct comparisons of general museums in the 2006 AAM study were not valid to CMC in that most do not have the unique blend of service offerings provided by CMC.

A. REPORT METHODOLOGY AND APPROACH

We reviewed the CMC's financial and performance data for a period of four years and compared this data, where possible, to benchmark survey data for peer group museums from the American Association of Museums (AAM). This comparison highlights the quality and performance of the CMC's fiscal management.

The steps TATC followed to complete our financial analysis included a review of CMC operating revenues including the following:

- Historic trends (past four years)
- Per visitor revenue
- Revenue sources
- Projected growth (next five years)

We also reviewed operating expenses for the following:

- Historic trends (past five years)
- Operating expense components:
  - Personnel expense (Program Level)
  - Facility operations (Functional Level)
  - Security expense (Functional Level)
  - Marketing expense (Functional Level)
  - Management & general expense (Program Level)
- Projected growth (next five years)

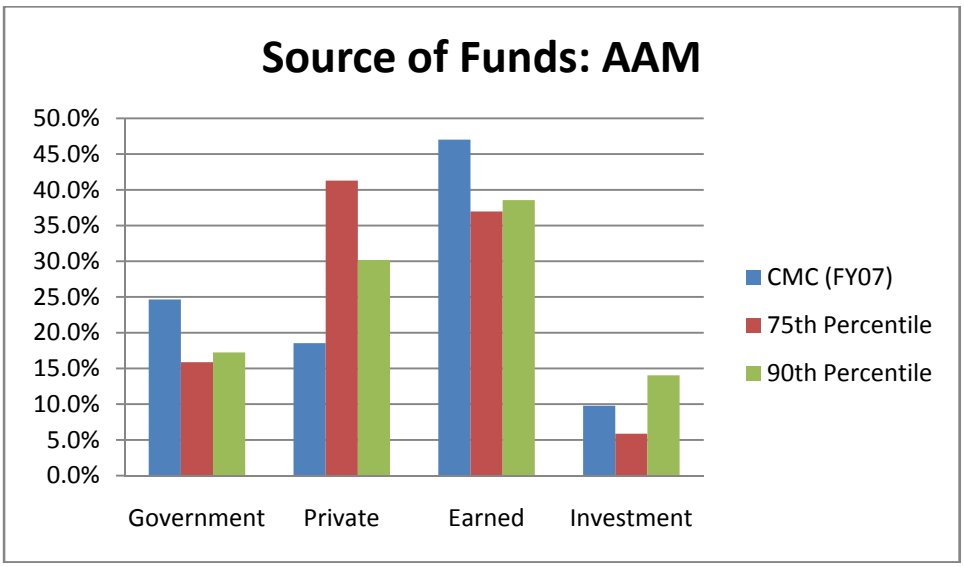
B. Analysis of CMC Financial Condition

CMC derives operating revenue from four sources: government, private, earned and investment. Information from the American Association of Museums (AAM) shows the CMC draws far less governmental support than similar museums. As indicated by the following table and bar chart, the CMC also compares favorably on its ability to generate revenue support from private, earned, and investment sources.

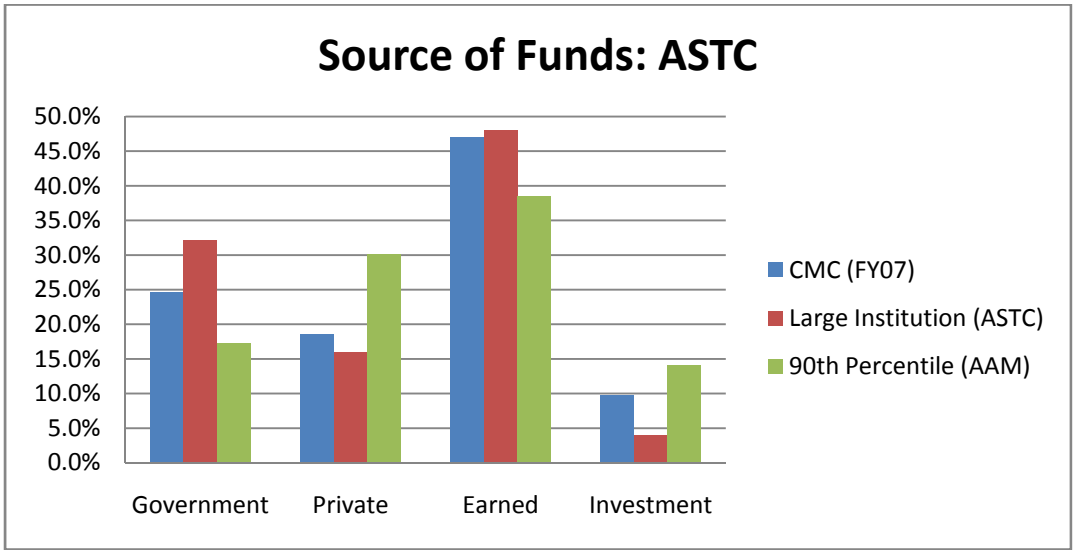
Institution	Government	Private	Earned	Investment
CMC (FY07)	$4,300,855	$3,233,646	$8,200,642	$1,706,510
All Museums (Median)	$76,000	$199,830	$208,328	$19,054
75th Percentile	$380,181	$987,980	$884,951	$140,183
90th Percentile	$1,507,973	$2,640,330	$3,373,199	$1,227,602

It should be noted that in interpreting the data in the table above, only 73 institutions included in the 2006 AAM survey were classified as "General museums", which is defined as being an institution that addresses more than one discipline. Further, it is clear that CMC is far larger than most of these 73 institutions, as 75% of these have fewer than 31 paid staff. Therefore, there are few meaningful inferences to be drawn from the data.

It is instructive that, although CMC is far larger than the vast majority of the general museums in the study, it is most similar to the institutions in the 90th percentile. The chart below displays funding sources as a percent of the total annual funding. CMC relies on "Earned" income to a larger extent than the others. However, the significant difference is the "second" source of funds; institutions in the 90th percentile rely more heavily on "Private" sources while CMC relies on "Government" sources.

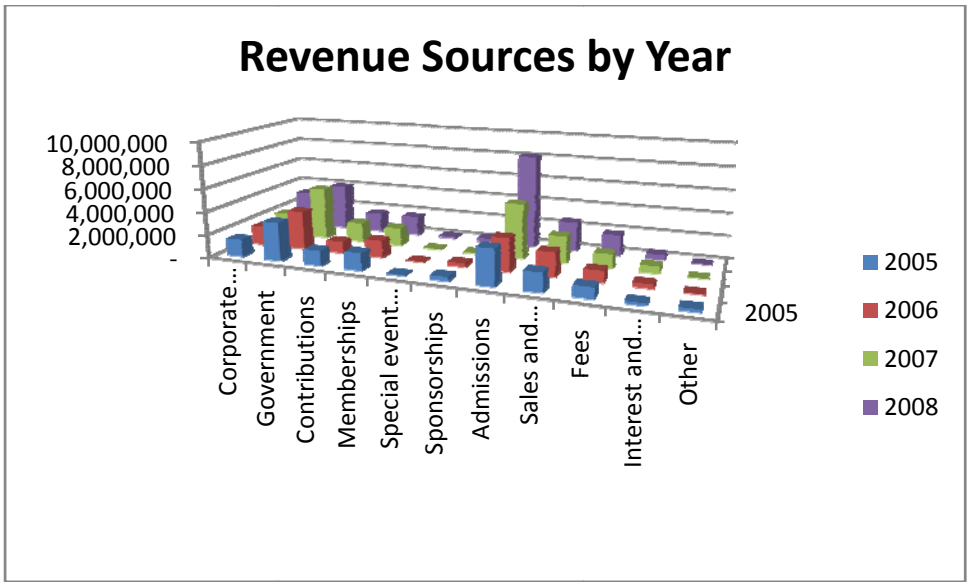


In the following graph, we expand the comparison to include information related to "large" institutions (> 50,000 square feet of interior exhibit space) from the Association of Science – Technology Centers Incorporated (ASTC) *2008 Sourcebook of Statistics & Analysis*. This data is also compared to the AAM "90th Percentile" institution average from the previous graph.



- The "Large Institution" average from ASTC appears more comparable to the experience at CMC than the "90th Percentile" average from AAM.
- The significant differences between the "Large Institution" average and the CMC experience involves the lower reliance on government sources by CMC and the greater reliance on investment sources by CMC.

We provide, in the chart below, trends in CMC revenue sources for 2005, 2006, 2007 and 2008. For ease of presentation, the chart below removes highly variable revenue sources such as investment income and gains on sales of assets.



The following table shows CMC's overall financial performance for the years 2005, 2006, 2007 and 2008.

CMC OVERALL FINANCIAL PERFORMANCE 2005-08			
Year	**Support and Revenue**	**Operating Expense**	**Change in Net Assets**
2005	$14,218,354	$16,311,604	($2,093,250)
2006	$25,048,415	$16,387,847	$8,660,568
2007	$20,185,191	$17,779,569	$2,405,623
2008	$18,259,720	$22,662,439	($4,402,719)

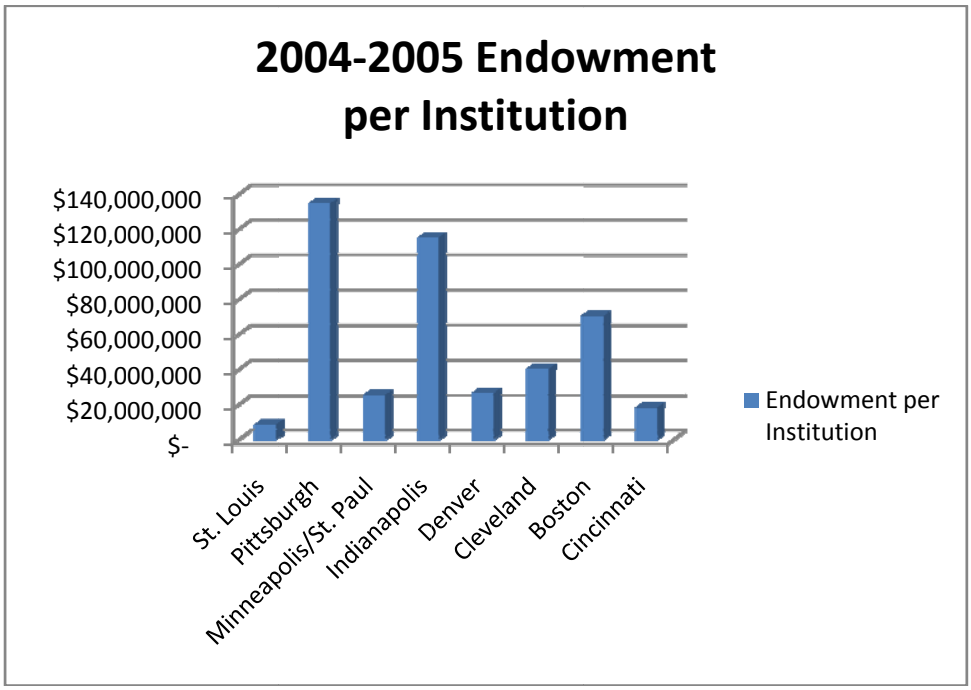
It should be noted that in 2006, CMC sold a rare book collection which resulted in a one-time revenue source of $10,444,238. Without this unusual revenue source, support and revenues would have been $14,604,177, and the change in net assets would have been ($1,783,670).

Personnel expenses, defined as direct salaries and wages plus benefits and taxes, were $8,576,842 in 2007-2008, representing slightly less than 38% of total costs. Figures for the past four years are presented in the table below.

CMC PERSONAL SERVICES COSTS 2005-08				
Cost Element	**2004-2005**	**2005-2006**	**2006-2007**	**2007-2008**
Salaries and Wages	$6,179,952	$5,867,214	$6,581,220	$7,422,516
Benefits and Taxes	$993,615	$984,995	$1,066,183	$1,154,326
Total Personnel Costs	$7,173,567	$6,852,209	$7,647,403	$8,576,842
Total Expenses	$16,311,604	$16,387,847	$17,779,569	$22,662,439
Personnel Exp. as Pct of Tot.	44.0%	41.8%	43.0%	37.8%

According to the 2006 AAM 2006 survey, the median ratio of personnel costs as a percentage of total expenditures was 51% for 2005, comparing to CMC's ratio of 44.0%.

Cincinnati Museum Center relies less upon endowments as a source of funds than do most similar institutions. In a March, 2007 report prepared for CMC by the Benefactors Counsel, LLC, several similar institutions in seven other cities were surveyed, and it was found that several of these institutions had endowments far in excess of the approximately $18,000,000 endowment of CMC. The following chart illustrates this difference.



It should be noted that each of the cities in the chart have at least two museums in the survey, and two of these cities have four institutions. In each case, the total endowments were summed and divided by the number of institutions in order to derive an average endowment for comparability to the single institution in Cincinnati.

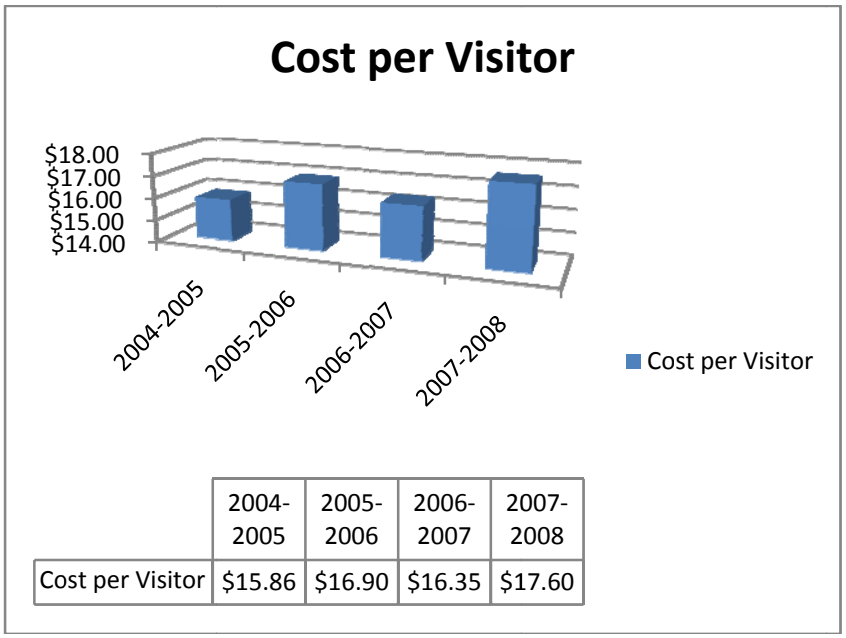
C. Museum Attendance

We obtained CMC attendance for the years 2005 through 2008 and the first six months of fiscal 2009 (July through December, 2008). These figures, by venue, are presented below.

Venue	Attendance				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-09 (6 months)
Children's Museum	300,446	332,494	334,273	355,762	170,850
History Museum	125,246	136,160	137,177	149,682	71,794
Natural History & Science	221,947	228,177	246,164	256,511	114,729
OMNIMAX Theater	306,914	236,189	232,585	246,251	106,149
Special Exhibits	73,688	36,831	137,230	299,752	207,182
Total	**1,028,241**	**969,851**	**1,087,429**	**1,307,958**	**670,704**

Of particular note is the decline in OMNIMAX Theater visitation. This is a decline that began before this data period, from a high attendance level of 457,311 persons in 2000.

The following chart shows operating expense per visitor for the years 2005, 2006 and 2007.



The above figures compare favorably to the operating costs per visitor as reported in the 2006 American Association of Museums survey, which for 2005 (the most recent year for which data

are available) was $23.35. However, for museums with operating budgets of over $3,000,000 (the category within which CMC falls), the median expenditure per visitor was $36.71, as compared to the $15.86 for CMC.

It should be noted that the project team has made no attempt to account for changes in the values of investments in CMC operating expenses for each of the four years in the chart above, and are thus included in the operating costs per visitor. As it is assumed that similar figures are included in the operating expenses of the survey participants, the project team included these figures in the CMC data as well.

D. Admissions and Memberships

The Cincinnati Museum Center is unique in that it combines three formerly-separate museums and Museum Center Foundation, building and OMNIMAX operator into a single institution. Therefore, it is difficult to make exact comparisons to other museums regarding many operating dimensions, including admissions.

Although CMC has separate pricing structures for each of its functional areas (i.e., Museum of Natural History and Science, Cincinnati History Museum, Duke Energy Children's Museum), it also offers its visitors a combined package that includes visitation rights to all three. Although the project team recognizes this unique approach, few, if any, museums in the comparative realm offer these same privileges to visitors, and therefore we present below comparisons of CMC's separate pricing structures for its three museums to those of the following museums:

Metropolitan Area	Institutions
Boston, MA	• Children's Museum • Museum of Science • Historic New England (could not find admissions fees on line)
Cleveland, OH	• Children's Museum • Great Lakes Science Center • Western Reserve Historical Society • Museum of Natural History
Denver, CO	• Children's Museum • Museum of Nature and Science • Colorado History Museum
Indianapolis, IN	• Children's Museum • Indiana State Museum • Conner Prairie • Indiana Historical Society (web site does not contain admissions fee

Metropolitan Area	Institutions
	info)
Minneapolis/St. Paul, MN	• Children's Museum • Science Museum of Minnesota • Minnesota Historical Center
Pittsburgh, PA	• Children's Museum • Carnegie Science Center • Carnegie Museum of Natural History • Heinz History Center
St. Louis, MO	• The Magic House (Children's Museum) • Missouri Historical Society (Not a state organization) • St. Louis Science Center (the fee structure at this museum was so fragmented that it made it incomparable to CMC or to others)

As we present this comparative information, we must be cautious about the conclusions we draw since there are variations and nuances in any pricing schema that could dramatically impact the overall pricing system of a given institution. Therefore, we urge that the TLRC consider the "direction" provided by the comparison; that is, whether CMC appears to be pricing its offerings in a fashion commensurate with peer institutions.

We present in the tables below the admissions fees for each of the museums noted above, broken out by functional area:

Children's Museums

Museum	Adult	Child	Senior
Boston Children's Museum	$12.00	$9.00	$9.00
Children's Museum of Cleveland	$6.00	$7.00	
Denver Children's Museum[1]	$7.50	$7.50	$5.50
Children's Museum of Indianapolis	$14.50	$9.50	$13.50
Minnesota Children's Museum	$8.95	$8.95	$8.95
Children's Museum of Pittsburgh	$11.00	$10.00	$10.00
The Magic House in St. Louis	$8.50	$8.50	$8.50
Average of Selected Comparisons	**$9.78**	**$8.64**	**$9.24**
Cincinnati Museum Center	$8.00	$6.00	$7.00

[1] Denver Children's Museum also states a rate of $5.50 for infants under one year old.

History Museums

Museum	Adult	Child	Senior
Western Reserve Historical Society	$8.50	$5.00	$7.50
Colorado History Museum	$7.00	$6.00	$6.00
Conner Prairie (History Museum)	$12.00	$8.00	$11.00
Heinz History Center	$10.00	$5.00	$9.00
Minnesota Historical Center[2]	$10.00	$5.00	$8.00
Average of Selected Comparisons	**$9.50**	**$5.80**	**$8.30**
Cincinnati Museum Center	$8.00	$6.00	$7.00

Natural History and Science Museums

Museum	Adult	Child	Senior
Boston Science Museum	$19.00	$16.00	$17.00
Great Lakes Science Center	$9.50	$7.50	$8.50
Cleveland Museum of Natural History[3]	$9.00	$6.00	$7.00
Denver Museum of Nature and Science	$11.00	$6.00	$6.00
Carnegie Museum of Natural History	$15.00	$11.00	$12.00
Science Museum of Minnesota	$11.00	$8.50	$8.50
Carnegie Science Center	$14.00	$10.00	$10.00
Average of Selected Comparisons	**$12.64**	**$9.29**	**$9.86**
Cincinnati Museum Center	$8.00	$6.00	$7.00

A review of the tables above indicates that CMC charges lower rates for admission to its separate museums than do most of the museums in the comparative field.

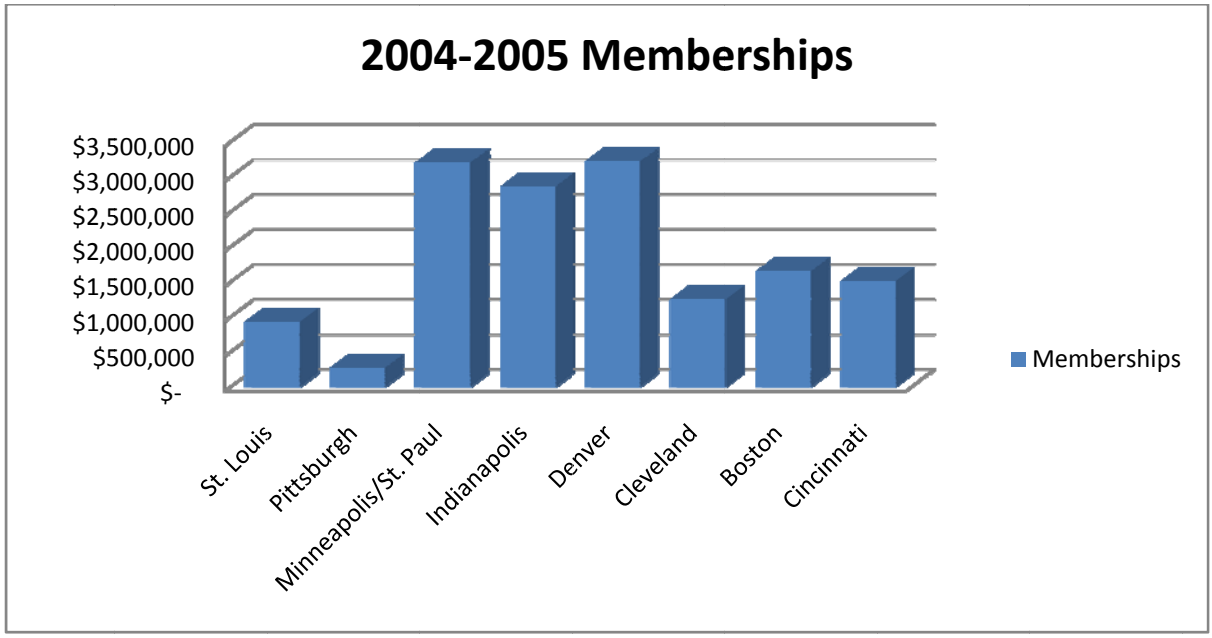
The numbers of memberships at the above institutions are not known by the project team; however, we present below the dollar value of memberships sold, by City, as reported in the Benefactors Counsel, LLC 2007 report prepared for CMC, entitled, *Thrive, Beyond Survival for the Cincinnati Museum Center: A Case for Endowment*.

City	No. Institutions	2004-2005 Membership Revenue
St. Louis	3	$ 934,857
Pittsburgh	2	$ 275,488
Minneapolis/St. Paul	3	$3,206,975
Indianapolis	4	$2,866,726
Denver	3	$3,223,634

[2] Minnesota Historical Center also states a rate of $8.00 for students
[3] Cleveland Museum of Natural History also charges $7.00 for both college students and youth (7-18)

City	No. Institutions	2004-2005 Membership Revenue
Cleveland	4	$1,257,561
Boston	3	$1,657,443
Average	**NA**	**$1,917,526**
Cincinnati	1	$1,517,142

The chart below illustrates the above figures:



V. COMPLIANCE WITH AGREEMENTS

The following table presents the conditions in the current tax levy agreement and assesses CMC compliance with those agreements / conditions during the current levy period.

CURRENT AGREEMENT CONDITIONS	STATUS
The CMC is seeking renewal of the levy limited to a renewal amount equal to the original millage plus an amount not to exceed the rate of inflation during the term of the first levy.	The CMC levy is consistent with this requirement.
Proceeds of the current levy were used for costs directly attributable to the care, operations, preservation, restoration, expansion improvements and maintenance of the Union Terminal.	Hamilton County and CMC have used the proceeds of the levy for two purposes: capital projects and facility maintenance. The County is administering the capital projects and awarded a contract for facility maintenance and is responsible for payments under that contract. Although the facilities maintenance contract was issued under the County's RFP procurement processes, CMC was the only proposer and was awarded the contract. CMC staff perform the maintenance work and are reimbursed by the County. While CMC's maintenance records do not provide sufficient detail for certainty, it appears that part of the contracted maintenance work is performed off-site at the Geier Collections and Research Center, an 80,000 square foot facility used by the Museum for collection storage and research. We believe that this Center is an important adjunct to the Union Terminal Facility and should be considered within the intent of the maintenance agreement.
CMC will have invested at least ten million dollars ($10,000,000) from 2005-2009 in preservation and deferred maintenance items.	Following this table, we provide a summary of CMC's capital expenses for preservation and deferred maintenance, totaling $12.2 million in expenditures or encumbrances In addition, CMC and Hamilton County are in the process of letting contracts for Project One, a major renovation and restoration project, the funds for which have been, or are in the process of being, encumbered.
CMC has increased its endowment to nineteen million dollars ($19,000,000) by the end of 2008 and will increase it to twenty-three million dollars ($23,000,000) by the end of 2009.	CMC had significantly increased the value of its endowment, primarily through the deaccessioning of rare books not considered to be related to CMC's mission. However, the erosion of the stock market in the last half of 2008 and the first half of 2009 has seriously

CURRENT AGREEMENT CONDITIONS	STATUS
	impacted the value of CMC's endowment. This, however, was largely beyond the control of CMC.
CMC has generated additional visitor parking revenue by improving enforcement of parking lot controls.	During the current levy period, the parking services contract expired, and CMC assumed direct operations of parking. Elsewhere in this report, we present the increase in parking revenue that CMC has achieved during the past levy period.
In order to reach the goal of ensuring that CMC will not have need of tax levy funds beyond ten years, CMC has:	
a. Monitored the capital needs of the Union Terminal on an annual basis and appropriately sought capital funding.	CMC conducted a thorough analysis of the maintenance and renovation needs of Union Terminal and has developed a capital program designed to eliminate significant structural deficiencies. It is also beginning Project One, designed to provide structural improvements to one section of the Terminal.
b. Continued to provide exhibits and programming that ensured that CMC maintained its annual attendance at over one million visitors annually and sought to increase attendance through its exhibit and programming efforts.	This report includes information regarding attendance and membership over the past several years. The use of special exhibits has a demonstrated importance for overall museum attendance and revenues. For the complete fiscal year 2007-08, total attendance was slightly over 1,307,958. For the period of July through December 2008 (the first half of fiscal 08-09), attendance was 670,704.
c. CMC maintained the schedule of fundraising goals established by the 2005 agreement.	CMC has completed redesigned its development staffing and efforts over the past five years and has become considerably more assertive in its funding outreach. The bulk of the increase in the CMC endowment came from the deaccessioning of rare books collection. Additionally the museum reports receiving over $5-million of new gifts that are being added to the endowment. The economic downtown during the past year, however, has had a serious negative impact on the overall strength of CMC's endowment.
d. Focused its attention on revenue generating efforts including parking, facilities rental, food service, and retail.	CMC has taken several actions designed to enhance revenues, including assumption of responsibility for parking and increases in parking rates and changing food service providers. A table earlier in this report details the significant increases in parking, rentals, food service, and catering.

As part of the previous levy agreement, CMC committed to spending at least $10 million in projects for renovation and deferred maintenance. The following table itemizes CMC's expenditures or encumbrances for the levy period:

Cincinnati Museum Center
Capital Expenditures for Deferred Maintenance and Preservation of Union Terminal

PROJECT		By Project Phase			By Funding Source						
		Design / PM Fee	Const / Admin Cost	Total	Hamilton County	City of Cincinnati	OCFC (1)	NPS (2)	HUD (3)	CMC (4)	Total
Master Plan	(A)	$ 899,513	$ 63,855	**$ 963,368**	$ 963,368	$ -	$ -	$ -	$ -	$ -	**$ 963,368**
Energy Management Project	(A)	$ -	$ 74,124	**$ 74,124**	$ 74,124	$ -	$ -	$ -	$ -	$ -	**$ 74,124**
Omnimax Renovation	(A)	$ 17,551	$ 834,390	**$ 851,941**	$ 851,941	$ -	$ -	$ -	$ -	$ -	**$ 851,941**
Parking Booths	(A)	$ 6,440	$ 52,836	**$ 59,276**	$ 59,276	$ -	$ -	$ -	$ -	$ -	**$ 59,276**
Lower Level Program Center	(A)	$ -	$ 1,497,850	**$ 1,497,850**	$ -	$ 229,819	$ 634,028	$ -	$ 347,935	$ 286,068	**$ 1,497,850**
Project 1 (in progress)	(E)	$ 1,591,940	$ 7,165,610	**$ 8,757,550**	$ 2,582,406	$ 1,148,380	$ 4,776,764	$ 250,000	$ -	$ -	**$ 8,757,550**
TOTAL		$ 2,515,444	$ 9,688,665	**$ 12,204,109**	$ 4,531,115	$ 1,378,199	$ 5,410,792	$ 250,000	$ 347,935	$ 286,068	**$ 12,204,109**

NOTES:

A Actual
E Estimated
(1) Ohio Cultural Facilities Commission
(2) National Park Service - Save America's Treasures (grant)
(3) Housing & Urban Development (grant)
(4) Cincinnati Museum Center

These efforts towards Union Terminal renovation and restoration are described in more detail below:

- **Master Plan** – Comprehensive analysis of the entire Union Terminal facility, looking at conditions in all areas. This includes mechanical, structural, electrical, HVAC, plumbing, historic, fire protection, roofing and grounds. Identify conditions and develop plans to repair, replace, restore or renovate as needed.

- **Energy Management Project** – Replaced two thirds of the obsolete electronic controllers that are used to operate building mechanical systems. (I.e. boilers, chillers, pumps, air handlers, etc.)

- **OMNIMAX Renovation** – Replaced theater screen, sound system, seats, carpet, and projector lens. Original equipment and furnishings from 1990 were worn out.

- **Parking Booths** – Removed and replaced two parking attendant booths located in the front parking lots. Old booths were beyond repair.

- **Lower Level Program Center** – Performed selected demolition and construction necessary to build a new retail gift shop, the Ruthven gallery and three multi-purpose rooms on the lower level of the building.

- **Project 1 (in progress)** – Renovation and restoration of three historic dining rooms and associated hallways on the first floor. Restoration of the Cincinnati Dining Room on the concourse level. All new windows in the selected construction areas on the mezzanine, concourse and first floor levels. One new mechanical room and new office space to accommodate building caterer. The roof areas over the entire project area (southwest wing of building) will be replaced. Masonry explorations and repair will be done around perimeter of the construction area.

VI. FINANCIAL ANALYSIS

This section of the report includes our analysis of the financial operations of CMC for the previous tax levy period and projects future needs.

This analysis is complicated by two factors. First, while CMC's financial reporting system has some detailed reporting capability, CMC does not appear to use the full reporting and analytical capacity of the system. Second, as of the preparation of this report, CMC is still in its budget planning for the upcoming fiscal year and has not developed independently any multi-year forecasts for revenues and expenditures. As a result, our forecast data is predicated principally on straight-line forecasts using Hamilton County's planned inflation standards.

There is one additional financial consideration that is not included within this analysis. In 1989, Hamilton County issued bonds for the capital improvements on Union Terminal necessary to accomplish the relocation of the three museums into the Terminal. This bond levy expires this year, and CMC has proposed renewal of that levy as part of a larger proposed capital restoration project. Because this analysis focuses on the renewal of the operating levy, we have not included the expiring capital bond proceeds. However, we anticipate that CMC will continue discussions with Hamilton County concerning the possible continuation of the bond levy for the restoration project.

The history of the CMC tax levy contributes to its relative complexity compared to other operating tax levies. This impacts the discussion and the inclusion of additional variables that have the potential to create a very complicated presentation. For this reason, we have elected to present these recommendations starting first with a "base model" with subsequent discussion of additional assumptions and issues in following sections. We have included an additional financial model presented as "Scenario 38" that incorporates a total five-year tax levy request of approximately $38 million. This is presented at the end of the report for comparison purposes.

A. BASE FINANCIAL MODEL

The "base model" presentation generally assumes continuation of the CMC operating tax levy for another five-year period as well as no changes in the approved uses of the tax levy funds. Working from the basis of the operating levy, the Project Team developed both revenue and expense estimates for 2009 and forecasts for the levy period 2010-2014. We present this analysis on the following pages. At this point in the analysis, we are working from the following assumptions:

- Tax Levy revenues will continue to be used for operations costs associated with insurance, utilities and maintenance of Union Terminal as described in the previous agreement and amendments, as well as capital repair.

- The total amount of tax levy requested comprises a "replacement" request and is set to equal the TLRC inflation calculation for the five-year levy period.
- To the extent that current revenue estimates exceed current expenditure estimates in the tax levy supported activities, the excess will be earmarked for capital purposes.
- There may be excess revenues over expenditures forecast in other CMC operational areas; this excess represents an opportunity for the CMC to adjust operational levels to meet demand. Conversely, it is expected that should these revenue estimates fall short, the CMC will adjust expenditures accordingly to ensure that the organization does not operate at a deficit.
- The first of two items identified as an Action Item relates to revenue available for capital expenditures from endowment fund income. Since these funds are not directly related to the levy and to keep the levy calculations consistent, the additional endowment revenues are matched by an equal expenditure in the same year. Otherwise, the model will display a reduced need for levy funds in that year.
- The second Action Item relates to the employment of an "Owner's Representative" to provide oversight to the ongoing and proposed capital restoration programs at CMC. We assume that the position is full-time, temporary through the construction planning and implementation, and paid for from tax levy proceeds. The forecast expenditures include salary and benefits for the position.
- Other "actions" can be displayed; we would need to balance the additional revenue and/or expenditure in order to net to zero and not impact the base tax levy request.

On the following pages, we present supporting tables associated with base model CMC tax levy review. These tables include the following:

- Five Year Forecast for County Fiscal Years 2010-2014
- Five Year Revenue Forecast for County Fiscal Years 2010 – 2014
- Five Year Expense Forecast for County Fiscal Years 2010 – 2014
- Action Summary - Five Year Levy Forecast for County Fiscal Years 2010 - 2014

Hamilton County Museum Center Levy
Cincinnati Museum Center
Five Year Forecast for County Fiscal Years 2010-2014

	Actual				Estimated	Forecast					
Line Item Description	**FY2005**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**TOTAL**
Beginning Levy Balance	$ -	$ 1,058,217	$ 741,071	$ 1,457,597	$ 1,350,384	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	
Plus: Total Base Levy Revenue	$ 3,717,233	$ 3,778,249	$ 3,831,608	$ 3,794,166	$ 3,702,710	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Plus: Additional Revenue	-	41,703	-	-	-	-	-	-	-	-	-
Subtotal	$ 3,717,233	$ 3,819,951	$ 3,831,608	$ 3,794,166	$ 3,702,710	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Less: Total Levy Operating Expenses	$ 2,108,970	$ 2,495,603	$ 2,437,720	$ 2,638,664	$ 2,874,862	$ 3,118,971	$ 3,188,877	$ 3,260,534	$ 3,333,988	$ 3,409,289	$ 16,311,658
Less: Auditor Fees	50,046	51,494	52,361	49,765	55,541	57,207	58,923	60,691	62,512	64,387	303,721
Less: Available for Transfer to Capital	500,000	1,590,000	625,000	1,212,950	2,122,691	779,949	827,010	875,830	926,466	978,979	4,388,234
Subtotal	$ 2,659,016	$ 4,137,097	$ 3,115,081	$ 3,901,379	$ 5,053,094	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Ending Levy Balance	$ 1,058,217	$ 741,071	$ 1,457,597	$ 1,350,384	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	
ADDITIONAL REVENUE NEED						$ 125,000	$ 128,750	$ 132,613	$ 136,591	$ 140,689	$ 663,642
AVERAGE ADD'L ANNUAL RESOURCE NEED						$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 663,642
TOTAL LEVY NEED											
Continuing Operations						$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Additional Needs						$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 663,642
TOTAL						$ 4,088,855	$ 4,207,539	$ 4,329,783	$ 4,455,695	$ 4,585,384	$ 21,667,255
Other Operations											
Other Operating Revenue	$ 11,829,839	$ 22,832,356	$ 17,747,472	$ 15,621,056	$ 19,215,839	$ 22,750,583	$ 23,039,740	$ 23,209,681	$ 23,428,419	$ 21,196,476	
Less: Other Operating Expenses	$ 13,800,067	$ 13,717,434	$ 14,870,861	$ 19,676,070	$ 16,843,612	$ 17,268,845	$ 17,600,450	$ 17,938,602	$ 18,283,483	$ 18,635,279	
Less: Endowment Fund Deposits					$ 2,500,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 2,500,000	
Other Ops Surplus (Deficit)					$ (127,773)	$ 481,738	$ 439,291	$ 271,079	$ 144,935	$ 61,197	

Hamilton County Museum Center Levy
Cincinnati Museum Center
Five Year Revenue Forecast for County Fiscal Years 2010 - 2014

	Actual				Estimated	Forecast					
Line Item Description	**FY2005**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**TOTAL**
Museum Center Levy											
Startup Materials and Supplies	$ -	$ 200,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance, Repair & Operation	-	1,350,000	1,417,500	1,488,375	1,562,794	1,918,326	1,952,213	1,986,770	2,022,011	2,057,952	9,937,272
Payment for Prior Year Maintenance, Repair, Operation	-	945,603	-	-	-	-	-	-	-	-	-
Utilities & Insurance	888,515	1,099,886	1,140,790	1,150,289	1,312,068	1,200,645	1,236,664	1,273,764	1,311,977	1,351,336	6,374,386
Utilities & Insurance Advance	1,220,456	(1,099,886)	(120,570)	-	-	-	-	-	-	-	-
Subtotal CMC Appropriation	$ 2,108,970	$ 2,495,603	$ 2,437,720	$ 2,638,664	$ 2,874,862	$ 3,118,971	$ 3,188,877	$ 3,260,534	$ 3,333,988	$ 3,409,289	$ 16,311,658
Available for Transfer to Capital	$ 500,000	$ 1,590,000	$ 625,000	$ 1,212,950	$ 2,122,691	$ 779,949	$ 827,010	$ 875,830	$ 926,466	$ 978,979	$ 4,388,234
Other Uses / Balance	1,108,263	(307,354)	768,888	(57,448)	(1,294,843)	57,207	58,923	60,691	62,512	64,387	303,721
Subtotal County Appropriation	$ 1,608,263	$ 1,282,646	$ 1,393,888	$ 1,155,502	$ 827,848	$ 837,156	$ 885,933	$ 936,521	$ 988,978	$ 1,043,367	$ 4,691,955
Subtotal Tax Levies	$ 3,717,233	$ 3,778,249	$ 3,831,608	$ 3,794,166	$ 3,702,710	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Average Annual Rate of Increase		1.6%	1.4%	-1.0%	-2.4%	6.8%	0.0%	0.0%	0.0%	0.0%	
Other Revenues											
Corporate Grants	$ 94,486	$ 336,237	$ 210,114	$ 321,537	$ 318,321	$ 318,321	$ 324,688	$ 331,181	$ 337,805	$ 344,561	$ 1,656,556
Foundation Grants	1,395,346	1,299,325	1,692,079	2,755,823	2,728,265	2,728,265	2,782,830	2,838,487	2,895,256	2,953,161	14,197,999
Federal, State & Local Gov't	943,669	1,120,233	2,111,232	1,366,678	1,353,011	1,353,011	1,380,072	1,407,673	1,435,827	1,464,543	7,041,126
Individual Contributions	1,279,797	1,007,967	1,680,181	1,662,392	1,645,768	1,662,226	1,695,470	1,729,380	1,763,967	1,799,247	8,650,290
"Regenerations" Campaign					2,500,000	5,000,000	5,000,000	5,000,000	5,000,000	2,500,000	22,500,000
Memberships	1,493,178	1,477,242	1,558,666	1,687,541	1,670,666	1,687,373	1,721,120	1,755,542	1,790,653	1,826,466	8,781,155
Special Event Fundraisers	70,300	24,065	66,635	159,678	158,081	159,662	162,855	166,112	169,435	172,823	830,888
Sponsorships	361,527	311,992	70,850	302,023	299,002	299,002	304,982	311,082	317,304	323,650	1,556,020
Admissions	3,079,206	2,855,604	4,767,419	8,126,406	4,707,160	4,707,159	4,707,159	4,707,159	4,730,695	4,778,002	23,630,173
Sales and Rentals	1,611,767	2,076,456	2,321,286	2,556,372	2,556,372	2,556,372	2,556,372	2,556,372	2,569,154	2,594,845	12,833,114
Program and Services Fees	937,923	1,010,577	1,235,132	1,816,193	1,816,193	1,816,193	1,816,193	1,816,193	1,825,274	1,843,526	9,117,378
Investment Income	127,599	465,433	1,314,909	(5,594,116)	(1,000,000)	-	125,000	127,500	130,050	132,651	515,201
Interest and Dividends	203,936	367,680	614,612	449,886	450,000	450,000	450,000	450,000	450,000	450,000	2,250,000
Gain on Disposal of Assets	200	10,444,238	80,436	2,890	3,000	3,000	3,000	3,000	3,000	3,000	15,000
Other Income	230,907	35,307	23,921	7,755	10,000	10,000	10,000	10,000	10,000	10,000	50,000
Subtotal Other Revenues	$ 11,829,839	$ 22,832,356	$ 17,747,472	$ 15,621,056	$ 19,215,839	$ 22,750,583	$ 23,039,740	$ 23,209,681	$ 23,428,419	$ 21,196,476	$ 113,624,899
Average Annual Rate of Increase		93.0%	-22.3%	-12.0%	23.0%	18.4%	1.3%	0.7%	0.9%	-9.5%	
TOTAL CURRENT OPERATING REVENUE	$ 15,547,072	$ 26,610,605	$ 21,579,080	$ 19,415,222	$ 22,918,549	$ 26,706,710	$ 27,114,551	$ 27,406,735	$ 27,751,385	$ 25,649,131	$ 134,628,512
Average Annual Rate of Increase		71.2%	-18.9%	-10.0%	18.0%	16.5%	1.5%	1.1%	1.3%	-7.6%	

Hamilton County Museum Center Levy
Cincinnati Museum Center
Five Year Expense Forecast for County Fiscal Years 2010 - 2014

	Actual				Estimated	Forecast					
Line Item Description	**FY2005**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**TOTAL**
Museum Center Levy Eligible Expense Support											
Salaries and Wages	$ 740,301	$ 775,169	$ 822,104	$ 861,428	$ 904,500	$ 916,258	$ 928,170	$ 940,236	$ 952,459	$ 964,841	$ 4,701,964
Employee Benefits and Taxes	120,877	129,840	136,769	137,311	144,176	146,051	147,949	149,873	151,821	153,795	749,488
Professional Fees / Contract Services	480,266	457,411	476,909	476,706	477,000	486,540	496,271	506,196	516,320	526,647	2,531,974
Equipment, Materials, Supplies	128,470	113,412	173,824	183,633	187,305	192,924	198,712	204,674	210,814	217,138	1,024,262
Telephone and Utilities	743,057	863,059	967,573	974,479	981,434	1,010,877	1,041,203	1,072,439	1,104,612	1,137,750	5,366,881
Postage and Shipping	1,825	1,785	424	688	600	618	637	656	675	696	3,281
Occupancy	95,052	93,608	73,505	98,155	98,155	101,100	104,133	107,257	110,475	113,789	536,753
Insurance	174,577	176,205	176,803	180,483	184,241	189,768	195,461	201,325	207,365	213,586	1,007,505
Training, Staff Development	278	-	-	75	-	-	-	-	-	-	-
Travel	1,092	46	394	277	300	309	318	328	338	348	1,641
Conferences	250	-	549	320	300	309	318	328	338	348	1,641
Printing	279	385	380	457	400	412	424	437	450	464	2,187
Maintenance and Repairs	25,213	59,492	79,474	72,357	72,357	73,805	75,281	76,786	78,322	79,888	384,082
Subtotal Tax Levy Eligible	$ 2,511,536	$ 2,670,413	$ 2,908,708	$ 2,986,369	$ 3,050,769	$ 3,118,971	$ 3,188,877	$ 3,260,534	$ 3,333,988	$ 3,409,289	$ 16,311,658
Average Annual Rate of Increase		*6.3%*	*8.9%*	*2.7%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.3%*	*2.3%*	
Less *Levy Eligible Expenses from Other Sources*	$ (402,566)	$ (174,810)	$ (470,988)	$ (347,705)	$ (175,906)	$ -	$ -	$ -	$ -	$ -	-
Subtotal Expenses from Tax Levy	$ 2,108,970	$ 2,495,603	$ 2,437,720	$ 2,638,664	$ 2,874,862	$ 3,118,971	$ 3,188,877	$ 3,260,534	$ 3,333,988	$ 3,409,289	16,311,658
Other Expenses											
Salaries and Wages	$ 5,439,651	$ 5,092,044	$ 5,759,116	$ 6,561,088	$ 6,889,142	$ 6,978,701	$ 7,069,424	$ 7,161,327	$ 7,254,424	$ 7,348,732	$ 7,444,265
Employee Benefits and Taxes	872,738	855,155	929,414	1,017,015	1,067,866	1,081,748	1,095,811	1,110,057	1,124,487	1,139,106	1,153,914
Professional Fees / Contract Services	1,357,977	2,471,681	2,869,596	2,540,038	2,750,000	2,805,000	2,861,100	2,918,322	2,976,688	3,036,222	3,096,947
Equipment, Materials, Supplies	1,898,050	1,987,685	1,999,750	5,786,115	2,414,700	2,487,141	2,561,755	2,638,608	2,717,766	2,799,299	2,883,278
Telephone and Utilities	328,120	369,570	354,522	381,568	410,677	422,997	435,687	448,758	462,220	476,087	490,370
Postage and Shipping	241,461	309,752	262,548	262,969	265,000	272,950	281,139	289,573	298,260	307,208	316,424
Occupancy	45,905	24,904	39,171	36,892	36,892	37,998	39,138	40,313	41,522	42,768	44,051
Insurance	18,250	14,874	15,797	18,996	22,844	23,529	24,235	24,962	25,711	26,482	27,277
Training, Staff Development	42,237	94,442	50,316	62,196	62,196	64,062	65,984	67,963	70,002	72,102	74,265
Travel	118,758	119,690	164,582	185,215	185,215	190,772	196,495	202,390	208,462	214,715	221,157
Conferences	30,285	22,901	37,200	40,437	40,437	41,650	42,899	44,186	45,512	46,877	48,284
Advertising	865,031	704,652	1,137,436	1,000,518	1,000,518	1,030,534	1,061,450	1,093,294	1,126,092	1,159,875	1,194,671
Printing	260,821	262,762	319,883	309,972	313,072	322,464	332,138	342,102	352,365	362,936	373,824
Maintenance and Repairs	44,232	37,782	32,831	39,105	39,496	40,286	41,092	41,913	42,752	43,607	209,649
Interest Expense	333,652	556,603	520,567	345,557	345,557	349,013	352,503	356,028	359,588	363,184	1,780,317
Capitalized Costs	(199,790)	(1,325,974)	(1,569,643)	(914,451)	(1,000,000)	(980,000)	(960,400)	(941,192)	(922,368)	(903,921)	(4,707,881)
Depreciation Expense	2,102,688	2,118,909	1,947,774	2,002,839	2,000,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	10,500,000
Subtotal Other Expenses	$ 13,800,067	$ 13,717,434	$ 14,870,861	$ 19,676,070	$ 16,843,612	$ 17,268,845	$ 17,600,450	$ 17,938,602	$ 18,283,483	$ 18,635,279	$ 25,150,810
Average Annual Rate of Increase		*-0.6%*	*8.4%*	*32.3%*	*-14.4%*	*2.5%*	*1.9%*	*1.9%*	*1.9%*	*1.9%*	
Plus *Levy Eligible Expenses from Other Sources*	$ 402,566	$ 174,810	$ 470,988	$ 347,705	$ 175,906	$ -	$ -	$ -	$ -	$ -	-
Subtotal Expenses from Other Sources	$ 14,202,634	$ 13,892,244	$ 15,341,849	$ 20,023,775	$ 17,019,518	$ 17,268,845	$ 17,600,450	$ 17,938,602	$ 18,283,483	$ 18,635,279	89,726,658
TOTAL EXPENSES	**$ 16,311,604**	**$ 16,387,847**	**$ 17,779,569**	**$ 22,662,439**	**$ 19,894,381**	**$ 20,387,816**	**$ 20,789,327**	**$ 21,199,136**	**$ 21,617,471**	**$ 22,044,567**	**$ 106,038,317**
Average Annual Rate of Increase		***0.5%***	***8.5%***	***27.5%***	***-12.2%***	***2.5%***	***2.0%***	***2.0%***	***2.0%***	***2.0%***	

Hamilton County Museum Center Levy
Cincinnati Museum Center
Action Summary - Five Year Levy Forecast for County Fiscal Years 2010 - 2014

	Line Item Description		Forecast FY2010	FY2011	FY2012	FY2013	FY2014	TOTAL
	TOTAL LEVY OPERATING REVENUE		$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
	TOTAL LEVY EXPENSES		$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
	ANNUAL CASHFLOWS		$ -	$ -	$ -	$ -	$ -	
	CUMULATIVE CASHFLOWS		$ -	$ -	$ -	$ -	$ -	$ -
	ACTION IMPACTS (NET ADJUSTMENTS)							
	(From Listing Below)	Revenue	$ 126,753	$ 299,066	$ 514,358	$ 722,852	$ 924,762	$ 2,587,791
		Expense	$ 251,753	$ 427,816	$ 646,971	$ 859,443	$ 1,065,451	$ 3,251,433
	REVISED ANNUAL CASHFLOWS		$ (125,000)	$ (128,750)	$ (132,613)	$ (136,591)	$ (140,689)	
	REVISED CUMULATIVE CASHFLOWS		$ (125,000)	$ (253,750)	$ (386,363)	$ (522,953)	$ (663,642)	$ (663,642)
Action 1	**Endowment Fund Support**							
	Endowment Fund Income Allocated for Capital	Revenue	$ 126,753	$ 299,066	$ 514,358	$ 722,852	$ 924,762	$ 2,587,791
	Program Support	Expense	$ 126,753	$ 299,066	$ 514,358	$ 722,852	$ 924,762	$ 2,587,791
Action 2	**Capital Pogram Owner's Representative**							
	Contract Position For Pogram Monitoring (includes	Revenue	$ -	$ -	$ -	$ -	$ -	$ -
	benefits)	Expense	$ 125,000	$ 128,750	$ 132,613	$ 136,591	$ 140,689	$ 663,642

B. Endowment Fund

Cincinnati Museum Center (CMC) has access to a powerful resource – community support and the ability to translate that support into donations and transfers to the organization's Endowment Fund. It is accepted practice in non-profit management and administration to use an acceptable "draw" of investment earnings from an endowment fund to support an organization's objectives.

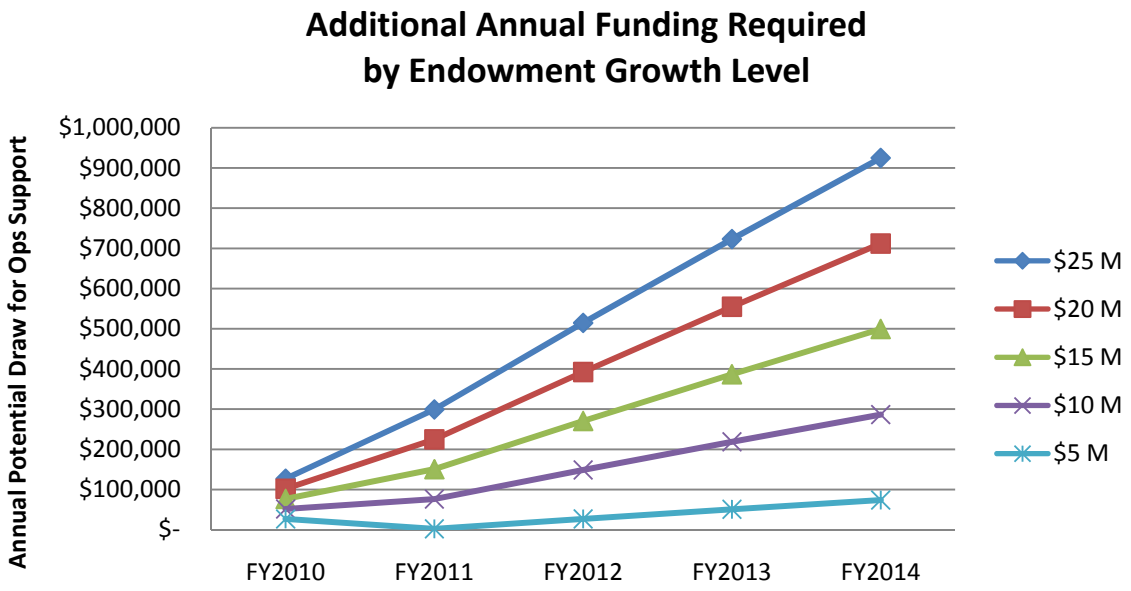
In this section, we conduct an analysis of various scenarios regarding growth of the endowment fund and its use for operational support. This analysis includes only those funds held by CMC's endowment; it does not include funds being held by the Greater Cincinnati Fund.

The CMC has embarked on an ambitious "Regenerations Campaign" to increase the investments in the museum's endowment. As this effort continues, the CMC will be in a position to "draw" some of the continuing investment earnings from the Endowment Fund for operating and capital purposes. The "base model" presented in this review assumes that this effort will successfully continue over the five-year levy period. However, given the state of the economy and the difficulties in reaching these fund-raising objectives, the base model does not include a draw as a source of general support that would mitigate the need for tax levy resources.

For comparison purposes, the following table presents the varying amounts that would be available to "draw" from the Endowment Fund investment earnings to support operations and capital, pursuant to the current CMC policy limiting a draw to a maximum of 5% of annual earnings.

Projected Endowment Fund Growth	Cincinnati Museum Center Potential "Draw" to Support Operations					
	FY2010	FY2011	FY2012	FY2013	FY2014	TOTAL
$25 M	$ 126,753	$ 299,066	$ 514,358	$ 722,852	$ 924,762	$ 2,587,791
$20 M	$ 101,753	$ 224,855	$ 392,491	$ 554,834	$ 712,049	$ 1,985,982
$15 M	$ 76,753	$ 150,645	$ 270,624	$ 386,815	$ 499,336	$ 1,384,173
$10 M	$ 51,753	$ 76,434	$ 148,757	$ 218,796	$ 286,624	$ 782,365
$5 M	$ 26,753	$ 2,224	$ 26,890	$ 50,778	$ 73,911	$ 180,556

The following graph presents the information from the table. It is assumed that the Endowment Fund increases by the varying totals over the five-year levy period.



The "endowment" funds as recognized by CMC are comprised of three components:

- Investment Accounts – These are held directly by CMC and their use through a draw to support operations is at the discretion of CMC.
- Beneficial Interest in Perpetual Trusts – Funds held by others with periodic disbursements for the benefit of the CMC. There may be restrictions on use of funds.
- Charitable Remainder Trusts – Funds held by others with infrequent distributions for the benefit of CMC. There may be restrictions on the use of funds.

A fourth component is comprised of the funds at Greater Cincinnati Foundation (GCF). CMC is the beneficiary of several significant donor established funds at Greater Cincinnati Foundation. GCF has the authority to determine the ultimate disposition of the funds, therefore CMC is not permitted under Generally Accepted Accounting Principles (GAAP) to record the value of these funds on CMC's balance sheet. These funds may provide annual support for CMC operations in a manner similar to the perpetual trusts and investment accounts listed above.

As an example, the table on the following page presents the derivation of the potential "draw" to support operations from the Endowment Fund investment earnings for the scenario assuming growth in the Endowment Fund of $25 million over the levy period. Although we present all three components of the endowment funds to establish the history of available resources, we have only included the investment account balances over which CMC has full discretion as the source of additional potential draw.

The use of a draw from the endowment fund for operations support is an accepted practice but requires the policy direction of the CMC Board. These resources could provide support for operations and capital expenditures on a pay-as-you-go basis, as well as to provide resources to cover principal and interest payments associated with a bond issue.

On the following pages, we present tables forecasting the possible impact of additional Endowment Fund growth and associated ability to "draw" funds for operating support during the next five-year levy period. The first table presents the most optimistic scenario with Endowment Fund growth of approximately $25 million during the period 2009-2014. This provides for a modest, yet increasing, annual draw amount in addition to approximately $800,000 currently used for annual operating support.

For comparison, the second table presents the same scenario with draw taken to support operations. This approach allows the Endowment Fund balance to grow further in the short term. Under this scenario, CMC's endowment would grow by another $6.7 million over the levy period.

The Endowment Fund balances would need to grow substantially beyond the optimistic $25 million level in order to replace the current operating support provided by the tax levy. Balance growth of approximately $50 million would allow a 5% draw of approximately $2.5 million, the current amount provided by the tax levy for operating support.

Cincinnati Museum Center - Endowment
Statement of Revenues and Expenditures
For the Years Ended December 31, 20xx

	Actual				Estimate	Forecast				
Description	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
INVESTMENT ACCOUNTS AT FMV										
Beginning Balance, January 1	$ 6,919,339	$ 6,656,502	$ 7,326,454	$ 18,520,573	$ 14,910,394	$ 17,535,058	$ 21,981,317	$ 26,287,167	$ 30,457,043	$ 34,495,238
Dividends and interest income	203,133	176,109	592,701	437,725	352,400	414,432	519,518	621,284	719,837	815,278
Realized Gain on Security Sales	303,097	69,785	1,315,026	(1,033,156)	-	-	-	-	-	-
Unrealized Gain on Securities	(256,167)	261,234	(293,714)	(4,070,094)	(400,000)	-	-	-	-	-
Management Fees	(27,144)	(28,069)	(85,286)	(96,558)	(77,736)	(91,420)	(114,601)	(137,050)	(158,790)	(179,843)
Contributions	9,956	1,057,497	10,442,578	1,567,224	3,500,000	5,000,000	5,000,000	5,000,000	5,000,000	2,500,000
Continuing Distributions to Support Operations	(495,712)	(866,603)	(777,185)	(415,320)	(750,000)	(750,000)	(800,000)	(800,000)	(800,000)	(800,000)
Additional $ Available to Support Operations						**(126,753)**	**(299,066)**	**(514,358)**	**(722,852)**	**(924,762)**
Ending Balance, December 31	$ 6,656,502	$ 7,326,454	$ 18,520,573	$ 14,910,394	$ 17,535,058	$ 21,981,317	$ 26,287,167	$ 30,457,043	$ 34,495,238	$ 35,905,911
BENEFICIAL INTEREST IN PERPETUAL TRUSTS AT FMV										
Beginning balance, January 1	$ 3,331,105	$ 3,406,599	$ 3,524,485	$ 3,828,389						
Change in fair market value	75,494	117,886	303,904	(443,730)						
Ending balance, December 31	$ 3,406,599	$ 3,524,485	$ 3,828,389	$ 3,384,659						
CHARITABLE REMAINDER TRUSTS, FMV										
Beginning balance, January 1	$ 1,973,636	$ 1,972,963	$ 1,971,492	$ 436,653						
Change in fair market value	(672)	(1,472)	33,112	(83,203)						
Remainder distribution			(1,567,950)							
Ending balance, December 31	$ 1,972,963	$ 1,971,492	$ 436,653	$ 353,450						
TOTAL CMC ENDOWMENT ASSETS	$ 12,036,064	$ 12,822,431	$ 22,785,615	$ 18,648,503						
NOTES:										
Current Operations Distribution Rate	7.45%	11.83%	4.20%	2.79%	4.28%	4.28%	3.64%	3.04%	2.63%	2.32%
Additional % Available to Support Operations						0.72%	1.36%	1.96%	2.37%	2.68%
Recommended Rate of Diversion (CMC Policy)	5.00%					5.00%	5.00%	5.00%	5.00%	5.00%

Cincinnati Museum Center - Endowment (No Draw for Operating Support)
Statement of Revenues and Expenditures
For the Years Ended December 31, 20xx

	Actual				Estimate	Forecast				
Description	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
INVESTMENT ACCOUNTS AT FMV										
Beginning Balance, January 1	$ 6,919,339	$ 6,656,502	$ 7,326,454	$ 18,520,573	$ 14,910,394	$ 17,535,058	$ 22,858,070	$ 28,279,137	$ 33,800,065	$ 39,422,694
Dividends and interest income	203,133	176,109	592,701	437,725	352,400	414,432	540,239	668,363	798,848	931,736
Realized Gain on Security Sales	303,097	69,785	1,315,026	(1,033,156)	-	-	-	-	-	-
Unrealized Gain on Securities	(256,167)	261,234	(293,714)	(4,070,094)	(400,000)	-	-	-	-	-
Management Fees	(27,144)	(28,069)	(85,286)	(96,558)	(77,736)	(91,420)	(119,172)	(147,435)	(176,219)	(205,533)
Contributions	9,956	1,057,497	10,442,578	1,567,224	3,500,000	5,000,000	5,000,000	5,000,000	5,000,000	2,500,000
Continuing Distributions to Support Operations	(495,712)	(866,603)	(777,185)	(415,320)	(750,000)	-	-	-	-	-
Additional $ Available to Support Operations						**-**	**-**	**-**	**-**	**-**
Ending Balance, December 31	$ 6,656,502	$ 7,326,454	$ 18,520,573	$ 14,910,394	$ 17,535,058	$ 22,858,070	$ 28,279,137	$ 33,800,065	$ 39,422,694	$ 42,648,896
BENEFICIAL INTEREST IN PERPETUAL TRUSTS AT FMV										
Beginning balance, January 1	$ 3,331,105	$ 3,406,599	$ 3,524,485	$ 3,828,389						
Change in fair market value	75,494	117,886	303,904	(443,730)						
Ending balance, December 31	$ 3,406,599	$ 3,524,485	$ 3,828,389	$ 3,384,659						
CHARITABLE REMAINDER TRUSTS, FMV										
Beginning balance, January 1	$ 1,973,636	$ 1,972,963	$ 1,971,492	$ 436,653						
Change in fair market value	(672)	(1,472)	33,112	(83,203)						
Remainder distribution			(1,567,950)							
Ending balance, December 31	$ 1,972,963	$ 1,971,492	$ 436,653	$ 353,450						
TOTAL CMC ENDOWMENT ASSETS	$ 12,036,064	$ 12,822,431	$ 22,785,615	$ 18,648,503						
NOTES:										
Current Operations Distribution Rate	7.45%	11.83%	4.20%	2.79%	4.28%	0.00%	0.00%	0.00%	0.00%	0.00%
Additional % Available to Support Operations						5.00%	5.00%	5.00%	5.00%	5.00%
Recommended Rate of Diversion (CMC Policy)	5.00%					5.00%	5.00%	5.00%	5.00%	5.00%

VII. RECOMMENDATIONS

In this chapter, we present recommendations for CMC and TLRC consideration. Principal recommendations include:

Strategic Planning

1. While primarily concentrating on the capital and service plans in its vision, CMC should also act to complete the operational goals and objectives in its Strategic Action Plan. Key elements of this planning should include, at a minimum:

    - The appropriate balance between CMC's origins as a "collections-based" museum and the impetus of creating greater revenue by becoming more of a rental exhibitor;

    - The appropriate place of the OMNIMAX Theatre in the financial and operational future of CMC;

    - The full integration of the three historic museums into a single entity, and the integration of other museum concepts into the overall operations of CMC;

    - Long term financial forecasts and associated capital and operating strategies, including the role of public funding into the foreseeable future; and,

    - Establishing an unquestioned identity in the Greater Hamilton County area as being a contributor to the social and economic strength of CMC's neighborhood, metropolitan area, and the community's underserved populations.

Orientation to Earned Income

2. CMC should continue to increase operating revenue through its earned income operations. These operations include ticket sales and admissions, parking, membership, retail store operations, food and beverage concessions, and traveling exhibitions. If CMC wants to be in a position to use levy proceeds for its capital program, then it will be critically important to offset that levy and retail operations is the most obvious source. However, in order to be effective, CMC needs to take several important steps:

    - CMC should consolidate all of its earned income operations under a single Vice President, charged with the responsibility for significant growth in CMC's commercial revenue base.

- CMC should implement as much of the Landor Report as possible. Several of the recommendations of the report will require capital changes to Union Terminal. CMC may need to reevaluate the Union Terminal renovation plan and modify it as necessary to accommodate the Landor recommendations. This should be done either in advance of the implementation of the capital plan or through design-build options.

- Where it cannot directly implement the recommendations, CMC should continue to work with Landor to identify alternative strategies that would achieve a similar result.

Capital Planning and Projects

3. CMC should continue its capital planning and capital financing campaign. This should include updating current construction costs and including "soft costs" for architectural and engineering costs, project financing, and operations transition. It is important for CMC to work with Hamilton County finance staff to develop a revenue and cost scenario in order to build a complete financing plan. CMC should also continue to work closely with Hamilton County and the City of Cincinnati to identify alternative revenue sources for the capital plan and be prepared to move as quickly as possible to implement the capital plan once appropriate financing strategies have been approved and are in place.

4. In addition to emphasizing the importance of the preservation of the historic Union Terminal, CMC should also emphasize the commercial value of the property and the economic income that could be achieved through the renovations. Examples of this are the renovations that can result in greater retail activity as well as the attendance growth that occurs with "new" facilities and features.

5. CMC should hire an on-staff owner's representative to serve as CMC's primary construction oversight for its capital program, including Project One and the on-going planning and ultimate implementation of the larger Terminal renovation plan. This person would be in addition to staff assigned to the project by Hamilton County and should report directly to CMC's President and CEO.

   Because of the nature of the work and the close relationship that this individual will have with the County's facility managers who will have formal construction contract management responsibility, it would be appropriate for the County to assist CMC in the selection of the Owner's Representative. This assistance can take the form of assisting with the development of the job specification and compensation, recruitment, and selection interviewing. The hiring decision, and daily management of the position, would rest with CMC. It would be appropriate for the individual to report directly to the President and CEO of CMC.

Financial Management

6. Of critical importance to the long-term financial future of CMC is the appropriate balance between earned income, private support, and government support. The financial patterns we observe in the peer institutions included in this study as well as industry data from which our comparative information was drawn indicate that institutions most widely recognized for industry leadership tend to have either substantial endowments or public financial support, or both. While this report recommends substantial efforts at increasing earned income, we do not mean to suggest that earned income should continue as the primary source of revenue for CMC. We think that, over time, earned income should increase in real dollar value but should shrink in terms of its percentage of overall contribution to CMC's costs. Instead, CMC should follow the guidance of its strategic planning advisors to increase insomuch as possible private contributions to its endowments and pursue strategies to encourage greater public investment at the federal, state, and local levels.

7. CMC should continue to use excess revenues as means of enhancing financial capacity for capital initiatives, principally to buy down debt, reduce the draw against the endowment, or for direct funding of capital projects that support the broader capital plan.

8. CMC should implement a comprehensive employee time accounting system to develop information on operating and programming efforts. This information is required to develop a baseline understanding of CMC staff effort allocation and associated costs in order to expand the application to facilitate effective program planning and resource allocation. This effort would comprise a fundamental component to a more effective performance reporting capability (discussed below). This effort would require investment in hardware and software necessary to collect staff effort information in a cost- and time-effective manner. Additional expense may be related to developing customized reporting capability in the associated software for management decision-making.

9. CMC should develop a management / cost accounting / allocation approach to correctly assign all direct and overhead costs to activities. The organization currently only assigns some direct costs to particular projects / activities, limiting the effectiveness of this information for management decision-making.

    - The nature of the CMC public programming efforts involves leveraging long-term investments with innovative short-term projects to provide public programming that maintain public interest and public participation through attendance, membership and volunteerism. A robust and fully developed cost allocation approach and methodology will provide the CMC with information to more

accurately assess operational issues and public impact. The CMC will be in a better position to plan and deliver these programs with realistic expectations of return on the organization's investment.

- This effort would require cost allocation consulting services to develop baseline data and the associated model for CMC staff use and maintenance.

Facilities and Facilities Management

10. CMC should further evaluate its facility maintenance operations. Once the current maintenance contract expires, CMC and Hamilton County should decide whether to continue the contract model or simply to assign facility maintenance to CMC. If the decision is to continue use of the contract model, then Hamilton County should conduct a thorough RFP proposal for maintenance services.

11. CMC's custodial services contract is very advantageous to CMC and should be continued.

Reorganization

12. In addition to the reorganization of earned income activities recommended earlier, we encourage CMC to move forward with the reorganization of museum operations to align resources against functions rather than historic museum alignment. As part of the reorganization, CMC should challenge seriously the need for three assistant vice presidents. Additionally, CMC should challenge the hierarchical structure of the Museum Group to determine if it can reduce some mid-management positions.

Information Technology

13. CMC should improve its information technology capacity by:

    - Consolidating its technology staff into a single information technology division, to be housed in the Financial and Administrative section. Concurrent with the consolidation is the creation of a users committee to establish operational policies and procedures and to assure that CMC's institutional priorities are met;

    - Upgrading its financial management software to provide real-time financial reporting on an activity basis, with integrated performance measurement. The time accounting system and cost allocation methodology (both mentioned above) should be designed to support cross categorical planning, resource allocation and operations; and,

- Continuing the search for software that will accurately and meaningfully integrate ticketing and membership data, or identifying translation software that can easily transfer data from one system to another.

"SCENARIO 38"

TOTAL TAX LEVY FUNDING OF $38 MILLION

Hamilton County requested that the Project Team develop a financial scenario model that included both continuation of the CMC operating levy as well as continuation of an annual amount equal to the expiring CMC capital levy. "Scenario 38" aggregates these funding amounts and represents a total Hamilton County tax levy obligation of approximately $38 million over the five-year tax levy period.

Important assumptions regarding this scenario include the following:

- The total tax levy support for operations remains constant with the base request presented in the body of this report at a total five-year amount of $21,667,255. This amount equals the BOCC inflation calculation for the CMC levy.
- The amount allocated to capital needs in the base model operations levy request totals $4,388,234. This is unchanged in Scenario 38.
- The additional amount allocated to capital through inclusion of the annual amount associated with the expiring capital levy totals $16,343,925. This reflects a BOCC inflation adjusted amount developed by Hamilton County for the purpose of this analysis.
- The total capital funding available in this scenario equals the sum of the amount included in the operations levy ($4,388,234) and the expiring capital levy amount with inflation adjustment ($16,343,925), or a grand total of $20,732,159.
- Although the CMC has a significant capital plan totaling far more than this capital amount, the CMC should provide additional detail on their capital program to use these resources to confirm with the County that the funds will be used effectively in support of their larger capital restoration and rehabilitation needs.

Hamilton County Museum Center Levy
Cincinnati Museum Center - Operations & Capital Levy
Scenario 38 - Five Year Forecast for County Fiscal Years 2010-2014

	Actual				Estimated	Forecast					
Line Item Description	**FY2005**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**TOTAL**
OPERATIONS LEVY											
Beginning Operations Levy Balance	$ -	$ 1,058,217	$ 741,071	$ 1,457,597	$ 1,350,384	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	
Plus: Total Base Levy Revenue	$ 3,717,233	$ 3,778,249	$ 3,831,608	$ 3,794,166	$ 3,702,710	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Plus: Additional Revenue	-	41,703	-	-	-	-	-	-	-	-	-
Subtotal	$ 3,717,233	$ 3,819,951	$ 3,831,608	$ 3,794,166	$ 3,702,710	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Less: Total Operating Levy Expenses	$ 2,108,970	$ 2,495,603	$ 2,437,720	$ 2,638,664	$ 2,874,862	$ 3,118,971	$ 3,188,877	$ 3,260,534	$ 3,333,988	$ 3,409,289	$ 16,311,658
Less: Auditor Fees	50,046	51,494	52,361	49,765	55,541	57,207	58,923	60,691	62,512	64,387	303,721
Less: Available for Transfer to Capital	500,000	1,590,000	625,000	1,212,950	2,122,691	779,949	827,010	875,830	926,466	978,979	4,388,234
Subtotal	$ 2,659,016	$ 4,137,097	$ 3,115,081	$ 3,901,379	$ 5,053,094	$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Ending Operations Levy Balance	$ 1,058,217	$ 741,071	$ 1,457,597	$ 1,350,384	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)	
ADDITIONAL REVENUE NEED						$ 125,000	$ 128,750	$ 132,613	$ 136,591	$ 140,689	$ 663,642
AVERAGE ADD'L ANNUAL RESOURCE NEED						$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 663,642
TOTAL OPERATIONS LEVY NEED											
Continuing Operations						$ 3,956,127	$ 4,074,810	$ 4,197,055	$ 4,322,966	$ 4,452,655	$ 21,003,613
Additional Needs						$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 663,642
TOTAL						$ 4,088,855	$ 4,207,539	$ 4,329,783	$ 4,455,695	$ 4,585,384	$ 21,667,255
CAPITAL LEVY											
Beginning Capital Levy Balance	$ 815,855	$ 748,214	$ 818,559	$ 632,438	$ 380,480	$ -	$ (0)	$ (0)	$ (0)	$ 0	
Plus: Total Base Levy Revenue	$ 2,815,822	$ 2,959,251	$ 2,700,103	$ 2,633,362	$ 2,511,800	$ 3,078,453	$ 3,170,807	$ 3,265,931	$ 3,363,909	$ 3,464,826	$ 16,343,925
Less: Total Capital Levy Expenses	$ 2,845,800	$ 2,848,125	$ 2,847,850	$ 2,848,600	$ 2,849,600	$ 3,034,493	$ 3,125,527	$ 3,219,293	$ 3,315,872	$ 3,415,348	$ 16,110,533
Less: Auditor Fees	$ 37,663	$ 40,781	$ 38,374	$ 36,720	$ 42,680	$ 43,960	$ 45,279	$ 46,638	$ 48,037	$ 49,478	$ 233,392
Ending Capital Levy Balance	$ 748,214	$ 818,559	$ 632,438	$ 380,480	$ -	$ (0)	$ (0)	$ (0)	$ 0	$ (0)	
TOTAL CAPITAL LEVY NEED											
Continuing Capital Needs						$ 3,078,453	$ 3,170,807	$ 3,265,931	$ 3,363,909	$ 3,464,826	$ 16,343,925
Additional Needs						$ -	$ -	$ -	$ -	$ -	$ -
TOTAL						$ 3,078,453	$ 3,170,807	$ 3,265,931	$ 3,363,909	$ 3,464,826	$ 16,343,925
TOTAL COMBINED LEVY NEED											
Continuing Needs						$ 7,034,580	$ 7,245,617	$ 7,462,985	$ 7,686,875	$ 7,917,481	$ 37,347,538
Additional Needs						$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 132,728	$ 663,642
TOTAL						$ 7,167,308	$ 7,378,345	$ 7,595,714	$ 7,819,603	$ 8,050,210	$ 38,011,180

APPENDIX A: SUMMARY OF CMC STRATEGIC ACTION PLAN

The following is a summary of the primary elements of the Strategic Action Plan developed by the Cincinnati Museum Center in 2006, with the assistance of Lord Cultural Resources.

VISION:

Cincinnati Museum Center will be known for its commitment to the understanding of the richness of our past, present and future through providing world-class learning experiences for children and adults.

MISSION:

Cincinnati Museum Center inspires people of all ages to learn more about our world through science; regional history; and education engaging and meaningful experiences.

GOALS AND OBJECTIVES:

Goal 1: Ensure the Strategic Action Plan is a living plan that informs decision making.

Goal 2: Create a more robust financial structure for CMC by working strategically to diversity and increase operating income and endowment.

Objective A: Develop successful comprehensive capital, endowment and annual operating campaign strategy to achieve targeted increases over the next five years.

Objective B: Make revenue generation a priority across all CMC functions.

Objective C: Build the endowment

Goal 3: Become more visitor centered to create a welcoming, seamless and high quality visitor experience that fosters repeat visitation and makes CMC a national leader in customer friendliness.

Objective A: Create an accessible, efficient visitor friendly entrance experience to the museum from the moment a visitor first considers a visit to CMC until they leave.

Objective B: Assess the feasibility of simplified "one institution" admissions and pricing structure.

Objective C: Create a more pronounced, friendly staff image to visitors.

Objective D: Open a visionary 21st century Science Center with cutting edge content platforms.

Objective E: Deliver the quality of visitor experience consistent with the quality and community value of Union Terminal.

Objective F: Develop the use of technology to advance customer service to visitors and donors as well as to make knowledge held by the institution available to the public.

Goal 4: Broaden and diversity participation in the museum with an emphasis on strategies which increase attendance and admissions revenue.

Objective A: Identify and implement strategies to increase target audiences.

Objective B: Broaden the visibility, reach, and impact of CMC within the County and region so CMC is top of mind for capital and general campaigns and the next levy.

Objective C: Become a growing and more effective regional resource for school based audiences while increasing school attendance by ten percent per year for five years.

Goal 5: Develop and continuously communicate a clear brand identity; effectively deliver on the brand promise.

Objective A: Create a meaningful brand promise which makes most effective use of CMC assets and future vision.

Objective B: Effectively communicate CMC's identity and program offerings to audiences more broadly.

Objective C: Create a culture of commitment and ambassadorship among board members, staff and volunteers.

Goal 6: Broaden and diversity our audience by increasing programs for the underserved community with an emphasis on the African-American community.

Objective A: Create a more visible presence in African-American communities.

Objective B: Establish CMC more clearly as a community resource.

Objective C: Establish a culture of community awareness and inclusiveness.

Objective D: Make the public aware of the existing programs, activities, and diversity initiatives.

Goal 7: Create a workplace that rewards, supports, and encourages staff and volunteers to fulfill their responsibilities to the highest standard possible.

Objective A: Achieve compensation standards comparable to institutions similar in size, stature, and local demographics.

Objective B: Create a culture of shared identity and vision.

Objective C: Strengthen organizational capacity.