

See to 2005-137(S)

Submitted by: Chair of the Assembly at the Request of the Mayor
Prepared by: Department of Economic & Community Development
For reading: September 27, 2005

ANCHORAGE, ALASKA
No. AO 2005-137

AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6 AND 7 AS TO THE MUSEUM COLLECTION, AND AMENDING ANCHORAGE MUNICIPAL CODE SECTION 7.40.060 REGARDING THE PUBLIC ART PROGRAM.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. The essential terms and conditions, described in the accompanying Assembly Memorandum, of a Multi-Year Management Agreement for the Anchorage Museum of History and Art with Anchorage Museum Association (AMA), an Alaska nonprofit corporation, are hereby approved.

Section 2. Anchorage Municipal Code titles 6 and 7 are waived as to management by AMA of the Museum's collections, including the accession and deaccession of collection items and the deposit and expenditure of all proceeds thereof.

Section 3. Anchorage Municipal Code section 7.40.060 is amended to read as follows:

7.40.060 Program administration.

The Department of Community and Economic Development [ANCHORAGE MUSEUM OF HISTORY AND ART] shall administer this chapter.

(AO No. 78-42; AO No. 91-41)

Section 4. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this ___ day of _____, 2005.

Chair

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2005-137

Title: Anchorage Museum of History and Art

Sponsor:

Preparing Agency: Office of Economic and Community Development

Others Impacted: Anchorage Museum of History and Art

CHANGES IN EXPENDITURES AND REVENUES:

(In Thousands of Dollars)

	FY05	FY06	FY07	FY08	FY09
Operating Expenditures					
1000 Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Non-Labor	-	-	-	-	-
3900 Contributions	-	-	-	-	-
4000 Debt Service	-	-	-	-	-
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others	\$ -	\$ -	\$ -	\$ -	\$ -
Less: 7000 Charges to Others	-	-	-	-	-
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES:	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL:	\$ -	\$ -	\$ -	\$ -	\$ -
POSITIONS: FT/PT and Temp	0	0	0	0	0

PUBLIC SECTOR ECONOMIC EFFECTS:

In August, 2005, the Allen Group completed a feasibility study for the Alaska Museum of History and Art. The feasibility study analysis showed that by contracting the museum operations to the Anchorage Museum Association, a \$3.1M or 13% cost savings can be achieved over a 7 year period.

Tax cost for museum operations for are estimated to be \$3,633,310 in FY 2006 and \$3,800,440 in FY 2007.

PRIVATE SECTOR ECONOMIC EFFECTS:

Anticipated contribution to AMA for contract operations of the Anchorage Museum of History and Art.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 697-2005

Meeting Date: September 27, 2005

1 **From:** Mayor

2
3 **Subject:** AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT
4 AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY
5 AND ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6
6 AND 7 AS TO THE MUSEUM COLLECTION, AND AMENDING
7 ANCHORAGE MUNICIPAL CODE SECTION 7.40.060 REGARDING
8 THE PUBLIC ART PROGRAM.
9

10 **BACKGROUND**

11
12 The Department of Economic and Community Development proposes to enter a long-
13 term management agreement with Anchorage Museum Association (AMA), an Alaska
14 nonprofit corporation, for the management of the Anchorage Museum of History and Art
15 (Museum).
16

17 In May 2004, the Mayor appointed a task force to consider a new governance structure
18 for the Museum. On July 29, 2004, the task force strongly recommended appointment of
19 a new governing body to be established immediately:
20

21 ... to oversee the complex and sensitive creation and implementation of the new
22 museum. ...
23

24 A successful expanded museum must have an overarching organization that serves
25 in a policy-making role.
26

27 Report of July 29, 2004, Mayor's Task Force on Museum Governance. On October 12,
28 2004, the Mayor appointed eight members of the community with the knowledge,
29 expertise, and experience to lead the Museum in growth and independence from the
30 Municipality. Those eight leaders formed an organization that merged effective in May
31 2005, with and into AMA, the entity managing the Museum cooperatively with the
32 Municipality for many years. Since May 2005, AMA has managed the Museum (under
33 the supervision of the Executive Director of the Department of Economic and
34 Community Development) pursuant to an interim management agreement.
35

36 AMA is a single purpose entity, organized to manage and operate the Museum and
37 activities incident or related thereto. Its board of directors is required to have "broad
38 community representation," and the Mayor appoints one director to serve *ex officio*

1 without voting rights. AMA is required to file financial reports with the Municipality at
2 least quarterly, and shall be audited annually by independent certified public accountants.
3 Upon dissolution, all remaining assets shall be distributed, subject to any restrictions, to
4 the Municipality.

5
6 **ESSENTIAL AGREEMENT TERMS**
7

8 The essential terms of the Management Agreement are summarized as follows:
9

- 10 A. AMA has exclusive authority to manage and operate the Museum, care for and
11 supervise its collections, and manage and maintain the real and personal property
12 at 121 West Seventh Avenue, the present location of the Museum.
13
14 B. Management under the agreement shall be not less than six (6) months after
15 Assembly approval. The initial period of the Agreement is approximately seven
16 (7) years (through December 31, 2012), but provides for automatic renewal for
17 additional five (5) to ten (10) year periods, with termination provisions.
18
19 C. AMA collects all revenues (i.e., membership and admission fees, concession
20 receipts) of the Museum and conducts its own fund raising and development
21 efforts, in coordination with the Anchorage Museum Foundation. However, it
22 shall prepare annual operations plans and budgets in consultation with the
23 Municipality.
24
25 D. The level of Municipal assistance for 2006 (commencing as of the Effective
26 Date) is approximately \$3.6 million (subject to further negotiations by the
27 parties), less the Municipality's costs for severance and vacation/sick leave pay
28 for employees at the Museum represented by the Anchorage Municipal
29 Employees Association ("AMEA"), and vacation/sick leave pay for executive
30 and non-represented employees (approximately \$798,000 and \$68,000,
31 respectively).
32
33 E. The level of Municipal assistance for 2007 and subsequent years is contractually
34 set at \$3.6 million (for 2006), adjusted for the cost of living and any increase or
35 decrease in population of the Municipality, subject, however, to Assembly
36 appropriation.
37
38 F. AMA has the authority to acquire additional items for the Museum's collections
39 (termed "accession") and to dispose of items ("deaccession") under the
40 Museum's collection policy, but only with approval of the Municipality. All
41 proceeds of any deaccession shall be placed in a segregated Municipal account,
42 to be used by AMA only for accessions. Accessions, deaccessions, and
43 management of the segregated account is exempt from the Municipality's finance

1 and procurement requirements of Anchorage Municipal Code titles 6 and 7.

2
3 G. AMA has exclusive use of the Museum premises at 121 West Seventh Avenue,
4 including the right to enter subleases for operation of the Museum shop, a café,
5 and other commercial activities. AMA is required to provide all utilities, and to
6 maintain and repair the facilities. The Municipality is responsible for major
7 maintenance of the Museum building and its mechanical systems.

8
9 **PERSONNEL**

10
11 AMA is required to employ all administrative and staff personnel required for
12 management responsibilities. There are thirty-three (33) municipal employees currently
13 working at the Museum; seven (7) employees are executive and non-represented
14 employees, and twenty-six (26) employees are represented by the AMEA. All municipal
15 employees will be given not less than six (6) months lay off notice by the Municipality.
16 The laid off employees may (or may not) be offered employment, in the discretion of
17 AMA.

18
19 The twenty-six (26) represented employees will be laid off subject to the placement, lay-
20 off, and recall provisions of section 6.2 (“Contracting Out”) of the AMEA Collective
21 Bargaining Agreement which requires:

- 22
23 1. The Municipality to conduct a feasibility study to “determine the potential
24 costs and benefits, which may result from contracting out the work in
25 question,” section 6.2.3A; and
26
27 2. The Municipality to demonstrate “a cost savings of at least three percent
28 (3%),” section 6.2.3C.1, by contracting out work performed by AMEA
29 members (and resulting in a lay off of those members).

30
31 The Allen Group, contracted through The Foraker Group, performed the required
32 feasibility study. The study indicates, over the seven-year initial term of the
33 Management Agreement, the Municipality realizes a 13.8% savings by contracting out
34 the twenty-six (26) AMEA positions.

35
36 **ONE PERCENT FOR ART**

37
38 The Museum currently administers the Public Art Program under section 7.40.060. The
39 Program will not be transferred to AMA under the Management Agreement; instead, it
40 will continue to be managed by the Department of Economic and Community
41 Development.

42
43

1 **RECOMMENDATION**

2
3 The Museum has grown from an initial 10,000 square feet, in the Loussac Library and
4 basement of the Anchorage City Hall Annex, a staff of one, and a \$20,000 budget funded
5 by the Municipality, to an 89,000 square foot structure with thirty-three (33) Municipal
6 employees, over _____ volunteers, and a budget of over \$_____ million funded by the
7 Municipality, AMA, and the Anchorage Museum Foundation. The Museum is on the
8 brink of a yet further expansion to over _____ square feet, with a projected staff (in
9 2008) of eighty-two (82) employees, and a \$_____ million budget. In order to realize its
10 full potential, the Museum must be managed by an “overarching organization” with the
11 ability to establish long-term plans and policies for the Museum.
12

13
14 THE ADMINISTRATION RECOMMENDS APPROVAL OF A MULTI-YEAR
15 MANAGEMENT AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY
16 AND ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6 AND 7 AS TO
17 THE MUSEUM COLLECTION, AND AMENDING ANCHORAGE MUNICIPAL
18 CODE SECTION 7.40.060 REGARDING THE PUBLIC ART PROGRAM.
19

20
21 Prepared By: Department of Law
22 Approved by: Mary Jane Michael, Executive Director
23 Department of Economic & Community Development
24 Concur: Denis C. LeBlanc, Municipal Manager
25 Respectfully Submitted: Mark Begich, Mayor
26

Content Information

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AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND

Title: ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6 AND 7 AS TO THE MUSEUM COLLECTION, AND AMENDING ANCHORAGE MUNICIPAL CODE SECTION 7.40.060 REGARDING THE PUBLIC

Author: barkleyva

Initiating Dept: ECD

AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT

Description: AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND ART,

Keywords: Museum Agreement

Date Prepared: 9/23/05 12:10 PM

Director Name: Mary Jane Michael

Assembly

Meeting Date 9/27/05

MM/DD/YY:

Public Hearing

Date 10/11/05 10/25/05

MM/DD/YY:

CLERKS OFFICE

2005 SEP 23 PM 12: 44

M.O.A.

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	9/23/05 12:13 PM	Checkin	barkleyva	Public	003306
ECD_SubWorkflow	9/23/05 12:17 PM	Approve	thomasm	Public	003306
OMB_SubWorkflow	9/23/05 12:19 PM	Approve	mitsonjl	Public	003306
Legal_SubWorkflow	9/23/05 12:21 PM	Approve	fehlenrl	Public	003306
MuniManager_SubWorkflow	9/23/05 12:30 PM	Approve	leblanccdc	Public	003306
MuniMgrCoord_SubWorkflow	9/23/05 12:32 PM	Approve	curtiscr2	Public	003306