

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Department of Economic &
Community Development
For reading: December 20, 2005

CLERK'S OFFICE

APPROVED

Date: 12-20-05

ANCHORAGE, ALASKA
No. AO 2005-137(S)

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 20th day of December, 2005.

Anna J. Fairclough
Chair

ATTEST:

Shelby S. Dierker
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2005-137(S) 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 938 -2005

Meeting Date: December 20, 2005

1 **From:** MAYOR
2

3 **Subject:** AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT
4 AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND
5 ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6 AND 7
6 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 June 3,
31 2005, with and into AMA, the entity managing the Museum cooperatively with the
32 Municipality for many years. Since May 10, 2005, AMA has managed the Museum
33 (under 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

1 activities incident or related thereto. Its board of directors is required to have “broad
2 community representation,” and the Mayor appoints one director to serve *ex officio*
3 without voting rights. AMA is required to file financial reports with the Municipality at
4 least quarterly, and shall be audited annually by independent certified public accountants.
5 Upon dissolution, virtually all remaining assets shall be distributed, subject to any
6 restrictions, to the Municipality; any cash or inventory in excess of the working capital
7 needs of the Museum shall be divided between the Municipality and AMA, and used for
8 the support of the Museum.

9
10 **ESSENTIAL AGREEMENT TERMS**

11
12 The essential terms of the Management Agreement are summarized as follows:

- 13
14 A. AMA has exclusive authority to manage and operate the Museum, care for and
15 supervise its collections, and manage and maintain the real and personal property
16 at 121 West Seventh Avenue, the present location of the Museum, except the
17 Municipality shall continue to maintain the Museum building and grounds
18 through December 31, 2006, and, at AMA’s option, through December 31, 2007.
19
20 B. Management under the Agreement shall become effective not less than six (6)
21 months after Assembly approval, unless an earlier date is agreed upon by the
22 parties. The initial period of the Agreement is approximately seven (7) years
23 (through December 31, 2012), but the Agreement may be amended at any time
24 thereafter upon agreement of the parties; if they cannot agree, the Agreement
25 shall expire within a five (5)-year period.
26
27 C. AMA collects all revenues (i.e., membership and admission fees, concession
28 receipts) of the Museum and conducts its own fund raising and development
29 efforts, in coordination with the Anchorage Museum Foundation. However, it
30 shall prepare annual operations plans and budgets in consultation with the
31 Municipality.
32
33 D. The level of Municipal assistance for 2006 (commencing as of the Effective
34 Date) is approximately \$3.6 million, less the Municipality’s costs for severance
35 and vacation/sick leave pay for employees at the Museum represented by the
36 Anchorage Municipal Employees Association (“AMEA”), and vacation/sick
37 leave pay for executive and non-represented employees (up to \$798,000 and
38 \$68,000, respectively). The Municipality may, at AMA’s request, loan those
39 costs to AMA, repayable with interest over a period ending December 31, 2007.
40
41 E. The level of Municipal assistance for 2007 and subsequent years is contractually
42 set at the same \$3.6 million (for 2006), adjusted for the cost of living and any
43 increase or decrease in population of the Municipality, subject, however, to

1 Assembly appropriation.
2

3 F. AMA has the authority to acquire additional items for the Museum's collections
4 (termed "accession") and to dispose of items ("deaccession"). Accessions shall
5 be in accordance with the Museum's collection policy; the collection policy shall
6 not be amended without prior Municipal approval. Deaccessions shall be
7 approved in advance by the Municipality. All proceeds of any deaccession shall
8 be placed in a segregated account, to be used by AMA only for accessions.
9 Accessions, deaccessions, and management of the segregated account are exempt
10 from the Municipality's finance and procurement requirements of Anchorage
11 Municipal Code titles 6 and 7.
12

13 G. AMA has exclusive use of the Museum premises at 121 West Seventh Avenue,
14 including the right to enter subleases for operation of the Museum shop, a café,
15 and other commercial activities. Commencing in 2007 or, at AMA's option, in
16 2008, AMA shall provide all utilities, and to maintain and repair the facilities.
17 The Municipality is generally responsible for major maintenance of the Museum
18 building and its mechanical systems.
19

20 **PERSONNEL**
21

22 AMA is required to employ all administrative and staff personnel required for
23 management responsibilities. There are approximately twenty-five (25) municipal
24 employees working at the Museum; five (5) employees are executive and non-
25 represented employees, and twenty (20) employees are represented by the Anchorage
26 Municipal Employees Association (AMEA). The Municipality, AMA, and the AMEA
27 have reached a settlement agreement (of pending grievance proceedings and litigation)
28 on substantially all material terms and conditions relating those twenty-five (25)
29 represented employees.
30

- 31 1. AMA shall offer employment to a limited number of the represented
32 employees.
33
- 34 2. Those employees shall then have the option of accepting the offer or not
35 accepting the offer.
36
- 37 3. All employees who do not accept the offer, and all employees who were not
38 extended an offer, have the option of either:
39
 - 40 a. Accepting a permanent position with the Municipality with the same
41 level of pay and benefits (the Municipality has a year to offer the
42 employee a permanent position; in the interim, the employee may be
43 placed in a lower pay range job, but the Municipality will protect the

1 employee's pay and benefits in the interim); or
2

- 3 b. Being laid off in accordance with all their rights and obligations
4 under the Municipality's collective bargaining agreement with
5 AMEA, including the right to receive severance pay.
6
7

8 **ONE PERCENT FOR ART**
9

10 The Museum currently administers the Public Art Program under section 7.40.060. The
11 Program shall not be transferred to AMA under the Management Agreement; instead, it
12 shall continue to be managed by the Department of Economic and Community
13 Development.
14

15 **RECOMMENDATION**
16

17 The Museum has grown from an initial 10,000 square foot facility, opening in 1968 with
18 a staff of one and a \$20,000 budget funded by the Municipality, to a 140,000 square foot
19 structure with thirty-three (33) Municipal employees, over 400 volunteers, and a budget
20 of over \$4 million funded by the Municipality, AMA, and the Anchorage Museum
21 Foundation. The Museum is on the brink of a further expansion of another 70,000 square
22 feet, with a projected staff (in 2008) of eighty-seven (87) employees, and an \$8 million
23 budget. In order to realize its full potential, the Museum must be managed by an
24 "overarching organization" with the ability to establish long-term plans and policies for
25 the Museum.
26
27

28 THE ADMINISTRATION RECOMMENDS APPROVAL OF A MULTI-YEAR
29 MANAGEMENT AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY
30 AND ART, WAIVING ANCHORAGE MUNICIPAL CODE TITLES 6 AND 7 AS TO
31 THE MUSEUM COLLECTION, AND AMENDING ANCHORAGE MUNICIPAL
32 CODE SECTION 7.40.060 REGARDING THE PUBLIC ART PROGRAM.
33
34

35 Prepared By: Department of Law
36 Approved by: Mary Jane Michael, Executive Director
37 Department of Economic & Community Development
38 Concur: Denis C. LeBlanc, Municipal Manager
39 Respectfully Submitted: Mark Begich, Mayor
40
41

Content Information**Content ID :** 003577**Type:** Ordinance - AO

AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT

Title: AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND ART**Author:** thomasm**Initiating Dept:** ECD

AN ORDINANCE APPROVING A MULTI-YEAR MANAGEMENT

Description: AGREEMENT FOR THE ANCHORAGE MUSEUM OF HISTORY AND ART**Keywords:** Anchorage Museum of History and Art Management Agreement**Date Prepared:** 12/16/05 11:50 AM**Director Name:** Mary JAne Michael**Assembly Meeting Date MM/DD/YY:** 12/20/05**Public Hearing Date MM/DD/YY:** 12/20/052005 DEC 19 AM 8:39
M.H.O.A.
CLERK'S OFFICE**Workflow History**

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	12/16/05 11:53 AM	Checkin	thomasm	Public	003577
ECD_SubWorkflow	12/16/05 11:54 AM	Approve	thomasm	Public	003577
OMB_SubWorkflow	12/16/05 12:06 PM	Approve	mitsonjl	Public	003577
Legal_SubWorkflow	12/16/05 2:42 PM	Approve	gatesdt	Public	003577
MuniManager_SubWorkflow	12/16/05 3:27 PM	Approve	leblancdc	Public	003577
MuniMgrCoord_SubWorkflow	12/16/05 3:28 PM	Approve	curtiscr2	Public	003577

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CONTINUED PUBLIC HEARINGS