

## **Business Plan – 2012 to 2017**



**August 10, 2008**

## EXECUTIVE SUMMARY

The Museum of History & Industry (MOHAI) is transforming itself as an institution – improving its offerings and planning for a new facility at Lake Union Park to replace its current Montlake facility which will be demolished as part of the expansion of SR 520. MOHAI plans to relocate to Lake Union Park by 2012, the year in which construction is anticipated to start on SR 520.

This 2012-17 business plan has been developed in concert with MOHAI's conceptual architectural plan, exhibit concept, initial market research, formation of a maritime heritage partnership and due diligence discussions with the City of Seattle.

### ***Development Expenses***

Development expenses occurring in the 2007-11 time period that affect the 2012-17 business plan are:

- *Institutional development*, which includes hiring 12 more staff and programmatic initiatives - \$2.70 million
- *Project expenses*, which includes market research, project coordination and legal expenses - \$.75 million
- *Endowment increase* - \$8.0 million
- *Operating reserve* - \$1.31 million

### ***Key Assumptions – Lake Union Business Plan***

- *Schedule*: MOHAI opens at Lake Union Park in June 2012 and closes public operations at Montlake December 31, 2011.
- *Armory Design*: The Armory will have 25,000 square feet of exhibit space, with 4,800 square feet of space for temporary exhibits; a café, store and restrooms that service the park. The Armory will not provide space for MOHAI's administrative and support spaces which will be in leased space outside the Lake Union Park campus.
- *Maritime History Partnerships* – MOHAI is creating a Maritime Heritage Partnership with resident organizations at Lake Union Park which will include joint ticketing, marketing, programming, merchandising, and events and food service programs.
- *Integration with Lake Union Park* – MOHAI will become an integral part of Lake Union Park's success by working to resolve parking and access issues and supporting the history trail.
- *City Agreement* – This business plan assumes that the City transfers ownership of the Armory to MOHAI, with an underlying ground lease of 60 years. The leased premises will include, in addition to the Armory property, the Historic Ships Wharf and the north parking lot. The business plan includes funding for insuring the Armory. MOHAI will be responsible for major maintenance of the Armory, while the City retains major maintenance responsibility for the Historic Ship Wharf, the north parking lot and the piling that support the Armory. The City will provide \$300,000 a year in operating support for the Armory starting in 2012.
- *Target Audience* – MOHAI has completed its initial market research and identified a target audience of culture-disposed, urban-dwelling adults and school groups. This target

audience includes potential partnerships with South Lake Union businesses and institutions and will expand to include people from outside the city, tourists and new arrivals to the Seattle region. This target audience is not MOHAI's only audience. MOHAI plans 15 percent free admissions and will continue its long-standing outreach across the region's communities.

- *Keys to Meeting Attendance Goals* – The market research indicates that MOHAI can attract 120,000 paid visitors annually. The keys to reaching this goal are relevant exhibit content and related programs, marketing, accessibility and parking availability, and pricing.

### ***Earned Income***

MOHAI's earned income is derived from admissions, memberships, programs, store, café, facility rentals, catering, photo sales and exhibit production services. Admissions are a key variable in earned income – driving the membership, store and café projections. This business plan includes projections of earned income based on three levels of first full year (June 1, 2012-May 31, 2013) memberships and admissions: a low of 2,500 memberships and 100,000 admissions; a mid-range of 3,500 memberships and 120,000 admissions; and a high of 4,500 memberships and 150,000 admissions. The tables below summarize earned income at these three levels, with the percentage of earned income at 50 percent in 2012 under the mid-range projection. The percentage of earned income is highest in 2012 due to high initial facility rental and catering income. Earned income declines to 43 percent in 2013 and then grows to 50 percent of total income in 2017 under the mid-range projection.

### ***Unearned Income***

MOHAI's unearned income includes annual fund income, special events, grants, interest earnings, and City of Seattle support. Unearned income is anticipated to total \$1.80 million in 2012 growing to \$3.00 million in 2017 under the mid-range projection.

### ***Expenses***

MOHAI's expenses are anticipated to increase commensurate with its level of operation at Lake Union Park, with the mid-range and higher-range admissions projections allowing MOHAI to have a more stable and robust operation than the low projection. Sixty-one percent (61%) of MOHAI's expenses are for personnel and 39 percent for non-personnel expenses under the mid-range projection. MOHAI anticipates a staff of 49 at Lake Union Park under the mid-range projection. Non-personnel expenses are: 45 percent occupancy costs (utilities, rental of storage space and administrative offices, insurance, repairs and maintenance, building repairs, and security); 24 percent marketing and advertising costs; 15 percent exhibits; 14 percent supplies and other equipment; and 2 percent administrative costs.

### ***Net Income – Major Maintenance Reserve***

MOHAI plans to have a \$1.31 million operating reserve from the capital campaign to sustain its 2012-2017 operation and to provide for any initial major maintenance expenses for the Armory. MOHAI plans to balance its annual operating budget by 2016 and will, under each scenario, retain an operating reserve at the end of 2017. MOHAI will begin reserving funds for major maintenance of the Armory in its sixth year of operation in addition to the operating reserve shown in this business plan.

**Table 1.**  
**Summary Financials – 100,000 First Year Admissions**

Year	2012	2013	2014	2015	2016	2017
Attendance	72,507	96,375	101,888	110,562	116,952	122,799
Memberships	3,174	3,413	3,538	3,769	4,022	4,255
Program Participants	2,962	3,980	3,980	3,980	3,980	3,980
Store Per Cap Attendance	\$3.50	\$3.25	\$3.35	\$3.45	\$3.55	\$3.66
Annual Fund Contributors	459	571	627	688	751	763
Facility Rental Attendees	23,698	20,898	20,898	20,898	20,898	20,898
<b>Income</b>						
<b>Earned Income</b>						
Admissions	\$554,603	\$738,584	\$869,375	\$997,305	\$1,109,980	\$1,222,672
Membership	\$175,063	\$188,251	\$216,335	\$230,472	\$270,059	\$285,722
Education programs	\$7,940	\$13,627	\$14,089	\$16,164	\$16,696	\$17,210
Public programs (net income)	\$95,105	\$112,546	\$111,122	\$137,256	\$135,746	\$134,190
Store (net income)	\$42,025	\$45,674	\$52,912	\$73,167	\$87,279	\$98,618
Café (net income)	\$44,827	\$49,652	\$54,068	\$60,430	\$65,841	\$71,207
Facility Rental	\$374,377	\$342,877	\$376,830	\$376,830	\$376,830	\$376,830
Catering	\$42,773	\$38,453	\$39,607	\$40,795	\$42,019	\$43,279
Photo sales	\$100,625	\$105,625	\$110,208	\$114,933	\$119,938	\$125,097
Contract projects and exhibits	\$180,000	\$189,000	\$198,450	\$208,373	\$218,791	\$229,731
Miscellaneous income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Earned Income</b>	<b>\$1,627,339</b>	<b>\$1,834,289</b>	<b>\$2,052,997</b>	<b>\$2,265,726</b>	<b>\$2,453,178</b>	<b>\$2,614,555</b>
<b>Unearned Income</b>						
Annual Fund	\$341,997	\$477,834	\$509,921	\$538,246	\$566,972	\$590,015
Special Events (net income)	\$222,040	\$332,640	\$328,363	\$344,069	\$339,250	\$351,177
Grants	\$385,000	\$626,000	\$657,300	\$690,165	\$724,673	\$760,907
Interest Income	\$562,933	\$974,105	\$989,483	\$1,005,183	\$1,021,214	\$1,037,585
City of Seattle Agreement	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
<b>Total Unearned Income</b>	<b>\$1,811,970</b>	<b>\$2,710,579</b>	<b>\$2,785,067</b>	<b>\$2,877,663</b>	<b>\$2,952,110</b>	<b>\$3,039,684</b>
<b>Total Income</b>	<b>\$3,439,308</b>	<b>\$4,544,868</b>	<b>\$4,838,063</b>	<b>\$5,143,389</b>	<b>\$5,405,287</b>	<b>\$5,654,239</b>
<b>Expenses</b>						
Personnel	\$2,644,613	\$3,049,958	\$3,157,046	\$3,268,515	\$3,384,586	\$3,505,490
Other Expenses	\$1,502,397	\$1,839,957	\$1,885,956	\$1,933,105	\$1,981,433	\$2,030,969
<b>Total Expenses</b>	<b>\$4,147,010</b>	<b>\$4,889,915</b>	<b>\$5,043,002</b>	<b>\$5,201,620</b>	<b>\$5,366,019</b>	<b>\$5,536,459</b>
<b>Net</b>	<b>-\$707,702</b>	<b>-\$345,047</b>	<b>-\$204,938</b>	<b>-\$58,231</b>	<b>\$39,268</b>	<b>\$117,781</b>
<b>Reserve</b>	<b>\$1,316,244</b>	<b>\$608,542</b>	<b>\$263,495</b>	<b>\$58,556</b>	<b>\$325</b>	<b>\$39,593</b>
<b>Net</b>	<b>\$608,542</b>	<b>\$263,495</b>	<b>\$58,556</b>	<b>\$325</b>	<b>\$39,593</b>	<b>\$157,374</b>
<b>% Earned Income</b>	<b>47%</b>	<b>40%</b>	<b>42%</b>	<b>44%</b>	<b>45%</b>	<b>46%</b>
<b>% Unearned Income</b>	<b>53%</b>	<b>60%</b>	<b>58%</b>	<b>56%</b>	<b>55%</b>	<b>54%</b>

**Table 2.**  
**Summary Financials – 120,000 First Year Admissions**

Year	2012	2013	2014	2015	2016	2017
Attendance	87,008	115,650	122,266	132,674	140,342	147,359
Memberships	4,309	4,346	4,370	4,585	4,857	5,122
Program Participants	2,962	3,980	3,980	3,980	3,980	3,980
Store Per Cap Attendance	\$3.50	\$3.25	\$3.35	\$3.45	\$3.55	\$3.66
Annual Fund Contributors	332	433	483	534	586	588
Facility Rental Attendees	23,698	20,898	20,898	20,898	20,898	20,898
<b>Income</b>						
<b>Earned Income</b>						
Admissions	\$661,899	\$883,113	\$1,041,477	\$1,195,830	\$1,331,483	\$1,466,948
Membership	\$237,651	\$239,689	\$267,246	\$280,388	\$326,169	\$343,915
Education programs	\$8,433	\$14,282	\$14,782	\$16,916	\$17,492	\$18,045
Public programs (net income)	\$95,105	\$112,546	\$111,122	\$137,256	\$135,746	\$134,190
Store (net income)	\$58,883	\$60,565	\$72,884	\$91,842	\$107,115	\$122,572
Café (net income)	\$53,792	\$59,583	\$64,881	\$72,516	\$79,009	\$85,448
Facility Rental	\$374,377	\$342,877	\$376,830	\$376,830	\$376,830	\$376,830
Catering	\$42,773	\$38,453	\$39,607	\$40,795	\$42,019	\$43,279
Photo sales	\$100,625	\$105,625	\$110,208	\$114,933	\$119,938	\$125,097
Contract projects and exhibits	\$180,000	\$189,000	\$198,450	\$208,373	\$218,791	\$229,731
Miscellaneous income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Earned Income</b>	<b>\$1,823,538</b>	<b>\$2,055,733</b>	<b>\$2,307,488</b>	<b>\$2,545,679</b>	<b>\$2,764,591</b>	<b>\$2,956,055</b>
<b>Unearned Income</b>						
Annual Fund	\$329,357	\$460,574	\$488,304	\$515,137	\$542,273	\$563,864
Special Events (net income)	\$222,040	\$332,640	\$328,363	\$344,069	\$339,250	\$351,177
Grants	\$385,000	\$626,000	\$657,300	\$690,165	\$724,673	\$760,907
Interest Income	\$562,933	\$974,105	\$989,483	\$1,005,183	\$1,021,214	\$1,037,585
City of Seattle Agreement	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
<b>Total Unearned Income</b>	<b>\$1,799,330</b>	<b>\$2,693,320</b>	<b>\$2,763,450</b>	<b>\$2,854,554</b>	<b>\$2,927,411</b>	<b>\$3,013,533</b>
<b>Total Income</b>	<b>\$3,622,868</b>	<b>\$4,749,052</b>	<b>\$5,070,938</b>	<b>\$5,400,234</b>	<b>\$5,692,002</b>	<b>\$5,969,589</b>
<b>Expenses</b>						
Personnel	\$2,658,624	\$3,065,020	\$3,173,237	\$3,285,921	\$3,403,297	\$3,525,605
Other Expenses	\$1,642,397	\$1,983,457	\$2,033,044	\$2,083,870	\$2,135,967	\$2,189,366
<b>Total Expenses</b>	<b>\$4,301,022</b>	<b>\$5,048,477</b>	<b>\$5,206,281</b>	<b>\$5,369,791</b>	<b>\$5,539,264</b>	<b>\$5,714,971</b>
<b>Net</b>	<b>-\$678,154</b>	<b>-\$299,425</b>	<b>-\$135,343</b>	<b>\$30,442</b>	<b>\$152,738</b>	<b>\$254,618</b>
<b>Reserve</b>	<b>\$1,316,244</b>	<b>\$638,090</b>	<b>\$338,666</b>	<b>\$203,322</b>	<b>\$233,765</b>	<b>\$386,503</b>
<b>Net</b>	<b>\$638,090</b>	<b>\$338,666</b>	<b>\$203,322</b>	<b>\$233,765</b>	<b>\$386,503</b>	<b>\$641,121</b>
<b>% Earned Income</b>	<b>50%</b>	<b>43%</b>	<b>46%</b>	<b>47%</b>	<b>49%</b>	<b>50%</b>
<b>% Unearned Income</b>	<b>50%</b>	<b>57%</b>	<b>54%</b>	<b>53%</b>	<b>51%</b>	<b>50%</b>

**Table 3.**  
**Summary Financials – 150,000 First Year Admissions**

Year	2012	2013	2014	2015	2016	2017
Attendance	108,760	144,562	152,832	165,842	175,427	184,199
Memberships	5,511	5,495	5,494	5,747	6,079	6,406
Program Participants	2,962	3,980	3,980	3,980	3,980	3,980
Store Per Cap Attendance	\$3.50	\$3.25	\$3.35	\$3.45	\$3.55	\$3.66
Annual Fund Contributors	341	441	491	543	596	598
Facility Rental Attendees	23,698	20,898	20,898	20,898	20,898	20,898
<b>Income</b>						
<b>Earned Income</b>						
Admissions	\$826,467	\$1,103,095	\$1,301,403	\$1,494,554	\$1,664,230	\$1,833,620
Membership	\$303,957	\$303,058	\$335,968	\$351,441	\$408,236	\$430,156
Education programs	\$9,173	\$15,265	\$15,821	\$18,044	\$18,685	\$19,298
Public programs (net income)	\$95,105	\$112,546	\$111,122	\$137,256	\$135,746	\$134,190
Store (net income)	\$92,802	\$106,465	\$122,789	\$147,436	\$167,505	\$187,836
Café (net income)	\$67,240	\$74,478	\$81,101	\$90,645	\$98,761	\$106,810
Facility Rental	\$374,377	\$342,877	\$376,830	\$376,830	\$376,830	\$376,830
Catering	\$42,773	\$38,453	\$39,607	\$40,795	\$42,019	\$43,279
Photo sales	\$100,625	\$105,625	\$110,208	\$114,933	\$119,938	\$125,097
Contract projects and exhibits	\$180,000	\$189,000	\$198,450	\$208,373	\$218,791	\$229,731
Miscellaneous income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Earned Income</b>	<b>\$2,102,519</b>	<b>\$2,400,862</b>	<b>\$2,703,301</b>	<b>\$2,990,306</b>	<b>\$3,260,740</b>	<b>\$3,496,847</b>
<b>Unearned Income</b>						
Annual Fund	\$330,259	\$461,652	\$489,568	\$516,444	\$543,648	\$565,309
Special Events (net income)	\$222,040	\$332,640	\$328,363	\$344,069	\$339,250	\$351,177
Grants	\$385,000	\$626,000	\$657,300	\$690,165	\$724,673	\$760,907
Interest Income	\$562,933	\$974,105	\$989,483	\$1,005,183	\$1,021,214	\$1,037,585
City of Seattle Agreement	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
<b>Total Unearned Income</b>	<b>\$1,800,232</b>	<b>\$2,694,397</b>	<b>\$2,764,714</b>	<b>\$2,855,861</b>	<b>\$2,928,786</b>	<b>\$3,014,978</b>
<b>Total Income</b>	<b>\$3,902,751</b>	<b>\$5,095,259</b>	<b>\$5,468,015</b>	<b>\$5,846,168</b>	<b>\$6,189,526</b>	<b>\$6,511,825</b>
<b>Expenses</b>						
Personnel	\$2,967,627	\$3,438,821	\$3,559,947	\$3,686,054	\$3,817,393	\$3,954,228
Other Expenses	\$1,642,397	\$1,983,457	\$2,033,044	\$2,083,870	\$2,135,967	\$2,189,366
<b>Total Expenses</b>	<b>\$4,610,024</b>	<b>\$5,422,279</b>	<b>\$5,592,991</b>	<b>\$5,769,924</b>	<b>\$5,953,359</b>	<b>\$6,143,594</b>
<b>Net</b>	<b>-\$707,274</b>	<b>-\$327,020</b>	<b>-\$124,976</b>	<b>\$76,243</b>	<b>\$236,166</b>	<b>\$368,232</b>
<b>Reserve</b>	<b>\$1,316,244</b>	<b>\$608,970</b>	<b>\$281,951</b>	<b>\$156,974</b>	<b>\$233,218</b>	<b>\$469,384</b>
<b>Net</b>	<b>\$608,970</b>	<b>\$281,951</b>	<b>\$156,974</b>	<b>\$233,218</b>	<b>\$469,384</b>	<b>\$837,615</b>
<b>% Earned Income</b>	<b>54%</b>	<b>47%</b>	<b>49%</b>	<b>51%</b>	<b>53%</b>	<b>54%</b>
<b>% Unearned Income</b>	<b>46%</b>	<b>53%</b>	<b>51%</b>	<b>49%</b>	<b>47%</b>	<b>46%</b>

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## **SECTION I. INTRODUCTION**

The Museum of History & Industry (MOHAI) is transforming itself as an institution – improving its collections, exhibits, education and public programs, entering into vital new partnerships, and renewing its commitment to the region’s maritime history. Simultaneously MOHAI is planning for the design, construction and operation of a new facility at Lake Union Park to replace its current facility at McCurdy Park in Montlake. MOHAI’s facility at Montlake will be demolished as part of the Washington State Department of Transportation’s (WSDOT) expansion of SR-520. MOHAI wants to relocate to Lake Union Park by 2012, the year in which construction is anticipated to start in the SR-520 corridor.

MOHAI’s business model will evolve in concert with these changes. Building on its 50 plus years of financial stability and responsible stewardship, MOHAI will increase both earned and unearned income in order to sustain a strong and dynamic regional history museum.

This 2012-17 business plan has been developed in concert with MOHAI’s conceptual architectural plan, exhibit concept, initial market research, formation of a maritime heritage partnership and due diligence discussions with the City of Seattle.

### ***A. Development Expenses***

Development expenses occurring in the 2007-11 time period that affect the 2012-17 business plan are institutional development and project expenses, an endowment increase and an opening start-up reserve.

#### **1. Institutional Development and Project Expenses**

##### **a. Institutional Development**

MOHAI needs to strengthen its exhibits, collections, education and programming so that MOHAI at Lake Union will provide the most engaging experience possible. This investment will result in hiring first-rate curators, establishing intellectual control over the collections via a long-overdue physical inventory and record computerization, developing and testing new education and public programs, adopting museum-wide technology for information sharing and efficiency, and developing the capacity to offer more and better traveling and in-house exhibits.

MOHAI plans to hire 12 additional staff between now and opening, including key Deputy Director positions to manage the existing institution and support planning for the new museum. The total cost of these new positions, plus allocation of staff time to the capital campaign, represents a total cost over the life of the campaign of \$2.45 million. MOHAI also plans to expend approximately \$.25 million on education, marketing and other institutional advancement projects.

**Table 4.**  
**Institutional Development Expense**

Staff Capacity (2007-2012)	Hire Date	2007-12
<u>Collections &amp; Exhibits:</u>		
Deputy Director - Museum Resources	Jun-09	
Exhibits Staff	Jan-11	
Collections Manager	Jun-11	
Collections Staff	Jun-11	
<u>Education &amp; Public Programs:</u>		
Education Manager	Jun-11	
Education Staff	Jun-11	
Programs Manager	Jun-11	
Programs Staff	Jan-11	
<u>Fundraising:</u>		
Annual Fund Staff	Jan-08	
Annual Fund Staff	Jan-10	
<u>Other Staffing:</u>		
Deputy Director - Operations	Jan-09	
IT Staff	Jun-11	
<b>Total Cost 2007-12 (including current staff capital expenses)</b>		<b>\$2,450,000</b>
<b>Programmatic Initiatives (2007-2012)</b>		
Education/Outreach/Programs		\$50,000
Partnerships/Portals/Community		\$50,000
Marketing/Branding		\$100,000
Food service consultant		\$50,000
<b>Total Cost - Programmatic Initiatives</b>		<b>\$250,000</b>
<b>Total</b>		<b>\$2,700,000</b>

**b. Project Expenses**

MOHAI will incur project expenses that are not part of the direct design and construction expenses. These expenses include: project management, legal support, market research, intergovernmental relations, and museum research/travel. These expenses are expected to total \$.75 million.

**Table 5.**  
**Project Expenses: 2007-12**

Expenses	2007-12
Project manager/coordinator	\$300,000
Legal (non-construction)	\$225,000
Market research	\$160,000
Intergovernmental relations	\$50,000
Museum research/travel	\$15,000
<b>Total</b>	<b>\$750,000</b>

## **2. Endowment**

The capital campaign is expected to increase MOHAI's endowment by \$8 million, which will result in an endowment principal balance of approximately \$13.8 million by 2013. MOHAI plans to increase the endowment in order to generate funds for operating the new museum. This business plan assumes that MOHAI does not need to incur financing charges related to the capital construction, with the last funds received going to the endowment.

## **3. Operating Reserve**

MOHAI plans to reserve \$1.31 million of capital funds to provide an operating reserve for the transition to Lake Union Park in 2012 and the next five calendar years. This reserve will give MOHAI a cushion to balance its operating budget and provide for major maintenance of the Armory during the 2012-17 period.

### ***B. MOHAI Montlake Operations 2007-2012***

MOHAI plans to balance its operations at Montlake through its normal sources of earned and unearned income, with operating expenses lower because of staff costs directly charged to the capital project.

### ***C. Key Assumptions – Lake Union Business Plan***

#### **1. Schedule**

This business plan assumes that MOHAI opens at Lake Union Park in June 2012, having closed public operations at its Montlake facility December 31, 2011.

#### **2. Concept Design - Armory**

MOHAI's concept design for the Armory provides for the following:

- *Exhibit space:* MOHAI will have 25,000 square feet of exhibit and display space which is close to the 24,000 square feet at Montlake. The exhibit areas include a 4,800 square foot temporary exhibit gallery on the second floor for traveling shows.
- *Café:* A café with access to an outdoor terrace linking to the park is provided.
- *Store:* A retail store that can be separately staffed or operated in conjunction with the cafe area is included.
- *Restrooms for the park:* The design includes restrooms which would be open during museum operating hours to park visitors without paying admission.
- *Ancillary facilities:* The design includes very limited office space and the minimum support facilities needed for the museum's public functions. The design does not include space for MOHAI's collection, exhibit support areas, library or administrative functions. These facilities will need to be provided outside the Lake Union Park campus. This business plan provides for the rental of 17,300 square feet of collections storage and library space, 4,500 square feet of exhibits storage and shop space, and 6,275 square feet of administrative office space.

### 3. Maritime Heritage Partnership at Lake Union Park

MOHAI has been instrumental in the creation of a maritime heritage partnership that will be a long-term, integrated effort between MOHAI, Seattle Parks and Recreation, and three maritime heritage organizations resident at Lake Union Park (Center for Wooden Boats, Northwest Seaport and the Virginia V Foundation.) The Partnership will include management of the historic ship wharf on the north side of the Armory, integrating operation and programming of the wharf with MOHAI's regional history offerings.

MOHAI and each of the three resident maritime heritage organizations are considering preliminary agreements that lay out the terms of the Maritime Heritage Partnership. These terms include:

#### **a. Mooring of Historic Vessels**

MOHAI will sub-lease wharf space to each of the resident organizations under the same terms as the City leases the space to MOHAI. This includes an assumption that the resident maritime heritage organizations will provide public benefits in exchange for use of the wharf space.

#### **b. Planning**

MOHAI and the maritime heritage organizations expect to collaboratively develop an active and vital programming and facilities partnership during the design and planning of the museum and the Maritime Heritage Wharf. This effort will include:

- *Design consultation:* Consult at least quarterly on the design of the museum, with particular regard to the museum's linkage with the wharf facilities, its ability to enhance and encourage ship tours, and the relationship between the museum and the maritime heritage organizations' facilities.
- *Public programs:* Develop joint public programs to complement the programs offered by the resident maritime heritage organizations and MOHAI.
- *School group programs:* Develop joint programs for school groups that could include a curriculum that encompasses a visit to the museum and to the historic vessels. This program could include the potential for combined booking of school groups and other programmatic integrations.
- *Joint ticketing:* Develop a joint ticketing opportunity, with people able to purchase a ticket for a tour of a historic ship or participation in a resident maritime heritage program as part of their visit to the museum.
- *Event and facility rentals:* Develop joint event programs that would encourage event organizers to consider the use of the historic ships and the maritime heritage organizations' facilities when planning an event at the museum.
- *Merchandise program:* Develop a merchandise program to include sales on the historic ships and at the maritime heritage organizations' facilities, sales of resident maritime heritage organizations' merchandise at the museum store, and the sale of premium items to event organizers.
- *Food service:* Develop ways to encourage visitors to utilize the MOHAI café and/or food service on the Maritime Heritage Wharf to enhance their visit.

- *Park events and festivals:* Collaborate with Lake Union Park and other resident organizations on the development of events and festivals to draw more people to the Park.
- *Joint marketing:* Collaborate on the development of a joint marketing program to encourage visitors to the museum, the historic ships and the maritime heritage organizations' facilities, including the involvement of the maritime heritage organizations in the museum's opening activities.

#### **c. Operating and Shared Facilities Agreement**

MOHAI and each of the resident maritime heritage organizations will enter into operating agreements for the use of shared facilities and collaborative programming. It is anticipated that the term of each operating agreement will be five years, with the initial agreement commencing January 1, 2012.

### **4. Integration with Lake Union Park**

MOHAI will work with the Seattle Parks Foundation, Seattle Parks and Recreation, the United Indians of All Tribes, Lake Union community organizations, and other resident organizations, to become an integral part of Lake Union Park's success.

#### **a. Parking and Access**

The success of this business plan is contingent on the provision of adequate access and parking for MOHAI visitors. MOHAI market research study found that while parking was less important for MOHAI's target audience of culture-disposed adults than for the general audience, it was still very important. Focus groups of culture-disposed adults<sup>1</sup> found that 72 percent said easy parking was very important as a possible feature of a Seattle museum's physical facility and 72 percent said that having the museum be easy to locate was very important. Sixty-nine percent (69%) said easy access via public transit was very important.

MOHAI anticipates continued discussions with the City, the Seattle Parks Foundation, and other Lake Union Park tenants about parking and access. This business plan assumes:

- *Lake Union Park north parking lot:* MOHAI anticipates supervising the use of the parking lot directly adjacent to the south side of the Armory, which is Lake Union Park's north lot. This lot, which is the only permanent parking inside the park, will be used by all tenants for ADA parking and other tenants will require access to the lot for deliveries. MOHAI will supervise the lot in such a way as to ensure acceptable use by other tenants. MOHAI's primary use for the lot, in addition to ADA parking, will be:
  - *School bus drop off:* School buses will be able to enter the lot to drop off visiting school classes. Buses may be required to park off-site during the visit returning to pick up students in the north lot.
  - *Temporary exhibit installation:* The business plan assumes at least two temporary exhibits each year. Most of the temporary exhibits are delivered

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<sup>1</sup> The five focus groups of culture-disposed audiences included: (i) South Lake Union neighbors; (ii) recent MOHAI visitors who were not members; (iii) current MOHAI members; (iv) culture-disposed heads of households with kids; and (v) culture-disposed heads of households without kids.

by semi-truck. MOHAI plans to use the north parking lot for unloading these semi-trucks during the move-in and move-out of temporary exhibits.

- *Event support:* Event buses and VIP drop-off are also anticipated uses in the north parking lot.
- *Visitor Parking*

For general visitors, parking will be available at the temporary lot on the south end of the park, in general street parking/public parking lots and at a lot, to be determined, to which MOHAI and other park tenants can direct visitors.

- *Temporary lot:* The Park will have a temporary lot with 48 spaces. This lot will be managed by Seattle Parks and Recreation with the goal of having it used primarily by park visitors.
- *Other public parking/metered parking:* The City has installed meters in the greater South Lake Union area, which when combined with anticipated public parking, will provide some parking for park visitors.
- *Designated lot:* MOHAI will work with the City and other Lake Union Park tenants to determine an off-site lot to which park visitors can be directed.

## **b. History Trail**

MOHAI has participated actively in the development of the history trail which will wind through Lake Union Park to the Armory. The history trail will extend MOHAI's reach into the park and is anticipated to be a key component of MOHAI's marketing.

## **c. Park Performances**

MOHAI anticipates that the park will be a prime performance (concerts, plays, etc.) location with support for the performances provided from MOHAI's front portico.

## **d. Park Concessions**

MOHAI assumes that the only other food service being offered at the site is being offered by the United Indians of All Tribes, which plans salmon bakes at its location.

# **5. City Relationship**

The City and MOHAI are planning a fundamental change in their historic relationship. MOHAI constructed its facility at Montlake then gave it to the City. The City in turn leased the building to MOHAI, with lease costs covered by public benefits provided by MOHAI. The City provided payment to MOHAI for utility, janitorial and other maintenance costs and assumed responsibility for major maintenance of the building.

At Lake Union Park it is anticipated that MOHAI will own the Armory with a ground lease of up to 60 years. This structure, as further described below, will allow MOHAI to qualify for historic tax credits for development of the Armory.

- *Premises:* The City will convey the Armory building to MOHAI and lease to MOHAI the underlying land. In addition, the City will lease to MOHAI the Historic Ships Wharf, including the Terry Avenue North street end and associated docks and floats, and the

north parking lot adjacent to the Armory. MOHAI will enter into sub-leases with the existing maritime heritage organizations.

- *Public benefits:* MOHAI and its sub-lessees will provide public benefits as compensation to the city for the lease.
- *Major maintenance/asset preservation:* MOHAI will assume responsibility for major maintenance of the Armory, while the City retains responsibility for major maintenance of the Historic Ships Wharf, the north parking lot and the pilings that support the Armory.
- *Operating support.* The City will provide \$300,000 per year in Armory operating support starting in 2012.
- *Insurance.* The City will require that MOHAI provide property insurance for the Armory building and general liability insurance for its operation in the Armory, north parking lot, and Historic Ships Wharf.

## **6. Market Research**

MOHAI completed its initial market research in February, 2008. Key findings and recommendations that affect the business plan are outlined below.

### **a. Identifies New Target Audiences at Lake Union Park**

The report identifies new target audiences for MOHAI at Lake Union Park. MOHAI's existing core audience (described in the marketing report as the "MOHAI Faithful") is older, long established in the Seattle area, and highly satisfied with MOHAI as it is today.

To supplement the current MOHAI audience and school groups, the market research recommends targeting culture-disposed urban-dwelling adults. A portion of the culture-disposed urban-dwelling adult audience is in the South Lake Union neighborhood. The South Lake Union neighborhood also offers opportunities to partner with local businesses and institutions. A third audience is suburban and exurban explorers identified as couples or families residing more than 10 miles out from the city center who may visit MOHAI for special events or temporary exhibits. Tourists and impulse visitors and new arrivals to the City attempting to get oriented are two other potential, although small, audiences.

It should be noted that the target audience is not MOHAI's only audience. MOHAI plans 15 percent free admissions and will continue its long-standing outreach across the region's communities.

### **b. Finds Synergies Between Seattle Demographics & Culture-Disposed Adult Audience**

The market research concluded that Seattle is increasingly a city of childless, lower-population households run by adults who seek mind-challenging stimulation of the sort MOHAI can provide.

- Seattle has 260,000 households with a median income of \$45,736 (2000).
- More than 80 percent of Seattle households are without children under 18.
- More than half of Seattle adults have a college degree.

- Thirteen percent (13%) of Seattle close-in residents agreed it is “very important” that outside the home activity challenge the mind and 14 percent see a museum as a place that plays an active role in local civic issues as a “very attractive idea”.
- A conservative estimate of Seattle households that can be classified as culturally disposed is 25,000, with 45,000 adults resident in those households.

### **c. Identifies What Culture-Disposed Adults Expect From MOHAI**

The culture disposed adult audience overwhelming wants to have their minds challenged by a museum visit. These adults want:

- MOHAI to assume a more dynamic, involved role in explaining or moderating local civic issues.
- MOHAI to function as a community creative and social hub, particularly for the South Lake Union culture-disposed adult audience.
- MOHAI to be a place to meet others who share their ideas of what’s important about Seattle and the Northwest.
- Relevant exhibits that relate to their history, with interactive technology less important than relevancy. The research recommends that MOHAI evolve its brand essence to represent recent (post-1950) history and current issues.
- Integrate the new location into MOHAI, with strong sentiment for maritime and aviation themes in building design and permanent exhibits.
- Evening hours, particularly during the summer months, including evening programs.
- A place for adults. While there is general agreement that MOHAI should offer something for children, there is a feeling that Seattle has numerous cultural attractions for children, but lacks a first-class attraction for adults focused on history, community and civic issues.

### **d. Confirms MOHAI Can Achieve 120,000 Paid Visits Per Year**

By focusing content design, events, and brand marketing on urban adults and South Lake Union neighbors, then suburban daytrippers, tourists and new arrivals to the Seattle area, the research concluded MOHAI can achieve 120,000 paid admissions or more per year. MOHAI’s marketing target is the 45,000 adults living in culture-disposed households in Seattle. “If MOHAI can persuade 10 percent of them to visit the museum quarterly that indicates 35,000 new admissions on top of existing traffic from MOHAI faithful. Add the impact of suburban/exurban explorers, tourists and the other minor constituencies, factor in the “spiking” effect on paid admissions caused by tent poles (i.e. special programs and exhibits) and associated free media coverage, and MOHAI looks well able to meet or exceed its new traffic goal.” (MOHAI Market Positioning Research Summary of Findings, p. 17-18).

### **e. Identifies Keys to Meeting Attendance Target**

The keys to attracting 120,000 or more paid admissions per year are:

- Relevant exhibit content and related programs
- Marketing
- Accessibility and parking
- Pricing



**f. Exhibits**

MOHAI has developed an initial exhibit concept that is intended to reach a culture-disposed adult audience. The exhibit concept includes some exhibits for children and will be designed to meet the needs of school groups. This business plan also includes funding for two temporary exhibits each year.

**g. Programs**

This business plan assumes that MOHAI offers a robust set of public programs with a mix of children, adult and senior programs.

## Section II. EARNED INCOME

Earned income includes income from admissions, memberships, programs, store, café and food service operations, events, photo sales, and exhibit production.

Admissions and membership sales are the most important determinants of earned income. This business plan shows potential earned income at three different levels of admission and membership for the first full year of attendance (June 1, 2012 to May 31, 2013).

Level	Opening Membership	First Year Attendance
Low	2,500	100,000
Mid-Range	3,500	120,000
High	4,500	150,000

Earned income at Lake Union is expected to be 47 percent of total income in 2012 under the low admissions projection, 50 percent under the mid-range projection and 54 percent under the high projection.

### A. Admissions

#### 1. Montlake Admissions

During the first six months of 2008, MOHAI has drawn approximately 21,000 admissions, including customers paying full admission (adult, senior and youth), discounted or group admissions (adult, senior and youth), free admissions, members, and school groups. Twenty-five percent (25%) of MOHAI's 2008 visitors have been admitted for free. MOHAI has free admission for children under 5 and offers free admissions on Free Thursdays once a month.

**Table 6.  
2005-2008 Admissions**

Category	2005	%	2006	%	2007	%	Through 6/30 2008	%
Adult	7,924	28%	7,609	27%	6,763	28%	4,577	22%
Senior	3,549	12%	2,858	10%	2,293	10%	1,563	7%
Children	2,504	9%	2,202	8%	2,131	9%	1,932	9%
Schools	6,465	23%	5,182	19%	6,070	25%	6,158	29%
Free	5,665	20%	5,691	20%	5,524	23%	5,305	25%
Group/discount	959	3%	3,387	12%	463	2%	429	2%
Member	1,586	6%	902	3%	848	4%	1,044	5%
<b>Total</b>	<b>28,652</b>	<b>100%</b>	<b>27,831</b>	<b>100%</b>	<b>24,092</b>	<b>100%</b>	<b>21,008</b>	<b>100%</b>

## **2. Admissions at Lake Union Park**

### **a. Attendance**

Attendance at Lake Union Park is modeled under a low assumption of 100,000 for the first year of operation (June 1, 2012 to May 31, 2013), a mid-range assumption of 120,000 and a high of 150,000. These potential admission numbers are based on MOHAI's initial market research and on the experience of other regional museums. In all three scenarios, the following is assumed:

- *Visitation pattern:* Based on the experience of other museums, it is assumed that in year two admissions will decline to 95 percent of the first year and then grow, with year three at 110 percent of the second year, year four at 108 percent of year three and year five at 105 percent of year four.
- *Distribution of attendance:* MOHAI's target audience is culture-disposed urban-dwelling adults. This business plan assumes a larger percentage of attendance will come from adults and seniors than at the current MOHAI. Free admissions, including children 13 and under, are anticipated to be 18 percent of all admissions.
- *Member visits:* Memberships are assumed to generate approximately 2.0 annual visits per membership sold. Currently MOHAI memberships generate approximately 1 visit per membership sold reflecting the high percentage of affinity members. (See membership discussion below.)
- *School groups:* School group admissions are assumed to be 8 percent of total attendance.
- *Groups and discounted admissions:* Group and discounted admissions are anticipated to be 10 to 11 percent of total attendance.

### **b. Admission Prices**

As shown below, MOHAI's existing admission prices are relatively low in comparison to other regional museums. In June 2012 MOHAI's admission prices are projected to be \$9.50 for general admission, \$8.50 for seniors, free for children under 14, \$3.00 for school groups, and \$8.50 for group or discounted admissions, including potential joint admissions with other resident Lake Union organizations. All ticket prices are assumed to increase by \$1.00 January 1, 2014 and \$0.50 a year thereafter except for school groups which will increase by \$0.50 in 2014 and \$0.25 a year thereafter.

Temporary exhibit prices are anticipated to be \$3.00 per ticket for special traveling exhibits, increasing to \$3.25 per ticket on January 1, 2014 and increasing \$0.25 a year thereafter. School groups will not be charged special exhibit prices nor will members. This business plan assumes that 50 percent of the general, senior and group attendees pay the special exhibit fee.

These admission prices will put MOHAI below other museums with a culture-disposed, urban-dwelling adult audience. For example, the Henry Art Gallery and the Museum of Glass currently have \$10.00 general admission prices.

### **c. Admissions Revenue**

Admissions income will range from a high of \$826,500 in 2012 to a low of \$555,000 depending on attendance. Admissions income in 2013, the first full calendar year of operation, ranges from a high of \$1,103,000 to a low of \$739,000.

**Table 7.  
Regional Museum Admission Prices August, 2008**

	MOHAI*	Burke	Henry	WA State History Museum	OR History Museum	Tacoma Art Museum	Museum of Glass	Aquarium	Woodland Park Zoo	Portland Art Museum	SAM Downtown	SAM Asian Art	Wing Luke	Museum of Flight	
									Oct 1 - Apr 30	May 1- Sept 30					
General Admission/Adult	\$8.00	\$8.00	\$10.00	\$8.00	\$10.00	\$7.50	\$10.00	\$15.00	\$10.50	\$15.00	\$10.00	\$13.00	\$5.00	\$4.00	\$14.00
Youth	\$6.00	\$5.00	\$0.00	\$6.00	\$5.00	\$6.50	\$4.00	\$10.00	\$7.50	\$10.00	\$6.00	\$7.00	\$3.00	\$2.00	\$7.50
Seniors	\$7.00	\$6.50	\$6.00	\$7.00	\$8.00		\$8.00		\$8.50	\$13.00	\$9.00	\$10.00		\$3.00	\$13.00
Students with ID	\$7.00				\$8.00	\$6.50	\$8.00				\$9.00	\$7.00	\$3.00	\$3.00	
Preschool	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00				
Family				\$25.00		\$25.00	\$30.00								
Military	\$7.00			\$6.00		\$6.50									
Disabled									\$8.50	\$13.00					
	Ages					Notes									
	Adult	Youth	Students	Senior	Preschool										
MOHAI	18-61 yrs	5-17 yrs		62+	4 & under										
Burke		5+		65+	4 & under	Free to UW staff/faculty/students, UW family membership \$36									
Henry				62+		Free to UW staff/faculty/students & to high school & college students with ID/13 & under free									
WA State History Museum	18+	6-17 yrs		60+	5 & under	Family (2 adults and up to 4 children)									
OR History Museum	19+	6-18 yrs		60+	5 & under										
Tacoma Art Museum				65+	5 & under	Family (2 adults and up to 4 children under 18)									
Museum of Glass		6-12 yrs	13+	62+	5 & under	Family (2 adults and up to 4 children under 18), dual memberships include 2 adults and 2 children. Visiting memberships for people living more than 100 miles away									
Seattle Aquarium	13+	4-12 yrs			3 & under	Family plus membership includes one guest pass per visit. Also offer memberships with the zoo.									
Woodland Park Zoo	13-64	3-12 yrs		65+	2 & under	10% discount on memberships purchased online. Prices without discount shown. Membership includes 1/2 admission for additional 5 per visit									
Portland Art Museum		5-18 yrs	19+	55+		Family membership includes up to 6 children under 18.									
SAM downtown		13-17 yrs		62+		Free to 12 and under									
SAM Asian Art		13-17 yrs		62+		Free to 12 and under. Membership to SAM includes Asian Art Museum.									
Wing Luke	13+	5-12		65+											
Museum of Flight	18+	5-17		65+											

\* Prices effective 8-15-08

**Table 8.**  
**Attendance: 2012-17**

Years	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%
<b>Admissions Rates</b>												
Adults	\$ 9.50		\$ 9.50		\$ 10.50		\$ 11.00		\$ 11.50		\$ 12.00	
Senior	\$ 8.50		\$ 8.50		\$ 9.50		\$ 10.00		\$ 10.50		\$ 11.00	
Children	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
School	\$ 3.00		\$ 3.00		\$ 3.50		\$ 3.75		\$ 4.00		\$ 4.25	
Free	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Groups	\$ 8.50		\$ 8.50		\$ 9.50		\$ 10.00		\$ 10.50		\$ 11.00	
Members	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Temp. Exhibit	\$ 3.00		\$ 3.00		\$ 3.25		\$ 3.50		\$ 3.75		\$ 4.00	
<b>(100,000 admissions opening year/2,500 memberships)</b>												
Adults	29,003	40%	38,550	40%	40,755	40%	44,225	40%	46,781	40%	49,120	40%
Senior	13,776	19%	18,311	19%	19,359	19%	21,007	19%	22,221	19%	23,332	19%
Children	2,175	3%	2,891	3%	3,057	3%	3,317	3%	3,509	3%	3,684	3%
School	5,801	8%	7,710	8%	8,151	8%	8,845	8%	9,356	8%	9,824	8%
Free	10,876	15%	14,456	15%	15,283	15%	16,584	15%	17,543	15%	18,420	15%
Groups	7,715	11%	10,396	11%	11,358	11%	12,565	11%	13,358	11%	14,043	11%
Members	3,161	4%	4,061	4%	3,925	4%	4,019	4%	4,185	4%	4,376	4%
<b>Total</b>	<b>72,507</b>		<b>96,375</b>		<b>101,888</b>		<b>110,562</b>		<b>116,952</b>		<b>122,799</b>	
<b>Admissions Revenue</b>												
Adults	\$275,525		\$366,224		\$427,930		\$486,471		\$537,977		\$589,436	
Senior	\$117,098		\$155,645		\$183,908		\$210,067		\$233,318		\$256,650	
Children	\$0		\$0		\$0		\$0		\$0		\$0	
School	\$17,402		\$23,130		\$28,529		\$33,168		\$37,424		\$41,752	
Groups	\$65,575		\$88,363		\$107,899		\$125,651		\$140,258		\$154,477	
Temp. Exhibit	\$79,003		\$105,222		\$121,109		\$141,948		\$161,002		\$180,358	
<b>Total</b>	<b>\$554,603</b>		<b>\$738,584</b>		<b>\$869,375</b>		<b>\$997,305</b>		<b>\$1,109,980</b>		<b>\$1,222,672</b>	
<b>(120,000 admissions opening year/3,500 memberships)</b>												
Adults	34,803	40%	46,260	40%	48,906	40%	53,070	40%	56,137	40%	58,944	40%
Senior	16,532	19%	21,973	19%	23,230	19%	25,208	19%	26,665	19%	27,998	19%
Children	2,610	3%	3,469	3%	3,668	3%	3,980	3%	4,210	3%	4,421	3%
School	6,961	8%	9,252	8%	9,781	8%	10,614	8%	11,227	8%	11,789	8%
Free	13,051	15%	17,347	15%	18,340	15%	19,901	15%	21,051	15%	22,104	15%
Groups	8,895	10%	12,156	11%	13,470	11%	14,998	11%	15,990	11%	16,832	11%
Members	4,156	5%	5,191	4%	4,870	4%	4,903	4%	5,062	4%	5,272	4%
<b>Total</b>	<b>87,008</b>		<b>115,650</b>		<b>122,266</b>		<b>132,674</b>		<b>140,342</b>		<b>147,359</b>	
<b>Admissions Revenue</b>												
Adults	\$330,630		\$439,468		\$513,516		\$583,765		\$645,573		\$707,323	
Senior	\$140,518		\$186,774		\$220,690		\$252,080		\$279,982		\$307,980	
Children	\$0		\$0		\$0		\$0		\$0		\$0	
School	\$20,882		\$27,756		\$34,234		\$39,802		\$44,909		\$50,102	
Groups	\$75,609		\$103,326		\$127,965		\$149,984		\$167,891		\$185,153	
Temp. Exhibit	\$94,260		\$125,788		\$145,072		\$170,198		\$193,128		\$216,389	
<b>Total</b>	<b>\$661,899</b>		<b>\$883,113</b>		<b>\$1,041,477</b>		<b>\$1,195,830</b>		<b>\$1,331,483</b>		<b>\$1,466,948</b>	
<b>(150,000 admissions opening year/4,500 memberships)</b>												
Adults	43,504	40%	57,825	40%	61,133	40%	66,337	40%	70,171	40%	73,679	40%
Senior	20,664	19%	27,467	19%	29,038	19%	31,510	19%	33,331	19%	34,998	19%
Children	3,263	3%	4,337	3%	4,585	3%	4,975	3%	5,263	3%	5,526	3%
School	8,701	8%	11,565	8%	12,227	8%	13,267	8%	14,034	8%	14,736	8%
Free	16,314	15%	21,684	15%	22,925	15%	24,876	15%	26,314	15%	27,630	15%
Groups	11,028	10%	15,115	10%	16,798	11%	18,728	11%	19,977	11%	21,035	11%
Members	5,286	5%	6,569	5%	6,127	4%	6,148	4%	6,337	4%	6,595	4%
<b>Total</b>	<b>108,760</b>		<b>144,562</b>		<b>152,832</b>		<b>165,842</b>		<b>175,427</b>		<b>184,199</b>	
<b>Admissions Revenue</b>												
Adults	\$413,288		\$549,336		\$641,895		\$729,706		\$806,966		\$884,154	
Senior	\$175,647		\$233,468		\$275,862		\$315,100		\$349,978		\$384,975	
Children	\$0		\$0		\$0		\$0		\$0		\$0	
School	\$26,102		\$34,695		\$42,793		\$49,753		\$56,137		\$62,628	
Groups	\$93,740		\$128,481		\$159,578		\$187,281		\$209,759		\$231,387	
Temp. Exhibit	\$117,689		\$157,116		\$181,275		\$212,713		\$241,391		\$270,477	
<b>Total</b>	<b>\$826,467</b>		<b>\$1,103,095</b>		<b>\$1,301,403</b>		<b>\$1,494,554</b>		<b>\$1,664,230</b>		<b>\$1,833,620</b>	

## **B. Memberships**

The final phase of MOHAI's capital campaign is a public campaign, which will include a membership drive. MOHAI plans to offer these memberships as charter memberships to the new MOHAI at Lake Union Park. The charter memberships will be for a full year after the opening of the new facility.

### **1. Montlake Memberships**

MOHAI currently has approximately 1,400 members – most of which are from the zip codes immediately surrounding the museum. It is not clear how many of these memberships will transfer to the Lake Union location. The assumption in this business plan is that memberships at Lake Union will come in part from renewals from current members, but primarily from the charter memberships sold as part of the capital campaign and from solicitations in the nearby Lake Union area neighborhoods.

### **2. Membership Sales**

Membership sales following the charter memberships are a function of admission levels and the membership renewal rate. This business plan assumes:

- *Charter memberships.* Three levels of membership are projected in this analysis: 2,500 charter members (100,000 first year attendance); 3,500 charter members (120,000 first year attendance); and 4,500 charter members (150,000 first year attendance).
- *Membership sales:* Membership sales are primarily driven by attendance. Based on a review of MOHAI's sales during high attendance shows, this business plan assumes a 1.5 percent conversion rate of fully paid admissions to membership sales.
- *Membership renewals:* This business plan assumes a 50 percent renewal rate for memberships, which is consistent with MOHAI's current experience.
- *Membership distribution:* This business plan assumes a distribution of membership sales that reflects the anticipated adult attendance, with 41 percent of memberships in dual memberships, 39 percent individual and 20 percent family.

### **3. Membership Prices**

Membership prices are established to encourage both affinity sales (those purchasing to support the museum) and value sales (those making the calculation that membership can be redeemed in a reasonable number of visits). Membership prices are projected to increase in 2014 and 2016.

**Table 9.  
Membership Values**

	Breakeven 2008* Visits		Breakeven 2012 Visits		Breakeven 2014 Visits		Breakeven 2016 Visits	
Individual	\$45.00	5.63	\$45.00	4.74	\$50.00	4.76	\$55.00	4.78
Senior Individual	\$35.00	5.00	\$35.00	4.67	\$40.00	4.21	\$45.00	4.29
Dual	\$55.00	3.44	\$60.00	3.16	\$65.00	3.10	\$70.00	3.33
Senior Dual	\$45.00	3.21	\$50.00	2.94	\$55.00	2.89	\$60.00	3.16
Family	\$65.00	2.32	\$85.00	2.24	\$95.00	2.26	\$105.00	2.28
Senior Family	\$55.00	2.12	\$75.00	2.21	\$85.00	2.13	\$95.00	2.16

\* Effective 8-15-08

Family: assume household of 4 ages 14-64.

Senior Family: assume household of 4, with 2 ages 14-64 and 2 ages 65 and over.

#### **4. Membership Revenue**

Membership income will range from a high of \$304,000 in 2012 under the 4,500 charter members projection to a low of \$175,000 under the 2,500 charter members projection. Membership revenue in 2013, the first full calendar year of operation, ranges from \$303,000 to \$188,000.

**Table 10.**  
**Membership Projections**

<b>Years</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Key assumptions</b>						
Conversion Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Renewal Rate	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>Membership Category Percentages</b>						
Individual	22%	22%	22%	22%	22%	22%
Dual	23%	23%	23%	23%	23%	23%
Family	15%	15%	15%	15%	15%	15%
Senior Individual	17%	17%	17%	17%	17%	17%
Senior Dual	18%	18%	18%	18%	18%	18%
Senior Family	5%	5%	5%	5%	5%	5%
<b>Membership Prices</b>						
Individual	\$ 45.00	\$ 45.00	\$ 50.00	\$ 50.00	\$ 55.00	\$ 55.00
Dual	\$ 60.00	\$ 60.00	\$ 65.00	\$ 65.00	\$ 70.00	\$ 70.00
Family	\$ 85.00	\$ 85.00	\$ 95.00	\$ 95.00	\$ 105.00	\$ 105.00
Senior Individual	\$ 35.00	\$ 35.00	\$ 40.00	\$ 40.00	\$ 45.00	\$ 45.00
Senior Dual	\$ 50.00	\$ 50.00	\$ 55.00	\$ 55.00	\$ 60.00	\$ 60.00
Senior Family	\$ 75.00	\$ 75.00	\$ 85.00	\$ 85.00	\$ 95.00	\$ 95.00
<b>(100,000 admissions opening year/2,500 memberships)</b>						
<b>Membership Category Numbers</b>						
Individual	698	751	778	829	885	936
Dual	730	785	814	867	925	979
Family	476	512	531	565	603	638
Senior Individual	540	580	601	641	684	723
Senior Dual	571	614	637	678	724	766
Senior Family	159	171	177	188	201	213
<b>Total</b>	<b>3,174</b>	<b>3,413</b>	<b>3,538</b>	<b>3,769</b>	<b>4,022</b>	<b>4,255</b>
<b>Membership Revenues</b>						
Individual	\$31,426	\$33,793	\$38,916	\$41,459	\$48,663	\$51,485
Dual	\$43,806	\$47,105	\$52,890	\$56,346	\$64,750	\$68,505
Family	\$40,472	\$43,521	\$50,413	\$53,708	\$63,342	\$67,016
Senior Individual	\$18,887	\$20,310	\$24,057	\$25,629	\$30,766	\$32,551
Senior Dual	\$28,569	\$30,721	\$35,024	\$37,313	\$43,435	\$45,954
Senior Family	\$11,904	\$12,800	\$15,036	\$16,018	\$19,103	\$20,211
<b>Total</b>	<b>\$175,063</b>	<b>\$188,251</b>	<b>\$216,335</b>	<b>\$230,472</b>	<b>\$270,059</b>	<b>\$285,722</b>
<b>(120,000 admissions opening year/3,500 memberships)</b>						
<b>Membership Category Numbers</b>						
Individual	948	956	961	1,009	1,069	1,127
Dual	991	1,000	1,005	1,055	1,117	1,178
Family	646	652	656	688	729	768
Senior Individual	733	739	743	779	826	871
Senior Dual	776	782	787	825	874	922
Senior Family	215	217	219	229	243	256
<b>Total</b>	<b>4,309</b>	<b>4,346</b>	<b>4,370</b>	<b>4,585</b>	<b>4,857</b>	<b>5,122</b>



Years	2012	2013	2014	2015	2016	2017
<b>Membership Revenues</b>						
Individual	\$42,661	\$43,027	\$48,074	\$50,438	\$58,774	\$61,971
Dual	\$59,467	\$59,977	\$65,337	\$68,550	\$78,203	\$82,458
Family	\$54,942	\$55,413	\$62,277	\$65,340	\$76,503	\$80,665
Senior Individual	\$25,640	\$25,859	\$29,718	\$31,180	\$37,159	\$39,180
Senior Dual	\$38,783	\$39,115	\$43,266	\$45,394	\$52,459	\$55,313
Senior Family	\$16,159	\$16,298	\$18,574	\$19,487	\$23,072	\$24,328
<b>Total</b>	<b>\$237,651</b>	<b>\$239,689</b>	<b>\$267,246</b>	<b>\$280,388</b>	<b>\$326,169</b>	<b>\$343,915</b>
<b>(150,000 admissions opening year/4,500 memberships)</b>						
<b>Membership Category Numbers</b>						
Individual	1,213	1,209	1,209	1,264	1,337	1,409
Dual	1,268	1,264	1,264	1,322	1,398	1,473
Family	827	824	824	862	912	961
Senior Individual	937	934	934	977	1,034	1,089
Senior Dual	992	989	989	1,034	1,094	1,153
Senior Family	276	275	275	287	304	320
<b>Total</b>	<b>5,511</b>	<b>5,495</b>	<b>5,494</b>	<b>5,747</b>	<b>6,079</b>	<b>6,406</b>
<b>Membership Revenues</b>						
Individual	\$54,564	\$54,402	\$60,436	\$63,219	\$73,562	\$77,511
Dual	\$76,058	\$75,833	\$82,138	\$85,921	\$97,879	\$103,135
Family	\$70,271	\$70,063	\$78,292	\$81,898	\$95,752	\$100,893
Senior Individual	\$32,793	\$32,696	\$37,360	\$39,081	\$46,508	\$49,005
Senior Dual	\$49,603	\$49,456	\$54,392	\$56,897	\$65,658	\$69,184
Senior Family	\$20,668	\$20,607	\$23,350	\$24,426	\$28,877	\$30,428
<b>Total</b>	<b>\$303,957</b>	<b>\$303,058</b>	<b>\$335,968</b>	<b>\$351,441</b>	<b>\$408,236</b>	<b>\$430,156</b>

### **C. Store Net Income**

MOHAI anticipates that a significant new source of net income at Lake Union Park will be its store. The current MOHAI retail operation has suffered from low attendance and from a location at the museum that was not designed to provide a central retail experience.

MOHAI has retained Marjorie Sheldon Retail Consulting to assist with the development of the merchandise program at Lake Union Park, including test marketing merchandise at the current Montlake operation.

#### **1. Store Objectives**

MOHAI's objectives for the Lake Union Park store are:

- Enhance the image of MOHAI
- Add to the visitor experience
- Help secure repeat visitation
- Per capita income of between \$2.25 and \$4.25
- Appeal to a diverse local and tourist audience

#### **2. Per Capita Sales**

MOHAI's goal is to have per capita sales of between \$2.25 and \$4.25 for all visitors excluding school groups. (Increasingly, schools are not allowing students to visit the store. Conservatively, MOHAI is assuming no sales to school groups.) This business plan assumes sales at the mid-point of \$3.25 per capita in 2013 following a higher initial per capita at opening. After 2012, per capita expenditures are anticipated to grow by 3 percent (inflation at 2.2 percent and productivity at .8 percent).

In 2004 the Museum Store Association conducted a survey by type of museum and found that for history museums the average per capita was \$2.67 in 2007 dollars, with a high of \$4.45 per capita for history museum stores with sales between \$200,000 and \$499,000, which is the level of gross receipts anticipated by MOHAI.

**Table 11.  
Museum Store Association Retail Survey 2004**

MUSEUM STORE ASSOCIATION RETAIL SURVEY 2004	Median Attendance	Median sales per visitor <sup>1</sup>
All History Museums (110 respondents)	44,000	\$2.67
History Museums with sales less than \$35,000 (33 respondents)	11,000	\$2.30
History Museums with sales between \$35,000 - \$89,000 (19 respondents)	33,000	\$1.73
History Museums with sales between \$90,000 - \$199,000 (19 respondents)	59,193	\$2.74
History Museums with sales between \$200,000 - \$499,000 (25 respondents)	75,000	\$4.45
History Museums with sales between \$500,000 + (14 respondents)	337,500	\$3.73

<sup>1</sup> Adjusted to current dollars.

### 3. Store Revenues

Store revenues are a function of admissions and the per capita assumptions. This business plan is based on a \$3.25 per capita sales assumption. The range of sales and income is shown below at the three attendance assumptions (100,000, 120,000 and 150,000) minus school groups for the first full year of operation.

**Table 12.**  
**Store Revenue Range**

Projection	Net of School Groups	Conservative	Mid-Range	Optimistic
		\$2.25	\$3.25	\$4.25
100,000	92,000	\$207,000	\$299,000	\$391,000
120,000	110,400	\$248,400	\$358,800	\$469,200
150,000	138,000	\$310,500	\$448,500	\$586,500

### 4. Store Expenses

Store operating expenses include the cost of goods sold and staffing.

#### a. Costs of Goods Sold

Costs of goods sold are expected to average 49 percent based on the following merchandise program:

**Table 13.**  
**Merchandise Program**

% of Inventory	Category Name	Products included:
18%	Books, Media	Books, DVDs, CDs, games, puzzles
10%	Children's Books	Children's books, learning cards, Children's DVD's CDs,
7%	Stationery	Note cards, postcards, gift-wrap etc.
18%	Apparel Accessories	T-Shirts, sweatshirts, apparel, hats, totes, purses, scarves.
18%	Decorative	Home décor, vintage décor, wall décor, wall hangings, framed prints, prints, posters, ornaments, candleholders, votives, letter openers, wine glasses, plates, mugs, kitchen towels, sculptures, figurines, coasters, frames, doilies, vintage tools, artifacts, silver items, desk accessories, bath accessories, soaps, lotions, collector dolls etc.
3%	Consumables	Northwest food, tea, coffee, candy, chocolate, fish.
18%	Toys	Stuffed animals, old time toys, kits, kid's puzzles, games, toy dolls, and collectible cars.
5%	Jewelry	Vintage jewelry, related fashion jewelry, related children's jewelry.
3%	Souvenirs & Novelties	Lower end items, key chains, magnets, logo items under \$15.00 (other than apparel).

**b. Labor**

This business plan assumes that MOHAI operates the store itself, with a manager and store staff based on attendance and sales increases. Under the 100,000 attendance scenario, staffing is primarily in conjunction with the admissions desk, with additional staff only during the peak season. Under higher attendance projections, staffing is increased and separated from the admissions desk.

**5. Store Net Revenues**

Store net revenues at a per capita expenditure of \$3.25 will range from a high of \$93,000 in 2012 to a low of \$42,00 depending on attendance. Net revenues in 2013 range from a high of \$106,000 to a low of \$46,000.

**Table 14.**  
**Store Net Income**

Years	2012	2013	2014	2015	2016	2017
<b>Key assumptions</b>						
Per capita	\$3.50	\$3.25	\$3.35	\$3.45	\$3.55	\$3.66
<b>(100,000 admissions opening year/2,500 memberships)</b>						
Attendance (net schools)	66,706	88,665	93,737	101,717	107,595	112,975
Sales	\$233,471	\$288,161	\$314,019	\$350,924	\$381,962	\$413,489
Cost of Sales	\$114,401	\$141,631	\$154,341	\$172,479	\$187,734	\$203,230
COS Percent	49%	49%	49%	49%	49%	49%
Margin	\$119,070	\$146,530	\$159,678	\$178,444	\$194,228	\$210,259
Margin Percent	51%	51%	51%	51%	51%	51%
Total Labor	\$60,702	\$80,685	\$87,925	\$84,222	\$87,851	\$90,967
Labor percent	26%	28%	28%	24%	23%	22%
General Expense	\$16,343	\$20,171	\$18,841	\$21,055	\$19,098	\$20,674
General Expense %	7%	7%	6%	6%	5%	5%
<b>Net Profit</b>	<b>\$42,025</b>	<b>\$45,674</b>	<b>\$52,912</b>	<b>\$73,167</b>	<b>\$87,279</b>	<b>\$98,618</b>
<b>(120,000 admissions opening year/3,500 memberships)</b>						
Attendance (net schools)	80,047	106,398	112,484	122,060	129,115	135,570
Sales	\$280,165	\$345,794	\$376,821	\$421,107	\$458,358	\$496,186
Cost of Sales	\$137,281	\$169,958	\$185,208	\$206,974	\$225,283	\$243,876
COS Percent	49%	49%	49%	49%	49%	49%
Margin	\$142,884	\$175,836	\$191,613	\$214,133	\$233,075	\$252,310
Margin Percent	51%	51%	50.85%	50.85%	50.85%	50.85%
Total Labor	\$66,539	\$90,035	\$92,736	\$95,518	\$98,384	\$101,335
Labor percent	24%	26%	25%	23%	21%	20%
General Expense	\$17,462	\$25,236	\$25,993	\$26,773	\$27,576	\$28,403
General Expense %	6%	7%	7%	6%	6%	6%
<b>Net Profit</b>	<b>\$58,883</b>	<b>\$60,565</b>	<b>\$72,884</b>	<b>\$91,842</b>	<b>\$107,115</b>	<b>\$122,572</b>
<b>(150,000 admissions opening year/4,500 memberships)</b>						
Attendance (net schools)	100,059	132,997	140,606	152,575	161,393	169,463
Sales	\$350,207	\$432,240	\$471,029	\$526,384	\$572,946	\$620,234
Cost of Sales	\$172,104	\$212,446	\$231,511	\$258,718	\$281,603	\$304,845
COS Percent	49%	49%	49%	49%	49%	49%
Margin	\$178,103	\$219,794	\$239,518	\$267,666	\$291,343	\$315,388
Margin Percent	51%	51%	51%	51%	51%	51%
Total Labor	\$66,539	\$90,035	\$92,736	\$95,518	\$98,384	\$101,335
Labor percent	19%	21%	20%	18%	17%	16%
General Expense	\$18,762	\$23,294	\$23,993	\$24,712	\$25,454	\$26,217
General Expense %	5%	5%	5%	5%	4%	4%
<b>Net Profit</b>	<b>\$92,802</b>	<b>\$106,465</b>	<b>\$122,789</b>	<b>\$147,436</b>	<b>\$167,505</b>	<b>\$187,836</b>

## **D. Café Income**

MOHAI anticipates that it can derive new income from the café at Lake Union Park. MOHAI does not have a café at Montlake with visitor food service and is limited to vending machines and snack goods in the store.

MOHAI has retained Manask & Associates to assist with analyzing its café and event business potential at Lake Union Park. This business plan is based on Manask & Associates' initial assessment with additional park visitors to meet the City's goal of integrating the museum and the park.

### **1. Café Objectives**

MOHAI's objectives for the café are:

- Increase the length of the visitor stay at the museum
- Add to the visitor experience by offering an attractive, upscale self-service café
- Include beer and wine sales
- Attract between 30 and 40 percent of visitors to the café
- Have an average check price of \$7.00 to \$12.00 per visitor
- Offer school and youth groups pre-made snacks and/or box lunches
- Offer pre-arranged food service for tour groups
- Attract park visitors to the café in numbers equal to those visiting from the museum. (This assumes that MOHAI is the only food service provider in the park, other than the proposed United Indians of All Tribes salmon bakes.)

### **2. Café Revenues**

Café revenues are a function of admissions, the percentage of customers that utilize the café service, the number of café customers attracted from the park and the average check size. This business plan is based on: 35 percent of non-school visitors utilizing the café; an equal number of visitors from the Park; and a \$10.00 check average in 2013 (with an opening check average in 2012 of \$12.00). The range of sales is shown below at the three attendance assumptions (100,000, 120,000 and 150,000) for 2013.

**Table 15.**  
**Café Revenue Range**

	100,000 Attendance			120,000 Attendance			150,000 Attendance		
Participation %	30%	35%	40%	30%	35%	40%	30%	35%	40%
MOHAI Customers (in 2013)	26,599	31,033	35,466	31,919	37,239	42,559	39,899	46,549	53,199
Park Customers	26,599	31,033	35,466	31,919	37,239	42,559	39,899	46,549	53,199
<b>Total Customers</b>	<b>53,199</b>	<b>62,065</b>	<b>70,932</b>	<b>63,839</b>	<b>74,478</b>	<b>85,118</b>	<b>79,798</b>	<b>93,098</b>	<b>106,398</b>
Average Check - Low	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Average Check - Medium	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Average Check - High	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
<b>Revenues - Low</b>	<b>\$372,392</b>	<b>\$434,457</b>	<b>\$496,522</b>	<b>\$446,870</b>	<b>\$521,348</b>	<b>\$595,827</b>	<b>\$558,588</b>	<b>\$651,685</b>	<b>\$744,783</b>
<b>Revenues - Mid-Range</b>	<b>\$531,988</b>	<b>\$620,653</b>	<b>\$709,318</b>	<b>\$638,386</b>	<b>\$744,783</b>	<b>\$851,181</b>	<b>\$797,982</b>	<b>\$930,979</b>	<b>\$1,063,976</b>
<b>Revenues - Optimistic</b>	<b>\$638,386</b>	<b>\$744,783</b>	<b>\$851,181</b>	<b>\$766,063</b>	<b>\$893,740</b>	<b>\$1,021,417</b>	<b>\$957,579</b>	<b>\$1,117,175</b>	<b>\$1,276,772</b>

% of MOHAI non-school admissions

### 3. Café Expenses

Café expenses are assumed to be 40 percent for costs of good sold – based on the industry average for a \$10.00 check average. Labor costs are expected to be 37 percent – assuming four full time employees and one manager. Other costs are expected to be 15 percent. The café’s net revenues are expected to be 8 percent of gross sales.

### 4. Café Net Revenues

Café net revenues will range from a high of \$67,000 in 2012 to a low of \$45,000 depending on attendance. Net revenues in 2013 range from a high of \$74,000 to a low of \$50,000.

**Table 16.**  
**Café Net Revenue**

Years	2012	2013	2014	2015	2016	2017
<b>Key assumptions</b>						
Average Check	\$12.00	\$10.00	\$10.30	\$10.61	\$10.93	\$11.26
Cost of Good Sold	40%	40%	40%	40%	40%	40%
Labor Costs	37%	37%	37%	37%	37%	37%
Other Costs	15%	15%	15%	15%	15%	15%
Net Revenue	8%	8%	8%	8%	8%	8%
<b>(100,000 admissions opening year/2,500 memberships)</b>						
Attendance (excl. school groups)	66,706	88,665	93,737	101,717	107,595	112,975
35% at café	23,347	31,033	32,808	35,601	37,658	39,541
Park visitors	23,347	31,033	32,808	35,601	37,658	39,541
Total customers	46,694	62,065	65,616	71,202	75,317	79,083
Total Revenue	\$560,332	\$620,653	\$675,844	\$755,378	\$823,007	\$890,082
Net Revenue	\$44,827	\$49,652	\$54,068	\$60,430	\$65,841	\$71,207
<b>(120,000 admissions opening year/3,500 memberships)</b>						
Attendance (excl. school groups)	80,047	106,398	112,484	122,060	129,115	135,570
35% at café	28,017	37,239	39,370	42,721	45,190	47,450
Park visitors	28,017	37,239	39,370	42,721	45,190	47,450
Total customers	56,033	74,478	78,739	85,442	90,380	94,899
Total Revenue	\$672,398	\$744,783	\$811,013	\$906,454	\$987,608	\$1,068,098
Net Revenue	\$53,792	\$59,583	\$64,881	\$72,516	\$79,009	\$85,448
<b>(150,000 admissions opening year/4,500 memberships)</b>						
Attendance (excl. school groups)	100,059	132,997	140,606	152,575	161,393	169,463
35% at café	35,021	46,549	49,212	53,401	56,488	59,312
Park visitors	35,021	46,549	49,212	53,401	56,488	59,312
Total customers	70,041	93,098	98,424	106,802	112,975	118,624
Total Revenue	\$840,497	\$930,979	\$1,013,767	\$1,133,067	\$1,234,510	\$1,335,123
Net Revenue	\$67,240	\$74,478	\$81,101	\$90,645	\$98,761	\$106,810

## ***E. Facility Rental and Catering Income***

### **1. Montlake Facility Rental and Catering Income**

MOHAI has an active facility rental program at Montlake, hosting over 150 external clients in 2007. Facility rental income in 2007 was in excess of \$75,000 with over 18,000 guests. The average size event is 150 guests, but has been as large as 600 guests. Rental rates of \$725 are well below the average of other cultural institutions for any venue space.

### **2. Lake Union Facility Rental and Catering Program**

Based on the concept design, the following areas and capacities are assumed to be available for facility rentals. Suggested rental pricing is based on a review of the existing rates at other non-profit institutions.



**Table 17.  
Facility Rental Rates**

Venue	Space Sq. Ft	Estimated Reception	Capacity Seated	Market Average for similar space		MOHIA Lake Union Pricing		Average
				Rate 1	Rate 2	Rate 1	Rate 2	
Entire facility						\$15,000	\$11,250	\$13,125
First Floor - total	11,500	575	383	\$3,875	\$3,000	\$5,000	\$3,750	\$4,375
Education Room	750	75	50	\$1,400	\$1,250	\$1,000	\$750	\$875
Café/gift shop	2,000	200	133	\$1,450	\$1,300	\$2,000	\$1,500	\$1,750
Terrace	3,000	300	200	\$4,450	\$3,200	\$3,000	\$2,250	\$2,625
Partial Main Floor	4,300	430	287	\$4,450	\$3,200	\$4,300	\$3,225	\$3,763
Large Meeting Room	550	55	36	\$700	\$600	\$700	\$600	\$650
Small Meeting Room	320	32	21	\$700	\$600	\$500	\$375	\$438

Rate 1: Standard rate

Rate 2: Non-profit rate

### **3. Catering**

This business plan assumes that MOHAI is able to get 10 percent of the catering income as a percentage payment to the museum. This should be attainable whether MOHAI gives the exclusive catering rights to a third party – who may also operate the café - or allows a select number of caterers to service functions at the museum.

### **4. Facility Rental and Catering Revenue**

MOHAI estimates it will host 168 rental events in 2012, settling to 158 per year thereafter. Facility rental rates are expected to increase 10 percent in 2014. Catering revenue is expected to increase 3 percent per year based on inflation beginning in 2014. Facility rental revenue is expected to be \$374,000 in 2012 decreasing to \$343,000 in 2013 and catering income is expected to be \$43,000 in 2012 decreasing to \$38,000 in 2013.

**Table 18.**  
**Facility Rental and Catering Income**

Facility Rentals							Catering Income						
	2012	2013	2014	2015	2016	2017		2012	2013	2014	2015	2016	2017
# Full Facility Rentals	4	3	3	3	3	3	# Full Facility Rentals	4	3	3	3	3	3
Average Rental Fee	\$13,125	\$13,125	\$14,450	\$14,450	\$14,450	\$14,450	Avg. Gross Revenue per head	\$9.00	\$9.00	\$9.27	\$9.55	\$9.83	\$10.13
							Avg # of people per event	1,000	1,000	1,000	1,000	1,000	1,000
# First Floor Gallery Rental	12	9	9	9	9	9	# First Floor Gallery Rentals	12	9	9	9	9	9
Average Rental Fee	\$4,375	\$4,375	\$4,800	\$4,800	\$4,800	\$4,800	Avg. Gross Revenue per head	\$17.00	\$17.00	\$17.51	\$18.04	\$18.58	\$19.13
							Avg # of people per event	450	450	450	450	450	450
# Education Room Rentals	24	18	18	18	18	18	# North Gallery Rentals	24	18	18	18	18	18
Average Rental Fee	\$875	\$875	\$950	\$950	\$950	\$950	Avg. Gross Revenue per head	\$25.00	\$25.00	\$25.75	\$26.52	\$27.32	\$28.14
							Avg # of people per event	75	75	75	75	75	75
# Café Rentals	25	25	25	25	25	25	# Café Rentals	25	25	25	25	25	25
Average Rental Fee	\$1,750	\$1,750	\$1,925	\$1,925	\$1,925	\$1,925	Avg. Gross Revenue per head	\$25.00	\$25.00	\$25.75	\$26.52	\$27.32	\$28.14
							Avg # of people per event	100	100	100	100	100	100
# Terrace Rentals	25	25	25	25	25	25	# Terrace Rentals	25	25	25	25	25	25
Average Rental Fee	\$2,625	\$2,625	\$2,875	\$2,875	\$2,875	\$2,875	Avg. Gross Revenue per head	\$17.00	\$17.00	\$17.51	\$18.04	\$18.58	\$19.13
							Avg # of people per event	200	200	200	200	200	200
# Partial Main Floor	30	30	30	30	30	30	# Partial Main Floor	30	30	30	30	30	30
Average Rental Fee	\$3,763	\$3,763	\$4,150	\$4,150	\$4,150	\$4,150	Avg. Gross Revenue per head	\$17.00	\$17.00	\$17.51	\$18.04	\$18.58	\$19.13
							Avg # of people per event	125	125	125	125	125	125
# Large Meeting Room Rer	24	24	24	24	24	24	# Large Meeting Room Rentals	24	24	24	24	24	24
Average Rental Fee	\$650	\$650	\$715	\$715	\$715	\$715	Avg. Gross Revenue per head	\$35.00	\$35.00	\$36.05	\$37.13	\$38.25	\$39.39
							Avg # of people per event	32	32	32	32	32	32
# Small Meeting Room Rer	24	24	24	24	24	24	# Small Meeting Room Rentals	24	24	24	24	24	24
Average Rental Fee	\$438	\$438	\$480	\$480	\$480	\$480	Avg. Gross Revenue per head	\$35.00	\$35.00	\$36.05	\$37.13	\$38.25	\$39.39
							Avg # of people per event	20	20	20	20	20	20
Total Number of Events	168	158	158	158	158	158	Total People Served Per Year	23,698	20,898	20,898	20,898	20,898	20,898
Revenue							Revenue						
Full Facility	\$52,500	\$39,375	\$43,350	\$43,350	\$43,350	\$43,350	Full Facility	\$36,000	\$27,000	\$27,810	\$28,644	\$29,504	\$30,389
Main Gallery	\$52,500	\$39,375	\$43,200	\$43,200	\$43,200	\$43,200	Main Gallery	\$91,800	\$68,850	\$70,916	\$73,043	\$75,234	\$77,491
Education Room	\$21,000	\$15,750	\$17,100	\$17,100	\$17,100	\$17,100	Education Room	\$45,000	\$33,750	\$34,763	\$35,805	\$36,880	\$37,986
Café	\$43,750	\$43,750	\$48,125	\$48,125	\$48,125	\$48,125	Café	\$62,500	\$62,500	\$64,375	\$66,306	\$68,295	\$70,344
Terrace	\$65,625	\$65,625	\$71,875	\$71,875	\$71,875	\$71,875	Terrace	\$85,000	\$85,000	\$87,550	\$90,177	\$92,882	\$95,668
Partial Main Floor	\$112,890	\$112,890	\$124,500	\$124,500	\$124,500	\$124,500	Partial Main Floor	\$63,750	\$63,750	\$65,663	\$67,632	\$69,661	\$71,751
Large Meeting Room	\$15,600	\$15,600	\$17,160	\$17,160	\$17,160	\$17,160	Large Meeting Room	\$26,880	\$26,880	\$27,686	\$28,517	\$29,373	\$30,254
Small Meeting Room	\$10,512	\$10,512	\$11,520	\$11,520	\$11,520	\$11,520	Small Meeting Room	\$16,800	\$16,800	\$17,304	\$17,823	\$18,358	\$18,909
Total Revenue	\$374,377	\$342,877	\$376,830	\$376,830	\$376,830	\$376,830	Total Revenue	\$427,730	\$384,530	\$396,066	\$407,948	\$420,186	\$432,792
Net Rental Income	\$374,377	\$342,877	\$376,830	\$376,830	\$376,830	\$376,830	Net to MOHAI - 10%	\$42,773	\$38,453	\$39,607	\$40,795	\$42,019	\$43,279

## ***F. Program Income***

MOHAI receives programmatic income from fees charged for children, family and adult public programs and from fees charged for school programs (excluding admission to the museum which is included in the admissions income).

### **1. Public Programs**

MOHAI currently offers public programs including walking tours, lecture series, and adult and senior classes and workshops. MOHAI offers limited children and family programs and does not have a day camp program.

MOHAI plans to expand its program offerings at Lake Union Park, expanding its adult and senior classes and other programs. This business plan assumes that MOHAI will offer historical boat tours, expand its walking tours and lecture series, and offer 45 senior or adult classes annually. This business plan also assumes that MOHAI will offer 40 family, children and/or preschool classes annually and a summer day camp program. Some of these programs may be offered in conjunction with other Lake Union Park resident organizations.

**Table 19.**  
**Programs Income**

<b>Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Adult and Senior Programs</b>						
Boat Tours (June-Aug)	24	24	24	24	24	24
Walking tours (June-Aug)	24	24	24	24	24	24
Lecture Series	2	4	4	4	4	4
Special Lecture Series events	2	4	4	4	4	4
Adult and Senior Classes	20	40	40	40	40	40
Adult and Senior Workshops	2	5	5	5	5	5
Total Participants	2,532	3,400	3,400	3,400	3,400	3,400
<b>Family Programs</b>						
Preschool, Children & Family Cla:	25	40	40	40	40	40
Day Camp Sessions	12	12	12	12	12	12
Total Participants	430	580	580	580	580	580
<b>Outside Talks</b>	6	12	12	12	12	12
Program Income	\$138,540	\$160,000	\$160,000	\$187,600	\$187,600	\$187,600
Program Expenses	\$43,435	\$47,454	\$48,878	\$50,344	\$51,854	\$53,410
Net Gross Income	\$95,105	\$112,546	\$111,122	\$137,256	\$135,746	\$134,190
% Net Gross Income	69%	70%	69%	73%	72%	72%

### **2. School and Teacher Education Programs**

MOHAI offers on-site programs for school groups that include hands on programs and self-guided tours. In addition to the school group admission rate, a separate charge is made to groups scheduling these additional services. MOHAI has a very successful outreach program, sending portable classroom materials to schools throughout the area. MOHAI also conducts a Teacher's Institute and plans to continue that at Lake Union Park. MOHAI anticipates that these sources of income will grow as school admissions

increase at Lake Union Park and as MOHAI gains greater community visibility. The table below reflects the Education Program Income at a Year One attendance rate of 120,000.

**Table 20.**  
**Education Program Income**

	2012	2013	2014	2015	2016	2017
<b>On-site Programs</b>						
Hands on Programs participants	5,917	7,864	8,314	9,022	9,543	10,020
Total On-site Program Participants	5,917	7,864	8,314	9,022	9,543	10,020
<b>Outreach and Classroom Resources</b>						
Portable Museum Visits	30	65	67	69	71	73
Teacher & Trunk Visits	5	10	10	10	10	10
Visual Resources visits	5	10	10	10	10	10
Total Outreach and Classroom Visits	40	85	87	89	91	93
<b>Teacher Enrichment</b>						
Teacher's Institute participants	20	35	36	37	38	39
Getting to the Source participants	10	25	26	27	28	29
Total Teacher Enrichment participants	30	60	62	64	66	68
<b>Income</b>						
On-site Program	\$2,958	\$3,932	\$4,157	\$4,511	\$4,772	\$5,010
Outreach	\$1,875	\$3,975	\$4,065	\$4,600	\$4,700	\$4,800
Teacher Enrichment	\$3,600	\$6,375	\$6,560	\$7,805	\$8,020	\$8,235
Total Education Program Income	\$8,433	\$14,282	\$14,782	\$16,916	\$17,492	\$18,045

## ***G. Photo Sales***

MOHAI conducts a robust photo sales business from its extensive photo collection. Income is generated both from royalties from organizations such as Corbis and Getty Images and from the direct sale of photos.

**Table 21.**  
**Photo Sales Income**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Royalties	\$ 10,000	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824
# of Orders	725	750	769	788	808	828
Avg. \$/order	\$125.00	\$127.50	\$130.05	\$132.65	\$135.30	\$138.01
Total Order Income	\$90,625	\$95,625	\$100,008	\$104,529	\$109,326	\$114,272
Total Photo Sales Income	\$ 100,625	\$ 105,625	\$ 110,208	\$ 114,933	\$ 119,938	\$ 125,097

## ***H. Contract Project and Exhibits***

MOHAI contracts with other groups to produce exhibits or to provide historical displays. Income from these activities is expected to continue at Lake Union Park, with revenues ranging from \$180,000 in 2012 to \$230,000 in 2017.

## Section III

### UNEARNED INCOME

Unearned income includes income from contributing memberships/annual fund giving, grants, special events and endowment earnings.

#### **A. Annual Fund**

MOHAI has three primary sources of annual fund contributions: Trustees, Heritage Guild donors who give \$1,000 or more to the annual fund, and contributing members who give less than \$1,000.

##### **1. Trustees**

Trustees currently contribute approximately \$100,000 to the annual fund and plan to increase their contribution to the \$150,000 level by 2013.

##### **2. Heritage Guild**

MOHAI has a base of approximately 40 donors who currently contribute \$1,000 or more to the annual fund generating over \$150,000 per year. MOHAI plans to use the capital campaign as a way to increase the number of contributors to the annual fund. The fundraising plan estimates that there will be 400 donors each contributing \$5,000 or more to the capital campaign. MOHAI anticipates retaining 50 percent of these contributors as annual fund donors beginning in 2013 at the \$1,000 or more level.

##### **3. Contributing Members**

MOHAI has approximately 300 contributing members who currently give between \$100 and \$999 to the annual fund campaign. The fundraising plan anticipates that there will need to be approximately 1,000 community contributors to the capital campaign, with individual donations ranging up to \$5,000. MOHAI plans to solicit these contributions during the last year of the campaign and hopes to retain 35% percent of these contributors as contributing members by 2016. The business plan also anticipates that 5 percent of MOHAI's renewing members will contribute to the annual fund.

**Table 22.**  
**Annual Fund**

Contributor Categories	2012	2013	2014	2015	2016	2017
Trustees contributions	\$100,000	\$150,000	\$155,000	\$160,250	\$165,000	\$170,000
Heritage Guild contributions	\$211,125	\$281,500	\$295,575	\$310,354	\$325,871	\$342,165
Contributing Members	\$36,546	\$52,163	\$65,590	\$73,764	\$82,367	\$84,349
<b>Total</b>	<b>\$347,671</b>	<b>\$483,663</b>	<b>\$516,165</b>	<b>\$544,368</b>	<b>\$573,239</b>	<b>\$596,514</b>

\*Based on Year One 120,000 attendance/3,500 members

#### **B. Special Events**

MOHAI has a gala event each year, History Makers. MOHAI's goal is to build on the capital campaign's momentum to grow History Makers from its current attendance of

approximately 160 people to 400 by 2012. This business plan assumes that MOHAI will host four additional smaller special events annually that will in total reach an estimated 1,000 patrons. The combined net profit (exclusive of staff) from special events is anticipated to be \$222,000 in 2012 with just History Makers, growing to \$333,000 in 2013 with the addition of other special events. This assumes that expenses grow at a rate of 3 percent per year, with a net profit of 66 to 70 percent from special events.

**Table 23.**  
**Special Events Income**

Years	2012	2013	2014	2015	2016	2017
<b>Special Events Held</b>						
History Makers Gala	1	1	1	1	1	1
Other Major Events (breakfasts, luncheons)	0	4	4	4	4	4
<b>Attendance at Special Events</b>						
History Makers Gala	400	400	400	425	425	450
Other Major Events (breakfasts, luncheons)		1,000	1,000	1,060	1,060	1,100
<b>Ticket Price/Donations for Special Events</b>						
History Makers Gala	\$300	\$300	\$300	\$300	\$300	\$300
Other Major Events (breakfasts, luncheons)		\$150	\$150	\$150	\$150	\$150
<b>Sponsorships for Special Events</b>						
History Makers Gala	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Other Major Events (breakfasts, luncheons)		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
<b>Revenue</b>						
History Makers Gala (ticket sales and donations)	\$317,200	\$317,200	\$317,200	\$337,700	\$337,700	\$357,200
Other Major Events (breakfasts, luncheons)		\$158,000	\$158,000	\$167,000	\$167,000	\$173,000
<b>Total Revenue</b>	<b>\$317,200</b>	<b>\$475,200</b>	<b>\$475,200</b>	<b>\$504,700</b>	<b>\$504,700</b>	<b>\$530,200</b>
<b>Total Direct Cost of Goods Sold and Expenses*</b>	<b>\$95,160</b>	<b>\$142,560</b>	<b>\$146,837</b>	<b>\$160,631</b>	<b>\$165,450</b>	<b>\$179,023</b>
<b>Net Gross Income</b>	<b>\$222,040</b>	<b>\$332,640</b>	<b>\$328,363</b>	<b>\$344,069</b>	<b>\$339,250</b>	<b>\$351,177</b>
<b>Percentage Net Gross Income</b>	<b>70%</b>	<b>70%</b>	<b>69%</b>	<b>68%</b>	<b>67%</b>	<b>66%</b>

\* Excludes staff costs

## **C. Grants**

### **1. Unrestricted Contributions**

MOHAI receives unrestricted support from corporations and foundations that include corporate matching donations as well as annual operating grants. Currently MOHAI receives approximately \$125,000 per year in such grant income and anticipates increasing that to \$300,000 per year starting in 2013 to support the expanded Lake Union Park operation. Grants are expected to increase at the rate of 5% percent per year between 2014 and 2017.

## 2. Restricted Contributions

MOHAI receives restricted support from corporations, foundations and government agencies which may take the form of exhibit sponsorships, collection and other initiatives, and support for education programs. Restricted grants are expected to total \$325,000 per year starting in 2013, increasing at the rate of 5 percent per year between 2014 and 2017.

**Table 24.**  
**Grants Income**

	2012	2013	2014	2015	2016	2017
Unrestricted	\$ 175,000	\$ 301,000	\$ 316,050	\$ 331,853	\$ 348,445	\$ 365,867
Restricted						
Traveling exhibits	\$ -	\$ 100,000	\$ 105,000	\$ 110,250	\$ 115,763	\$ 121,551
Educational Programs	\$ 150,000	\$ 150,000	\$ 157,500	\$ 165,375	\$ 173,644	\$ 182,326
Collection Initiatives/Miscellaneous	\$ 60,000	\$ 75,000	\$ 78,750	\$ 82,688	\$ 86,822	\$ 91,163
<b>Total Restricted Grants</b>	<b>\$ 210,000</b>	<b>\$ 325,000</b>	<b>\$ 341,250</b>	<b>\$ 358,313</b>	<b>\$ 376,228</b>	<b>\$ 395,040</b>
	0 \$ 385,000	\$ 626,000	\$ 657,300	\$ 690,165	\$ 724,673	\$ 760,907

## ***D. Interest Income***

MOHAI earns interest from distributions from the MOHAI Foundation and from the Stuart Trust.

### **1. MOHAI Foundation**

The MOHAI Foundation is a separate 501(c) 3 organization that maintains an endowment for the benefit of MOHAI. Annual interest earnings are distributed to MOHAI and available for operations. The MOHAI capital campaign budget for Lake Union Park includes an estimated \$8 million increase to the endowment, which would result in an endowment principal balance of approximately \$13.8 million by 2012. The business plan assumes annual earning distributions at 5 percent of principal, with 1 percent annual principal increases after 2012.

### **2. Stuart Trust**

MOHAI is named as an approximately ten percent beneficiary of a perpetual trust held for the benefit of local nonprofit organizations. The trust provides for quarterly earnings distributions to MOHAI which are unrestricted and available for operations. Annual earnings distributions from the trust are projected to increase at approximately 3 percent a year.

**Table 25.**  
**Interest Income**

	2012	2013	2014	2015	2016	2017
MOHAI Foundation Distributions	289,344	692,309	699,232	706,225	713,288	720,421
Stuart Foundation Distributions	273,589	281,796	290,250	298,958	307,926	317,164
<b>Total</b>	<b>\$562,933</b>	<b>\$974,105</b>	<b>\$989,483</b>	<b>\$1,005,183</b>	<b>\$1,021,214</b>	<b>\$1,037,585</b>
MOHAI Foundation Principal						
Beginning of Year Period		\$13,846,355	\$13,984,828	\$14,124,685	\$14,265,941	\$14,408,610
Notes:						
6/30/07 Principal Balance	\$ 5,454,000					
Estimated growth 2007-2011	\$ 392,356	1% growth after distributions				
Target campaign contributions	\$ 1,500,000					
12/31/11 Principal balance	\$ 7,346,356					

### ***E. City of Seattle Agreement***

MOHAI has provided the City with public benefits in exchange for occupancy of the Montlake building and for City payment of maintenance, security and utility expenses. In 2007 the City agreement provides \$220,000 to MOHAI to cover these expenses.

This business plan assumes a \$300,000 per year contribution from the City starting in 2012.



## SECTION IV EXPENSES

MOHAI's expenses are anticipated to increase commensurate with its expanded operation at Lake Union Park and with projected admissions. In 2013 at the mid-range projection, MOHAI's expenses are 61 percent labor and 39 percent non-labor expenses.

### ***A. Personnel Expenses***

MOHAI has a current staff of 32 and plans to increase to a staff of 49 under the mid-range projection (not including café and store staff which is in their individual budgets). The increases in staff continue the initiatives in collections and marketing started in the capital campaign and provide staffing to support the increased annual fund and facility rental activities.

The majority of the staff are in collections, exhibits, visitor services and facility operations. Additional staff is added to accommodate the target audience's interest in evening hours and programs. A detailed list of positions is shown in Appendix A at the three projected levels of admission.

Staff costs in 2012 do not include staff costs directly charged to the capital budget. Salaries are anticipated to increase by 3 percent per year and health insurance benefit costs to increase by 7.5 percent per year. Total staff costs of \$3.07 million are anticipated in 2013 under the mid-range projection

**Table 26.  
Personnel Expenses**

	Positions	2012	2013	2014	2015	2016	2017
Collections & Exhibits	11	\$483,127	\$594,638	\$612,477	\$630,852	\$649,777	\$669,270
Education & Public Programs	9	\$291,944	\$395,231	\$407,088	\$419,301	\$431,880	\$444,836
Visitor Services & Facility Operations	14	\$454,290	\$549,264	\$565,742	\$582,714	\$600,196	\$618,201
Fundraising	8	\$352,999	\$363,589	\$374,497	\$385,731	\$397,303	\$409,223
Public Relations/Marketing	2	\$103,175	\$106,271	\$109,459	\$112,743	\$116,125	\$119,609
Administration	5	\$348,942	\$359,410	\$370,192	\$381,298	\$392,737	\$404,519
<b>Total</b>	<b>49</b>	<b>\$2,034,478</b>	<b>\$2,368,403</b>	<b>\$2,439,455</b>	<b>\$2,512,638</b>	<b>\$2,588,017</b>	<b>\$2,665,658</b>
<b>Benefits and Taxes</b>		<b>\$624,147</b>	<b>\$696,617</b>	<b>\$733,783</b>	<b>\$773,283</b>	<b>\$815,280</b>	<b>\$859,947</b>
<b>Total Salaries and Benefits</b>		<b>\$2,658,624</b>	<b>\$3,065,020</b>	<b>\$3,173,237</b>	<b>\$3,285,921</b>	<b>\$3,403,297</b>	<b>\$3,525,605</b>

Attendance projection of 120,000

### ***B. Armory Expenses***

As owner of the Armory, MOHAI will be assuming additional expenses that it has not incurred as lessee of space at Montlake.

#### **1. Building Operating Expenses**

As owner of the Armory MOHAI will assume responsibility for all exterior maintenance and for maintenance of building operating systems, which are new expenditures for the Museum. These expenses include: outside window and awning maintenance and cleaning, monitoring of HVAC systems, boiler maintenance and filter changes, etc. An

allocation of \$1 per square foot (\$50,000) is included in this business plan for these expenses.

## 2. Insurance

MOHAI will be required by the City to insure the Armory building and tenant improvements. Coverages are anticipated to include property coverages for the Armory building including earthquake coverage and liability insurance for the wharf in addition to MOHAI's current coverage of its personal property and indemnity coverages. Eighty thousand dollars (\$80,000) has been included in the business plan for these property coverages.

## 3. Major Maintenance Reserve

MOHAI will begin reserving funds for major maintenance of the Armory in its sixth year of operation in addition to the operating reserve shown in this business plan.

### ***C. Other Non-Building Expenses***

In 2012 under the 120,000 annual attendance projection 45 percent of costs are occupancy costs, including utilities, rental of storage and administrative space, content and building insurance, repairs and maintenance, and security service. Twenty-four percent (24%) of MOHAI's operating costs support marketing, advertising and communications, which are critical to MOHAI's ability to meet its admissions and program goals. Fifteen percent (15%) of MOHAI's operating expenses are for exhibits including funds for traveling shows, exhibit refreshment and exhibit repairs; 14 percent for supplies and other equipment costs; and 2 percent for administrative costs for legal and accounting services.

Costs are anticipated to increase by 2.5 percent per year and are expected to total \$2.0 million in 2013 under the mid-range projection. Expenditures for all three admissions projections are included in Appendix B.

**Table 27.**  
**Operating Expenses**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Occupancy Costs	872,397	894,207	916,563	939,477	962,963	987,038
Exhibits	0	300,000	307,500	315,188	323,067	331,144
Supplies and Other Equipment Costs	265,000	271,625	278,416	285,376	292,510	299,823
Marketing/Communication/Development	465,000	476,625	488,541	500,754	513,273	526,105
Administration and Contingency	40,000	41,000	42,025	43,076	44,153	45,256
<b>Total other expenses</b>	<b>1,642,397</b>	<b>1,983,457</b>	<b>2,033,044</b>	<b>2,083,870</b>	<b>2,135,967</b>	<b>2,189,366</b>

Attendance projection of 120,000

**Appendix A.**  
**Positions: 2012-17**

Positions	Admission Projection		
	Low	Mid-Range	High
<u>Collections &amp; Exhibits:</u>			
Deputy Director - Museum Resources	1	1	1
Exhibits Manager	1	1	1
Exhibits Staff	1	1	2
Exhibits Technology Staff	1	1	1
Collections Manager	1	1	1
Collections Coordinator	1	1	1
Collections Staff	1	1	2
Registrar	1	1	1
Inventory Specialist			1
Curators	2	2	4
Photo Technician	1	1	1
<b>Total Collections &amp; Exhibits</b>	<b>11</b>	<b>11</b>	<b>16</b>
<u>Education &amp; Public Programs:</u>			
Education Manager	1	1	1
Education Coordinator	1	1	1
Education Staff	1	1	2
Programs Manager	1	1	1
Programs Coordinator	1	1	1
Programs Staff	3	3	3
Historian	1	1	1
<b>Total Education &amp; Public Programs</b>	<b>9</b>	<b>9</b>	<b>10</b>
<u>Visitor Services &amp; Facility Operations:</u>			
Deputy Director - Operations	1	1	1
Visitor Services Manager	1	1	1
Visitor Services Staff	4	4	4
Facilities Manager	1	1	1
Custodian	2	2	2
Events Manager	1	1	1
Events Coordinator	1	1	1
Events Staff	3	3	3
<b>Total Visitor Services &amp; Facility Operations</b>	<b>14</b>	<b>14</b>	<b>14</b>
<u>Fundraising:</u>			
Development Director	1	1	1
Membership Coordinator	1	1	1
Grants Writer	1	1	1
Development Events Staff	2	2	2
Development Database Administrator	1	1	1
Annual Fund Staff	2	2	2
<b>Total Fundraising</b>	<b>8</b>	<b>8</b>	<b>8</b>
<u>Public Relations/Marketing</u>			
Public Relations/Marketing Manager	1	1	1
Communications staff	1	1	2
<b>Total Public Relations/marketing</b>	<b>2</b>	<b>2</b>	<b>3</b>
<u>Administration &amp; Other:</u>			
Executive Director	1	1	1
Executive Assistant	1	1	1
Controller/CFO	1	1	1
Fiscal Accountant	1	1	1
IT Staff	1	1	1
<b>Total Administration</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total</b>	<b>49</b>	<b>49</b>	<b>56</b>

**Appendix B.  
Operating Expenses 2012-2017**

**100,000 Attendance**

	2012	2013	2014	2015	2016	2017
<b><u>Programs/Facilities:</u></b>						
<b><u>Occupancy Costs:</u></b>						
Armory Expenses						
Building operating expenses	50,000	51,250	52,531	53,845	55,191	56,570
Building insurance	80,000	82,000	84,050	86,151	88,305	90,513
Major Maintenance Reserve	0	0	0	0	0	0
Insurance (Contents, Liability)	35,000	35,875	36,772	37,691	38,633	39,599
Utilities (Gas, electric, water, waste/recycling)	84,000	86,100	88,253	90,459	92,720	95,038
Office Rental (6275 sf, 2007 base of \$20.00/sf)	141,992	145,542	149,180	152,910	156,732	160,651
Collections/shop rental (21,800 sf, 2007 base of \$9.00/sf)	221,982	227,532	233,220	239,051	245,027	251,153
Repairs & Maintenance	42,000	43,050	44,126	45,229	46,360	47,519
Security	21,000	21,525	22,063	22,615	23,180	23,760
Glant Storage	90,423	92,684	95,001	97,376	99,810	102,306
Replace 800 Pike collection space	96,000	98,400	100,860	103,382	105,966	108,615
Misc other	10,000	10,250	10,506	10,769	11,038	11,314
Subtotal - Occupancy Costs	872,397	894,207	916,563	939,477	962,963	987,038
Exhibits		300,000	307,500	315,188	323,067	331,144
Outside personnel services	45,000	46,125	47,278	48,460	49,672	50,913
Supplies (Department, Office)	40,000	41,000	42,025	43,076	44,153	45,256
Equipment (Repair/Maint/Rental)	30,000	30,750	31,519	32,307	33,114	33,942
Equipment/Computers to Capitalize	40,000	41,000	42,025	43,076	44,153	45,256
Telephone/fax	20,000	20,500	21,013	21,538	22,076	22,628
Dues, subs, travel, meetings	20,000	20,500	21,013	21,538	22,076	22,628
Photo Services	10,000	10,250	10,506	10,769	11,038	11,314
	205,000	210,125	215,378	220,763	226,282	231,939
<b><u>Marketing/Communication/Development:</u></b>						
Advertising/Marketing	230,000	235,750	241,644	247,685	253,877	260,224
Printing	125,000	128,125	131,328	134,611	137,977	141,426
Postage/Shipping	40,000	41,000	42,025	43,076	44,153	45,256
	395,000	404,875	414,997	425,372	436,006	446,906
<b><u>Administration/Other</u></b>						
Audit & Acctg, Legal	25,000	25,625	26,266	26,922	27,595	28,285
Miscellaneous/Contingency	5,000	5,125	5,253	5,384	5,519	5,657
	30,000	30,750	31,519	32,307	33,114	33,942
<b>Total other expenses</b>	<b>1,502,397</b>	<b>1,839,957</b>	<b>1,885,956</b>	<b>1,933,105</b>	<b>1,981,433</b>	<b>2,030,969</b>

**Appendix B. - Other Expenses Detail - 120,000**

	2012	2013	2014	2015	2016	2017
<b><u>Programs/Facilities:</u></b>						
<b><u>Occupancy Costs:</u></b>						
Armory Expenses						
Building operating expenses	50,000	51,250	52,531	53,845	55,191	56,570
Building insurance	80,000	82,000	84,050	86,151	88,305	90,513
Major Maintenance Reserve	0	0	0	0	0	0
Insurance (Contents, Liability)	35,000	35,875	36,772	37,691	38,633	39,599
Utilities (Gas, electric, water, waste/recycling)	84,000	86,100	88,253	90,459	92,720	95,038
Office Rental (6275 sf, 2007 base of \$20.00/sf)	141,992	145,542	149,180	152,910	156,732	160,651
Collections/shop rental (21,800 sf, 2007 base of \$9.00/sf)	221,982	227,532	233,220	239,051	245,027	251,153
Repairs & Maintenance	42,000	43,050	44,126	45,229	46,360	47,519
Security	21,000	21,525	22,063	22,615	23,180	23,760
Glant Storage	90,423	92,684	95,001	97,376	99,810	102,306
Replace 800 Pike collection space	96,000	98,400	100,860	103,382	105,966	108,615
Misc other	10,000	10,250	10,506	10,769	11,038	11,314
Occupancy Costs	872,397	894,207	916,563	939,477	962,963	987,038
Exhibits		300,000	307,500	315,188	323,067	331,144
Outside personnel services	75,000	76,875	78,797	80,767	82,786	84,856
Supplies (Department, Office)	50,000	51,250	52,531	53,845	55,191	56,570
Equipment (Repair/Maint/Rental)	30,000	30,750	31,519	32,307	33,114	33,942
Equipment/Computers to Capitalize	50,000	51,250	52,531	53,845	55,191	56,570
Telephone/fax	25,000	25,625	26,266	26,922	27,595	28,285
Dues, subs, travel, meetings	25,000	25,625	26,266	26,922	27,595	28,285
Photo Services	10,000	10,250	10,506	10,769	11,038	11,314
	265,000	271,625	278,416	285,376	292,510	299,823
<b><u>Marketing/Communication/Development:</u></b>						
Advertising/Marketing	275,000	281,875	288,922	296,145	303,549	311,137
Printing	150,000	153,750	157,594	161,534	165,572	169,711
Postage/Shipping	40,000	41,000	42,025	43,076	44,153	45,256
	465,000	476,625	488,541	500,754	513,273	526,105
<b><u>Administration/Other</u></b>						
Audit & Acctg, Legal	25,000	25,625	26,266	26,922	27,595	28,285
Miscellaneous/Contingency	15,000	15,375	15,759	16,153	16,557	16,971
	40,000	41,000	42,025	43,076	44,153	45,256
<b>Total other expenses</b>	<b>1,642,397</b>	<b>1,983,457</b>	<b>2,033,044</b>	<b>2,083,870</b>	<b>2,135,967</b>	<b>2,189,366</b>

**Appendix B. - Other Expenses Detail - 150,000**

	2012	2013	2014	2015	2016	2017
<b><u>Programs/Facilities:</u></b>						
<b><u>Occupancy Costs:</u></b>						
Armory Expenses						
Building operating expenses	50,000	51,250	52,531	53,845	55,191	56,570
Building insurance	80,000	82,000	84,050	86,151	88,305	90,513
Major Maintenance Reserve	0	0	0	0	0	0
Insurance (Contents, Liability)	35,000	35,875	36,772	37,691	38,633	39,599
Utilities (Gas, electric, water, waste/recycling)	84,000	86,100	88,253	90,459	92,720	95,038
Office Rental (6275 sf, 2007 base of \$20.00/sf)	141,992	145,542	149,180	152,910	156,732	160,651
Collections/shop rental (21,800 sf, 2007 base of \$9.00/sf)	221,982	227,532	233,220	239,051	245,027	251,153
Repairs & Maintenance	42,000	43,050	44,126	45,229	46,360	47,519
Security	21,000	21,525	22,063	22,615	23,180	23,760
Grant Storage	90,423	92,684	95,001	97,376	99,810	102,306
Replace 800 Pike collection space	96,000	98,400	100,860	103,382	105,966	108,615
Misc other	10,000	10,250	10,506	10,769	11,038	11,314
Subtotal - Occupancy Costs	872,397	894,207	916,563	939,477	962,963	987,038
Exhibits		300,000	307,500	315,188	323,067	331,144
Outside personnel services	75,000	76,875	78,797	80,767	82,786	84,856
Supplies (Department, Office)	50,000	51,250	52,531	53,845	55,191	56,570
Equipment (Repair/Maint/Rental)	30,000	30,750	31,519	32,307	33,114	33,942
Equipment/Computers to Capitalize	50,000	51,250	52,531	53,845	55,191	56,570
Telephone/fax	25,000	25,625	26,266	26,922	27,595	28,285
Dues, subs, travel, meetings	25,000	25,625	26,266	26,922	27,595	28,285
Photo Services	10,000	10,250	10,506	10,769	11,038	11,314
	265,000	271,625	278,416	285,376	292,510	299,823
<b><u>Marketing/Communication/Development:</u></b>						
Advertising/Marketing	275,000	281,875	288,922	296,145	303,549	311,137
Printing	150,000	153,750	157,594	161,534	165,572	169,711
Postage/Shipping	40,000	41,000	42,025	43,076	44,153	45,256
	465,000	476,625	488,541	500,754	513,273	526,105
<b><u>Administration/Other</u></b>						
Audit & Acctg, Legal	25,000	25,625	26,266	26,922	27,595	28,285
Miscellaneous/Contingency	15,000	15,375	15,759	16,153	16,557	16,971
	40,000	41,000	42,025	43,076	44,153	45,256
<b>Total other expenses</b>	<b>1,642,397</b>	<b>1,983,457</b>	<b>2,033,044</b>	<b>2,083,870</b>	<b>2,135,967</b>	<b>2,189,366</b>