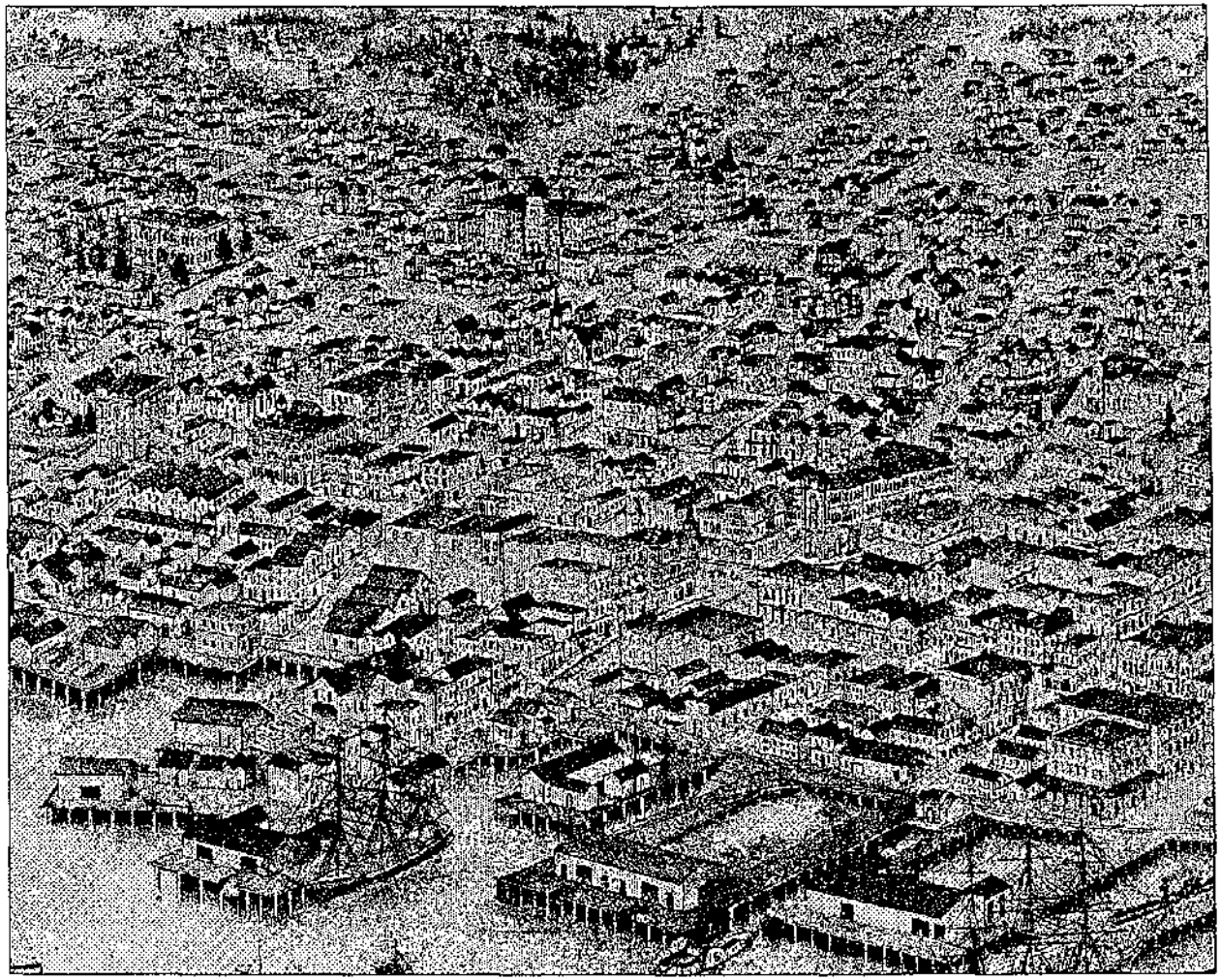

NEW DIRECTIONS IN HERITAGE FUNDING

KING COUNTY OFFICE OF CULTURAL RESOURCES

7 DECEMBER 1998

LOGIC

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Funding is undergoing transition among cultural institutions and governmental agencies. Over the next five years there will be significant changes in the way of doing business, bringing both big challenges and new opportunities. Leaders at the State and local levels are seeking more effective organizational structures, increased public-private cooperation, and more stable funding in the nonprofit world.

With the turn of the millennium, the celebration of King County's Sesquicentennial in 2002, the Washington Territorial Sesquicentennial in 2003, and the many community anniversaries to be observed in the next decade there is an enthusiastic focus emerging in the heritage community. With the upcoming decrease and phasing out of the county's successful hotel-motel tax support to grant programs, the heritage community must find replacement funding for important new capital projects and operational support for existing institutions. In addition, funding for restoration of historic buildings and landscapes, and preservation of important archaeological sites is ever more critical as development pressures increase county-wide.

The purpose of this study is to analyze needs and opportunities, recommend a strategic course of action, and to engage the process of change and adaptation on behalf of the heritage community.

A people without history
Is not redeemed from time,
for history is a pattern
Of timeless moments.

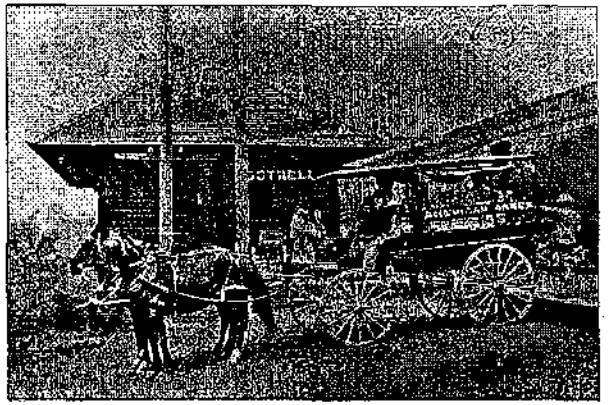
T. S. Eliot

The King County Office of Cultural Resources includes the programs of the Landmarks and Heritage Commission, King County Arts Commission, and Public Art Commission.

King County government is the only local entity, public or private, which provides dedicated, annual funding for heritage purposes. The funds are distributed through the King County Landmarks and Heritage Commission.

Since 1990, hotel-motel tax revenues have supported numerous heritage projects and programs, built a broad-based constituency, and raised public expectations concerning the cultural health of our communities and the quality of our children's education. As a leader in regional heritage development and redevelopment, the King County Landmarks and Heritage Commission seeks to expand its service.

DEFINING HERITAGE DISCIPLINES



Culture is the name for what people are interested in, their thoughts, their models, the books they read and the speeches they hear, their table-talk, gossip, controversies, historical sense and scientific training, the values they appreciate, the quality of life they admire. All communities have a culture. It is the climate of their civilization.

Walter Lippmann

The King County Office of Cultural Resources distinguishes arts and heritage projects:

- HERITAGE DISCIPLINES are defined as those relating to King County indigenous history, ethnic history and heritage, traditional cultures, folklore, archaeology and historic preservation. Heritage projects shall focus on identification, collection, evaluation, preservation, restoration, exhibition and interpretation of heritage resources.
- ARTS DISCIPLINES include, but are not limited to, dance, drama/theater, music, visual arts, literary arts, media arts, performing arts, interdisciplinary arts, traditional and folk arts and ethnic arts.
- CULTURAL ORGANIZATIONS are those entities that provide programming or services in the arts or heritage disciplines listed here.
- CULTURAL FACILITIES include buildings and structures which are used primarily for the performance, exhibition or benefit of arts and heritage activities, including but not limited to, performing arts, visual arts and heritage endeavors.

These definitions were conceived to distinguish heritage disciplines from the arts. They encompass institutions, organizations, and dedicated individuals engaged in an array of functions from curatorial to interpretive, from archaeological research to historic preservation, and from museum services to heritage curriculum development. Any new heritage structure will need to review its mission and conformance to these tested definitions.

CORE MISSION AND SERVICES

The King County Landmarks and Heritage Commission supports the heritage community with grants and services. Its mission is to assist citizens, public agencies, and nonprofit organizations in:

Preserving and protecting significant historic buildings and sites

Transmitting historical and cultural values from one generation to the next

Increasing public involvement in and awareness of heritage activities

Building an historical record

HERITAGE GRANT PROGRAM

- *Cultural Facilities Program* provides funding for equipment, construction and facility development for heritage organizations.
- *Special Projects Program* provides funding opportunities to heritage organizations, heritage specialists, public service agencies, and community organizations for documentation and conservation of heritage resources, publications, interpretive materials, and special programs.
- *Cultural Education Program* provides funding for heritage specialists and heritage organizations to work in partnership with public schools, school districts, and community organizations to provide cultural education programs in King County public schools.

TECHNICAL ASSISTANCE

- *Community History* is a monthly newsletter that provides news and technical information for the King County heritage community.
- *Technical and historical papers* provide information on cultural and organizational planning, administration, collection maintenance, museum operations, landmark designation and restoration.
- *Technical assistance* provided by Landmarks and Heritage program staff focuses on board development, volunteer staff training, fundraising assistance, museum service agreements with municipalities, implementation of professional standards and practices, and more.

LANDMARK DESIGNATION AND PROTECTION

- *Interlocal Agreements* allow landmark preservation services to be extended to incorporated areas of the county. Availability of grant money has spurred main street restoration in North Bend, Skykomish, Snoqualmie, Auburn, and Carnation.
- *Revolving Loan Fund* provides low interest financing for restoration projects through Washington Mutual Bank and Valley Community Bank. The fund was established in 1992 with an appropriation of $500,000.
- *Landmark Grants* are available on a periodic basis to fund restoration of King County landmarks. $500,000 was granted between 1991 and 1997 to stabilize and restore more than 40 buildings countywide; hundreds of thousands of private dollars were leveraged in the process.
- *Regional Archaeology Program* coordinates identification and protection of significant sites.

IMPACT AND BENEFITS

HERITAGE TOURISM

Heritage programs are currently in the spotlight due to the growing interest in cultural tourism. Heritage attractions across the country are emerging as popular and economically viable. What makes these projects stand out is their value to community identify and resident pride, service to education, and leadership in creating regional tourism.

Heritage is an essential and viable component of community development for residents and visitors.

The entire spectrum of heritage tourism is reshaping the attractions industry in this country and abroad. The traveler is asking for more than themes and thrills, wanting to learn about real things. This is opportune for promoting museums, landmarks, and cultural attractions.

A study undertaken by the Travel Industry Association of America in August 1997 found that 27% of U.S. adults took at least one trip in the previous year that included a visit to a historic place or museum. Those traveling to historic places spent an average of $200 more per trip.

CULTURAL INSTITUTIONS ANCHOR REDEVELOPMENT

Economic studies of numerous redevelopment projects in major city centers as well as rural towns prove the cost-effectiveness of a cultural institution's role in revitalizing depressed areas. In Washington State and around King County, the Main Street/Downtown Revitalization program is being adopted in many communities.

Heritage considerations, particularly historic preservation, are being incorporated in comprehensive plans and are essential features of the community planning process. Communities throughout King County are turning to historic building preservation to maintain their unique identities.

INVESTMENT IN EDUCATION

Education is the condition of support by many proponents of continued or expanded government funding of arts and heritage. The heritage disciplines demonstrate direct educational benefit and are providing essential services to formal and informal education. Investment in heritage education enhances quality of life.

IMPACT

Heritage disciplines have had a slow process of evolution, but a clear record of accomplishment with the assistance of King County support over the last decade. Current trends underscore broad popularity of heritage institutions and services, and the cost-effectiveness of public investments. Heritage projects build an important historical record, and provide educational and recreational experiences for the public. The combination of broad constituency, economic viability, and educational value should establish a strong case for continued governmental support, which in turn can attract private sector investment.

THE HERITAGE COMMUNITY

The Heritage Community is a large and diverse movement of individuals, organizations and agencies that effects every geographic area of Seattle and King County.

As a constituency, the heritage community represents a membership of more than 50,000 persons.

The Heritage Community has expanded dramatically in the past 25 years from a few museums and individuals in grass roots organizations to a broad spectrum of participants that include a number of nationally known and respected institutions, including the Museum of Flight, Museum of History and Industry, Wing Luke Asian Museum, Nordic Heritage Museum, and Center for Wooden Boats.

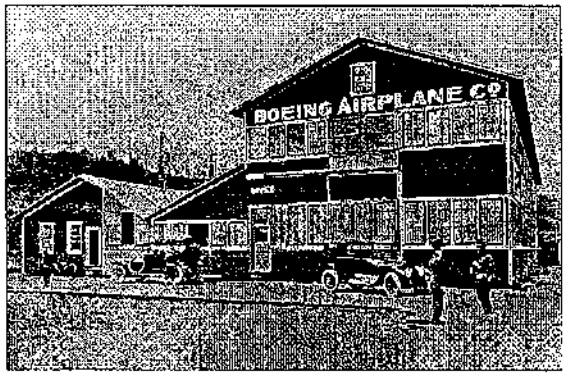
The historic districts, landmark buildings, museums and attractions of Seattle and King County are significant at national, state and regional levels. They are an invaluable resource for preserving community character and quality of life, promoting reinvestment and revitalization, and attracting tourist dollars.

Heritage groups and resources in King County include:

- *2 archaeological societies*
- *12 archives (public and nonprofit)*
- *47 historical societies and heritage groups*
- *12 landmarks boards and commissions*
- *60 museums, interpretive centers and exhibiting groups*
- *4 preservation and development authorities with heritage missions*
- *14 professional associations and affinity groups*
- *8 tribal governments and organizations*
- *94 designated local landmarks*

Hundreds of public and private landmark property owners as well as authors, heritage specialists, educators, students, librarians, planners and others are involved in the business of heritage.

CURRENT FUNDING LEVELS



The historic Boeing "Red Barn" Factory is preserved as an operating component of the Museum of Flight.

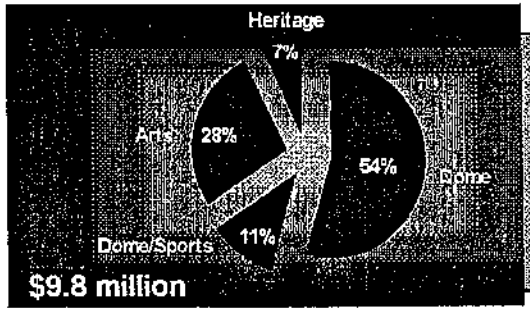
King County is the recognized leader in heritage support over the last decade:

- King County Landmarks and Heritage Commission has administered more than $3,690,000 in grants since 1990.
- Current allocations are more than $775,000 per year.
- Hotel/Motel funding has enriched hundreds of projects, events.
- A $500,000 Revolving Loan Program provides low interest loans to private landmark owners.
- Heritage accomplished broad public service.
- Modest resources invested returned excellent benefits.
- Hotel/Motel funds have leveraged $3.00 for every $1.00 allocated.
- Hotel/Motel funding changes will provide less support as needs continue to grow.
- Special tax incentives assist in preservation of significant historic buildings and sites.

FUNDING ANALYSIS

FUNDING FROM HOTEL/MOTEL TAX REVENUES FROM THE YEARS 1992 TO 2000

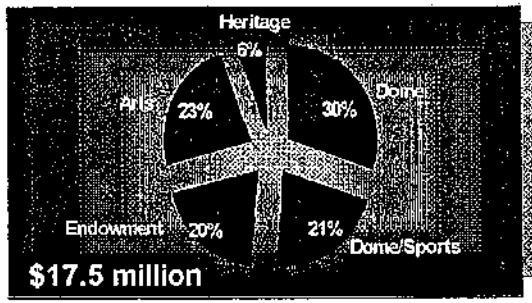
- The first $5.3 million is dedicated to Kingdome.
- Of the excess revenue, 75% is earmarked for Arts and Heritage, with 25% going to Dome Sports
- Of the portion dedicated to Arts and Heritage, 80% goes to arts, and 20% goes to heritage.



Estimated annual revenues	$9,800,000
Dome	$5,300,000
Dome/Sports	$1,125,000
Arts	$2,700,000
Heritage	$675,000

FUNDING FROM HOTEL/MOTEL TAX REVENUES FROM THE YEARS 2001 TO 2012

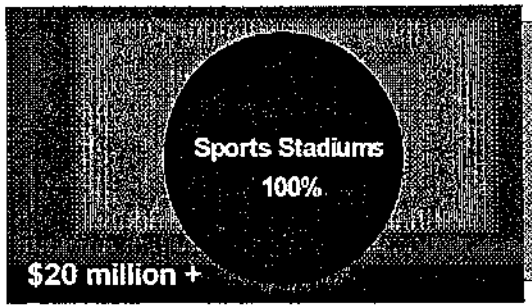
- The first $5.3 million is dedicated to Kingdome.
- Of the excess revenue, 70% is earmarked for Arts and Heritage, with 30% going to Dome Sports.
- Of the portion dedicated to Arts and Heritage, 40% goes to an endowment for arts and heritage, and 60% is for arts and heritage annual expenditures.
- Splits of annual expenditures are estimated at 80% arts, 20% heritage.



Estimated annual revenues	$17,500,000
Dome	$5,300,000
Dome/Sports	$3,660,000
Endowment	$3,416,00
Arts	$4,099,200
Heritage	$1,024,800

FUNDING FROM HOTEL/MOTEL TAX REVENUES FROM 2012 ONWARD

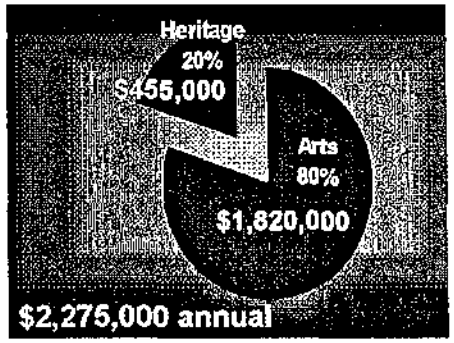
- Of the Hotel/Motel tax revenues, annually all monies are dedicated to stadiums.
- No new excess tax is earmarked for Arts and Heritage.



Estimated annual revenues $20,000,000

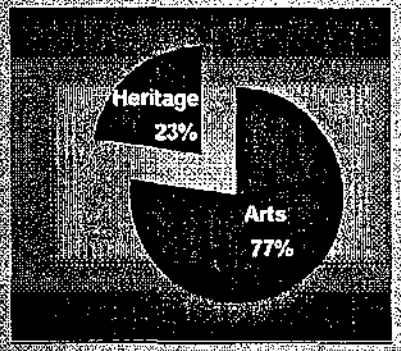
THE CULTURAL ENDOWMENT FROM 2012 ONWARD

- Only endowment interest will be available for arts and heritage funding.
- Splits between arts and heritage are estimated.
- Prime case of $3,400,000 per year to culture endowment for 12 years at 7% compounded annually, untouched, builds a fund of $65,000,000. At 3.5% interest annually, arts and heritage receives $2,275,000.

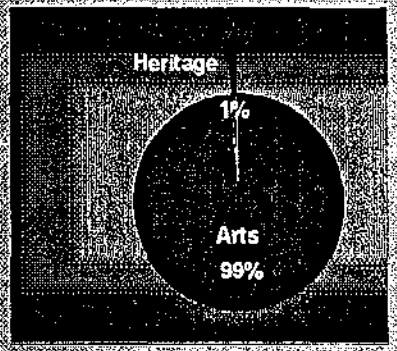


PUBLIC AND PRIVATE SUPPORT

An analysis of sustaining funding from public sources available to Washington State projects illustrates a three to one split favoring arts over heritage.



From identified private sources, nearly all funding goes to the arts. The heritage community must do more to state its case and cultivate support.



There is growing recognition of the diversion of hotel-motel tax funding to sports and concern over corresponding loss of support to arts and heritage. Statewide and regionally, there are initiatives surveying funding needs for arts, an issue that is also of vital concern to the heritage disciplines. Replacing diverted funding, finding sources for expanded capital support to emerging projects, and the need for a secure base of funding to sustain operations are essential parts of comprehensive government support. In turn, there is a need for more support from the private sector in a spirit of public-private partnership. The heritage community must join this discussion, particularly in its relatively strong position in King County, communicating needs and benefits, and proposing a structure to effect public-private partnerships.

NEW FUNDING MECHANISMS REQUIRED

Heritage institutions and their projects have grown extensively since the impetus of the national bicentennial, the state centennial, and attendant heritage funding programs at local and state levels of government. The flow of funds from hotel-motel tax over the last decade has brought new projects on stream, expanding and sustaining others. More than sixty organizations around King County are providing heritage education services to the public. These range in size from small, single-purpose historic houses to several full-service museums. This growing inventory represents a valuable cultural resource for the region and a current and growing attraction for heritage tourism.

Along with this valuable resource there is a clear and definite need for more financial and technical support for development. The amount of support that is needed is substantial, and it must take the form of sustaining resources for operations and programs while it finds large investments in new capital projects. This need is real and it is recognized as a priority with a large and growing constituency. But, the need has to be clearly and simply defined and communicated to the general public and elected officials.

Heritage needs are considerable. Their public service potential is great.

- ***Organization is essential for effective funding.***
- ***New and sustaining sources for public funding are required.***
- ***Private donors need cultivation, access for support.***
- ***A number of regional heritage projects are emerging.***
- ***Many small community-based institutions also need sustaining support.***
- ***Significant historic buildings and archaeological sites are being lost.***
- ***Popularity of cultural heritage is strong and increasing.***
- ***Economic impact of heritage tourism is significant and growing.***
- ***Heritage institutions are proving to be a prime investment in community redevelopment.***

Several large projects have emerged over the last decade, including the need for an expanded Museum of History & Industry at the Convention Center, a Maritime Heritage Center at South Lake Union, the expansions of the Wing Luke Asian Museum and Nordic Heritage Museum in Seattle, and enlarging Northwest Railway Museum in Snoqualmie. Examples across the country witness the fact that it is necessary to have one or more large, popular projects to bring along the general public support to smaller institutions. In King County there is an opportune environment of several large leadership projects and broad needs for sustaining support from a variety of small and medium size institutions.

In recent years, King County has lost scores of significant historic buildings due to rapid redevelopment. While county and local governments have established a solid base in archeological site protection and landmark preservation, there is an urgent need to expand those essential programs and services.

PROJECTED HERITAGE GROWTH

Heritage projects can demonstrate exceptional return of services for investment, made possible in part by their large volunteer resource base. Heritage institutions are valuable interpreters and educators and offer great potential if nourished and expanded. Nationally, the heritage travel interest is the fastest growing component of tourism. Experts predict that this broad public interest in experiencing authentic historic interpretation, cultural heritage, and natural attractions will continue to grow. Ironically, this growing demand for heritage services occurs at a time of limited development funding, further complicated by the fact that the only dedicated source of support from hotel-motel tax revenues will decrease in the near future.

The heritage community is facing many unmet needs, rapidly expanding public demand, and decreasing levels of government support. This is time for focusing on this growth sector, advancing its case for support, establishing a new basis for governmental and private sector partnerships, and organizing a new structure to facilitate resources, stabilization, and continuing support from all sectors.

PROPOSED CAPITAL PROJECTS

Costs (in millions) are estimated from projects proposed in various communities around the county.

NAME	TYPE	PUBLIC	PRIVATE	TOTAL
African American Museum	New	$15	$10	$25
Burien Heritage Museum	New	$.5	$.5	$1
Georgetown Steam Plant	Expansion	$.8	$.7	$1.5
Hydroplane Museum	New	$.6	$.6	$1.2
Issaquah History Museum	Expansion	$.8	$.7	$1.5
Maple Valley History Museum	New	$.3	$.2	$.5
Maritime Heritage Center	New	$20	$20	$40
Marymoor Museum	Expansion	$2	$2	$4
Museum of Flight	Expansion	$14	$20	$34
Museum of History & Industry	New	$20	$25	$45
Nordic Heritage Museum	New	$8	$7	$15
Northwest Railway Museum	Expansion	$10	$10	$20
Renton History Museum	New	$2.5	$2	$4.5
Shoreline HistoryMuseum	Expansion	$.5	$.4	$.9
Snoqualmie Valley History Museum	New	$.2	$.2	$.4
SW Seattle History Museum	Expansion	$.5	$.5	$1
The Burke Museum	New	$40	$40	$80
White River Valley History Museum	Expansion	$.2	$.2	$.4
Wing Luke Asian Museum	New	$7	$8	$15
Woodinville History Museum	New	$1.1	$1	$2.1
Other Projects	New/Expansion	$9	$8	$17
TOTAL		**$153**	**$157**	**$310**

An early log cabin schoolhouse in Redmond.

Across the country, there are a number of examples for structuring heritage organizations, building programs, and attracting broad-based funding. It is useful to look to these alternatives for the purpose of developing a new Heritage Funding Plan for King County.

The most successful cultural agencies have common ingredients: they are regional in focus, comprehensive in service, able to sustain public funding while attracting private support, with heritage playing a leadership role.

PRIVATIZING OF GOVERNMENT CULTURAL AGENCIES

Over the last two decades, there has been a trend toward privatizing museums and other cultural institutions that were established as departments of general-purpose government. The driving purpose behind this movement was to broaden support and private donations. There also has been a perception that a private non-profit is more business-like, accountable, focused on its mission, and free of bureaucratic red tape.

During the past decade, with governmental funding waning, privatizing has increased. In 1992, for instance, the Baltimore City Life Museums left city agency status and reorganized as a private non-profit organization. With a total budget of $1.3 million to operate the museum and historic houses, the City agreed to continued support until 1997, at which time the museum was on its own, even though the City still owns most of the properties. The arrangement has worked in that City Life has found new support from business and private donors and sponsors, has mounted a capital campaign for museum expansion, and has substantially built its endowment.

The Public Museum in Grand Rapids, Michigan was organized as a city department, funded entirely by the city. For better, more stable support, it formed a private foundation in 1988. It was successful in raising $14 million in private funding by 1993 on its way to build a new $35 million museum in 1994. The director, Timothy J. Chester, said: "We read the writing on the wall and did what we had to do."

Around the country one finds various structures for cultural development—privatizing, merging, special authorities, taxing districts, metro councils, heritage districts, cultural development districts—and there is something to learn from each.

The Kalamazoo Public Museum also was a department of the public library, funded by millage on the property tax. It also broke away in 1984, joining an expanding community college district to broaden its base in a much larger service area. It also joined as partner in a downtown Kalamazoo development initiative. This more stable structure attracted an increase in their tax millage for operating a new museum. All of this helped their case for a private campaign for $20 million.

Although there are a number of success stories from privatizing, it seems that there is still a recurring need for some kind of government support, whether for a capital expansion or program funds. There is a compelling case for government support in exchange for the defined public benefit provided by cultural organizations. In Seattle, both the Seattle Aquarium and Woodland Park Zoo, divisions of Seattle Parks & Recreation department, long have considered privatizing in order to attract more private donations. They continue to study how to best accomplish this status without losing current levels of government support. Meanwhile, they have established active non-profit support organizations of members and donors as a transition.

SEATTLE PARKS AND RECREATION FOUNDATION

Consistent with privatizing institutions, government has begun to find benefits in private non-profit support organizations for governmental functions. Most recently, the Seattle City Council parks committee recommended the creation of an independent Park and Recreation Foundation to attract private donations and volunteers to park projects. A study for the department concluded that a support organization could successfully attract the extras needed for capital projects and maintenance. The Foundation is being structured to avoid conflicts with dozens of Friends of the Park groups that already exist, but are too casual in operation and specific in interest to answer broad needs. Based upon similar successful experiments in New York, Indianapolis, Chicago, and Minneapolis, the study recommended that the new foundation mix advocacy and fund raising. The proposal is under review.

MUSEUM MERGERS

In Sacramento, the History Museum and Science Center merged in 1993 in order to establish operating efficiencies to offset decreased funding from the city and county. In this case, the merger was essential to avoid the option of reducing services at each institution. Because the missions of interpreting science and history were compatible, the organizations found it easier to merge governance and operations, enjoying efficiencies in marketing and support functions. The merger was also intended to be attractive to private donors, enriching funding support.

In July 1997, two of the largest maritime museums fashioned a formal alliance between their operations that is considered trail breaking in its scope. The Mariners' Museum in Newport News, Virginia and New York's South Street Seaport announced an alliance to form "The National Maritime Museum Initiative." This alliance, the "first of its kind in the country and a model for museum expansion" enables the institutions to "share collections, exhibitions, educational services, publications, and other related endeavors while retaining their individual control and autonomy." South Street Seaport will benefit from the extensive collections of the Mariners' Museum which will in turn reach a larger audience by exhibiting in the high tourism area of Manhattan. For its first collaboration, the Mariners' Museum exhibited South Street's *Under the Black Flag: Life Among the Pirates* exhibition, sending its collection of forty steamship paintings to South Street Seaport in return. The pirate exhibit set record crowds for Mariners' Museum, proving the concept. This form of partial merger, a strategic alliance balancing strengths between institutions, has a lot to offer in effecting planned growth and attracting earned income and private support.

SPECIAL FUNCTION CULTURAL AFFAIRS DEPARTMENT

The City of Memphis is being closely watched for what appears to be a highly successful venture in building regional support for arts and heritage institutions through a special purpose department. Memphis funded a Cultural Affairs Department to sponsor special exhibitions. It has made money, attracted large audiences, boosted the tourist economy, and rallied support for local cultural institutions. Among its biggest events was the *Art and Times of Napoleon Bonaparte*, which sported a $9.1 million budget. Interest in this structure was first focused as a result of the

very successful *Ramses the Great* art show in 1987, which attracted 675,000 visitors and produced $80 million in tourist expenditures. Memphis saw something special in these events and determined to build solid city support for more, establishing the department and organizing *Wonders: The Memphis International Cultural Series.*

An initial appropriation of $4 million, matched by a private donation of $500,000, established the department, which was given a focused mission and broad authority. The pro-active mission results in a business-like style that has been successful in attracting private sponsors and donors, bringing in some of the largest, best attended cultural exhibitions in city history. The special exhibitions have been staged at the Convention Center, drawing hundreds of thousands of visitors, greatly increasing tourism, building recognition of Memphis as a cultural center, and establishing a base of support for the local arts and heritage institutions to grow. There are detractors who claim the function is a commercialization of culture, but the city has continued the effort as a useful means of expanding its cultural base.

COLORADO HISTORICAL FUND GAMBLING TAX

While legalizing gaming in 1992, Colorado established a Historical Fund to receive 28% of the tax revenues. Over the first five years, $30.6 million was allotted to historical projects from these taxes collected in gaming towns of Central City, Black Hawk, and Cripple Creek. Twenty percent of the fund goes back to the originating communities for redevelopment, but the bulk of the fund is used in highly visible projects around the state. The mission of the fund is "to foster historical preservation through tangible and highly visible projects for direct and demonstrable public benefit." As long as there is gambling, there will be more than $5 million per year for historic preservation.

KANSAS CITY CULTURAL TAXING DISTRICT

The bi-state, four-county cultural taxing district was passed overwhelmingly by voters in 1996, established to provide $118 million to refurbish Union Station and build Science City Museum. The other half of the total $234 million project is scheduled to come from state, federal, and private sources, initiated with a single $40 million private donation. The new tax district draws from the sales tax in designated regional counties of the two states, with an independent organization set up to administer project funds. It took a number of years to promote this structure, which is thought to be the first to be voted in across state lines. The campaign budget was $1.2 million. The public responded very favorably, with the exception of one county in Kansas that voted not to participate. Interestingly, early planning included a host of cultural

The bi-state Kansas City Cultural Tax District attracted strong voter response to a plan to preserve and restore Union Station for reuse as a science and history museum.

institutions, and not all were agreeable to working together, some even voicing disagreement with the approach. The initiative then focused on the Union Station refurbishment and science center reuse, which proved a popular package. This tax district sunsets once it meets the $118 million goal, but it could be extended and increased in scope in the future. It is an alternative worth watching.

Cultural tax initiatives have been successful in regions where voters believe they help education and the economy.

Particularly interesting is the fact that just after the cultural alliance broke down and was replaced by a single-purpose use of bi-state funding, a number of cultural organizations announced their own huge campaigns. What is considered to be a flowering of culture in Kansas City metropolitan region now finds large-budget projects such as: a $150 million expansion of the Nelson Art Gallery; a new $150 million performing arts center; cultural revival of 18th and Vine district; Liberty Memorial renovation; the expansion of Kemper Arena; and a midtown nature park, and the proposed Power and Light District redevelopment. In addition, there are numerous other expansions to small and mid-sized institutions, all at this time in a metro region approximately the size of Seattle that is historically best known for its support of professional sports. The good news is that huge private donations have been attracted to many of the cultural projects, and some argue that it is the "tide raising all ships" phenomenon of the bi-state tax project.

All of this development occurred after a study determined that Kansas City was seriously underrepresented by strong cultural institutions. Just a few years ago, cultural support from both public and private sources totaled $120 million per year statewide, with $5 million coming from the Missouri State Arts Council. According to the study, all of the big cultural institutions were under-funded and underdeveloped.

DENVER REGION SCIENTIFIC AND CULTURAL FACILITIES DISTRICT

In November 1988, the Scientific and Cultural Facilities District (SCFD) was approved by voters in the six county region around Denver. Based upon funding from a levy of .1% on the sales tax, the district has supported hundreds of institutions with millions of dollars over the years, leading to its reauthorization, again by a popular margin, in 1996. This tax for cultural uses is one of the biggest and best known in the country and has been the focus of meetings among large institutions locally. Although it is certainly not the only tax support alternative, it is the best known, and is considered exemplary for sustaining support to cultural institutions of all sizes.

The process to establish SCFD began in the early 1980s with discussions of sustained funding by the large institutions, particularly the Denver Four (Zoo, Natural History Museum, Art Museum, and Botanical Gardens). The urgency for action came

about with decreased state funding to these institutions in the mid-1980s. Millions were spent on the early planning, organization, and the $600,000 campaign to voters that stressed Excellence, Diversity, and Access. In 1988, voters responded with a 75% favorable support to establish the district and its clear purpose to support non-profit science and culture institutions that have no other public means for support.

The heralded Denver Region Scientific and Cultural Facilities District was enacted with campaign leadership of the big four museums and an army of smaller institutions.

The campaign was based upon the widely supported feeling that the regional institutions were extremely valuable assets for education and the economy and must have sustained health. Six counties of the metropolitan region participated, and are represented on the governing board, distributing funding in 1996 of $26.1 million to 250 large, medium, and small institutions through a three-tiered system of authorization. The Denver Four received most of the funds, $15.6 million, to assure their continued excellence, but millions of dollars also went to numerous other institutions around the region.

SCFD has been studied by cities across the country for consideration, but it is not easy to simply adopt Denver's success. First, Denver had a well known, much loved big Four. These four institutions covered a diversity of interests from natural history to art and each had large constituencies from the metro region and large visitation from tourists. These institutions had to begin to charge admissions and with the worsening economy and pullback of state funding were faced with reducing services. There was a definite threat to these popular cultural institutions. Using this clear expression of need, organizers did a good job of expanding from the Denver Four to more localized institutions for a double benefit to voters around the region. Organizers gained internal consensus, then spent a lot of time selling throughout the region, fine-tuning the plan for collection and disbursement of funds. Finally, the campaign was well financed and spoke to the subjects of excellence, diversity, and access, which touched interest. Nothing was left to chance.

Other cities have found it difficult to define clear need, to gain consensus, or to simply get organized. In Seattle, the large institutions which have met to discuss the Denver plan didn't regularly include some of the most widely popular, and could not define an urgent need during this era when large arts are considered to be comfortable. It will take a huge level of effort to define and sell a comprehensive cultural tax district structure in Seattle or anywhere. It will not be done without leadership from the heritage community.

ST. LOUIS METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

One of the oldest regional funding structures for museums supports the operations of the big and popular Zoo, Art Museum, History Museum, and Science Center in Forest Park.

The city and county initiative was passed by voters in 1971 to shore up annual operating support for these very popular cultural attractions. The district is perpetual, drawing from the property tax base and license fees, producing tens of millions of dollars in support each year to stabilize the lead institutions. For example, the Science Center, which gets proportionately less than the other institutions, received $3.8 million of its $9.2 annual budget, or 41%, in 1990. This financial security has also helped the institutions plan expansions and successfully campaign for private funding. In the case of the Science Center, its $34 million expansion in 1992 moved it into position as one of the best of its kind in the country.

Ironically, although the institutions in the park are thriving, the park is badly deteriorating. In 1991, a proposed bond issue to renovate the park failed, raising concern over how to make required improvements. The city took quick action, venturing with a private non-profit group, Forest Park Forever. A master plan for improvements, estimated to cost $86 million, was prepared and adopted in 1995. This plan will bring back a system of lakes and lagoons covered over at the turn of the century for the World's Fair, restore historic features, and upgrade roadways and utilities. The city has committed to half of the cost of improvements, with the private foundation responsible for the match. Work, already underway, is scheduled for completion in 2004. In tune with the spirit of cooperation, the current History Museum expansion has targeted more than $1 million of its $20 million capital budget for contiguous improvements to the park.

WASHINGTON ENDOWMENT FOR THE HUMANITIES

Founded in 1990, WEH is a nonprofit organization chartered to secure and preserve a constant funding source to benefit the Washington Commission for the Humanities. The 1997 value of the endowment was approximately $1 million. Realizing the need to substitute for insecure federal funding, WEH announced a campaign to attract broader private funding and building of the endowment through planned giving.

HOUSTON CULTURAL ARTS COUNCIL

The Cultural Arts Council of Houston and Harris County (CACHH) started as a private non-profit designated as the city's official arts agency. It used the annual city allocation of 19.3% of the hotel-motel tax revenue (c. $4.6 million) each year to allocate grants to more than 100 arts organizations. It runs programs, leading development for projects. CACHH has commissioned arts marketing plans and economic impact studies, while helping establish funding programs for neighborhoods. It established a "Management Assistance and Organizational Development Enterprise" to provide management assistance to groups and projects. It led the preparation of a cultural plan for Houston and Harris County. This plan, in turn, attracted additional funding from NEA and the City, as well as the first funding the County ever gave arts and

The Cultural Arts Council of Houston and Harris County is a private nonprofit officially designated by the city and county to support cultural programs in the region.

culture. A key move in the new plan was to merge the City CACH into the City/County agency CACHH with three distinct divisions: grants; public art; and services. CACHH also recruited other partners, including the Greater Houston Convention and Visitors Bureau, and METRO (Houston's transit authority) to work toward a public art program. The annual budget is now $5.7 million and growing.

REGIONAL ARTS AND CULTURE COUNCIL

Portland, with a long tradition of metropolitan government, first established the Metropolitan Arts Commission in 1973. The extension into a regional organization came in 1995 as a product of the Arts Plan 2000+ initiative. The plan presented 72 recommendations for achieving a vital and balanced arts and culture base, including expansion of MAC into a comprehensive regional council.

The Regional Arts and Culture Council (RACC) is a publicly funded non-profit with the mission to provide leadership, advocacy, and funding for arts and culture throughout the Portland metropolitan region. City of Portland, Metro, and the three contiguous counties of Clackamas, Multnomah, and Washington currently fund RACC. With approximately $4 million in revenues in 1997, the council employed eighteen staff on a variety of projects.

RACC's four major service responsibilities currently are public art, grants and technical assistance, arts in the schools, and arts and culture in communities. They implement the percent for public art program, provide public arts management training, and enrich various public arts programs. More than 1,000 individuals and groups each year receive grants and technical assistance, from operating support to workshops, from the council. They have worked with various interested professional organizations to establish a regional educational enrichment program that places arts in the classroom. Such programs as the Neighborhood Arts Program, Cultural Tourism, and Regional Art Network are directed to bring arts and culture closer to residents in the region.

The organization is currently engaged in a process of change and growth into an even more consistent and productive council with a new set of strategic objectives. The goal is to move RACC to the next level of service by leading efforts to increase funding, including private support, enhance accessibility, and generate awareness of arts and culture and their contributions to the metropolitan region. This organization suggests another viable model to be assessed by King County interests.

PENNSYLVANIA HERITAGE PARKS PROGRAM

This heritage support program was established by state government leadership with commitment to historic preservation and cultural tourism. It is a state level arrangement to identify, support and fund defined cultural districts and their incorporated features and institutions. It was set up by legislation in 1989 as a component of the fast-growing tourist industry, with the mission of promoting special heritage areas, spurring regional visitation and economic growth. Each designated heritage park highlights sites, people, traditions and events that are special in interpreting state history. The program is administered by the Department of Conservation and Natural Resources in conjunction with a State Heritage Park Interagency Task Force involving

representatives from transportation, education, arts, and museums. This state program is comprehensive, based upon planning by specific heritage region, and strongly endorses public-private partnerships. It has a capital-funding mission, but also provides grants for planning and feasibility studies to help in the critical early stages of project development. Even more important, it places the State in leadership for planning and funding.

The heritage program has identified nine regional heritage parks, with several others under study. The parks incorporate regional history in oil, steel, railroads, canals, and a portion of the first transcontinental highway. Local governments, non-profit institutions, even federally chartered heritage commissions can apply for state grants, provided the applicant is working jointly with the designated park plan. This year, the state disbursed $2.5 million in heritage grants to 63 projects. This is not a large state commitment, but it is a responsible, perpetuating structure for support that is intent on growing its funding capability by attracting much more private investment.

CULTURAL DISTRICTS

One of the most common means for focusing public-private partnerships and funding in cities is through designation of a special district. These cultural districts have been employed in more than ninety large and small cities over the last several decades. The structure is most effective for rehabilitating depressed city centers, based upon the premise that public investment is repaid from increased viability and taxes, using cultural institutions and heritage attractions as cornerstones to redevelopment. The designation of a cultural district usually incorporates special treatment of building regulations, enhanced public infrastructure, and public funding to attract private donations and commercial investment. Various tax incentives, deferrals, and tax increment financing have been employed to spur redevelopment. Proponents argue that these districts have been extremely successful in revitalizing cities while returning the public investment through increased property value and more tax revenues.

The most successful cultural alliances have common ingredients; they are regional in focus, comprehensive in service, able to sustain public funding while attracting private support, with heritage playing a leadership role.

The impact of cultural districts has been measured in a number of studies that substantiate their effectiveness. By 1994, the Pittsburgh Cultural District had revived a section of downtown that was jumping with cultural activities. Annual audiences of more than 1 million came downtown for performances and shows. In its first decade of operations, the district attracted $33 million in public investment and twice that in private and philanthropic funding. This investment triggered $115 million in new commercial activity. Tax revenues in the district increased from $7.9 million in 1986 to $19.1 million in 1994. The Tucson Arts District reports similar success on a proportionately smaller scale. Their new art district brought in new businesses, expanded sales, and triggered numerous renovations.

In the first four years, the retail vacancies declined by 50% and tax revenues increased by 12%, much better performance than in other parts of the city.

REGIONAL INITIATIVES

Currently, there is a lot of energy spent looking into taxing districts. The large arts groups are targeting something resembling Denver SCFD, which, at the same tax rate of .1% would now generate $24 million per year, about the same as in Denver. In turn, Seattle Aquarium Society (SEAS) is looking into expanding capabilities of the special district or park district enabling legislation in planning a new aquarium, as is Woodland Park Zoo to stabilize its base of support around the county. Pacific Science Center has also considered this form of sustained support. So far, the legislature has not been receptive to various approaches from King and Pierce counties. The Governor's task force for the arts does not recommend a taxing district structure, but does recommend more study. It is safe to estimate that such a comprehensive funding initiative is years in the future.

It does seem clear that any future cultural taxing district mechanism will require leadership from the largest, most popular institutions, from both heritage and art, countywide or regional focus, and a means to help the new and smaller institutions around the County. Any deliberation of regional cultural funding will have to include the Woodland Park Zoo and Pacific Science Center, the avowed leaders in family constituency and visitation. The heritage community will have to participate in a lead role, simply because it has a large and broadly-based constituency, the means to organize the variety of smaller institutions, perhaps the single most important element to any countywide or regional structure. All of the participants must reach consensus and cooperate, something that has little experience locally, and all, art, science, and heritage organizations, large and small, must benefit. For now, all of the institutions that feel needy must begin to define that need, to find a way to make the definition clear and urgent to the general public.

While engaging the regional and state-wide search for a better and more stable cultural funding mechanism, the heritage community should reorganize to build upon its inherent strengths. The national survey has illustrated a number of structural arrangements that have been devised to build viable heritage institutions. Nearly all of the successes involve a blending of private with public support. Government has a pervasive responsibility for supporting cultural institutions that benefit the community, and need to retain a lead role in tax-based funding and with regulatory and administrative matters such as landmark designation. But, without access to private funding, the governmental support alone will fall short.

The best structures are those that can work comfortably within both sectors, authorized to administer certain designated public programs, while also capable of cultivating and receiving private funding. The new structure would not replace King County programs and should not. It should be structured to supplement what King County has accomplished, assisting with enlarging the effort, while taking the lead in acquiring private support to enrich programs.

REQUIRED FUNDING ELEMENTS

Based upon the assessment of current heritage resources and needs, together with the review of similar situations around the country, one can enumerate a set of requirements for reorganization. The pressing need is for a new organization that can complement leadership of County government by coordinating the needs and resources of Heritage, expand funding support, and provide a center for professional, technical, and facility support services. Any new organizational model would need to efficiently provide for these requirements.

- *Continue and expand current levels of funding from government.*
- *Identify, cultivate, and secure private funding.*
- *Identify and establish sustaining funds to support annual operations of Heritage institutions.*
- *Identify and establish sources of capital funding for new, high priority projects.*
- *Establish broad capability to coordinate all levels of private funding, annual giving, campaign support, and planned giving, including regular support to a Heritage Endowment.*
- *Expand private sector support in leadership, funding, and in-kind resources.*
- *Coordinate with other cultural and arts organizations, regional and statewide.*
- *Coordinate with local organizations that represent the Heritage constituency.*
- *Support and enrich the valuable volunteer resource.*
- *Enrich landmark protection and historic preservation.*
- *Assist in protection, acquisition, and preservation of valuable Heritage artifacts.*
- *Establish shared facilities for artifact preservation and collection care and storage.*
- *Establish technical and professional expertise sharing with Heritage institutions.*
- *Build broad general support through community relations.*
- *Provide a respected peer review evaluation process for Heritage projects and programs.*
- *Conduct periodic surveys of needs and resources and the economic impact of Heritage contributions.*

Norman Bridge

Early review identifies several different types of structures that can be established by King County to organize the heritage effort and supplement governmental support by attracting private donations and partnerships.

- A new, private non-profit foundation can be chartered with the specific mission to supplement regional heritage programs, perhaps serving as the equivalent of Corporate Council for the Arts and similar structures around the country that support the arts.
- Another option that has been identified by county officials is a county-chartered PDA, a heritage development authority, to take on the required role of support while serving as a bridge to general purpose government.
- In addition, another option that has interesting potential is to expand an existing PDA such as Historic Seattle Public Development Authority, augmenting it with an expanded mission and countywide authority.

PDAs are special purpose municipal corporations enabled by state law to be chartered by general purpose municipalities in order to undertake specified "public purposes." They have proven to be effective vehicles to build public and private partnerships. The City of Seattle has considerable experience with PDAs at Pike Place Market, Seattle Indian Center, Seattle Art Museum, International District and Historic Seattle.

King County has established one public corporation for cultural purposes, the King County Museum of Flight Authority, under Ordinance 7444 (KCC 15.90) in 1985. This authority has been instrumental in assuring the development of the flight museum by arranging long-term lease of the valuable seven acre site, which was parceled from County property and contiguous properties acquired by King County. The museum PDA also secured a favorable low-interest construction loan, and facilitated the low rate borrowing of county public works funds for additional improvements.

A number of organizations are considering forming PDAs to implement projects in Seattle and King County, particularly for the effectiveness in gaining regional scope and partnering with government. These include the African American Heritage Museum and Cultural Center, Maritime Heritage Center at South Lake Union, and Northwest Railway Museum in Snoqualmie.

The new PDA should be established in a form, size, and composition to assure broad geographic coverage, private sector participation, and committed leadership. It should be initiated with staff and budget adequate to accomplish a viable work program over the next three to five years, providing time for effecting private partnerships and funding and a learning curve of project accomplishment. The cost of establishing the Heritage PDA and its operating budget for these early years should be jointly and equally funded by King County and enabling private gifts from supporting individuals, charitable foundations, and corporations. The work plan during these formative years should incorporate designated high priority projects to support and technical tasks to accomplish in order to measure progress.

Another option is to expand an existing PDA that has a related mission. Historic Seattle PDA is recognized for its work in historic preservation, accomplished in acquiring, renovating, and leasing historic properties. This experience could be vital to a proposed county-wide heritage effort. If HSPDA were broadened in purpose and geographical authority, it could offer a potentially valuable opportunity for a quick start. Such expansion would require interest and commitment by HSPDA, King County, and City of Seattle, obviously requiring a lot of work in details of reorganization.

In accordance with RCW 35.21.740, the HSPDA Board would have to vote approval. Then, King County would need to review and agree certain functions need to be expanded and that the most effective way is to modify HSPDA. Then there can be final action formalized into a Council resolution. The City of Seattle also would have to commit, with the Mayor modifying the HSPDA to take on the new purpose and to further agree to the changes in governance, both of which require charter amendments.

If the various partners are committed, the details of representation and expanded authority could be worked out within a reasonable period and a specific work program could be identified and budgeted. This organization would be capable of a fast start due to its years of experience.

Research reveals that the private non-profit foundation is the most prevalent form of heritage organization, and it should be evaluated as an option. Most of these foundations in the heritage field are chartered for a special purpose, such as operating a museum or historic site, and they are very well conceived and accomplished for such tasks. There are few examples of these structures working on broad, general purposes, effective in attracting both government and private funding for heritage in Washington. The Washington State Historical Society is an exception worthy of review.

It may be possible to charter a new foundation, recognized and supported by the many constituent heritage organizations, set up with similar charter requirements as discussed for the PDA. The purpose would be drafted to supplement governmental programs and to attract private donor support. The new Foundation could organize projects, prepare technical studies and planning based upon a designated work plan, accomplish technical analysis of landmarks for government, and raise funds from private donors. Properly conceived and implemented, this foundation could be the heritage equivalent of Corporate Council for the Arts. Both CACHH in Houston and RACC in Portland are good models for guidance in setting up such a new structure. It will be useful to watch what happens with the proposed Seattle Parks and Recreation Foundation.

The chartered purpose of the PDA or foundation should be broad enough to encompass the most urgent needs of county projects and programs.

- *Preserve and protect landmark buildings and sites*
- *Focus governmental financial support to assure efficiencies, avoid duplication*
- *Cultivate and access private donor opportunities for annual and capital funds*
- *Promote public-private partnerships for the development and operation of heritage facilities*
- *Provide economy of scale administrative, technical, and support services*
- *Support property acquisitions, cooperative collections management, and central storage for ease of public access.*
- *Transmit historical and cultural values from one generation to the next*
- *Increase public awareness of and involvement in heritage activities*
- *Build an historical record*

EVALUATION

Establishing a new King County Heritage Development Authority with the mission to complement and expand government funding and programs by accessing private support is the first action to be considered by staff and consultants. By preparing the charter for specific relationship with existing County functions, the structure can be tailor-made to be focused and efficient. This new organization will require an initial learning and start-up period, but can be more easily and specifically designed for expanding an existing governmental program. A principal benefit is provided by the broad operating potential afforded public development authorities.

An alternative to a new PDA is possible by expanding the existing Historic Seattle Public Development Authority (HSPDA), which has already been discussed by respective staff. If HSPDA is expanded in scope and level of services countywide, to include functions of funding, landmark administration, cultural education, sustaining operations grants, and professional and technical services, it could provide almost immediate coverage of pronounced heritage needs. This expanded structure will be the most difficult to achieve, requiring changes to the existing charter authorization, based upon cooperative agreements between the Board, City of Seattle, and King County officials and staff. The signal benefit that makes this task worthwhile is found in the operating experience and accomplishment of the existing PDA. HSPDA has extensive background in some of the more difficult tasks that are required for a new heritage structure, particular in the management and leasing of land and improvements.

The new form of structure adopted will need to involve the private sector in its organization and initial funding.

The simplest action would be to establish a tax-exempt, non-profit private foundation with the charter mission to support the County heritage needs in support of government, by accessing private resources. There are a number of models for this form of support organization, the most recent found in the proposal for a Seattle Parks and Recreation Foundation The advantage is a fundamental acceptance of such structures and their clear subordination to the work of the major governmental institution, whether that be a zoo, aquarium, park and recreation system, or library. Such Foundations can complement existing programs by accessing private donors and organizing volunteer and in-kind resources, but even the most successful lack the close association and broad operating authority of a public development authority that is chartered as a function of general purpose government.

RECOMMENDATIONS

The study consultants suggest that the time is opportune for heritage interests to join the current regional deliberations regarding funding for cultural organizations. These discussions include the need for capital funding for new institutions and expansions, requirements for sustaining funds to operations, replacement revenues for the reallocated Hotel-Motel tax monies, and the continuing need for better cooperation between government at all levels and private sector support. King County has been a leader in heritage funding and support and is well positioned to continue this leadership role in establishing a new and more comprehensive heritage structure.

1. Review the study and its recommendations with selected constituency groups, particularly Association of King County Historical Organizations (AKCHO). Incorporate responses into an action plan.

2. Review the study and its recommendations with a select group representing private funding and community leadership. Incorporate responses into the action plan.

3. Promote a new private-public partnership structure to complement County government funding, programs, and technical expertise, accessing more private support, and expand services.

4. Prepare an action plan for chartering and funding the new heritage structure and its intial efforts.

CREDITS

PHOTOGRAPHS

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