

# A New Direction for the Colorado Springs Pioneers Museum

Executive Summary

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## Our Vision for the Future

The Colorado Springs Pioneers Museum (CSPM) is embracing the opportunity to construct a more sustainable organization in service to the people of Colorado Springs and the Pikes Peak region. We are transitioning from a City museum with private sector support to a nonprofit museum working in partnership with the City.

For more than 70 years the museum has been a sentinel for our region's history – a repository and showcase for cherished artifacts, an educational center for hundreds of thousands of families and schoolchildren, an iconic destination for tens of thousands of tourists annually, and an elegant setting for special events and festivals. Looking forward, we will build on these strengths to engage even more children and families, and welcome all citizens, whether they are new to the community, or proud natives.

Our plans include more interactive exhibits and programs, a Community Gallery where groups and organizations can display their own histories, a Children's History Gallery in partnership with the Pikes Peak Children's Museum, and a wide array of community gatherings and public programs. This new approach will allow the museum to become a more vital, dynamic, interactive place where residents of all ages connect with their community and with one another. It will be a place to hear the stories of those who have served our community and our nation in the past, and who have built a legacy to pass on to future generations. We begin with our own blockbuster exhibit: *So Far From Home: The American POW Experience in World War II*, which features very personal stories of local veterans and runs from July 17, 2010, through May 2011.

As we enter this new phase in the museum's history, we recognize that we can succeed only if we have a strong professional staff, sound scholarship, and a well-stewarded historical collection. The interest, participation and support of the community will be equally important during this transition. Our long-standing supporters – the Friends of the Pioneers Museum and the Pioneers Museum Foundation – already have stepped up to enable the museum to continue to operate in the face of drastically reduced City support. We also have begun to reach out in new ways to others in the community, inviting them to become members, volunteers, partners, donors, and sponsors.

We take our mission seriously. We firmly believe that the museum is vital to the future of Colorado Springs and the Pikes Peak region. In preserving, studying, and presenting the objects, documents, and stories from our community's past, we help our fellow citizens understand what this place has been, what it is today, and what it can become in the future. There are nations in this world where history is dictated by those in power or is used to suppress or divide people. In America, the keeping of history is both a civic right and a civic responsibility. Although there will be changes, we will not let our history be diminished or disappear.

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## The Case for a New Direction

We call upon the City and the people of Colorado Springs to support this new direction for the Pioneers Museum. We will ask the philanthropic and business communities, as well as ordinary citizens, for their support. We will seek partnerships with like-minded organizations to further our mission and theirs.

An important aspect of our ability to succeed and serve broader audiences will be the continuation of City funding at levels commensurate with the museum's needs and the City's resources. With diverse sources of support we will build a museum that is financially sustainable and highly valued for generations to come.

In 1937 the Pioneers Association deeded thousands of documents and artifacts to the City of Colorado Springs, which had purchased a building adjacent to the Penrose Library as the home for the museum. A provision of the Pioneers Association gift is that the museum is to remain open year round and free to the general public—a provision honored to this day.

In 1979 the museum moved to the El Paso County Courthouse building. Because there are few significant monumental historic structures remaining in our region, it is particularly appropriate that the Pioneers Museum is located here. The statement made in *The Gazette Telegraph* in May 1903 is as true today as it was more than 100 years ago:

“The verdict of the people is that the building is the finest in this section of the country, and that the present generation, as well as those that follow, will point to it with pride.”

The public has entrusted the City with the responsibility of caring for more than 75,000 artifacts and 80,000 historical photographs. Maintaining this public trust requires the museum to maintain high professional standards in preserving the collection, which in actuality belong to the public. These community treasures are one of a kind. Once damaged, they are gone forever.

Since 2006 the museum has welcomed more than 223,000 visitors, averaging nearly 56,000 each year. Beyond visits to the museum, a lively community outreach program provides tours, speakers, presentations for schools, and a variety of cultural programs and celebrations.

The museum has a dedicated volunteer force that in 2009 provided 3,868 hours of service. Using Independent Sector valuation, this equates to a donation of \$83,046. The volunteers are central to the teaching of Colorado history in our community. In a time when history is only minimally taught in our classrooms, our volunteers excite students and empower them by introducing the substance and wonder of the past and linking history to events of our day.

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In recent years the City's resources have become severely constrained, and the impact on all City departments has been profound. Although funding cuts have forced the museum to reduce staff, we continue to operate the archive, provide programs for schoolchildren, and host events and exhibits for the general public. There has been little outward change in the scope of our offerings, although this has put a strain on our limited but dedicated staff.

We have been able to maintain this level of service only because of substantial funds provided by the Friends of the Pioneers Museum and the Pioneers Museum Foundation. These groups, along with trust funds held by the City on behalf of the museum, account for more than 63 percent of the 2010 operating budget. Increasingly the Foundation and Friends have taken on financial responsibilities that were once the City's. At the same time they have not had the typical governance role that a nonprofit needs to envision and adequately plan for the future.

The Pioneers Museum's key stakeholders – representatives from the City's Museum Advisory Board, the Pioneers Association, the Friends, the Museum Foundation, and other community leaders have come together to propose a new and more sustainable partnership with the City. The citizens who have come together to develop this plan are, in alphabetical order:

Dave Buckley, CSPM Foundation Board  
Susan Edmondson, Executive Director, Bee Vradenburg Foundation  
Chrys Fotenos, President, El Paso County Pioneers Association  
Sam Gappmayer, CEO, Colorado Springs Fine Arts Center  
Chris Jenkins, President, Nor'wood Development  
Latoya Lucas, Museum Advisory Board  
Jan Martin, City Council Member At-Large  
Matt Mayberry, CSPM Director  
Steve Mullins, CSPM Foundation Board  
Jon Stepleton, Cheyenne Mountain Civic Solutions  
Darryl Thatcher, Friends of the Colorado Springs Pioneers Museum

### **New Governance Structure**

As we move forward our plan is not only to build a sustainable organization with multiple sources of funding but also to minimize time-consuming City related obligations and focus more attention on developing the museum and expanding opportunities for local citizens. The current governance structure constrains the museum's ability to generate the resources and revenue needed to succeed.

We will create a new 501(c)3 nonprofit corporation called the Colorado Springs Pioneers Museum. The Board of Trustees of this body will be entrusted with the authority to govern the museum and the responsibility for ensuring that it fulfills its

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mission with sufficient and sustainable financial resources. The board will enter into an agreement with the City to operate the museum in accordance with the original deed with the Pioneers Association. The City, for its part, will maintain a level of financial support for the operation of the museum. Continued City financial participation is essential to our plans to garner support from the private philanthropic community.

We propose that the content and nature of the agreement with the City be negotiated once the new museum board is in place. The American Association of Museums has provided several examples of nonprofit organizations that have taken responsibility for government-owned museum facilities and collections. These can serve as a starting point for negotiations.

The board will be comprised of community leaders who are committed to the museum and willing to work on its behalf. Trustees will contribute their time and talent, make critical decisions on governance and strategic issues, evaluate and support the CEO, make a personal financial contribution to support the mission, and participate actively in the museum's development program in order to broaden the base of support.

The valuable roles played by the Friends, the Foundation, the Advisory Board and the Pioneers Association, will, in the future, become part of the new governance structure. The new board of trustees will work with members of each group to define roles, set realistic expectations, and further build on the strengths of each group to benefit the museum at-large. Most important, the new board will be a partner and demonstrate leadership in shaping the vision, achieving concrete goals, and supporting the CEO in fulfilling the museum's mission.

The new museum can only be effective if the executive director reports directly to the board of trustees and actively guides their work. With such a small staff expected to accomplish so much for the good of the community, the director's time will need to shift from working with the City and various departments to concentrating on executing this plan, raising money, working with one new board instead of the existing multiple and disparate boards, and advancing the mission. The director will be responsible for building the staff and creating the positions the museum needs to be successful. The staff will be employees of the museum and the director will set strategies and evaluate the work of the staff. In making this transition, we will work with the City to ensure that the current staff is not disadvantaged by any changes in salary and benefits.

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## New Financial Model

### The Cost to Operate

In order to serve nearly 56,000 people or more annually and care for more than 75,000 historical artifacts, the museum must have a baseline of support. Should revenue fall significantly below the baseline, the museum would struggle to maintain a viable level of service. We have determined that the operating budget by 2016 should equal \$1.34 million. This would cover not only the core museum functions funded by the City in the past, but also funding for fundraising, marketing, and expanded educational programming. Now that the Pioneers Museum must produce significant earned and contributed revenue every year, it must invest in these activities.

### The City's Obligation

The City owns the museum building and collections. Its obligation to fund the museum rests in the deed that transferred the initial collection to the City, with restrictions. One of the restrictions states:

“That said museum shall forever be maintained as a public historical museum open to the public without charge.”

Another relevant document is City Code: 4.5.102 Museum Administration, which states:

“Appropriation: The City Council in its annual budget and appropriation ordinance shall appropriate those sums necessary for the maintenance, staffing, and operation of the Museum.”

The level of City support is determined annually. In recent years it has been declining, and the current level is far below what is needed to operate a \$1.34 million museum.

Our projections for new revenue are based on an assumption that City support will continue at some significant level. It is imperative to acknowledge that many in the community and in the private sector view the museum as a City responsibility. Conversations with potential donors affirm our concerns that these donors will be less supportive if they see the City's funding as constrained or eliminated completely. In particular, the foundation community has indicated their expectations for the City to continue to play a leadership role in funding. Our plan has a good chance of success only if all stakeholders step up to do their part.

### New Sources of Revenue

In order to achieve a budget of \$1.34 million by 2016, the museum will focus on three broad categories of new support. We anticipate that each of these sources will grow over time as we develop the necessary systems and expertise.

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- Earned Revenue from fees, sales, rentals and leases. By 2016 we anticipate that this source will provide approximately 15 percent of needed revenue. The greatest opportunity lies in a relationship, and potentially a partnership, with the legal profession. The museum building was once a courthouse, and much of the funding to restore the main courtroom on the second floor came from lawyers and judges. Many remember trials that once took place there. Talks are currently under way to make the smaller courtroom on the second floor available for mediation sessions.

Other sources will include rental of the lobby, main courtroom, and other spaces after hours for special events, such as weddings or business gatherings. The building is particularly attractive for local gatherings.

General admission to the museum will remain free, in compliance with the deed between the City and the Pioneers Association, and as long as the City continues to provide financial support. There may be a charge for special exhibitions, including the Children's Gallery, and for certain educational programs. These fees will help to generate earned income. Of greater importance, this will provide an incentive for people to become members, because the fees will be waived or discounted for members. This is an important strategy for building relationships and expanding the base of support.

- Contributed Revenue from a comprehensive development program, including government and foundation grants; membership and individual contributions; and business/corporate sponsorships and grants.

Development is more than money and fundraising; it is a vehicle for building relationships and a means to invite new and familiar participants to engage in the life of the institution. It takes time to create the program and to build the relationships that will lead to a sustainable future.

Our goal for the first 18 months is to raise \$350,000. We are in the process of hiring an experienced development professional to work with the museum director and new board of trustees. Our intent is to establish a well functioning development program that will continue to raise money far into the future. By 2016 we anticipate that we will be able to raise \$450,000 annually, or approximately 34 percent of needed revenue.

- Partnership Support either in the form of reduced expenses or increased revenue. Such partnerships may include the Pikes Peak Library District, the proposed Sustainable Parks Initiative, Colorado Historical Society, institutions of higher education, El Paso County and others.

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Our first partnership will be with the Pikes Peak Children's Museum. We are working with this nonprofit to create a Children's Gallery in the museum. We know that children learn through play, and we plan to give the children of our region a playful and fun place where they can come again and again to pretend, to create, to explore, to imagine – all the things kids do as they discover and learn about the world they live in. This partnership will attract new audiences and offer young children and families a highly interactive engagement with the history of our community.

We anticipate that it will take time to build these partnerships. We have targeted \$50,000 for the first 18 months of this plan, representing 3 percent of budget. (Again, this may take the form of either increased revenue or reduced expenses.) By 2016 we expect an annual impact of \$200,000, representing 15 percent of the budget.

### Transitioning to a New Financial Model

Achieving a \$1.34 million operation will require several years of transition as the three new revenue streams grow. This will take time, concerted effort, and expertise. The 18-month period from July 2010 to the end of 2011 will be a crucial time to expand the base of private support and build a sound and comprehensive development program.

We have structured the transition as follows:

- Breakthrough Initiative, July 2010-December 2011: get organized and begin to generate revenue from new sources.
- Transition Years, 2012 to 2015: growth in new sources of revenue to build the annual budget to \$1.34 million.
- Stable Financial Model, 2016: by this year we will have a balanced budget with multiple sources of revenue
- Sustainable Financial Model, 2025: by this year we will have created a \$12 million endowment for long-term support of the museum.

Our plan is to use as little as possible of our unrestricted net assets (from the Friends, the Foundation, and the museum's gift trust funds held by the City) to cover deficits during the transition. Currently these funds total about \$1.68 million.

We do not yet know what City funding will be for 2011; nor will we know subsequent years until those years arrive. We have developed a financial modeling tool to determine the impact of any level of City funding on the overall transition plan. The more support we receive from the City, the smaller the deficits will be over the next five years, and the greater likelihood we will achieve our goal of a stable financial model by 2016.

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Should City funding fall too low, other revenue targets would have to be revised upward in order to achieve a balanced operation. There is a limit beyond which such increases would become untenable. It is near certainty that private sector support will be lower if the City is viewed as not carrying its part of the load. In such a situation it would take longer to achieve the revenue goals, further depleting the unrestricted net assets. There is a real danger that the museum could fail to achieve its revenue goals and begin a downward spiral of further cuts, diminishing assets, and declining support.

The key point is that the Pioneers Museum intends, with continued City support, to build other sources of revenue over the next five years. By 2016 our goal is to have a \$1.34 million operating budget, sufficient to meet our obligations for serving the public and maintaining the collections. Beyond 2016 we will continue to build a sustainable organization with a goal of increasing the endowment to \$12 million by 2025.

### Conclusion

The various strategies and initiatives in our plan are intended to position the Pioneers Museum for a financially sustainable future. It will take several years to achieve first a balanced operation at a level commensurate with the mission, and second a sustainable model of funding for the long term.

Building a sustainable organization is not simply about raising money and generating revenue. Success will rest on strong and highly valued exhibits and programs that attract a broad range of members and supporters. The museum must be a place that is relevant, respected, and revered. Simply put, it needs money and staff to achieve this goal.

We believe that our shared history matters to the future of our community. We look forward to working with the people of this region to make the Pioneers Museum a voice for all who have made and continue to make this a great place to live.