

WRITTEN TESTIMONY FOR THE LITTLE HOOVER COMMISSION

By

Catherine A. Taylor
District Superintendent, Capital District State Museums and Historic Parks
California State Parks

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This written testimony is provided in response to a request by the Little Hoover Commission dated May 21, 2012. Following are responses to the key questions posed by the staff of the Commission in order to prepare for the hearing on June 26th. Additional information and/or background can be provided upon request.

NOTE: The federal government in the Museum and Library Services Act defines a museum as:

“A public or private nonprofit agency or institution organized on a permanent basis for essentially educational or aesthetic purposes, which, utilizing a professional staff, owns or utilizes tangible objects, cares for them, and exhibits them to the public on a regular basis.”

Therefore, our State Park units which are called museums, state historic parks, or state historical monuments may all be referred to as “museums.”

Building Organizational Capacity

How you as a District Superintendent built organizational capacity and negotiated creative approaches to keep three parks on the closure list from shutting down. Please explain how a new friends organization and major donors helped improve the Governor’s Mansion State Historic Park, positioned it for new revenue-generating events and how the purchase of nearby property will enable more revenue generation. Please also explain the outcome of the Tuolumne County transient occupancy tax measure envisioned to help support Railtown in the town of Jamestown.

In my opinion, building organizational capacity is a key part of the job of being a District Superintendent in California State Parks. I also encourage staff in my District to make it a priority because I believe it is the most important task facing our Department at this time. Unfortunately, we must accelerate the pace to overcome the many obstacles in our path and we have little time to plan ahead. We simply do the best we can. Districts must work within the structure (and with the tools) currently available whether or not it is ideal. Finding creative solutions

is part of the picture, and identifying ways that we as a department can work smarter and more efficiently is vital to helping our museums and state historic parks achieve long-term success.

“Friends” Organizations – These organizations are “Nonprofit Partners” and typically enter into a “cooperation association” contract with State Parks that governs how they will operate and how they will support the work of State Parks at a particular site. Across the State Parks system, there are approximately 80 cooperating associations. Cooperating Associations by design have independent boards. In most cases, the relationship is positive and productive, but the model can fail if the nonprofit Board of Directors does not follow generally-accepted nonprofit organization practices, has poor governance and/or fiscal management, lacks diversity, lacks term limits, or develops an organizational culture of its own out of step with State Parks. This happens frequently, and is accentuated in poor economic times such as the State is experiencing now. But, ultimately, it is State Parks that has responsibility for operating and managing park units. If the “cooperative” relationship is fractious, it often results in a political power struggle because of the inherent weaknesses of the cooperating association model. Therefore, it is difficult to influence these nonprofits as they often resist change coming from State Parks. State Parks finds itself “stuck” in a bad relationship unable to make the necessary improvements to provide the services and experience visitors deserve in line with State standards.

Luckily, in our case with the situation at the Governor’s Mansion, Sutter’s Fort and the State Indian Museum, the former nonprofit supporting those park units had a will to adapt. It was open to the leadership of State Parks in this regard, and an open dialogue was present to create a better structure to support those individual park units. Attempts have been made to address the structural weaknesses statewide, and some minor improvements have been made over the years in the legislative arena. But, a substantial revision of the nonprofit structure supporting State Parks has not been done in decades and it is desperately needed.

Governor’s Mansion SHP - At the Governor’s Mansion SHP, my staff and I assisted in the development of a new nonprofit cooperating association, the California State Historic Governor’s Mansion Foundation (“Governor’s Mansion Foundation”), and assisted in recruiting board members for this new entity. This new nonprofit was developed following the restructuring of a former nonprofit in the District (the Sacramento Historic Sites Association) that covered three park units: the State Indian Museum, Sutter’s Fort and the Governor’s Mansion. What we found was that this former nonprofit was not building organizational capacity at those individual park units. Restructuring the relationship has allowed new nonprofit partners to be developed to support individual units, and that has proven quite successful. The former nonprofit simply renamed itself “Friends of Sutter’s Fort”, recruited new board members and hired an Executive Director to manage its business, develop special events, enhance retail sales, and build

other new revenue programs. The Executive Director was recruited jointly by State Parks (me) and the Board, and the result has been a tremendous growth in capacity over the past couple of years due to her efforts and that of the Board. Another positive example is at the State Indian Museum where we formed the California Indian Heritage Center Foundation. This entity has also grown in capacity, and is working diligently on building tribal support statewide for the new California Indian Heritage Center project.

The purpose of the Governor's Mansion Foundation is to support the work of State Parks at the Mansion, and to raise and manage funds in a cooperative and collaborative manner with State Parks. This new group has emerged as a strong and effective advocate for saving the Mansion, and works hand in hand with the District and unit staff. The partnership efforts have paid real dividends as the Mansion Foundation has raised sufficient funds to close the funding gap for at least one year at the Mansion. A Donor Agreement has already been signed by the Foundation Chairman and District Superintendent, and is awaiting the signature of the State Parks Director. A major "friend-raising" event to celebrate the Mansion is scheduled for the evening of June 27th, which the Foundation hopes will attract several hundred guests and build visibility and interest in the Mansion.

Positioning for Revenue Generation – In assisting in the development of the new Mansion Foundation, particular attention was paid to strategic planning. The approach with the Governor's Mansion has been similar to the approach I took with the Railroad Museum Foundation in growing its capacity when I was its Executive Director for 12 years during its most formative years (revenues grew from \$70,000 per year to \$2.5 million annually by the time I left). The Governor's Mansion Foundation has committed itself to a regular six month check up on plans to ensure it is accomplishing goals, and staying in step with State Parks. The limited resources of the nonprofit had to be invested wisely to grow the business, so to speak. The initial emphasis was placed on building earned income sources such as a museum store. State Parks did its part by working to rehab the Carriage House into a more suitable visitors center, with the museum store occupying the same space, and the nonprofit and State Parks working together in that space. We were able to use existing staff resources to clean out the building, and make it a suitable and inviting space for visitors. I worked with the Mansion Foundation on a comprehensive retail strategy, which incorporated a product mix and buying plan for the store. In 18 months, the sales of the store grew from \$3000 per year to over \$30,000 last year. This success allowed the Mansion Foundation to build capacity at a critical time. Next on the list is development of a membership program. Our staff is working with the Foundation to design and develop the membership program levels, benefits, and other elements. The membership program will be launched at the event on June 27th. This represents another important piece of the "earned income" revenue for the Mansion Foundation that will help keep the mansion open.

In addition to these sources of new revenue, the Governor's Mansion Foundation has a "3rd Floor restricted fund" which was money raised by the Mansion Volunteers over the past 20 years. This fund, coupled with additional funding from State Parks "revenue enhancement funding" is sufficient to complete historic painting (complex stencil work) and carpeting of the 3rd floor of the Mansion to allow its use for events and meetings, and to restore and open this original 1877 historic portion of the house to guests. The work has commenced on historic repainting of the space, and reproduction carpet has been ordered. The Governor's Mansion Foundation still has sufficient funds to do some historic furnishing and lighting of the space. By this Fall, we expect to be programming the 3rd floor space for events and meetings, and generating additional earned income revenue from facility rentals.

Over the years, efforts have been made to secure property surrounding the Mansion in order to fulfill the overarching goals of the Park's General Plan. An attempt was made to acquire a former Veterans of Foreign Wars hall at the corner of 15th and H Streets, but State Parks lost in the bidding war with downtown property developer interests. So, unfortunately, the Governor's Mansion is still bordered by an unsuitable neighbor at that corner. Nevertheless, we were successful in negotiating a purchase of the former "Scientology" building at the corner of 15th and I Streets (now referred to as the "Packard Building" as it was a Packard car dealership built in 1933). This building came with 30 parking spaces as well. The concept for the building in the long term is to house a museum facility dedicated to the story of California's Governors and their families, and perhaps a restaurant. Given the large size of the building (approximately 15,000 square feet), it is also an ideal event space to complement weddings and other uses of the Mansion grounds by providing indoor/covered space for optimum event sizes of 400-500 people within the center of Sacramento's "arts and entertainment" district. There are few spaces in downtown Sacramento that are suitable, and this building provides a terrific opportunity to position the Mansion as THE place for events in Sacramento. With the potential for restaurant space, the opportunity exists to have catering on-site within the same space. The parking spaces provide another revenue-generating potential for monthly, evening, and special event parking opportunities. This is another example of blending earned income opportunities with steadfast State Park goals. Rehabilitation of the Packard Building is being pursued using funds set aside for facility improvements in the acquisition, revenue enhancement funding, and some from the Governor's Mansion Foundation. In addition, several companies are donating time to assist in the effort. A financing plan is under development by Economic Planning Systems. Our objective in developing a financing plan for the building is to evaluate a few different scenarios, and to determine the capacity of the Governor's Mansion Foundation to seek a construction loan to complete the building.

Leland Stanford Mansion – At the Stanford Mansion, the Governor’s Mansion Foundation provides oversight and management of the Museum Store since the Stanford Mansion Foundation is not a cooperating association. This is not required since the Stanford Mansion Foundation’s role is strictly to fundraise for projects at the Mansion, and does not engage in operational activities such as retail sales or interpretive programs. The Stanford Mansion Foundation raised half of the \$22 million rehabilitation cost of the Mansion, and has since assisted with numerous repair and landscape projects as requested by State Parks.

To keep the Stanford Mansion open, State Parks Capital District has presented a plan to the Assembly and Senate Rules Committee, and the Speaker’s Office. This plan would merge the public operations of the Stanford Mansion with that of the State Capitol Museum program that State Parks Capital District manages for the Legislature. This is a creative solution with substantial economies of scale. The Stanford Mansion is a high cost park with low visitation, which is ostensibly why it ended up on the closure list. Merging it with the State Capitol Museum program would allow for on-demand tours of the Stanford Mansion, instead of staffing it seven days per week, 7 hours per day, and more commensurate with its style of visitation – a huge cost-savings in staffing and facility operations. The guide office at the State Capitol can then offer a number of “special tours” in addition to the interior of the Capitol Building, thereby creating more visitor options. Under this scenario, the Stanford Mansion would continue its invaluable role as the State’s center for protocol functions for the Legislature and Constitutional Officers, a primary reason the Mansion was restored in the first place.

Railtown and Tuolumne County Measure C – Unfortunately, Measure C – an extension of the Transient Occupancy Tax in Tuolumne County – failed last Tuesday. The measure was simply extending the existing TOT to additional venues such as RV parks. It is generally thought that many voters did not understand it and thought it was a new tax, so therefore they voted no. The measure had been supported unanimously by the lodging association and the Tuolumne County Board of Supervisors.

Currently, an outpouring of community support is occurring. Just this past weekend, a large fundraising event was held at the park and I was pleased to speak at the event sponsored by the local rotary clubs. The rotaries have come together in partnership with us to support the park, and have been doing an awesome job of raising funds and awareness to keep the park open. It was a huge turnout for the park, and a rip-roaring good time for the local community to come out in support of **their** State Park. The initial goal of the clubs was to raise \$75,000 to match a challenge grant from the Sonora Area Foundation. The challenge grant must be met by July 31st. I am pleased to report that the efforts of the rotaries have resulted in a net of \$68,000 already raised, thanks in large measure to the success of the event. The big attraction was the raffle of a 2012 red corvette donated by the Sonora Chevrolet dealership. The winner decided to

take a cash prize instead, so the car was then auctioned off at the event for about \$44,500!

Even though Measure C (the extension of the transient occupancy tax) suffered a disappointing loss last Tuesday, I believe we are on track to make up the difference soon. A direct mail appeal is being sent by the Railroad Museum Foundation, and our hope is that this will help close the small gap remaining for the challenge grant, and perhaps raise additional funds. We continue to engage individuals and organizations to help secure donations and support for the Park.

I am optimistic that with everyone working together with common cause in mind, we can keep this park and others open and operating for the people of California.

Cost Savings from Reclassifications

What cost savings or benefits have resulted from reclassifying positions formerly held by park rangers, which allowed the hiring of staff having more appropriate skill levels? How do people holding positions formerly associated with one property now roam properties throughout the district?

Looking back to the 1980s, when it first opened, the California State Railroad Museum had close to 10 Rangers and only one curator. The Museum's collections are vast – millions of photographs, thousands of small three-dimensional artifacts, and 240 locomotives and cars. The staffing structure of the museum was not suitable for a museum of its size and scope, care of collections was not sufficient, and the cost of running the museum in this manner was not sustainable. Likewise, at Sutter's Fort SHP, there were numerous rangers at the site performing interpretive duties, coordinating volunteers and working events.

While serving as the Museum Director for the California State Railroad Museum from 2002 to 2007, I began a process of reclassifying positions as they came open due to retirements or departure for other opportunities. My approach was guided by professionally accepted museum practices, improvement in performance measures, and sound fiscal management. As the profession of museum management has evolved, many positions have become common-place for museums across the country – museum directors, curators, conservators, registrars, exhibit preparers, interpreters, guides, and many other positions focused specifically on the operation of museums and care of collections. These changes have resulted in cost savings that could then be applied to better care of the collections, repair of historic properties, and new exhibitions to build visitation and revenue generation.

Another cost-savings and efficiency measure in our District has been to consolidate all maintenance and restoration positions into one team. Previously the District was broken into two sectors with staff reporting at different units. This led to lack of coordination, and often to inability to complete projects due to an

inefficient organizational model. All maintenance and restoration staff now report to one Maintenance Chief III who coordinates projects around the District and deploys staff based on need. This has resulted in cost savings and ability to invest in needed repairs around the District. The staff has also been able to build competencies and skills through better mentoring and teamwork opportunities district-wide.

Peace Officer Ranger Classification - At State Parks, the highest investment of time and money is made in the peace officer classification. This includes the process to recruit and train park peace officer rangers, and then the ongoing cost for uniforms, vehicles, equipment, skills training and qualification. This suggests that the Department emphasizes public safety above the other core functions of the Department and is willing to make this kind of ongoing investment. It also suggests that California State Parks is first a public safety agency in which the most important work performed is of a law enforcement nature. I do not believe this is the case, and the true work of the Department is overshadowed by this emphasis. No other classifications in the Department get this level of investment. In the case of museums and state historic parks, we do not invest an equal or proportional value in recruiting and training appropriate classifications for museum work, or to prepare staff for management positions. Moreover, there are few opportunities for museum professionals to be promoted within the management structure of the Department, particularly to a level that would allow them to manage a museum or state historic park. There are only two “official” museum directors statewide. Managing a park unit is most often reserved for peace officer superintendents. At the District level, my position as a District Superintendent is CEA II. While there are a couple of “acting” District Superintendents who are not peace officers, all other District Superintendents statewide are peace officer Superintendent IV or Vs, and are paid substantially more.

Having said the above, it is important to remember that public safety is still one of our core functions and needs to be addressed appropriately. How to do that while addressing the other needs of our museums and historic properties is an important public policy question. The point I am making is one of emphasis, and understanding what kind of business we are running and how to staff it in a balanced and efficient manner. I believe we are in the tourism business, not the law enforcement business. And, this suggests that we need to look at how to run attractions to maximize visitation and revenue generation to build a sustainable system for the future, while protecting the public and our historic sites in the process.

Capital Projects

Two of the California State Parks system’s largest new capital projects are planned in your district – the Railroad Technology Museum and California Indian

Heritage Center. Please provide updates on how current and anticipated funding issues are affecting the timing and viability of both projects.

Railroad Technology Museum – The State’s project team, led by the District Superintendent, has assembled approximately \$16 million in State and Federal funds. This is 100% of funding needed to complete phase one and allow for limited public access to the site. No private funds have been raised to date, but approximately \$40 to \$50 million is needed to complete the project’s additional phases. It is expected that this funding would come from the private sector through a major capital campaign. The California State Railroad Museum Foundation engaged a professional fundraising consultant last fall to prepare an assessment of the Foundation’s private fundraising capacity. The Foundation has not yet shared the report with the State for evaluation. Current public funding consists of Prop 40 (State Parks Bond funding) and Prop 116 (Transportation Bond from 1990), as well as two federal transportation enhancement (TE) grants. The real estate transaction with the new Railyard owners is still in progress, but several questions remain as to the best method to secure title and move the project forward which we hope to resolve within the next 60 days.

California Indian Heritage Center - The real estate transaction with the City of West Sacramento is nearing completion for 43 acres along the waterfront. State Parks was successful in purchasing 8 acres of adjacent land at the end of 2010, and this will be assembled with the 43 acres. The Trust for Public Land is in negotiations for an additional 20 acres of privately held land to assemble for the project. Some delay has been experienced due to the elimination of redevelopment agencies in California. All of the agreements previously signed were three-party agreements with the State, City and redevelopment agency. Within a week, the City will be asking the new oversight board of the redevelopment agency in West Sacramento to transfer this and other properties to the City in order to move public projects forward. Funding still remains from the original allocation sufficient to complete the project level EIR, and building design. Phase one of the project is \$7 million. The CIHC Foundation is prepared to assist in private fundraising to complete additional phases of the project, and is currently working on Board development to prepare itself for this task.

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