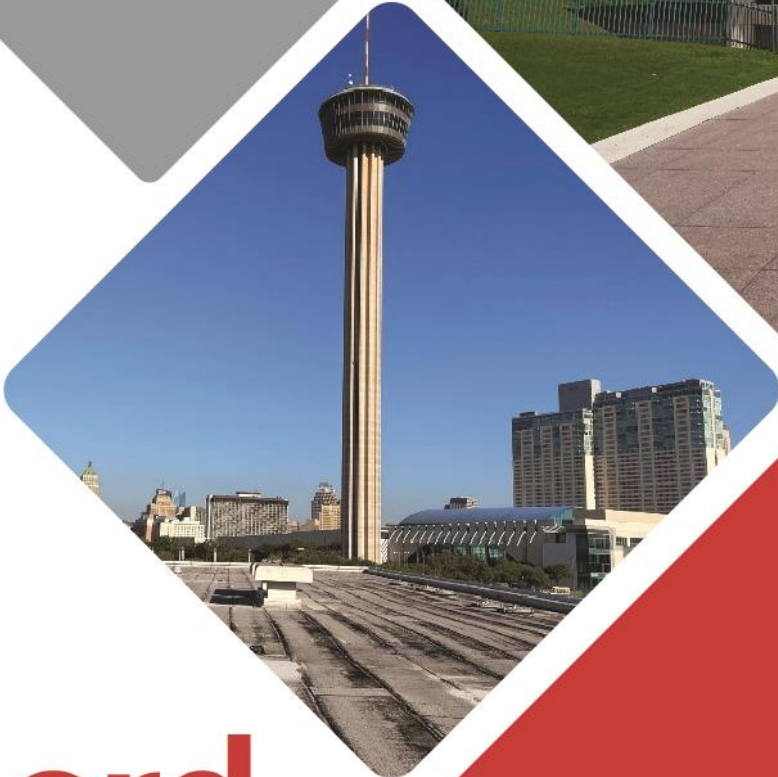


Institute of Texan Cultures:

Confidential Preliminary Feasibility Study

Final Report
October 2023



Lord Cultural Resources is a global professional practice dedicated to making the world a better place through culture.

We assist people, communities, and organizations to realize and enhance cultural meaning and expression.

We distinguish ourselves through a comprehensive and integrated full-service offering built on a foundation of key competencies: visioning, planning and implementation.

We value and believe in cultural expression as essential for all people. We conduct ourselves with respect for collaboration, local adaptation and cultural diversity, embodying the highest standards of integrity, ethics and professional practice.

We help clients clarify their goals; we provide them with the tools to achieve those goals; and we leave a legacy as a result of training and collaboration.

Our Toronto office is located within the traditional territory of many nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. Our New York office is located on the traditional lands of the Lenape peoples. Our Long Beach office is located on the land of the Tongva/Gabrieleño and the Acjachemen/Juaneño Nations, who have lived and continue to live here..

We encourage you to acknowledge the presence of the people who came before, wherever you are.

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1. INTRODUCTION

This chapter sets out the background to and methodology to conduct this preliminary study.

1.1 BACKGROUND

The ITC currently occupies a building that was originally constructed as the Texas State Exhibits Pavilion for San Antonio's 1968 Hemisfair world's fair. The 180,000 sq. ft. building was not constructed to common museum standards but was nonetheless turned over to the University of Texas at San Antonio (UTSA) in 1973 for the purpose of establishing a museum whose collections and stories would focus on the diversity of the various peoples who have contributed to the cultural development of Texas.

The building has numerous deficiencies and there has been very limited reinvestment in it. Of note is that most of the existing exhibits in the ITC are quite dated and text heavy, with some at a height that is not readable by many visitors. An expectation that a substantial exhibit to thematically bring together the various cultures in Texas is not met, although a small exhibit on the music of several countries and cultures is positive and there are some more contemporary exhibits that have been introduced in recent years.

Many spaces in the building are currently unused. This includes the Bluebonnet Theatre, the central dome, various programming and classroom spaces, and the closed retail store. There is also little emphasis on venue rentals or other revenue generation. The challenges facing the ITC clearly go beyond the deficiencies of the building, but the deficiencies of the building have served to reduce the motivation for needed reinvestment in the ITC.

Taking into account the age and nature of the original Hemisfair building, including issues of deferred maintenance, UTSA engaged Dan Bosin Associates to evaluate three facility options for the future of the ITC. The capital cost estimate to renovate the original world's fair building, which was not contemplated to function as a museum for what is now 55 years, is \$156 million. This was compared to \$104 million for a new building on the existing site, and under \$92 million for a new building on a different site that is owned by the University. A higher capital cost would be required if a privately owned site had to be purchased.

To consider alternative sites for the future ITC, the University identified four potential sites, three of which are owned by UTSA and one that may require investment in property acquisition. Ted Silberberg, the Senior Principal at Lord Cultural Resources responsible for market and financial planning, was engaged to conduct an evaluation of them in collaboration with real estate staff of UTSA, Joshua Gerken and Hunter Pfeiffer. That evaluation included a review of background information regarding all four alternative sites, development of 11 agreed site evaluation criteria, and a weighting scale which recognized that not all criteria are of equal importance or weight. A tour of all four sites and the areas around them and a workshop with real estate staff of UTSA led to a

written evaluation and numerical rating of the four sites and their ranking. The Site Evaluation Report is included as Appendix B to this report.

Based on the criteria, weighting scale and our evaluation and rating of the sites, not surprisingly, the parking lot site near the Alamo scored and ranked the highest by a wide margin.

Following completion of the Site Evaluation Report, the UTSA requested that Lord Cultural Resources conduct a confidential preliminary feasibility study assuming the parking lot site near the Alamo. The work is confidential because it precedes potential negotiations regarding acquisition of the site and is preliminary because it reflects a limited scope of work and methodology at this time which excluded interviews and more detailed market analysis, assumptions and projections.

1.2 METHODOLOGY

In order to meet the objectives of this preliminary confidential feasibility study, Lord Cultural Resources conducted the following scope of work and methodology to date. We:

- Reviewed background information provided to us regarding the existing ITC facilities, markets, operations and finances, based on completion of three-page survey forms and other more detailed financial data for both pre-COVID 2019 and the budget for the current year. Other background information provided includes a preliminary space allocation plan prepared by Dan Bosin Architects, a space allocation and visitor experience outline by UTSA Vice Provost and University Architect Dean Hendrix, and a plan for off-site storage for UTSA Special Collections (libraries and museums) prepared by HarrisonKornberg Architects.
- Participated in an assumptions workshop with UTSA and ITC staff which served to finalize the assumptions underlying the preliminary attendance, operating revenue and expense projections in this document. Please see Appendix A, which acknowledges the workshop participants. No external interviews were conducted because of the confidentiality issue.
- Compiled and analyzed published data regarding the overall museums marketplace and other selected comparable museums, and other museums in San Antonio.
- Compiled and analyzed available published data regarding potential resident, school and tourist markets for San Antonio.
- Prepared this report, which includes our preliminary analyses, assumptions and projections for only a stabilized year of operation (Year 3) for the future ITC at the parking lot site near the Alamo.

Bold italics throughout indicate key findings, conclusions and assumptions.

2. CONTEXTUAL AND COMPARABLES ANALYSES

This chapter establishes context, lessons and benchmarks to help guide the preliminary assumptions and projections in this report.

The analysis begins with an overview of the operating revenues of the ITC compared to survey data for history museums/sites and other museum types. This is followed by an analysis of selected comparable museums and other museums in San Antonio.

2.1 CONTEXTUAL ANALYSIS: ITC REVENUE SOURCES COMPARED TO MUSEUM AVERAGES

Chapter 3 includes available detailed information regarding the facilities, markets, operations and finances of the ITC in both pre-COVID 2019 and its 2023 budget data. Here we focus on ITC sources of operating revenue for those years compared to 2017 revenue data from a comprehensive survey by the American Alliance of Museums (AAM). Although ITC is not a history museum per se, that is the museum category which would best fit the ITC among the various categories set out in the following table. Therefore, the most meaningful categories for comparison to ITC are data for history museums and the overall weighted average for all museums. *The data emphasize that museums cannot operate on the basis of earned income alone and require substantial support from private, endowment and government support to enable them to be sustainable operationally.*

The 2019 pre-COVID data for ITC indicate earned income at 23%, which is substantially lower than the earned income median for both history museums and overall museum averages. *The data indicate a heavy ITC reliance on state (university) sources and on an endowment to support operating costs and relatively low income from private donations and sponsorship. There are opportunities for relocation and enhancement of the ITC at the Parking lot site near the Alamo to substantially increase both earned income and private support.*

	Institute of Texan Cultures 2019	Institute of Texan Cultures, 2023 Budget	Art Museum/ Sculpture Garden	Children's Museum	History/ Historic House/Site	Natural History/ Anthropology	Science/ Technology Centre/ Museum	Arboretum/ Botanic Garden/ Nature Center	Zoo/ Aquarium	Total Sample/ Weighted Average
Sample Size			209	36	408	31	31	27	15	857
Earned Income	23%	0%	26%	52%	35%	42%	57%	45%	59%	35.1%
Private Donations/ Sponsorships	5%	3%	42%	33%	33%	28%	31%	31%	25%	35.0%
Investment/Endowment Income	11%	19%	16%	2%	12%	9%	2%	10%	4%	11.4%
Government Income (Local-State-Federal)	62%	78%	17%	13%	21%	22%	10%	14%	12%	19.3%

Source: ITC and American Alliance of Museums, Museum Board Leadership 2017: A National Report

2.2 NATIONAL SNAPSHOT OF U.S. MUSEUMS 2023

A survey of 340 museum directors conducted by Wilkening Consulting in 2022/2023 focused on the extent to which museums have recovered from the negative effects of COVID 19. *This helps to establish more realistic expectations for museum performance in 2023, including for the ITC, and why we have not used the 2023 ITC figures substantially.* Key findings from the survey are as follows:

- Only 33% of respondents recovered enough to achieve 2019 attendance levels. On average they are achieving 71% of their pre-COVID attendance levels. Expectations for the ITC in 2023 are for even more substantial declines compared to the 2019 figures as discussed in Chapter 3.
- Some 38% of respondents had increased their staff level compared to 2019, 36% reported staff levels unchanged, while 26% have not recovered to pre-pandemic staff levels. As discussed in Chapter 3, staffing levels at ITC in 2023 are also lower than the pre-COVID 2019 staffing levels.
- Some 60% of those recruiting for additional staff reported difficulty filling open positions, especially in the lower paying guest services, maintenance and security jobs. To help address this, 84% have increased or are planning to increase the hourly rates of lower paid staff. This is a factor that should be taken into account in projecting future ITC staffing costs.
- Despite lower attendance, 46% of respondents expected to have an improved financial bottom line in 2023 compared to 2022, but still not to 2019 levels. The preliminary financial projections set out later in this report indicate the need for a higher operating budget for ITC in the context of an enhanced operation but also the likelihood of substantially higher earned income.

2.3 COMPARABLES ANALYSIS

The Institute of Texan Cultures appears to be unique in America. There is no other example of a museum or related institution that we at Lord Cultural Resources or UTSA staff were able to identify that focuses on cultural diversity on a statewide level elsewhere in the country. The closest conceptual example is the Lower East Side Tenement Museum in New York City, which focuses on immigrants from 20 other countries and from elsewhere in the USA.

The Texas Folklife in Austin provides some level of comparability because it creates and travels temporary exhibitions within the state on a periodic basis. Both are discussed below with the Tenement Museum providing benchmarks for the assumptions and projections in this confidential preliminary feasibility study for the future ITC.

2.3.1 Lower East Side Tenement Museum, New York City

Established in 1988, the Lower East Side Tenement Museum tells the many stories of the immigrant families that once lived in the apartments there. The Tenement Museum is comprised of two buildings. The original tenement building at 97 Orchard St. represents apartment living from 1860 to 1935, at which time the building was condemned. The 103 Orchard St. building was adaptively reused to become a visitor centre for the Museum including ticketing, gift shop and orientation, as well as contemporary apartments representing the 1940s onward, and office and storage space.

The Tenement Museum explores stories of immigration from 20 countries and migration from elsewhere in the United States through guided tours of both buildings and the surrounding Lower East Side neighborhood. Among them are themed Jewish, Puerto Rican and Chinese apartments. Overall, the immersive tour experiences explore identity, public policy, urban development, architecture, and other themes through the true stories of the ordinary families who lived in the buildings and the people in the neighborhood. This differs from the visitor experience offered by the ITC, which focuses largely on noted or famous people, which is fully appropriate because ITC about the various cultures of those who influenced the development of Texas as opposed to the people who lived in a single neighborhood.

Annual attendance at the Tenement Museum has been in the range of 200,000 visitors based on pre-COVID admission charges of \$27 for adults and \$22 for seniors and children for three or four different scheduled tour options. It was open on a daily basis, including openings to 6:30 p.m. on most days and to 7 p.m. on Saturdays and 8:30 p.m. on Thursdays because the small size of the spaces makes it impractical to have evening venue rentals. The ITC should have evening venue rental opportunities in the context of the assumed future ITC operating schedule as set out in Chapter 4.

In 2019, the operating budget of the Tenement Museum was close to \$12 million, of which about 56% was allocated to staffing costs. That was based on a full-time staff of 58, with 81 part-timers and 12 volunteers. An expanded but much smaller staff is assumed for the future ITC. Earned income at the Tenement Museum accounted for a substantial 68.5% of total operating revenues, with contributed income (private and government) at 30% and 1.5% from an endowment and other sources.

2.3.2 Texas Folklife

Texas Folklife is a statewide non-profit organization established in 1984 that is dedicated to preserving and presenting the diverse cultures and living heritage of the Lone Star State. It is headquartered in Austin. Of interest to ITC is how the diverse cultures of Texas are presented, including performances, film documentaries and the largely visual arts exhibits that are traveled throughout the state to museums, public libraries and schools and which are either free or low cost.

Published data for 2019 (pre-COVID) indicated an operating budget of about \$525,000 for Texas Folklife. About 66% of operating revenues are from government grants, 30% from donations, sponsorships and memberships, and only 4% are from earned income, primarily performance fees.

Operating costs are primarily for salaries and wages and artist fees as well as occupancy costs for the Austin headquarters, along with costs to travel the exhibitions and performers.

Attendance figures associated with touring exhibitions are not available but what is more important is benchmarking data for ITC that operating revenues are primarily from government and private sources, which will also continue to be the case for the future ITC despite a much better location and an enhanced visitor experience.

2.4 LOCAL CONTEXT

The future ITC should benefit substantially from proximity to the Alamo, which is analyzed below. Also considered is published information regarding other museums in San Antonio that reported at least 20,000 annual visitors in 2019.

2.4.1 The Alamo

The Alamo is an iconic attraction that has a 300 year history. It was originally a Catholic Mission but is known primarily for the Battle of the Alamo. It is a UNESCO World Heritage Site and a United States National Historic Landmark and is owned by the State of Texas and managed by the Alamo Trust, Inc.

The Alamo is open to visitors daily except for Christmas and attracts about 2.5 million visitors per year¹, making it the highest attended attraction in Texas despite the limited interpretation that is currently offered. The large majority of visitors to the Alamo are tourists. As a consequence of its fame and also because it is not a full-day experience, other commercial attractions, restaurants and retail opportunities have developed nearby over the years. *The location to the parking lot site nearby creates an opportunity for the Institute of Texan Cultures to offer a more serious, education focused alternative for Alamo visitors not interested in the commercial attractions.*

Visitors at the Alamo are given the following ticketing opportunities:

¹ Other web sites indicate that the Alamo attracts 1.6 million visitors per year. In either case, this is a very substantial number of visitors who are and will be in the area.

- **Guided Tours:** Offered daily with times and charges varying by season each half hour starting at 9:30 a.m. with the last tour at 3 p.m. The tour experience is 45 minutes, of which 30 minutes is a walking tour and the remainder a question-answer period. The tour includes entry into the Church and opportunities to stay longer for the Alamo Exhibit in the Ralston Family Collections Center, discussed below.
- **Ralston Collections Center:** The total space is 24,000 sq. ft. of which 10,000 sq. ft. is exhibition space. The Center is open daily from 9 a.m. to 5 p.m. and located in the Alamo Gardens behind the Alamo Church. The Center includes the Phil Collins Collection which was gifted to the State of Texas by musician and historian, Phil Collins, including the Battle of the Alamo Diorama featuring his narration. Other artifacts are from the Donald and Louise Yena Spanish Colonial Collection and Alamo Collection. One option is to attend with an audio tour and the second is without an audio tour, with prices as follows. Free admission is offered monthly on a weekday from 4 to 7 p.m.

Admission charges to attend the Alamo for these options are currently as follows:

	Adult (13-64)	Seniors, Military, First Responders	Child (12 and under)	Military Child (12 and under)
Guided Tours	\$45	\$40	\$35	\$30
Ralston Family Collections Center (with audio tour)	\$24	\$20	\$18	\$17
Ralston Family Collections Center (no audio tour)	\$14	\$12	\$10	\$9
Spanish Mission Church	Free with timed entry	Free with timed entry	Free with timed entry	Free with timed entry

A Friends of the Alamo membership program includes a variety of benefits including free admission to the Ralston Family Collections Center, expedited free entry into Alamo Church, a 10% discount on daily Alamo tours and a 10% discount at the Alamo Gift Shop, as well as invitations to members only events. Membership charges are \$50 per person for one or two people and \$150 for a family. There are also various upper level membership categories that offer additional benefits at a cost range of \$250 to \$1,000.

The FY2020 largely pre-COVID operating budget of the Alamo Trust and Remember the Alamo Foundation was about \$7.9 million, of which about 63% was staffing costs. *The Trust receives a \$3 million management fee from the State of Texas. This emphasizes the reality that even a high attendance attraction with substantial admission charges, like the Alamo, requires annual ongoing operating support from government sources. That will also be the case for the Institute of Texan Cultures even with a new site and enhanced visitor experience.*

The Alamo will attract even more visitors in the future with the scheduled opening in 2027 of the \$400 million Alamo Visitor Center and Museum. It will repurpose the historic Crockett and Woolworth buildings and feature a 4D theater, special event space, rooftop restaurant, retail space, and will become the home to the entire Phil Collins Texana Collection.

The Alamo Plan will also safeguard the physical structures of the historic Alamo Church and Long Barrack and restore more of the Alamo battle site. In addition, the Alamo Visitor Center and Museum will tell stories associated with Indigenous Native American groups, Spanish colonial settlement, Texas independence and revolution, the Battle of the Alamo and its strategic significance, as well as how the Alamo was preserved from ruin to memorial. In addition, the plan emphasizes the more contemporary relevance of the site because a focus of the San Antonio Civil Rights movement was the Woolworth building.

The Alamo Visitor Center will be over 100,000 square feet in total, with 32,000 square feet dedicated to museum galleries for programming, which is in addition to the 10,000 square feet of space found in the Ralston Family Collections Center, bringing the amount of exhibit space that the Alamo has today to over 42,000 sq. ft. ***Whereas even higher attendance at the future Alamo will benefit the ITC because of proximity, the available time for visitors to attend the ITC will be reduced because length of stay at the Alamo will increase.***

2.4.2 Benchmarks from Other Museums in San Antonio

The following table sets out published attendance and operational data regarding other museums in San Antonio (excludes the Alamo) that reported at least 20,000 visitors in pre-COVID 2019. This provides useful benchmarks for operational assumptions and attendance projections for the future ITC at the parking lot site near the Alamo.

Not on the list of museums reporting at least 20,000 annual visitors is the San Antonio African American Community Archive and Museum (SAAACAM). This reflects a focus that is primarily archival, along with community programming. Media reports indicate that the organization is in the midst of a \$60 million fundraising campaign to acquire the historic Kress-Grant building and convert the upper floors to a future home for what is to be rebranded as the SAACAM Cultural Center. It would include 40,000 sq. ft. of exhibition space, a theatre/auditorium, office and other archival and museum spaces. To generate operating revenue the plan assumes a 12-14 unit boutique hotel on the upper floors with the ground floor leased to a restaurant or other private operators. ***If implemented the SAACAM Cultural Center would also be close to the assumed future ITC site, leading to opportunities for collaboration but also competition for tourists who wish to combine an Alamo visitor experience with a second education-focused experience.***

The reported pre-COVID data in the following table provides the following benchmarks of particular interest to the assumptions and projections for the future ITC.

- **Reported Total Attendance:** The data indicate that the UTSA Institute of Texan Cultures reported 150,000 visitors in 2019, but the actual attendance figure was less than 62,000, of which 52% arrived in school groups. It is likely that some of the other reported attendance figures in the following table are also inaccurate. Nonetheless, among the reported attendance figures the median and average attendance figures shown on the table are 150,000 and about 325,000, respectively. The median is more reliable because it limits the effect of free admission museums and inaccurate reported attendance levels. ***The reported attendance data nonetheless confirm opportunities for the future ITC to substantially increase its attendance levels.***

- Admission Charges:** Since the pandemic the ITC has offered suggested admissions, currently at \$12 for adults, but very few people pay it. Of the 13 museums shown, nine have fixed admission charges for adults and eight fixed admissions for children. In 2019, the average adult admission charge was \$10.46, while the median was \$10.00. Child rates were substantially lower. These figures help to inform the assumed admission charges for the ITC set out in Chapter 4.
- Evening Openings:** Of the 13 museums, seven have at least one regular weekly evening opening after 6 p.m. and six do not. The ITC has not done so but it is assumed in Chapter 4 that the ITC will start with a monthly evening opening given its proximity to shopping, restaurants and other attractions that are open during evening hours nearby, and consider extending it to weekly if successful.

Other Museums in San Antonio Reporting at Least 20,000 Visitors (pre-COVID)				
Name of Museum	Reported On-Site Attendance	Adult Admission Charge	Child Admission Charge	Regular Evening Openings*
San Antonio Missions National Historical Park	1,400,000	\$0.00	\$0.00	Yes
San Antonio Zoological Society	1,000,000	\$21.99	\$18.99	Yes
The Doseum	540,000	\$14.00	\$14.00	No
Southwest School of Art	250,000	\$0.00	\$0.00	No
Witte Museum	200,000	\$12.00	\$9.00	Yes
San Antonio Museum of Art	162,000	\$20.00	\$0.00	Yes
Blue Star Contemporary Art Center	150,000	\$5.00	\$0.00	Yes
UTSA Institute of Texan Cultures	150,000	\$10.00	\$8.00	No
The McNay Museum	134,000	\$20.00	\$0.00	Yes
San Antonio Botanical Garden	100,000	\$8.00	\$5.00	Yes
Artpace San Antonio	72,000	\$0.00	\$0.00	No
Buckhorn Saloon & Museum	56,000	\$19.99	\$14.99	No
Spanish Governor's Palace	22,092	\$5.00	\$3.00	No
Average (all)	325,853	\$10.46	\$5.61	
Median (all)	150,000	\$10.00	\$3.00	
<i>Source: 2019 Official Museum Directory of American Alliance of Museums</i>				
* Regular evening openings are at least once per week after 6 p.m.				

3. OPERATIONS ASSESSMENT AND POTENTIAL MARKETS

To help provide the basis for assumptions and projections associated with the future Institute of Texan Cultures (ITC) this chapter considers the markets, operations and finances of the existing ITC as well as potential resident, school and tourist markets for San Antonio and the ITC in particular.

3.1 EXISTING ITC OPERATION

It is important to understand the existing ITC operation as part of the basis for business planning and projections for the future ITC. To be most accurate, the focus is on pre-COVID data from 2019 but more recent budget data for 2023 are cited too, if useful. Key points are as follows:

- **Site and Building:** The existing ITC is located at the site of the former 1968 Hemisfair World's Fair in the former Texas Exhibit building, which encompasses over 182,000 gross square feet of space. This is far more space that is needed or assumed in Chapter 4 if the ITC is relocated to the parking lot site near the Alamo
- **Exhibition Spaces:** The exhibition spaces in the existing building total about 45,400 sq. ft. and are also much larger than is needed in a new ITC with more compelling, immersive and interactive exhibits.
- **Classroom/Programming Spaces:** The current space is over 6,900 sq. ft. and substantially underutilized. The pre-design assumption set out in Chapter 4 is for smaller, multi-purpose spaces that can also be used for venue rentals and birthday parties.
- **Retail Store and Food Service:** The space was over 700 sq. ft. but is now closed. There was no food service, and it has not been assumed for the future ITC beyond limited grab and go opportunities inside the retail store.
- **Operating Schedule:** In 2019 the ITC opened daily from 9 a.m. to 5 p.m. As a consequence of COVID the open days and hours have been reduced substantially to four days from Thursday through Sunday and 10 a.m. to 4 p.m. The operating schedule assumptions for the future ITC are set out in Chapter 4.

- **Admission Charges:** Suggested admissions are currently in place but there were fixed admission prices in 2019. These were as follows. Higher fixed charges, along with different age ranges within various admission charge categories, are assumed for the future ITC as assumed in Chapter 4 based on a much enhanced visitor experience.

Category	2019 Per Person
Adult (18-64)	\$12.00
Senior (65+)	\$9.00
Minors/Youth (6-17)	\$9.00
Non UTSA/Alamo College Students (with ID)	\$9.00
Military (with ID)	\$9.00
Non-School Groups (10 or more)	\$7.00
School Groups	\$3.00
UTSA/Alamo College Students/Faculty/Staff (with ID)	\$0.00
Child (under 6)	\$0.00
Members	\$0.00

- **Total and School Group Attendance:** In pre-COVID 2019, ITC total attendance was 61,949, of which about 52% arrived in school groups. Attendance of only about 18,000 is estimated for 2023. Much higher total attendance in the future ITC should allow the school group percentage attendance to decline but a more compelling visitor experience should increase the total number of school group visitors.
- **Membership:** There were only 101 memberships in 2019 but there is currently no membership program. However, membership is planned to be reintroduced.
- **Staffing and Volunteers:** In 2019 the ITC had a full-time staff of 25, supported by 5 part-timers, and 50 regular volunteers. In 2023 staffing levels have been reduced to 17 full-time, 6 part time and volunteerism has declined to 18 regular volunteers. Preliminary estimates of ITC future staff needs are set out in Chapter 4, taking into account a need to control staffing costs.
- **Operating Budget:** The total ITC operating budget in 2019 was about \$2,777,000 and was budgeted at only about \$1,084,000 in 2023. A larger operating budget will be required in the future.
- **Sources of Operating Costs:** Staffing costs in 2019 were close to 67% of operating expenditures and budgeted at 53% in 2023.
- **Sources of Operating Revenue:** The primary source of operating revenue in 2019 was University/state sources at close to 62% of the total operating budget and budgeted at about 78% of a smaller operating budget in 2023. Endowment interest is the next largest revenue source at 11% in 2019 and close to 19% in 2023. *Donations and sponsorships were only 5% in 2019 and budgeted at close to 4% in 2023. This is far lower than the common museum norms as shown in Chapter 2 which indicate opportunities for more substantial private support, particularly given the common success of universities in attracting substantial private support.*

ITC Sources of Operating Revenue	2019 Actual	2023 Budget
University/State	61.5%	77.8%
Other Government	0%	0%
Endowment	11.0%	18.7%
Donations and Sponsorships	5.1%	3.5%
Admissions	12.0%	0%
Retail Sales	5.3%	0%
Venue Rentals	4.0%	0%
Memberships	1.1%	0%
Public/Educational Programs	0%	0%
Food Service	0%	0%
Fundraising Events	0%	0%
Other Earned Income	0%	0%
Total (rounded)	100%	100%

3.2 POTENTIAL MARKETS

This section considers potential resident, school and tourist markets for San Antonio and the ITC in particular to help inform the assumptions and especially the attendance projections in Chapter 5.

3.2.1 Resident Markets

The resident market is important to all museums and related institutions for the following main reasons:

- The resident market is readily accessible and available on a year-round basis.
- Residents can be made aware of the exhibitions and programs of the ITC more easily and cost-effectively than tourists.
- Residents are most likely to be repeat visitors.
- Residents are more likely to become volunteers, members and donors.
- Residents often advise, and accompany, visiting friends and relatives to area attractions.

Key data analyzed are the size and projected growth of the resident population, as well as age, gender, educational attainment, income and ethnicity data.

Population Size and Projections

The following table offers an overview of population totals and growth trends for the San Antonio Metropolitan Statistical Area (MSA), which is assumed to be the resident market for the ITC. Within the MSA is Bexar County and within it is the city of San Antonio. The data are compared to state and national averages and indicate a *large resident population whose growth between 2010 and 2020 and projections for growth to 2030 exceed state and national averages.*

Population Totals and Projections	Actual 2010	Actual 2020	Projected 2030	% Change Actual 2010/2020	% Change Projected 2020/2030
City of San Antonio	1,327,407	1,434,625	N/A	8.1%	N/A
Bexar County	1,714,773	2,009,324	2,263,538	17.2%	11.2%
San Antonio MSA	2,142,508	2,558,143	2,948,269	19.4%	13.2%
Texas	25,145,561	29,145,505	33,074,780	15.9%	11.9%
USA	308,745,538	339,449,281	352,070,270	9.9%	3.6%

Sources: Decennial Census (2020) + Woods & Poole Economics for Projections

Age

The median age of City of San Antonio and Bexar County residents is younger than the average for the overall San Antonio MSA, which is still substantially younger than the national average. *A young median age is important because many parents select museums that they believe will be of interest to their children.* Therefore, even though the DoSeum children’s museum exists in San Antonio we have assumed a diversity themed children’s gallery within ITC, as discussed in Chapter 4.

Age	City of San Antonio		Bexar County		San Antonio MSA		Texas		USA	
	#	%	#	%	#	%	#	%	#	%
Under 5 years	87,334	6.1%	125,535	6.2%	155,860	6.1%	1,819,260	6.2%	18,661,245	6.0%
5 to 9 years	93,377	6.5%	137,621	6.8%	173,510	6.8%	2,006,756	6.9%	20,010,813	6.1%
10 to 14 years	99,460	6.9%	146,518	7.3%	185,734	7.3%	2,163,739	7.4%	21,821,492	6.5%
15 to 19 years	103,349	7.2%	148,306	7.4%	186,615	7.3%	2,156,098	7.4%	21,824,088	6.5%
20 to 24 years	111,492	7.8%	150,122	7.5%	179,494	7.0%	2,048,184	7.0%	21,382,643	6.7%
25 to 29 years	116,577	8.1%	151,629	7.5%	180,201	7.0%	2,050,666	7.0%	22,100,453	7.1%
30 to 34 years	107,942	7.5%	148,418	7.4%	179,894	7.0%	2,071,973	7.1%	22,978,685	6.8%
35 to 39 years	98,616	6.9%	142,248	7.1%	176,539	6.9%	2,046,849	7.0%	22,371,398	6.5%
40 to 44 years	87,129	6.1%	127,746	6.4%	161,091	6.3%	1,894,314	6.5%	21,362,163	6.1%
45 to 49 years	86,415	6.0%	124,580	6.2%	159,714	6.2%	1,840,981	6.3%	19,782,325	6.3%
50 to 54 years	83,160	5.8%	117,123	5.8%	153,317	6.0%	1,741,314	6.0%	20,891,392	6.4%
55 to 59 years	85,784	6.0%	118,537	5.9%	158,235	6.2%	1,757,474	6.0%	21,141,152	6.7%
60 to 64 years	77,649	5.4%	106,095	5.3%	144,113	5.6%	1,626,762	5.6%	21,673,882	6.2%
65 to 69 years	65,815	4.6%	89,514	4.5%	123,062	4.8%	1,347,475	4.6%	18,351,785	5.3%
70 to 74 years	52,206	3.6%	71,279	3.5%	98,904	3.9%	1,054,914	3.6%	15,426,419	4.1%
75 to 79 years	33,725	2.4%	45,717	2.3%	63,436	2.5%	691,749	2.4%	9,872,768	2.8%
80 to 84 years	22,096	1.5%	29,358	1.5%	39,972	1.6%	429,452	1.5%	6,278,369	1.9%
85 years and over	22,499	1.6%	28,978	1.4%	38,452	1.5%	397,545	1.4%	5,962,673	2.0%
Total	1,434,625	100%	2,009,324	100%	2,558,143	100%	29,145,505	100%	331,893,745	100%
Median Age	34.9		34.9		36.0		34.8		38.8	

Sources: US Census Bureau (2020)

Education and Income

Level of education is the variable with the closest correlation to museum attendance, as supported by numerous studies. The higher the level of education, the more likely that an individual will attend or participate. Like education, household income is an important indicator of potential cultural participation but is not as significant an indicator as education. That is, well-educated, low-income persons are more likely to attend than high-income, less-educated individuals.

Higher educational attainment levels, measured by the percentage of regional residents who have at least a bachelor’s degree, are lower for San Antonio, City and County residents than both state and national averages. *This emphasizes the importance of the enhanced entertainment value in a future ITC if attendance levels among all resident categories is to be maximized.*

Educational Attainment (Total Population 25 Years or Over)	City of San Antonio		Bexar County		San Antonio MSA		Texas		USA	
	#	%	#	%	#	%	#	%	#	%
Less than high school diploma	156,360	16.6%	188,178	14.3%	230,555	13.5%	1,409,024	7.9%	25,562,680	11.5%
High school graduate/equivalent	238,417	25.3%	321,390	24.5%	426,929	25.0%	4,723,476	26.5%	59,421,419	26.7%
Some college	207,317	22.0%	288,679	22.0%	372,599	21.8%	3,876,378	21.7%	45,242,162	20.3%
Associate's degree	74,903	7.9%	110,074	8.4%	142,515	8.3%	1,449,493	8.1%	19,254,254	8.6%
Bachelor's degree	164,198	17.4%	246,913	18.8%	332,679	19.5%	4,077,821	22.9%	45,034,610	20.2%
Graduate or professional degree	102,774	10.9%	159,033	12.1%	204,709	12.0%	2,288,616	12.8%	28,321,709	12.7%
Total	943,969	100%	1,314,267	100%	1,709,986	100%	17,824,808	100%	222,836,834	100%

Sources: American Community Survey Data (2021)

Average and median household income levels in the City, County and San Antonio MSA are lower than state and national averages while the percentage of residents living in poverty is higher. This suggests that even if fixed admission charges are introduced for a much enhanced future ITC, initiatives to provide free admission to those in lower income categories should be implemented. Our assumption is set out in Chapter 4.

Household Income	City of San Antonio	Bexar County	San Antonio MSA	Texas	USA
Median Income	\$54,923	\$63,057	\$66,775	\$66,963	\$69,021
Average Income	\$74,838	\$85,213	\$89,357	\$93,668	\$91,547
% Living in Poverty	17.0%	14.7%	13.4%	14.2%	12.8%

Sources: American Community Survey (2021)

Gender

Women account for a slightly higher percentage of the population and are a substantially more important market for most museum types than are men for the following main reasons:

- Women tend to make the decisions in a household regarding educational experiences for their children. Therefore, the greater the perceived educational benefits of museums and other cultural opportunities the more likely they will be selected.
- Women account for a significant proportion of schoolteachers who are influential in choosing school field trip destinations.

- Women tend to make decisions regarding attractions to visit while on family vacations and account for a majority of bus tour passengers and trip planners.

The ITC does not report a difference in attendance by gender, but it is likely that it skews female, as is common for most museum types. A visitor experience that includes enhanced permanent and temporary exhibitions should help to widen appeal to both men and women and lead to higher attendance levels.

Race/Ethnicity

Two tables are set out below. The first indicates that regional and state resident markets in the San Antonio MSA are more racially/ethnically diverse than the national average, and thus the importance of the Institute of Texan Cultures. The second table indicates a very substantial Hispanic/Latino market, that is already in the majority and will continue to grow. No matter which race/ethnic group, the ITC should continue to seek to be as welcoming as possible to all by means of its content, staffing and marketing.

Race	City of San Antonio		Bexar County		San Antonio MSA		Texas		USA	
	#	%	#	%	#	%	#	%	#	%
White	636,003	44.3%	919,729	45.8%	1,287,229	50.3%	14,609,365	50.1%	204,277,273	61.6%
Black or African American	102,816	7.2%	161,307	8.0%	181,016	7.1%	3,552,997	12.2%	41,104,200	12.4%
American Indian	17,543	1.2%	23,193	1.2%	27,536	1.1%	278,948	1.0%	3,727,135	1.1%
Asian	47,784	3.3%	68,675	3.4%	75,127	2.9%	1,585,480	5.4%	19,886,049	6.0%
Pacific Islander	2,142	0.1%	3,549	0.2%	4,282	0.2%	33,611	0.1%	689,966	0.2%
Some other race	240,088	16.7%	308,330	15.3%	357,888	14.0%	3,951,366	13.6%	27,915,715	8.4%
Two or more races	388,249	27.1%	524,541	26.1%	625,065	24.4%	5,133,738	17.6%	33,848,943	10.2%
Total	1,434,625	100%	2,009,324	100%	2,558,143	100%	29,145,505	100%	331,449,281	100%

Sources: US Census Bureau, Decennial Census (2020)

Ethnicity	City of San Antonio		Bexar County		San Antonio MSA		Texas		USA	
	#	%	#	%	#	%	#	%	#	%
Hispanic/Latino (any race)	916,010	63.9%	1,190,958	59.3%	1,389,685	54.3%	11,441,717	39.3%	62,080,044	18.7%
Not Hispanic or Latino	518,615	36.1%	818,366	40.7%	1,168,458	45.7%	17,703,788	60.7%	269,369,237	81.3%
Total	1,434,625	100%	2,009,324	100%	2,558,143	100%	29,145,505	100%	331,449,281	100%

Sources: US Census Bureau, Decennial Census (2020)

School Markets

It is important for all museums and related institutions to offer programming of particular interest to the school market for the following main reasons:

- Education is part of the mandate of all museums and related institutions like the ITC. As discussed above, school groups also account for over half of all visitors but there will need to be opportunities to broaden and deepen participation even more. With higher overall attendance, school groups as a percentage of total visitors should decline but total attendance increase.
- Children brought as part of school field trips often convince their parents to take them again.
- For children in lower income/education families attending on a field trip is often the only opportunity to attend.

The key issues with respect to existing and potential school markets for ITC are the size of the student population within a convenient distance, relationship to curricula, student enjoyment, proximity and cost. Future planning should include interviews with educators to seek to identify how the future ITC can better meet the needs of school groups.

Enrolment Levels

The following table sets out school enrollment figures from nursery school through graduate schools in the city, county and MSA compared to state and national averages. The data indicate a substantial potential school market that will increase to reflect population growth.

School Enrollment Levels	City of San Antonio		Bexar County		San Antonio MSA		Texas		USA	
	#	%	#	%	#	%	#	%	#	%
Population 3+ Enrolled	372,075		533,257		669,700		7,690,444		80,497,960	
Nursery School	21,297	5.7%	27,904	5.2%	35,457	5.3%	372,208	4.8%	4,879,858	6.1%
Kindergarten	19,263	5.2%	26,185	4.9%	31,812	4.8%	412,630	5.4%	4,003,118	5.0%
Grade 1 to 4	80,911	21.7%	113,292	21.2%	145,667	21.8%	1,619,611	21.1%	15,900,533	19.8%
Grade 5 to 8	77,401	20.8%	118,234	22.2%	152,328	22.7%	1,735,834	22.6%	16,606,090	20.6%
High School	81,405	21.9%	117,769	22.1%	148,470	22.2%	1,743,200	22.7%	16,879,255	21.0%
College (Undergraduate)	73,408	19.7%	102,892	19.3%	124,421	18.6%	1,422,804	18.5%	17,869,758	22.2%
Graduate or Professional School	18,390	4.9%	26,981	5.1%	31,545	4.7%	384,157	5.0%	4,359,348	5.4%
Total	372,075	100%	533,257	100%	669,700	100%	7,690,444	100%	80,497,960	100%

Sources: American Community Survey Data (2021)

Curriculum Links

Given the reality of transportation times and cost, the vast majority of field trips are likely to be from within the San Antonio MSA and primarily from within the city or Bexar County for reasons stated below. The current peak grades for ITC attendance are grades 4 and 7 as related to state history. There should be opportunities to widen school attendance to other K-12 grades and courses in the context of an enhanced visitor experience for school groups and a site that would enable combined field trips with the Alamo.

Field Trip Policies and Cost

Field trips must meet curriculum guidelines and overcome concerns about the cost of transportation, admission charges and even a requirement for costs associated with police background checks on parents wishing to chaperone the children on field trips. The ITC should continue to be successful.

Tourist Markets

US News and World Report ranked San Antonio as the number one place to visit in Texas, attracted by the Riverwalk, the Alamo and a host of other commercial attractions, historic missions and museums.

In pre-COVID 2019, some 41 million tourists visited San Antonio. They are primarily from within Texas, then elsewhere in the United States. Some 1.7 million visitors in 2019 were international. The numbers declined substantially in 2020 and 2021 but were reported to have recovered to closer to 2019 levels in 2022. Interviews with tourism officials are not part of this confidential preliminary feasibility study to determine trends and to obtain actual data or projections but it appears reasonable to assume that 2023 and subsequent years should result in continued growth, in part because of pent-up demand for travel following the substantial reduction in COVID travel concerns.

The key factor affecting a potential future site for the ITC on the current parking lot site near the Alamo is its proximity to major tourism draws in San Antonio. This include the Alamo and the numerous commercial attractions that are close to it.

4. KEY PRELIMINARY ASSUMPTIONS

This chapter sets out key preliminary assumptions that have provided the basis for the preliminary projections in the following chapter of attendance, operating revenue and expenses for the Institute of Texan Cultures (ITC) at the Parking lot site near the Alamo in a stabilized year of operation (Year 3). The assumptions reflect the results of an assumptions workshop with ITC and UTSA staff and consultant recommendations. The assumptions set out here and the projections in the next chapter are preliminary in advance of more detailed research, analysis and planning, especially as would emerge from an interview process.

The key assumptions that affect attendance, operating revenue and expense projections are set out in the following categories:

- Site and Nearby Facilities
- Spaces and Facilities
- Exhibitions
- Public and Educational Programs
- Online Presence
- Collections
- Admission Charges
- Other Earned Income
- Contributed Income
- Operating Schedule
- Governance, Staffing and Volunteers
- Branding and Marketing
- Other

4.1 SITE AND NEARBY FACILITIES

- The site for the future ITC is assumed to be a parking lot near the Alamo, encompassing 2.35 acres of land.
- A parking garage is assumed to be part of the future ITC. At this point in the planning process, the operating costs and revenues associated with parking is assumed to be the responsibility of UTSA, so no costs or revenues are projected for parking in Chapter 5.
- As detailed in Appendix B to this report, there are substantial advantages associated with the site near the Alamo that will have a positive impact on attendance and earned income for the ITC. This includes not only proximity to the Alamo itself, whose attendance will further increase with implementation of its expansion, but also proximity to various commercial attractions, the Rivercenter shopping mall, and other restaurant and retail establishments. Somewhat offsetting these benefits is the fact that the orientation of most visitors is to the west of the Alamo, while the ITC is to be on the other side.

4.2 SPACES AND FACILITIES

Detailed architectural planning and design has yet to be conducted. At this preliminary point in the planning process, the space and facility assumptions associated with the future ITC at the Parking lot site near the Alamo are as follows:

- The building will include 40,000 net sq. ft. of usable space. A grossing factor of 50% is assumed to take into account circulation, mechanical and electrical spaces as well as wall thicknesses. The building is therefore assumed to be 60,000 gross sq. ft.
- It is assumed that most collections storage will be accommodated off-site and not part of the operating budget of the ITC. Similarly, the proposed Center for Archaeological Research is not part of the building or the operating costs of the future ITC.
- Multi-purpose spaces are emphasized, including for venue rentals, an important source of earned income. The retail store is relatively small, despite including grab and go food and beverage opportunities, to follow a museum and general retail trend of smaller spaces given the strength of online shopping.
- At this preliminary stage of planning the following table summarizes only the key public spaces for the future ITC. With most collections storage space off-site, 60% of the 40,000 net square feet will be public space. Non-public spaces for offices, storage and various administrative, education, collections, retail and other support spaces will account for 40% of the total as set out in the following table.

Institute of Texan Cultures - Preliminary Space Program			
ZONES:			
	Zone A - Public Non-Collection Space		
	Zone B - Public Collection/Exhibition Space		
	Zone C - Non-Public Collection Space		
	Zone D - Non-Public Administrative/Building Support		
ZONE	Public Non-Collection Space	Assumed Area in Net Square Feet	Preliminary Functional and Other Comments
A		(NSF)	
A-1	Lobby/Admissions/Information Space/First Aid/Cloakroom/Some Events	1,500	Critical circulation space by day and rental/event space by night. Adjacent to multipurpose space for combined larger functions.
A-2	Retail Shop /Grab and Go Food	600	Retail product line relates to the mission of the ITC and the exhibitions shown. Close to or combined with admissions/information desk and includes limited grab and go food and beverage opportunities to limit staffing needs.
A-3	Multipurpose Theatre/Events Space	3,000	Flat floor for rentals, public and educational programs with theatre/lecture hall stage and screen for performances and films. For events and rentals accommodates 150 people seated at round tables, double for receptions, and more when combined with lobby.
A-4	Classroom/Program Spaces	2,400	Two or three classroom/public programming spaces, includes opportunities for weekend birthday parties
A-5	Restrooms	Part of Gross Floor Area	
A-6	Passenger Elevator(s)	Part of Gross Floor Area	
Subtotal Zone A		7,500	
ZONE	Public Collection/Exhibition Space	Assumed Area in Net Square Feet	Functional and Other Comments
B		(NSF)	
B-1	Permanent Exhibition Galleries	13,500	Ideally flexible, visible, column-free space with high ceilings. Includes interactive, immersive and multi-media exhibits and a small children's gallery
B-2	Temporary Exhibition Galleries	3,000	For external and internally developed changing exhibitions. Designed to accept loans and traveling exhibitions.
Subtotal Zone B		16,500	
A+B	Total Public Space	24,000	
C+D	Total Non-Public Space	16,000	Offices, storage and various administrative, education, collections, retail and other support spaces
Total Net Square Feet of Usable Space		40,000	
	Grossing Factor at 50%	20,000	Circulation, mechanical, electrical, wall thicknesses
Total Gross Square Feet of Building		60,000	

4.3 EXHIBITIONS

The specific exhibitions to be offered in the future ITC will be developed as part of future detailed exhibition planning and design. However, assumptions that help to inform this preliminary feasibility study are as follows:

- Permanent exhibitions will be introduced to be far more interactive, immersive and contemporary than most of what is currently on offer to visitors. This will help to widen the audience and lead to more first time and repeat visitors.
- A children's gallery themed to Texan cultures will help to attract more family visitors.
- Guided tours led by volunteers will be offered to visitors on a peak period schedule. With collections storage primarily off-site there will be no significant "behind the scenes" opportunities and so no extra charge will be applied for the periodic guided tours.
- It is assumed that there will be two temporary exhibitions each year, both internally developed by staff. One will be developed in partnership with a specific ethnocultural organization/community that will be able the partners to tell their own stories in the temporary exhibition and contribute to the cost of the exhibition.
- The operating budget of the ITC will include an exhibitions reserve fund that will build up over time to allow for replacement and major upgrades to the permanent exhibitions. The actual allocation of the funds to replace the permanent exhibitions will take place in Year 4 or 5 of the project, with the change offered to visitors during the opening three years largely on the basis of the temporary exhibitions.

4.4 PUBLIC AND EDUCATIONAL PROGRAMS

- School programs will continue to be focused on the peak grade 4 and grade 7 levels as related to Texas history, but other grades and courses will also be increasingly attracted.
- Birthday parties for older children will be a focus of the future ITC on weekends, utilizing classroom spaces.
- There will be an increased focus on lectures, films and performances in the new facility utilizing the multi-purpose space.
- Collaborations with existing and new ethnocultural organizations, festivals and events will increase for mutual benefit.

4.5 ONLINE PRESENCE

- A new and improved web site and social media presence will be introduced in advance of the opening of the new facility.

4.6 COLLECTIONS

- The ITC will continue to build its collection and use it to tell stories about Texan Cultures, but most collections storage will be off-site.

4.7 ADMISSION CHARGES

- With implementation of the relocated and enhanced ITC at the Parking lot site near the Alamo, fixed admission charges will be reintroduced.
- Rather than define an adult as from 18-64, it is assumed that adults will be defined as aged 25-64. This will provide a price break to youth whether or not they are students who bring an ID. Requesting an ID shows a lack of trust, slows the admissions process, and causes potential resentment among those who do not carry student IDs. The same applies to asking UTSA and Alamo College and the military for ID, which is not assumed.
- A discount for youth 18-24 that is the same as the senior discount is assumed and does not discriminate against youth who are not students (usually supported by parents) and often in low paying jobs.
- No free admission periods are assumed because they commonly train people to wait for them. Rather, it is assumed that the ITC will distribute free admission tickets through social service agencies, religious institutions and schools to those who actually need them.
- The following table sets out pre-COVID 2019 admission charges (2023 is suggested admissions), and the assumptions for admissions at the future ITC.

Ticket Category	2019 Admission Prices	Assumed Future Admission Prices
Adult (18-64)	\$12.00	
Adult (25-64)		\$15.00
Senior (65+)	\$9.00	
Senior (65+), Military (no Id)		\$12.00
Minors (6-17)	\$9.00	
Military and College Students (with ID)	\$9.00	
Youth (18-24 no ID)		\$12.00
Child (0-5)	\$0.00	
Child (5-17)		\$7.00
Non-School Groups (10+, per person)	\$7.00	\$9.00

School Groups (K-12, per person)	\$3.00	\$5.00
UTSA/Alamo College Students, Faculty, Staff	\$0.00	\$0.00
Other Free (Members/ Pre-School (under 5)	\$0.00	\$0.00

4.8 OTHER EARNED INCOME

Retail Sales and Food Service:

- The retail store will include a product line that reflects its mission and the temporary exhibitions in place, including those in collaboration with other ethnocultural communities and organizations.
- The retail store will include a modest space for grab and go food and beverage opportunities.

Venue Rentals:

- The multicultural nature of the ITC should make it a preferred venue for weddings, corporate events and other functions that relate to various ethnocultural groups in and near San Antonio. These may take place in the multi-purpose space and/or the lobby, with birthday parties and other small rentals in the classrooms.
- To help maximize earned income from venue rentals, it is assumed that discounted not for profit renters only be able to book space four months in advance. This gives priority to those able to pay higher rental rates.

Membership:

- It is assumed that the ITC will reintroduce a membership program to include both lower level categories motivated largely by value for money in unlimited free admission and discounts on retail, venue rentals and charged public programs, and upper level categories motivated mostly by support for mission.

Public and Educational Programs:

- While some programs to be developed by ITC senior management will be free with admission or just free, others will be charged. These could include registered summer, spring break and other camps for children, birthday parties, programs for adults and seniors, and periodic performances, lectures and films that could be charged.

Fundraising Event and Other Earned Income:

- It is assumed that the ITC will introduce an annual fundraising event to support operating costs.

- Other potential sources of revenue income could include costume rentals for pay for photo opportunities, licensing, donation boxes and other sources to be developed by management.

4.9 CONTRIBUTED INCOME

- The ITC will focus on increasing revenue from donations and sponsorships, but the projections in the following chapter will not seek to estimate how much more will be generated from private supporters. Rather, the bottom line of the financial projections is earned and a base level of existing revenue from university, private and endowment sources to indicate the *additional* amount required to break even on operations from these sources.

4.10 OPERATING SCHEDULE

- To recognize that tourists often wish to add a day or two to a primarily weekend visit in San Antonio it is assumed that the ITC will remain open on Mondays and closed to visitors on Tuesdays.
- Operating hours will be from 10 a.m. to 5 p.m., with one regular evening opening per month to include a cash bar, live music and other special programming. If successful it could be expanded to a weekly evening opening.

4.11 BRANDING AND MARKTING

- It is assumed that the relocation and enhancement of the ITC will result in a name change that recognizes that the term Institute is not commonly understood to be welcoming to visitors and that with a collection it should be branded as a Museum.
- If there is a donation of the Parking lot site near the Alamo to the university, it is recommended but cannot be assumed at this time that ITC will be renamed to recognize the donor.
- An increased marketing budget will be implemented to contribute to higher attendance and earned income levels.

4.12 GOVERNANCE, STAFFING & VOLUNTEERS

- The ITC (however branded) will continue to be governed and supported by the University of Texas at San Antonio, with input from an Advisory Board
- Assumed staffing positions for the future ITC are as follows.

Assumed Staff Positions for Future ITC		
Position Title	FTE	Responsibility
Associate Vice Provost/Director	1.0	Overall responsibility for vision, strategy, operation
Chief of Staff	1.0	Assists the AVP in overseeing operations
Chief Curator	1.0	Responsible for conceptualization and organization of exhibits
Art Curator	1.0	Responsible for the UTSA art collection
Curators	2.0	Additional curatorial specialists
Collection Manager	1.0	Oversees care, cataloging, and storage of museum artifacts
Registrar	1.0	Care, cataloging, and storage of museum artifacts
Art Registrar	1.0	Care, cataloging, and storage of artwork
Education Coordinator	1.0	Designs and implements educational programs.
Program Coordinator	1.0	Organizes events, lectures, workshops, etc.
Tour Coordinator	1.0	Organizes tour offerings
Front Desk Manager	1.0	In charge of welcome and admissions experience for visitors
Volunteer/Student Manager	1.0	Manages docent program and student employees
Events/Festival Manager	1.0	Manages development events and cultural festivals
Events/Festival Staff	1.0	Assists Events/Festival Manager
Marketing Manager	1.0	Manages advertising, promotions, online/social media presence
Web Designer	1.0	Handles design and coding of website
Facilities Manager	1.0	Manages building and building systems
Maintenance and Janitorial	2.0	Reports to Facility Manager
Faculty Fellow	1.0	Connects ITC to UTSA
Fabricator	1.0	Leads exhibit fabrication
Technologist	1.0	Manages museum technology
Rentals Manager	1.0	Manages museum rentals
Shop Manager	1.0	Manages museum store
Development Officer	0.5	Split with Libraries to increase contributed income
Security	2.5	UTSA PD
Business Services Center Manager	0.5	Split with Libraries
Business Services Assistant III	0.5	Split with Libraries
Business Services Assistant	0.5	Split with Libraries
Part-Time Staff	2.5	Admissions, retail, weekend and evening allocation
Total Full-Time Equivalent Staff	33.0	Subject to Modification in Detailed Planning

4.13 OTHER ASSUMPTIONS

- It is assumed that the capital investment in the new building and enhanced exhibits of the ITC at the Parking lot site near the Alamo will be based on university, government and private funds with no debt applicable to the ITC. Therefore, debt service will not be part of the operating budget of the ITC.
- All revenue and expense projections will be stated in 2024 constant dollars. This means that all revenues and expenses will grow at whatever the prevailing rate of inflation will be in the future.

5. PRELIMINARY ATTENDANCE, REVENUE AND EXPENSE PROJECTIONS

This chapter sets out our preliminary projections of attendance, operating revenues and expenses for a stabilized year of operation (Year 3) of the Institute of Texan Cultures (ITC) at the assumed Parking lot site near the Alamo near the Alamo.

The projections are built upon a base level primarily of pre-COVID 2019 attendance, income and expenditure figures for the ITC and to a lesser extent the budget figures for the reduced 2023 operation. Given the uncertainty regarding exactly when the relocated and enhanced museum will open, we have not referred to a specific calendar year but rather to Year 3.

The bulk of the operating funds to support the ONM have been, and will continue to be, from the University of Texas at San Antonio (UTSA) and the State of Texas, which have allocated a net amount of about one million dollars per year to the ITC. For the purposes of these projections, this amount is assumed to remain constant as is the 2023 amount generated from the endowment and the 2019 amount from private donations and sponsorships. This allows the ***bottom line of the projections to be as follows: Operating expenses minus earned income and existing amounts from University/State, endowment and private support to leave a revenue gap that will need to be filled by additional University/State, endowment and private sources to break even on operations.*** The projections also include a scenario of the percentage of such support that is likely to be required from the University/State sources in the stabilized Year 3.

The projections are based on the contextual, comparables and market analyses in Chapters 2 and 3 and the assumptions in Chapter 4, as well as the judgment and experience of the consultants. The

figures are also rounded, where possible, to reflect the order of magnitude nature of projecting the future.

Just as there is no attempt to predict the opening date of the new Museum, there is no attempt to predict the rate of inflation until then. Rather, the financial projections are in 2024 constant dollars. Figures are assumed to change at whatever the prevailing rate of inflation is.

5.1 ON-SITE ATTENDANCE PROJECTIONS

To prepare attendance projections first requires a reasonable definition of who would or would not be defined as a visitor. For the purposes of this analysis a visitor is someone who attends an exhibition, event or program in the ITC. This includes those attending rentals or events. Not included are staff and volunteers, service and delivery people. While outreach and access through a web site are important, the attendance projections do not include potential outreach programs or web site hits/visits. The projections are for on-site and in-museum attendance.

It is important to emphasize that there is no simple computer formula that leads to accurate attendance projections. While there are ratios and formulas that may be used based on the experience of comparable or similar institutions based on the size of exhibition space and population levels, those methods nonetheless have weaknesses. In this case the uniqueness of the ITC concept makes quantitative methods based on comparables even more difficult because the only comparable identified (Lower East Side Tenement Museum) is in New York City and focused on tours. Accordingly, no ratios have been used based on the size of the exhibition space and population levels at the Lower East Side Tenement Museum. Instead, judgment is used to estimate how attendance at ITC might compare to reported attendance levels at the Tenement Museum.

The other methods used are to extrapolate from pre-COVID 2019 attendance data for ITC, taking changed assumptions into account, and to estimate where ITC might rank relative to attendance levels at other museums in San Antonio.

Extrapolation from Pre-COVID Attendance at ITC

Pre-COVID in 2019, when the ITC operated with a larger staff, had fixed admission charges, memberships, venue rentals and more spaces that were operational, reported rounded on site attendance was about 62,000, compared to 80,000 and 65,000 the previous two years. About half of all visitors arrived in school groups. While exhibition space is much larger than the 16,500 sq. ft. of exhibition space assumed for the future ITC, the visitor experience and appeal of the future ITC will lead to higher levels of first-time and repeat visitation. ***A stabilized attendance in the range of 225,000 on-site visitors, including programs, venue rentals and free admission visitors seems reasonable.***

Comparison to Lower East Side Tenement Museum

As discussed in Chapter 2.3.1, the Lower East Side Tenement Museum in New York City reports about 200,000 visitors who pay for tours charged at \$27 per adult with discounts for other visitor categories. The resident, school and tourist markets for New York City are much more substantial

than available in San Antonio, but there is also far more competition in New York City. The ITC also has the advantage of proximity to the Alamo and assumptions about a more contemporary, interactive and immersive visitor experience. Also positive for the ITC is its school curriculum links in grades 4 and 7 and opportunities for venue rentals that are not possible at the Tenement Museum. Based on these factors and judgment and experience, a stabilized attendance in the same range as the Tenement Museum appears reasonable, **or 200,00 annual visitors in the stabilized Year 3.**

Based on Median Attendance at Other Museums in San Antonio

Chapter 2.4 sets out attendance and other data for the Alamo and other museums in San Antonio. Although some of the reported attendance figures appear questionable, **the median for those reporting at least 20,000 pre-COVID annual visitors is 150,000.** That would indicate somewhat lower attendance than reported by the San Antonio Museum of Art and somewhat higher attendance than the McNay Museum. However, taking into account the benefits of proximity to the Alamo, we have increased the estimate to **175,000** visitors in the stabilized Year 3.

Averaging the Three Methods

As stated, all of the methods to project attendance levels, including quantitative ones not used, have weaknesses but are nonetheless helpful in establishing benchmarks. Averaging all of these methods leads to a rounded attendance figure of about 200,000 annual visitors in the stabilized Year 3 assuming the Parking lot site near the Alamo. Given the curiosity factor and media attention, opening year attendance will be higher with Year 3 representative of subsequent years of operation.

Attendance Projections Based on ...	Attendance Estimate
Extrapolation from Pre-COVID attendance at ITC	225,000
Comparison to Lower East Side Tenement Museum	200,000
Median Attendance at Other Museums in San Antonio	175,000
Stabilized Year 3 (rounded) Average	200,000

The following table segments visitors by admission ticket category. School groups will continue to be the primary market segment, but the percentage will decline from 52% because of the more substantial appeal to other admission ticket categories. Adults will account for the highest percentage of non-school visitors, followed by seniors. Children will represent a significant percentage of visitors in part because of the children’s gallery, which should lead to a substantial number of repeat visits. Unpaid and indirect paid (rentals, programs) visitors are estimated to account for a combined 20% of total visitors.

Attendance Projections (rounded)	Base Level	Year 3%	Year 3
Projected Total On-Site Attendance	62,000		200,000
Attendance by Ticket Category			
Adult (25-54)		28%	56,000
Senior (65+)/Military		12%	24,000
Youth (18-24)		3%	6,000
Child (5-17)		6%	12,000
Non-School Groups		1%	2,000
School Groups		30%	60,000
Unpaid (including UTSA, Alamo College, members, rentals, young children, other free)		20%	40,000
Total Annual Attendance		100%	200,000

5.2 PROJECTED OPERATING REVENUES

Operating revenue projections for the future Institute of Texan Cultures (ITC) are set out in the following categories and build largely upon a base level of pre-COVID 2019 data:

- Admissions
- Retail Sales
- Venue Rentals
- Public and Educational Programs
- Fundraising Event (net)
- Other Earned Income
- Existing Endowment/Interest
- Existing Private Support
- Existing University/State Support

5.2.1 Admissions

Admissions revenue in pre-COVID 2019 totaled \$236,017, which at 61,949 on-site visitors translates to \$3.81 per visitor. The following table sets out admissions revenue projections for visitors to the relocated and enhanced ITC during the stabilized Year 3.

The projected admissions revenue emerges from attendance projections by ticket category multiplied by the assumed admission charges. Discounts likely to be offered in collaboration with other museums, attractions, hotels, AAA and other potential partners, help to increase attendance levels but will lower admissions revenue by an estimated 3% per year. This leads to the following projections.

Admissions Revenue Ticket Categories	Base Level	Admission Charge	Year 3 Attendance	Year 3 Revenue
Adult (25-64)		\$15.00	56,000	\$840,000
Senior/Military		\$12.00	24,000	\$288,000
Youth (18-24)		\$12.00	6,000	\$72,000
Child (5-17)		\$7.00	12,000	\$84,000
Non-School Groups (avg. per person)		\$9.00	2,000	\$18,000
School Groups (avg. per person)		\$5.00	60,000	\$300,000
Unpaid and Indirect Paid		\$0.00	40,000	\$0
Total Attendance	61,949		200,000	
Total Admissions Revenue (before discounts)				\$1,602,000
Total Admissions Revenue (after discounts)	\$236,017			\$1,553,940
Total Admissions Revenue (rounded, after discounts)				\$1,554,000
Revenue per Visitor	\$3.81			\$7.77

5.2.2 Retail Sales

In 2019, the ITC reported retail sales of \$104,767 in a 719 sq. ft. space, which translates to about \$146 per square foot, and is at the low end of a common range. At close to 62,000 visitors the retail sales per visitor at \$1.69 is very good taking into account that over half of all visitors were in school groups. We have assumed a smaller retail store to include limited grab and go food and beverage opportunities at 600 sq. ft. to reflect the reality that museum and other retail has been in decline facing Amazon and other online competition.

We have estimated that sales per visitor will remain about the same in the future ITC but sales per square foot should increase substantially as shown below. The costs of goods sold are accounted for in the expense projections later in this chapter.

Retail Store (600 sf)	Base Level	Year 3
Total Attendance	61,949	200,000
Average Sales per Visitor	\$1.69	\$1.70
Total Net Revenue	\$104,767	\$340,000
Sales per Square Foot	\$146	\$567

5.2.3 Venue Rentals

Venue rentals generated \$77,374 for the ITC in 2019. This should increase substantially given an attractive site near hotels and better quality facilities. At this point in the planning process, we estimate \$250,000 in the stabilized Year 3.

Venue Rentals	Base Level	Year 3
Total Revenue	\$77,374	\$250,000

5.2.4 Membership

There is currently no membership program at the ITC but the membership program in 2019 had 101 membership revenue of \$22,054, or a substantial \$218 per membership. This indicates good support from some higher charge upper level memberships.

For the purposes of these preliminary projections, we estimate a growth in the number of memberships and the average income per membership as follows, leading to the following projections.

Membership	Base Level	Year 3
Total Memberships	101	500
Avg. Revenue per Membership	\$218	\$150
Total Revenue	\$22,049	\$75,000

5.2.5 Public and Educational Programs

No revenue was generated by the ITC in 2019 or budgeted for 2023, from public and educational programs. At this stage of planning, it is not known what programs will be in place in the future and the extent that some of them will be charged. These could include camps for children and other registered programs for children and adults and periodic films, lectures and performances that will be charged. However, it has been assumed for the purposes of this preliminary feasibility study that some programs will be charged and that there will also be revenue from a birthday party program.

Increased attendance levels should also expose more visitors to opportunities for public and educational programs while an increased marketing budget should also have a positive impact on awareness levels and thus programming revenues.

Although revenues may vary widely, we estimate that rounded revenues from public and educational programs will be as follows in the stabilized Year 3.

Public and Educational Programs	Base Level	Year 3
Total Revenue	\$0	\$50,000

5.2.5 Fundraising Event (net)

It has been assumed that the future ITC will have an annual fundraising event to support operating costs. We estimate net income of **\$40,000. In the stabilized Year 3.**

5.2.6 Other Earned Income

There should be other sources of earned income to generate modest income for the ITC. These include donation boxes, pay for photo opportunities, licensing and other opportunities to be developed by management. For the purposes of these projections, we estimate **\$10,000** in the stabilized Year 3.

5.2.7 Existing Private Donations and Sponsorships

The ITC received \$99,719 in private support in 2019. Relative to museum norms this is a very modest amount. For the purposes of these projections, this amount, rounded to **\$100,000**, is assumed to be maintained for each year projected in order to allow the bottom line to be the *additional* amount of university, state, endowment and private support needed to break even each year.

5.2.8 Endowment/Interest

In 2023 the ITC received \$260,487 from its endowment/interest. This figure has been used as the base level for the projections because it reflects growth in the endowment and income from higher interest rates. For the purposes of these projections, this amount, rounded to **\$260,000**, is assumed to be maintained for each year projected in order to allow the bottom line to be the *additional* amount of university, state, endowment and private support needed to break even on operating costs.

5.2.9 Existing Support from UTSA/State of Texas

The primary funder of the ITC is and will remain the University of Texas at San Antonio and the State of Texas. The amounts received in both 2019 and 2023 are almost the same, minus funds designated by VPAA, at \$1,001,612 in 2023, and rounded to **\$1,002,000**.

For the purposes of these projections, the 2023 University and State contribution amount is assumed to continue for each year projected to allow the bottom line to be the *additional* amount required from University/State, endowment and private sources to break even. We have provided a preliminary scenario of potentially increased endowment and private support to indicate the likely amount required from the University/State in the stabilized Year 3.

5.3 PROJECTED OPERATING EXPENSES

The categories of preliminary projected operating expenses for the future Institute of Texan Cultures (ITC) for the stabilized Year 3 are projected to be as follows:

- Salaries, Wages and Benefits
- Occupancy Costs
- Collections Care
- Exhibitions
- Public and Educational Programs
- Marketing
- Development
- Retail Cost of Goods Sold
- General and Administrative

The bottom line of the projections is operating expenses minus earned income and existing private, endowment, and University/State financial support to lead to the *additional* amount needed from private, endowment and University /State funds to break on operations each year. A preliminary scenario indicates the likely amount required from University/State sources.

5.3.1 Salaries, Wages and Benefits

The 2019 staffing costs are a more realistic base level because they represent the ITC when more substantially operational than the 2023 reduced staff levels and costs but do not reflect increases since then. The 2019 staffing costs totaled \$1,853,645.

Staffing cost projections are as follows and reflect UTSA direction on both likely staff levels and costs associated with the relocated and enhanced future ITC at the Parking lot site near the Alamo. This includes estimated salaries and benefits for full-time staff at 35% of salaries and an allocation of 15% for part-time staff.

Staffing Costs	Base Level	Year 3 FTE	Year 3 Salary Per FTE	Year 3 Salaries Before Benefits	Year 3 Salaries With Benefits @35/15%
Associate Vice Provost/Director		1.0	\$165,000	\$165,000	\$222,750
Chief of Staff		1.0	\$90,000	\$90,000	\$121,500
Chief Curator		1.0	\$70,000	\$70,000	\$94,500
Art Curator		1.0	\$70,000	\$70,000	\$94,500
Curators		2.0	\$60,000	\$120,000	\$162,000
Collection Manager		1.0	\$60,000	\$60,000	\$81,000
Registrar		1.0	\$50,000	\$50,000	\$67,500
Art Registrar		1.0	\$50,000	\$50,000	\$67,500
Education Coordinator		1.0	\$55,000	\$55,000	\$74,250
Program Coordinator		1.0	\$50,000	\$50,000	\$67,500
Tour Coordinator		1.0	\$50,000	\$50,000	\$67,500
Front Desk Manager		1.0	\$50,000	\$50,000	\$67,500
Volunteer/Student Manager		1.0	\$45,000	\$45,000	\$60,750
Events/Festival Manager		1.0	\$60,000	\$60,000	\$81,000
Events/Festival Staff		1.0	\$45,000	\$45,000	\$60,750
Marketing Manager		1.0	\$50,000	\$50,000	\$67,500
Web Designer		1.0	\$60,000	\$60,000	\$81,000
Facilities Manager		1.0	\$50,000	\$50,000	\$67,500
Maintenance and Janitorial		2.0	\$40,000	\$80,000	\$108,000
Faculty Fellow		1.0	\$70,000	\$70,000	\$94,500
Fabricator		1.0	\$40,000	\$40,000	\$54,000
Technologist		1.0	\$65,000	\$65,000	\$87,750
Rentals Manager		1.0	\$45,000	\$45,000	\$60,750
Shop Manager		1.0	\$40,000	\$40,000	\$54,000
Development Officer		0.5	\$120,000	\$60,000	\$81,000
Security		2.5	\$42,000	\$105,000	\$141,750
Business Services Center Manager		0.5	\$90,000	\$45,000	\$60,750
Business Services Assistant III		0.5	\$60,000	\$30,000	\$40,500
Business Services Assistant		0.5	\$45,000	\$22,500	\$30,375
Part-Time Staff		2.5	\$105,000	\$105,000	\$120,750
Total FTE Staff Costs	\$1,853,645	33.0		\$1,897,500	\$2,540,625
Total FTE Staff Costs (rounded)	\$1,853,645	33.0		\$1,897,500	\$2,541,000

5.3.2 Building Occupancy Costs

These costs are generally defined to include all costs, excluding salaries, associated with building repairs and maintenance, utilities, rent (if applicable), security systems and building insurance costs, but can vary by institution. Information provided by UTSA indicates actual occupancy costs at about \$800,000 per year, which would be higher except for deferred maintenance. Moreover, some of the occupancy costs are absorbed by the University or are not applicable to the ITC given the size of the building at 182,247 gross square feet.

The pre-design assumption for the relocated and enhanced ITC is a 60,000 gross sq. ft. building. Since the future ITC is to be of new construction it will be more energy efficient and require limited

expenditures on repairs and maintenance in the stabilized Year 3 of operation. All occupancy costs are allocated to the ITC for the purposes of these projections. We have estimated building occupancy costs at \$6.00 per gross square foot of space in Year 3. This leads to the following projections.

Occupancy	Base Level	Year 3
Total Gross Sq. Ft.	182,247	60,000
Cost per Gross Sq. Ft.	\$4.39	\$6.00
Total Occupancy Costs	\$800,000	\$360,000

5.3.3 Collections Care

Data in the 2023 ITC budget do not include a breakdown for collections care. Since it is assumed that most collections will be stored offsite and that there will be a separate Archeological Research Center that is not part of ITC, we have allocated a very modest **\$10,000** to the Year 3 operating budget of the ITC for collections care to support the work of curatorial staff.

5.3.4 Exhibition Costs

A separate 2019 budget allocation is not available for non-staff costs associated with the routine maintenance and changes to the permanent exhibition and for temporary exhibitions. The budget figure for 2023 is \$25,308, but reflects limited investment, reduced staffing, operating hours and attendance. In Year 3 of operation of the ITC at the parking lot site near the Alamo, only modest changes will be needed to the permanent exhibitions, but it has been assumed that a reserve to fund changes to the permanent exhibition will be in place from the outset. The following table provides an estimate for the reserve fund as well as routine maintenance and the costs associated with temporary exhibitions.

The assumption is for two temporary exhibitions per year to be developed internally with one of the two in collaboration with an ethnocultural organization that would be able to tell its own story and also share the costs of developing the exhibition. Although non-staff costs to develop the temporary exhibitions and the extent of the financial contributions from ethnocultural organizations may vary widely, we estimate the costs to ITC in the stabilized Year 3 at \$100,000.

These assumptions and estimates lead to the following projections of exhibition costs.

Exhibition Costs	Base Level	Year 3
Routine Maintenance/Enhancements		\$30,000
Temporary Exhibitions		\$100,000
Reserve for Permanent Exhibitions		\$50,000
Total Costs	\$25,308	\$180,000

5.3.5 Public and Educational Programs

The 2023 operating budget for non-staff public and educational programs at the ITC allocated \$34,305, including costs for an Asian festival. However, there are reduced staff and operating hours this year. The 2019 data are not available.

Since some programs are free or free with admission, and mission-related objectives do not allow program fees to match actual costs, our preliminary estimates for Year 3 of the substantially enhanced ITC is that non-staff costs associated with public and educational programs, including contracted staff, will be double the revenues projected in this report. This leads to the following projection in the stabilized Year 3.

Public and Educational Programs	Base Level	Year 3
Total Costs	\$34,305	\$100,000

5.3.6 Marketing

Marketing includes non-staff costs associated with advertising and promotion, social media and the web. Data are not available for 2019 but the budget for 2023 indicates an allocation for marketing of only \$9,556, which contributes to the relatively low attendance expected this year.

The norm for most museums is that marketing costs account for 3-4% of the total operating budget and are often in the range of \$1.00 to \$1.25 per visitor.

A major advantage of a relocation to a site very close to the Alamo is that many visitors will combine their visit to the Alamo or to other nearby commercial attractions with attending the ITC. Moreover because of strong appeal to school groups, a lower than average expenditure per visitor on marketing should be possible. We have estimated marketing expenditures in the stabilized Year 3 at \$0.75 per visitor, leading to a still substantial marketing expenditure.

Marketing	Base Level	Year 3
Projected Attendance		200,000
Expenditures per Visitor		\$0.75
Total Costs	\$6,556	\$150,000

5.3.7 Development

In 2023, the ITC budgeted \$278,088 for non-staff costs associated with Development, including membership costs and endowment expenses. These costs will increase in the future, including an annual fundraising event and more substantial emphasis on securing donations and sponsorships. At this preliminary stage of planning, we estimate an increase in Development-related costs to \$350,000 in the stabilized Year 3.

5.3.8 Retail Cost of Goods Sold

Data are not available for the retail cost of goods sold but for most museums these costs are commonly in the range of 50 - 60% of retail revenues. The inclusion of a grab and go food and beverage opportunity with a lower cost of goods sold should allow the cost of goods sold at the future ITC to average 50%. (The base level figure assumes cost of goods sold at 55% in 2019). This leads to the following projections.

Retail Cost of Goods Sold	Base Level	Year 3
Total Costs	\$57,622	\$170,000

5.3.9 General and Administrative

General and administrative costs vary by institution and generally include office and related supplies, information technology, equipment, mailing, printing, telephone, travel, conferences, volunteer perquisites, professional services, dues and subscriptions, and any other costs not in the other categories. Data are not available for 2019 but the 2023 budget allocated \$137,399 to general and administrative costs.

It is common for general and administrative costs to be in the range of 10-15% of staffing costs. Taking into account that some general and administrative costs appear to be included within the various other expense categories above we have estimated such costs at 10% of staffing costs. This leads to the following projections.

General and Administrative	Base Level	Year 3
Total Costs	\$137,399	\$254,100
Total Costs (rounded)	\$137,399	\$254,000

5.4 SUMMARY OF PRELIMINARY ATTENDANCE AND FINANCIAL PROJECTIONS

The table that follows summarizes our projections of attendance, operating revenues and expenses for the relocated and enhanced Institute of Texan Cultures (ITC) in a stabilized year of operation (Year 3).

If the projections were only to relocate the existing ITC to the Parking lot site near the Alamo, without any changes, then attendance would still be higher than the peak attendance year for the ITC because of proximity to the Alamo. But the assumptions set out in the previous chapter are for changes to key spaces, the visitor experience, staffing and other enhancements that will increase attendance and earned income but also require increased staffing and other operating costs. Those higher costs will exceed the earned income.

Based on the analyses and assumptions in this preliminary report, we project that on-site attendance levels will increase from the 2019 pre-COVID base level of close to 62,000 visitors to 200,000 visitors at the Parking lot site near the Alamo in the stabilized Year 3. This includes

substantially more first time and repeat visitation from resident and tourist visitors and additional school group visitors over and above the successful ITC school program.

In addition to higher attendance, the ITC at the Parking lot site near the Alamo should be able to substantially increase its earned income performance, especially admissions revenue and venue rentals. In addition, as shown in Chapter 2 of this report, most museums generate much more revenue from private donations and sponsorships. A greater focus on securing such support is an important assumption for the future ITC.

The total operating budget reported for the ITC was about \$2,777,000 in pre-COVID 2019, but that figure did not include higher actual building occupancy costs. Moreover, some figures have been used from 2023 to develop the base level of the projections, which is close to \$3.2 million. Staffing and other operating costs will increase even more substantially than earned income given the assumed enhancement of the exhibitions, public and educational programs, marketing and other initiatives to enhance the visitor experience to result in a 21st century ITC. The projected operating budget for the ITC in the stabilized Year 3 is about \$4,115,000.

The gap between projected operating expenses and a combination of revenues from earned income and continued base level support from University/State, private and endowment sources is projected at this preliminary stage of planning to be about \$424,000 in the stabilized Year 3. Most of the additional funds to fill the gap will need to be from the University/State, but the reality is that the ITC has been under-funded relative to other museums.

The table that follows also sets out a scenario in which 75% of the additional funds needed to break even on operations will need to be from the University/State. That indicates an increase in annual financial support from the current one million dollar range to add about \$326,000 in the stabilized Year 3.

Summary of Attendance, Operating Revenue and Expense Projections			Base	
	Base Level	Year 3	Level %	Year 3 %
Annual Attendance	62,000	200,000		
Projected Operating Revenues				
Admissions	\$236,017	\$1,554,000	7.4%	37.8%
Retail Sales	\$104,767	\$340,000	3.3%	8.3%
Venue Rentals	\$77,374	\$250,000	2.4%	6.1%
Membership	\$22,049	\$75,000	0.7%	1.8%
Educational and Public Programs	\$0	\$50,000	0.0%	1.2%
Fundraising Event (net)	\$0	\$40,000	0.0%	1.0%
Other Earned Income	\$0	\$10,000	0.0%	0.2%
Existing Endowment/Interest	\$260,487	\$260,000	8.2%	6.3%
Existing Private Support	\$99,719	\$100,000	3.1%	2.4%
Existing University/State Support	\$1,001,572	\$1,002,000	31.4%	24.3%
Total Revenue Projected	\$1,801,985	\$3,681,000	56.4%	89.5%
Projected Operating Expenses				
Salaries, Wages, Benefits	\$1,853,645	\$2,541,000	58.1%	61.7%
Occupancy	\$800,000	\$360,000	25.1%	8.7%
Collections Care	\$0	\$10,000	0.0%	0.2%
Exhibitions	\$25,308	\$180,000	0.8%	4.4%
Public and Educational Programs	\$34,305	\$100,000	1.1%	2.4%
General and Administrative	\$137,399	\$254,000	4.3%	6.2%
Development	\$278,088	\$350,000	8.7%	8.5%
Marketing	\$6,556	\$150,000	0.2%	3.6%
Retail Cost of Goods Sold	\$57,622	\$170,000	1.8%	4.1%
Total Expenses	\$3,192,923	\$4,115,000	100.0%	100.0%
Amount Required from <i>Additional</i> University/State, Private and Endowment Sources to Break Even on Operations				
		(\$434,000)		-10.5%
Scenario for University/State at 75% of Additional Financial Support Needed				
		\$325,500		

APPENDIX A: ACKNOWLEDGMENTS

We acknowledge here, in alphabetical order, those who took part in the assumptions workshop for this confidential preliminary feasibility study. In alphabetical order they are:

University of Texas at San Antonio:

- Josh Gerken, Senior. Vice President of Campus Planning
- Corrina Green, Associate Vice President, Real Estate, Construction, and Planning
- Dean Hendrix, Vice Provost & University Librarian
- Monica Perales, Associate Vice Provost for ITC
- Hunter Pfeiffer, Real Estate Analyst and Asset Manager
- Veronica Rodriguez, Head of Digital Humanities & User Engagement
- Marcela Summerville, Business Service Center Manager

Lord Cultural Resources Consultant Team:

- Isabella Rivera, Research Consultant
- Ted Silberberg, Senior Principal, Market and Financial Planning (study lead)

APPENDIX B: ITC SITE EVALUATIONS

B-1: ALTERNATIVE SITE OPTIONS

The four sites considered are as follows, in alphabetical order, followed by a map which indicates their relative locations within downtown San Antonio:

- **702 Dolorosa Site:** This is a 1.92 acre site owned by UTSA. It is bounded by Dolorosa Street, Santa Rosa Street and Nevada Street. The site currently accommodates 197 parking spaces. An 1885 historic home, O. Henry House, is being moved to the southeast corner of the site. This will reduce the available space slightly and remove seven of the existing parking spaces. An objective of the relocation of the historic home to this site is the development of a cluster of historic homes given its proximity to Casa Navarro and within the Zona Cultural, which is a 44-block historic district on the western edge of downtown San Antonio that is considered the birthplace of San Antonio.
- **Monterey Site:** This site is part of an 18.3 acre downtown UTSA campus, of which 14.09 acres is utilized for parking. The specific site considered for ITC is 5.03 acres on the northwest corner of the site bounded by Buena Vista street to the north and South Frio Street to the east. This option offers proximity to three UTSA academic and office buildings - Buena Vista, Durango and Frio. The site is also adjacent to potential future private developments that might include student housing. Nearby properties include the offices of the San Antonio Department of Public Safety, the VIA public transit central plaza, and the Scobey Redevelopment, which was purchased by VIA to become a mixed use project to replace a row of former industrial buildings.
- **Parking lot site near the Alamo:** This is a privately owned parking lot of 2.35 acres bounded by East Houston St. to the north, East Crockett St. to the south and Bonham to the west. The site currently accommodates about 230 automobiles and is very close to the Alamo. Near the site are several high rise hotel buildings, including the Crockett Hotel. Nearby as well is the Rivercenter Mall, IMAX and other movie theatres. There are a large number of commercial attractions nearby, including Ripley's Believe It or Not, Madame Tussaud's Waxworks, the Guinness World's Record Museum, Tomb Raider 3D, Ripley's Haunted Adventure and the Sisters Grim Ghost Tour. If ITC was on this site, it would provide an education-focused alternative for the nearly 2.5 million annual visitors to the Alamo.
- **Southwest Campus Site:** The campus site is 4.33 acres, bounded by Augusta Street, Navarro Street, St. Mary's Street, Richmond Ave. and the San Antonio River. It is close to

the San Antonio Public Library, the Tobin Center (mainly performing arts), and the Thompson Hotel. The site includes several tracts purchased by UTSA including the Southwest Craft School, the Southwest Craft Center Creative Art School, the Southwest School of Arts Addition and the Southwest School of Art and Crafts. Nearby as well is the Ursuline Academy and historic buildings including an 1860s chapel, a nunnery and indoor and outdoor facilities that are very popular for weddings. Although there are buildings on the site which have historic designations, the assumption is that the specific land that will be available for the new Institute of Texan Cultures would be clear. Similarly, Environmental Site Assessment reports, based on soil borings, chemical testing and groundwater sampling, and other research conducted by RabaKistner, did not indicate any major environmental concerns.



B-2: SITE EVALUATION CRITERIA AND WEIGHTING SCALE

Although there would be actual differences based on site features, the comparison of the four sites at this stage of planning are limited only to site evaluation criteria. That is, the assumptions are that the size and features of the future building, the visitor experience, staff levels, admission charges, and other operational aspects of the relocated Institute of Texan Cultures will be identical. The evaluation of the four alternative site options is focused on market, operational and financial considerations and does not take into account environmental or other related factors associated with the four sites.

To objectively evaluate the relative strengths and weaknesses of the four site options, 11 evaluation criteria were identified and agreed. They focus on the potential impact of each of the four sites on attendance by resident, school and tourist market segments and potential venue rentals and other revenue generation. *There is some overlap among the criteria and not all of the criteria are of equal importance or weight. Accordingly, a weighting scale from 1 to 3 has been used, with 3 representing the highest and most important weight.*

The agreed evaluation criteria and their weighting are as follows, and reflect the judgment and experience of Ted Silberberg of Lord Cultural Resources and the knowledge of Joshua Gerken and Hunter Pfeiffer of UTSA:

- **Visibility:** The better the visibility to motorists and pedestrians, the higher the score. This is more important to attendance than venue rentals. (Weight: 2)
- **Access by automobile:** This considers proximity to highways and major city streets. (Weight: 1)
- **Proximity to available parking:** The closer the site to parking opportunities that are assumed to be available to potential visitors the higher the score. This is important both to attendance and venue rentals. (Weight: 3)
- **Cost of parking:** Although people expect to pay for parking in an urban location, the lower the cost of parking and the availability of free parking at least some of the time leads to a higher score. This is more important for attendance because most venue rentals are during evening hours when parking costs are lower or are free. (Weight: 1)
- **Proximity to public transportation:** The proximity of a site to public transportation is more important for potential visitors in lower income categories and is far more important for attendance than venue rentals: (Weight: 1)
- **Proximity to other attractions:** Being near other heritage, cultural or other attractions increases opportunities for crossover visits at the time of a visit or in the future. This has a greater effect on attendance levels than venue rentals. (Weight: 3)
- **Proximity to hotels and conference facilities:** This is important to attracting tourist market segments. (Weight: 2)

- **Proximity to restaurants and retail opportunities:** This creates opportunities for crossover visits. Proximity to restaurants in particular allows a museum to place less emphasis on its own food service. (Weight: 1)
- **Proximity to residences:** Although the museum will attract residents from within the overall region, proximity to where people live is positive both for attendance and attracting volunteers. (Weight: 1)
- **Perception of public safety:** A site that is not considered to be safe will receive a lower score. (Weight: 2)
- **Economic development benefits to area:** Selection of a site should be based primarily on the extent to which the site benefits the museum but should also take into account how the location of the museum can revitalize or benefit the area within which it is to be located. For example, proximity to a museum like the Institute of Texan Cultures can expose more people to nearby retail, restaurant, hotel and other tax-paying businesses. (Weight: 1)

B-3: RATING AND RANKING OF THE FOUR SITES

The strengths and weaknesses of the four specific sites are described in a narrative in the following comparative table. The table utilizes the agreed criteria and then applies a corresponding numerical rating of each site based on a scale of 1 to 5 in which 5 is the most favorable.

Evaluation of Four Alternative Sites for Future Institute of Texan Cultures (rating scale 1-5, with 5 as most positive)				
Site Evaluation Criteria	702 Dolorosa	Monterey Site	Parking Lot Near Alamo	Southwest Campus
Visibility	Good visibility from I-35 and also from I-37. Pedestrian visibility is from Market Square, Continental Apartments, County and Federal Courthouses and other UTSA facilities. [Rating: 4]	Some visibility from I-35 and the VIA transit depot and from campus but limited visibility available to general public pedestrians. [Rating: 2]	Very substantial visibility for Alamo visitors, Rivercenter mall, numerous hotels in proximity, as well as commercial attractions, along with I-37 visibility. [Rating: 5]	Good visibility from Public Library, Southwest Campus events but limited visibility from major streets and highways. [Rating: 3]
Access by Automobile	Fairly good access but tourists known to be confused by one-way streets. [Rating: 3]	Relatively poor access to the site by automobile. [Rating: 1]	Fairly good access and mostly two-way streets, but there is heavier traffic around the Alamo district. [Rating: 3]	The site is largely landlocked so access by automobile is limited. [Rating: 2]
Proximity to Available Parking	There are currently 144 spaces, but most would be lost with implementation of ITC building and landscaping on the site. Assumes 60 spaces but there is access to other parking. [Rating: 3]	Would likely be substantial 100 spaces after building and landscaping. [Rating: 4]	Would lose many of the 230 spaces on site but still likely close to 100 spaces after building and landscaping on site. Also proximity to other parking serving the area. [Rating: 4]	Limited nearby parking, likely about 50 spaces after building and landscaping. [Rating: 2]
Cost of Parking	Cost similar at most downtown sites with exception of high demand areas like Alamo. [Rating: 3]	Cost similar at most downtown sites with exception of high demand areas like Alamo. [Rating: 3]	Higher parking cost close to Alamo because of substantial demand. [Rating: 1]	Cost similar at most downtown sites with exception of high demand areas like Alamo but Public Library parking only is \$5.00. [Rating: 4]
Proximity to Public Transportation	There are three VIA stops within easy walking distance. [Rating: 3]	The VIA transit terminal is only one block away. [Rating: 5]	The nearest VIA bus stop is Third & Avenue E, about a 4 minute walk away. [Rating: 2]	There is only one VIA stop nearby. [Rating: 2]
Proximity to Other Attractions	This site offers proximity to Casa Nuevo and the O. Henry historic house, but they attract relatively few visitors. [Rating: 2]	There are no significant visitor attractions nearby. [Rating: 1]	Proximity to the Alamo and a variety of commercial attractions. [Rating: 5]	Proximity to the Public Library and the Southwest campus venue rentals [Rating: 3]
Proximity to Hotels and Conferences	Near Doubletree hotel and conference facilities at UTSA. [Rating: 2]	Near Doubletree hotel and more UTSA conference facilities. [Rating: 3]	Numerous hotels nearby and also proximity to the Convention Center. [Rating: 5]	Near Thompson hotel and close to Tobin Center for conferences. [Rating: 2]
Proximity to Restaurants and Retail	Near Market Square. [Rating: 3]	Very limited retail or restaurant opportunities nearby. [Rating: 1]	Numerous restaurant and retail opportunities nearby. [Rating: 5]	Limited restaurant opportunities nearby. [Rating: 2]
Proximity to Residences	Vistana apartments and others being implemented nearby. [Rating: 3]	Peanut Factory apartment complex and some others nearby. [Rating: 2]	Very few residences nearby. [Rating: 1]	Several apartments and condominiums nearby. [Rating: 3]
Perception of Public Safety	Some concern about evening activity at Market Square may be negative for venue rentals. [Rating: 3]	Some concern about transient population. [Rating: 2]	Lots of activity in area creates feeling of safety. [Rating: 4]	Some concern about transient population. [Rating: 2]
Economic Development Benefits to Area	Helps to create a market for the historic homes. [Rating: 3]	Limited, but does help to widen the market for public transportation. [Rating: 2]	Helps to change the image of the area near the Alamo as currently mostly commercial attractions. [Rating: 3]	Complements Southwest campus historic and venue rentals opportunities. [Rating: 3]

The following table combines the rating score and the weight to lead to an overall score and the ranking of the four sites. *The analysis confirms that the Parking lot site near the Alamo ranks as the best potential site for the relocation and enhancement of the Institute of Texan Cultures from the perspective of attendance and revenue generation. The parking lot site near the Alamo ranks substantially higher than the others, both with and without the weightings, very much because of its proximity to the Alamo. It provides an education-focused alternative to the commercial attractions nearby for the 2.5 million annual Alamo visitors. Second ranked is 702 Dolorosa, largely because of proximity to nearby historic homes.*

Institute of Texan Cultures Site Evaluations	Weighting (1-3)	702 Dolorosa		Monterey		Parking Lot Near Alamo		Southwest Campus	
		Rating (1-5)	Rating with Weighting Factor	Rating (1-5)	Rating with Weighting Factor	Rating (1-5)	Rating with Weighting Factor	Rating (1-5)	Rating with Weighting Factor
Criteria - Implications For:									
Visibility	2	4	8	2	4	5	10	3	6
Access by Automobile	1	3	3	1	1	3	3	2	2
Proximity to Available Parking	3	3	9	4	12	4	12	2	6
Cost of Parking	1	3	3	3	3	1	1	4	4
Proximity to Public Transportation	1	3	3	5	5	2	2	2	2
Proximity to Other Attractions	3	2	6	1	3	5	15	3	9
Proximity to Hotels and Conference Facilities	2	2	4	3	6	5	10	2	4
Proximity to Restaurants and Retail	1	3	3	1	1	5	5	2	2
Proximity to Residences	1	3	3	2	2	1	1	3	3
Perception of Public Safety	2	3	6	2	4	4	8	2	4
Economic Development Benefits to Area	1	3	3	2	2	3	3	3	3
Total Score Without Weighting		32		26		38		28	
TOTAL SCORE WITH WEIGHTING			51		43		70		45
Ranking		2	2	4	4	1	1	3	3

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