

Toronto Museum Project

Update to the Business Plan

April 2008

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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.

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Toronto Museum Project Update to the Business Plan Executive Summary

In March 2004 the City of Toronto received the final report of the feasibility study for a new museum on Toronto's waterfront, an innovative new public attraction, which would tell Toronto's stories to Canadians and the world, by setting those stories in the broader context of Toronto's experience as a city and perspectives of its diverse peoples. While Toronto has a rich heritage and experience as a city, and is home to a host of City-owned and other museums telling parts of this great story, there is no one place where one can get the big picture. The Toronto Museum Project (TMP) will add value to the city's cultural landscape by serving as a gateway to museums, heritage sites and events by actively directing visitors to them.

The 2004 feasibility study was conducted in three phases – Research, Concept and Business Plan. The study process engaged residents and stakeholders throughout the city and included detailed research and analyses that formed the basis for agreed assumptions regarding the concept, site, size, amenities, visitor experience, staffing and other operational requirements. This planning led to projections of attendance levels, and operating revenue and expense projections.

Since 2004 there has been much progress in making this project, now referred to as the Toronto Museum Project a reality, such as convening the Champions, the citizen leadership group working with Toronto Culture. In December 2007, the Champions prepared the draft Vision, Mission, Mandate and Values statements, which are consistent with the direction of the 2004 feasibility study.

As the project has developed, several of the key planning assumptions on which the Business Plan projections were prepared are now changed. Consequently, Toronto Culture requested Lord Cultural Resources to update the original Business Plan projections taking into the changed assumptions.

Changes to Key Planning Assumptions

A summary of the changed assumptions that have the most significant impact on the Business Plan projections follow:

- It is anticipated that the Toronto Museum Project will be built on the Canada Malting property at 5 Eireann Quay. The iconic silos are the defining feature of the site, which will have a powerful impact on the Museum's identity and enrich the visitor's overall experience with the addition of a view platform and such features as make the most of the Silos. The Museum will be integrated into the mixed-use development so as to complement the silos and existing neighbourhood. TMP will benefit from close proximity to new residential communities and contribute to the synergy of cultural amenities in the area.
- TMP will be built in one phase as a fully functional stand-alone museum with high regard for museum professional standards. Given the opportunities of the site TMP's total space requirements were modified, leading to a recommendation of 10,280 net square metres (110,657 net square feet) or 14,392 gross square metres (154,919 gross square feet).
- Total building costs are estimated to be \$62 million with exhibitions and experience in the range of \$17 million.
- The primary visitor experience, consistent with the Vision and Mission, remains essentially the same as conceived in the 2004 feasibility study. Visitors will learn Toronto's story from thematic and changing exhibitions and displays of large iconic objects, a multisensory 4-D "Time Machine" experience; Global Centre for Cities Gallery/Resource Centre and Urban Issues Forum will engage participants in discussions about urban living and the Toronto experience; and a wide range of educational and public programs and special events will bring diverse audiences to TMP. The advanced media hall will seat 300 for lectures, performances and community events. The Gateway to Toronto Visitor Centre will orient visitors to the cultural and heritage resources throughout the region, an indoor Waterfront Terrace will provide for refreshments and rental spaces, and programming and event space will ensure the Museum is accessible to community residents and groups, and able to accommodate a diversity of needs and programming.

Business Plan Projections

The attendance projections estimate the number of visitors likely to attend the future Toronto Museum Project. The primary changes from the 2004 study impacting the attendance projections are the location (farther from downtown), size (reduced), quality of the experience (unchanged) and capital investment (reduced).

As a result, annual attendance is projected to be: 350,000 in Year 1; 280,000 in Year 3; and rising to 285,000 in Year 5. In Year 1 residents are projected to be 60% of visitors, with 40% tourists. In Year 5 attendance is expected to be 45% resident and 55% tourists.

Earned revenue to support operating will come from multiple sources, in order of significance: admissions, retail sales, facility rentals, fundraising events, membership, programs, etc., plus from an assumed endowment (\$10 million at opening growing to \$20 million in Year 5). Annual operating revenues are projected in the first year to be about \$4.1 million, \$3.8 million in Year 3 and \$4.2 million in Year 5.

Annual operating costs are projected for the first year of operation at \$7.4 million, growing to about \$7.8 million in Year 3 and \$8.0 million in Year 5. Primary expenses categories are: salaries, wages and benefits; building occupancy, administration, marketing, exhibitions, cost of goods sold, programs, curatorial and other.

Expenses are projected to exceed earned revenues, leaving an amount required to break even from grant and contributed sources of about \$3.2 million in Year 1; \$4.0 million in Year 3 and \$3.8 million in Year 5. On a percentage basis this indicates a requirement from grant and contributed sources of about 44% to 50%. Based on museum industry averages, we estimated that about 70% of these needed funds would be required from governance sources, with the remaining 30% from a combination of donations, sponsorships and annual giving.

Update to the Business Plan for the Toronto Museum Project

In March 2004 the City of Toronto received the final report of the feasibility study for a new museum on Toronto's waterfront, an innovative new public attraction, which will tell Toronto's stories to Canadians and the world, by setting those stories in the broader context of Toronto's experience as a city and perspectives of its diverse peoples. While Toronto has a rich heritage and experience as a city, and is home to a host of City-owned and other museums telling parts of this great story, there is no one place where one can get the big picture. The Toronto Museum Project (TMP) will add value to the city's cultural landscape by serving as a gateway to museums, heritage sites and events and actively directing visitors to them.

The feasibility study team was led by Lord Cultural Resources and completed over a 17-month period in three phases (Research, Concept, and Business Plan). The study process engaged residents and stakeholders throughout the city and included detailed research and analyses that formed the basis for agreed assumptions regarding the concept for the new museum, its site, size, amenities, visitor experience, staffing and other operational requirements. This planning led to projections of attendance levels, and operating revenue and expense requirements.

Since 2004 there has been much progress in making this project, now referred to as the Toronto Museum Project (TMP), a reality, such as convening the Champions, the citizen's leadership group working with Toronto Culture. In December 2007, the Champions prepared the draft Vision, Mission, Mandate and Values statements, which are consistent with the direction of the 2004 feasibility study:

Vision - The Toronto Museum Project (TMP) is an iconic landmark on the waterfront dedicated to chronicling the ongoing extraordinary story of Toronto.

Mission - TMP will engage its visitors in an exploration of the past, present and future of Toronto through immersive and innovative programs, exhibits, installations and events that focus on the remarkable stories of the people of Toronto.

- The approach will be dynamic, compelling and original, creating a global profile that promotes the significance of our vision.
- A guiding principle will be to foster dialogue and to maintain a constant flow of input and participation.

Mandate - Fundamental ideas are that TMP will:

- Operate as an accessible, public institution;
- Present dynamic, compelling exhibitions, education and public programs;

- Provide tangible economic benefit to Toronto;
- Provide adequate revenue-generating facilities, clarify the economic/social benefit spin-offs;
- Take advantage of and contribute to waterfront location;
- Be a cultural hub;
- Research, preserve, and present Toronto's stories of human activity and creativity applying a multidisciplinary approach to its research activities.

Values-

Sustainability
Transformative
Openness
Respect
Innovation
Educational
Success

Other assumptions have changed since 2004, including the proposed site, which is now the Canada Malting property. The City of Toronto has therefore requested Lord Cultural Resources to update the Business Plan projections based on changed and agreed assumptions. The scope of work has not included additional research and thus relies primarily on the judgment and experience of the consultants to lead to the updated and revised projections.

1. Key Assumptions on Which Projections are Based

In order for projections of attendance, operating revenues and expenses for the Toronto Museum Project to be credible they must be based on clearly stated and agreed assumptions grounded in a common understanding of what “it” is that is being projected. The assumptions need only be considered *reasonable* at this point in the planning process, knowing that assumptions will evolve as circumstances change and decisions are finalized.

Four basic planning assumptions must be outlined at the outset to guide this process:

- This project will be unique among existing cultural and heritage institutions in Toronto, will complement historical museums and organizations that are involved in communicating the story of Toronto and will serve as a gateway to those related institutions and organizations.
- TMP will contribute to the ongoing development that will make the waterfront a year-round place “to live-work-play”.
- TMP will be sensitive to the needs of the community, and its existing and future residents in the Bathurst and Queen’s Quay and surrounding neighbourhoods.
- The ongoing planning process will be used to develop further the concept, based on continuing community consultation; input from specialists, stakeholders and leadership; and reflection.

The assumptions have been organized into the following categories:

- Site and External Environment
- Space Plan, Facilities and Phasing
- Capital Costs and Funding Sources
- Visitor Experience
- Governance, Operations and Marketing
- Revenue Generation
- Staffing and Other Operating Expenses
- Other Assumptions

The projections are for Years 1, 3 and 5 of the operation of the Toronto Museum Project.

1.1 Site and External Environment

The nature and quality of the exhibitions and programming to be offered by TMP will have the most substantial impact on attendance, operating revenues and expenses in each year projected. However, assumptions regarding the site and environment in which the cultural attraction will operate are also of importance to the projections.

1.1.1 Site

1. The Toronto Museum Project will be a museum quality, purpose-built building located prominently on the Canada Malting Site property at 5 Eireann Quay. The iconic Silos are the defining feature of the site, which will have a powerful impact on the museum's identity and the visitor's overall experience.
2. The Canada Malting property will include mixed-use development. It is assumed that the Silos will be fully integrated into a mixed-use development, and that interpretation and experience elements, such as an elevator ride to the top of the Silos, viewing platform, restaurant, sound and light shows projected on the Silos, will add to the visitor's experience and understanding of Toronto and its heritage.
3. TMP will be located to the rear of the Harbourfront Community Centre and Harbourfront Public School and will thus have no street presence. However, it will feature *designs that complement the community and the Silos*.
4. There will be *charged parking* available near the site, with additional parking available at other nearby venues and developments. It is assumed that the Museum will not receive revenues or incur costs associated with the parking.
5. The site will be served by *public transit* operating on a regular schedule whose frequency will increase as a consequence of the existence of the cultural attraction and other developments.
6. *Access* will be enhanced with public transit improvements planned for Lakeshore Blvd., Fleet Street and Fort York Blvd/Bremner Road.
7. There will also be *adequate signage* for traffic coming off the Gardiner Expressway, Lakeshore Boulevard from both directions, and for traffic heading southbound on the most important north-south arteries (e.g., Bathurst Street, Spadina Road, and Strachan Avenue) leading to TMP.
8. Improvements and expansion of the park system from the north of the railway lands, including a pedestrian/cycle path connecting with Fort York National Historic Site, and the linear path running east-west south of the railway lands will provide *improved connections to the waterfront trail network*.
9. *The central waterfront pedestrian connections will extend to Eireann Quay and Ireland Park.*

10. The site will be *within easy walking distance of other public spaces*, attractions, retail, food and other cultural opportunities that will facilitate public access to the waterfront, pedestrian circulation and economic activity nearby.

1.1.2 External Factors that Will Affect TMP in the Period Projected

Prior to or within the five years projected after the opening of TMP, **other developments** that are assumed to have an impact on the attendance and financial performance include the following:

1. *TMP will be incorporated into a mixed-use development.* It is unknown at this time whether it will be in the same building or a separate building. Other specifics of the development also remain to be determined, but for the purpose of planning it is assumed it will include a hotel, food services and residences.
2. *Approximately 10,000 units of housing will be built* in the Spadina-Bathurst, Lakeshore-Fort York Blvd. neighbourhoods, Liberty Village, and north of Fleet Street. Community services such as new schools, retail and a community centre will be built in the Spadina-Bathurst development north of Lakeshore Blvd.
3. *Other cultural amenities will continue to be developed or initiated in the area*, including a new visitor centre and expansion of programming and events at Fort York National Historic Site, a new public library in Toronto Community Housing Corporation housing at Bathurst and Lakeshore, interpretation of the historic features related to historic Fort York, and improvements to HTO park.

1.2 Space Plan, Facilities and Phasing

It is assumed that TMP will be an integrated project, built in one phase:

- TMP will develop programming and exhibitions consistent with the theme of global cities, and collaborate with academic institutes, business and others in delivering related programming that engages visitors.
- TMP will selectively collect material culture consistent with mission, complimenting the collecting activities of the City and area museums. Collections will be featured in exhibits as well as in open collection display.
- The City's collection storage facility (in the 2004 study planned for Phase 2 of development) is not expected to be relocated to the Toronto Museum Project.
- Given site constraints it is not anticipated that the independent Exhibition Hall planned for Phase 3 will be built on this site.

1. **Construction of TMP will be completed in one phase**, for a total of 10,280 net square meters/110,657 net square feet (14,392 gross square meters/154,919 gross square feet).¹
2. The Museum facility will be fully functional as a stand-alone museum, built to professional standards. Key features of the Museum building include:
 - Public Amenities and Services (Zone A):
 - Lobby and reception, which will feature an orientation to heritage and cultural attractions in Toronto
 - Indoor Waterfront Terrace for light refreshments, special events, including rentals
 - Multisensory 4-D “Time Machine” experience
 - Multifunctional spaces of different sizes and configurations for programs, events, group assembly and lunches
 - Advanced Media Lecture /Performance Theatre which will seat 300
 - Education studios and workshops for specialized programming
 - Dedicated spaces for the presentation of urban issues including the Global Centre for Cities Gallery and Resource Centre; and Urban Issues Forum
 - Retail shop
 - Gallery spaces (Zone B) will include thematic exhibitions incorporating the display of objects that tell Toronto’s story, changing exhibitions, and the Found-ary – open display of iconic objects.
 - Collections support spaces (Zone C) for handling and working with collections, including loans and travelling exhibition materials
 - Back of House support (Zone D) for operations, staff and volunteers.

Summary of Space by Zone Mar 08	NSM	NSF	%
Total Zone A - Public/Non-Collections	2,915	31,378	28%
Total Zone B - Public/Collections	3,530	37,998	34%
Total Zone C - Non-Public/Collections	990	10,657	10%
Total Zone D - Non-Public/Non-Collections	2,845	30,624	28%
Total Net Area	10,280	110,657	100%
Plus Grossing Factor @ 1.4	4,112	44,263	
Gross Building Area	14,392	154,919	

¹ See Appendix A: TMP Space List for a detailed breakdown of the types, sizes and functions of spaces.

The Table below summarizes the assumed *size of the main public space* that will affect the projections presented in this report:

Spaces	Total Useable Space (NSF)
Total Gross	154,919
Total Useable Space	110,657
Total Exhibition Galleries (incl. Visible storage)	39,882
Additional Visitor Experience Elements (Time Machine, Forum, Resource Centre)	5,705
Main Rental Spaces (Lobby, Theatre/Lecture Hall, Indoor Waterfront Terrace, Events, Multifunctional Program, Meeting Rooms)	15,662
Gift Shop (Public)	2,000
Food Service	Refreshment kiosks in Indoor Waterfront Terrace

1.3 Capital/Project Costs and Funding Sources

1. The building will establish a powerful presence on the waterfront, based on signature architecture.
2. **Capital costs** are projected are as follows:
 - a. Building Costs are estimated to be about \$62 million.
 - b. Exhibition (including multimedia) Planning, Design, Fabrication and 4-D Sensory Theatre and Production Costs are estimated to be about \$17,030,000.
3. Added to capital costs are other project costs to include an assumed \$20 million **endowment** to support operations. It is assumed that \$10 million of the endowment principal will be in place on opening, and will increase to \$15 million by Year 3 and \$20 million in Year 5. It is also assumed that interest only will be available to the project and that it will generate income each year on the basis of a 5% return on investment.
4. The capital funding is assumed to come from a **combination of private and government sources**.

1.4 Visitor Experience

1.4.1 Main Visitor Experience

The nature and quality of the visitor experience will have the greatest impact on the attendance levels and earned revenues at the new attraction. This will create the favourable word-of-mouth necessary to attract first-time visitors and will help to boost repeat visitation and the motivation for membership. A strong visitor experience will also result in increased length of stay. It is assumed that:

1. Visitors will enter the attraction through the main lobby where the ***“Gateway to Toronto” Visitor Centre*** (about 325 sq. ft.) will provide information and a guide to physically orient visitors to the facility, offer information about city museums, attractions and events in Toronto, and encourage visitors to explore the city and its heritage.
2. There will be ***permanent exhibits*** based on three broad themes - ***Gathering Place*** featuring the stories of the people of Toronto, who they are and why they chose to live here, and how they have shaped Toronto and Canada’s place in the world, paving the way towards a new understanding of citizenship and belonging. The narrative will be shaped around key turning points in Toronto’s history from the ending of the ice age when First People settled in the area to the challenges of the past decade. ***Global Village*** will engage people in a discussion of urban issues and will have exhibits that respond quickly to emerging issues with both local and global dimensions. ***City Soul*** will address issues of identity through the eyes and perspectives of artists working in all media. Along with thematic and aesthetic modes of display, the permanent exhibitions will include visible storage displays as well.
3. ***Changing Galleries*** will include exhibits that provide a more in-depth view of events in Toronto’s history, developed in collaboration with other Toronto museums, community groups, libraries, and other organizations, and from other museums and cities around the world.
4. The exhibitions described above will provide a ***contemporary, entertainment-oriented visitor experience*** that will be content rich and capable of attracting visitors who may have no particular interest in the history of Toronto. The exhibitions will be of sufficient quality to motivate favourable word of mouth and repeat visitation among Torontonians.
5. The ***Confronting Urban Issues Forum and Advanced Media Lecture Hall/Theatre*** will provide visitors with a multimedia forum where current issues of importance to the Greater Toronto Area and urban centres worldwide will be explored, debated and discussed. The Advanced Media Hall will also accommodate performance events.
6. The primary visitor amenities are ***refreshment kiosks in the Indoor Waterfront Terrace and gift shop***. It is assumed there will be a variety of food service opportunities at different price points available in mixed-use development, as well as a restaurant as part of the Silo’s development.

1.4.2 The Found-ary

1. *Visible storage/open display* of significant objects has been incorporated as part of TMP's operations.
2. TMP will offer *public programs*, such as registered programs and seminars relating to material culture and collection use in research, courses on research techniques, genealogy, etc.
3. TMP will selectively collect artefacts to support the exhibition and program themes. A close relationship will be established and maintained between TMP's and Toronto Culture's Museum unit to ensure co-operative borrowing opportunities and complimentary collection mandates and policies.

1.5 Governance, Operations and Marketing

1.5.1 Governance/Institutional Status

1. The new attraction will operate under the auspices of *a private non-profit entity*, which will have the ability to enter into agreements for partnership and collaboration as needed.
2. A wide range of appropriate operating and program partnerships will be developed.

1.5.2 Admissions

1. Recommended and assumed admission charges (in 2008 dollars) are provided in the Table below.
2. It is assumed that some school groups will receive subsidies from corporate sponsorships to pay for school buses, depending on need.

	Museum Exhibitions	4-D Theatre	Combo: Museum and 4-D Theatre
Adults	\$10.00	\$6.00	\$13.50
Children (4-12)	\$5.00	\$3.00	\$6.75
Youth (13-17) and Seniors (65+)	\$8.00	\$4.00	\$10.50
School Groups (per person, self-guided)	\$4.00	\$2.00	\$5.00
Group Tours (non-school groups, per person)	\$6.50	\$3.50	\$8.50
Unpaid (children 3 and under, researchers, VIPs, /Indirect paid (members, programs, rentals)	\$0.00	\$0.00	\$0.00

1.5.3 Operating Schedule

1. The waterfront cultural attraction will be *open seven days per week, year-round*, except for Christmas Day. The gift shop will open fifteen minutes after general opening and close fifteen minutes after the attraction closes.
2. Public operating hours will be 10 AM to 5 PM on a daily basis, with one evening opening per week during the summer months. Closing at 5 PM allows sufficient set-up time for evening events and rentals. However, it will be open at 9 AM from Monday to Friday for school groups only.

1.5.4 Marketing

The most important form of marketing is the visitor experience, as discussed above. But other strategies and approaches will be required if the objective of maximizing potential on-site attendance at the new waterfront attraction is to be achieved. It is assumed that:

1. A *rack brochure* will be created and stocked at local hotels, other attractions, tourist destinations and hotels. The brochure will focus on a montage of photographs of various target market segments enjoying their experience in the attraction. This will allow potential visitors to identify with specific market segments in the photographs and thereby validate a possible decision to attend. The brochure will be visually driven rather than text-heavy; this will prevent the brochure from becoming a substitute for an actual visit, which can happen with brochures that provide too much information regarding the attraction's content.
2. TMP will be *well signed* from highways and major traffic routes.
3. TMP will work with the Toronto Culture and a wide range of other city museums, organizations and attractions to develop *partnership and collaborative opportunities* for mutual benefit. Of particular importance would be other waterfront attractions like Harbourfront and City-owned museums.
4. TMP will operate *a professionally designed web site linked to the City of Toronto, city-museums, heritage/cultural attractions and organizations in Toronto and Canada and local, national and international partners.*
5. Programs will be developed *to allow access to organizations that service persons with limited means.*

1.5.5 Functions and Special Events

1. The cultural attraction will encourage *rentals business, primarily in the Indoor Waterfront Terrace, adjacent Lobby, Lecture/Theatre, and a number of multifunctional spaces.* The spaces will be suitable for a wide range of community, corporate, private and other uses. The availability of a catering kitchen, hours of operation, and staff dedicated to its rentals business will generate revenue.

2. It is also assumed that during the warm weather months there will be *outdoor-tened rentals opportunities* on site.

1.6 Programs

1. *Some public programs will be free, but others will be charged.* Depending on staff availability to offer such programs, these might include registered programs such as after school or weekend programs for children and youth, film series or lectures.
2. There will be *general public programs* including talks, seminars and forums.
3. TMP will present a series of annual *special events and programs*. These will be included within the cost of admission and carried out in partnership with other museums and organizations.
4. There will be *community-based programs for children and youth*, as well as a youth mentorship program.
5. TMP will work closely with Toronto and area school districts and teachers to develop *interdisciplinary curriculum-based school programs*.
6. There will be teacher training and school *outreach* programs.
7. The attraction will develop *co-op, volunteer, internship and mentorship programs* in partnership with schools and other educational institutions as part of matriculation or degree requirements.
8. TMP will utilize satellite or Internet technology to deliver *distance education programs* in collaboration with educational institutions, other museums, institutes, or organizations.
9. The institution will house the *Global Cities Gallery and Resource Centre* that will serve as a dedicated changing program space and information portal to resources held by various institutions throughout the city.
10. A *membership program* will be introduced to encourage repeat visitation. Upper level memberships will have the option of distributing their free tickets to social service agencies, churches and the like.

1.7 Staffing

1. The largest single operating expense for the new waterfront attraction will be its staffing-related costs. The institution will require a total of 70.0 FTE staff plus 10.0 contracted personnel. See Appendix B.
2. *Volunteers* will be provided for docent and program services and other duties as required.
3. The waterfront attraction will be responsible for its own building and occupancy costs. In-kind support from the City is not assumed.

1.8 Other Assumptions

All revenue and expense projections are stated in *2008 constant dollars*, thus we have not included a specific inflation factor in our estimates. All projections are assumed to change at the rate of inflation, unless otherwise noted. Salaries and wages, for example, are assumed to increase at a rate of 0.5% per year above whatever the prevailing rate of inflation is starting in Year 1, whose specific year is not yet known.

Since financial projections are subject to the inherent uncertainties of the future, it is impossible to guarantee that the projections that result from these assumptions will be realized in whole or in part. Moreover, the projections may be subject to modification based on changed assumptions and future circumstances. Nonetheless, we believe that the projections set out in Chapter 2 are reasonable.

2. Detailed Attendance, Operating Revenue and Expense Projections

The projections of attendance, operating revenues and expenses set out here build upon the research conducted in 2004 and take into account changed or new assumptions and our judgment regarding their implications. The projections are for Years 1, 3 and 5 of operation of the Toronto Museum Project (TMP) once operational.

2.1 Attendance Projections

The attendance projections estimate the number of visitors likely to attend the future Toronto Museum Project. To do so 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 or program within the TMP. This definition excludes those who only use the gift shop. It also excludes staff and volunteers, service and delivery people. While outreach and access through the Web site are important, the attendance projections do not include outreach programs or Web site hits/visits.

2.1.1 Factors Affecting Base Level Attendance Projections

The attendance projections set out in the previous study were for opening year attendance of 440,000 when the novelty and curiosity facts lead to very high levels of attendance. Year 3 was projected at 350,000 and Year 5 at 360,000. The only factors that affect the attendance projections are as follows:

- **Location:** The site is further away from downtown hotels and other attractions, and will not attract as many tourists. However, it has been assumed that the Silos will be developed as a significant attraction to include an interpreted ride to the top of the Silos, viewing platform, and a quality restaurant (e.g., similar to Georges at the Pompidou, in Paris), and will be part of a mixed-use development. The Silos would also be the site for light/show projections, which would be visible from many points along the waterfront. The site should not have an impact on resident or school attendance. Overall, we estimate a slight decline in attendance from the previous projections due to a location more distant from downtown hotels.
- **Product:** The availability of a 120-seat, 20-30-minute "Toronto Time Machine" 4-D Theatre production has not changed.

The size of the visitor experience, including exhibits and experience elements, has been reduced from 60,205 to 45,587 nsf. Some experience elements have been integrated into the main exhibition spaces. The capital investment remains high in for each of the visitor experience elements.

The capital investment in the architecture has been reduced. These factors will result in a decline in attendance levels from those previously projected.

On balance it is our judgment that these factors suggest the need to lower the 2004 attendance projections by about 20% per year, leading to projected attendance of 350,000 in Year 1; 280,000 in Year 3; and 285,000 in Year 5. The following table indicates our estimates of how these attendance totals break down into various categories:

- **By Origin:** The projections are that residents will account for 60% of visitors in Year 1, declining to 45% by Year 5 and that tourist attendance, as a percentage of the total, will increase correspondingly from 40% to 55%.
- **Weekday/Weekend and Design Day Attendance:** The norm is that about half of all visitors attend during weekend days and holiday Mondays and this has been assumed for the Toronto Museum Project. This then leads to an estimate of the number of persons likely to attend on a weekend day. A "design day" refers to a higher attendance day in a higher attendance month. We have estimated that such a month would have 15% higher attendance than the average. And we have assumed that 40% of visitors would be in the building at one time.
- **Attendance by Types of Visitors:** Three categories are set out. Persons attending only exhibitions in the Museum, persons attending only the 4-D Theater experience and persons who purchase combination tickets. The interest in the 4-D Theater will decline over time until a new presentation is developed.
- **Attendance by Ticket Category and Type:** Within each of the types of visits there will be a variety of ticket categories. These are adults, seniors, youth children, school groups and non-school groups, indirect paid and unpaid visitors. Indirect paid visitors are persons who are included in attendance totals but do not pay admission because they are members, paid programs visitors or persons attending evening rentals, and have thus paid for access indirectly. Unpaid visitors would be infants, researchers, VIPs and persons offered free admission tickets through various organizations. Our estimates are that the combination of indirect paid and unpaid visitors will account for 24-27% of all visitors. Persons attending during evening rentals are likely to account for at least one-third of these visitors.

	Year 1	Year 3	Year 5	Year 1	Year 3	Year 5
Projected Total Attendance				350,000	280,000	285,000
Attendance by Origin						
Resident	60%	50%	45%	210,000	140,000	128,250
Tourist	40%	50%	55%	140,000	140,000	156,750
Total	100%	100%	100%	350,000	280,000	285,000
Attendance by Weekday/Weekend						
Weekdays	50%	50%	50%	175,000	140,000	142,500
Weekend Days/Holiday Mondays	50%	50%	50%	175,000	140,000	142,500
Total				350,000	280,000	285,000
Design Day Calculation						
Total Projected Attendance				350,000	280,000	285,000
Total Weekend Attendance				175,000	140,000	142,500
Average Weekend Day Attendance				1,683	1,346	1,370
Weekend Day Attendance in Higher Attendance Month (15% above average)				1,935	1,548	1,576
Maximum Number of People in Building at One Time (40% of daily total)				774	619	630
Attendance by Type						
Exhibitions-Only Visitors	50%	60%	65%	175,000	168,000	185,250
4-D Theater-Only Visitors	5%	5%	5%	17,500	14,000	14,250
Combination Ticket Visitors	45%	35%	30%	157,500	98,000	85,500
Total	100%	100%	100%	350,000	280,000	285,000
Attendance by Ticket Category - Exhibitions						
Adult	30%	30%	30%	52,500	50,400	55,575
Senior/Youth	10%	10%	10%	17,500	16,800	18,525
Child	10%	10%	10%	17,500	16,800	18,525
Non-School Groups	5%	5%	5%	8,750	8,400	9,263
School Groups	15%	20%	20%	26,250	33,600	37,050
Indirect Paid/Unpaid	30%	25%	25%	52,500	42,000	46,313
Total	100%	100%	100%	175,000	168,000	185,250
Attendance by Ticket Category - 4-D Theater Only						
Adult	50%	55%	55%	8,750	7,700	7,838
Senior/Youth	15%	15%	15%	2,625	2,100	2,138
Child	10%	10%	10%	1,750	1,400	1,425
Non-School Groups	5%	5%	5%	875	700	713
School Groups	5%	5%	5%	875	700	713
Indirect Paid/Unpaid	15%	10%	10%	2,625	1,400	1,425
Total	100%	100%	100%	17,500	14,000	14,250
Attendance by Ticket Category - Combination Tickets						
Adult	40%	40%	40%	63,000	39,200	34,200
Senior/Youth	10%	10%	10%	15,750	9,800	8,550
Child	10%	10%	10%	15,750	9,800	8,550
Non-School Groups	5%	5%	5%	7,875	4,900	4,275
School Groups	10%	10%	10%	15,750	9,800	8,550
Indirect Paid/Unpaid	25%	25%	25%	39,375	24,500	21,375
Total	100%	100%	100%	157,500	98,000	85,500
Attendance by Ticket Category - All Visitors						
Adult	36%	35%	34%	124,250	97,300	97,613
Senior/Youth	10%	10%	10%	35,875	28,700	29,213
Child	10%	10%	10%	35,000	28,000	28,500
Non-School Groups	5%	5%	5%	17,500	14,000	14,250
School Groups	12%	16%	16%	42,875	44,100	46,313
Indirect Paid/Unpaid	27%	24%	24%	94,500	67,900	69,113
Total	100%	100%	100%	350,000	280,000	285,000

2.2 Projected Operating Revenues

The projections of operating revenues during five years projected for the Toronto Museum Project are set out in the following 8 categories:

- Admissions;
- Retail Sales;
- Membership;
- Facility Rentals;
- Public Programs;
- Fundraising Events (net);
- Other Earned Income;
- Endowment.

The bottom line for the projections is the amount of projected expenses minus projected earned and endowment income to indicate the amount required from donations, sponsorships and grants to break even on operations.

2.2.1 Admissions

The Table that follows sets out the projected attendance levels in Years 1, 3 and 5 by ticket category as applied to the assumed admission charges for the exhibitions, the 4-D Theatre only and combination tickets for both the exhibitions and the theatre. The projections also assume that discounts offered to visitors in combination with other attractions, hotels, etc. will result in 7% lower income than if such discounts were not in place.

Based on the estimates and assumptions above, our projections of admissions income are as follows:

Admission Revenue - Exhibitions							
Ticket Categories	Ticket Prices	Year 1 Visitors	Year 1 Admission Revenue	Year 3 Visitors	Year 3 Admission Revenue	Year 5 Visitors	Year 5 Admission Revenue
Adult	\$10.00	52,500	\$525,000	50,400	\$504,000	55,575	\$555,750
Senior/Youth	\$8.00	17,500	\$140,000	16,800	\$134,400	18,525	\$148,200
Child	\$5.00	17,500	\$87,500	16,800	\$84,000	18,525	\$92,625
Non-School Groups	\$6.50	8,750	\$56,875	8,400	\$54,600	9,263	\$60,206
School Groups	\$4.00	26,250	\$105,000	33,600	\$134,400	37,050	\$148,200
Indirect Paid/Unpaid	\$0.00	52,500	\$0	42,000	\$0	46,313	\$0
Total (before discounts)		175,000	\$914,375	168,000	\$911,400	185,250	\$1,004,981

Admission Revenue - 4-D Theater Only							
Ticket Categories	Ticket Prices	Year 1 Visitors	Year 1 Admission Revenue	Year 3 Visitors	Year 3 Admission Revenue	Year 5 Visitors	Year 5 Admission Revenue
Adult	\$6.00	8,750	\$52,500	7,700	\$46,200	7,838	\$47,025
Senior/Youth	\$4.00	2,625	\$10,500	2,100	\$8,400	2,138	\$8,550
Child	\$3.00	1,750	\$5,250	1,400	\$4,200	1,425	\$4,275
Non-School Groups	\$3.50	875	\$3,063	700	\$2,450	713	\$2,494
School Groups	\$2.00	875	\$1,750	700	\$1,400	713	\$1,425
Indirect Paid/Unpaid	\$0.00	2,625	\$0	1,400	\$0	1,425	\$0
Total (before discounts)		17,500	\$73,063	14,000	\$62,650	14,250	\$63,769

Admission Revenue - Combination Tickets							
Ticket Categories	Ticket Prices	Year 1 Visitors	Year 1 Admission Revenue	Year 3 Visitors	Year 3 Admission Revenue	Year 5 Visitors	Year 5 Admission Revenue
Adult	\$13.50	63,000	\$850,500	39,200	\$529,200	34,200	\$461,700
Senior/Youth	\$10.50	15,750	\$165,375	9,800	\$102,900	8,550	\$89,775
Child	\$6.75	15,750	\$106,313	9,800	\$66,150	8,550	\$57,713
Non-School Groups	\$8.50	7,875	\$66,938	4,900	\$41,650	4,275	\$36,338
School Groups	\$5.00	15,750	\$78,750	9,800	\$49,000	8,550	\$42,750
Indirect Paid/Unpaid	\$0.00	39,375	\$0	24,500	\$0	21,375	\$0
Total (before discounts)		157,500	\$1,267,875	98,000	\$788,900	85,500	\$688,275

Admission Revenue - All Visitors							
Ticket Categories		Year 1 Visitors	Year 1 Admission Revenue	Year 3 Visitors	Year 3 Admission Revenue	Year 5 Visitors	Year 5 Admission Revenue
Adult		124,250	\$1,428,000	97,300	\$1,079,400	97,613	\$1,064,475
Senior/Youth		35,875	\$315,875	28,700	\$245,700	29,213	\$246,525
Child		35,000	\$199,063	28,000	\$154,350	28,500	\$154,613
Non-School Groups		17,500	\$126,875	14,000	\$98,700	14,250	\$99,038
School Groups		42,875	\$185,500	44,100	\$184,800	46,313	\$192,375
Indirect Paid/Unpaid		94,500	\$0	67,900	\$0	69,113	\$0
Total (before discounts)		350,000	\$2,255,313	280,000	\$1,762,950	285,000	\$1,757,025
Total (after discounts)			\$2,029,781		\$1,586,655		\$1,581,323
Admissions Revenue per Visitor			\$5.80		\$5.67		\$5.55

2.2.2 Retail Sales

It has been assumed there would be about 2,000 net sq. ft. of public space devoted to a retail store in TMP. We estimate retail sales per visitor to be \$1.95 in the opening year, growing by 2% per year within the five years projected to reflect greater product and market knowledge over time. These figures take into account sales to non-visitors as well as discounts to members. The assumptions and estimates above lead to the following retail sales projections. (Costs of goods sold are included with the expense projections while staffing and other overhead costs are included with those expense projections later in this Chapter.)

Retail Sales (2,000 sq. ft. public space)	Year 1	Year 3	Year 5
Sales/Visitor	\$1.95	\$2.03	\$2.11
Total Attendance	350,000	280,000	285,000
Total Sales	\$682,500	\$567,840	\$601,099
Sales per Sq. Ft.	\$341	\$284	\$301

2.2.3 Membership

The TMP is assumed to introduce a membership program that will offer free admission, discounts on retail, food, programs and rentals, depending on the membership level. There will also be upper level memberships.

Our estimates are that the Toronto Museum Project will open with 2,000 memberships and that like attendance levels, membership totals will decline in subsequent years to 1,700 in Year 3 and increase to 1,800 in Year 5. Average membership revenue per membership is estimated at \$70, with a growth of 2% per year during the five years projected to reflect success in shifting some lower level members to upper level membership categories. These estimates lead to the following projections.

Membership	Year 1	Year 3	Year 5
Total Memberships	2,000	1,700	1,800
Average Revenue per Membership	\$70	\$73	\$76
Total Revenue	\$140,000	\$123,760	\$136,282

2.2.4 Facility Rentals

The revised approach for rentals is for flexible multi-purpose spaces throughout the facility that can be utilized for a variety of needs including rentals, events and programming. Therefore, dedicated spaces available for rentals have been substantially reduced. The main spaces available for rentals are now assumed as the lobby, indoor waterfront terrace, and multi-purpose room. Also available is the 120-seat 4-D theatre space that could double as a rental space, as needed, and outdoor space available for tenting during the warm weather months.

For the purposes of these projections, we estimate there will be 100 “larger” rentals per year using the waterfront terrace special events space, advanced media lecture hall or the lobby, averaging \$3,500 per rental, including a commission on catering. The average amount per rental is estimated to increase by 5% every two years. In addition, there will be opportunities to rent out smaller spaces like the 4-D Theatre, the multi-purpose room and the program presentation space, as well as various meeting rooms. Our projections assume about 125 smaller rentals per year at an average of \$1,000 per rental. These estimates lead to the following projections:

Rentals	Year 1	Year 3	Year 5
Major Rentals per Year	100	100	100
Average Income per Rental	\$3,500	\$3,675	\$3,859
Total Revenue from Major Rentals	\$350,000	\$367,500	\$385,875
Other Rentals per Year	125	125	125
Average Income per Rental	\$1,000	\$1,050	\$1,103
Total Revenue from Other Rentals	\$125,000	\$131,250	\$137,813
Total Combined Revenues	\$475,000	\$498,750	\$523,688

2.2.5 Public Programs

Many programs will be included with the basic admission charge, such as festivals, docent-led tours of the permanent exhibition galleries, and family and children’s programs for casual visitors, gallery-based “mini-dramas” or interactive or demonstration programs, outreach (off-site) programs, and teacher orientation and open houses.

Participation fees will be charged for programs where sponsorship does not cover costs, such as:

- Registered community based programs for children, youth and groups, including spring break or summer camps,
- Special school group activity-based programs
- Concert and film series and some lectures and symposia
- Group tours (on- and off-site)
- Special programs such as teacher training or in-service programs, distance education/international programs
- Distance education/international programs

Gross income that may be earned from public programs may vary widely depending on the nature of programs offered in any one year, and are projected as follows.

Programs	Year 1	Year 3	Year 5
Registered Children/Youth Programs	\$20,000	\$30,000	\$35,000
Registered Adult Programs/Events	\$35,000	\$45,000	\$50,000
Special Programs	\$25,000	\$45,000	\$50,000
Special School Programs	\$10,000	\$12,000	\$13,000
Total Revenue	\$90,000	\$132,000	\$148,000

2.2.6 Fundraising Events (net)

Most cultural attractions require fundraising events to support programs and other operating costs. The net amounts that may be generated may vary widely and for the purposes of this study we have selected a figure of *\$200,000 per year in net income*. It must be noted that fundraising events are not the same as donations, sponsorships and annual giving by Board members, which are categorized as contributed income, whereas fundraising events are earned income and largely the responsibility of staff.

2.2.7 Other Earned Revenue

There may be other sources of self-generated income to provide additional income. These could range from the pay-for-photo opportunities, interactive donation boxes, and waterfront walking tours or other sources to be developed by management at the time. Although these amounts may vary widely, our projections are as follows:

Other Self-Generated Income	Year 1	Year 3	Year 5
Total Revenue	\$30,000	\$40,000	\$50,000

2.2.8 Endowment Income

It has been assumed that in advance of opening the project will include \$10 million in endowment principal and that the endowment principal will grow to \$15 million in Year 3 and \$20 million in Year 5. Interest only will be available to operations and it is assumed that earnings from the endowment principal would average 5% per year. These estimates lead to the following projections.

Endowment	Year 1	Year 3	Year 5
Principal Amount	\$10,000,000	\$15,000,000	\$20,000,000
Assumed Rate of Return	5%	5%	5%
Total Revenue	\$500,000	\$750,000	\$1,000,000

2.3 Projected Expenses

The 9 categories of projected operating expenses are:

- Salaries, Wages and Benefits;
- Building Occupancy Costs;
- Exhibitions;
- Educational and Public Programming;
- Direct 4-D Theatre Costs;
- Conservation/Curatorial;
- General and Administrative;
- Marketing;
- Retail Cost of Goods Sold.

2.3.1 Salaries, Wages and Benefits

The largest operating cost of any cultural institution is staffing, generally accounting for 45-60% of the total operating budget.

The following Table sets out the recommended and assumed staffing positions for the operation of the cultural attraction during the five years projected. The salaries reflect costs at existing cultural attractions in Toronto and museum industry averages. It is assumed that staffing costs will exceed the rate of inflation by 0.5% per year during the period projected and that attraction-paid benefits will be at 21% of salaries and wages. These estimates and assumptions lead to the following staffing costs for Years 1, 3 and 5 of the project.

Executive and Administrative					
Executive Director/CEO	1.0	\$185,000	\$185,000	\$186,850	\$188,719
Administrative Assistant	1.0	\$40,000	\$40,000	\$40,400	\$40,804
Controller	1.0	\$85,000	\$85,000	\$85,850	\$86,709
Accountant	1.0	\$60,000	\$60,000	\$60,600	\$61,206
Payroll Admin./ Bookkeeper	1.0	\$45,000	\$45,000	\$45,450	\$45,905
Human Resources Officer	1.0	\$65,000	\$65,000	\$65,650	\$66,307
Operations Department					
Director of Operations	1.0	\$100,000	\$100,000	\$101,000	\$102,010
Development Director	1.0	\$90,000	\$90,000	\$90,900	\$91,809
Development Assistants	2.0	\$40,000	\$80,000	\$80,800	\$81,608
Marketing Director	1.0	\$75,000	\$75,000	\$75,750	\$76,508
Public Relations/Communications Officers	2.0	\$50,000	\$100,000	\$101,000	\$102,010
Membership Officer	1.0	\$55,000	\$55,000	\$55,550	\$56,106
Membership Assistant	0.5	\$35,000	\$17,500	\$17,675	\$17,852
Manager of Group Sales & Facilities Rentals	1.0	\$55,000	\$55,000	\$55,550	\$56,106
Group Sales/Rentals Service Staff	3.0	\$25,000	\$75,000	\$75,750	\$76,508
Exhibitions Department					
Director of Exhibitions	1.0	\$95,000	\$95,000	\$95,950	\$96,910
Exhibition Planner/Designer	1.0	\$65,000	\$65,000	\$65,650	\$66,307
Exhibit Technicians	2.0	\$35,000	\$70,000	\$70,700	\$71,407
Preparators	1.5	\$30,000	\$45,000	\$45,450	\$45,905
Programs and Education Department					
Director of Programs and Education	1.0	\$90,000	\$90,000	\$90,900	\$91,809
School Programs Manager	1.0	\$60,000	\$60,000	\$60,600	\$61,206
Public Programs/Special Events Manager	1.0	\$60,000	\$60,000	\$60,600	\$61,206
School Curriculum Planner	1.0	\$55,000	\$55,000	\$55,550	\$56,106
Confronting Urban Issues Coordinator	1.0	\$55,000	\$55,000	\$55,550	\$56,106
Public Programs/Outreach Assistant	1.0	\$45,000	\$45,000	\$45,450	\$45,905
Events Program/Floor Staff	4.0	\$25,000	\$100,000	\$101,000	\$102,010
School and Education Assistants	6.0	\$30,000	\$180,000	\$181,800	\$183,618
Volunteer Coordinator	1.0	\$50,000	\$50,000	\$50,500	\$51,005
Office Assistant/Bookings Clerk	1.0	\$35,000	\$35,000	\$35,350	\$35,704
Facilities Department					
Facilities Manager	1.0	\$80,000	\$80,000	\$80,800	\$81,608
Security Manager	1.0	\$60,000	\$60,000	\$60,600	\$61,206
Advanced Media Manager	1.0	\$65,000	\$65,000	\$65,650	\$66,307
Advanced Media Assistant Manager	1.0	\$50,000	\$50,000	\$50,500	\$51,005
Time Machine Floor Staff	2.0	\$25,000	\$50,000	\$50,500	\$51,005
Advanced Media Technicians	2.0	\$45,000	\$90,000	\$90,900	\$91,809
IT Technicians	1.5	\$45,000	\$67,500	\$68,175	\$68,857
Maintenance Workers	1.5	\$35,000	\$52,500	\$53,025	\$53,555
Shipping and Handling	1.0	\$35,000	\$35,000	\$35,350	\$35,704
Visitor Services Department					
Director of Visitor Services	1.0	\$70,000	\$70,000	\$70,700	\$71,407
Tickets/Information Desk	3.0	\$25,000	\$75,000	\$75,750	\$76,508
Retail Manager	1.0	\$70,000	\$70,000	\$70,700	\$71,407
Retail Staff	2.5	\$25,000	\$62,500	\$63,125	\$63,756
Research/Content					
Curator/Content Director	1.0	\$100,000	\$100,000	\$101,000	\$102,010
Resource Centre Information Desk	0.0	\$30,000	\$0	\$0	\$0
Registrar	1.0	\$40,000	\$40,000	\$40,400	\$40,804
Researchers	2.0	\$60,000	\$120,000	\$121,200	\$122,412
Conservators	0.0	\$60,000	\$0	\$0	\$0
Collections Manager	0.0	\$65,000	\$0	\$0	\$0
Collection Technicians	0.5	\$40,000	\$20,000	\$20,200	\$20,402
Research Assistants	2.0	\$30,000	\$60,000	\$60,600	\$61,206
Programmer	0.0	\$40,000	\$0	\$0	\$0
Part-Time/Weekend Allocation	3.0	\$20,000	\$60,000	\$60,600	\$61,206
Total FTE	71.0		\$3,360,000	\$3,393,600	\$3,427,536
Benefits (@ 21%)			\$705,600	\$712,656	\$719,783
Total Staff Salaries, Wages and Benefits			\$4,065,600	\$4,106,256	\$4,147,319
Contract Employees					
Security Guards	7.0	\$35,000	\$245,000	\$247,450	\$249,925
Custodians	3.0	\$35,000	\$105,000	\$106,050	\$107,111
Total Contract Staffing Costs	10.0		\$350,000	\$353,500	\$357,035
TOTAL STAFFING COSTS					
	81.0		\$4,415,600	\$4,459,756	\$4,504,354

2.3.2 Building Occupancy Costs

Building occupancy costs are defined to include all costs, excluding salaries, associated with building repairs and maintenance, cleaning, utilities, security systems and building insurance. With substantially higher energy costs these costs today generally range between \$5.00 and \$8.00 per gross sq. ft., with costs varying by the extent of the environmental controls required, the weather conditions, the extent of public use, and the condition of the building, with a new building requiring lower maintenance costs. In the case of the Toronto Museum Project, it will be a new building, and will have limited collections care responsibilities. We therefore estimate building occupancy costs at \$6.25 per gross sq. ft. of space, starting in Year 3, and to increase by 2% per year above the rate of inflation. The opening year occupancy cost figure will be lower as warranties will limit repair and maintenance costs, and are estimated at \$5.75 per sq. ft. for the approximately 154,919 gross sq. ft. of building space during the period projected. These estimates and assumptions lead to the following projections.

Occupancy Costs	Year 1	Year 3	Year 5
Total Size of Building (gross sq. ft.) in period projected	154,919	154,919	154,919
Costs per Sq. Ft.	\$5.75	\$6.25	\$6.50
Total Occupancy Costs	\$890,784	\$968,244	\$1,006,974

2.3.3 Exhibitions

These non-staff operating costs include an annual reserve to pay for exhibit maintenance, the replacement and refurbishment of permanent exhibitions and the acquisition and mounting of temporary exhibitions. Our estimates are as follows:

- **Routine Exhibit Maintenance:** These costs will increase over time and are estimated at \$10,000 in Year 1, \$60,000 in Year 3 and \$90,000 in Year 5.
- **Reserve for Exhibit Replacement:** Museums and other cultural attractions are increasingly recognizing the need to allocate funds from operations to pay for exhibit replacement and major refurbishments. Rather than wait for the exhibits to require replacement or major refurbishment, it is assumed that the Toronto Museum Projects will allocate \$75,000 each year in order to build up the fund over time.
- **Temporary Exhibitions:** The space plan calls for about 10,000 sq. ft. of temporary exhibition space. Although the amount that will be required for temporary exhibitions may vary widely, these projections assume an allocation of \$600,000 in Years 3 and 5, and \$300,000 in Year 1 because the need for temporary exhibitions will be reduced with the opening excitement.

These estimates lead to the following projections:

Exhibition Costs	Year 1	Year 3	Year 5
Temporary Exhibitions	\$300,000	\$600,000	\$600,000
Routine Maintenance	\$10,000	\$60,000	\$90,000
Reserve for Permanent Exhibits	\$75,000	\$75,000	\$75,000
Total Costs	\$385,000	\$735,000	\$765,000

2.3.4 Educational and Public Programming

These costs include those expenses, exclusive of salaries, associated with educational and public programs. For the purposes of these projections, we estimate that the revenue recovery on educational and programming costs will be 25% of expenses. This means that educational and public programming will be four times greater than the programming revenues estimated earlier. This results in the following projections for the five years projected.

Programming Costs	Year 1	Year 3	Year 5
Total Programming Costs Calculated at 4 Times Programming Revenues	\$360,000	\$528,000	\$592,000

2.3.5 Direct 4-D Theatre Costs

It is assumed that the film and other production costs for the 4-D theatre are included with the initial capital costs. Direct ongoing operating costs would include an annual maintenance contract, film rentals to supplement the initial 4D destination production, and a reserve fund to pay for a new 4D destination film in Year 5. Indirect costs are included in the staffing, marketing, utilities and other cost categories. These costs are estimated as follows:

Direct 4-D Theatre Costs	Year 1	Year	Year 5
Annual Maintenance Contract	\$75,000	\$75,000	\$75,000
Film Rentals	\$75,000	\$75,000	\$75,000
Reserve to Pay for Replacement of 4D Destination Film	\$50,000	\$50,000	\$50,000
Total	\$200,000	\$200,000	\$200,000

2.3.6 Conservation/Curatorial

Conservation and curatorial costs typically include materials and supplies, conservation treatments and monitoring equipment and other ancillary expenses. Typically these costs (excluding staff costs) range between 1-2% of total expenses, although some institutions spend more.

The conservation/curatorial costs applicable to this project are estimated to be highest in the opening year and are set out in the Table below:

Curatorial and Collections Management			
	Year 1	Year 3	Year 5
Research	\$75,000	\$50,000	\$50,000
Collections Care/Management	\$100,000	\$75,000	\$75,000
Total	\$175,000	\$125,000	\$125,000

2.3.7 General and Administrative

General and administrative costs include office and related supplies, equipment, mailing, printing, telephone, travel, conferences, volunteer perquisites, professional services, dues and subscriptions, credit card fees, entertainment, and other items that do not fit into the other expense categories. These costs relate very much to staffing levels and generally fall within a range of 10-12% of staffing costs. For the purposes of these projections, we estimate these costs at 11% of staffing costs in Years 3 and 5, and 13% in Year 1 to reflect extraordinary start-up expenditures. These estimates result in the following projections.

General & Administrative	Year 1	Year 3	Year 5
13/11% of Staffing	\$574,028	\$490,573	\$495,479

2.3.8 Marketing

Marketing staff has been accounted for in the staffing projections. The focus here is on non-staff marketing costs, including advertising and promotion. These costs generally range from 1-5% of the total operating budgets of cultural attractions. Another way marketing expenditures are calculated is on a per visitor basis, with costs for a larger institution often in the range of \$1.00 to \$1.50 per visitor.

Our estimate is based on non-staff marketing expenditures of \$1.25 per visitor. This leads to the following projections.

Marketing	Year 1	Year 3	Year 5
\$1.25/visitor	\$437,500	\$350,000	\$356,250

2.3.9 Retail Cost of Goods Sold

The cost of retail goods sold is generally in the range of 50-60% of retail sales. These projections assume cost of goods sold at 55% each year, leading to the following projections.

Retail Cost of Goods Sold	Year 1	Year 3	Year 5
Total Costs	\$375,375	\$312,312	\$330,605

2.4 Summary of Attendance and Financial Projections

The following Table summarizes our projections of attendance, operating revenue and expenses for the Toronto Museum Project in Years 1, 3 and 5 of its development. Attendance levels are estimated to be 350,000 in Year 1, 280,000 in Year 3 and 285,000 in Year 5.

The total operating budget is estimated at about \$7.4 million in Year 1, growing to about \$7.9 million in Year 3 and \$8.0 million in Year 5. Earned income levels for the Toronto Museum Project plus an amount from an assumed endowment, are estimated to be about \$4.1 million in Year 1, \$3.9 million in Year 3 and \$4.2 million in Year 5, leaving an amount required to break even from grant and contributed sources of about \$3.2 million in Year 1, \$4.0 million in Year 3 and \$3.8 million in Year 5. On a percentage basis this indicates a requirement from grant and contributed sources of about 44% to 50%. Based on museum industry averages, we believe that about 70% of these needed funds will be required from government sources, with the remaining 30% from a combination of donations, sponsorships and annual giving.

Summary of Projections	Year 1	Year 3	Year 5	Year 1 %	Year 3 %	Year 5 %
Annual Attendance	350,000	280,000	285,000			
Revenues						
Admissions	\$2,029,781	\$1,586,655	\$1,581,323	27.3%	20.2%	19.7%
Retail Sales	\$682,500	\$567,840	\$601,099	9.2%	7.2%	7.5%
Membership	\$140,000	\$123,760	\$136,282	1.9%	1.6%	1.7%
Programs	\$90,000	\$132,000	\$148,000	1.2%	1.7%	1.8%
Rentals	\$475,000	\$498,750	\$523,688	6.4%	6.3%	6.5%
Fundraising Events	\$200,000	\$200,000	\$200,000	2.7%	2.5%	2.5%
Other Self-Generated	\$30,000	\$40,000	\$50,000	0.4%	0.5%	0.6%
Endowment	\$500,000	\$750,000	\$1,000,000	6.7%	9.5%	12.4%
Total Revenue	\$4,147,281	\$3,899,005	\$4,240,391	55.8%	49.6%	52.7%
Amount Required from Contributed and Grant Sources	\$3,290,631	\$3,957,568	\$3,804,665	44.2%	50.4%	47.3%
Expenses						
Salaries, Wages, Benefits	\$4,415,600	\$4,459,756	\$4,504,354	59.4%	56.8%	56.0%
Building Occupancy	\$890,784	\$968,244	\$1,006,974	12.0%	12.3%	12.5%
Exhibitions	\$385,000	\$735,000	\$765,000	5.2%	9.4%	9.5%
Programs	\$360,000	\$528,000	\$592,000	4.8%	6.7%	7.4%
Curatorial and Collections Management	\$175,000	\$125,000	\$125,000	2.4%	1.6%	1.6%
Direct Costs for 4-D Theatre	\$200,000	\$200,000	\$200,000	2.7%	2.5%	2.5%
General & Administrative	\$574,028	\$490,573	\$495,479	7.7%	6.2%	6.2%
Marketing	\$437,500	\$350,000	\$356,250	5.9%	4.5%	4.4%
Retail Cost of Goods Sold	\$375,375	\$312,312	\$330,605	5.0%	4.0%	4.1%
Total Expenses	\$7,437,912	\$7,856,573	\$8,045,056	100.0%	100.0%	100.0%
Amount/Percentage Required from Contributed and Grant Sources to Break Even on Operations	(\$3,290,631)	(\$3,957,568)	(\$3,804,665)	-44.2%	-50.4%	-47.3%
Scenario for Allocation of Amount Required to Break Even based on Canadian Museum Norms:						
70% Grants (mainly City)	\$2,303,442	\$2,770,298	\$2,663,266	31.0%	35.3%	33.1%
30% Contributed (donations, sponsorships and annual giving)	\$987,189	\$1,187,270	\$1,141,400	13.3%	15.1%	14.2%

Appendix A Space Program

Zone A - Public Non-Collection Space
Zone B - Public Collection Space
Zone C - Non-Public Collection Space
Zone D - Non-Public Non-Collection Space

ZONE A	Space Name	2008		Comments
		NSM	NSF	
A1	Vestibules	50	538	Will serve entire facility. Vestibules required for all exterior entrances/exits, 10 @ app. 10 nsm
A1	Main Lobby (-275sm / -3000sf)	250	2,691	Includes Reception, Information, and Ticketing Desk, Tour Station, Audiotour Rental. Information and Ticketing Desk includes ticketing for the Time Machine.
A1	"Gateway to Toronto" Visitor Centre	30	323	
A1	Advanced Media Lecture Theatre (Electronic Town Hall)	450	4,844	Capacity at 300 fixed seats + presentation space raked floor / seating, to be connected with Town Halls in other cities, capacity for performance
A1	Small Meeting Room/Seminar Room	30	323	
A1	Indoor Waterfront Terrace	275	2,960	Views to outdoors and outdoor terrace, Includes refreshment kiosks during public hours, contiguous to lobby, seats 290 in chairs, 150 at tables
A1	Multifunction Program and Event Space	170	1,830	For group assembly, activities and special events, seats 180 at chairs, 100 at tables, possible vending machines
A2	Shop, Main Museum	190	2,045	Includes books & retail items specific to Toronto, and dedicated children's area.
A2	First Aid/Sickroom	15	161	Bed in suite with handicap washroom.
A2	Checkrooms, Public	75	807	To accommodate up to 1500 coats.
A2	Lockers	15	161	
A2	Stroller/Wheelchair Storage	40	431	
A2	Public Washrooms, Men's	150	1,615	Distributed throughout facility at key areas and to meet code requirements.
A2	Public Washrooms, Women's	225	2,422	Distributed throughout facility at key areas and to meet code requirements.
A3	4-D (Multisensory) Themed Show - "Time Machine"	390	4,198	Capacity is 60 people. Includes pre-show, show, and post-show areas, charged experience.
A3	Confronting Urban Issues Forum	60	646	Capacity is 35 people; interactive forum
A3	Global Centre for Cities Gallery/Resource Centre	110	1,184	reference and resource materials on urban issues, collections, portals to databases, links to research and educational institutions, museums, live computer access to world cities, art exchange; accommodate about 20 visitors and 5 people at work stations.
A4	Education Multifunction Program Room	190	2,045	Flexible space, can be used for school group assembly and organisation, group lunch room, sink and cupboard support.
A4	Education Classrooms/Studios/Workshops	200	2,153	4 Activity areas @ 50 s.m. Provides information and access to multimedia resources. To be used by a range of users
	Subtotal Zone A Net Area	2,915	31,378	
	Percentage of Total Area	28%	28%	

ZONE B	Space Name	Program Area		Comments
		NSM	NSF	
B1 GALLERIES				
B1	Global Village Museum - Thematic Galleries	2,350	25,296	Orientation and Thematic Galleries sized to accommodate large iconic objects of Toronto
B1	Collection Study Rooms / Visible Display Storage	250	2,691	Includes 50 sm demonstration area which allows object workshops
B2	Global Village Museum Changing Exhibition Galleries	930	10,011	Divisible gallery space into various configurations.
Subtotal Zone B Net Area		3,530	37,998	
Percentage of Total Area		34%	34%	

ZONE C	Space Name	Program Area		Comments
		NSM	NSF	
C1	Collections Storage	250	2,691	Compact storage for art and artifacts; does not include City of Toronto Collection Storage
C2	Enclosed Collections Loading Dock	130	1,399	Covered secure interior space
C2	Collections Shipping/Receiving	75	807	Holds 2 trailer loads
C2	Crating/Uncrating, Packing Studio	110	1,184	Holds 3 trailer loads
C2	Isolation/Fumigation Room	30	323	Non-toxic inert gas fumigation
C2	Temporary Storage/Transit Storage	80	861	Holds 2 trailer loads
C2	Courier/Holding Room	10	108	
C2	Moving Equipment	30	323	
C2	Crate Storage	60	646	Holds 2 trailer loads stacked
C2	Collections Workshop/Documentation	75	807	includes space digital photo capacity
C2	Curatorial Research Room	50	538	
C2	Collections Exhibit Preparation Room	60	646	
C2	Freight Elevator	30	323	2 x 15 s.m.
Subtotal Zone C Net Area		990	10,657	
Percentage of Total Area		10%	10%	

ZONE D	Space Name	Program Area		Comments
		NSM	NSF	
D1	Reception/Waiting Area	50	538	
D1	Offices, Total Office Space (reduced from 720sm/7750sf)	600	6,459	Assume 60 staff @ 10 nsm which includes work areas for
D1	Resource Centre (Internal)	110	1,184	
D1	Photocopy/Mailroom - Central	30	323	
D1	Files Storage - Central	40	431	
D1	Office Supplies Stockroom - Central	30	323	
D1	Large/Small Meeting Room, Training Room	150	1,615	Total staff, including executives
D2	Staff Lounge	100	1,076	To include Kitchenette, breakroom, lockers for staff without offices
D2	Volunteer Lounge	75	807	To include lockers and breakroom, share kitchenette with Staff Lounge
D2	Staff First Aid/Emergency Shower/ Eyewash Station	15	161	Bed in suite with handicap washroom.
D2	Staff Washrooms, Male	25	269	
D2	Staff Washrooms, Female	35	377	
D2	Staff Washrooms, Handicap	10	108	
D3	Dirty Workshop	240	2,583	Includes wood working facilities
D3	Concept Development & Design	50	538	Exhibit - Clean Workshop
D3	Graphics Workshop	40	431	
D3	Exhibit Case/Prop Storage	150	1,615	
D3	Education Prep Area/Storage	50	538	
D3	Non-Art Storage, Curatorial Departments	150	1,615	
D3	Special Event Storage	100	1,076	Includes Theatre/Special Events Storage
D3	Electronic Town Hall Projection Booth	35	377	
D3	Advanced Media Lecture /Performance Theatre Back of House	125	1,346	
D3	Program Presentation Space Control Room	15	161	
D3	Time Machine Control Room	20	215	
D3	Multipurpose Room Control	15	161	
D3	Information Services Support	30	323	
D3	Kitchen/Food Storage (-104 nsm/1100 nsf)	75	807	
D3	Retail Storage	60	646	
D3	Protective Services Support	60	646	Includes storage areas
D3	Building Support Services	125	1,346	Includes offices, maintenance & storage areas
D3	Loading Dock, Non-Collections	130	1,399	1 tractor-trailer bay
D3	Shipping/Receiving	40	431	
D3	IT Support	30	323	
D3	Custodial/Janitorial	35	377	On each floor with offices or work space
	Subtotal Zone D Net Area	2,845	30,624	
	Percentage of Total Area	28%	28%	

Summary of Space by Zone Mar 08	NSM	NSF	%
Total Zone A - Public/Non-Collections	2,915	31,378	28%
Total Zone B - Public/Collections	3,530	37,998	34%
Total Zone C - Non-Public/Collections	990	10,657	10%
Total Zone D - Non-Public/Non-Collections	2,845	30,624	28%
Total Net Area	10,280	110,657	100%
Plus Grossing Factor @ 1.4	4,112	44,263	
Gross Building Area	14,392	154,919	

Appendix A: TMP Space List

Zone A - Public Non-Collection Space
Zone B - Public Collection Space
Zone C - Non-Public Collection Space
Zone D - Non-Public Non-Collection Space

ZONE A	Space Name	2008		Comments
		NSM	NSF	
A1	Vestibules	50	538	Will serve entire facility. Vestibules required for all exterior entrances/exits, 10 @ app. 10 nsm
A1	Main Lobby (-275sm / -3000sf)	250	2,691	Includes Reception, Information, and Ticketing Desk, Tour Station, Audiotour Rental. Information and Ticketing Desk includes ticketing for the Time Machine.
A1	"Gateway to Toronto" Visitor Centre	30	323	
A1	Advanced Media Lecture Theatre (Electronic Town Hall)	450	4,844	Capacity at 300 fixed seats + presentation space raked floor / seating, to be connected with Town Halls in other cities, capacity for performance
A1	Small Meeting Room/Seminar Room	30	323	
A1	Indoor Waterfront Terrace	275	2,960	Views to outdoors and outdoor terrace, Includes refreshment kiosks during public hours, contiguous to lobby, seats 290 in chairs, 150 at tables
A1	Multifunction Program and Event Space	170	1,830	For group assembly, activities and special events, seats 180 at chairs, 100 at tables, possible vending machines
A2	Shop, Main Museum	190	2,045	Includes books & retail items specific to Toronto, and dedicated children's area.
A2	First Aid/Sickroom	15	161	Bed in suite with handicap washroom.
A2	Checkrooms, Public	75	807	To accommodate up to 1500 coats.
A2	Lockers	15	161	
A2	Stroller/Wheelchair Storage	40	431	
A2	Public Washrooms, Men's	150	1,615	Distributed throughout facility at key areas and to meet code requirements.
A2	Public Washrooms, Women's	225	2,422	Distributed throughout facility at key areas and to meet code requirements.
A3	4-D (Multisensory) Themed Show - "Time Machine"	390	4,198	Capacity is 60 people. Includes pre-show, show, and post-show areas, charged experience.
A3	Confronting Urban Issues Forum	60	646	Capacity is 35 people; interactive forum
A3	Global Centre for Cities Gallery/Resource Centre	110	1,184	reference and resource materials on urban issues, collections, portals to databases, links to research and educational institutions, museums, live computer access to world cities, art exchange; accommodate about 20 visitors and 5 people at work stations.
A4	Education Multifunction Program Room	190	2,045	Flexible space, can be used for school group assembly and organisation, group lunch room, sink and cupboard support.
A4	Education Classrooms/Studios/Workshops	200	2,153	4 Activity areas @ 50 s.m. Provides information and access to multimedia resources. To be used by a range of users
	Subtotal Zone A Net Area	2,915	31,378	
	Percentage of Total Area	28%	28%	

ZONE B	Space Name	Program Area		Comments
		NSM	NSF	
B1	GALLERIES			
B1	Global Village Museum - Thematic Galleries	2,350	25,296	Orientation and Thematic Galleries sized to accommodate large iconic objects of Toronto
B1	Collection Study Rooms / Visible Display Storage	250	2,691	Includes 50 sm demonstration area which allows object workshops
B2	Global Village Museum Changing Exhibition Galleries	930	10,011	Divisible gallery space into various configurations.
	Subtotal Zone B Net Area	3,530	37,998	
	Percentage of Total Area	34%	34%	

ZONE C	Space Name	Program Area		Comments
		NSM	NSF	
C1	Collections Storage	250	2,691	Compact storage for art and artifacts; does not include City of Toronto Collection Storage
C2	Enclosed Collections Loading Dock	130	1,399	Covered secure interior space
C2	Collections Shipping/Receiving	75	807	Holds 2 trailer loads
C2	Crating/Uncrating, Packing Studio	110	1,184	Holds 3 trailer loads
C2	Isolation/Fumigation Room	30	323	Non-toxic inert gas fumigation
C2	Temporary Storage/Transit Storage	80	861	Holds 2 trailer loads
C2	Courier/Holding Room	10	108	
C2	Moving Equipment	30	323	
C2	Crate Storage	60	646	Holds 2 trailer loads stacked
C2	Collections Workshop/Documentation	75	807	includes space digital photo capacity
C2	Curatorial Research Room	50	538	
C2	Collections Exhibit Preparation Room	60	646	
C2	Freight Elevator	30	323	2 x 15 s.m.
	Subtotal Zone C Net Area	990	10,657	
	Percentage of Total Area	10%	10%	

ZONE D	Space Name	Program Area		Comments
		NSM	NSF	
D1	Reception/Waiting Area	50	538	
D1	Offices, Total Office Space (reduced from 720sm/7750sf)	600	6,459	Assume 60 staff @ 10 nsm which includes work areas for
D1	Resource Centre (Internal)	110	1,184	
D1	Photocopy/Mailroom - Central	30	323	
D1	Files Storage - Central	40	431	
D1	Office Supplies Stockroom - Central	30	323	
D1	Large/Small Meeting Room, Training Room	150	1,615	Total staff, including executives
D2	Staff Lounge	100	1,076	To include Kitchenette, breakroom, lockers for staff without offices
D2	Volunteer Lounge	75	807	To include lockers and breakroom, share kitchenette with Staff Lounge
D2	Staff First Aid/Emergency Shower/ Eyewash Station	15	161	Bed in suite with handicap washroom.
D2	Staff Washrooms, Male	25	269	
D2	Staff Washrooms, Female	35	377	
D2	Staff Washrooms, Handicap	10	108	
D3	Dirty Workshop	240	2,583	Includes wood working facilities
D3	Concept Development & Design	50	538	Exhibit - Clean Workshop
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D3	Special Event Storage	100	1,076	Includes Theatre/Special Events Storage
D3	Electronic Town Hall Projection Booth	35	377	
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D3	Program Presentation Space Control Room	15	161	
D3	Time Machine Control Room	20	215	
D3	Multipurpose Room Control	15	161	
D3	Information Services Support	30	323	
D3	Kitchen/Food Storage (-104 nsm/1100 nsf)	75	807	
D3	Retail Storage	60	646	
D3	Protective Services Support	60	646	Includes storage areas
D3	Building Support Services	125	1,346	Includes offices, maintenance & storage areas
D3	Loading Dock, Non-Collections	130	1,399	1 tractor-trailer bay
D3	Shipping/Receiving	40	431	
D3	IT Support	30	323	
D3	Custodial/Janitorial	35	377	On each floor with offices or work space
	Subtotal Zone D Net Area	2,845	30,624	
	Percentage of Total Area	28%	28%	

Summary of Space by Zone Mar 08	NSM	NSF	%
Total Zone A - Public/Non-Collections	2,915	31,378	28%
Total Zone B - Public/Collections	3,530	37,998	34%
Total Zone C - Non-Public/Collections	990	10,657	10%
Total Zone D - Non-Public/Non-Collections	2,845	30,624	28%
Total Net Area	10,280	110,657	100%
Plus Grossing Factor @ 1.4	4,112	44,263	
Gross Building Area	14,392	154,919	