Sacramento museums race to adapt after losing millions in revenue

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Many businesses are pivoting in response to the health crisis, to avoid having to close forever. Sacramento’s many museums are not much different, although they have the added challenge of income sources that may be squeezed for long after the health crisis is over.

Sacramento’s museums, like most businesses, were ordered to close in March to slow the spread of Covid-19. Since then, museum staff have been trying navigate the unique challenges, and opportunities, they are facing.

As the state capital, and the site of many important historical events in state history, the Sacramento region is home to a robust network of museums.

“Museums are extremely important to the culture of a city. They are important for people who are looking for a place to live, work and raise their children,” said Delta Pick Mello, chair of Sacramento Area Museums, a cohort of 29 local museums. “They’re also a big economic engine as far as tourism.”

Mello is also executive director of the Sacramento History Alliance, the nonprofit that operates the Sacramento History Museum.

According to the American Alliance of Museums, California’s museums generate $6.55 billion in economic impact every year, and support 80,722 jobs. While many are nonprofits, they also generate $1.56 billion in tax revenue every year. Now, those museums are losing $22 million per day that they are closed.

Loss of earned revenue

The Crocker Art Museum is projecting a $2 million revenue shortfall in its annual budget.

“We definitely are going into the red and are tapping our reserves,” Crocker Art Museum CEO Lial Jones said. “All of our income is gone.”

The museum has cut expenses, but it won’t be enough.

Museums generate income from several sources. Income from things like admissions, gift shops, school groups and facility rentals are called earned revenue.

“All of our earned revenue areas have zeroed out,” Jones said.

All but a skeleton crew out of the Crocker Art Museum’s 121 employees are working from home.

The museum is still able to pay its staff, after receiving a loan under the federal government’s Paycheck Protection Program.

“That money runs out in the middle of June,” Jones said. “It’s been a lifeline this year.”
She said the museum is looking at state and federal grant funding for which it may be able to apply. It also could be getting some help from the city.

The city received $89 million from the federal government under the CARES Act, the $2 trillion coronavirus relief package signed into law in March. Mayor Darrell Steinberg has proposed using $20 million of the funds the city received to help rebuild the tourism, arts and culture sectors.

Like the Crocker Art Museum, the Sacramento History Museum, Powerhouse Science Center and Sacramento Zoo are owned by the city and operated by independent nonprofits.

"We're in a little bit better position," Mello said. "Where I would imagine the city would do everything they can in order to keep those institutions going."

Every month the Sacramento History Museum is closed, it loses around $70,000, Mello said. For it, and many other museums, the closure occurred during what is normally the busiest time of year.

"We were at the height of our school season," Mello said.

School groups make up an important segment of the museum's income, and with schools being closed, it's unknown when or if those field trips will resume.

However, the Sacramento History Museum's most popular attraction by far is its Old Sacramento Underground Tours. The tour season also ramps up in March.

"That is our number one source of earned revenue," Mello said. It makes up 30% of the museum's total budget, and 56% of its earned income.

Unlike the Sacramento History Museum, the California Automobile Museum is on its own — it's not operated through a partnership with the city, county or state.

"We raise all our own funds through various means," said Executive Director Mark Steigerwald. A big chunk of its revenue comes from event rentals.

"It was a big loss of revenue for us immediately," he said.

He had to lay off his 10 employees in March, and it still costs $18,000 per month just to keep the building operating.

Nearly every museum has a different attraction that is its main source of earned income. For the California State Railroad Museum, it's the excursion train.

"That's one thing that we've completely lost," said Cheryl Marcell, executive director of the Railroad Museum Foundation, which serves as the fundraising arm for the museum.

"We're almost down about a hundred thousand dollars," Marcell said.

**The community steps up, for now**

The public showed overwhelming support for Sacramento museums during the Big Day of Giving on May 6, an annual 24-hour fundraiser organized by the Sacramento Region Community Foundation that supports hundreds of local nonprofits.

The Sacramento History Museum exceeded its donations from last year by 300%.

"No matter how dire the circumstances may be, this region is very generous," Mello said.

The California State Railroad Museum made $46,000 on the Big Day of Giving, $26,000 of which came from individual donations, plus a $20,000 match by a benefactor.

"I think many of the museums did quite well for Big Day of Giving," Marcell said. "We're so appreciative of the generosity that we were shown."
The California Automobile Museum got $33,000 in donations — around double what it received last year.

At the same time, the auto museum has gotten a surge in new memberships.

"We just got a lot of support financially, just community support," Steigerwald said. "People love the museum and they're anxious to come back as soon as they can."

The Crocker Art Museum made $150,000 in donations from Big Day of Giving.

"I believe strongly that people will give if they can, to programs they value," Jones said. "I think Big Day of Giving showed that."

However, it's unclear how long this generosity can last, as unemployment rises and the region finds itself in what is most likely to be an economic recession.

One of the Crocker Art Museum's main sources of earned income is annual memberships.

Jones said that some patrons have already had to cancel their memberships, and she expects more will follow.

"The community is very generous. They want to see area nonprofits succeed," Jones said. "But individual circumstances are such that many people have had to drop their membership, and donations are going to be impacted."

That impact was felt immediately by the Powerhouse Science Center, which is at the tail end of its $83 million capital campaign to fund its expansion and the renovation of its new facility.

"Obviously it is an extremely arduous task right now to be in a capital campaign," said Shahnaz Van Deventer, the science center marketing and development director.

Several museums had expansion plans or capital campaigns in the works when the outbreak hit.

The Crocker Art Museum was working with the city on a $40 million event center, gallery and parking structure in front of the museum. Jones said it's unclear at this point how that project will be impacted.

"I can't tell you the status of that," she said. "It's a little too early to tell."

This year, the Sacramento Children's Museum was planning to launch a capital campaign to double its space.

In an email, Children's Museum Executive Director Sharon Stone Smith said she couldn't discuss the expansion plans — she and all the museum staff were laid off after the museum closed. They were only brought back this month after the museum got a PPP loan. She said she would have more information in the coming weeks.

The Powerhouse Science Center was trying to raise the final 15% of its goal, for which it was mostly looking for community support.

"Many people are unsure of the outcome of this. With a depressed economy, people are conservative," Van Deventer said.

"Giving right now, at the level we need, has been a bit depressed."

The science center has also had to cancel one of its main fundraising events, a spring gala.

Not only is individual giving down, the science center has also had some trouble bringing on new business sponsors as well. It had been trying to sell naming rights to a few of the elements in the new facility.

"While (businesses) are very supportive of our science center, I can say that they are trying to look at how they can sustain themselves first," Van Deventer said. "It's slow moving, as can be expected."

The money the science center is trying to raise now will go toward expanding its programming and operating the science center through the transition. The actual construction costs have largely already been raised.
“We’ve been very fortunate that the crisis has not impacted our construction,” said Andy Kramer, a Powerhouse Science Center board member. “Our contractor has been working through this period.”

In fact, Kramer said, they’ve been able to pick up the pace, as other construction projects are being put on hold and subcontractors are more available.

Wayne LaBar, executive director of the science center, said that despite the slowdown in giving, the new center is still set to open early next year.

“Our current models have us opening next year to a spectacular grand opening for Sacramento and the region,” LaBar said.

**Pivoting to a new model**

The science center is also moving forward with designing its new exhibitions.

“We’ve been working with designers semi-remotely anyways,” LaBar said.

He said the health crisis isn’t likely to have an impact in the long term on the design of the center’s exhibits. In the short term, however, when the science center reopens in its new location, there will likely be some modifications that have to be made.

The museums that have the biggest potential to be impacted by the health crisis upon reopening are places like science centers and children’s museums, which have highly interactive, touchable exhibits.

“Our major medium is interactivity,” LaBar said.

He said the science center will look to the guidance other science centers are developing regarding social distancing and cleaning.

“An advantage that we have over perhaps other institutions is that we get to learn a little bit from everyone,” LaBar said.

When the railroad museum reopens, it’s likely that some of its most popular exhibits will be roped off or temporarily removed, said Ty Smith, executive director of the museum.

“One of the most popular things to do in the museum is the Thomas the Tank Engine train table,” Smith said. Regulars at the museum routinely bring their children in to play with the toy trains, as well as read in the museum library. Those will likely be closed when the museum reopens.

Smith said he is concerned that some of the big draws to the museum will have to be shuttered in the short term.

“We had developed, over the past couple years, some very hands-on experiences,” Smith said. Those included art projects that guests could make and display in the museum. That section will also be shut, but only temporarily.

“I think in the longer term, people don’t change,” Smith said. “I think fundamentally you still learn by doing, you still want to put your hands on things.”

It’s unclear when school groups will be back at the museums. The California State University system has already announced that the fall semester will be conducted remotely. If K-12 schools open for in-person learning in the fall, it’s unknown how field trips will be affected.

That’s why the Sacramento History Museum is looking at making some of its museum programming available online.

“We’re going to look at providing online streaming, or live online programming to bring the museum to them,” Mello said.

This is something many museums have pivoted to while they are closed. The Crocker Art Museum has begun conducting some of its classes virtually. The Sojourner Truth Multicultural Art Museum has launched a series of virtual popup art workshops.

Some museums, like the Sacramento History Museum, are looking at making online content a permanent part of their programming.
"It really makes us stronger," Mello said. "Because one of the major issues as museums that we deal with is being one, relevant, and two, accessible."

Teachers would be able to use the content in lieu of a field trip, or to supplement their virtual class time, if fall rolls around and schools are still remote.

"The teachers that we have talked to are just craving any additional online content they can turn to," Mello said.

She said offering this online programming is something the museum has wanted to do for a long time. The outbreak has given staff the time and the impetus to make it happen.

The museum would charge schools for this programming, which could help make up a portion of the revenue it would lose by not having students visit in person.

"There are very few museums that don’t have a lot of dependence on school visits," Mello said. "In addition to the monetary aspect of it, it’s part of our mission. Pivoting to online is going to be very important."

The railroad museum is also taking this opportunity to pivot to online and try to attract a new generation of visitors.

"This crisis only served to accelerate a philosophy which we’ve been talking about for the last three years," Smith said. The philosophy is to create a "museum without walls." One that is accessible to people regardless of how far away they are, or whether or not they’re locked in their homes under quarantine.

"The goal of museums should be to reach people where they are," Smith said. "And where people are, increasingly, is on their smartphones and their tablets."

Emily Hamann
Staff Writer
Sacramento Business Journal