



The Plan: The Future of the Story Mansion

Presented to the Bozeman City Commission by the *Friends of the Story Mansion*

February 7, 2011



The Plan: The Future of the Story Mansion

Presented to the Bozeman City Commission by the *Friends of the Story Mansion*

February 7, 2011

The ***Friends of the Story Mansion (FOS)*** hereby present to the Bozeman City Commission the following **Plan** regarding the continued operation of the Story Mansion as a popular and valued Community Center and asset of the City of Bozeman. **FOS** appreciates the opportunity to present this information and your thoughtful review of our plan as part of a continued productive relationship between the City and community.

Mayor: Jeff Krauss

Commissioners:

Cyndy Andrus

Sean Becker

Chris Mehl

Carson Taylor

City Manager: Chris Kukulski



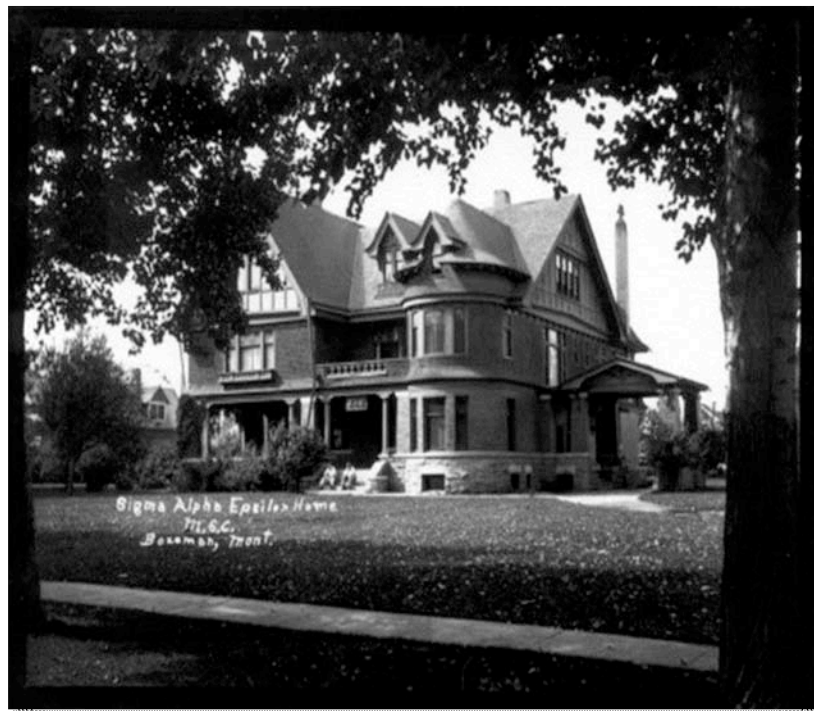
Table of Contents

Recommendations Preview.....	3
Introduction.....	4
Accomplishments.....	5
Directives of Strategic Business Plan.....	6
Recommendations.....	7-8
Capital Recovery.....	9
Fundraising.....	9
Conclusion.....	10
Board <i>Friends of the Story Mansion</i>	10
Advisory Board <i>FOS</i>	10
Acknowledgments.....	11

Recommendations Preview

(These are explained in detail on pages 7-8.)

1. **Extend the January 2011 deadline for recovery of \$392,000 to 2018.**
2. **Renew December 14, 2009 “Memorandum of Agreement on the Story Mansion” between *Friends of the Story Mansion* and the City of Bozeman for an additional year at least.**
3. **Work with *FOS* to successfully complete the renovation of the second and third floors.**
4. **Commit to securing a long-term lease agreement for the second and third floors with an “anchor tenant” such as the MSU Humanities Institute.**
5. **Retain introductory rental rates through 2011.**



Introduction: *Friends of the Story Mansion*

The tipping point in the recent history of the Story Mansion occurred in December 2008 when the Bozeman City Commission activated a \$493,840 Save America's Treasures (SAT) grant from the National Park Service to renovate the first floor and basement of the mansion for public use. The large SAT grant was equally matched by the City for a total of \$987,680 toward interior renovations. A requirement of the grant was that renovations be completed by July 2009 necessitating an immediate start. Construction plans were in place but missing was \$391,222 in a cost overage. The overage was approved in a motion called the Becker Amendment, with provision that these funds be returned to the City from private donations by January 2011.

Enter the *Friends of the Story Mansion Inc.*, which having just received its official non-profit status in August 2008 and subsequently in February 2009 its IRS approval for fundraising, supported the terms of the Becker Amendment. As a loosely organized cadre of concerned citizens, **FOS** seized this opportunity as the best strategy to successfully preserve and protect the Mansion in the long term.

The *Friends of the Story Mansion Inc.*, now two years old, has accomplished a great deal in a short time. The Board of Directors has grown from three to six and now boasts an Advisory Board of seven. Official members number **183** with volunteers for events and tours totaling over **60**. This diverse group dedicates time and talent to market the use of the mansion and park to their fellow citizens, making it the most successful of the city's park facilities. The **FOS** has raised over \$68,285 and after expenses, currently have a cash balance of \$23,000 to continue fostering use and renovation of the Story Mansion, owned and operated by the City of Bozeman. The **FOS** has secured informal verbal commitments of contributions in the amount of \$26,500 toward its 2011 budget and donor interest in excess of \$100,000 toward renovation of the mansion's second and third floors, depending on disposition of the property.

Friends of the Story Mansion have organized and secured the efforts of numerous volunteers and supporters from all parts of the local, regional and national community over the last two years, resulting in the construction of a solid foundation on which to build a vibrant, viable community resource for years to come. Although total dollars raised by FOS does not meet the \$392,000 from the city, the **FOS** has contributed thousands of priceless volunteer hours. We can state with complete confidence that continued pragmatic operation allied with the broad support seen in the public use will insure that the city coffers will be amply reimbursed.

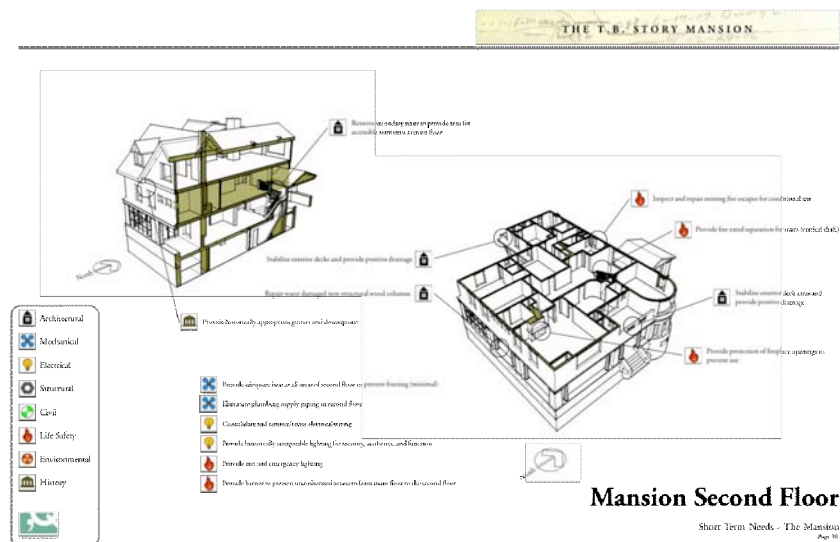
Accomplishments by *Friends of the Story Mansion*:

- **NON-PROFIT STATUS ATTAINED:** The group called *Friends of the Story Mansion* immediately took steps in 2008 to incorporate as a 501 C (3) non-profit organization, in order to legitimately receive contributions and manage funds. A copy of our non-profit status is attached.
- **STRATEGIC BUSINESS PLAN DEVELOPED:** *FOS* enlisted the help of Bozeman's Service Core of Retired Executives (**SCORE**) to develop a comprehensive Strategic Business Plan for the Story completed in August 2009. A copy of this Plan is attached. The Strategic Business Plan provides important guidance and direction for *FOS* activities and remains a cornerstone of our operations.
- **"BOZEMAN'S HERITAGE TRAIL" NAME REGISTERED:** Bozeman and the Story Mansion are part of a larger movement to promote historic sites and organizations dedicated to use and display of historic properties and relics. The name "Bozeman's Heritage Trail" was registered in 2009 with the State of Montana by Friends of the Story, Inc. with the intent of a creating a historic city route and a coalition of organizations that promote Bozeman's aura. Nationwide, the Cultural Tourism Program is recognized as a dynamic engine of economic growth. Senator Max Baucus and the Bozeman Chamber of Commerce have both expressed support for promoting cultural tourism as a component of an overall economic development strategy for the community.



FOS operations & directives in accord with the Strategic Business Plan:

- ✓ Establishment of “Memorandum of Agreement” with the City of Bozeman defining duties, roles, and responsibilities
- ✓ Successful membership drives
- ✓ Creation of presentations and marketing brochures for public outreach.
- ✓ Fundraising events such as *Story Under the Stars* and *A Victorian Holiday Tea*
- ✓ Establishment of a committed Board of Directors
- ✓ Dialogue with MSU leaders for the long-term rental by its Humanities Institute or similar MSU related educational entity in the Story Mansion.
- ✓ Enlistment of Senator Max Baucus and his office for continued support (copy of letter attached)
- ✓ Partnership with the City to actively market and promote events
- ✓ Appointment of a diverse Advisory Board to broaden volunteer base and participate in the decision-making process of the Board of Directors
- ✓ Development of a job description for a Development Coordinator to lead fundraising activities over the next three to five years
- ✓ Solicitation for and collection of historic furnishings the first floor and purchase benches and other improvements for the grounds
- ✓ Docent tours, wide variety of community awareness events -- including Halloween trick-or-treat festivities and the Story Mansion Centennial Celebration
- ✓ Website **www.friendsofthestory.org** and **Facebook** page (<http://tinyurl.com/4ha8hj5>)
- ✓ Monthly informational meetings in communication with City staff.



Recommendations

1. **Extend the January 2011 deadline for recovery of \$392,000 to 2018:**

The *Friends of the Story Mansion* stand committed to the city's full recovery of \$392,000 capital outlay for completion of the basement and first floor renovations, but we ask for more time to accomplish this. While **FOS** (as it existed in 2008) worked to achieve this on behalf of the City within the last two years, the task proved unattainable for many important reasons. These include the most serious economic recession in the country since 1929, the formidable obstacles facing any newly created unincorporated volunteer organization, and the absence of a long-term plan expressed by the city for the property that would encourage major donors.

Based on advice solicited from a variety of successful fundraising professionals, the **FOS** have instead worked tirelessly to organize and develop multifaceted activities during the past two years to create a broad and solid foundation for completion of the long-term goals. **Fundamental** to our request that the City extend their deadline to recover capital outlay are these realities:

- A. The real opportunity to recover the City's capital outlays for the purchase and renovation of the Story Mansion lies in entering into long-term lease agreements with entities such as the MSU Humanities Institute for occupancy of the second and third floors.
- B. Given current real estate market conditions, 2011 would be a terrible time to attempt to sell the Story Mansion. The real estate market remains depressed and sale of the property would be far below the current level of public investment. Senator Max Baucus and others all advise against selling the property for these and other crucial impediments.

2. **Renew December 14, 2009 "Memorandum of Agreement on the Story Mansion" between Friends of the Story Mansion and the City of Bozeman.**

On December 14, 2009, the City of Bozeman and FOS entered into a Memorandum of Agreement on the Story Mansion, the purpose of which was to establish the "...understanding and agreement of the parties for the activities surrounding preservation, restoration, and development of the Story Mansion and Carriage House (hereinafter referred to as 'the Story') as an educational, cultural and social center in the City of Bozeman, Montana." (Section 1., MOA) The MOA has proven useful as a framework within which FOS and the City have collaborated for the past year. Section 12 of the MOA describes the term of the Agreement as being "...one year renewable with the agreement of both parties."

3. Work with *FOS* to secure funding to finish the second and third floors.

It is clear that the restoration of the entire structure must be completed to achieve our goals. The functional use of second and third floors will insure a long-term lease-paying anchor tenant critical for the Story to become a self-sustaining economic entity. The City will need to sponsor grant applications for any renovations and *FOS* will collaborate to identify appropriate foundations and funding agencies for these purposes. Our Plan for Capital Recovery and Fundraising (presented below) that anticipates the recovery of the \$392,000 and fundraising for completion of the second and third floors will be accomplished through a combination of private contributions, grants, and rental revenues.

4. Commit to entering into a long-term lease agreement for the second and third floors with an “anchor tenant” such as the MSU Humanities Institute.

The City, as property owner, will need to actively seek a long-term lease-paying anchor tenant for the second and third floors in order for the Story Mansion property to become a self-sustaining economic entity. *FOS* is willing to assist in this process and has already engaged in extensive conversations with MSU regarding the possible location of the Humanities Institute on the upper floors in the Story. Our participation in the successful realization of this project is tied to City’s commitment to make it happen.

5. Retain “Introductory Rates” through 2011.

FOS believes it would be a mistake for the City to raise rental rates for the Story this early in its new life as a Community Center. The public use has been tremendous but we are concerned that raising rates for 2011 will reduce the number of users to the point where revenues will drop below operating expenses. Higher fees will also limit access, preventing lower income groups from utilizing this public asset. *FOS* believes that this unique facility should be accessible to all our citizens



Capital Recovery & Fundraising

Basic strategies for the City's recovery of \$392,000, as well as for longer term, larger fundraising efforts are found in the *Friends of the Story Mansion Strategic Business Plan* (pp 34-35). Several of these strategies are already being implemented by *FOS*, including operating within an established budget and maintaining a balance sheet and other financial statements. **A copy of *FOS* current financial statement is attached.**

Rental Income: Rental income paid by users covers the City's direct operating expenses. Direct operating expenses are defined as Supplies and Materials; Repair and Maintenance; Utilities; Contracted Services; Advertising; Taxes and Assessments; and Other. **A copy of the most recent Operating Profit (Loss) statement produced by the City is attached for your reference.** It should be noted that operation in the black for its first 17 months of rentals occurred when rental rates were at introductory levels. As noted above, *FOS* recommends keeping rates at the introductory levels at least through 2011.

Shortfalls & Overages: *FOS* recognizes that it is important for the Story to "break even" in terms of direct operating expenses and rental income, and that there is a possibility that income revenues in a given year could fall short of matching direct operating expenses. Accordingly, *FOS* will commit to **covering any shortfall** in annual direct operating expenses, as long as the 2010 introductory rates are in effect. **Overage:** In the event rental revenues continue to marginally exceed direct operating expenses, *FOS* would recommend that **the "overage" count toward recovery** of the City's \$392,000 capital investment in completing the basement and first floor of the Mansion.

Grant Awards: *FOS* will apply with the City and other interested entities such as MSU for all relevant regional and national funding sources to finish the second and third floors.

Donor Contributions: *FOS* consulted with development specialists who counseled that the uncertain future of Mansion ownership would prevent any serious fundraising. After the Mansion is secured, the main focus of a capital campaign is to solicit donations from private individuals and corporations to help recover the City's \$392,000 and to complete the second and third floors (estimated cost: \$1.5 million). It is anticipated that a successful capital campaign will occur under the direction of a paid development director. The **Strategic Business Plan** states that effective fundraising will enable the City to complete Phase II of Mansion improvements, complete site improvements (such as parking lot facilities and underground sprinklers), and then renovate the Carriage House



Conclusion

This plan represents the countless hours of hard work and years of passionate commitment to the Story Mansion held as a public asset by volunteer citizens of Bozeman and Gallatin County, in close cooperation with dedicated City staff members. The results of this broad-based, collaborative effort have been impressive. Approximately 9,000 people have attended over 200 events at the Story, including weddings, family reunions, concerts, lectures, office parties, meetings, concerts and the extremely successful ***Story Under the Stars*** summer film series. Rental revenues cover most of the direct expenses associated with the maintenance and operation of the property. The ***Friends of the Story Mansion*** and all the citizens who support this effort sincerely hope that the City Commission will consider this **Plan** and vote to continue ownership and management of this rare historic gem. The Story Mansion and grounds have become an integral part of the community and a vibrant reminder of Bozeman's historic legacy.

The **Board of Directors** of the ***Friends of the Story Mansion*** welcomes your questions and clarifications on any subject in this Plan or other related issue.

President: Andy Epple

Vice President: Jane Klockman

Treasurer: Jack Davant

Membership: Jean Neil

Community Outreach & Education: Jerry Coffey & Elizabeth Darrow

The **Advisory Board** of the ***Friends of the Story Mansion***

Al Wagner

Kaaren Jacobson

Mara-Gai Katz

Dede Taylor

Connie Ostrovsky

Jim Webster

Ron Gompertz

Acknowledgments

Friends of the Story Mansion wish to thank the many citizens who have given precious time in volunteer work and all those who support this civic effort for the future of the **Story Mansion** as a community asset.

Design & Production: Elizabeth Darrow, Ellen Ziegler & Allyson Darroch

Credits: Kim Everts at *Comma-Q Architecture, Inc.*; Joy Baker, Michelle Gantt, Meta Newhouse, & Paul Heaston.