

CITIZENS ECONOMIC AND EFFICIENCY



COMMISSION

OF LOS ANGELES COUNTY

April 3, 1996

Honorable Gloria Molina
Supervisor, First District
Room 856, Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012

Re: **Recommendations on the Natural History Museum**

Dear Supervisor Molina:

We appreciate the agreement by the Natural History Museum with 30 of the 37 recommendations contained in our April, 1995, report, *Analysis of the Collections and Collection-based Activities of the Natural History Museum of Los Angeles County*, and their approval by the Board of Supervisors on March 5, 1996.

We regret, however, that we did not have an opportunity at that meeting to clarify and/or amplify upon the seven recommendations which the Natural History Museum did not find acceptable and which were not approved by the Board. To clarify our position further the Commission thought that it would be of value to forward to your office the responses made by the Commission on December 8, 1995 in response to a request by the Auditor Controller to each of the seven items that were not approved. The Commission continues to feel that these recommendations are valid and believe that at some future date they should be reconsidered. These actions would significantly contribute to the retention of the museum's position as one of the nation's leading institutions of its kind.

The seven recommendations not approved by your Board follow, along with the Natural History Museum's discussion on each recommendation that was presented to the Auditor Controller, and the Commission's responses to the Museum's discussions.

EEC Recommendation #7

The Museum should expand the space devoted to the Seaver Collection, add its own 1000 ln. ft. of archives to the collection, and assign to it a trained archivist-curator. (Implementation: Within 6 months)

NHM Discussion

Through a Museum committee composed of staff and members of the Board of Trustees, the Museum is investigating the broader issue of how to best provide collection

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management for the entire history collection (which includes the Seaver Collection).

EEC Comment

The Commission feels that the Seaver Collection contributes in such a meaningful way to the value of the Museum that it should have special attention, specifically the addition of existing Museum Archives and a trained archivist-curator. The Seaver collection provides a particularly unique perspective for the citizens of Los Angeles. The Commission feels they should have an opportunity to become intimately involved in this collection. Although we understand the museum's desire to involve the broader issues, the Commission feels that this collection could be effectively used as a model in developing future collection management. It also has the potential of providing an immediate return to the museum.

EEC Recommendation #15

The facilities at the Seville Avenue Warehouse, or a comparable consolidated facility, should develop an exhibit around whales and large mammals capitalizing on the public's interest in these types of creatures. (Implementation: Within 1 year)

NHM Discussion

We advertised two tours of the Vernon Marine Mammal facility last fall, led by Dr. John Heyning, Associate Curator at the Museum. We had 50 participant slots available and only 38 people signed up. Limited parking at the Museum's warehouses, along with increased security costs, preclude maintaining an ongoing permanent marine-mammal exhibit. In addition, we believe the report's projected attendance figures are optimistic. However, a test will be conducted to determine the interest of the public in having periodic tours of the existing marine mammal lab. The results of the test will be reviewed by the Museum Director and senior managers for a final determination.

EEC Comment

We applaud the efforts of the Museum to initiate tours of the Vernon Marine Mammal facility and understand their concerns over parking and security to maintain such an exhibit. The intent of the Commission's recommendation was to combine, to the extent possible, this facility with other facilities. Such a consolidation would enable the Museum to take advantage of the opportunities offered by a more desirable location. If this were to be accomplished, many of the Museum's concerns would be addressed. The Commission feels that to maximize the use of the Museum's facilities is an important objective. This could be accomplished by developing an exhibit strategy to include these large mammals. It is important to develop a strategy that will make these exhibits more accessible to the public and increase their value to the museum. A consolidation plan to be submitted by the Museum would be a part of this strategy.

EEC Recommendation #21

The Board of Governors of NHMLAC and the Board of Trustees of the Foundation should review their policies and procedures to assess their effectiveness in governing the museum. The objective of this review is to merge the two boards, resulting in a downsizing of the governance of the museum in accordance with the considerations presented in this report. (Implementation: Strategic)

NHM Discussion

As part of the museum's strategic planning process, the Board of Trustees (including Governors) have embarked on a self-assessment aimed at strengthening the operation of the Board. Specifically, the areas being examined include using the Board of Governors more effectively, improving the development function of the Board, establishing a Board committee on building and grounds, obtaining Board support for information technology, creating a Budget committee, and establishing a Board committee on Museum Promotion. While the Trustees and Governors do function as one Board on Foundation matters, committing to merging and downsizing the Museum's Boards does not insure increasing its effectiveness.

EEC Comment

The Commission recognizes the process of evaluation undertaken by the Board of Trustees (including Governors) to conduct a self-assessment of their operations and we look forward to their report to the Board of Supervisors on the progress of our recommendations.

EEC Recommendation #22

NHMLAC should prepare, prior to the year 2000, to undertake a 20-year transition from County museum to a private museum, with the County providing and maintaining grounds, buildings, utilities and security. (Implementation: Strategic)

NHM Discussion

The Museum Board of Trustees and the Museum President and Director are committed to working with the County Board of Supervisors and the Chief Administrative Officer on maintaining for the next 24 years the existing stable funding commitment. That agreement establishes the appropriate relationship between the County and the Foundation for the foreseeable future and was not intended as a transition to privatization.

EEC Comment

The Commission continues to feel that privatization of the museum is an important issue to be considered, given the current fiscal situation faced by the County government. It is important for each element of the County to contribute to the maximum extent possible to solving the fiscal crisis in the County. It appears that a large portion of the museums in the country are moving in this direction and privatization of the Museum is consistent with that movement.

The maintenance of the agreement between the Museum and the County concerning continued funding is dependent upon the fiscal stability of the County. It is the Commission's understanding that conditions are present that permit the County to reopen this agreement. Although we do not recommend the initiation of these negotiations, the Museum must realize and work toward contributing in a meaningful manner to stabilizing the fiscal condition of the County.

EEC Recommendation #29

NHMLAC, in consultation with the County Superintendent of Schools, should, by the year 2000, contract with educational institutions using the facilities to assist in the funding of educational programs provided by the museum. (Implementation: Strategic)

NHM Discussion

The Education Program is an essential component of the mission of the institution and is different in kind than the programs the County Superintendent of Schools operates or has the current expertise to manage.

EEC Comment

The Commission does not feel the CAO's and the Museum's response addresses the intent of the recommendation. The intent was to address possibilities for schools to assist the Museum in funding educational programs and to solicit further input from the superintendent on how the District could assist in maximizing the use of the Museum's resources.

EEC Recommendation #33

The Museum Foundation should implement a prudent and well-defined endowment policy that reduces its investment risk as a result of holding the majority of its endowment in one stock and which will provide the museum with levels of revenue consistent with those of comparable institutions. (Implementation: Immediate)

NHM Discussion

The endowment was raised by and is held by the private Museum Foundation and endowment management is the responsibility of the Board of Trustees through the Investment Committee. Diversification of the endowment investment is an on-going factor examined by the Investment

Page 5

Recommendations on the Natural History Museum

April 3, 1996

Committee. The Committee closely follows the market appreciation and earnings while limiting risk of its endowment investments. As an example, since October 1994 the overall market value of the Foundation's endowment rose from \$35.4 million to \$49 million.

EEC Comment

The Commission complements the museum on the growth of their endowment. Although we recognize that the Museum continues to build their endowment utilizing their current investment policy, we also continue to feel strongly that diversification is extremely important to an effective investment strategy and that our recommendation continues to be the appropriate one. That policy should include dedicating an appropriate percentage of the Museum's endowment to current operating costs.

EEC Recommendation #34

The County should review the provisions of its agreement with the museum Foundation with the objective of insuring that the Foundation is supporting the museum operations adequately from endowment earnings. (Implementation: Immediate)

NHM Discussion

The existing agreement between the County and the Foundation provides for the Foundation to match a minimum of 80 percent. The Foundation may use endowment earnings as a portion of its match, but is not required to do so just as the County is not required to provide its Museum funding from any specific source.

EEC Comment

In the report issued by the Commission, we recognized that it is important for the Museum to build their endowment from the current levels. Recommendation #34 does not concern the matching issue raised by the Museum in its discussion. The intent of recommendation #34 was that a portion of this endowment should be used to offset current operating costs. This is a broadly accepted concept within the museum community and is generally placed at 5% of endowment earnings, with potential of yielding approximately \$600,000, which would not then have to be provided through County tax revenues or other sources.

Respectfully submitted,

Gunther Buerk
Chair

c: Each Commissioner
Sally Reed, Chief Administrative Officer
Dr. Donald Ingwerson, PhD, County Superintendent of Schools

Page 6

Recommendations on the Natural History Museum

April 3, 1996

Alan Sasaki, Auditor Controller

Dr. James Powell, PhD, President, Natural History Museum

Dr. George Davis, PhD

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