



Evaluative Phase Report



Table of Contents

- I. Executive Summary
- II. ITC Overview
- III. Process, Timeline and Proposed Action Steps
- IV. Executive Leadership
- V. Visioning Phase: Three Scenarios
- VI. Evaluative Phase: Engaging the Experts
- VII. Reports and Key Findings
- VIII. Financial Summary
- IX. Next Steps
- X. Strategic Plan for the ITC
- XI. Appendix: Links to Full Reports



EXECUTIVE SUMMARY

In summer 2022, following the year-long Visioning and Community Engagement Phase, The University of Texas at San Antonio (UTSA) launched the Evaluative Phase of the Institute of Texan Cultures (ITC) Centennial 2068 Visioning Process. The purpose of the Evaluative Phase was to create a path forward towards a more targeted solicitation from subject matter experts with specific knowledge related to important planning elements such as museums and cultural centers, placemaking, building assessment, architecture and historical structures, and real estate development.

Since then, UTSA engaged various external firms to prepare a property condition assessment report, environmental assessment, archeological investigation and a detailed review of the Texas Pavilion building and the Hemisfair Campus based on the three conceptual scenarios developed by the Steering Committee in the Visioning Phase.

Based on key findings from the conclusion of the Evaluative Phase, UTSA will now proceed with a due diligence period to refine the options available to create a focused development plan for the Hemisfair Campus. This next phase will consider a variety of site options for the ITC museum. In addition to the option of the ITC remaining at the Texas Pavilion, the other sites being

considered include UTSA's Southwest Campus (1123 Navarro St. site), UTSA's Downtown Campus (both 702 Dolorosa and the Monterey site on Frio Street), the John H. Wood Federal Courthouse, and a surface lot near the Alamo (the Crockett site). Currently, the most favorable option is the Crockett site, which is already historically designated and part of the Alamo District, enabling the museum to draw more visitors.

As this phase concludes and the next one proceeds, all three scenarios—staying in the Texas Pavilion, relocating somewhere else within Hemisfair, or relocating outside of Hemisfair—will continue being evaluated. UTSA remains deeply committed to serving as a strong steward of the ITC museum to ensure museum programming, exhibits and special collections are preserved, expanded and available to Texans and lifelong learners everywhere.

The following report outlines the Evaluative Phase's process, timeline, and leadership; details the experts engaged; revisits the three scenarios from the Visioning Phase; summarizes assessment reports and key findings; and concludes with next steps. Additionally, the appendix links to the full versions of each expert report.

ITC Overview

The University of Texas at San Antonio (UTSA)'s Institute of Texan Cultures (ITC) showcases the cultures, histories and experiences of the peoples from around the globe who call Texas home. At its core, the ITC celebrates and educates the public about the diversity and uniqueness of the myriad cultures that make Texas a thriving state with an incomparable history. As a museum, it presents a variety of offerings including, but not limited to, exhibits, programs and special events; outreach programs to schools and other groups including teacher-training workshops. Further, the museum is a cultural asset of the UTSA community and

plays a critical role in the university's public engagement initiatives by developing exemplary resources for educators and community members on topics of Texas cultural history. There is no other institution that tells the story of Texas in the way the ITC does. Looking ahead to the next 50 years of the ITC, UTSA is committed to preserving and promoting the ITC's tremendous assets as it advances the goal of creating museum experiences that are even more accessible and compelling for the community and visitors.

Process, Timeline and Proposed Action Steps

Process and Timeline

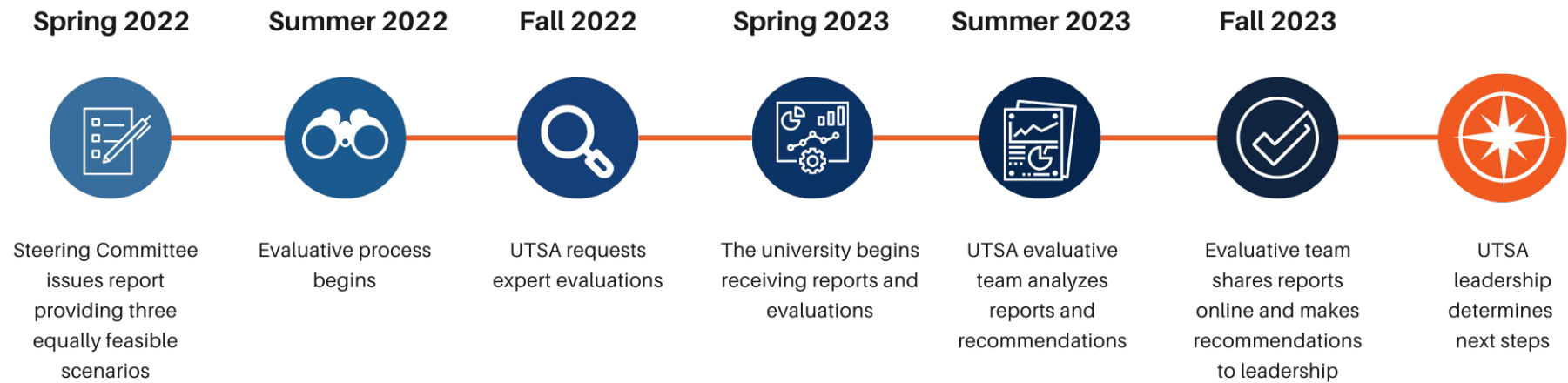
In **2021**, UTSA initiated the ITC Centennial 2068 visioning and community engagement process to envision the next 50 years of the ITC. Stakeholders from across San Antonio were invited to participate in Task Forces and a Steering Committee to ground the work in various points of view and experiences. In **April/May 2021**, three Task Forces—one for each topical area of interest for the ITC—and Steering Committee membership were announced and launched in June 2021. UTSA also engaged Lopez Negrete Communications (LNC) to facilitate the community engagement process. In **August/September 2021**, the Task Forces and Steering Committee convened for the first time and held community conversations. At that time, the Task Forces completed the ideation phase with LNC and moved into the next phase of preparing final recommendations for the Steering Committee.

In **January/February 2022**, Task Forces submitted their recommendation reports and invited further community conversation via survey. From **February through June 2022**, the Steering Committee met with experts and partners in the San Antonio museum ecosystem to synthesize the findings from the Task Force Reports and develop feasible scenarios. In **July 2022**, the Steering Committee presented three scenarios in a formal report. The public posting of the report concluded the Visioning Phase and moved the process into the Evaluative Phase.

From **Summer 2022** to present, UTSA engaged numerous expert evaluations and analyzed findings to assess the three feasible scenarios presented by the Steering Committee in the Visioning Phase. The Evaluative Phase was extended from its original timeline to give the process the due diligence it deserves and the key findings in this report will yield next steps for consideration by UTSA’s leadership team.



Proposed Action Steps



The ITC Centennial 2068 initiative is a multi-step process, with each phase building on the previous one. We are currently in the Evaluative Phase, which involves evaluating the three existing, feasible scenarios determined by the Steering Committee during the Visioning Phase.



Executive Leadership



Veronica Salazar

Executive Lead, ITC Centennial 2068: Evaluative Process

The ITC Centennial 2068: Evaluative Process is led by Veronica Salazar, UTSA's Senior Vice President for Business Affairs and Chief Enterprise Development Officer. With over 20 years of experience in higher education, she provides leadership in finance, real estate, administration, urban development, and strategic business initiatives. Ms. Salazar provides oversight of the university's financial resources and helps advance UTSA's vision to become a student success exemplar, nationally competitive research university and Hispanic-thriving institution. She works to ensure the success of ongoing initiatives, including the Campus Master Plan and Downtown Campus expansion. Previously, Ms. Salazar served as the Vice Chancellor and Chief Financial Officer at the University of California, Merced, where she made significant contributions to the Merced 2020 Project.



Visioning Phase: Three Scenarios

By way of context, the ITC Centennial 2068 Community Stakeholder Visioning Process charged its Steering Committee to develop at least three feasible scenarios to advise UTSA leadership on the future of the ITC. The Steering Committee developed the scenarios based on the Task Force reports, resource guidance and insight, requirements for accreditation, community feedback from Community Conversation surveys, and collaboration and ideation among committee members over the course of eleven virtual meetings. Each scenario responded to the agreed upon framework set forth by the Steering Committee, expanding on location advantages and disadvantages, financial sustainability, programming, and each concept’s ability to meet the AAM’s Core Standards for Museum accreditation. The Steering Committee’s three scenarios for consideration of the future ITC are as follows:

SCENARIO ONE: Relocate Outside of the Hemisfair District	SCENARIO TWO: Relocate from the Texas Pavilion, but remain in Hemisfair District	SCENARIO THREE: Remain in the Texas Pavilion
<p>Scenario One explores the option of relocating the ITC museum outside of the Texas Pavilion facility to reside elsewhere—outside of Hemisfair District—in an existing building or newly constructed one. This scenario asserts that relocating out of the Texas Pavilion allows the opportunity for the land and facility to be evaluated for development in support of the museum of the future.</p>	<p>Scenario Two explores the option of the ITC relocating from the Texas Pavilion facility but remaining in Hemisfair District—by relocating to an existing building or constructing a new building. This scenario asserts that relocating outside of the Texas Pavilion allows the opportunity for the land and facility to be evaluated for development in support of the museum of the future.</p>	<p>Scenario Three explores the option of the ITC museum remaining in the Texas Pavilion, including: remaining in the existing facility with minimal modifications; moving into a reimagined facility with significant modifications up to full replacement; and/or a distributed model. This scenario asserts that a move into a reimagined facility or utilizing a distributed model allows the opportunity for the land and facility to be evaluated for development in support of the museum of the future.</p>

Evaluative Phase: Engaging the Experts

In response to the outcomes of the Visioning Phase, UTSA engaged numerous industry experts—outlined below—to provide essential information regarding the possible implementation of each of the three scenarios developed during the visioning process.

Raba Kistner is a premier engineering consulting, environmental and program management firm.

STC Environmental Services is composed of geologists, environmental scientists and other environmental specialists who routinely manage projects involving hazardous materials, water, soil, and indoor air testing.

Architexas is a Dallas-based company that provides a broad range of services encompassing architecture, planning and historic preservation.

Intelligent Engineering Services is a structural engineering firm.

Marcy Goodwin Museum Planning (MGMP) provides facility, operational, organizational, interpretive and business planning services for museums and cultural organizations.

Skanska is a project development and construction company.

Dan Bosin Associates is a project management firm that specializes in working with museums and cultural institutions.

Lord Cultural Resources is a cultural consulting practice offering planning services for museums, art galleries and other cultural institutions.

Johnson Consulting is a real estate and hospitality consulting firm that performs strategic planning and market and financial feasibility studies.

Valbridge Property Advisors is a commercial property valuation and advisory services firm with expertise in property assessments and comparative market value reports.

These professional firms conducted assessments of the Texas Pavilion, the building that houses the ITC, and the Hemisfair Campus. These included environmental, structural and property condition assessments; archaeological and historical reviews; museum accreditation assessments; and financial estimates for all options. Experts were also engaged to assess the favorability of other potential sites for the institute should it be determined that the best path forward to meet accreditation standards require a move elsewhere.

The university also developed a space and functional program of a new state-of-the-art accredited facility for the reimagined ITC. Once this program was completed by Dan Bosin Associates, in collaboration with our ITC leadership and staff, and based upon the recommendations in the Marcy Goodwin report, UTSA used the data to develop a development budget for each of the three scenarios.

Upon the completion of the program and development budgets, the university focused its efforts on determining alternative locations and preliminary attendance, operating revenues, and expense projections for each. From this study, the team developed a profit and loss statement for each of the locations using the expertise of Ted Silberberg of Lord Cultural Resources. The analysis covered the viability of various sites beyond Hemisfair, which led to the identification of two locations within Hemisfair and one in the Alamo District. These options were subsequently refined and modeled with the expertise of Johnson Consulting, comprehensively consolidating the data gathered into a complete financial proforma that aligns with the three scenarios developed by the Steering Committee.

Evaluative Phase: Reports & Key Findings

To respond to the three scenarios developed by the visioning phase Steering Committee, the following assessment reports were outsourced to various industry experts to determine the feasibility of each of the scenarios including: 1) Relocate Outside of the Hemisfair District, 2) Relocate from the Texas Pavilion, but remain in Hemisfair Campus, and 3) Remain in the Texas Pavilion. The Steering Committee scenarios were refined to provide comparable assessments among the three options.

The reports in this section are summarized to detail key findings as they relate to each respective scenario. Full report details can be found through links in the Appendix.



SCENARIO ONE

Relocate Outside of the Hemisfair District

SCENARIO ONE

Relocate outside of the Hemisfair District

Summary of Relevant Assessments

Dan Bosin Associates (DBA)

The DBA evaluation informs UTSA about the potential feasibility for the Institute for Texan Cultures (ITC) to achieve American Alliance of Museums (AAM) accreditation in each of the scenarios proposed in the ITC Centennial Process Task Force Recommendation Reports. DBA additionally evaluated the viability of the ITC to relocate to the John H. Wood Jr. Courthouse Building within the Hemisfair District. Relative to this scenario, the evaluation concluded moving the ITC into a new purpose-built building would be the most fiscally responsible option due to realized program efficiencies and cost of construction.

Lord Cultural (Site Evaluations)

UTSA engaged Lord Cultural Resources, the world's leading museum planning firm, to independently evaluate four alternative relocation sites for the ITC. **The potential sites include the 702 Dolorosa Site, Alamo District Site, Monterey Site, and Southwest Campus 1123 Navarro Street Site.** The evaluation compares these sites based on 11 key criteria, such as visibility, access, proximity to attractions, and more. While the site features may differ, the core assumptions about the relocated ITC's operations and features are constant across all sites. The Alamo District site emerged as the preferred choice due to its potential for attendance and revenue, especially given its proximity to the Alamo, offering complementary educational programming to the 2.5 million annual Alamo visitors.

Lord Cultural (Confidential Preliminary Feasibility Study)

Upon receipt of the Site Evaluation Report, UTSA hired Lord Cultural Resources to undertake a preliminary feasibility study for the Alamo District site. This study aimed to forecast attendance, revenue, and operational costs, primarily emphasizing the stabilized Year 3 of operations. Lord Cultural Resources delved into the ITC's historical data, finances, and market dynamics. They also collaborated in workshops with UTSA and ITC personnel. Preliminary findings anticipate a deficit of approximately \$424,000 in Year 3. This gap necessitates significant funding, with an emphasis on the historical underfunding of ITC compared to its museum peers.

SCENARIO ONE

Relocate outside of the Hemisfair District

Financial Analysis

Drawing from the data presented in the preceding reports and the appraised value of the Texas Pavilion land, Johnson Consulting has consolidated the financial details into a comprehensive operating proforma. Scenario One assumed a ground lease on property within the Alamo District and the construction of a new facility. For the scope of this report, our focus is on the financial specifics of the Alamo District site, which was identified as the preferred choice for Scenario One. As due diligence continues, other locations will be assessed following the same criteria.

Scenario One has an anticipated development budget of \$103.5 million. By the third year, projected revenue, based on the information collected through the Lord Cultural report on attendance projections, is forecasted to be \$5.267 million, which includes a \$1 million state funding component. The anticipated expenses total \$5.428 million, resulting in a negative Net Operating Income of \$161,000. As this property is not owned by the university, we have applied an appraised value for a potential land lease of \$500,000 to the operational expenses.

Under this scenario, the assumption is that the university can fully monetize the Hemisfair Campus land, leveraging its appraised value. The land value is applied to reduce the calculated debt service in the development budget. It's noteworthy that the property's appraisal considered its current state both with and without the present improvements. The valuation suggests a significant 138% increase when the property is assessed without improvements. This is the value applied to the debt service in the Scenario One's financial proforma, resulting in a total negative cash flow of \$2.65 million after debt service.

Notably, research indicates that most cultural institutions and museums typically operate a negative NOI and cash flow, relying on additional support beyond its operating revenue. Currently, UTSA supports the museum's annual shortfall with approximately \$1.4 million of institutional funds. Additional opportunities to further reduce the deficit will be studied during the upcoming due diligence period.

SCENARIO TWO

Relocate from the Texas Pavilion but remain in Hemisfair Campus

SCENARIO TWO

Relocate from the Texas Pavilion but remain in Hemisfair Campus

Summary of Relevant Assessments

Dan Bosin Associates (DBA)

The DBA evaluation informs UTSA about the potential feasibility for the Institute for Texan Cultures (ITC) to achieve American Alliance of Museums (AAM) accreditation in each of the scenarios proposed in the ITC Centennial Process Task Force Recommendation Reports. **DBA additionally evaluated the viability of the ITC to relocate to the John H. Wood Jr. Courthouse Building within the Hemisfair District.** Relative to this scenario, the evaluation concluded the **relocation of the ITC into a new purpose-built building on the Hemisfair Campus** is viable and would be the second most cost-effective investment from a cost of construction perspective. Further, relocation of the ITC into the John H. Wood Jr. Courthouse in the Hemisfair District ranks third in construction cost due to loss of programmatic efficiency and existing building and environmental conditions.

Raba Kistner Consultants, Inc. (RKCI), (Phase I Environmental Site Assessment)

The environmental site assessment identified environmental conditions of the Hemisfair Campus and Texas Pavilion building for potential impact on land development. RKCI conducted on-site reconnaissance, reviewed historical and current data, and interviewed key personnel to determine the environmental conditions of the Texas Pavilion building. Their on-site evaluation did not reveal any

immediate causes for concern. However, historical data indicated several former structures that might affect current soil conditions. The evaluation identified the following environmental conditions for consideration: an automotive repair shop and filling station; filling station facilities that typically utilize petroleum by-products during their operations, a dry cleaner and a machine shop. Additionally, the report noted that residential structures existed before the Texas Pavilion building, linked with the use of lead-based paints resulting in potentially elevated lead levels in surface soils.

Raba Kistner Consultants, Inc. (RKCI), (Cultural Resources Review/Archaeological Assessment)

The archaeological background review examined historical and archaeological resources, as well as land use and development of the Hemisfair Campus site, in order to determine the probability of significant cultural findings within site boundaries that could have potential to be listed on the National Register of Historic Places or designation as a State Antiquities Landmark. The review revealed that one archaeological site intersects the area, another is recorded immediately east of it, and a third archaeological site is recorded approximately 48 feet (14.6m) northeast of it. Furthermore, ten additional archaeological sites are recorded within 500-feet

(152 m) of the area. One archaeological investigation is located within the area, two intersect it, and an additional five archaeological investigations are located within 500 feet (152 m) of the area. The presence of these seven investigations within 500-foot (152 m) of the area indicate that archaeological remnants of historic habitation are common in the vicinity, and there may also be prehistoric cultural deposits.

Overall, this desktop archaeological review determined that the area has not been reliably surveyed for archaeological resources and that there is a high potential for archaeological resources within the area. RKCI recommends archaeological investigations of ground disturbing activities.

Skanska

To gain a holistic perspective, UTSA sought clarity regarding the financial implications of potential demolition related to the relevant scenarios. In January 2023, the university hired Skanska, a globally renowned construction and project development firm, to estimate the costs of dismantling the Texas Pavilion building and preparing the site for future development. The projected expense to make the site “development ready,” including demolition, is approximately \$10,758,789.

SCENARIO TWO

Relocate from the Texas Pavilion but remain in Hemisfair Campus

Financial Analysis

Drawing from the data presented in the preceding reports and the appraised value of the Texas Pavilion land, Johnson Consulting has consolidated the financial details into a comprehensive operating proforma. Scenario Two assumes the demolition of the Texas Pavilion on the Hemisfair Campus, the construction of a new facility, and redevelopment of the remaining land through privatized development.

Scenario Two has an anticipated development budget of \$118.5 million. By the third year, projected revenue based on lower projected attendance related to the site location is forecasted to be \$4.495 million, which includes a \$1 million State funding component. The anticipated expenses are \$4.956 million, resulting in a

negative net operating income of \$462,000. Since the property is owned by the university, net land cost was accounted for in the financial model.

Under this scenario, the university can partially monetize the Hemisfair Campus land by allowing for privatized mixed-use development, leveraging approximately 75% of its appraised value. This value will then be used to reduce the necessary debt in the development budget. This value applied to the debt service in Scenario Two's financial proforma, yielding a total negative cash flow of \$4.6 million after debt service. Additional opportunities to further reduce the deficit will be explored during the upcoming due diligence period.

SCENARIO THREE

Remain in the Texas Pavilion

SCENARIO THREE

Remain in the Texas Pavilion

Summary of Relevant Assessments

Dan Bosin Associates (DBA)

The DBA evaluation informs UTSA about the potential feasibility for the Institute for Texan Cultures (ITC) to achieve American Alliance of Museums (AAM) accreditation in each of the scenarios proposed in the ITC Centennial Process Task Force Recommendation Reports. **DBA additionally evaluated the viability of the ITC to relocate to the John H. Wood Jr. Courthouse Building within the Hemisfair District.** Relative to this scenario, the report concluded **the ITC remaining in the Texas Pavilion and renovating the existing building to meet AAM standards** is the most expensive option due to the size of the existing building, loss of programmatic efficiency and extensive existing building constraints.

Raba Kistner Consultants, Inc. (RKCI), (Phase I Environmental Site Assessment)

The environmental site assessment identified environmental conditions of the Hemisfair Campus and Texas Pavilion building for potential impact on land development. RKCI conducted on-site reconnaissance, reviewed historical and current data, and interviewed key personnel to determine the environmental conditions of the Texas Pavilion building. Their on-site evaluation did not reveal any immediate causes for concern. However, historical data indicated several former structures that might affect current soil conditions. The evaluation

identified the following environmental conditions for consideration: an automotive repair shop and filling station; filling station facilities that typically utilize petroleum by-products during their operations, a dry cleaner and a machine shop. Additionally, the report noted that residential structures existed before the Texas Pavilion building, linked with the use of lead-based paints resulting in potentially elevated lead levels in surface soils

Raba Kistner Consultants, Inc. (RKCI), (Property Condition Assessment)

The Property Condition Assessment includes observations and documentation of readily visible building systems and materials to determine if conditions exist that might significantly affect the value of the property and which may have a significant impact on the continued operation of the facility. This assessment included a site visit, during which visual observations were completed for the following system components:

- Site development
- Building structure
- Building exterior areas
- Interior areas
- Mechanical, electrical, plumbing systems,
- Fire/life safety
- General ADA compliance

Replacement repair costs identified in the report are roughly \$66 million. While the report considers deferred maintenance in the context of AAM accreditation, this report does not provide comprehensive analysis of the cost to upgrade the facility to full AAM standards. In addition, it does not consider the full range of architectural improvements that would likely be required to operate the facility as an AAM accredited museum. To gain a comprehensive view of costs, considerations should be made for budget values from additional reports, including the AAM Feasibility and Cost Report produced by Dan Bosin Associates.

STC Evaluation

STC evaluated and assessed air quality and moisture levels in the Texas Pavilion building materials. They also measured air quality parameters for carbon dioxide, carbon monoxide, mold, temperature, and humidity. The evaluation found the mold levels, temperature and humidity readings, carbon dioxide and carbon monoxide levels, and moisture testing all fell within acceptable limits, except for a few areas.

Architexas

Architexas assessed the Hemisfair Campus and Texas Pavilion building, documenting original (historic) conditions and changes from the original construction, and provided recommendations (*contd.*)

SCENARIO THREE

Remain in the Texas Pavilion

Summary of Relevant Assessments (*continued*)

for rehabilitation of the Texas Pavilion to meet American Alliance of Museums' (AAM) standards. Research into any Texas Pavilion historic designations and UTSA's ability to benefit from tax credits was also conducted. It was determined the Texas Pavilion lacks State or historic designations and, under its current ownership (UTSA), cannot benefit from any tax exemptions. Extensive renovations and upgrades to the Texas Pavilion are necessary to meet AAM standards.

Intelligent Engineering Services (IES)

IES's report provides a description of conditions observed in the Texas Pavilion and an assessment of

the live load capacity of the existing floor structure. The firm conducted observations and assessments for levels one through three of the main building and the dome structure. It also observed the structural conditions of the collateral loads for the main building and expansion joints and assessed the structural calculations for the entire building, including current live loads, column capacities, and pier capacities. Based on the general building assessment, it appears the foundation for the original part of this building is adequately performing as intended. In the course of various assessments, cracking was observed within the gyp-board walls on two sides on the third floor and third floor storage rooms obtain shelving that, if fully

utilized, would exceed the floor capacity. Furthermore, the assessment revealed that the current loads on the larger pier caps are at almost at full capacity. The conclusions drawn are based upon the firm's interpretations of their visual site observations made on the date(s) indicated in the report. No testing was performed to determine the strength and quality of existing, in-place materials, and floor elevation surveys were not conducted.

SCENARIO THREE

Remain in the Texas Pavilion

Financial Analysis

Based on the data from earlier reports, Johnson Consulting incorporated the financial specifics into a detailed operating proforma. Scenario Three envisions a complete renovation of the Texas Pavilion at the Hemisfair Campus in line with the standards from the Goodwin report to comply with AAM standards for accreditation. Dan Bosin Associates collaborated in integrating these standards, providing both scope and cost projections to ensure the Texas Pavilion matches the quality of the new facilities depicted in Scenarios One and Two.

Scenario Three projects a development budget of \$177.7 million. The cost is primarily due to the necessary upgrades required for a large footprint facility that's 55 years old. By the third year, it's estimated that revenue will be \$4.25 million, assuming a reduced attendance, compared to the other scenarios, due to the site's

location and the facility's age. This revenue forecast includes \$1 million from State funding. The projected expenses stand at \$5.3 million, resulting in a negative net operating income of \$1.1 million. Since the land is university-owned, there were no land costs incorporated into the financial model.

In this scenario, it is assumed that the university won't be able to capitalize on the Hemisfair Campus land, as the existing building's position complicates further development. Consequently, the entire development cost is reflected as debt, amounting to an annual debt service payment close to \$10 million. This figure is reflected in the Scenario Three financial proforma, leading to an overall annual negative cash flow of \$11 million after accounting for debt service.

Financial Summary

Below is a side-by-side (Table 1) comparison of the current detailed operational profit and loss statement alongside the three scenarios evaluated.

Table 1

Institute of Texan Cultures Museum Operational Model Development/ Relocation Options									
	<u>As-Is</u>		<u>Scenario 1</u>		<u>Scenario 2</u>		<u>Scenario 3</u>		
	No Change to Existing ITC Building		Construct New ITC Building on New Site in Alamo District		Demolish and Replace Existing ITC Building in UTSA's Hemisfair Campus		Renovate Existing Texas Pavilion Building		
Key Statistics	2019		Year 3		Year 3		Year 3		
Attendance	62,000		200,000		120,000		90,000		
Memberships	101		500		200		200		
Retail Space (SF)	719		600		600		600		
Museum Net Area (SF)	112,630		59,445		77,695		112,630		
Gross Area (SF)	185,840		98,084		128,197		185,840		
Operating Revenues and Expenses (in thousands)	<u>Basis</u>		<u>Basis</u>		<u>Basis</u>		<u>Basis</u>		
Operating Revenues									
Admissions	\$236	\$3.81 / attendee	\$1,554	\$7.77 / attendee	\$932	\$7.77 / attendee	\$699	\$7.77 / attendee	
Retail Sales	105	\$146 / SF of retail space	340	\$567 / SF of retail space	340	\$567 / SF of retail space	340	\$567 / SF of retail space	
Venue Rentals	77	annually	250	annually	250	annually	250	annually	
Membership	22	\$218 / member	75	\$150 / member	30	\$150 / member	30	\$150 / member	
Educational and Public Programs	0	na	50	annually	50	annually	50	annually	
Fundraising Event (net)	0	na	40	annually	40	annually	40	annually	
Other Earned Income	0	na	10	annually	10	annually	10	annually	
Existing Endowment/ Interest	260	annually	260	annually	260	annually	260	annually	
Existing Private Support	100	annually	100	annually	100	annually	100	annually	
Existing University/ State Support	1,002	annually	1,002	annually	1,002	annually	1,002	annually	
Total Revenue	\$1,802		\$3,681		\$3,014		\$2,781		
Operating Expenses									
Salaries, Wages, Benefits	\$1,854	annually	\$2,541	annually	\$2,541	annually	\$2,541	annually	
Occupancy	800	\$4.30 / gross SF	360	\$3.67 / gross SF	471	\$3.67 / gross SF	682	\$3.67 / gross SF	
Collections Care	0	na	10	annually	10	annually	10	annually	
Exhibitions	25	annually	180	annually	180	annually	180	annually	
Public and Educational Programs	34	annually	100	annually	100	annually	100	annually	
General and Administrative	137	7% of staffing cost	254	10% of staffing cost	254	10% of staffing cost	254	10% of staffing cost	
Development	278	annually	350	annually	350	annually	350	annually	
Marketing	7	annually	150	\$0.75 / attendee	90	\$0.75 / attendee	68	\$0.75 / attendee	
Retail Costs of Goods Sold	58	55% of retail sales	170	50% of retail sales	170	50% of retail sales	170	50% of retail sales	
Total Expenses	\$3,193		\$4,115		\$4,166		\$4,355		
Net Operating Income	(1,391)		(\$434)		(1,151)		(1,573)		
<i>(equal to Amount Required from Additional University/State, Private and Endowment Sources to Break Even on Operations;</i>									
Scenario for University/ State at 75% of Additional									
Financial Support Needed									
			\$326		\$863		\$1,180		

Source: Johnson Consulting

Financial Summary (continued)

Table 2 below is a side-by-side look at the full financial proformas, including the detailed development budget for each of the three scenarios.

Table 2

Institute of Texan Cultures Museum Operational Model Development/ Relocation Options			
	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
	Construct New ITC Building on New Site in Alamo District	Demolish and Replace Existing ITC Building in UTSA's Hemisfair Campus	Renovate Existing Texas Pavilion Building
Development Budget			
Land Costs	\$ -	\$ -	\$ -
Soft Costs			
Building	\$ 6,698,645	\$ 7,304,418	\$ 12,901,257
Exhibits	\$ 1,620,000	\$ 1,620,000	\$ 2,400,000
Other	\$ 350,000	\$ 350,000	\$ 350,000
Contingency	\$ 433,432	\$ 463,721	\$ 782,563
Hard Costs			
Building	\$ 34,205,000	\$ 43,779,130	\$ 85,770,000
Exhibits	\$ 13,950,000	\$ 13,950,000	\$ 20,955,565
Contingency	\$ 4,815,500	\$ 5,772,913	\$ 10,672,557
Escalation	\$ 8,667,900	\$ 10,391,243	\$ 19,210,602
Additional Costs			
Storage Facility	\$ 7,722,000	\$ 7,722,000	\$ -
CAR Base Build	\$ 8,775,000	\$ 8,775,000	\$ -
CAR Fit Out	\$ 4,387,500	\$ 4,387,500	\$ 3,750,000
Fees & Other (Not included in the DBA Report)			
Project Contingency (10%)	\$ 9,162,498	\$ 10,451,593	\$ 15,679,254
Financing Fees (0.5%)	\$ 222,884	\$ 590,000	\$ 885,000
Development Fees (2.5%)	\$ 2,525,259	\$ 2,888,938	\$ 4,333,920
Total Development Budget	\$103,535,618	\$118,446,456	\$177,690,717
<i>Source: DBA Report</i>			
Operating Proforma (in thousands)			
Operating Revenues	\$ 4,267	\$ 3,495	\$ 3,224
State Funding	\$ 1,000	\$ 1,000	\$ 1,000
Total Revenues	\$5,267	\$4,495	\$4,224
Operating Expenses	\$ 4,770	\$ 4,829	\$ 5,048
Capital Expenses	\$ 530	\$ -	\$ -
Capital Reserves	\$ 127	\$ 127	\$ 265
Total Expenses	\$5,428	\$4,956	\$5,313
Net Operating Income	(\$161)	(462)	(1,089)
Debt Service	\$ 2,487	\$ 4,164	\$ 9,966
Net Cash Flow	\$ (2,648)	\$ (4,626)	\$ (11,055)

As stated in the individual summary sections, the valuation of the land for the existing Texas Pavilion site indicates that, without current improvements, the land's value is approximately 138% higher than with the improvements.

Additional financial support options, which have not been applied in the three analyses above, include continued institutional financial support, donations, potential revenue sharing of land redevelopment of the Hemisfair Campus in its

totality, and increased State funding. All of these options will be further studied and defined during the due diligence period to come.

For consistency, parking was not accounted for in any of the financial analyses. However, land would be available for structured parking in all three scenarios under a separate development and financial structure.



Next Steps

Upon conclusion of the Evaluative Phase, UTSA will now proceed with a due diligence period to create a focused development plan for the Hemisfair Campus. This next phase will consider a variety of site options for the ITC museum. In addition to the option of the ITC remaining at the Texas Pavilion, the other sites being considered include UTSA's Southwest Campus (1123 Navarro St. site), UTSA's Downtown Campus (both 702 Dolorosa and the Monterey site on Frio Street), the John H. Wood Federal Courthouse, and a surface lot near the Alamo (the Crockett site). Currently, the most favorable option is the Crockett site, which is already historically designated and part of the Alamo District, enabling the museum to draw more visitors. As the next phase proceeds, all three scenarios—staying in the Texas Pavilion, relocating somewhere else within Hemisfair Campus, or relocating outside of Hemisfair Campus will continue to be evaluated. UTSA remains deeply committed to serving as a strong steward of the ITC museum to ensure it continues to provide distinctive experiences that encourage a greater appreciation for Texas' cultural heritage.



Strategic Plan for the ITC

As UTSA continues due diligence in the Evaluative Phase, university leadership remains committed to the vision for the ITC. Using feedback gathered in the visioning process, a new strategic plan is under development to guide the museum into the future. Three pillars have been identified as the framework for the new strategic plan that will guide the programming efforts of the ITC.



Create an ITC experience that transcends the walls of the museum through local community engagement experiences and digital content that reaches all corners of the state.



Strengthen connections between ITC and the academic mission of UTSA. Build on the strengths of faculty research and create opportunities for student learning.



Provide high-quality, dynamic educational content about Texas for learners of all ages and provide resources for educators throughout the state.

Appendix: Links to Full Reports

- I. [Marcy Goodwin Museum Planning – AAM Accreditation Facility Assessment](#)
- II. [Raba Kistner – Property Condition Assessment](#)
- III. [Raba Kistner – PCA Revisions](#)
- IV. [Raba Kistner – Indoor Air Quality Assessment](#)
- V. [STC Enviromental Services – Indoor Air Quality and Mold Assessment Report](#)
- VI. [Skanska – Demolition Assessment](#)
- VII. [Skanska – Demolition Assessment Revision](#)
- VIII. [Architexas – Historic Preservation Assessment](#)
- IX. [Lord Cultural Resources – Preliminary Feasibility Study](#)
- X. [Intelligent Engineering Services – Structural Assessment Full Report](#)
- XI. [Intelligent Engineering Services – Attachment 1 Photographs](#)
- XII. [Intelligent Engineering Services – Attachment 2 Exhibits](#)
- XIII. [Dan Bosin Associates](#)

