

Seattle Japanese Garden Optimal Operating Model Study

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EXECUTIVE SUMMARY

The purpose of this study was to evaluate the Seattle Japanese Garden's current operating model (the Associated Recreation Council partnership) and a non-profit management model, and to identify an optimal operating model for the garden. An "optimal" model is defined as one that will provide the garden with the greatest chance for short-term and long-term financial sustainability and at the same time ensures the greatest public benefit. This study included: reviewing the existing ARC partnership model and operations of the garden; reviewing the characteristics of resident and visitor markets; reviewing the experience of comparable Japanese Gardens; soliciting input from stakeholders about the efficacy of the current model; and completing an operations analysis for an alternative operating model.

Garden Description and Existing Conditions

The Seattle Japanese Garden is a 3.5-acre formal garden designed and constructed under the supervision of world-renowned Japanese garden designer Juki Iida in 1960. The garden was designated as a Seattle Historic Landmark in 2008 and is considered one of the top twenty-five Japanese Gardens in North America. Facilities on the site include a shared parking area accommodating 88 vehicles; a gatehouse (1,170 square feet completed in 2009) including an admissions office, staff office, community room/meeting space that can accommodate 45 (around 25 seated), gardener's quarters, restrooms, and storage garage. There is also a 430 square foot tea house that was built in 1981.

Governance/Management and Existing Operating Characteristics

The Japanese Garden is currently operated by the City of Seattle Department of Parks and Recreation with associated support through a complex public-private partnership that has evolved organically over time and currently involves the active involvement of a number of organizations including: a primary partner, the Associated Recreation Council (ARC) and Japanese Garden Advisory Committee (JGAC); Unit 86 – a friends group of the Seattle Japanese Garden that is part of the Arboretum Foundation membership communities and mainly provides garden tours as the volunteer guides; and the Japanese Garden Society – a non-profit support group that currently is maintaining a bequest on behalf of the garden.

Two organizations maintain official financial and operating records for the garden (Parks and ARC), and several of the other collaborating organizations maintain their own financial records (Unit 86 and the Japanese Garden Society). Approximately 85% of the financial resources to maintain the Garden come from Parks with the balance from partner organizations

Attendance and Membership

In 2013, there were nearly 58,000 visits to the garden, of which, 83% were paid general admissions, 11% were annual pass admissions, and the balance were other free or discounted admissions. The garden is open seasonally and peak months for attendance include May, July,

August and October with each of those months representing about 14% of the year's total attendance.

There were a total of 6,400 annual pass admissions, based on 1,053 passes sold. Average revenue per pass sold was \$29. The annual pass program allows for unlimited entry to the garden, however there are no additional benefits, and the three major special event days (1st Viewing, Moon Viewing and Children's Day) are excluded.

Revenues

Earned revenues at the garden include: admissions, annual pass sales, paid programming (tea programs), and limited retail sales. Contributed revenues come from an annual fundraiser and misc. donations from the various support groups. The single largest source of revenue is admissions, accounting for more than 73% of total revenues in 2013, followed by revenue from the annual Garden Party staged by the Japanese Garden Advisory Council. In 2013, the Garden generated \$357,000 in total (earned and contributed) revenues.

Operating Expenses

The City of Seattle Parks and Recreation Department has 'Access' as one of its three primary overarching goals, and as such, funds the garden operations and maintenance program to achieve that goal. The City of Seattle Department of Parks and Recreation is responsible for horticultural and grounds maintenance of the garden, facility management, as well as the daily operation of the gatehouse for visitor services including admissions and program scheduling and sales of merchandise for Unit 86. Parks provides limited information and programming about the garden on the City's inweb: Seattle Japanese Garden page. In addition to having a core gardening, admissions and management staff directly assigned to the Japanese Garden, the garden benefits from other support services on an annual basis from throughout Parks. In total, Parks carries a \$323,000 to \$338,000 annual operating budget for the garden from year to year. In addition to \$338,000 in direct support, Parks provided an estimated \$163,000 to \$194,000 in additional facility and garden maintenance support annually, for a total estimated annual budget of \$501,000 to \$532,000 for buildings and grounds and basic visitor services.

Programming, marketing, and fundraising are in a sense, "outsourced" and provided by volunteer led organizations including JGAC and Unit 86. Under a Park and ARC/JGAC agreement, the revenue from Monday's admission (less cashiers salary) funds ARC staff who are responsible for coordinating and conducting 7 to 8 events at the garden each year. The JGAC also provides support for basic fundraising and marketing. ARC/JGAC have also assisted by partially funding the cost of specialized contract labor for annual pine pruning and other miscellaneous capital improvements. Unit 86 provides tour guide services as well as handles merchandizing for retail sales. An additional \$70,000 in operating expenses from these two organizations combined suggests that the garden is being operated for under \$600,000 annually. This includes paid staffing ranging from 7 to just under 8 FTE and 2,200 volunteer hours from Unit 86.

Resident and Tourist Market Characteristics

The resident population most proximate to the Garden is growing, is affluent, and has demographic characteristics that are supportive of attendance to a cultural attraction such as the Japanese Garden. In addition, the tourism market in Seattle continues to grow, providing a growing base of potential visitors to the garden. For its small size and limited season, the Japanese Garden does well in attracting visits (nearly 58,000 per year) as compared to larger and perhaps more visible area attractions. This is in spite of offering limited programming, a minimal amount of marketing (including limited wayfinding signage to the site and on site), and basic visitor services.

By comparison, the Asian Art Museum and Volunteer Park Conservatory each attract 80,000 +/- visits.

Experience of Comparable Japanese Garden Projects

To inform the analysis of potential future garden operations, the characteristics of five “free-standing” Japanese gardens were summarized that illustrate a range of operating characteristics. Findings from a review of the experience of comparable projects suggest the following:

- ◆ Best practice is for gardens and organizations of this type to have mission and vision statements, as well as core values. For Japanese gardens, those that emphasize cultural connectivity and have more broad missions, also tend to have broader interest to a wider audience. Strong mission and forward-looking vision statements can positively impact fundraising, programming, and visitation. *The Seattle Japanese Garden should develop a strong culturally focused mission statement along with a set of core values that help to define the goals of the garden as well as programming boundaries and opportunities.*
- ◆ Two of the gardens reviewed had migrated from city management, and one operated in partnership with a city¹. For those located on city land, the organizations lease the land from the City. While all of the profiled gardens are operated by an independent nonprofit organization, several receive in-kind support from the municipalities on whose land they are located including staffing, emergency repair services, and rent at no cost. Operating a garden as an independent non-profit entity on city owned land does not preclude the city from being able to tout the attraction as an asset and marketing tool for the city. Generally, while Japanese gardens can operate under municipal management, those that provide the most diverse programming, and have both the highest earned and contributed revenues tend to be operated by independent

¹ Several municipally operated Japanese Gardens were reviewed, however, it was determined that these gardens did not provide good comparable insights as they were either operated very differently due to location e.g. Japanese Tea Garden in San Francisco or context – gardens within gardens such as Nitobe at the University of British Columbia’s Botanical Garden in Vancouver.

non-profit organizations². *The Seattle Japanese Garden could achieve higher contributed and earned revenues and implement a more robust program offering through partnership with one well established non-profit entity whose singular focus is the Japanese Garden and whose professional staff, leadership and fundraising board has substantial capacity to generate contributed revenue, and facilitate high level community, city, state, international, corporate, and garden industry relationships.*

- ◆ All of the profiled gardens offer a membership program, as opposed to an annual pass. Generally, there are two motivations for becoming a member. One is philanthropic, to generally support the good work and mission of the organization. Those gardens that have broader missions with a cultural emphasis have an opportunity to attract a greater number of members. The market rate for a family membership at profiled gardens is typically \$75, whereas the dual/family annual pass rate at the Seattle Japanese Garden is only \$30. The membership programs at the profiled gardens offer a range of benefits while the annual pass at the Seattle Japanese Garden is limited to unlimited admission. *Along with developing mission and vision statements and core values, the Seattle Japanese Garden has the opportunity to develop an industry standard membership program that can generate additional revenue for the garden, along with a host of other benefits.*
- ◆ In general, the stronger the potential for earned revenue, the less reliant an organization tends to be on “contributed” revenues or other sources of support e.g. municipal. The facilities profiled cover between 53% and 76% of their total operating expenses through earned revenues including admissions, program fees, facility rentals, membership, and retail revenues. The Seattle Japanese Garden, covering an estimated 53% of its operating expenses, ranks at the bottom of the list, tied with Shofuso. *The current ARC partnership model is a limiting factor for the Seattle Japanese Garden in terms of its earned revenue potential. The success of the Portland Japanese Garden (with no food sales in the garden or facility rentals, but a strong programmatic and collaborative focus, strong marketing and a stand-out garden product), suggests that there is upside for the Seattle Japanese Garden. Specific areas of opportunity for earned revenue include enhanced attendance and admissions revenue, memberships, program fees and facility rentals as appropriate.*
- ◆ Most of the gardens profiled have some capacity to generate sizeable annual revenues through contributions (including private and corporate gifts). The capacity of an organization to raise annual contributed revenue from a variety of sources is an important success (and financial sustainability) factor for projects of this type. Developing a strong contributed revenue profile requires an organization to have: a full time and professional development and marketing staff; a fundraising board with high level connections (and often an advisory board that can elevate the status of the organization such that it can attract national/international attention); and a strong

² One example of a municipally operated Japanese Garden that is financially sustainable is the Japanese Tea Garden in Golden Gate Park. It should be noted however, that financial sustainability in this case is a result of the Tea Garden’s prime location within Golden Gate Park, strong attendance and admissions revenue.

mission statement that is broad enough to appeal to a wide variety of audiences outside of the area in which the garden is located. *Although the potential exists given the characteristics of the Seattle Market, the Seattle Japanese Garden, as currently structured through the ARC partnership, does not have the designated development and marketing infrastructure to support strong contributed revenues. Achieving higher levels of contributed revenue through the existing partnership would require additional full time development, marketing and programming staff as well as a substantially larger operating budget to support these staff.* In general, the annual operating expenses for the Seattle Japanese Garden are somewhat lower than the average of profiled gardens in terms of the total operating expenses and operating expenses per acre. This is also true of staffing in that the Garden is understaffed compared to profiled gardens given its current operating profile, and substantially understaffed, when considering the goal of elevating the earned and contributed revenue profiles of the garden. *Developing capacity in visitor services, programming, development and marketing at the Seattle Japanese Garden will require additional professional staff and operating expense.*

- ◆ Active programming is an important way for Japanese gardens to improve their relevance to a broad audience, engage the community, fulfill mission, generate revenue and a strong case for philanthropic support. *The Seattle Japanese Garden has strong potential to enhance programming both on and off-site and to reach new audiences and strengthen its ties to the local and greater Seattle community.*
- ◆ The review of comparable projects suggests that through the current ARC partnership, the Japanese Garden horticultural resource has been managed well, and the garden has served as a good resource for the community to enjoy. The comparable projects also highlight that through the ARC partnership model, the Seattle Japanese Garden has not been able to realize its potential for generating revenue and expanding its programming reach, and thus community impact. With continued thoughtful planning, the Seattle Japanese Garden has substantial upside potential and can be a positive City and statewide signature asset for current and future generations to enjoy for years to come.

Stakeholder Feedback

Meetings with individuals representing eleven stakeholder groups associated with some aspect of garden operations were held. Representatives were asked both what worked well with the existing ARC partnership model, as well as what did not work so well. On balance, there was more noted that did not work well with the current ARC partnership model, than worked well.

There was acknowledgement among these stakeholders that a shared collective passion for the garden, in spite of the organizational complexity, allowed the garden to survive, but not flourish. Further, it was noted that visitors tend to enjoy their experience and that the garden is generally well maintained by Parks. It was noted that overall what worked well with the current model, was Parks maintenance of the grounds and living collection as well as the gatehouse.

The most substantial barrier to future sustainability of the garden as noted was the overall lack of singular leadership for the garden stemming from an overly complex partnership structure, and the large number of organizations involved with their own goals and agendas. This was noted as having a number of negative outcomes which do not allow the garden to leverage its strengths, and tend to exacerbate its weaknesses. In addition, it was noted that under the current ARC Partnership model there are limited resources for fundraising, marketing and programming, continuing outreach to communities, and fundraising for long-term, large capital improvement and renovation projects.

Evaluation of Operating Models

This evaluation focused on understanding the operating implications of a non-profit management model and an improved ARC Partnership model.

More and more visitor attractions across the country are employing a public-private partnership approach to attraction management and operations. In this approach, a non-profit operator, typically focuses on the management of visitor experience, fundraising and marketing, programming and events, retail and other ancillary operations such as food service and facility rentals. Often, a non-profit operator also takes on responsibility for buildings and grounds, however, this is typically a strength and asset that a municipality can bring to the partnership. The experience of privatization projects and new public-private partnerships across the country, (and locally with the aquarium in Seattle and Zoo) demonstrate that:

- ◆ There is enhanced fundraising potential through non-profit management, as donors are more likely to give to a non-profit organization than a government entity. This often translates into higher annual contributed revenues, corporate memberships, grants and other gifts.
- ◆ Earned revenue potential is typically greater through non-profit management via increased attendance, retail, programming, rentals and other sources, as a specialized non-profit organization solely dedicated to the success of the organization brings greater focus and specialized skills to the organization, as opposed to being part of a larger entity, and one of many assets for which a municipality must provide stewardship.
- ◆ Transaction speed under non-profit management is typically greater as there are fewer “layers” of governance/management to navigate, and more flexible policies that allow greater latitude or strategic decision-making. This allows the organization to capitalize on opportunities and respond quickly to challenges.
- ◆ There are enhanced opportunities for programming and creative collaborations through non-profit management as the organization has greater flexibility to pursue collaborations and a singular focused mission of which public education is typically a key component.
- ◆ A non-profit organization can directly receive and manage endowment funds to benefit operations and capital projects, and a public agency typically can not.

Public-private partnerships range along a continuum of shared operational responsibilities; from entirely public run with minimal private sector support, to an entirely private operation, without any government agency responsibility for operations (several Japanese Gardens have some level of public support, typically non-cash.) How the responsibilities for various line items in operating budgets would be divided under a new management model for the Seattle Japanese Garden, would be subject to additional planning and development.

Overall, the earned as well as the contributed revenue potential of operating the garden under a new non-profit model is substantially higher than operation under an ARC Partnership model. However, achieving higher revenues requires additional operating expense. In this analysis, an additional \$379,000 in operating expenses including 4 FTE staff in development/marketing and programming as well as 1FTE executive director are included in the non-profit management model. The analysis in the report illustrates “early year” potential for operation of the garden under a non-profit management model. That is, with future capital improvements in the garden that enhance the visitor experience and earned revenue potential as well as growth in the organizational capacity of the non-profit over time, the operating results will likely be stronger.

Under an alternative non-profit management model, the City’s contribution/share of total operating expenses for the Seattle Japanese Garden could be reduced commensurate with the capacity of the non-profit partner. Reducing the need for the City’s contribution toward total operating expenses would be contingent on increasing support (both operating and capital) from either ARC or an alternative non-profit partner organization. In addition, while the City’s share of expenses might decrease, the City could benefit from an elevated profile of the Seattle Japanese Garden as a premier visitor attraction and cultural center in the State. Data in **Table 1** describe the two alternative management models, and data in **Table 2** summarize the potential future outcomes and impacts of operating the garden under these models.

Table 1
Seattle Japanese Garden – Alternative Management Model Descriptions

Alternative:	Improved ARC Partnership Model ^{1/}	Non-Profit Management
Ownership of Land	City of Seattle	City of Seattle
Executive Management/Administration	NRU Management Team (Parks NRU Manager, Parks Horticulturalist) working with JGAC, Unit 86 officers, ARC staff, JGS Officers	Non Profit Executive Director and Board of Directors
Accounting/Financial Management	Parks NRU and ARC/ JGAC. Unit 86, JGS, Arboretum Foundation maintain additional records.	1- organization: non -profit
Programming		
<i>Guided Tours</i>	Unit 86 Volunteers	Non-profit (Unit 86 consolidated under non-profit). Volunteers and Paid Staff.
<i>Special Events e.g. Moon Viewing</i>	JGAC via 1 Staff = Stewardship and Events Coordinator	Non-profit, education/program staff and board.
<i>Teas, Ikebana, etc.</i>	Outsource	Outsource
Marketing	Primarily through JGAC (fundraising/website) with additional "marketing" via Unit 86 (website), Parks (website), Arboretum Foundation (website).	Non-profit and all other collateral, websites, etc. consolidated, funded and managed by non-profit.
Fundraising	Primarily through JGAC via annual fundraising event, with support from additional partners.	2 Non-profit professional development staff, board of 20+ members and advisory board.
Buildings and Grounds Maintenance	Parks	Non-profit with supplemental assistance for emergency maintenance and other capital projects assistance from Parks.
Visitor Services (Admissions)	Parks Department of Recreation provides supervision to Parks cashiers.	Non-profit staff.
Retail	Parks cashiers provide sales and tracking/administration for items designed and provided by Arboretum Foundation Unit 86.	Non-profit specialized staff.
Facility Rentals	Parks	Non-profit organization.

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/ Assumes that management of the Japanese Garden within Parks and Recreation will be consolidated under NRU in 2014. Also assumes 1 ARC Stewardship and Events Coordinator indirectly reporting to JGAC and directly reporting to ARC.

Table 2
Seattle Japanese Garden Alternative Management Models – Potential Outcomes/Impacts

Alternative	Improved ARC Partnership ^{1/}	Non-Profit Management
Attendance Impacts	Improvements in attendance possible with more resources dedicated to marketing via JGAC, on-site manager that can assist in program coordination and managing programming sub-contracts.	Enhanced attendance potential due to increased marketing, programming, public visibility.
Earned Revenue	Improvements in earned revenue possible through improved attendance, additional programming, a membership program and additional improvements to retail.	Best potential for enhanced earned revenue associated with upside potential in attendance, likely garden enhancements via a capital campaign, improvements in retail, additional on-site and outreach programming, membership program.
Contributed Revenue (fundraising)	To improve potential would require ARC to make the Japanese Garden a priority in their portfolio of community assets and add additional dedicated fundraising staffing. Improved potential via a JGAC led annual fund drive and enhanced marketing and cultural programming which help to create a case for support.	Best upside potential due to a cohesive vision, mission and management, strong case for support, and single organization focus on fundraising.
Operating Expenses	Additional subsidy by the City required to enhance programming, site based coordination, and support marketing and development functions. Requires additional ARC/JGAC funding for marketing, development, events and programming.	Reduced operating expense for the City. Burden for majority of operating expenses shifted to non-profit organization. City may support capital projects and emergency repairs. Modest continued support from the City coupled with enhanced revenue potential of non-profit could result in funding of operating expenses to support high level Japanese Garden operations.
Capital Projects	City responsible for leading capital improvements with support from JGAC/ARC, JGS, Unit 86. City capital project management costs are high as compared to private sector projects. Major fundraising for capital projects challenging as donors are more likely to give to a non-profit than a municipality. ARC has capacity to raise funds, however, Japanese Garden is an anomaly in the ARC portfolio of recreation centers, and recreation and lifelong learning programs. Enhanced potential under the ARC partnership would require ARC making the Japanese Garden a priority in its portfolio. Even then, the fundraising potential for capital projects would be less than in a non-profit model.	Capital project fundraising by a high-level non-profit board and advisory board dedicated solely to the Japanese Garden.
Economic Impacts	Improved impacts with the potential for enhanced attendance and spending opportunities at the garden.	Greatest potential to improve economic impacts with re-positioning of the Garden as a premier Seattle cultural tourism attraction, enhanced marketing and programming, leading to improved attendance, incremental increase in operating budget, etc.
Community Impacts	Improved impacts with streamlined management of the garden at Parks, and enhanced programmatic offerings.	Substantial potential to improve community impacts with unification of garden management under an organization with a singular focus and mission. Enhance programming, improved partnership and collaborative potential, greater synergy with local organizations and attractions.

Source: ConsultEcon, Inc.

^{1/} Assumes that management of the Japanese Garden within Parks and Recreation will be consolidated under NRU in 2014. Also assumes 1 ARC Stewardship and Events Coordinator indirectly reporting to JGAC and directly reporting to ARC.

Recommendations and Non-Profit Partner Standards

To achieve optimal results and improve both revenue opportunities and enhance community impact, this study suggests that the garden migrate over time from a public operation with private support from volunteer and other organizations, to operation by a qualified non-profit partner with some support from the City. The key challenge is identifying a qualified non-profit organization. This will involve either “developing” a non-profit working with and utilizing the resources of the existing partner groups, or recruiting a yet to be identified non-profit as a potential partner. Continuing to operate the garden under the existing ARC partnership model limits the potential of the garden to realize its revenue potential as well as serve the greatest public benefit.

At a minimum, a qualified non-profit operating partner for the Seattle Japanese Garden should have the following characteristics:

- ◆ Active non-profit 501 (c)(3) status in good standing.
- ◆ Bylaws or charter.
- ◆ A mission and vision statement for the Seattle Japanese Garden that emphasizes both the importance of providing on-going stewardship of the garden, as well as developing the potential of the garden as a cultural resource for residents of and visitors to the City of Seattle.
- ◆ A board of directors comprised of a minimum of 20 members who represent a diverse cross section of individuals committed to the mission of the garden. This board should have the expertise and experience to guide the management of a high-profile visitor attraction and cultural resource.
- ◆ Diverse ethnic representation and in particular representation from Japanese and Japanese-American community members.
- ◆ Diverse geographic representation.
- ◆ A critical mass (majority) of board members with experience serving on non-profit boards with annual operating budgets of at least \$500,000, and a board chair and officers who have experience in an officer role at a high profile non-profit organization along with exceptional executive leadership experience and credentials. Ideally, the board chair will have experience in major gift (six and seven figure) and capital project fundraising.
- ◆ Demonstrated experience by the board of trustees in the following areas: fundraising (both annual giving and capital projects); marketing (including digital marketing); programming (content areas represented by the garden and potential cultural programming); retail and visitor services; facilitating Seattle based, domestic and international collaborations; legal; executive management and corporate connections.

- ◆ A critical mass (a majority) of board members who have the capacity to either make sizeable personal gifts to the garden and/or solicit gifts from individuals or corporations.
- ◆ Enough accrued assets to cover the anticipated operating cost of the garden for a minimum period of 10 years, as well as a minimum capital improvement commitment toward capital projects that would enhance the visitor experience.³

³ The viability of any 501 c 3 organization to assume total fiduciary responsibility for the Japanese Garden is a significant concern for Parks. The garden is aging and will require capital investments of several million dollars during the next 10 to 20 years. As the asset owner, Parks intends to achieve the goal of Access to the Japanese Garden, regardless of what entity operates it.

Section I INTRODUCTION

The purpose of this report is to document the study of the optimal management model for the Seattle Japanese Garden (garden). An “optimal” model is defined as one that will provide the garden with the greatest chance for short-term and long-term financial sustainability and at the same time ensures the greatest public benefit.

This report contains the following data and analyses:

- ◆ **Section I - Introduction and Assumptions**
- ◆ **Section II – Baseline Review and Analysis of Garden Operating Data –** Documentation of attendance, operating revenue, expenses and other garden operating characteristics.
- ◆ **Section III – Resident and Tourism Market Overview –** Summary of the size and characteristics of available resident and tourist markets for the project and a review of the characteristics of area attractions.
- ◆ **Section IV- Summary of Site Visit and Stakeholder Comments –** Synthesis of comments from stakeholder meetings.
- ◆ **Section V – Characteristics of Comparable Japanese Gardens –** review of the operating characteristics of comparable gardens and comparisons with the Seattle Japanese Garden.
- ◆ **Section VI – Evaluation of Alternative Operating Models –** Analysis of the attendance and operating implications of garden management through a non-profit operating model and comparisons with the existing ARC partnership model.
- ◆ **Section V– Recommendations and Non-profit Partner Standards –** A suggested “optimal” long-term strategy to improve financial sustainability and enhance the public benefit, as well as desired characteristics of a qualified non-profit.

ASSUMPTIONS

In preparing this report, the following assumptions were made. This study is qualified in its entirety by these assumptions.

1. Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by ConsultEcon, Inc. from its independent research efforts, general knowledge of the industry, and consultations with the client. No responsibility is

assumed for inaccuracies in reporting by the client, its agents and representatives, or any other data source used in the preparation of this study.

2. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results because events and circumstances may not occur as expected and there is often substantial lag time between project planning and implementation. During this period, on-the-ground conditions can change that may impact actual results. Other factors not considered in the study may also influence actual results.
3. This report was prepared during January through early April 2014. It represents data available at that time.

Section II

DESCRIPTION OF BASELINE OPERATING CONDITIONS

The following section documents the existing visitation and operations conditions for the Seattle Japanese Garden (the garden) based on data available to date. Data for this baseline review was provided by a number of sources including but not limited to: the City of Seattle Department of Parks and Recreation, the Japanese Garden Advisory Council, Unit 86, the Japanese Garden Society, and the Japanese Garden Sustainability Committee. Various parties provided an extensive amount of material as background into the history of the garden. The purpose of the overall study (of which this section is one component) is to determine an optimal operating model for the garden. Accordingly the data contained in this section is meant to provide an overview of key current operating factors as input for understanding opportunities and challenges for the garden looking forward.

History, Facilities and Site

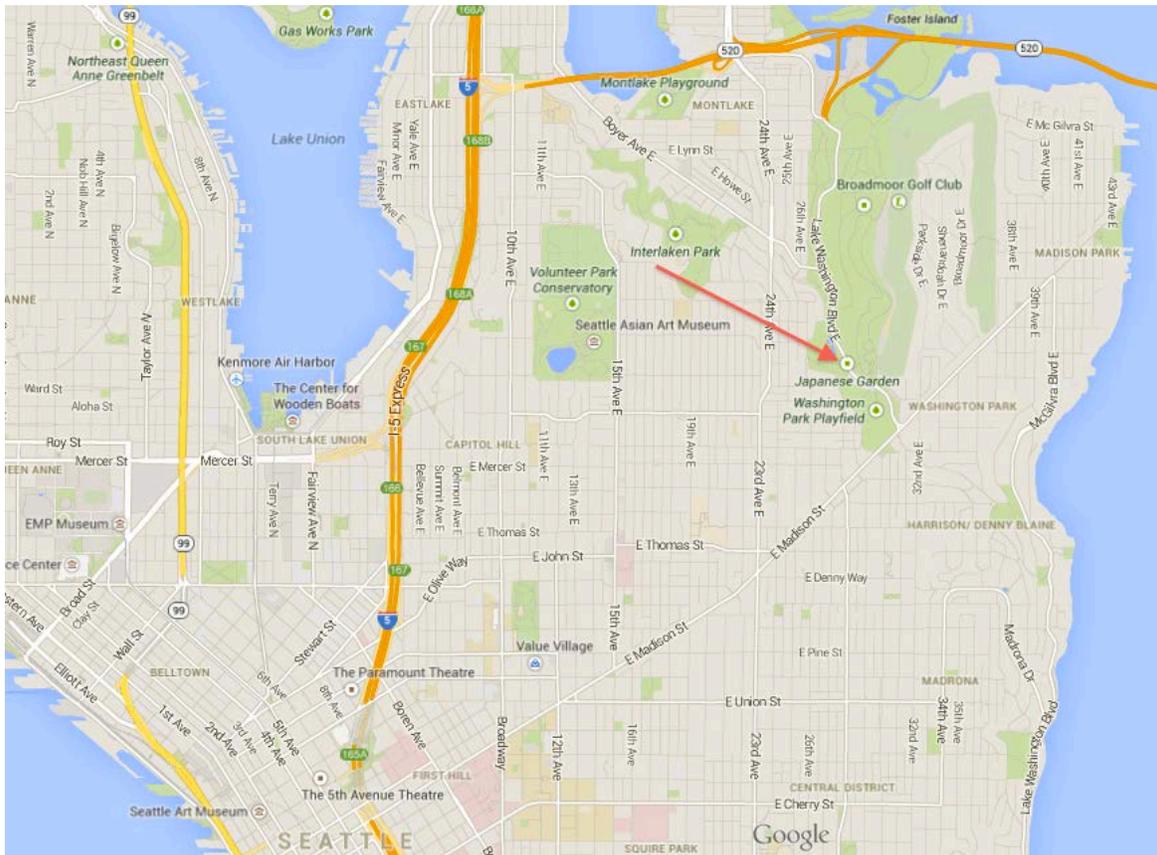
The Seattle Japanese Garden is a 3.5-acre formal garden designed and constructed under the supervision of world-renowned Japanese garden designer Juki Iida in 1960. Iida designed more than 3,000 gardens in and around Tokyo and the Seattle Japanese Garden is the only remaining large scale project of Iida design to survive today. The garden was designated as a Seattle Historic Landmark in 2008.

Facilities on the site include a shared parking area accommodating 88 vehicles; a gatehouse (1,170 square feet completed in 2009) including an admissions office, staff office, community room/meeting space that can accommodate 45 (around 25 seated), gardener's quarters, restrooms, and storage garage. There is also a 430 square foot tea house that was built in 1981.

The Seattle Japanese Garden is located within the southwest corner of the Washington Park Arboretum off Lake Washington Boulevard, and is bordered by the Washington Park, Broadmore, Stevens and Montlake neighborhoods. **Figure II-1** shows the location of the Japanese Garden within the context of the City of Seattle. The site is located approximately a

10 minute drive from downtown Seattle and is easily accessible via E. Madison Street or via 520 to the north.

Figure II-1
Locational Context of Seattle Japanese Garden within the City of Seattle



Source: Google Maps.

Governance / Management

The Japanese Garden is currently operated by the City of Seattle Department of Parks and Recreation with associated support through a complex public-private partnership that has evolved organically over time and currently involves the active involvement of the following seven organizations:

- ◆ **City of Seattle Department of Parks and Recreation (Parks or DPR)** – owns the land, facilities and most of the plant collection. In, 1981, Parks assumed responsibility for the operation and management of garden from the University of Washington. The Seattle Japanese Garden is a Seattle city park.

- ◆ **Associated Recreation Council (ARC)** – an independent non-profit organization that serves as fiduciary and liaison between Parks, community members, and various Parks facilities city-wide (especially community centers and sports facilities). Its current role with respect to the Japanese Garden is as fiduciary for the Japanese Garden Advisory Council, providing accounting and other functions.
 - **Japanese Garden Advisory Council (JGAC)** - In 1993, ARC formed the Japanese Garden Advisory Council, and entered into a partnership with Parks to co-manage the Japanese Garden (in 1998). JGAC is the primary support group for the garden with a primary purpose to support and advise Parks in all aspects of garden operations. This includes developing a program plan, setting fees, developing the draft budget, monitoring financials, making HR recommendations, monitoring maintenance needs, evaluating marketing needs, helps in seeking grants and organizing fundraisers, and capital improvement campaigns. JGAC produces the annual Summer Garden Party along with other events throughout the year, and generally advocates for the garden within the Parks system. JGAC has funded a development assistant position (officially an employee of ARC) who assists with events, managing the JGAC website and social media sites, and other development related projects e.g. membership proposals, corporate membership program.
- ◆ **Arboretum Foundation (AF)** – The Arboretum Foundation, a non-profit membership organization, has provided stewardship for Washington Park Arboretum since 1935. The Foundation raises funds, advocates, and manages membership and volunteer programs for the Washington Park Arboretum (where the Japanese Garden is located). In the past, the Foundation has been very active in assisting the garden with providing the infrastructure for and managing capital campaign funds for the garden’s gatehouse project. The AF is also the umbrella organization for the garden’s docent corps, Unit 86. Presently, the AF continues to support Unit 86 and looks for opportunities to assist the garden to enhance revenue and visitors. The AF also maintains a web page on their site dedicated to the garden, and solicits donations for the garden.
 - **Unit 86** – a friends group dedicated to the garden that formed in 1966. Unit 86 is part of the Arboretum Foundation guild system. Volunteers from Unit 86 lead tours for the public (free) and for groups (fee based) in the Japanese Garden. They have an extensive and well-established guide training program. Currently there are 60-70 “members” who pay dues to Unit 86 with 40 active guides. Unit 86 maintains a blog dedicated to the garden, and also produces an extensive program of continuing education programs for Unit 86 volunteers. Unit 86 also helps JGAC and Parks produce and staff cultural events, and is responsible for merchandizing e.g. post cards, t-shirts, plant list. Unit 86 has no paid employees.
- ◆ **Seattle Japanese Garden Society (JGS)** – an independent 501 (c)(3) non-profit friends group that formed in 1985, as a predecessor of JGAC. In the past this group has focused on assisting with events e.g. Children’s Day, Maple Viewing. In 2006 the group

became dormant, but maintained its non-profit status. A bequest of \$257,000 to benefit the Japanese Garden re-energized the group. The JGS via the bequest has assisted in funding a portion of this study as well as capital improvements in the Garden in the last year.

- ◆ **Japanese Garden Sustainability Committee** – a committee formed by the JGAC to shepherd the study of and future sustainability of the garden. This group includes two members from JGAC, two from Unit 86, two from JGS as well as representatives from Parks.

In addition to these seven organizations/groups that maintain various levels of active involvement in the current operations of the garden, there are numerous other formal and informal groups and committees that have had historic and/or current ties to the garden.

There is no accepted organizational chart for the Seattle Japanese Garden.

Japanese Garden Attendance Characteristics

The Japanese Garden is open seasonally from March through November. In 2013, during the shoulder seasons of March, and end of September through the beginning of November, the garden is closed on Mondays and is open Tuesday through Sunday, 10 am to 5 pm. During peak season, (March 31 to September 21) the garden is open seven days per week, 10 am to 7 pm. And, in November, the garden closes at 4 pm, and returns to a 6- day operating week.

Total Attendance

Data in **Table II-1** shows the total annual attendance to the Japanese Garden by category for 2010 to 2013. Data in **Table II-2** shows total annual attendance, percent to total by category and per capita admissions revenues for 2012 and 2013.

Table II-1
Total Annual Attendance by Category
Seattle Japanese Garden 2010 – 2013

	2010	2011	Percent Change 2010-2011	2012	Percent Change 2011-2012	2013	Percent Change 2012- 2013
<i>Paid 1/</i>							
Adult	35,368	29,509	-16.6%	26,969	-8.6%	32,346	19.9%
Senior	8,580	7,455	-13.1%	7,143	-4.2%	8,195	14.7%
Youth	3,867	3,476	-10.1%	3,245	-6.6%	3,765	16.0%
College	3,517	2,996	-14.8%	2,564	-14.4%	3,358	31.0%
Special Pop	227	173	-23.8%	160	-7.5%	133	-16.9%
ARC Event	623	836	34.2%	1,015	21.4%	292	-71.2%
Subtotal Paid	51,559	43,609	-15.4%	40,081	-8.1%	47,797	19.3%
<i>Free/Discount</i>							
Child (under 6)	3,757	3,338	-11.2%	3,014	-9.7%	2,974	-1.3%
Special Use Pass	398	124	-68.8%	340	174.2%		
Special Pop Assistant	61	56	-8.2%	51	-8.9%	53	3.9%
Comp Day Pass				17		14	-17.6%
Ent. Coupons	137	103	-24.8%	311	201.9%	191	-38.6%
Advance Day Pass	92	126	37.0%	75	-40.5%	33	-56.0%
ARC Free Senior	83	63	-24.1%	147	133.3%	52	-64.6%
School Group	461	436	-5.4%	225	-48.4%	106	-52.9%
Subtotal Free/Discount	4,989	4,246	-14.9%	4,180	-1.6%	3,423	-18.1%
<i>Member/Annual Pass</i>							
Individual Pass	1,575	1,085	-31.1%	843	-22.3%	1,019	20.9%
Family/Dual Pass	4,800	4,247	-11.5%	4,388	3.3%	5,079	15.7%
Student Pass				34		63	85.3%
Photography Pass				145		269	85.5%
Subtotal Free/Discount	6,375	5,332	-16.4%	5,410	1.5%	6,430	18.9%
TOTAL	62,923	53,187	-15.5%	49,671	-6.6%	57,650	16.1%

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/Includes Monday admissions allocated to ARC which total: 7,485 in 2010, 4,225 in 2011, 4,494 in 2012, and 4,697 in 2013.

Table II-2
2012 and 2013 Annual Attendance by Category
Seattle Japanese Garden

	Percent of		Percent of	
	2012	Total	2013	Total
<i>Paid 1/</i>				
Adult	26,969	54.3%	32,346	56.1%
Senior	7,143	14.4%	8,195	14.2%
Youth	3,245	6.5%	3,765	6.5%
College	2,564	5.2%	3,358	5.8%
Special Pop	160	0.3%	133	0.2%
ARC Events	1,015	2.0%	292	0.5%
Subtotal Paid	40,081	80.7%	47,797	82.9%
<i>Free/Discount</i>				
Child (under 6)	3,014	6.1%	2,974	5.2%
Special Use Pass	340	0.7%		0.0%
Ent. Coupons	311	0.6%	191	0.3%
School Group	225	0.5%	106	0.2%
ARC Free Senior	147	0.3%	52	0.1%
Advance Day Pass	75	0.2%	33	0.1%
Special Pop Assistant	51	0.1%	53	0.1%
Comp Day Pass	17	0.0%	14	0.0%
Subtotal Free/Discount	4,180	8.4%	3,423	5.9%
<i>Member/Annual Pass</i>				
Family/Dual Pass	4,388	8.8%	5,079	8.8%
Individual Pass	843	1.7%	1,019	1.8%
Photography Pass	145	0.3%	269	0.5%
Student Pass	34	0.1%	63	0.1%
Subtotal Free/Discount	5,410	10.9%	6,430	11.2%
TOTAL	49,671	100.0%	57,650	100.0%
Gen Admissions Revenue	\$ 214,538		\$ 256,114	
Per Capita Revenue				
(Excluding Annual Pass Att)	\$ 4.85		\$ 5.00	
Per Capita Revenue (to Total Att)	\$ 4.32		\$ 4.44	

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/ Includes Monday admissions allocated to ARC.

Note: Garden open March to November.

In 2013, there were nearly 58,000 visits to the garden, of which, 83% were paid general admissions, 11% were annual pass admissions, and the balance were other free or discounted admissions. Per capita admissions revenues were \$4.44 per total attendance. School group attendance totaled 106 in 2013 and 225 in 2012, (not including any children under 6), representing 14 school groups in 2013 and 17 in 2012. Additionally, there were 17 other guided groups in 2012 and 20 in 2013.

Seasonality

Data in **Table II-3** shows the distribution of attendance by month. Peak months for attendance include May, July, August and October with each of those months representing about 14% of the year's total attendance. October was the month with the highest attendance with nearly 15% of the year's total attendance. Assuming seven day per week operation in May, July and August, and six day per week operation in October yields the following average attendances per day: May (262), July (264), August (258), and October (313).

Table II-3
Seasonality of Japanese Garden Attendance by Month in 2013

Month	Admissions	Percent to Total
January		
February		
March	4,742	8.2%
April	5,381	9.3%
May	8,130	14.1%
June	7,462	12.9%
July	8,177	14.2%
August	7,998	13.9%
September	5,116	8.9%
October	8,462	14.7%
November	2,263	3.9%
December		
Totals 1/	57,731	100.0%

Source: City of Seattle Parks and Recreation Admissions Report and ConsultEcon, Inc.
 1/ Note totals are over estimated by 81 on attendance by month report as compared to annual attendance report, however, this does not impact the findings or presentation of the data in this table.

Annual Passes/Memberships

Data in **Table II-4** shows the characteristics of annual pass sales and admission in 2013. There were a total of 6,400 annual pass admissions, based on 1,053 passes sold. Of the passes sold, 66% were family/dual passes, 26% were individual passes, 4% were photography passes and 4% were student passes. There was an average of 6 admissions per pass, with the photography pass having the highest number of admissions per capita. Average revenue per pass sold was \$29. The annual pass program allows for unlimited entry to the garden, however there are no additional benefits, and special event days are excluded. The Photographer “membership” for \$75 allows for unlimited access throughout the year, rights to sell photographs, and members only access during designated times. Note that this is the only annual pass category designated as a “membership” on promotional materials.

Table II-4
2013 Seattle Japanese Garden Annual Pass Characteristics

	Annual Pass Admissions	Passes Sold	% of Total Passes Sold	Admissions Per Pass	Pass Cost
<i>Annual Pass</i>					
Family/Dual Pass	5,079	698	66%	7.3	\$30
Individual Pass	1,019	270	26%	3.8	\$20
Photography Pass	269	44	4%	6.1	\$75
Student Pass	63	41	4%	1.5	\$15
Total	6,430	1,053	100%	6.1	
Annual Pass Revenues	\$30,650				
Average Revenue Per Pass Sold	\$29.11				

Japanese Garden Operating Characteristics

The organizational complexity associated with the operation of garden results in several individual organizations maintaining financial and operating records for the garden. Parks, the JGAC (via its fiduciary ARC), Unit 86 and Japanese Garden Society maintain financial records associated with their on-going activities in the garden. For the purposes of this study focused on identifying an optimal operating model it is important to understand the order of magnitude of key operating factors and key sources and uses of funds. The following summarizes key operating factors from both Parks and ARC/JGAC sources⁴.

Revenues

The Seattle Japanese Garden generates revenue through both earned and “unearned” or contributed sources. Earned revenues include: admissions, annual pass sales, paid programming, and limited retail sales. Contributed revenues come from an annual fundraiser and misc. donations from various support groups. The single largest source of revenue is admissions accounting for more than 73% of total revenues in 2013, followed by revenue from fundraising events, namely the annual Garden Party staged by the JGAC, and then annual pass revenues⁵. Retail and revenues from paid programming account for a small percentage

⁴ Note Unit 86 financials will be added as appropriate, when available. These will largely include merchandise sales.

⁵ Note that the Arboretum Foundation solicits donations via its website for the Japanese Garden. A representative from the Arboretum Foundation noted that these were minimal. The consultant has requested but not yet received these figures.

of total revenues. Data in **Table II-5** show the estimated average annual revenues for the Garden as accounted for in the Parks budget from 2010-2013.

Table II-5
City of Seattle Department of Parks and Recreation
Estimated Annual Revenues for the Seattle Japanese Garden

Category	2010	2011	% Change 2010 to 2011	2012	% Change 2011 to 2012	2013	% Change 2012 to 2013
General Admissions 1/	\$ 199,669	\$ 215,729	8.0%	\$ 195,928	-9.2%	\$ 232,756	18.8%
Annual Pass	27,375	24,150	-11.8%	27,460	13.7%	30,650	11.6%
Day Pass	1,066	2,368	122.1%	1,998	-15.6%	318	-84.1%
Over/Under	112	41	-63.6%	79	93.1%	43	-45.1%
Retail - Publications	246	11	-95.5%	9	-18.2%	9	-1.0%
Retail - T-Shirt Sales	408	584	43.1%	399	-31.7%	286	-28.3%
Retail - Fish Food	338		-100.0%	22		24	9.1%
Retail - Koi Flags						265	
Rentals	2,315	3,643	57.4%	3,012	-17.3%	5,747	90.8%
Shoseikai Tea	30		-100.0%			690	
Tankokai Tea	83		-100.0%			915	
Class Par Fees	117	107	-8.5%	26	-75.7%	20	-23.1%
Associated Staff Fee 2/	6,414	12,114	88.9%	7,462	-38.4%		-100.0%
Total Revenues	\$ 238,173	\$ 258,747	8.6%	\$ 236,395	-8.6%	\$ 271,723	14.9%

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/Does not include admissions revenue from Mondays, which is allocated to ARC/JGAC. These include: \$32,830 in 2010, \$17,988 in 2011, \$18,610 in 2012, and \$23,358 in 2013.

2/ Reimbursement from ARC/JGAC for cashiers' time on Mondays. JGAC receives revenues from Monday admissions.

Data in **Table II-6** show the estimated average annual revenues for the Garden as accounted for in the ARC/JGAC budget, and data in **Table II-7** show 2013 revenues as accounted for in the Unit 86 budget.

Table II-6
Associated Recreation Council/Japanese Garden Advisory Council
Estimated Annual Revenues for the Seattle Japanese Garden, 2013

	2013	% of Total
Revenues		
Class Fees - Instructional	\$ 535	0.7%
Donations ^{1/}	\$ 23,529	30.8%
Fund Raising Events ^{2/}	\$ 51,285	67.2%
Merchandise Sales	\$ 718	0.9%
Misc. Income	\$ 305	0.4%
Total Revenues	\$ 76,372	100.0%

Source: ARC/JGAC

1/ Assumes revenue from Monday admission fees at the Garden.

2/ Includes annual garden party and other special events.

Table II-7
Prentice Bloedel Arboretum Unit 86
Estimated Annual Revenues for the Seattle Japanese Garden, 2013

	2013	% of Total
Revenues		
Membership Dues	\$ 460	5.3%
Merchandise Sales	\$ 7,104	81.5%
ARC Contribution	\$ 45	0.5%
Private Contributions	\$ 315	3.6%
Training Class Fees	\$ 760	8.7%
Misc. Income	\$ 30	0.3%
Total Revenues	\$ 8,714	100.0%

Source: Prentice Bloedel Arboretum Unit 86

Data in **Table II-8** show the estimated average annual consolidated revenues for the Garden as accounted for in the ARC/JGAC, Unit 86 and Parks budgets. In 2013, the Garden generated \$357,000 in revenues, nearly three-quarters of which was generated through admissions.

Table II-8
Estimated Annual Revenues for the Seattle Japanese Garden, 2013

Category	2013	% of Total
Admissions ^{1/}	\$ 256,285	71.8%
Fundraising Events	\$ 51,285	14.4%
Annual Pass	\$ 30,650	8.6%
Retail	8,406	2.4%
Rentals	5,747	1.6%
Programs	2,140	0.6%
Misc ^{2/}	2,296	0.6%
Total Revenues	\$ 356,809	100.0%

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/ Note school and group program fees counted in admissions.

2/ Includes Over/Under, Misc, Day Pass, Class Par Fees, and Unit 86 misc. revenues.

Operating Expenses

The City of Seattle Department of Parks and Recreation is responsible for the day to day back of house and grounds care for the garden, as well as for basic visitor services including admissions, and program scheduling. Programming, marketing, and fundraising are in a sense, “outsourced” and provided by volunteer led organizations including JGAC and Unit 86. In addition to having a core gardening, admissions and management staff directly assigned to the Japanese Garden, the garden benefits from other support services on an annual basis from throughout Parks. Data in **Table II-9** show the estimated average annual operating expenses for the Garden as accounted for in the Parks budget from 2010-2013. In total, Parks carries a \$323,000 to \$338,000 annual operating budget for the garden from year to year.

Table II-9
City of Seattle Department of Parks and Recreation
Estimated Annual Direct Operating Expenses for the Seattle Japanese Garden

Category	% Change			% Change			
	2010	2011	2010 to 2011	2012	2011 to 2012	2013	2012 to 2013
Personnel 1/	\$ 296,968	\$ 289,364	-2.6%	\$ 292,040	0.9%	\$ 317,000	8.5%
<i>Non-Personnel Expenses</i>							
Communications	5,686	3,909	-31.2%	4,239	8.4%	1,634	-61.5%
Maintenance	1,379	236	-82.9%		-100.0%	417	
Minor Equipment	2,031	831	-59.1%		-100.0%	2,630	
Advertising		82			-100.0%		
Copying and Printing	3,237	6,187	91.1%	117	-98.1%	284	142.6%
Misc - Other	2,595	2,601	0.2%	2,339	-10.1%	2,854	22.0%
Insurance							
Business and Occupation Tax	43	11	-74.4%	30	176.9%	33	8.3%
Licenses and Permits		206			-100.0%		
Security	1,400	1,408	0.6%	1,572	11.6%	1,658	5.5%
Other Professional Services 2/	7,468	7,173	-4.0%	15,548	116.8%	5,743	-63.1%
Rental Expense				18			-100.0%
Office Supplies	637	1,203	88.9%	1,014	-15.7%	1,241	22.4%
Operating Supplies	8,751	8,661	-1.0%	4,846	-44.1%	3,507	-27.6%
Animal Feed		507		415	-18.2%	461	11.2%
Repair and Maintenance Supplies	369	2,027	449.3%	494	-75.6%	581	17.6%
<i>Subtotal Non-Personnel</i>	33,596	35,042		30,632		21,042	
Total Expenses	\$ 330,564	\$ 324,406	-1.9%	\$ 322,673	-0.5%	\$ 338,042	4.8%

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/ Includes K1775 and K1755, salaries and benefits.

2/Includes specialized pruning services contract and any other ground/utility/facility upgrade contracts.

It is important to note that some operating expense line items such as “insurance” that would typically be a cost center in an independent non-profit organization are not included in the Japanese Garden budget and are subsumed in the overall budget of the Parks department. Data in **Table II-10** provide an estimate of the average annual indirect operating support for the Garden from Parks. In addition to the estimated \$338,000 in direct support, Parks provided an estimated \$163,000 to \$194,000 in additional annual support, for a total estimated annual budget of \$501,000 to \$532,000 for buildings and grounds and basic visitor services.

Table II-10
City of Seattle Department of Parks and Recreation
Estimated Annual Indirect Operating Expenses for the Seattle Japanese Garden

Category	Est. Average No. of Hours Annually	Est. Hourly Rate	Est. Annual Range of Expenses ^{3/}
Support from Natural Resources Unit and District			
Landscape Crew	1350-1600	\$25	\$33,750-\$40,000
Heavy Equipment Crew	100-300	\$28-\$32	\$3,000 - \$9,000
Tree Crew	150-250	\$26-\$29	\$4,200 -\$7,000
Central East District Custodian Service	450-530	\$22	\$9,900-\$11,660
Management ^{1/}	832	\$73	60,500
Support from Shops at Seattle Park Division			
Plumber Shop	250-400	\$32-\$34	\$8,250 -\$13,200
Carpenter Shop	350-400	\$32	\$11,200 - \$12,800
Drainage Shop	50-80	\$25-\$27	\$1,300-\$2,080
Electronic Shop	45-100	\$34-\$36	\$1,575 - \$3,500
Other Shops	100	\$32	\$3,200
Event Crew Support	50-75	\$25-\$28	\$1,350-\$1,950
Support from Planning and Development Division			
Engineering and CIP Monitoring	50-100	\$45-\$55	\$2,500 -\$5,000
Support from Recreation Division			
CLASS System Management	75-100	\$35-\$40	\$2,850-\$3,800
Recreation Program and Event Support	30-50	\$25-\$35	\$900-\$1,500
Management ^{2/}	260	\$73	\$18,850
TOTALS ^{3/}	4,142-5,177	\$22-\$73	\$163,325-\$194,040
FTE Equivalent	1.99 - 2.49		

Source: City of Seattle Parks and Recreation.

^{1/} For 2013, includes 416 hours for Lisa Chen and 416 hours for Doug Critchfield.

^{2/} Includes 260 hours for Rebecca Karlsen.

^{3/} Includes fringe rate which is estimated at 145% for Park Department support of Japanese Garden.

The JGAC provides annual support for basic fundraising and marketing, as well as events. They have also assisted by funding in part the cost of specialized labor for annual pine pruning and other miscellaneous capital improvements.

Data in **Table II-11** provides ARC/JGAC expenses for the garden in 2013. Expenses totaled just under \$94,000 in 2013. This includes \$28,700 in architect/construction fees, which is assumed to be a one-time expense.

Table II-11
ARC/JGAC Estimated Annual Expenses for the Seattle Japanese Garden, 2013

Expenses		
Personnel	\$ 25,886	27.6%
Printing Services and Photocopying	\$ 4,752	5.1%
Professional Fees (Marketing, Audit, Other) 1/	\$ 49,913	53.2%
Fundraising Supplies	\$ 894	1.0%
Supplies for Resale	\$ 275	0.3%
Food and Appreciation	\$ 5,093	5.4%
Equipment Rental	\$ 902	1.0%
Auto/Bus Lease	\$ 258	0.3%
Telephone and Utilities	\$ 348	0.4%
Postage	\$ 367	0.4%
Insurance- General	\$ 1,083	1.2%
Licenses and Business Taxes	\$ 90	0.1%
Bank Fees	\$ 851	0.9%
ARC Service Fee	\$ 2,431	2.6%
Other (Recreation Scholarship, Recruitment, Class Participation Fee)	\$ 690	0.7%
Total Expenses	\$ 93,833	100.0%

Source: ARC/JGAC

1/ Includes \$1,264 for marketing, \$483 for CPA, \$28,737 for Construction/Architect, \$19,429 for other.

Data in **Table II-12** shows Unit 86 expenses for the garden in 2013. Expenses totaled just about \$5,400 in 2013.

Table II-12
Estimated Unit 86 Annual Expenses for the Seattle Japanese Garden, 2013

	2013	% of Total
Expenses		
Continuing Education	\$ 235	4.4%
Donations to Other Orgs 1/	\$ 2,100	39.1%
Office Supplies and Materials	\$ 366	6.8%
Plant Books	\$ 137	2.6%
Cost of Merchandise Sold	\$ 1,953	36.4%
Train Class Expenses	\$ 575	10.7%
Total Expenses	\$ 5,366	100.0%

Source: Prentice Bloedel Arboretum Unit 86

1/Arbor Circle, Japanese Garden Advisory Council, Seward Park Council.

Assuming a \$517,000 annual operating expense budget from Parks in 2013⁶ and an additional \$65,000 (net of the architect/construction fees) from ARC/JGAC plus \$5,400 from Unit 86, suggests that the garden is currently being operated for under \$600,000 per year without substantial fundraising, marketing, programming or ancillary (retail or food service) services.

Staffing

With the exception of a part-time development assistant funded by JGAC and employed by ARC, the balance of paid staff at the Garden are employed by Parks under either the Natural Resources Unit or the Recreation Unit.⁷ If indirect support is included, it is estimated that annual support from paid staffing ranges from 7 to just under 8 FTE. Unit 86 docent hours totaling 2,200 in 2012 would suggest an additional 1 FTE dedicated to programming.

Data in **Table II-13** provides summarizes paid staffing in 2013 at the garden.

⁶ Assumes \$338,000 in direct support and \$179,000 in indirect support in 2013.

⁷ At the time of publication of this report, a number of staffing changes were in process. First, responsibility for operation of the garden at Parks has been consolidated under the Natural Resources Unit, and second, ARC is in the process of hiring a full-time Stewardship and Events Coordinator for the Japanese Garden.

Table II-13
Estimated Paid Staffing for the Seattle Japanese Garden, 2013

Position	Sponsor	FTE
Doug Critchfield, Natural Resources Manager	Seattle Parks and Rec. - NRU	0.05
Lisa Chen, Park Horticulturalist	Seattle Parks and Rec. - NRU	0.10
Patricia Ward, Sr. Gardener	Seattle Parks and Rec. - NRU	1.00
Miriam Preus, Gardener	Seattle Parks and Rec. - NRU	1.00
Andrea Gillespie, Seasonal Gardener	Seattle Parks and Rec. - NRU	0.30
Klaus Goodrum, JG Lead Coordinator	Seattle Parks and Rec. -REC	0.50
Mary Nagan - Cashier and Asst. Coordinator'	Seattle Parks and Rec. -REC	0.50
Pamila Wilson Cashier	Seattle Parks and Rec. -REC	0.50
Intermittent Cashiers	Seattle Parks and Rec. -REC	0.33
Marie Zahradnik, Development Assistant	JGAC	0.63
	Total	4.91
Additional Est. Support from Seattle Parks and Recreation 1/	Seattle Parks and Rec.	1.99 - 2.49
	Total Est. Direct FTE Support	7.15 - 7.65

Source: Seattle Japanese Garden and ConsultEcon

Note: Unit 86 volunteer docent (tour guide) hours totaled 2,200 hours in 2012.

1/Full Time Equivalent Hours - Includes City of Seattle Department of Parks and Recreation Estimated Indirect Support from Various Departments

Net Income

Based on an estimate of a \$587,000 operating expense budget in 2013 inclusive of Parks and JGAC, and an estimated \$357,000 in revenue in 2013, suggests that the garden currently covers approximately 61% of its operating expenses.

Japanese Garden Capital Needs

In October of 2012, the Japanese Garden Sustainability Committee submitted an “Initial Report” to the Japanese Garden Advisory Council, entitled “Planning for the Future of the Seattle Japanese Garden”. The report documented several capital project needs assessments that had been conducted during the past several years, and provided a rank ordered list of capital maintenance and infrastructure projects. The following summarizes basic maintenance/garden improvement projects required to keep the garden in a functional operating condition and to maintain -- and improve somewhat -- the current standard of visitor services/visitor experience. Data in **Table II-14** shows the priority capital improvement projects as identified by the Japanese Garden Sustainability Committee in 2012.

In total, there are \$627,000 to \$743,000 in basic maintenance/capital improvement projects identified, not including improving signage (noted as a very high priority) and replacing the North and West chain link fences, for which estimated costs have not yet been determined.

Table II-14
Seattle Japanese Garden
Basic Maintenance/Capital Improvement Projects

Project	Description	Est. Cost	JGAC Sustainability Committee Priority
<i>Necessary Maintenance and Basic Enhancements</i>			
Pond Bank	Repair Erosion Damage	\$200,000 - \$250,000	Very High
Improve Signage and Gatehouse appearance	Add orientation signage and plantings	Unknown	Very High
Harbor Stone Steps	Raise West Path and Mark Steps	Modest	High
Machiai Roof	Replace Roof	\$15,000 - \$20,000	High
Tea House	Install proper ventilation, etc.	Modest	High
Machiai Structure	Replace or Preserve Waiting Station	\$40,000 - \$50,000	Medium
Pond Circulation Pumps	Improve water quality	\$200,000 - \$220,000	Medium
Pond Sediment	Remove sediment to depth required for Koi.	\$75,000-\$100,000	Medium
Front Gate Security	Enhancements to front gate	\$19,000 - \$23,000	Low
Harbor Stone Stairs	Repair/Rebuild middle steps to upper path	\$75,000	Low
Light Fixtures	Replace lighting fixtures	\$3,000-\$5,000	Low
Screen Electricals	Install screen to hide utilities	Modest	Low
Manhole Covers	Replace manhole covers	Modest	Low
	Replace chainlink with something more appropriate		
West and North Fences		Unknown	Low
Totals		\$627,000 - \$743,000	

Source: October 2012 - JGAC Sustainability Committee Report, City of Seattle Parks and Recreation and ConsultEcon, Inc.

In addition to these projects, the Japanese Garden Sustainability Committee has identified a number of capital projects, as well as operations related initiatives that could enhance the visitor experience and overall operations of the garden. Data in **Table II-15** show additional recommended capital and operations related projects suggested by the Sustainability Committee that could enhance the visitor experience and improve operations.

Table II-15
Seattle Japanese Garden
Capital and Operations Improvement Projects to Improve Visitor Experience

Project	Description	Est. Cost	JGAC Sustainability Committee Priority
<i>Other Capital Projects to Improve Visitor Experience and Operations</i>			
Road Noise Abatement	Install quiet paving on Wash Blvd	\$125,000	Very High
Bonsai Garden	Outside current garden perimeter	Cost Unknown	High
Display Garden Outside TCR	Revisit Display Garden funded by the Seattle Garden Club	Cost Unknown	High
Gift Shop	Research Optimal Models	Cost Unknown	Medium
Oral History	Interview/document employees and supporters of the garden.	Less than \$2,000	High
Parking	Increase parking capacity	Cost Unknown	High
Pavilion	Design and Construct Pavilion at north end.	\$150,000+	Low
Restaurant	Research Optimal Models	Cost Unknown	Low
Volunteer Work Area	Create/enlarge an area where volunteers can train, meet and work.	Cost Unknown	Medium
<i>Other Operations Related Projects to Improve Visitor Experience and Operations</i>			
Publicity and Marketing	Website, social media, brochures, active promotion within tourist industry and community organizations.	Cost Unknown	Very High
Entry Gatehouse Functionality and Operations	Determine how best to improve entry gatehouse complex functions.	Cost Unknown	High
Increase ARC Staff Person to Full Time	Provide more planning and oversight for publicity, marketing and events.	\$18,000 per year.	High
Coordination with Tourism Industry	Establish relationships with other entities such as tour companies, bus and cruise lines, concierges.	Part of a volunteer or employee's time.	Medium
Education	Classes, lectures, events, shows (bonsai, Ikebana, haiku), tea.	Should be near neutral	Medium
Special Events (weddings and other celebrations and observances).		Should generate revenue.	Medium
Winter Open Hours	Increase accessibility to the garden throughout the year.	Needs to cover cost of cashier.	Medium

Source: October 2012 - JGAC Sustainability Committee Report, City of Seattle Parks and Recreation and ConsultEcon, Inc.

Section III

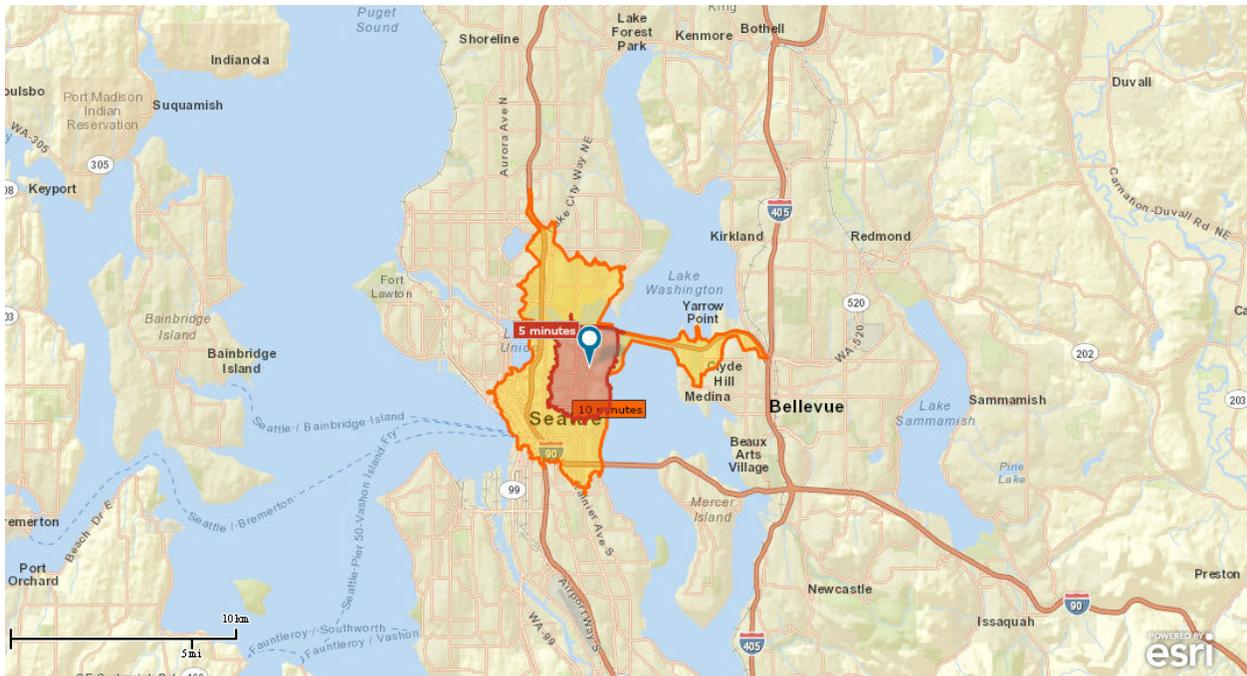
RESIDENT AND TOURIST MARKET OVERVIEW

The following summarizes the resident and visitor (tourist) market context for the Seattle Japanese Garden. A review of these trends is helpful for understanding potential future market (attendance) and revenue potential for the garden.

Resident Market Context

For this resident market analysis, both the demographic trends in the Seattle Metro Area as well as the trends within the local area (a 5 to 10 minute drive from the garden) were reviewed. Based on the experience of visitor attractions nationally, a “gravity model” approach is used to define resident market areas; that is, those people residing closer to the Seattle Japanese Garden are more likely to visit than those farther from the site. The close-in Resident Market Area for the garden is defined as the population living within 5- and 10-minute drive times from the garden. **Figure III-1** shows 5 and 10-minute drive times from the Seattle Japanese Garden.

Figure III-1
5-and 10-minute Drive Time Markets from the Seattle Japanese Garden



Source: ESRI and ConsultEcon, Inc.

Data in **Table III-1** provide information on the population trends within the close-in Resident Market Areas.

Table III-1
Population Trend in the 5 to 10 Minute Drive Time Resident Market Area

	2010	2013	2018	Percent Change, 2013 to 2018
0 to 5-minute drive time	33,300	34,400	36,700	6.7%
5 to 10-minute drive time	134,400	140,600	151,000	7.4%
Total Close-in Market Area	167,700	175,000	187,700	7.3%
State of Washington	6,724,500	6,917,700	7,272,000	5.1%
United States	308,745,500	314,467,900	325,843,800	3.6%

Source: U.S. Census Bureau, Census 2010 Data; Esri forecasts for 2013 and 2018; and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

The resident market population closest to the garden is projected to increase by approximately 7.3 percent from 2013 to 2018, from 175,000 to 187,700. This rate of increase is greater than that in the State of Washington and that of the U.S. as a whole during the same period. This is a positive indicator for future attendance and market support at the garden.

Data in **Table III-2** show the age profile of the population living within the close-in Resident Market Area.

Table III-2
Median Age and Percent of Population by Age Group in the
5 to 10 Minute Drive Time Resident Market Area, 2013

	Median Age	0 to 17	18 to 24	25 to 34	35 to 54	55 +
0 to 5-minute drive time	37.8	15.5%	7.8%	21.8%	31.2%	23.8%
5 to 10-minute drive time	32.0	11.9%	19.7%	24.9%	24.1%	19.3%
Total Close-in Market Area	33.0	12.6%	17.4%	24.3%	25.5%	20.2%
<i>State of Washington</i>	<i>37.7</i>	<i>22.9%</i>	<i>9.7%</i>	<i>13.9%</i>	<i>27.0%</i>	<i>26.5%</i>
<i>United States</i>	<i>37.6</i>	<i>23.4%</i>	<i>9.9%</i>	<i>13.5%</i>	<i>26.7%</i>	<i>26.5%</i>

Source: ESRI and ConsultEcon, Inc.

Overall, the median age of the population within a 5 to 10 minute drive time of the Garden tends to be younger than that of the State and of the U.S. as a whole. Within this close in market there tends to be a high percentage of residents in the 25 to 54 age cohorts as compared to the balance of the state. The 0 to 5 minute drive time market however, is somewhat older than that 5 to 10 minute drive time market.

Data in **Table III-3** show the total school-aged population living within the 5 to 10-minute Resident Market Area.⁸

⁸ For the purposes of this report, “school-aged” is defined as children ages 5 to 17.

Table III-3
Estimated Number of School Age Children in the
5 to 10 Minute Resident Market Area,
2013 and 2018

	2013 Estimated School-Age Children	2018 Estimated School-Age Children	Percent Change, 2013-2018
0 to 5-minute drive time	3,400	3,700	8.8%
5 to 10-minute drive time	10,500	10,900	3.8%
Total Close-in Market Area	13,901	14,681	5.6%
<i>State of Washington</i>	<i>1,056,700</i>	<i>1,093,800</i>	<i>3.5%</i>
<i>United States</i>	<i>49,354,500</i>	<i>49,958,200</i>	<i>1.2%</i>

Source: ESRI and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

The population of school-aged children in the close-in resident market is projected to increase by approximately 5.6 percent between 2013 and 2018 – an increase that is not only higher than that of the State, but also greater than that of the U.S. as a whole. Also of note is the fact that the greatest percentage of growth is among school-age children within the 5-minute drive time from the garden. This is a positive indicator for potential future programming.

Data in **Table III-4** show characteristics of households within the 5 to 10 minute drive time Resident Market Areas for the garden.

Table III-4
5 to 10 Minute Drive Time Resident Market Household Profile, 2013

	Estimated Number of Households	Estimated Number of Family Households	Percent of Families to Total Households	Average Household Size
0 to 5-minute drive time	16,900	6,600	39.1%	2.01
5 to 10-minute drive time	71,700	18,600	25.9%	1.72
Total Close-in Market Area	88,600	25,300	28.6%	1.77
<i>State of Washington</i>	<i>2,696,800</i>	<i>1,731,800</i>	<i>64.2%</i>	<i>2.51</i>
<i>United States</i>	<i>118,979,200</i>	<i>78,699,600</i>	<i>66.1%</i>	<i>2.58</i>

Source: ESRI and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

Household sizes in the close-in resident markets tend to be somewhat smaller than those in the State and the U.S. as a whole, with a smaller percentage of “family” households as well. Household sizes are somewhat larger in the 0 to 5 minute drive time area than in the 5 to 10 minute drive time area.

Data in **Table III-5** show household income distribution in the 5 to 10 minute drive time Resident Market Areas for the garden.

Table III-5
**Percent of 5 to 10 Minute Drive Time Resident Market Area
Households by Income Group, 2013**

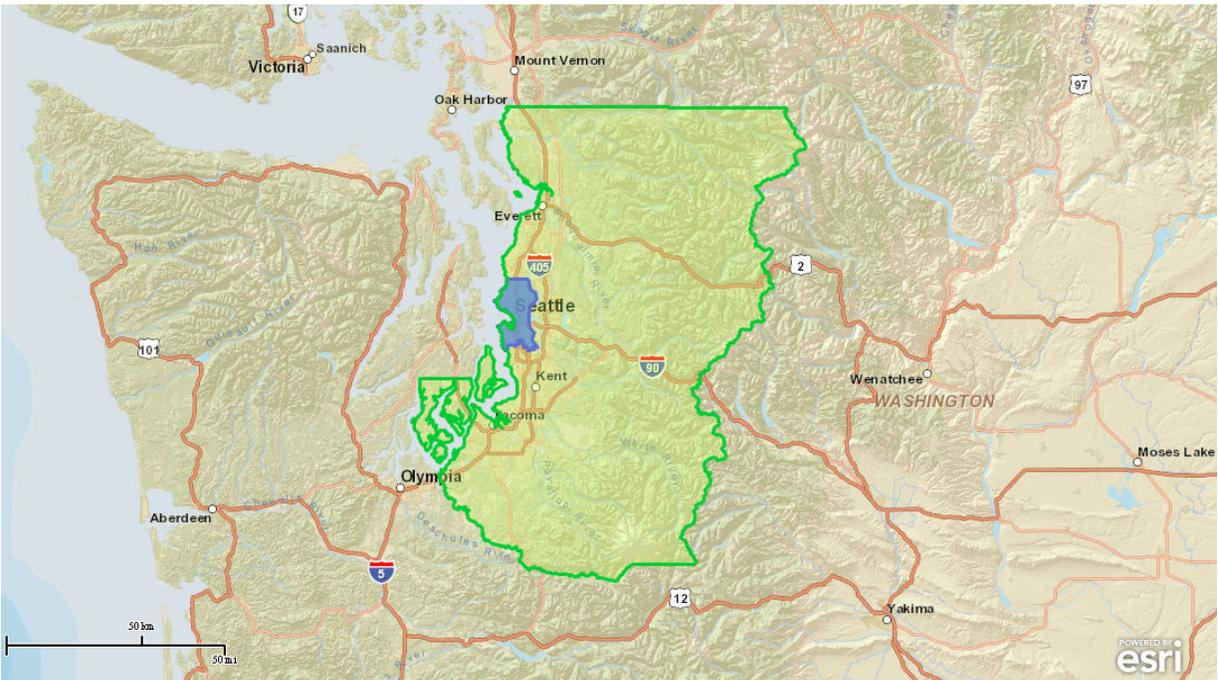
	Median Household Income	Less than \$25,000	\$25,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000+
0 to 5-minute drive time	\$65,291	17.3%	22.8%	14.4%	11.5%	34.0%
5 to 10-minute drive time	\$40,343	32.5%	24.6%	13.6%	8.8%	20.4%
Total Close-in Market Area	\$44,334	29.6%	24.3%	13.8%	9.3%	23.0%
<i>State of Washington</i>	<i>\$57,012</i>	<i>19.4%</i>	<i>23.7%</i>	<i>18.8%</i>	<i>13.9%</i>	<i>24.3%</i>
<i>United States</i>	<i>\$51,314</i>	<i>24.0%</i>	<i>24.6%</i>	<i>18.4%</i>	<i>11.8%</i>	<i>21.2%</i>

Source: ESRI and ConsultEcon, Inc.

The median household incomes of the population within a 5-minute drive time tend to be higher than those within the 5-10 drive time. Because of the larger population (at lower income levels) within the 5 to 10-minute drive distance, the total household income for the close-in market is somewhat lower than that of the State and the U.S. as a whole. Overall, those residents that live closest to the garden, if engaged, may have the economic means to be garden supporters.

The following reviews the demographics of the population within the City of Seattle, and the Seattle Metropolitan Statistical Area as a whole. **Figure III-2** shows these market areas. Because the garden is easily accessible from throughout the Seattle Metro Area, a substantial portion of the population in Seattle is within easy day trip distance.

Figure III-2
Overall Resident Market Area for Seattle Japanese Garden



Source: ESRI and ConsultEcon, Inc.

Data in **Table III-6** shows population trends for the Seattle Metro Area.

Table III-6
Population Trend in the Overall Resident Market Area for the Japanese Garden

	2010	2013	2018	Percent Change, 2013 to 2018
Primary Market (City of Seattle)	608,700	631,300	676,600	7.2%
Secondary Market (Seattle MSA, less City)	2,831,100	2,916,800	3,081,700	5.7%
Total Resident Market Area	3,439,800	3,548,100	3,758,300	5.9%
State of Washington	6,724,500	6,917,700	7,272,000	5.1%
United States	308,745,500	314,467,900	325,843,800	3.6%

Source: U.S. Census Bureau, Census 2010 Data; Esri forecasts for 2013 and 2018; and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

The overall population in the Seattle Metro Area is projected to increase by approximately 5.9 percent during the period 2013 to 2018, an increase that is greater than that in the State of Washington, and even more pronounced than that in the U.S. as a whole during the same period. The greatest growth is projected within the City itself.

Data in **Table III-7** show the age profile of the population living within the overall Resident Market Area.

Table III-7
Median Age and Percent of Population by Age Group in the Overall Resident Market Area, 2013

	Median Age	0 to 17	18 to 24	25 to 34	35 to 54	55 +
Primary Market (City of Seattle)	36.8	16.5%	10.6%	20.0%	29.2%	23.7%
Secondary Market (Seattle MSA, less City)	37.4	23.6%	9.2%	14.0%	28.7%	24.6%
Total Resident Market Area	37.3	22.3%	9.4%	15.0%	28.8%	24.4%
State of Washington	37.7	22.9%	9.7%	13.9%	27.0%	26.5%
United States	37.6	23.4%	9.9%	13.5%	26.7%	26.5%

Source: ESRI and ConsultEcon, Inc.

The overall age profile of the resident market population for the garden is very similar to that of the State and of the U.S. as a whole, although the population within the City of Seattle is younger on average.

Data in **Table III-8** show the total school-aged population living within the overall Resident Market Area (Seattle Metro Area).⁹

Table III-8
Estimated Number of School Age Children in the Seattle Metro Area,
2013 and 2018

	2013 Estimated School-Age Children	2018 Estimated School-Age Children	Percent Change, 2013-2018
Primary Market (City of Seattle)	66,100	72,900	10.3%
Secondary Market (Seattle MSA, less City)	460,700	480,700	4.3%
Total Resident Market Area	526,800	553,600	5.1%
State of Washington	1,056,700	1,093,800	3.5%
United States	49,354,500	49,958,200	1.2%

Source: ESRI and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

The population of school-aged children in the overall resident market for the garden is projected to increase by approximately 5.1 percent between 2013 and 2018 – an increase that is higher than that of the State, and that of the U.S. as a whole. Also of note is that the highest growth rate (10.3%) is among school-age children -in the City of Seattle; the area most proximate to the Japanese Garden. This is an important trend especially if a future goal of the garden is to become a hub for Japanese cultural and educational activities in the City.

Data in **Table III-9** show characteristics of households within the Seattle Metro Area.

⁹ For the purposes of this report, “school-aged” is defined as children ages 5 to 17.

Table III-9
Overall Resident Market Household Profile, 2013

	Estimated Number of Households	Estimated Number of Family Households	Percent of Families to Total Households	Average Household Size
Primary Market (City of Seattle)	294,700	125,800	42.7%	2.06
Secondary Market (Seattle MSA, less City)	1,105,700	744,000	67.3%	2.59
Total Resident Market Area	1,400,400	869,800	62.1%	2.48
<i>State of Washington</i>	<i>2,696,800</i>	<i>1,731,800</i>	<i>64.2%</i>	<i>2.51</i>
<i>United States</i>	<i>118,979,200</i>	<i>78,699,600</i>	<i>66.1%</i>	<i>2.58</i>

Source: ESRI and ConsultEcon, Inc.

Note: Population numbers are rounded to nearest hundred.

Household sizes in the Seattle Metro Area are similar to those in the State and the U.S. as a whole, with a similar percentage of “family” households as well. It should be noted that in the City of Seattle households tend to be somewhat smaller, with fewer classified as families. However, the previous table suggests that there is a trend toward a growing number of school-aged children within the City itself.

Data in **Table III-10** show household income distribution within the Seattle Metro Area.

Table III-10
Percent of Overall Resident Market Area Households by Income Group, 2013

	Median Household Income	Less than \$25,000	\$25,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000+
Primary Market (City of Seattle)	\$57,514	21.5%	22.3%	16.2%	12.3%	27.7%
Secondary Market (Seattle MSA, less City)	\$66,880	15.0%	21.3%	18.2%	15.1%	30.3%
Total Resident Market Area	\$64,909	16.4%	21.5%	17.8%	14.5%	29.8%
<i>State of Washington</i>	<i>\$57,012</i>	<i>19.4%</i>	<i>23.7%</i>	<i>18.8%</i>	<i>13.9%</i>	<i>24.3%</i>
<i>United States</i>	<i>\$51,314</i>	<i>24.0%</i>	<i>24.6%</i>	<i>18.4%</i>	<i>11.8%</i>	<i>21.2%</i>

Source: ESRI and ConsultEcon, Inc.

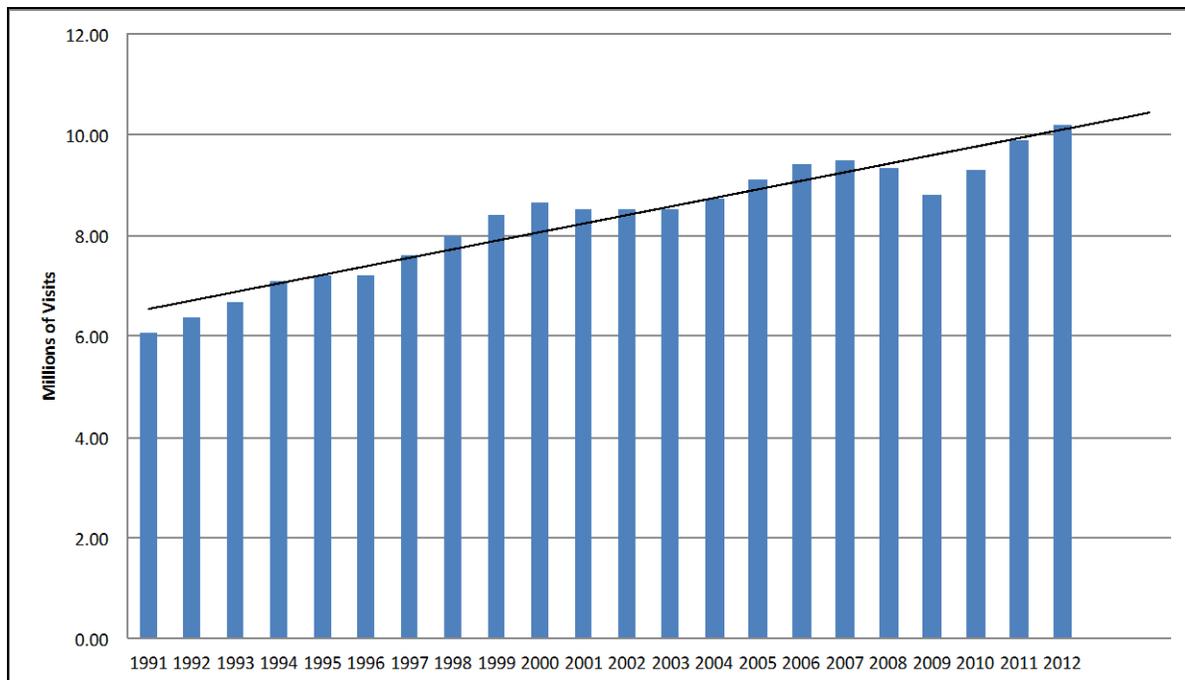
The median household incomes of the population within the overall resident market are somewhat higher than those of the State and the U.S. as a whole. Although the income in the City of Seattle is lower than that of the greater MSA, it is still comparable to that of the State

and somewhat higher than that of the U.S. as a whole. The number of households with income of \$100,000+ is also higher within the Seattle Metro Area compared to other areas of the country. This is a positive indicator of the potential for future philanthropic support for a cultural attraction.

Tourism Market Context

During the past two decades, Seattle has benefitted from substantial growth in the tourism economy and number of overall visitors to the region. Trends in travel to the City of Seattle/King County from 1991 to 2012 are illustrated by data in **Figure III-3**.

Figure III-3
Travel Trends to Seattle/King County from 1991 through 2012



Source: VisitSeattle and ConsultEcon, Inc.

Since 1991, there has been steady growth in the number of visits to the City and County, and the number of visits to the region has rebounded from a low point in 2009.

In 2012, 10.2 million visitors spent \$5.9 billion in Seattle and King County, contributing \$479 million in state and local tax revenues. Direct visitor spending benefits hotels, retailers, restaurants, attractions, transportation services and other businesses; and supports jobs for

more than 53,500 people in the Seattle region. Key information about travelers to Seattle and King County (compiled via intercept studies during a 4 year survey period) includes¹⁰:

- ◆ Trip Purposes of Visitors
 - Visiting friends/relatives- 37%
 - Pleasure/vacation/special events- 43%
 - Business -10%
 - Convention/conference/meetings - 5%
 - Other - 5%
- ◆ Mode of Travel
 - Air-51%
 - Auto-46%
 - Other-3%
- ◆ Number in Travel Party: 2.1 people
- ◆ Origin of Travelers
 - Domestic-78%
 - International (includes Canada)-22%
- ◆ Length of stay/type of
 - Average # of nights stayed-5.7
 - Accommodations-hotel/motel-47%
 - Private home/other-53%
- ◆ Traveler characteristics:
 - Median Age-40
 - Median household income-\$74,000

In general, those tourists visiting friends and relatives, and visiting for pleasure are good prospects for visiting the Seattle Japanese Garden. In addition, meeting and convention visitors can also be good prospects, particularly if the garden is worked into their itineraries as an event venue or for a scheduled program. The fact the visitors tend to have relatively long length of stay in the area (at nearly 6 days) is a positive (although there are many things

¹⁰ Source: VisitSeattle

competing for a tourist's leisure time). As a smaller scaled but still national caliber attraction, the garden is in a good position to be added to visitor's itinerary even if it is usually not a primary trip purpose. The Seattle Japanese Garden is easily accessible from downtown Seattle and many of the most popular hotels in the area. Given the abundance of outdoor pursuits and sights in the region potentially competing for a visitor's attention, it would benefit the Japanese Garden to have programming and additional indoor or covered areas such that the Japanese Garden is not just a fair weather attraction.

Data in the following **Table III-11** show the characteristics of some of Seattle's most popular visitor attractions.

Table III-11
Characteristics of Selected Seattle Visitor Attractions

Name/location	Est. Attendance	Admission	Family Membership	Description/size
Woodland Park Zoo, 5500 Phinney Ave. N., Seattle, WA, 98103-5897	1,094,514	\$12.75 Adult (13 - 64 years) \$8.75 Child (3-12 years) FREE Toddler (0 - 2 years) - Senior (65+) and disabled discount - \$2 off regular admission	"Annual Pass" \$47.00 Adult \$15.00 Child (3 - 18 years)	Zoo featuring collections of birds; mammals; reptiles; amphibians; insects; exotic & native fauna & flora. (Zoo is 92 acres. ^{1/})
Pacific Science Center, 200 2nd Ave. N., Seattle, WA, 98109-4895	1,000,000	\$18.00 Adult 16-64 \$16.00 Senior 65+ \$13.00 Youth 6-15 \$10.00 child 3-5 Free under 3	\$100.00	Science & technology museum with collections related to astronomy; space sciences; anthropology; biology; geology; historical models; health sciences; life sciences. (Gross bldg. sq.ft. is 172,244, with 61,116 interior exhibit space. ^{3/})
Seattle Aquarium, 1483 Alaskan Way, Pier 59, Seattle, WA, 98101-2015	829,668	\$21.95Adult (ages 13 & over) \$14.95Youth (ages 4-12) Child (ages 3 & under) Free	\$110.00	Aquarium with live collection of fishes, invertebrates, marine mammals & birds; from local saltwater environment & fresh, saltwater habitats over the world; environmental exhibits on Puget Sound. (The facility is 115,518 sq.ft., with 808,642 gallons. ^{1/})
EMP Museum, 325 5th Ave. N., Seattle, WA, 98109-4630	525,800 (actual)	\$20.00 adult (18-64) \$17.00 senior 65+ & students w/ID \$14.00 military & youth 5-17 (discounts for online purchases)	\$95.00	Museum of Pop Culture, Music & Science Fiction, featuring collections related to Jimi Hendrix, instruments; Northwest music; roots of rock 'n' roll, hip-hop, punk, reggae; film; video; photography.
Seattle Art Museum, 1300 First Ave., Seattle, WA, 98101-2003	500,000 (e)	\$19.50 Adult \$17.50 Senior (62+), Military (with ID) \$12.50 Student w/ID, Teen (13-17) FREE for children (12 and under)	\$95.00	Art museum featuring collections of Chinese, Japanese, Korean, Indian & South East Asian art; Chinese jades; African Art; ancient American & Oceanic art; Northwest Coast; modern & contemporary European & American paintings, sculpture, prints & photography; European & American decorative arts; Near Eastern, Egyptian, Greek, Roman, Medieval, Renaissance & more.

Table III-11 (Cont.)
Characteristics of Selected Seattle Visitor Attractions

Name/location	Attendance	Admission	Family Membership	Description/size
The Seattle Museum of Flight, 9404 E. Marginal Way S., Seattle, WA, 98108-4097	458,000 (estimate)	\$19.00 adult \$16.00 senior 65+ & active military \$11.00 child 5-17 Free child 4 & under	\$80.00	Aeronautics & Space Museum: c.1910 the first aircraft manufacturing facility in the region. Features collections of over 125 historic aircraft; thousands of smaller artifacts including aircraft parts, garments, flight test instruments & model aircraft; space flight artifacts.
University of Washington Botanical Garden/Washington Park Arboretum, 3501 N.E. 41st St., Seattle, WA, 98105	(250,000 to the Arboretum; 70,000 to the V.C.), 98% from Washington State ^{2/}	Free	NA (no membership, donations encouraged)	Arboretum & botanical garden, Japanese Garden, with 230-acres containing approximately 4,400 taxa of woody plants. Historic Houses: 1936 Stone Cottage; 1936 Dawson Plan (Olmsted Brothers).
Seattle Children’s Museum, 305 Harrison St., Seattle, WA, 98109-4623	232,000 (actual)	\$8.25 Adults and Children \$7.25 Grandparents \$7.00 Military FREE child under 1	\$65.00 (1 adult; 1 child) \$12.00 ea. add child/adult \$10.00 added Grandparent	Children’s museum featuring hands-on exhibits, including a child-sized neighborhood; infant-toddler discovery area; multicultural exhibits; drop-in art center.
Volunteer Park Conservatory, 1247 15th Ave E, Seattle, WA 98112	86,000	(Conservatory) \$4.00 Adults \$2.00 youth 13-17 Free 12 and under	\$85.00	Volunteer Park is a 48.3-acre park in the Capitol Hill neighborhood of Seattle. Entrance to the Park is without fee, but there is a charge for the Conservatory.
Seattle Asian Art Museum, 1400 E. Prospect, Volunteer Park, Seattle, WA, 98112-3303	78,878	\$7.00 Adult \$5.00 Student (with ID), Senior (62+) and Teen (13–17) Free for Children (12 and under)	\$95.00	Art Museum featuring 3,500-vol. library of books on the arts & sciences of Asia; auditorium; activities room; art storage; teacher resource center. Asian-related merchandise including art books, cards & jewelry for sale.
Wing Luke Museum of the Asian Pacific American Experience, 719 S. King St., Seattle, WA, 98104-3035	45,000 (e)	\$12.95 Adult \$9.95 Senior, Student 13–18w/ID \$8.95 Youth 5-12 Free under 5	\$75.00	Asian Pacific American History, Art & Culture Museum; facilities include 500-vol. library pertaining to the collection & research fields available on premises; community & social service use & sponsorship.

Source: Official Museum Directory/AAM online Jan. 2014, attractions listed, and ConsultEcon, Inc. (Note: attendance is from OMD unless otherwise indicated)

1/ Source is AZA Directory.

2/ Source is UWBG website, Jan. 2014

3/ Source is ASTC Directory.

Seattle’s signature visitor attractions generate upwards of 1 million visits each year and command high admission and membership fees. The Seattle Asian Art Museum as well as the Volunteer Park Conservatory, both in the general vicinity of the Seattle Japanese Garden, each attract more than 80,000 visits annually. Comparatively, given the small scale of the Japanese garden and limited visitor facilities/amenities, the garden does well in terms of attendance at nearly 58,000 visits compared to these neighboring attractions.

Section IV
SUMMARY OF SITE VISIT AND STAKEHOLDER COMMENTS

During February 4 and 5 of 2014, the consultants toured the Seattle Japanese Garden and met with groups of garden stakeholders that currently are or have been involved in the operation of the Garden. As part of the site visit, each stakeholder group was asked to clarify their respective areas of responsibility in the garden as well as what works well with the current operating model and what currently does not work well. During this visit, coordinated by Lisa Chen, from Seattle Parks and Recreation, we meet with representatives from the following groups¹¹:

- ◆ City of Seattle Parks and Recreation - Japanese Garden Gardeners
- ◆ City of Seattle Parks and Recreation – Rec. Division Staff (cashiers and lead coordinator)
- ◆ City of Seattle Parks and Recreation – Recreation Division Matrix Manager
- ◆ City of Seattle Regional Parks and Strategic Outreach Division, Discovery Park Manager
- ◆ Associated Recreation Council
- ◆ Arboretum Foundation Unit 86 – Prentice Bloedel Unit
- ◆ Japanese Garden Advisory Council
- ◆ Acting Superintendent of Seattle Parks and Recreation and Park Division Director
- ◆ Seattle Parks and Recreation Natural Resource Unit Manager and Park Horticulturalist
- ◆ Japanese Garden Sustainability Committee
- ◆ East –West Chanoyu Center
- ◆ Japanese Garden Society

Note that the comments in this section represent the views and opinions of the partner stakeholders, and as such, do not necessarily reflect or characterize the views, outlooks, conclusions or opinions of the City of Seattle Department of Parks and Recreation or its employees.

¹¹ Arboretum Foundation via phone interview with Paige Miller.

City of Seattle Parks and Recreation

Meetings were held with senior Parks leadership, and management as well as operations level staff. In general, there is a collective appreciation for the uniqueness of the Japanese Garden and its important linkages to the Japanese community in Seattle. Specifically, Parks representatives agree that:

- ◆ The Japanese Garden is a valuable cultural asset that must be maintained for the benefit of the public. The garden requires a higher intensity of maintenance and specialty skills as compared to other City parks.
- ◆ The City supports the use of the recent bequest to the Japanese Garden Society for capital improvements in the garden.
- ◆ The City is open to an alternative, simplified operating model involving an independent entity working in partnership with the City.
- ◆ The City has no plans in the short term to transfer the garden to an independent entity.
- ◆ There is room for a more entrepreneurial approach to programming and operations at the Garden.
- ◆ The Garden would benefit from a simplified management model within Park.

Summary of Comments/Themes from “Partner” Meetings

Overall, the groups felt that: Parks excelled at capital maintenance; that the garden was perceived very well by the general public and that in spite of limited resources was maintained fairly well; and, that the on-site staff worked very well together. There was acknowledgement among these groups that a shared collective passion for the garden, in spite of the organizational complexity, allowed the garden to survive, but not flourish.

The most substantial barrier to future sustainability of the garden as noted by the groups was the overall lack of singular leadership and responsibility for the garden stemming from an overly complex partnership structure. This in combination with the lack of consistency in management of the garden within Parks has had a number of negative outcomes, and does not allow the garden to leverage its strengths, and tends to exacerbate its weaknesses. The collective feeling was that the horticultural, programmatic, and community assets are in place, however, there needs to be a shared vision and mission for the garden and a simplified structure that creates clear lines of responsibility. The following represents a summary of comments from two days of meetings held with the various stakeholder groups.

What Works Well?

Parks Capital Maintenance

- ◆ Parks has access to in-house resources to complete capital maintenance projects. For Parks, there is no learning curve; they know the garden, and respect the garden. They know what to do.
- ◆ Parks is good at project management. Additional overhead costs for Parks projects include funding to improve social equity and outreach.
- ◆ Parks is good at general-purpose activities, tending to the horticultural needs of the garden, but not at programming and visitor services.
- ◆ When bad things happen, they (Parks) address the situation, and are quick about it.

Quality of Garden and Generally Positive Perception

- ◆ Positive feedback about quality of the Garden from the public.
- ◆ Community does not really perceive the dysfunctionality...public perception is generally strong.
- ◆ Japanese community is now interested in Garden again....authentic tea ceremony, Japanese members on JGAC, outreach to Japanese language school.
- ◆ High level of education and competency of existing garden staff – have specialized skills and institutional memory.
- ◆ Perception that the garden is nearly at capacity in terms of attendance.
- ◆ Robust and successful guide/docent training program.
- ◆ Large volunteer corps.
- ◆ Recognition from Parks that volunteers are fundamental to the visitor experience.
- ◆ Diverse representation on JGAC - It is a diverse group, with diverse representation from different sectors/communities, etc.
- ◆ Koi and turtles in the pond are entertaining.
- ◆ This garden has survived and prospered in spite of disorganized management.
- ◆ Tea house has authentic experience and active educational experience.
- ◆ Longevity of supporters within support groups.
- ◆ Lots of experience within support groups.
- ◆ Parks staff members and partners have a strong dedication and devotion to the garden that sustained it through financial impacts associated with the Recession.
- ◆ Cashiers are great; they are a good face for the garden. Cashiers are people friendly and engaging, as well as customer service oriented. (They have good personalities and train each other).

On-Site Staff Work Well Together

- ◆ Good working relationship of on-site staff.
- ◆ Shared passion for garden among staff and all involved.
- ◆ Scheduling of tours/events has worked well in the past, but is now in jeopardy (dependent on having staff dedicated to this with the right skills).
- ◆ Parks willing to listen to concerns.

Generally Strong Fiscal Health

- ◆ Parks has recognized that this is a special place. Fiscal health of the Garden is relatively good since revenues cover a relatively high percentage of operating expenses compared to other Parks properties.
- ◆ ARC/JGAC - does a great job of accounting.

What does not work so well?

Lack of Consistency in Management at Parks

- ◆ There have been 5 different NRU managers at Parks during the last 25 years. In 2012, programming and cash handling functions split off from the Parks Division and went to the Recreation Division. This has created inconsistency. Coupled with this, Recreation functions in a recreation centered world – the Japanese Garden is very different than a recreation center.
- ◆ JGAC does not have a primary contact at Parks¹².
- ◆ Organizational structure and personality conflicts have contributed to some staff attrition.
- ◆ Parks management and internal infrastructure is constantly changing – no consistency. The garden may not have an advocate at any one time.
- ◆ Gap in coordination at management level, but not on the ground.
- ◆ Operation of the garden shared between NRU and Recreation divisions at Parks¹².
- ◆ Communication - managerial level and across organizations...dysfunctional (constant change in structure and personnel create issues); lack of an advocate; and no continuity. Therefore there has been stress, anxiety and frustration.
- ◆ Needs stable leadership from Parks and understanding of the Advisory Council as to what their role is (need clarity as to what ARC's role is).
- ◆ Lack of consistency with Parks staff.

¹² ARC is in the process of hiring a full time Stewardship and Events Coordinator for the Japanese Garden, and remaining Parks staff will report to the Natural Resources Unit.

- ◆ If Parks continues to manage the Garden, then there is a need to have a person with the capabilities to work in a matrix organization structure.
- ◆ Lack of institutional memory due to all the changes at Parks.
- ◆ Lack of succession planning for specialized skills.
- ◆ Institutional memory lost due to recession pressures and attrition.

Lack of a Mission and Vision Statement to Guide Decision Making

- ◆ No mission or vision statement to guide what happens or does not happen in the garden. Therefore there is no boundary function for decision-making.
- ◆ Lack of clarity about purpose of garden which creates friction. Different stakeholders are possessive of garden. The garden needs a vision statement....some feel it should be quiet and peaceful and others feel that it should be more commercial.
- ◆ No framework for decision-making.
- ◆ Lack of mission statement creates conflict.

Overly Complex Partnership Structure and Lack of Leadership for Core Visitor Service, Programming and Development/Marketing Functions

- ◆ No on-site manager.
- ◆ Need a director who is keeper of vision.
- ◆ No leadership or any single group or person to take responsibility.
- ◆ No centralized responsibility.
- ◆ Roles and responsibilities have never clearly been vetted. All partners need clearly defined roles and responsibilities.
- ◆ Difficult for volunteers in garden and on the ground staff to feel like they are being lead.
- ◆ No one person overseeing all aspects of garden.
- ◆ Current partnerships are not equitable.
- ◆ Need clearly defined business structure.
- ◆ JGAC and ARC not supporting each other. ARC does not have expertise for specialized properties like JG (good at community service facilities).
- ◆ No clear mechanism for moving things forward....so, a new procedure is created for every new initiative, so initiatives “go nowhere.” Therefore individuals start new initiatives and growth occurs organically and not necessarily in a coordinated fashion.
- ◆ Organization structure is too complicated; there is no org chart.
- ◆ Tea ceremony....now demonstration only, no teaching. Tea house needs to be used

(aeration, etc.) or maintained.

- ◆ No direct line of communication...there is a current structure where everyone wants to be in charge. Someone needs to be in charge and the structure needs to be simplified.
- ◆ Organization structure is a hindrance to progress.
- ◆ Japanese Garden is not really in ARC's core area of activity.
- ◆ Historically there has been a lack of outreach to community and to potential programming partners.
- ◆ Need stable leadership within a culture that does not have personal politics, along with the skill sets and connections to be able to run the organization.
- ◆ No monthly or quarterly meetings.
- ◆ No comprehensive training policies
- ◆ Support organizations don't have a say in hiring staff.
- ◆ JG is not playing as active a role in the community as it should. It should have a higher community profile. Needs better outreach e.g. Wing Luke has lots of educational programming opportunities. If the goal is to be a hub of Japanese culture, then the Garden should have outreach and is obligated to be a resource.
- ◆ Succession planning is needed for garden maintenance e.g. for when Masa is no longer available.

General Perceived Lack of Stability at Parks

- ◆ Recession pressures have reduced stability in staffing levels.

Inadequate Facilities for Staff and Visitor Services

- ◆ Need storage, layout of entrance facilities not optimal, lacking space...there is offsite storage, parking, tour groups not required to book ahead (for self-guide), cashiers also sign up members...(challenge for 1 cashier), Annual pass only sold through these groups...(do not have a philanthropic motivation).
- ◆ Design of admissions booth is problematic.
- ◆ Poorly designed workspaces and not enough space on site for everyone who needs to be there.
- ◆ Need somewhere for visitors to go in inclement weather.
- ◆ Inadequate space for cultural exhibitions and gift shop

Inadequate Operating Budget to Run the Garden

- ◆ Stressful for some on the ground staff around special events...the support is not available to pull events off well.
- ◆ Inadequate operating budget to run the garden and inadequate staffing.
- ◆ Lack of a development function. Aging donor pool, therefore garden needs quickly to develop infrastructure and build confidence to attract donations.
- ◆ Lack of marketing and coordinated marketing.
- ◆ Parks have 5 categories of maintenance level...JG highest requirement. 1 to .75 per acre is the standard. JG should have 3.5 FTE gardeners.
- ◆ Specialty gardens require a different type of dedicated maintenance (this has been acknowledged by Parks).
- ◆ Scheduling of Programs - Parks does all scheduling for Unit 86 tours... and currently there is limited resources to do it.
- ◆ Trend of jobs by paid positions handed over to volunteers...don't want to set precedence that paid jobs are to be replaced by volunteers.

Tension/Lack of Definition of Appropriate Uses, Activities, Programs

- ◆ Tension between the goals of maximizing public access and advancing the public good vs. the carrying capacity of the garden and its appropriate use.
- ◆ Preservationist stance of Parks vs. the need for an entrepreneurial outlook to be financially sustainable.
- ◆ Lack of policies on utilization of garden e.g. photography (drafts), nothing formal in place.
- ◆ Programmatic Hierarchy - NRU has preservationist stance...vs. REC which is utilization oriented.

Slow Organizational Reaction Time and Lack of Entrepreneurial Thinking

- ◆ Because of lack of leadership, everything moves very slowly or not at all e.g. membership program.
- ◆ City policies limit what volunteers do (no cash handing) no keys to doors.
- ◆ Challenge within Parks historically has been mechanical and cultural. Recession has forced Parks to think more creatively about uses within the Garden.
- ◆ Any printed material has to be approved by Parks.
- ◆ Rules and Regulations of the Parks Department may be inimical to needed entrepreneurial undertakings.

Security

- ◆ Security- cashiers are typically solo and do walk-through of garden at the end of the day on their own.
- ◆ Security – only one cashier on at a time.

Fragmented Brand Image/Marketing

- ◆ Multiple websites (5) and 2 social media sites create an on-line presence that is fragmented and confusing for the public and donors.

Visitor Perception of Value

- ◆ Perceived by some visitors as expensive for length of stay, and not repeatable given the small scale and lack of programming.
- ◆ Perceived by some visitors as small.
- ◆ Parking can be a challenge during peak periods.

Morale

- ◆ Bureaucratic system can have a negative impact on the morale of paid staff and volunteers.
- ◆ Job classification system and hiring process at Parks can be challenging. Those who are closest to the day to day operation of the garden do not typically have input into hires.

Section V

EXPERIENCE OF JAPANESE GARDENS

The purpose of this section is to summarize key observations regarding the review of operating characteristics of “comparable” Japanese gardens as input into the overall evaluation of an optimal management model for the Seattle Japanese Garden. The characteristics of five Japanese gardens were summarized that illustrate a range of operating characteristics.

It is important to note that there are no perfect comparables for any project. The Japanese Gardens profiled are diverse in size, program, location, market contexts and operations. Revenue sources, operating budgets and overall organizational scale vary from garden to garden. Nonetheless, important insights and lessons can be gained from reviewing the operating models and success requirements for these types of projects and then applying those lessons to the assessment of the Seattle Japanese Garden. A review of comparable project profiles can also illustrate the challenges that are inherent in operating a project of this type. The projects profiled include:

1. Portland Japanese Garden, Portland, OR
2. Shofuso Japanese House and Garden, Philadelphia, PA
3. Hakone Estate and Garden, Saratoga, CA
4. Japanese Friendship Garden, Phoenix, AZ
5. Anderson Japanese Garden, Rockford, IL

Although we did not report specifically on the detailed characteristics of “gardens within gardens or parks”, we researched several including: Nitobe Japanese Garden (part of the University of British Columbia’s Botanical Garden); Japanese Garden at the Minnesota Landscape Arboretum; the Japanese Tea Garden at Golden Gate Park; Nishinomiya Japanese Garden at Manito Park; and the Japanese Garden at Bloedel Reserve¹³. Japanese Gardens within larger botanical gardens tend to be subsumed within the larger operating construct of

the parent garden, arboretum or park. This can limit overall resources available and opportunities for the Japanese Garden specifically within this context. Conversely, the Japanese Tea Garden at the Golden Gate Park has an operating and financial model that is based on earned revenue (namely admissions and concessions – retail and food service) and is sustainable on the basis of its prime location adjacent to the de Young Museum and California Academy of Sciences and high capture of visitors to Golden Gate Park. The tea garden offers limited programming and does limited marketing/advertising.

Mission

In common among the gardens profiled was the presence of mission and/or vision statements that guide the purpose, operating and programming decisions of the garden/organization. Good mission statements include what the organization is, how it implements its work, and for whom (the audience). Most of the Japanese Garden mission statements include some aspect of cultural connectivity and awareness, while Shofuso is focused more on preservation.

Examples of mission statements include:

- ◆ *Portland Japanese Garden* – “The purpose of the Japanese Garden Society of Oregon is to create, maintain, improve, and administer an authentic, world-class Japanese garden in the city of Portland and to offer compatible educational, cultural, artistic, horticultural, environmental, and charitable activities.”
- ◆ *Anderson Garden* – “In our hectic and stressful world, Anderson Japanese Gardens opens minds to a different culture while offering guests a place of peace and tranquility where they will find healing, renewal, inspiration, and a re-energized soul.”
- ◆ *Hakone Estate and Garden* – “We are dedicated to conserve and enhance Hakone Estate and Gardens for the enjoyment and benefit of the public, to preserve its Japanese authenticity for future generations, to promote a deeper understanding of Asian cultures, and to serve as a global forum for art, music, culture and ideas. “

Shofuso had a statement akin to a mission statement that focused on preservation of the house and gardens, while the Japanese Friendship Garden had a mission statement that was a list of objectives or goals.

¹³ ConsultEcon has also visited Nitobe and the Japanese Tea Garden in Golden Gate Park, and held interviews with the director of Nitobe Japanese Garden in Vancouver and the Superintendent of Golden Gate Park.

Several of the gardens also listed “core values.” For example, the Portland Japanese Garden’s core values include:

“We believe in and strive for:

- ◆ Inspiration, serenity, tranquility and the aestheticism of nature.
- ◆ Excellence in the management and maintenance of the garden.
- ◆ Japanese culture, tradition and aesthetics.
- ◆ Cultural authenticity direct to the needs of diverse local, national and international communities.
- ◆ Environmental awareness and conservation, and the pursuit of environmental sustainability in the operation of the Garden.
- ◆ Mutual respect and harmony within the board, staff, membership and with the surrounding communities. “

Best practice is for organizations of this type to have mission and vision statements, as well as core values. For Japanese Gardens, those that emphasize cultural connectivity and have more broad missions, also tend to have broader interest to a wider audience. As detailed later in this report, this plays out in fundraising, programming, and visitation.

Governance/Management

Of the five free standing gardens profiled: two (Shofuso and Hakone) were operated by municipalities and then transitioned to non-profit operating models; one (Portland) has always been operated as an independent non-profit organization, but on city owned land; one has always been operated as a private non-profit (Anderson); and, the Japanese Friendship Garden has always been operated as a private non-profit with an operating agreement with the City on land owned by the state and leased by the City.

Data in **Table V-1** summarizes the governance/management model for each of the profiled gardens.

Table V-1
Governance/Management Models for Selected Japanese Gardens

	Governance/Management	Type
Portland Japanese Garden	The Japanese Garden Society of Oregon is a private, not-for-profit a 501(c) 3 organization funded entirely by donations, membership, memorials, grants, and gate admissions. It was formed in the early 1960s to develop the garden. The Garden occupies 5 acres of Washington Park, a public park of the City of Portland. The Society leases the land from the City of Portland.	Private Non-Profit (garden has always been operated as in independent organization). They do not receive city, county, state, or federal tax dollars.
Shofuso Japanese House and Garden	Friends of the Japanese House and Garden (organized in 1982), a 501(c) 3, operates the garden and the City owns the site. The non-profit leases the site from the City for \$1.	Private Non-Profit. City provides in-kind support including the equivalent of 3 FTE docent staff who assist with programming, in the gift shop, etc. City also provides for emergency capital repairs as needed. (Originally Operated by the City).
Hakone Estate and Japanese Garden	Until 2000, the garden was operated by the City of Saratoga. The garden is now operated by the Hakone Foundation, a 501(c) 3, non-profit. Also a National Trust for Historic Preservation Landmark.	Private Non- Profit (originally operated by the City)
Japanese Friendship Garden	501(c)3 non-profit organization in partnership with the City of Phoenix Parks and Recreation Department and Sister City of Himeji, Japan.	Private Non-Profit with operating agreement with the city. The State owns the land.
Anderson Japanese Garden	Anderson Gardens-501(c) 3	Private Non-Profit

Source: Facilities listed and ConsultEcon, Inc.

Attendance

Data in **Table V-2** summarize benchmark market and attendance characteristics of the profiled gardens, including the performance of the comparable gardens relative to metro market population size.

Table V-2
Market and Attendance Characteristics of Comparable Projects
Seattle Japanese Garden

Garden	City, State	Operating Hours	Size	Metro Area Population	Total Attendance	Market Capture Rate	Annual Attendee Per Acre
Portland Japanese Garden	Portland, OR	Open Year Round: Spring/Summer Public Hours (April 1-Sept. 30): Monday: noon-7pm, Tuesday-Sunday: 9am-7pm; Fall/Winter Public Hours (October 1-March 31) Monday: Noon-4pm, Tuesday-Sunday: 10am-4pm	5.5	2,279,924	275,000	12.1%	50,000
Shofuso Japanese House and Garden	Philadelphia, PA	Open Seasonally: April & October: Sat & Sun 11am to 5pm; May - September: Wed - Fri 10am to 4pm; Sat & Sun 11am to 5pm	1.2	6,019,190	17,000	0.3%	14,167
Hakone Japanese Garden	Saratoga, CA (San Jose MSA)	Open Year-Round: 10 am-5 pm weekdays; 11-5 weekends	18	1,881,685	60,000	3.2%	3,333
Japanese Friendship Garden	Phoenix, AZ	Open Seasonally: October through May: Tuesday through Sunday: 10:00AM - 4:00PM; Closed on Monday	3.5	4,333,245	2,100	0.05%	600
Anderson Japanese Garden	Rockford, IL	Open Seasonally: May-Nov. 3 Mon.-Fri. 9-6, Sat. 9-4, Sun. 10-4.	14	348,563	40,000	11.5%	2,857
Average			8.4	2,972,521	78,820	5.4%	14,191
Seattle Japanese Garden			3.5	3,548,100	58,000	1.6%	16,571

Source: Facilities listed and ConsultEcon, Inc.

Resident market size is one indicator of attendance potential for visitor attractions of this type. Market size is determined by traffic patterns, geography, competition, and political boundaries among other factors. The size of the market, size of the garden, type of programs and special events at the gardens, operating hours, specific location, and competition vary considerably among gardens profiled. The scale of the tourism market is also an important indicator of attendance potential, and those market areas that both have a large resident market population as well as a large tourism market tend to generally have the higher potential. Portland, Philadelphia and Phoenix all have strong tourism markets, as does Saratoga given its proximity to the San Francisco Bay Area.

Annual attendance at profiled gardens ranges from 2,100 at the Japanese Friendship Garden to 275,000 at the Portland Japanese Garden. The capture rates at both Portland Japanese Garden and Anderson Garden’s are high. Reportedly, in Portland, there is generally less competition for first day tourist attractions as compared to Seattle and the Portland Japanese

Garden is consistently listed as a must see. It is also located within a park that contains the zoo and children’s museum (and a high volume of visitors). Reportedly, an estimated 50% of visitors to the Portland Japanese Garden are local residents. In Rockford, IL (location of the Anderson Garden), there is limited competition and the Japanese Garden is a signature attraction. In general, the Seattle Japanese garden has higher capture rates than the Japanese Friendship Garden and Shofuso, but lower capture rates than the other three gardens profiled. In terms of scale, situation and location context, the Portland Japanese Garden is likely the most comparable. Thus, this benchmark data suggests that given the scale of resident and visitor markets in Seattle and proximity to downtown, the Seattle Japanese Garden has upside attendance potential and may be underperforming.

Pricing (and Membership)

An important determinant of attendance and of the financial performance of a garden is admission price. Admission prices of the garden’s profiled range from \$7.00 to \$9.75 for adults, with an average of \$8.15; \$5.00 to \$6.75 for children with an average of \$5.95; and \$5.00 to \$7.75 for seniors with an average of \$6.35. Admission prices for the Seattle Japanese Garden tend to be below the average across all categories. Of note, the Portland Japanese Garden is the price leader in the group with adult admission prices of \$9.75, and it also has the highest attendance.

Some factors that influence pricing include:

- ◆ Garden size, quality and visitor length of stay
- ◆ Program content and presence of indoor facilities
- ◆ Cost of living in the area
- ◆ Orientation to visitor versus resident markets
- ◆ Visitation/price trade-off decisions
- ◆ Size of the market
- ◆ Presence/absence of other visitor attractions in the area (competitive pricing)

All of the profiled gardens offer a membership program, as opposed to an annual pass. Generally, there are two motivations for becoming a member. One is philanthropic, to

generally support the good work and mission of the organization. Those gardens that have broader missions with a cultural emphasis have an opportunity to attract a greater number of members. The second motivation is economic. For example, local residents can enjoy any economic benefits that accrue with membership e.g. free membership, discounts on programs, discounts at the gift shop and invitations to special events. Lastly, having a membership program can create an opportunity for residents and visitors alike to have sense of belonging.

The market rate for a family membership at profiled gardens is typically \$75, whereas the dual/family annual pass rate at the Seattle Japanese Garden is only \$30. The membership programs at the profiled gardens offer a range of benefits while the annual pass at the Seattle Japanese Garden is limited to unlimited admission. It is notable that the Portland Japanese Garden, with a smaller metro area population as compared to Seattle, has 7,500 active memberships.

Data in **Table V-3** summarize admission and membership pricing characteristics of the profiled facilities.

Table V-3
Admission and Membership Pricing Characteristics of Comparable Gardens
Seattle Japanese Garden

Garden	Adult Fee	Child Fee	Child Age	Senior Fee	Senior Age	Family Members hip Fee	Number of Members (memberships)	Number of Attendees Per Membership
Portland Japanese Garden	\$9.75	\$6.75	6 to 17	\$7.75	62+	\$75.00	7,500	37
Shofuso Japanese House and Garden	\$7.00	\$5.00	3 to 17	\$5.00	65+	\$75.00	183	93
Hakone Japanese Garden	\$8.00	\$6.00	5 to 17	\$6.00	65+	\$75.00	NA	
Japanese Friendship Garden	\$8.00	\$6.00	5 to 17	\$6.00	65+	\$75.00	267	8
Anderson Japanese Garden	\$8.00	\$6.00	6+	\$7.00	62+	\$85.00	NA	
Average	\$8.15	\$5.95		\$6.35		\$77.00	2,650	46
Seattle Japanese Garden	\$6.00	\$4.00	6 to 17	\$4.00	65+	\$30.00	1,053	55

Source: Facilities listed and ConsultEcon, Inc.

NA = Not available at time of publication. Information is pending.

Revenues

The sources of revenue for Japanese gardens, like most visitor attraction types, typically comprise the following:

Earned Revenues:

- ◆ Admissions
- ◆ Memberships (often classified as Contributions but correlated with the economics of repeat visitation rather than philanthropic sentiment)
- ◆ Retail
- ◆ Food Service
- ◆ Special Events, such as Moon Viewing
- ◆ Facility Rentals
- ◆ Program Fees e.g. tea demonstrations, workshops

Non-Earned Revenues:

- ◆ Donations (above and beyond regular memberships, includes regular annual giving of supportive members, major gifts, fundraising events, etc.)
- ◆ Gifts In-Kind
- ◆ Corporate Sponsorships
- ◆ Educational and Programs Grants
- ◆ Interest on Operating and Replacement Reserve Account Balances
- ◆ Endowment Proceeds
- ◆ Other

In general, the stronger the potential for earned revenue, the less reliant an organization tends to be on “contributed” revenues or other sources of support e.g. municipal. The facilities profiled cover between 53% and 76% of their total operating expenses through earned revenues including admissions, program fees, facility rentals, membership, and retail revenues. The Seattle Japanese Garden, covering an estimated 53% of its operating expenses, ranks at the bottom of the list, tied with Shofuso. Further, earned income per attendee at the Seattle Japanese Garden is well below that of this set of comparables. An earned revenue to operating expense coverage ratio of above 70% is strong for a non-profit visitor attraction. The Portland Japanese garden achieves this through its strong

attendance profile, while Hakone generates a substantial portion of its earned revenue through facility rentals (Portland does not rent its facilities or host weddings.) This indicates that a strong earned revenue profile is possible with a Japanese garden.

Data in **Table V-4** show the operating income characteristics of profiled gardens.

Table V-4
Operating Income Characteristics of Comparable Projects
Seattle Japanese Garden

Garden	Size (acres)	Earned Income	Earned Income Per Attendee	Earned Revenue as Percent of Total	Total Operating Income	Total Operating Income per Attendee	Total Operating Income Per Acre
Portland Japanese Garden	5.5	\$2,240,142	\$8.15	76%	\$3,114,773	\$11.33	\$566,322
Shofuso Japanese House and Garden	1.2	\$145,182	\$8.54	53%	\$534,528	\$31.44	\$445,440
Hakone Japanese Garden	18	\$610,629	\$10.18	77%	\$883,270	\$14.72	\$49,071
Japanese Friendship Garden	3.5	\$137,598	\$65.52	71%	\$168,396	\$80.19	\$48,113
Anderson Japanese Garden	14	\$496,985	\$12.42	56%	\$1,096,840	\$27.42	\$78,346
Average	8.4	\$726,107	\$20.96	66%	\$1,159,561	\$33.02	\$237,458
Seattle Japanese Garden 2/	3.5	\$305,700	\$5.27	53%	\$356,700	\$6.15	\$101,914

Source: Facilities listed and ConsultEcon, Inc.

1/ Includes admissions, program fees, retail, rental income, and dues/memberships.

2/ Earned Income for the Seattle Japanese Garden includes 2013 Est. Annual Revenues + \$8700 in revenue from Unit 86, less \$51,000 from fundraising events.

Those organizations that do not have as strong of an earned revenue profile must rely on other sources, including contributed revenues. The capacity of an organization to raise annual contributed revenue from a variety of sources is an important success (and financial sustainability) factor for projects of this type. Some costs associated with contributed revenue sources include development staff salaries and benefits, administrative and other office costs, supplies, fundraising events and travel and entertainment. Developing a strong contributed revenue profile requires an organization to have: a full time and professional development and marketing staff; a fundraising board with high level connections (and often an advisory board that can elevate the status of the organization such that it can

attract national/international attention); and a strong mission statement that is broad enough to appeal to a wide variety of audiences outside of the area in which the garden is located. Although the potential exists, the Seattle Japanese Garden, as currently structured, does not have the development and marketing infrastructure to support strong contributed revenues. Data in **Table V-5** show operating income by type for the profiled gardens.

Table V-5
Operating Income By Type for Comparable Projects
Seattle Japanese Garden

	Portland Japanese Garden	Percent of Total	Shofuso Japanese Garden	Percent of Total	Hakone Japanese Garden	Percent of Total	Japanese Friendship Garden	Percent of Total	Anderson Japanese Garden	Percent of Total
Gate Receipts	\$1,528,296	49%			\$154,342	17%	\$129,893	77%	\$197,014	18%
Program Services 1/			\$103,161	19%						
Retail Sales (net of COGS)	\$276,957	9%	\$7,867	1%	\$35,409	4%	\$7,705	5%	\$45,141	4%
Program Fees	\$77,130	2%								
Investment/ Asset Sale Inconr	-\$1,605	0%	\$343	0%	\$725	0%	\$418	0%	(\$10,212)	-1%
Other Earned Income	\$3,939	0%								
Dues/Memberships	\$353,820	11%	\$16,554	3%	\$42,190	5%				
Contributions 2/	\$709,280	23%	\$389,003	73%	\$239,854	27%	\$30,380	18%	\$605,588	55%
Special Events	\$52,312	2%			\$24,902	3%				
Rental Revenue			\$17,600	3%	\$378,688	43%			\$254,830	23%
In-Kind	\$72,860	2%								
Appropriation of Endowment	\$41,784	1%								
Misc					7160	1%			\$4,479.0	0%
Total	\$3,114,773	100%	\$534,528	100%	\$883,270	100%	\$168,396	100%	\$1,096,840	100%

Source: Facilities listed and ConsultEcon, Inc.

1/ In IRS 990s for Shofuso this includes gate receipts and program fees.

2/ Shofuso includes \$14,992 in government grants in 2012. In addition, there was \$229,000 in capital projects in 2012.

As noted, the Portland Japanese Garden has strong admissions (or gate) revenue, as well as a very strong contributed revenue profile. This can be attributed to strong and visionary executive leadership, a high profile fundraising board and international advisory board, as well as a strong culturally and community focused mission statement, core values and programming. Hakone’s model, given the proximity to many corporate headquarters in the Bay area and its unique setting, emphasizes facility rentals. All of the gardens engage in active fundraising, and all but the Japanese Friendship Garden have substantially higher contributed revenues as a percentage of total revenues as compared to the Seattle Japanese Garden. This suggests that there is also upside potential for contributed revenues for the Seattle Japanese Garden.

Expenses

Gardens are largely fixed cost operations and annual operating expense budgets at Japanese Gardens can be a function of the size of the garden, number of structures/facilities, number of employees, and programs offered. Typically, the cost of personnel is the highest expense category. Data in **Table V-6** summarize the typical operating expenses of profiled facilities, while data in **Table V-7** show the operating expenses by category. In general, the annual operating expenses for the Seattle Japanese Garden are somewhat lower than the average in terms of the total operating expenses and operating expenses per acre. It is important to note that the Japanese Friendship Garden receives assistance from the City of Phoenix by providing for 2 full time gardeners as well as subsidizing occupancy expenses. Additionally, the Shofuso garden receives assistance for visitor services from the City of Philadelphia in the form of 3 seasonal staff. Thus, the personnel expenses for these gardens and total expenses per acre are higher than shown in the table below.

Table V-6
Summary Operating Expense Characteristics of Comparable Projects
Seattle Japanese Garden

	Size (acres)	Total Operating Expenses	Operating Expenses per Attendee	Operating Expenses per Acre
Portland Japanese Garden	5.5	\$2,946,245	\$10.71	\$535,681
Shofuso Japanese House and G	1.2	\$276,051	\$16.24	\$230,043
Hakone Japanese Garden	18.0	\$798,162	\$13.30	\$44,342
Japanese Friendship Garden	3.5	\$194,687	\$92.71	\$55,625
Anderson Japanese Garden	14.0	\$890,006	\$22.25	\$63,572
Average	8.4	\$1,021,030	\$31.04	\$185,852
Seattle Japanese Garden	3.5	\$582,000	\$10.03	\$166,286

Source: Facilities listed and ConsultEcon, Inc.

Table V-7
Summary Operating Expense Characteristics of Comparable Projects
Seattle Japanese Garden

Expense Categories	Portland Japanese Garden		Shofuso Japanese Garden		Hakone Japanese Garden		Japanese Friendship Garden		Anderson Japanese Garden	
	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Percent of Total	
Salaries and Wages	\$1,629,517	55%	\$119,789	43%	\$382,011	48%	\$71,198	37%	\$344,404	39%
Benefits and Fringe	\$341,315	12%	\$20,939	8%	\$55,406	7%			\$109,273	12%
Occupancy	\$141,013	5%	\$9,411	3%	\$200,000	25%	\$2,476	1%	\$136,811	15%
Advertising and Promotion	\$132,923	5%	\$4,077	1%			\$2,266	1%	\$102,014	11%
Misc and Other	\$129,039	4%	\$8,397	3%	\$65,018	8%	\$1,509	1%	\$6,391	1%
Office Expenses	\$101,817	3%	\$13,204	5%	\$12,463	2%	\$3,052	2%	\$11,566	1%
Garden Maintenance	\$90,070	3%	\$3,360	1%	\$16,012	2%	\$9,330	5%		
Development	\$88,472	3%								
Travel and Conferences and Meetings	\$85,578	3%	\$7,067	3%	\$5,834	1%	\$3,236	2%	\$7,450	1%
Other	\$70,981	2%	\$46,005	17%					\$6,272	1%
Programming	\$69,688	2%	\$25,017	9%			\$67,500	35%		
Insurance	\$35,329	1%	\$5,140	2%	\$13,207	2%	\$3,650	2%	\$22,842	3%
Accounting	\$20,742	1%	\$13,004	5%					\$6,950	1%
Legal	\$4,914	0%	\$580	0%					\$14,930	2%
Interest	\$4,847	0%	\$61	0%						
Dues							\$545	0%		
Utilities					\$23,180	3%				
Direct Event/ Rental Expenses					\$25,031	3%	\$12,462	6%		
Contracted Services							\$13,694	7%	\$78,431	9%
Credit Card Fees							\$3,769	2%	\$10,483	1%
Supplies									\$32,189	4%
Total Functional Operating Expenses	\$2,946,245	100%	\$276,051	100%	\$798,162	100%	\$194,687	100%	\$890,006	100%

Source: Facilities listed, annual reports, IRS 990s and ConsultEcon, Inc. Does not include depreciation or capital projects.

Staffing

Data in **Table V-8** show the total staffing and number of gardeners at facilities profiled. The average number of total staff per acre was 3.5 versus 2.6 at the Seattle Japanese Garden, and the average number of gardeners per acre was 0.8 versus 0.7 at the Seattle Japanese Garden. The Seattle Japanese Garden is somewhat understaffed given its current operating profile, and substantially understaffed, when considering the goal of elevating the earned and contributed revenue profiles of the garden. It is important to note that several of the gardens rely on volunteer crews to assist with garden maintenance. In addition, Portland has 4 full time staff dedicated to development (fundraising) with additional staff and an outside agency for marketing. Further, one of the gardens that were interviewed (but not profiled in this analysis) emphasized the importance of having a dedicated, full-time curator. It was noted

that “consumers in the Pacific NW are very sophisticated when it comes to Japanese Gardens, and you [a garden] cannot get away with just a good standard of care.”

Table V-8
Staffing Characteristics of Comparable Projects
Seattle Japanese Garden

	Number of FTE	Number of FTE Gardeners	Total Income per FTE	Operating Expenses per FTE	Attendance per FTE	FTE per Acre	FTE Gardeners Per Acre
Portland Japanese Garden	50	9	\$62,295	\$58,925	5,500	9.1	1.6
Shofuso Japanese House and (4	1	\$133,632	\$69,013	4,250	3.3	0.8
Japanese Friendship Garden	3	2	\$56,132	\$64,896	700	0.9	0.6
Anderson Japanese Garden	11	5	\$99,713	\$80,910	3,636	0.8	0.4
Average	17.0	4.3	\$87,943	\$68,436	3,522	3.5	0.8
Seattle Japanese Garden	9.0	2.3	\$39,633	\$64,667	6,444	2.6	0.7

Note: FTE = Full Time Equivalent Employee.
 Source: Facilities listed and ConsultEcon, Inc.

Programming

Active programming is an important way for Japanese Gardens to improve their relevance to a broad audience, engage the community, fulfill mission, and generate revenue. All of the gardens profiled offer programming, and one strategy to improve attendance is to offer this programming during the shoulder seasons (non-peak periods). Many programs are offered through the garden itself or via affiliate organizations e.g. Ikebana. Programmatic collaborations are commonplace, and help to expand the reach of a garden, can attract donors, and bring in new audiences. In addition to traditional festivals and activities such as moon viewing, children’s day festivals, etc., several gardens offer programming such as: art exhibitions, hands-on gardening workshops, and lecture series on a wide variety of topics. A diverse and strong programmatic offering is viewed as central to elevating the profile of a garden in the community and maintaining relevance.

Related to programming, several gardens are developing collaborative relationships with Japanese universities and horticultural programs as a way to bring expertise to their own gardens and strengthen cultural connections. Several Japanese Gardens have strong

international linkages via their Advisory Boards, programming, donors and membership. As one example of a creative collaboration, the Portland Japanese Garden has a partnership with the Hatfield Marine Science Center to care for the Koi in their ponds. They installed a new filtration system and help pay for the care via a name-that-fish fundraising campaign, netting \$2,500 to \$5,000 per fish.

Summary

The following summarizes the review of comparable Japanese Gardens:

- ◆ Best practice is for gardens and organizations of this type to have mission and vision statements, as well as core values. For Japanese gardens, those that emphasize cultural connectivity and have more broad missions, also tend to have broader interest to a wider audience. Strong mission and forward-looking vision statements can positively impact fundraising, programming, and visitation. *The Seattle Japanese Garden should develop a strong culturally focused mission statement along with a set of core values that help to define the goals of the garden as well as programming boundaries and opportunities.*
- ◆ All of the gardens profiled were managed as independent non-profit organizations, two of them migrating from city management, and one operated in partnership with a city. For those located on city land, the organizations lease the land from the City. While all of the profiled gardens are operated by an independent nonprofit organization, several receive in-kind support from the municipalities on whose land they are located including staffing, emergency repair services, and rent at no cost. Operating a garden as an independent non-profit entity on city owned land does not preclude the city from being able to tout the attraction as an asset and marketing tool for the city. Generally, while Japanese gardens can operate under municipal management, those that provide the most diverse programming, and have the highest earned and contributed revenues tend to be operated by independent non-profit organizations. *The Seattle Japanese Garden could achieve higher contributed and earned revenues and implement a more robust program offering through operation by one well established non-profit partner whose singular focus is the Japanese Garden and whose professional staff, leadership and fundraising board has substantial capacity to generate contributed revenue, and facilitate high level community, city, state, international, corporate, and garden industry relationships.*
- ◆ All of the profiled gardens offer a membership program, as opposed to an annual pass. Generally, there are two motivations for becoming a member. One is philanthropic, to generally support the good work and mission of the organization. Those gardens that have broader missions with a cultural emphasis have an opportunity to attract a greater number of members. The market rate for a family membership at profiled gardens is typically \$75, whereas the dual/family annual pass rate at the Seattle

Japanese Garden is only \$30. The membership programs at the profiled gardens offer a range of benefits while the annual pass at the Seattle Japanese Garden is limited to unlimited admission. *Along with developing mission and vision statements and core values, the Seattle Japanese Garden has the opportunity to develop an industry standard membership program that can generate additional revenue for the garden, along with a host of other benefits.*

- ◆ In general, the stronger the potential for earned revenue, the less reliant an organization tends to be on “contributed” revenues or other sources of support e.g. municipal. The facilities profiled cover between 53% and 76% of their total operating expenses through earned revenues including admissions, program fees, facility rentals, membership, and retail revenues. The Seattle Japanese Garden, covering an estimated 53% of its operating expenses, ranks at the bottom of the list, tied with Shofuso. *The ARC partnership structure and management model is a limiting factor for the Seattle Japanese Garden in terms of its earned revenue potential. The success of the Portland Japanese Garden (with no food sales in the garden or facility rentals), but a strong programmatic and collaborative focus, strong marketing and a stand-out garden product, suggests that there is upside for the Seattle Japanese Garden. Specific areas of opportunity for earned revenue include enhanced attendance and admissions revenue, memberships, program fees and facility rentals as appropriate.*
- ◆ Most of the gardens profiled have some capacity to generate sizeable annual revenues through contributions (including private and corporate gifts). The capacity of an organization to raise annual contributed revenue from a variety of sources is an important success (and financial sustainability) factor for projects of this type. Developing a strong contributed revenue profile requires an organization to have: a full time and professional development and marketing staff; a fundraising board with high level connections (and often an advisory board that can elevate the status of the organization such that it can attract national/international attention); and a strong mission statement that is broad enough to appeal to a wide variety of audiences outside of the area in which the garden is located. *Although the potential exists given the characteristics of the Seattle Market, the Seattle Japanese Garden, as currently structured through the ARC partnership, does not have the designated development and marketing infrastructure to support strong contributed revenues. Achieving higher levels of contributed revenue through the existing partnership would require additional full time development, marketing and programming staff, as well as a substantially larger operating budget to support these staff.*
- ◆ In general, the annual operating expenses for the Seattle Japanese Garden are somewhat lower than the average of profiled gardens in terms of the total operating expenses and operating expenses per acre. This is also true of staffing in that the Garden is understaffed compared to profiled gardens given its current operating profile, and substantially understaffed, when considering the goal of elevating the earned and contributed revenue profiles of the garden. *Developing capacity in visitor services, programming, development and marketing at the Seattle Japanese Garden will require additional professional staff.*

- ◆ Active programming is an important way for Japanese gardens to improve their relevance to a broad audience, engage the community, fulfill mission, and generate revenue, and a strong case for philanthropic support. *The Seattle Japanese Garden has strong potential to enhance programming both on and off-site, to reach new audiences and, strengthen its ties to the local and greater Seattle community.*
- ◆ The review of comparable projects suggests that through the current ARC partnership, the Japanese Garden horticultural resource has been managed well, and the garden has served as a good resource for the community to enjoy. The comparable projects also highlight that through the ARC partnership model, the Seattle Japanese Garden has not been able to realize its potential for generating revenue and expanding its programming reach, and thus community impact. With continued thoughtful planning, the Seattle Japanese Garden has substantial upside potential and can be a positive City and statewide signature asset for current and future generations to enjoy for years to come.

Section VI

EVALUATION OF ALTERNATIVE OPERATING MODELS

The following section summarizes the potential attendance, operating, community and organizational impacts of two models, the current ARC partnership model and a non-profit management model. The goal of this comparison is to understand the implications of a new non-profit management model against the existing baseline established for the current model – the ARC Partnership. Overall, the goal of this study focuses on identifying an “optimal” management model for the Seattle Japanese Garden. An “optimal” model is defined as one that will provide the garden with the greatest chance for long-term financial sustainability and at the same time ensures the greatest public benefit.

More and more visitor attractions across the country are employing a public-private partnership approach to attraction management and operations. In this approach, a non-profit operator, typically focuses on the management of visitor experience, fundraising and marketing, programming and events, retail and other ancillary operations such as food service and facility rentals. Often, a non-profit operator also takes on responsibility for buildings and grounds, however, this is typically a strength and asset a municipality can bring to the partnership. The experience of privatization projects and new public-private partnerships across the country, (and locally with the aquarium in Seattle and Zoo) demonstrate that:

- ◆ There is enhanced fundraising potential through non-profit management, as donors are more likely to give to a non-profit organization than a government entity. This often translates into higher annual contributed revenues, corporate memberships, grants and other gifts.
- ◆ Earned revenue potential is typically greater through non-profit management via increased attendance, retail, programming, rentals and other sources, as a specialized non-profit organization solely dedicated to the success of the organization brings greater focus and specialized skills to the organization, as opposed to being part of a larger entity, and one of many assets for which a municipality must provide stewardship.
- ◆ Transaction speed under non-profit management is typically greater as there are fewer “layers” of governance/management to navigate, and more flexible policies that allow greater latitude or strategic decision-making. This allows the organization to capitalize on opportunities and respond quickly to challenges.

- ◆ There are enhanced opportunities for programming and creative collaborations through non-profit management as the organization has greater flexibility to pursue collaborations and a singular focused mission of which public education is typically a key component.
- ◆ A non-profit organization can directly receive and manage endowment funds to benefit operations and capital projects, and a public agency typically can not.

Descriptions of Alternative Models

The alternative management models currently being considered for the Seattle Japanese Garden include:

- ◆ *Improved ARC Partnership* – Seattle Parks and Recreation Department has as one of its overarching goals to provide Access to all Parks facilities. Several transitions in Management due to recessionary pressures have impacted coordination capabilities, thus reducing access potential. In April 2014, Parks and Recreation and Associated Recreation Council (ARC) addressed this issue by centralizing operations and programming by consolidating staffing matrix structures and increasing staff presence at the garden. This 'Improved Arc Model' consolidates Japanese Garden Parks staff into the NRU Unit under the NRU Manager, and consolidates two (0.5) Full Time Equivalent (FTE) ARC positions into (1) FTE ARC Stewardship and Events Coordinator position. Except for NRU Management, staff will be housed at the garden. By doing so, it achieves a cohesive approach that improves administrative stability and increases capacity to support the JGAC in programming, marketing, branding and fundraising efforts.

Future capacity building at the Japanese Garden through the Improved ARC Model should include an increased financial commitment resulting in increased revenues. Achieving higher levels of contributed revenue will require additional full time development, marketing and programming staff as well as a substantially larger operating budget to support these staff. In this analysis, an additional \$379,000 in operating expenses including 4 FTE staff in development/marketing and programming as well as 1FTE executive director is required to achieve higher revenues. With future capital improvements in the garden that enhance the visitor experience and earned revenue potential, as well as growth in the organizational capacity over time, the operating results will likely be stronger.

Table VI-14 in the body of the report shows the incremental resources needed to achieve assumed higher levels of revenues. In addition, Section VI highlights in detail the resources that are needed to achieve these higher levels of attendance and revenues, etc., and to reduce the reliance on City resources.

In this improved ARC Partnership model, Parks would work with the Japanese Garden Advisory Council via ARC (as fiduciary) to organize and deliver programs and events. It is assumed that Unit 86 would continue to provide tours with the Arboretum Foundation serving as fiduciary for their activities. Marketing would be coordinated

via the 1 new staff member at ARC, and fundraising would continue at a base level via the annual gala, coordinated by the Japanese Garden Advisory Council. The Japanese Garden Society would provide stewardship for the “endowment” gift and support capital projects in the Garden.

- ◆ *Non-profit Management* – In this model, a qualified non-profit 501 (c) organization would enter into an agreement with Parks to assume management and operations of the Seattle Japanese Garden, including: visitor services, programming and events, fundraising and marketing, and basic garden and building maintenance. The functions currently provided for by the Arboretum Foundation Unit 86, the Japanese Garden Advisory Council, the Japanese Garden Society would be consolidated under this new non-profit entity. The non-profit organization would have a well organized and effective, high-level board of directors. It is assumed, that this board would be comprised of a diverse cross section of individuals committed to the mission of the garden, with the expertise and experience to guide the management of a high-profile visitor attraction (including fundraising, marketing (including digital marketing), programming, facilitating Seattle based, domestic and international collaborations, legal, management and corporate connections.) In this model, it is assumed that Parks would continue to contribute to the operations of the garden through in-kind support including providing for some routine specialized and emergency maintenance, as well as utilities. It is also assumed that Parks would simplify its internal management structure for the Garden.

Data in **Table VI-1** summarizes the characteristics of these two models.

Table VI-1
Seattle Japanese Garden – Alternative Management Model Descriptions

Alternative:		
	Improved ARC Partnership Model ^{1/}	Non-Profit Management
Ownership of Land	City of Seattle	City of Seattle
Executive Management/Administration	NRU Management Team (Parks NRU Manager, Parks Horticulturalist) working with JGAC, Unit 86 officers, ARC staff, JGS Officers	Non Profit Executive Director and Board of Directors
Accounting/Financial Management	Parks NRU and ARC/ JGAC. Unit 86, JGS, Arboretum Foundation maintain additional records.	1- organization: non -profit
Programming		
<i>Guided Tours</i>	Unit 86 Volunteers	Non-profit (Unit 86 consolidated under non-profit). Volunteers and Paid Staff.
<i>Special Events e.g. Moon Viewing</i>	JGAC via 1 Staff = Stewardship and Events Coordinator	Non-profit, education/program staff and board.
<i>Teas, Ikebana, etc.</i>	Outsource	Outsource
Marketing	Primarily through JGAC (fundraising/website) with additional "marketing" via Unit 86 (website), Parks (website), Arboretum Foundation (website).	Non-profit and all other collateral, websites, etc. consolidated, funded and managed by non-profit.
Fundraising	Primarily through JGAC via annual fundraising event, with support from additional partners.	2 Non-profit professional development staff, board of 20+ members and advisory board.
Buildings and Grounds Maintenance	Parks	Non-profit with supplemental assistance for emergency maintenance and other capital projects assistance from Parks.
Visitor Services (Admissions)	Parks Department of Recreation provides supervision to Parks cashiers.	Non-profit staff.
Retail	Parks cashiers provide sales and tracking/administration for items designed and provided by Arboretum Foundation Unit 86.	Non-profit specialized staff.
Facility Rentals	Parks	Non-profit organization.

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

1/ Assumes that management of the Japanese Garden within Parks and Recreation will be consolidated under NRU in 2014. Also assumes 1 ARC Stewardship and Events Coordinator indirectly reporting to JGAC and directly reporting to ARC.

Public-private partnerships range along a continuum of shared operational responsibilities; from entirely public run with minimal private sector support, to an entirely private operation, without any government agency responsibility for operations (several Japanese Gardens have some level of public support, typically non-cash.) How the responsibilities for various line items in operating budgets would be divided under a new partnership structure for the Seattle Japanese Garden, would be subject to additional planning and development. In order to advance understanding about the implications of operation by a qualified non-profit organization, a number of assumptions have been made. They include:

- ◆ In both alternatives, the garden is assumed to be open seasonally, concurrent with the existing schedule with extended hours during community events and festivals, and during rentals at night or on weekends as necessary in the non-profit management model. However, it is anticipated that under a non-profit management model, that programming, particularly outreach programming, would occur year round, and that over time, the garden would be opened on a limited basis, during the winter months.
- ◆ Both future alternatives assume that Parks would simplify its internal management structure for the Garden.
- ◆ In both alternatives, there would be modest improvements to the garden infrastructure and no-major capital improvements that would dramatically enhance the visitor experience would take place within the initial (first five) years of non-profit management.

Existing ARC Partnership Model

The attendance and operating characteristics of the current ARC partnership model are summarized in Section II. Further, Section IV of this report summarizes the current challenges as well as the elements of the current model that work well. Overall, under the ARC Partnership model the garden has been perceived well by the general public and in spite of limited resources is generally well maintained. On-site staff work well together and there is a shared collective passion for the garden in spite of the organizational complexity that has allowed the garden to survive, but not flourish.

Attendance and Operating Implications of Alternative Models

Data in **Table VI-2** summarizes the potential future operating implications of alternative management models for the Seattle Japanese Garden.

Table VI-2
Seattle Japanese Garden Alternative Management Models – Potential Outcomes/Impacts

Alternative	Improved ARC Partnership ^{1/}	Non-Profit Management
Attendance Impacts	Improvements in attendance possible with more resources dedicated to marketing via JGAC, on-site manager that can assist in program coordination and managing programming sub-contracts.	Enhanced attendance potential due to increased marketing, programming, public visibility.
Earned Revenue	Improvements in earned revenue possible through improved attendance, additional programming, a membership program and additional improvements to retail.	Best potential for enhanced earned revenue associated with upside potential in attendance, likely garden enhancements via a capital campaign, improvements in retail, additional on-site and outreach programming, membership program.
Contributed Revenue (fundraising)	To improve potential would require ARC to make the Japanese Garden a priority in their portfolio of community assets and add additional dedicated fundraising staffing. Improved potential via a JGAC led annual fund drive and enhanced marketing and cultural programming which help to create a case for support.	Best upside potential due to a cohesive vision, mission and management, strong case for support, and single organization focus on fundraising.
Operating Expenses	Additional subsidy by the City required to enhance programming, site based coordination, and support marketing and development functions. Requires additional ARC/JGAC funding for marketing, development, events and programming.	Reduced operating expense for the City. Burden for majority of operating expenses shifted to non-profit organization. City may support capital projects and emergency repairs. Modest continued support from the City coupled with enhanced revenue potential of non-profit could result in funding of operating expenses to support high level Japanese Garden operations.
Capital Projects	City responsible for leading capital improvements with support from JGAC/ARC, JGS, Unit 86. City capital project management costs are high as compared to private sector projects. Major fundraising for capital projects challenging as donors are more likely to give to a non-profit than a municipality. ARC has capacity to raise funds, however, Japanese Garden is an anomaly in the ARC portfolio of recreation centers, and recreation and lifelong learning programs. Enhanced potential under the ARC partnership would require ARC making the Japanese Garden a priority in its portfolio. Even then, the fundraising potential for capital projects would be less than in a non-profit model.	Capital project fundraising by a high-level non-profit board and advisory board dedicated solely to the Japanese Garden.
Economic Impacts	Improved impacts with the potential for enhanced attendance and spending opportunities at the garden.	Greatest potential to improve economic impacts with re-positioning of the Garden as a premier Seattle cultural tourism attraction, enhanced marketing and programming, leading to improved attendance, incremental increase in operating budget, etc.
Community Impacts	Improved impacts with streamlined management of the garden at Parks, and enhanced programmatic offerings.	Substantial potential to improve community impacts with unification of garden management under an organization with a singular focus and mission. Enhance programming, improved partnership and collaborative potential, greater synergy with local organizations and attractions.

Source: ConsultEcon, Inc.

^{1/} Assumes that management of the Japanese Garden within Parks and Recreation will be consolidated under NRU in 2014. Also assumes 1 ARC Stewardship and Events Coordinator indirectly reporting to JGAC and directly reporting to ARC.

The following contrasts operating implications of the management of the garden under an ARC Partnership model (and 2013 baseline operating data) and, Year 1 of a newly configured non-profit management model. Assumptions underlying revenue estimates for the non-profit management model are included in **Appendix A**.

Attendance

Attendance potential for Seattle Japanese Garden is a function of: the location and accessibility of the garden; size and characteristics of available markets (including both resident and tourist markets); admission and program pricing; the quality of the garden “product” and programs on offer; extent of marketing; and, other factors. Of these factors, the location of the garden and scale of resident and tourist markets, are fixed. However, the type of management model can influence the garden product, type and number of programs on offer, marketing, overall garden profile, and thus, attendance.

In 2013, the garden attracted 58,000 total visitors (nearly 48,000 paid visitors) with limited marketing and programming, and a seasonal operation. There are a number of factors that suggests that the Seattle Japanese Garden could improve its attendance assuming a focused effort and dedicated resources by a non-profit partner, including:

- ◆ Compared to some other Japanese Gardens in metro markets of similar but smaller scale as compared to Seattle (e.g. Hakone in Saratoga, CA outside of San Francisco; and Portland Japanese Garden), the Seattle Japanese Garden had lower market capture of its resident market.
- ◆ The garden’s relatively close proximity to downtown Seattle and an existing base of local attractions, including the arboretum and Asian Art Museum, from which the garden can draw visitors through better signage and cooperative programming and marketing. Locally, the Visitor Center at Washington Park Arboretum attracts an estimated total 70,000 visits, the Volunteer Park Conservatory, 86,000 total visits, and the Asian Art Museum, 79,000.
- ◆ The lack of mission and vision statements. A strong mission statement that is focused on enhancing cultural connections could raise the profile of the garden in the Seattle Metro area, within the state and beyond. Elevated visibility through increased cultural programming and collaborations can translate into higher visitation.

- ◆ Historically, there has been little advertising or promotion of the Garden. A targeted marketing campaign can increase garden visibility and translate into higher visitation.

Given these factors, it is reasonable to assume that the Garden under management of a high functioning non-profit organization could achieve higher levels of attendance. Data in **Table VI-3** shows the baseline, current attendance, as well as an illustrative range of total paid and free attendance for the Garden, low to high assuming a mid-range increase of 25% under the new model. The table also shows illustrative growth in member attendances as a result of implementation and active promotion of a formal membership program. These assumptions are based on the scale of resident and tourist markets, location, the experience of local attractions as well as comparable projects. With capital improvements that improve the visitor experience, attendance potential could be higher.

Table VI-3
Seattle Japanese Garden
Illustrative Attendance Potential

	Existing ARC Partnership	Non-Profit Management Model		
		Low Range	Mid-Range	High Range
Attendance Growth Factor	Baseline	10%	25%	40%
Total Paid Attendance	47,797	52,577	59,746	66,916
Free Attendance	3,423	3,765	4,279	4,792
Subtotal	51,220	56,342	64,025	71,708
		Low Range	Mid-Range	High Range
Membership Growth Factor	Baseline	20%	35%	50%
Member Attendance	6,430	7,716	8,681	9,645
Total Attendance	57,650	64,058	72,706	81,353

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

Data in **Table VI-4** show an illustrative five-year attendance trend under a non-profit management model. This trend assumes 2% annual growth in paid and free attendance, and 5% annual growth in member attendance as the capacity and resources of the non-profit organization grow, and the marketing and programming efforts of the organization intensify.

Table VI-4
Seattle Japanese Garden
5-Year Attendance Potential Trend

	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Percent of Year 1 Attendance</i>	100%	102%	104%	106%	108%
Mid-Range Paid Attendance Trend	59,746	60,941	62,136	63,331	64,526
Mid-Range Free Attendance Trend	4,279	4,364	4,450	4,535	4,621
<i>Percent of Year 1 Attendance</i>	100%	105%	110%	115%	120%
Mid-Range Membership Attendance Trend	8,681	8,682	8,682	8,682	8,682
Mid-Range Total Attendance Trend	72,706	73,987	75,268	76,548	77,829

Source: ConsultEcon, Inc.

Earned Revenues

Earned revenue potential under non-profit management will generally be higher than the existing ARC partnership, as a single non-profit entity will have one organizational focus, specialized skills and greater flexibility in pursuing earned revenues. In particular, the garden should have strong upside potential through admissions, retail and membership revenues¹⁴.

¹⁴ The current size of the Japanese Garden, available parking and available indoor and outdoor spaces for facility rentals for example limits to some degree earned revenue potential. The boundary of the Japanese Garden is restricted by Washington Park Arboretum’s Master Plan bylaw. Thus, generating substantial increases in earned revenue without enhancements to capital facilities e.g. increasing the size of the gift shop or available rental space may be challenging.

Admissions Revenue

Data in **Table VI-5** shows the derivation of per capita revenues and data in **Table VI-6** shows illustrative admissions revenue for the garden under a non-profit management model along with admission revenues in the existing ARC partnership. The admissions revenue is higher in the non-profit model both as a function of higher attendance and somewhat higher per capita revenues. The Seattle Japanese Garden has lower admission prices than many comparable gardens. In the short term, under a non-profit management model, the garden can modestly increase prices to reflect enhanced programmatic offerings, a new membership program offering value for frequent visitors and an elevated brand profile. This analysis reflects a modest \$.50 increase in admission prices for adults and children, and a \$1.00 increase in senior rates. In the long term, with additional capital improvements in the garden, a strong programmatic offering and a strong membership program creating value for local residents and frequent visitors, admission prices could be set higher. Data in **Table VI-7** show a five-year estimate of per capital admissions revenue.

Table VI-5
Seattle Japanese Garden
Per Capita Revenue Analysis – Non-profit Management Model

Est. Per Capita Ticket Revenue					
Ticket Type	% to Total Attendance	Attendance By Type	Ticket Price	% of Adult Ticket Price	Contribution to Ticket Per Capita
Adult	67%	40,030	\$6.50	100%	\$4.36
Senior	20%	11,949	\$5.50	85%	\$1.10
Youth	13%	7,767	\$4.50	69%	\$0.59
Total	100%	59,746			\$6.04

Source: ConsultEcon, Inc.

Table VI-6
Seattle Japanese Garden
Admissions Revenue and Per Capita Revenue Comparison

	Existing ARC Partnership	New Non-profit Management Model
Attendance Growth Factor	Baseline	25%
Paid Attendance	47,797	59,746
Per Capita Paid Admissions Revenues	\$5.36	\$6.04
Total Admissions Revenue	\$256,285	\$360,867

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

Table VI-7
Seattle Japanese Garden
Five Year - Per Capita Admissions Revenue Analysis – Non-profit Management Model

% to Total Attendance	STABLE				
	Year 1	Year 2	YEAR 3	Year 4	Year 5
Adult	67%	67%	67%	67%	67%
Senior	20%	20%	20%	20%	20%
Youth	13%	13%	13%	13%	13%
Total	100%	100%	100%	100%	100%
Paid Attendance By Type					
Adult	40,030	40,831	41,631	42,432	43,232
Senior	11,949	12,188	12,427	12,666	12,905
Youth	7,767	7,922	8,078	8,233	8,388
Total	59,746	60,941	62,136	63,331	64,526
Ticket Prices ^{1/}					
Adult	\$6.50	\$6.50	\$6.83	\$6.83	\$7.17
Senior	\$5.50	\$5.50	\$5.78	\$5.78	\$6.06
Youth	\$4.50	\$4.50	\$4.73	\$4.73	\$4.96
Per Capita Average Revenue	\$6.04	\$6.04	\$6.34	\$6.34	\$6.66

1/ Year 1 ticket prices reflect an increase every other year at the assumed 5%.

Source: ConsultEcon, Inc.

Membership Revenue

Offering a membership program with a suite of benefits is standard practice for other Japanese gardens and visitor attractions generally. Although a membership program has been proposed under the current ARC Partnership model, city policies and lack of ownership of the program have kept any proposals from moving forward. A membership program under a new non-profit management model will have substantial upside. There are generally two motivations for becoming a member of an organization, 1.) to philanthropically support the mission of the organization, and 2.) to receive economic benefits or other “perks.” Therefore, a non-profit organization operating the garden with a strong garden focused mission will tend to have more potential than a membership program operated under the current partnership.

Data in **Table VI-8** shows membership revenue potential. These estimates are based on the experience of comparable Japanese gardens that have established international collaborations, have strong boards with representation from diverse geographic areas, and have established strong community connections. This analysis reflects positioning of the membership program in the Seattle Metro Area and beyond as both a fundraising mechanism as well as offering a suite of benefits including free admission, discounts on programs and retail merchandise, etc. In this analysis, membership revenues are estimated at \$103,000 representing 1,700 memberships versus current annual pass revenues of \$31,000, representing 1,100 passes sold. Overtime, there could be substantial growth in membership and membership revenues. For example, the Portland Japanese Garden generated \$354,000 in membership revenue in 2012.

Table VI-8
Seattle Japanese Garden
Membership Revenue Comparison

<i>Existing ARC Partnership</i>					
	Annual Pass		% of Total	Admissions	
	Admissions	Passes Sold	Passes Sold	Per Pass	Pass Cost
<i>Annual Pass</i>					
Family/Dual Pass	5,079	698	66%	7.3	\$30
Individual Pass	1,019	270	26%	3.8	\$20
Photography Pass	269	44	4%	6.1	\$75
Student Pass	63	41	4%	1.5	\$15
Total	6,430	1,053	100%	6.1	
Annual Pass Revenues	\$30,650				
Average Revenue Per Pass Sold	\$29.11				
<i>Non-profit Management Model (mid range attendance scenario)</i>					
	Mid-Range		% of Total	Admissions	
	Member Admissions	Memberships Sold	Member Admissions	Per Membership	Membership Cost
<i>Membership</i>					
Family/Dual Membership	5,295	756	61%	7.0	\$75
Individual Membership	2,431	694	28%	3.5	\$40
Photographer	434	72	5%	6.0	\$100
Student Membership	260	65	3%	4.0	\$30
Supporter	260	65	3%	4.0	\$150
Total	8,681	1,653	100%	5.3	
Annual Membership Revenues	\$103,463				
Average Revenue Per Membership Sold	\$62.58				

Source: City of Seattle Parks and Recreation and ConsultEcon, Inc.

In addition, it is anticipated that the garden under a non-profit management model would establish a corporate membership program. The motivation for corporations is typically philanthropic, as well as promotional. Accordingly, a non-profit organization dedicated to operating the garden, with a strong garden and cultural mission, will have greater potential to establish a successful corporate membership program.

Retail and Other Ancillary Revenues

With enhanced attendance comes the opportunity to generate additional retail revenues. Retail or “gift” shops are standard for a garden of this type and the presence of a retail store can both enhance the visitor experience and reinforce the educational mission of the organization. Operating an effective retail store requires a dedicated space (which can be

mobile or could be the office space across from the current admissions area at the garden), and a dedicated staff member with experience in merchandising and retail management. Under the current ARC Partnership model, a limited selection of retail is offered and managed by a volunteer group, Unit 86. Gross per capita revenues of \$.12 per visit through the gate in 2013, are well below what is the norm for attractions of this type, even with limited space. The potential for retail revenue could more effectively be harnessed under management of the garden by a single non-profit partner. In addition, under a new non-profit management model, the organization would have the latitude to pursue additional sources of revenue as appropriate to the mission established for the garden. For this analysis it is assumed that gross per capital retail revenues are \$.75 under a new management model and existing space limitations. Per capital retail revenues can vary depending on the type of merchandise available, size of retail space, etc. This analysis assumes a wider variety of merchandise would be available and that the small existing office or a retail kiosk/cart would be utilized.

Programming Revenues

The opportunity to diversify the type of programming and increase the frequency of programming both on-site and off-site (outreach) is strong. The positioning of the garden as a “cultural center” has been articulated by various garden stakeholders. This positioning has been utilized effectively by some comparable Japanese gardens to diversify the types of programming offered, to forge collaborations with other cultural institutions, to build international relationships with funders and programming partners, and to elevate the status of respective gardens beyond that of a park or visitor attraction. For the reasons specified earlier in this section, including: enhanced flexibility; strong garden focused mission; non-profit status; and, specialized staff, a new non-profit partner will have greater potential to enhance programming and programming revenues at the garden. Presently, program revenues are very modest totaling a few thousand dollars annually (\$2,100 in 2013)¹⁵. This analysis assumes that with modest effort and through collaborations and

¹⁵ Note revenue from special events e.g. moon viewing, and school group attendance is counted in admissions revenue.

outreach, that programming revenue could double in year 1 and would continue to grow over time. Any increases

Rental Revenues

Given the modest size of the available indoor space at the Seattle Japanese Garden, there is limited existing potential for substantial increases in revenue from indoor space rentals to community and other groups. There could be future potential for event rentals if additional indoor space was added, and/or the garden itself was available for outdoor event rentals. This analysis does not include any revenue from rental of the garden itself for weddings, or corporate events, etc., although this is a potential source of revenue. This analysis assumes a 25% increase in rental income in year 1 based on modest increases in utilization of the community room and utilization of the garden for low-impact events e.g. photography shoots for example.

Earned Revenue Summary

Based on assumptions outlined in Appendix A, the characteristics of the garden, as well as market characteristics, data in **Table VI-9** provides a five-year summary of earned revenue potential at the Seattle Japanese Garden under a new non-profit management model. It is estimated that through admissions, retail, memberships, programs and rentals that the garden could realize an estimated \$525,000 in earned revenues in Year 1. This compares to just more than \$300,000 in earned revenues at the Garden in 2013. The full earned revenue potential of the garden however, cannot be realized without further capital improvements to facilities to enhance retail, programming and attendance potential. This analysis reflects earned revenue potential without major capital improvements to the garden visitor experience.

Table VI-9
Seattle Japanese Garden
Earned Revenue Summary – Non-profit Management Model

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL ATTENDANCE	72,706	73,987	75,268	76,548	77,829
PAID ATTENDANCE	59,746	60,941	62,136	63,331	64,526
Per Capita Ticket Revenue	\$6.04	\$6.04	\$6.34	\$6.34	\$6.66
REVENUE					
<i>Earned Revenue</i>					
Ticket Revenue	\$360,867	\$368,085	\$394,067	\$401,645	\$429,685
Retail Sales Net	\$31,491	\$32,687	\$33,917	\$35,184	\$36,488
Facility Rental	\$7,250	\$7,395	\$7,543	\$7,694	\$7,848
Programs	\$4,200	\$5,460	\$7,098	\$9,227	\$11,996
Memberships	\$103,463	\$110,809	\$118,677	\$127,103	\$136,127
Corporate Memberships	\$7,500	\$8,415	\$9,442	\$10,594	\$11,886
Other Revenue	\$10,295	\$10,657	\$11,415	\$11,829	\$12,681
Total Earned Revenue	\$525,067	\$543,507	\$582,159	\$603,276	\$646,710
<i>Contributed Revenues</i>	\$175,000	\$183,750	\$192,938	\$202,584	\$212,714
TOTAL REVENUES	\$700,067	\$727,257	\$775,096	\$805,860	\$859,423

NOTE: Year 1 is in current dollars.
Source: ConsultEcon, Inc.

Contributed Revenues

In 2013, through the ARC Partnership Model, the garden generated an estimated \$51,000 from fundraising events. There is presently no annual giving program or formal corporate sponsorship program at the Seattle Japanese Garden. In contrast, the Portland Japanese Garden raised more than \$760,000 in 2012 in contributions and through events (and nearly \$1m in 2013), and Shofuso, a small garden in Philadelphia with modest scale operations, raised \$389,000 in contributions. The experience of comparable Japanese Gardens suggests with a strong mission, strong programming, a strong and diverse board of directors and a high level advisory board, that non-profit Japanese Gardens can raise substantial amounts of contributed revenues. It is anticipated that a new non-profit

operating partner would establish an annual giving and corporate sponsorship program and that these efforts would grow over time along with the capacity of the organization. Further, the capacity for the garden to raise funds for a capital campaign is enhanced through a non-profit management model.

With the implementation and proper staffing of an annual giving program and corporate sponsorship program it is reasonable to assume that through that the Seattle Japanese Garden could raise an additional \$50,000 to \$200,000 annually in contributions, gifts, and grants, during early years of operation by a non-profit and grow this base of support to supplement any in-kind contributions that the City of Seattle might make toward operations and maintenance of the garden. This analysis uses an estimate of \$175,000 in annual contributed revenues (inclusive of the annual fundraising event).

Operating Expenses

An analysis of baseline operating expenses for the Seattle Japanese Garden suggests that Parks carried a \$338,000 direct operating budget for the garden, with an additional \$178,500 in indirect support for a total annual operating cost of \$516,500. In addition, JGAC spent an additional \$65,000 on operating expenses and Unit 86 spent an estimated \$5,000. Total annual operating expenses under the current partnership are estimated at \$586,500. Feedback from stakeholder interviews, along with a review of comparable projects, suggests that the budget is somewhat low and is primarily reflective of the lack of programming, development and marketing activities. To achieve incremental revenues will require incremental operating expenses for management, marketing, development, fundraising, and programming, primarily in staffing. In the current ARC Partnership model, there are an estimated 7.2 to 7.7 FTE in staff and staff time allocated to the management of garden. This is detailed in Section II of this report, Table II-13.

Data in **Table VI-10** provides an illustrative staffing model for non-profit operation of the Seattle Japanese Garden. Note that this staffing profile is a start-up profile and would be anticipated to grow over time as programming and fundraising capacity of the organization grow. Further, it should be noted that salaries for certain positions in a non-profit may not

be equivalent for similar positions within Parks and Recreation, and that the fringe rate may be lower in the non-profit model.

Table VI-10
Seattle Japanese Garden
Illustrative Staffing Profile – Non-profit Management Model

Personnel Schedule	Annualized Salaries (FTE)	Number of Full Time Positions	Number of Part Time Positions	Total Salary Budget
Administration				
Executive Director	\$80,000	1		\$80,000
Bookkeeper	Contract Service			
Administrative Assistant	\$38,000		1	\$19,000
Development/Marketing				
Development and Marketing Manager	\$70,000	1		\$70,000
Development, Membership, Marketing Assistant	\$50,000	1		\$50,000
Programs				
Director of Education and Cultural Programs	\$50,000	1		\$50,000
Program Coordinator/Educator	\$38,000		2	\$38,000
Visitor Services				
Lead Admissions / Retail Manager & Buyer	\$36,000	1		\$36,000
Cashiers	\$31,200		4	\$62,400
Gardens and Grounds ^{1/}				
Curator and Head Gardener	\$55,000	1		\$55,000
Gardeners	\$40,000	1	2	\$80,000
Total Personnel Salaries, Wages		7	9	\$540,400
Taxes, Fringe and Benefits @		38% of Salaries, Wages		\$205,352
Total Salaries, Wages, Taxes, Fringe and Benefits				\$745,752
Full Time Equivalent Positions (FTEs)				11.5

Note: A part-time employee is assumed to be the equivalent of 50% of full-time employee.

1/ Custodial services assumed to be provided by City at no cost.

Source: ConsultEcon, Inc.

The following analysis of operating expenses under a non-profit operating model assumes continued indirect in-kind support from the City from the Natural Resources Unit and Shops at Parks as needed¹⁶. Data in **Table VI-11** provides an illustrative year 1 operating expense profile for the Garden under a non-profit operating model. Data in **Table VI-12** show a five-year estimate of expenses.

Table VI-11
Seattle Japanese Garden
Illustrative Operating Expense Summary – Non-profit Management Model

Assumptions				
Total Annual Attendance	72,706			
Employees (FTEs)	11.50		See Personnel Schedule	
Budget Category	Annual Amount	Expense Factors ^{1/}		Percent to Total
Salaries (FTE, PTE)	\$540,400	See Personnel Schedule		55.9%
Fringe / Benefits (@ 38% of Sal.)	\$205,352	See Personnel Schedule		21.3%
Uniforms	\$1,150 @	\$100	Per FTE	0.1%
Professional/Contract Services	\$23,000 @	\$2,000	Per FTE	2.4%
Communications - Voice/Data/Web	\$8,625 @	\$750	Per FTE	0.9%
Postage & Shipping	\$3,450 @	\$300	Per FTE	0.4%
Equipment Rental/ Lease	\$2,875 @	\$250	Per FTE	0.3%
Travel, Meeting and Entertainment	\$2,300 @	\$200	Per FTE	0.2%
Dues and Subscriptions	\$3,450 @	\$300	Per FTE	0.4%
Advertising	\$54,529 @	\$0.75	Per Attendee	5.6%
Printing/Copying & Publications	\$14,541 @	\$0.20	Per Attendee	1.5%
Program and Pubic Event Supplies	\$7,000	Budgeted		0.7%
Fundraising Event Supplies and Materials	\$10,000	Budgeted		1.0%
Office Supplies & Materials	\$4,025 @	\$350	Per FTE	0.4%
Cost of Goods Sold (Retail Store)	\$14,171	See Assumptions		1.5%
Utilities ^{2/}	\$0	Contributed In-Kind		0.0%
Insurance	\$25,000	Budgeted		2.6%
Operating/Garden Supplies	\$7,500	Budgeted		0.8%
Repairs, Small Tools & Maintenance Supplies	\$5,000	Budgeted		0.5%
Other Operating Expenses / Contingency	\$5,750 @	\$500	Per FTE	0.6%
Subtotal Operating Expenses	\$938,118			97.1%
Capital Reserves	\$28,144 @	3% of Op. Expenses		2.9%
Total Operating Expenses	\$966,262			100.0%
Operating Analysis				
Operating Expense Per Visitor	\$13.29			
Attendees Per FTE	6,322			
Op. Exp Per FTE	\$84,023			

^{1/} Factors are based on industry standards, the specific attributes of the project and local conditions.

^{2/} Assumes for this analysis that utilities are contributed in-kind by the City.

Source: ConsultEcon, Inc.

¹⁶ Includes: landscape crew, heavy equipment crew, tree crew, custodial service, plumber shop, carpenter shop, drainage shop, electronic shop and other shops as required.

Table VI-12
Seattle Japanese Garden
Five-Year Illustrative Operating Expenses – Non-profit Management Model

	Year 1	Year 2	Stable	Year 4	Year 5
TOTAL ATTENDANCE	72,706	73,987	75,268	76,548	77,829
OPERATING EXPENSES					
Salaries (FTE, PTE)	\$540,400	\$553,910	\$567,758	\$581,952	\$596,500
Fringe / Benefits (@ 38% of Sal.)	\$205,352	\$210,486	\$215,748	\$221,142	\$226,670
Uniforms	\$1,150	\$1,173	\$1,196	\$1,220	\$1,245
Professional/Contract Services	\$23,000	\$23,460	\$23,929	\$24,408	\$24,896
Communications - Voice/Data/Web	\$8,625	\$8,798	\$8,973	\$9,153	\$9,336
Postage & Shipping	\$3,450	\$3,519	\$3,589	\$3,661	\$3,734
Equipment Rental/ Lease	\$2,875	\$2,933	\$2,991	\$3,051	\$3,112
Travel, Meeting and Entertainment	\$2,300	\$2,346	\$2,393	\$2,441	\$2,490
Dues and Subscriptions	\$3,450	\$3,519	\$3,589	\$3,661	\$3,734
Advertising	\$54,529	\$56,600	\$58,731	\$60,925	\$63,183
Printing/Copying & Publications	\$14,541	\$15,093	\$15,662	\$16,247	\$16,849
Program and Pubic Event Supplies	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577
Fundraising Event Supplies and Materials	\$10,000	\$10,200	\$10,404	\$10,612	\$10,824
Office Supplies & Materials	\$4,025	\$4,106	\$4,188	\$4,271	\$4,357
Cost of Goods Sold (Retail Store)	\$14,171	\$14,709	\$15,263	\$15,833	\$16,420
Utilities ^{1/}	\$0	\$0	\$0	\$0	\$0
Insurance	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061
Operating/Garden Supplies	\$7,500	\$7,650	\$7,803	\$7,959	\$8,118
Repairs, Small Tools & Maintenance Suppl	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
Other Operating Expenses / Contingency	\$5,750	\$5,865	\$5,982	\$6,102	\$6,224
Subtotal Operating Expenses	\$938,118	\$962,106	\$986,695	\$1,011,902	\$1,037,743
Capital Reserves	\$28,144	\$28,863	\$29,601	\$30,357	\$31,132
Total Operating Expenses	\$966,262	\$990,969	\$1,016,296	\$1,042,259	\$1,068,875

Note: Year 1 in current dollars. Future years adjusted at assumed annual inflation rate.

1/Assumes that utilities would be contributed by the city in-kind with no cost to the non-profit.

Source: ConsultEcon, Inc.

Operation of the garden by a non-profit would require incremental operating expense above the \$587,000 that is currently being spent to operate the garden under the existing ARC partnership. This analysis utilizes an estimate of \$966,000, exclusive of Parks indirect support and/or a capital reserve budget.

Operating Summary

Data in **Table VI-13** provides a net income summary under the non-profit management model, and **Table VI-14** provides a comparison a number of operating factors in each model.

Table VI-13
Seattle Japanese Garden
Illustrative Net Income Summary – Non-profit Management Model

	Stable Year				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ANNUAL VISITATION	72,706	73,987	75,268	76,548	77,829
REVENUE POTENTIAL					
Earned Revenue	\$525,067	\$543,507	\$582,159	\$603,276	\$646,710
Contributed Revenues (Individual and Corporate Gifts, Grants, Gala)	\$175,000	\$183,750	\$192,938	\$202,584	\$212,714
Total Revenue	\$700,067	\$727,257	\$775,096	\$805,860	\$859,423
Estimated Operating Expenses	\$966,262	\$990,969	\$1,016,296	\$1,042,259	\$1,068,875
Net Operating Income/Additional Contributed Revenue Need	(\$266,195)	(\$263,711)	(\$241,200)	(\$236,399)	(\$209,452)

Source: ConsultEcon, Inc.

The data in Table VI-13 suggests that with operating experience and growth in capacity, the additional contributed revenue needed would decrease over time. To mitigate the additional revenue needed in early years, the organization would need to raise additional contributed revenues above the \$175,000 in contributed revenue assumed in this analysis, and/or achieve higher earned revenue results.

Table VI-14
Seattle Japanese Garden
Summary of Alternative Operating Models

	Existing ARC Partnership	New Non-Profit Organization (Year 1)
Baseline/Mid-Range Total Visitation	58,000	72,706
Baseline/Mid-Range Paid Visitation	48,000	60,000
Number of Memberships	1,053	1,653
Revenue Per Membership	\$29	\$63
Total Earned Revenue	\$304,000	\$525,000
Total Contributed Revenue	\$51,000	\$175,000
Staff in FTE ^{1/}	8.0	13.5
Total Operating Expenses ^{2/}	\$587,000	\$1,120,000
Non-Profit Operating Expense w/o Parks Indirect Support		\$966,000
Parks Share of Total Operating Expenses ^{3/}	\$517,000	\$154,000
Earned Revenue as a Percent of Total Operating Expenses ^{4/}	52%	47%
Additional Non-Earned Revenue Requirement ^{5/}	\$232,000	\$266,000

Source: ConsultEcon, Inc.

1/Includes an estimated 2.0 FTE in support from Parks NRU and Shops in non-profit model.

2/Includes operating expenses of \$933,000 including capital reserves, as well as \$154,000 in in-direct Parks staff support from NRU and Shops.

3/In-non profit model, does not include cost of utilities assumed to be contributed.

4/With capital improvements to enhance the visitor experience and revenue opportunities, this ratio could be higher.

5/In the existing ARC Partnership model this includes the amount that is currently being provided by the City, above direct and indirect support. In the alternative non-profit management model, this represents the amount, above the assumed earned(\$546,000) and contributed revenues (\$200,000) that the non-profit would have to raise to break even.

Overall, the earned as well as the contributed revenue potential of operating the garden under a new non-profit model is substantially higher than operation under the existing ARC Partnership model. However, achieving higher revenues requires additional operating expense. This analysis illustrates “early year” potential for operation of the garden under a non-profit management model. That is, with capital improvements in the garden that enhance the visitor experience and earned revenue potential as well as growth in the organizational capacity and operating experience of the non-profit over time, the operating results will likely be stronger.

The data in Table VI-14 highlights that under an alternative non-profit management model, the City’s contribution/share of total operating expenses for the Seattle Japanese Garden could be reduced commensurate with the capacity of the non-profit partner. In addition, while the City’s share of expenses might decrease, the City could benefit from an elevated profile of the Seattle Japanese Garden as a premier visitor attraction in the State and cultural center.

Community and Organizational Impacts

One challenge with the current ARC Partnership model that limits the upside potential of the garden to serve the greatest public good is the lack of a single group or leader that has responsibility for the garden. Additional challenges with the current model that limit the potential community and organizational impact of the garden include:

- ◆ Lack of cohesion and singular vision.
- ◆ Fragmented brand identity with multiple websites.
- ◆ Limited public programming and limited outreach to potential partners/collaborators.
- ◆ Low visibility due to little to no advertising and programming.

Some of the community benefits of management of the garden under a non-profit partner management model include:

- ◆ Cohesion – one dedicated managing organization providing a unified front, mission and identity, which can result in improved operations and operating efficiencies. This can serve to improve community pride, participation and identity.

- ◆ Enhanced programming that can reach new audiences and elevate the profile and visibility of the garden within the City as a premier educational resource and tourist attraction. Thus, with a repositioned programming focus, there is the potential for the garden to serve as a signature cultural icon in the City.
- ◆ With repositioning of the garden, enhanced programming and a leading board and advisory board, there is the potential to develop and enhance international collaborations and relationships.
- ◆ There is the potential to achieve higher attendance, which can result in greater economic impact. The garden has the potential to enhance tourism revenues and promotion, while educating, inspiring and entertaining both residents and visitors.

SECTION VII
RECOMMENDATIONS AND NON-PROFIT PARTNER STANDARDS

The purpose of this study was to evaluate the efficacy of two operating models for the Seattle Japanese Garden, the current operating model (ARC Partnership), and an alternative non-profit operating model, and to make recommendations for a model that best provides short and long term financial sustainability as well as serves the greatest public benefit.

Recommendations

A suggested “optimal” long-term strategy to improve financial sustainability and enhance the public benefit for Parks and Recreation to enter into an operating agreement with a qualified non-profit 501 (c) organization to assume management and operations of the Seattle Japanese Garden, including: visitor services, programming and events, fundraising and marketing, and basic garden and building maintenance. Although the City could continue to own the land and provide for some indirect support, this agreement could include the long-term lease of the site and transfer of assets on the site to the qualified non-profit organization.

There is capacity, through the existing collaborating organizations, to carry out some of the functions required to operate the garden successfully, however, no one organization currently has the characteristics required to assume responsibility for operation of the garden. Therefore, either an existing qualified non- profit organization not yet identified must come forward and/or a new organization must be “developed” with the capacity to partner with the City to manage the garden. Identifying this qualified non-profit partner and/or facilitating the development of the partner and assuring that that partner has the capacity to undertake high-level operation of the garden may take time. Accordingly, short-term, mid-term, and long-term recommendations include:

Short-Term (Years 1 to 2) – Continue Operations Under Improved ARC Partnership Model and Identify Qualified Non-profit Partner

- ◆ Simplifying the existing management structure at Parks so that there is one unit that has the expertise and flexibility to manage the garden.
- ◆ Draft criteria for a non-profit managing partner for the garden.
- ◆ Designate or hire one full-time staff member within Parks with responsibility for garden operations. This position should be accessible to all partners and by the community.
- ◆ Work with the Japanese Garden Sustainability Committee to craft and adopt initial mission and vision statements, along with core values for the garden.
- ◆ Provide for internal policies at Parks to be able to action changes to the membership program, and develop and staff a membership program to take advantages of this earned revenue opportunity.
- ◆ Identify a lead program coordinator, begin to diversify programming and explore different alternatives for offering/delivering programming e.g. continue to contract with JGAC/ARC, contract directly with program providers e.g. Ikebana, bonsai, garden designers, Unit 86 members on specialized topics, etc. This program coordinator should be available to the public via a publicized telephone number and email address.
- ◆ Increase utilization of tea house as signature programmatic offering.
- ◆ Identify suitable location and/or kiosk for retail; diversify the offering of retail merchandise for sale at the garden. This will require identification of a retail lead staff member.
- ◆ Improve directional and way finding signage to the garden and complete entrance enhancements as a visual signal to the public of improvements to garden operations.
- ◆ Complete tea house structure maintenance (ventilation) to prevent deterioration, as the tea house represents a key garden asset.
- ◆ Replace light fixtures to improve visual appearance. This is a relatively low cost initiative with high visual impact, and demonstrates a commitment toward cultural authenticity.
- ◆ Identify and/or “develop” a qualified non-profit operating partner (illustrative criteria are included below).

Mid Term (Years 3 to 7) – Begin Transition to Non-Profit Management Model

- ◆ Consolidate functions of Unit 86, JGAC/ARC, JGS within a single non-profit partner.
- ◆ Develop a “phased” operating agreement with the partner such that the transition and continued support from Parks occurs commensurate with the capacity of the partner organization.

- ◆ Complete master plan for the garden (lead by Parks and non-profit partner) and develop initial capital project fundraising strategy that contemplates both infrastructure improvements as well as improvements that enhance the visitor experience and revenue opportunities.
- ◆ Consolidate all existing websites to one site as well as all branding and visual identity. During the transition, the Parks' In Web will have the information about the Japanese Garden on the specialty garden site with a link to the primary webpage of the garden hosted by the non-profit partner.
- ◆ Upon completion of improvements to entry plaza and way-finding signage, consider increasing admission.

Long -Term (Years 8 to 15)¹⁷

- ◆ Complete transfer of garden management to non-profit operating partner as appropriate.
- ◆ Complete initial capital campaign for visitor and infrastructure improvements.

Standards/Characteristics for a Qualified Non-Profit Partner

At a minimum, a qualified non-profit operating partner for the Seattle Japanese Garden should have the following characteristics:

- ◆ Active non-profit 501 (c)(3) status in good standing.
- ◆ Bylaws or charter.
- ◆ A mission and vision statement for the Seattle Japanese Garden that emphasizes both the importance of providing on-going stewardship of the garden, as well as developing the potential of the garden as a cultural resource for residents of and visitors to the City of Seattle.
- ◆ A board of directors comprised of a minimum of 20 members who represent a diverse cross section of individuals committed to the mission of the garden. This board should have the expertise and experience to guide the management of a high-profile visitor attraction and cultural resource.
- ◆ Diverse ethnic representation and in particular representation from Japanese and Japanese-American community members.
- ◆ Diverse geographic representation.

¹⁷ Transition of the garden to a qualified non-profit partner could occur in phases or all at one time, depending on the capacity of the non-profit partner to generate revenue to provide for both annual operations as well as capital improvement projects. A phased transition might include: Phase I – transferring gate house operation and visitor services; Phase II- transferring the grounds and facilities maintenance, and Phase II – transferring other services provided by NRU and Parks Shops.

- ◆ A critical mass (majority) of board members with experience serving on non-profit boards with annual operating budgets of at least \$500,000, and a board chair and officers who have experience in a officer role at a high profile non-profit organization along with exceptional executive leadership experience and credentials. Ideally, the board chair will have experience in major gift and capital project fundraising.
- ◆ Demonstrated experience by the board of trustees in the following areas: fundraising (both annual giving and capital projects); marketing (including digital marketing); programming (content areas represented by the garden and potential cultural programming); retail and visitor services; facilitating Seattle based, domestic and international collaborations; legal; executive management and corporate connections.
- ◆ A critical mass (majority) of board members who have the capacity to either make sizeable personal gifts to the garden and/or solicit gifts from individuals or corporations.
- ◆ Enough accrued assets to cover the anticipated operating cost of the garden for a minimum period of 10 years, as well as a minimum capital improvement commitment toward improvements in projects that would enhance the visitor experience.¹⁸

Summary

The Japanese Garden is a unique asset within the City of Seattle’s Park system. The garden is historically significant and is easily accessible from downtown Seattle and generally the Seattle Metro Area. The resident population most proximate to the Garden is growing, is affluent, and has demographic characteristics that are supportive of attendance to a cultural attraction such as the Japanese Garden. In addition, the tourism market in Seattle continues to grow, providing a growing base of potential visitors to the garden. For its small size and limited season, the Japanese Garden does well in attracting visits (nearly 60,000 per year) as compared to larger and perhaps more visible area attractions. This is in spite of offering limited programming, a minimal amount of marketing (including limited wayfinding signage to the site and on site), and basic visitor services. By comparison, the Asian Art Museum and Volunteer Park Conservatory each attract 80,000 +/- visits. The

¹⁸ The viability of any 501 c 3 organization to assume total fiduciary responsibility for the Japanese Garden is a significant concern for Parks. The garden is aging and will require capital investments of several million dollars during the next 10 to 20 years. As the asset owner, Parks intends to achieve the goal of Access to the Japanese Garden, regardless of what entity operates it.

ingredients for improving operating and revenue performance exist. However, the potential of the garden has been limited by the overly complex “partnership” structure. Under a non-profit management model working with the City, there are many potential future areas of opportunity including but not limited to the following:

- ◆ Coordinated development / fundraising / marketing infrastructure for a single purpose. Such coordination is likely to translate into a higher contributed revenue profile, as well as enhanced general, group and program attendance.
- ◆ Coordinated individual/family and supportive membership programs (including corporate) offering benefits other than free attendance. This approach can enhance the community and revenue profile of the garden.
- ◆ Public programming (both on-site and off-site) e.g. Japanese films, Japanese dance classes, music series, classes on pruning, stone work, tours of other Japanese gardens and organized trips to Japan. These offerings would brand the garden as a true Japanese cultural heritage hub in Seattle and elevate the profile of the garden.
- ◆ Entrepreneurial programming using the garden as a venue for music, rentals and other fee based activities appropriate to the scale of the garden. Such programming would engage the community and in turn generate revenue.
- ◆ Enhanced visitor services and amenities including retail, additional indoor spaces, additional interpretation and signage can add value to a visit (and generate revenue).

To achieve optimal results, this study suggests that the garden move over time through a phased approach, from a public operation with private support from volunteer and other organizations, to operation by a qualified non-profit partner with some support from the City. The key challenge is identifying a qualified non-profit organization. This will involve either “developing” a non-profit, working with and utilizing the resources of the existing partner groups, or recruiting a yet to be identified non-profit as a potential partner. Continuing to operate the garden under the existing ARC partnership model limits the potential of the garden to realize its revenue potential as well as serve the greatest public benefit.

**APPENDIX A
NON-PROFIT MANAGEMENT ALTERNATIVE ASSUMPTIONS**

**Table A-1
Seattle Japanese Garden
Non-Profit Management Alternative Assumptions**

General		
Mid-Range Total Visitation Potential - Year 1	72,706	
Annual Visitation Growth After Year 1	2.0%	
Assumed Revenue and Non-Personnel Expense Inflation Factor	2.0%	
Assumed Personnel Expense Inflation Factor	2.5%	
Admissions		
Adult Ticket Price	\$6.50	
Ticket Price Increase Every Other Year	5.0%	
Capital Improvements ^{1/}		
Retail ^{2/}		
Per Capita Gross Retail Sales	\$0.75	
Cost of Goods Sold	45.0%	
Outside Sales as Percent of Garden Visitor Retail Sales	5.0%	
Facility Rentals ^{3/}	\$7,250	Budgeted
Programming Revenues ^{4/}	\$4,200	
Assumed Annual Programming Revenue Growth after Year 1	30.0%	
Individual, Family & Supportive Memberships		
Number of Memberships	1,653	
Assumed Annual Membership Growth after Year 1	5.0%	
Average Membership Fee	\$62.58	
Average Annual Attendances Per Membership	5.3	
Corporate Memberships		
Number of Corporate Memberships	10	
Assumed Annual Membership Growth after Year 1	10.0%	
Average Corporate Membership Rate	\$750	
Contributed Revenues (Individual and Corporate Gifts, Grants, Gala) ^{5/}	\$175,000	Budgeted
Assumed Contributed Revenue Growth after Year 1	5.0%	
Other Revenue as a Percent of Total Earned Revenue	2.0%	

1/ Assumes minor capital improvements e.g. no new facilities or visitor experiences.

2/Assumes dedicated "gift shop" or gift shop kiosk open consistent with garden opening schedule. Gross baseline revenues under current ARC partnership are \$.12 per capita.

3/ Assumes rental of meeting room only, no weddings or other large outdoor events initially. Arc Partnership baseline is \$5,700 for 2013. Assumes 25% increase in room rental income in year 1.

4/ Assumes that under non-profit management there would be substantial more programming and programming revenues. Baseline programming revenues from existing ARC Partnership are \$2,100 in 2013. Assumes programming revenue in year 1 is double baseline,with annual increase of 30% for the next 5 years. This includes both on-site and outreach programming.

Source: ConsultEcon, Inc.

REPORT ADDENDUM

To: Doug Critchfield, Seattle Department of Parks and Recreation

Cc: Japanese Garden Sustainability Committee

From: ConsultEcon, Inc.

Date: May 6, 2014

RE: Seattle Japanese Garden Optimal Operating Model Study: Report Addendum

This memorandum is an addendum to the April 17, 2014 report, *Seattle Japanese Garden Optimal Operating Model Study*. The purpose of this addendum is to make clarifications and edits to the report, which evaluated the Seattle Japanese Garden's current operating model (the Associated Recreation Council partnership) and a non-profit management model. The clarifications outlined do not impact the findings or recommendations in the report. Clarifications and edits include the following:

- ◆ Page i of the Executive Summary, 3rd paragraph, should read: Japanese Garden Advisory Council (rather than Committee).
- ◆ Page ii, last sentence, should read: This includes paid staffing ranging from 7 to just under 8 FTE and 2,200 volunteer hours from several support organizations and other members of the community.
- ◆ Page 13, Table II-6: – the revenue item labeled “Donations” in JGAC revenues includes Monday admissions and admissions to JGAC special events.
- ◆ Page 13, Table II-6: Note revenue shown from JGAC fundraising events is gross.
- ◆ Page 16, Table II-10: Footnote 3 should read: 3/ Includes fringe rate which is estimated at 45% of salaries for Park Department support of Japanese Garden.
- ◆ Page 16, Table II-10: The Management estimates include Doug Critchfield, Lisa Chen and Rebecca Karlsen and should total 550 hours at a value of \$40,150. Total Parks indirect operating expenses should therefore be estimated at \$124,125 to \$154,840 annually and 3,600 hours to 4,635 hours.
- ◆ Page 17, Table II-11: Table Title should read “ARC/JGAC Estimated Expenses for the Seattle Japanese Garden, 2013.”

ConsultEcon, Inc.

- ◆ Page 39, strike third bullet. “Japanese community is now interested in Garden again....authentic tea ceremony, Japanese members on JGAC, outreach to Japanese language school. “
- ◆ Page 69, Footnote 14 should read: “The current size of the Japanese Garden, available parking and available indoor and outdoor spaces for facility rentals limits to some degree earned revenue potential. Generating substantial increases in earned revenue without enhancements to capital facilities e.g. increasing the size of the gift shop or available rental space may be challenging.”
- ◆ Page 75: Second line: strike words “Any increases.”
- ◆ Page 78, Table VI-10: “Taxes, Fringe and Benefits @” should read: “ Taxes and Fringe Benefits.”
- ◆ Page 85, second paragraph should read: A suggested “optimal” long-term strategy to improve financial sustainability and enhance the public benefit is for Parks and Recreation to enter into an operating agreement with a qualified non-profit 501 (c) organization to assume management and operations of the Seattle Japanese Garden, including: visitor services, programming and events, fundraising and marketing, and basic garden and building maintenance. Although the City will continue to own the land and could provide for some indirect support, this agreement could include the long-term lease of the site and transfer of assets on the site to the qualified non-profit organization.
- ◆ Page 86, fifth bullet. Change “action” to “make”.
- ◆ Page 87, Footnote 17: Last sentence should read: A phased transition might include: Phase I – transferring gate house operation and visitor services; Phase II- transferring the grounds and facilities maintenance, and Phase III – transferring other services provided by NRU and Parks Shops.
- ◆ Page 88, 4th bullet: “accrued assets” should read “assets.”