

## EXPLORING A SUSTAINABLE FUTURE A Review of Our Process

November 1, 2012

### Introduction

Throughout the 1990s and early 2000s, the Board of Trustees and senior staff of the Corcoran strived to distinguish the institution within the crowded cultural landscape of Washington, D.C., and to put the Gallery and College on a solid financial and operational foundation. Despite a venerable history, important collection, and prominent location, the Gallery faced daunting competition for attention, attendance, and financial support. Unlike the Smithsonian museums, the Corcoran does not receive direct federal funding. The Corcoran's building was also suffering from the effects of decades of deferred maintenance, and the College, which is essential to the Corcoran's mission, was clearly in need of improved and expanded space to achieve its full potential.

Initiatives such as a proposed Frank Gehry expansion and the possible development of Randall School as new space for the College, unfortunately, proved to be unachievable. Disappointment among donors and the public resulting from the Corcoran's withdrawal from the Gehry project cast a shadow on fundraising efforts.

By 2008, when virtually all nonprofit institutions were weakened by the financial crisis, the Board was already acutely aware that the Corcoran was running chronic operating deficits. The reduction in the value of the endowment further restricted financial options for the Corcoran.

The following timeline tracks key milestones, critical decisions, and significant actions undertaken by the Corcoran to chart a sustainable path forward.

### 2009 – Summer 2010

**Stabilization Phase.** In the wake of the economic downturn, the continuing effect on fundraising of the withdrawal from the Gehry project, an ongoing need for costly expenditures on the building, the chronic operating deficit, and the impact of an unexpected change in leadership, the Trustees authorize a targeted audit of operations. It demonstrates that the Corcoran's known fundraising capacity and the potential of existing marketing efforts to increase earned income will not be enough to meet the institution's needs. The Trustees determine that there are no quick fixes, and the Corcoran is on an unsustainable path. The Trustees resolve that significant change will be required.

The board decides that the first steps are to stabilize operations, substantially reduce debt, and generate the funds needed to finance a process of transformation. This includes implementing more economical and efficient internal procedures as well as raising funds through the sale of Randall School and the ground lease (and eventual sale) of the parking lot adjacent to the

Corcoran.

The Trustees enhance management with a number of strategic senior-level hires, including a finance director and a general counsel. Trustees resolve to conduct a systemic, comprehensive assessment of all possible options for the Corcoran's future.

**Fall 2010 –  
Fall 2011**

**Research and Outreach Phase** The Trustees commission Lord Cultural Resources—the preeminent firm in master planning, business planning, facility planning, and feasibility studies for cultural institutions—to oversee a comprehensive analysis of the Corcoran's options for a sustainable future, including an evaluation of the condition of its historic building.

Lord and the Trustees reach out to museum, educational, civic, philanthropic, and financial experts, as well as representatives of all Corcoran stakeholders (staff, students, faculty, alumni, artists, members, etc.) for ideas about how the Corcoran should transform itself to fulfill its mission and move forward. Dozens of programmatic content meetings, involving more than 20 internal Corcoran groups and 60 external experts, are held between October 2010 and November 2011.

Among the assessments: the Corcoran has a unique combination of assets in its College, its collection, and its program of outreach to Washington-area communities; and the College needs more and better space than is available in the current facility.

Lord hires Stuart-Lynn Company, a construction and engineering firm that specializes in historic structures, to perform a comprehensive building assessment and determine the potential costs for renovation and restoration.

In April 2011, Stuart-Lynn presents its detailed final report to the Corcoran Board of Trustees, stating that the Corcoran would need to spend more than \$100 million to repair the effects of four decades of deferred maintenance and to bring the building up to modern museum standards. This estimate does not include any architectural or engineering costs, or, more important, costs of expanding the College.

The Trustees recognize that the building must be addressed in order to preserve the institution and to secure long-term financial stability for the Corcoran. Representatives from Lord present four principal options related to this major structural concern:

- Option #1: Make renovations and stay in the building
- Option #2: Relocate the College alone
- Option #3: Relocate the College and Gallery together to a purpose-built facility

- Option #4: Explore collaborative agreements with other institutions

**Summer 2011**

The Trustees direct the staff to begin researching the potential of relocating part or all of the Corcoran’s operations and to gather preliminary information to make that assessment. At the same time, Trustees continue to explore the feasibility and cost factors of remaining in the building.

Meetings begin to research the viability of alternative sites. This exploratory process includes contact with the D.C. Mayor’s Office, developers in D.C., and the City of Alexandria. In each case, research efforts concentrate on collecting data on the conditions and characteristics of potential sites and opportunities that might meet the Corcoran’s space needs.

As a result of these discussions, the Trustees determine that there is sufficient interest within the metro area for relocation to be a possibility. However, expanded assessment will be explored only if the Trustees decide to pursue the relocation option further. No decision is proposed or made on the issue of relocation as a result of these initial discussions.

Fact-finding continues into 2012, focusing on the question of whether adequate interest, sites, and spaces exist for the Corcoran’s needs. These conversations are intended solely to gauge market interest. No proposals from any jurisdiction are submitted or requested at any time.

**Fall 2011**

**Board Development Phase.** Six new Trustees (two of whom have more than 20 years of experience each with the Corcoran) join the Board, bringing skills and expertise for the complicated decisions that are at hand. For the next eight months, the new Trustees join the rest of the Board in absorbing information. Board and leadership continue to discuss options of collaborating, partnering or merging with other arts and/or education institutions.

**November 2011**

Continuing the content discussions from the fall of 2010, Corcoran senior staff and Lord Cultural Resources develop a programmatic concept document.

**January 2012**

Trustees instruct staff to research potential partnership and collaboration opportunities. Corcoran staff has meetings and exploratory discussions with half a dozen local, regional, and national institutions of higher education, as well as national and regional cultural organizations, to assess potential interest in partnership. This phase takes place from January 2012 through the present.

**June 2012**

Trustees vote to proceed to collect hard facts on four options:

- Option #1: Make renovations and stay in the building (identified as the ideal scenario)
- Option #2: Relocate the College alone
- Option #3: Relocate the College and Gallery together to a purpose-built facility

- Option #4: Explore collaborative agreements with other institutions

The vote, announced publicly via a statement from chairman Harry Hopper and director and president Fred Bollerer, is followed by community meetings on June 14, August 2, and August 23.

#### **June 2012 – Today**

Recent developments include:

- Discussions on potential collaborations with the National Gallery of Art and George Washington University
- Continued research and outreach to other potential collaboration partners
- Meetings with all jurisdictions in the Washington area to discuss sites and incentives available if relocation should be resolved for all or part of the institution
- Meetings with D.C. officials to collect data on several potential D.C. locations
- CBRE retained to establish the value and level of interest in the current facility and identify potential new locations in the Washington area. No proposals have been requested or received to date. All real estate proposals will come through the broker to the Trustees' Real Estate Committee and then to the full Board for review and action. No proposal, except to keep the Museum in the current facility if possible, has a preferred status.
- Programmatic concept document is refined and revised in August 2012 and presented to the Board in October 2012. With a working title of "Creative Exchange," this vision of an integrated Gallery and College is set to be the basis of a renewed fundraising effort.

#### **Looking Ahead**

The Trustees will make a decision on how the institution should proceed once the current fact-finding and assessment phase is completed. All options currently remain under consideration, and are filtered through the lens of three objectives:

- 1. Preserving the Corcoran legacy
- 2. Staying in the building on 17th Street
- 3. Creating a sustainable future for the Gallery and the College

No decisions have been made, and no decisions are expected before the end of this year.

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