

Hillyard Heritage Museum

Introduction

Hillyard, the Inland Northwest, and particularly the Spokane area, have had a long relationship with the railroads. Railroad pioneer Jim Hill, owner of the Great Northern Railroad, was the founder of Hillyard, with his “Hills Yard” which created the huge economies of railway services in this area of the Western United States. In the 1970’s the Railroad left Hillyard and since then much of its history has been lost to the new generations. Hillyard itself has suffered economically as both the high paying jobs of the railroad and later, those industries that were patrons of the railroads left the area. Today, the Hillyard area is the most economically distressed neighborhood in Washington State.

Presently through the auspices of a small, but earnest group of Hillyard organizations the Hillyard Steering Committee, the Hillyard Neighborhood Council, the Historic Hillyard Partnership and the Hillyard Heritage Museum, in conjunction with the City of Spokane, continuing historical preservation of Hillyard is ongoing. The present proposal has a particular focus on the important transportation history of the railroads in the Hillyard area.

Background

In 1990 the Hillyard Heritage Museum started life as part of the Hillyard Heritage Fire and Rail Museum. At that time the museum displayed three passenger railroad cars and viewings of these artifacts were done primarily during the annual Hillyard Festival. By 1992 the museum, as well as other Hillyard organizations, including the Greater Hillyard Business Association and the Spokane Fire Station Museum, laid track for the display of an additional caboose, boxcar and a maintenance car. Later in 1995 a vacant lot located west of the Great Northern Caboose display site was landscaped and a Davenport locomotive was situated. This site became the Hillyard Heritage Museum Square.

For more than fifteen years, the Hillyard Heritage Fire and Rail Museum has united several Hillyard community groups, including the Spokane Fire Station Museum, the Northeast Community Center, the Hillyard Rotary, and numerous Museum project friends. With the

support of the Hillyard community, The City of Spokane, and anonymous donors, the Hillyard Heritage Museum will be successfully spun off from the Hillyard Heritage Fire and Rail Museum and will then independently continue to display Great Northern Railroad memorabilia.

Feasibility Study

While the authors know well the efficacy of the use of a feasibility study for the purpose of decisions on business investments, a study of rail museums has resulted in the following conclusion, thus obviating a feasibility study, *railroad museums do not seem to make money and seem to be at best a break even proposition.*

Based on interviews and research on other train attractions, the development of a railway museum may be the most prudent project to focus on at this time. It could provide a foundation on which to build a larger train related attraction.

Operating Strategy

We will continue to work on this portion. The operating strategy is incorporated in the financial strategy as noted below.

Financial Strategy

Start-Up Costs (as per Tom Heckler, HHM)

Rolling Stock Moving and Site Situation	\$14,000
R/R Car Renovation	\$5,0000
Portable office w/bathroom etc.	\$40,000
Fencing	\$20,000
Landscaping	\$10,000
Signage	\$10,000
Utilities Hook-Ups	\$8,000
Site Security and Lighting	\$5,000
Total	\$112,000

Start-Up Cost Assumptions

- Rolling Stock Moving and Site Situation. There are four cars that will have to be moved over to the site and properly situated on the property. There are tracks to be built for the cars to sit on as well as one car needing wheels, which can easily be purchased.
- Railroad Car Renovation. This will include all costs for materials used in to renovate the rolling stock for display and to outfit with heat and AC.
- Portable Office. This outbuilding will function as part interpretive center, memorabilia shop and restroom facility.
- Fencing will need to be installed for security, protection and liability purposes.
- Landscaping, Signage, Utilities hook-up are self explanatory and are best guess numbers
- Site Security and Lighting. Security cameras will be installed in the outbuilding and outdoors on the property for security and crime deterrence. Lighting will be needed not only for security but also will be used to light the artifacts when needed.

Three year Budget (Rev/Exp data from Tom Heckler, HHM)

	Year 1	Year 2	Year 3
Revenues			
Grants	\$5,000	\$7,500	\$12,000
Contributions	\$5,000	\$7,500	\$10,000
Memberships	\$3,500	\$7,000	\$10,500
Admissions	\$2,000	\$3,000	\$5,000
Sales (Non Historic Memorabilia)	\$5,000	\$6,250	\$7,813
Special Events Income	\$5,000	\$6,250	\$7,813
Excess	\$0	\$920	\$10,840
Total	\$25,500	\$38,420	\$63,965
Expenses			
COGS for Memorabilia	\$2,500	\$3,125	\$3,906
Public Relations/Marketing	\$6,000	\$7,500	\$9,375
Labor (ultimately move from volunteers)	\$0	\$0	\$24,000
Employee Benefits	\$0	\$0	\$2,880
Postage	\$1,000	\$2,500	\$4,000
Property Lease	\$5,280	\$5,280	\$5,280
Insurance	\$1,200	\$1,200	\$1,200
Property Taxes	\$500	\$500	\$500
Utilities	\$3,000	\$3,000	\$3,000
Office supplies	\$1,000	\$1,000	\$1,000
Professional Fees	\$3,000	\$3,000	\$3,000
Travel	\$1,000	\$1,000	\$1,000
Maintenance	\$2,500	\$2,500	\$2,500
Membership Dues/Fees	\$100	\$100	\$100
Total Expenses	\$24,580	\$27,580	\$57,835
Excess	\$920	\$10,840	\$6,130

Three Year Budget Assumptions

Revenues

- Grants and Contributions. For the first three years there will be a modest amount that will be received though grants and contributions that will be donated through sources that have not been identified in the past at these levels, so a viable marketing campaign will have to be conducted.

- Memberships. Memberships to the museum will be sold, on average costing \$35 dollars per year. In the first year 100 memberships will be sold, the second 200 and the third 300 memberships will be sold. However, the success of membership sales will depend on the nature of the museum and the success of the marketing campaign. Historical donations have been low.
- Admissions. Customers/Visitors to the museum will come from a number of sources including:
 - Visitors to the Spokane/Hillyard Area (promoted through VCB)
 - Residences of Spokane and the surrounding area (promoted through publicity)
 - School aged children in the form of field trips and the like. (promoted directly to schools)
 - Historians, researchers, and train enthusiasts

First year attendance will be 1000 visitors each paying a \$2.00 dollar admission fee. The second year will increase to 1500 visitors, and the third year 2500. Of course special rates for students and seniors will have to be developed. In consideration of Spokane's winters major visitation will take place, as in other museum of a similar nature, in the spring summer and early fall, not in the middle of the winter. Likely these figures are overstated for the first year and understated for the third year.

- Sales. Sales of non-historic memorabilia will occur from a small gift shop housed in the outbuilding such as t-shirts, small gifts and post cards. In the first year revenues from the gift shop will be \$5000 dollars, and in subsequent years will increase 25% per year.
- Special Events Income. The landscaping of the museum will be such as to accommodate any special events that various groups or persons will want to host on the museum site. These special events could include:
 - Community Events
 - Specific organization sponsored events
 - Benefit auctions

Expenses

- Cost of Goods Sold for gift shop. COGS is estimated to be 50% of revenues.
- Public Relations and Marketing. This money will be used for PR and marketing of the museum. Suggested media will include:
 - Web site, storage and maintenance
 - Phonebook ad
 - Promotional signage
 - Trade Magazines
 - Brochure printing and distribution

First year costs of PR and marketing efforts will be \$6000 dollars, and will increase by 25% each subsequent year.

- Labor and Employee Benefits. It is projected that an employee will have to be hired in year three because of increased museum attendance and other increased needs as per growth of the museum. Initial cost is estimated to be \$24,000 dollars per year and benefits to be an additional 12%. Likely all volunteers and the employee will be railroad people.
- Property Lease. The property will be leased to the HHM, and this number is a best guess number. The actual amount will have to be negotiated with the land owners.
- Insurance. The lease of the property will be a triple net lease and in addition the amount estimated reflects a million dollar liability policy.
- Other expenses. The remaining expenses not discussed are relatively self explanatory such as utilities, property taxes, office supplies and the like.

Excess

- As can be seen, according to this budget there are small excesses each year. This money can be used at the discretion of the museum board, and will likely be used if there is any short fall of funds from contributions and/or grants. As in all start-ups expect lower revenues and higher expenses.