

Chapter 7

CONCEPTUAL FINANCIAL PLAN

This conceptual financial plan for the proposed Santa Cruz Valley National Heritage Area addresses a number of areas critical to ensuring the long-term economic sustainability of the National Heritage Area:

- ◆ capability to fund – through both earned and unearned income;
- ◆ operating budgets for the first two years;
- ◆ funding strategy;
- ◆ special recommendations regarding economic sustainability; and
- ◆ consistency with continued economic activity within the region.

CAPABILITY TO FUND

Southern Arizona has a strong history of giving to nonprofit projects and causes. This is demonstrated by the existence of over 2,000 nonprofit entities within the region today. The viability of these groups varies as to mission, ability to fundraise, skills of management, commitment of the respective board of directors, and a variety of other factors.

Within the cultural and heritage community, the list of givers tends to focus on the arts – performing and otherwise. Resources that represent a combination of heritage-culture-nature, which are the focus of the National Heritage Area, do not currently constitute a large number of organizations. Several organizations concentrate primarily on the natural world, such as the Arizona Sonora Desert Museum, the Tucson Botanical Gardens, and Tohono Chul Park. The Arizona Historical Society, the Pimería Alta Historical Society, the Tubac Historical Society, and the Arizona State Museum concentrate upon historical and heritage displays, collections, research, and interpretation.

A National Heritage Area will be in a unique position to create partnerships with these existing organizations. The challenge for the proposed management entity, the nonprofit Santa Cruz Valley Heritage Alliance, Inc. (Alliance; see Chapter 6), will be to leverage the substantial experience and finances of these existing institutions to create new opportunities. The federal funding will be an important catalyst to encourage such cooperation, but the effectiveness of the Alliance leadership will be a key to success in this area. Opportunities for new or smaller organizations must also be created.

Research has shown that approximately 1,200 foundations and other entities are funding nonprofit groups across Arizona. Further analysis revealed that 106 entities, from Arizona and across the country, are candidates to provide financial support of the National Heritage Area in the future (see list below). All 106 have a history of giving to similar projects related to nature conservation, cultural/heritage preservation, and environmental or heritage education within the state – many within southern Arizona.

Volunteerism is also an indication of the interest in giving – both time and money – to ensure the sustainability of nonprofit organizations. A large number of volunteers in Pima and Santa

Cruz counties contribute to local nonprofits. Additionally, most local, comparable nonprofit entities maintain a vibrant and consistent level of membership, further indicating strong citizen support.

Many grant programs at the state and national level are likely sources of funding. Transportation enhancement grants, Arizona Heritage Fund grants, and Arizona Office of Tourism funding will be given top priority. Collaboration with other programs that share key elements of the heritage area mission, such as Certified Local Governments or Arizona Main Street programs, will also be considered. Both of these examples depend on grassroots support and could provide important assistance in building strong partnerships.

Cultivation of relationships with individuals and corporations will be based on promoting the overall mission of the heritage area – both its heritage and nature resources and its economic potential. The income potential of these relationships will require time to develop, but they must be initiated as soon as possible.

The first critical test of the Alliance's funding capacity has already been passed successfully. To prepare this feasibility study, very broad grassroots support was obtained, and all major municipalities and several private sector sources provided funding. The Arizona Office of Tourism and the Metropolitan Tucson Convention and Visitors Bureau were also major contributors. The broad mutual benefits that can be derived from a National Heritage Area were keys to gaining the financial support of such a broad constituency.

EARNED INCOME POLICIES

The Alliance will immediately begin to build a base of earned income to ensure the economic sustainability of the organization and its programs. The 15-year period during which federal support is provided to a heritage area will provide adequate time for this, although it must be pursued from the outset.

Memberships

Memberships will be a significant source of earned income for the National Heritage Area. A variety of different membership categories will be established to appeal to a diverse group of interests. Membership fees and benefits will vary by category. Categories of memberships such as the following will be considered: Student, Senior, Individual, Family, Friends, River Watchers, River Keepers, Society de Kino, and Society de Anza. In particular, corporate memberships will be solicited to meet initial revenue targets from memberships.

Educational Programs

Over the long term, the Alliance will offer a variety of educational programs, many of which may be fee based. Programs provided to adults will be charged an amount that will, at minimum, cover all costs. The intention of the Alliance is to provide programs to children free of charge.

Training Institute

In collaboration with the nature and heritage attractions throughout the National Heritage Area, the Alliance will develop the Santa Cruz Valley Nature and Heritage Training Institute targeting existing and potential employees and volunteers of those attractions. The Alliance will likely derive some positive cash flow from the operation of the training institute. The curriculum of the institute will be directed to entry-level skills, career upgrading, and management-level training, and will be comprised of a variety of programs and skill sets such as the following:

- ◆ customer service;
- ◆ interpretive skills development;
- ◆ nonprofit management skills in human resources, accounting, and other areas; and
- ◆ fundraising techniques.

TRADEMARK AND REVENUES

The National Heritage Area will constitute a unique region, and application to the U.S. Patent and Trademark Office will be made for trademark protection of the name. Any special National Heritage Area logo will also be protected. With such protection, the Alliance can use the mark on a variety of products, services, and marketing materials from which revenues can be generated, and at the same time, protect the use of the names from infringement and use by others.

Examples of potential proprietary (trademark-protected) items include: shirts, cups, collectibles, banners, decals, brochures, interpretive guides, calendars, stationery, replicas of prehistoric artifacts and historical items such as pottery or furniture, artwork, items donated to the Alliance by artists, recordings (storytelling, histories, DVD, video, and audio), and marketing materials. Proprietary services could include: certain festivals, educational programs, advertising, tours, and so forth. Over time, these products and services can generate modest revenues for the National Heritage Area, and the organization should plan to ensure that such products and services generate revenue.

UNEARNED INCOME POLICIES

A large portion of the revenues to support the ongoing operations of the Alliance will come from unearned income such as donations, endowments, and grants.

A Variety of Revenue Sources

A variety of revenue sources will be critical to ensure the economic sustainability of the National Heritage Area. Income must be generated annually from sources such as contributions, grants, gifts, and endowments from foundations, government programs, corporations, and individuals. Included in the staffing of the Alliance will be a development director to plan and implement fundraising activities to:

- ◆ assist with startup funding for the organization, and
- ◆ provide annual operating revenue.

Potential Sources of Grants

The list below of 106 organizations was gathered from the Arizona Guide to Grants and Giving (2003). The guide indicates that all of these organizations have, in the recent past, funded not-for-profit projects in Arizona in areas such as heritage, culture, and nature. These resources represent sources of potential funding for the proposed National Heritage Area. These organizations have provided funding for operating capital, educational programs, mentoring programs, and volunteer programs—all types of funding that will be necessary for the operation of the National Heritage Area.

Potential Sources of Grant Funding for the Proposed National Heritage Area (Each organization is a foundation unless otherwise indicated)

Abelard West	Alcoa	American Express
American Honda	Arizona Cardinals	Arizona Commission on the Arts
Arizona Community	APS	Arizona Humanities Council
Arizona State Parks	AT&T	BankOne, Arizona
Berger	Brown family	Canyon Ranch
Caterpillar	Central Arizona Project	Chevron Texaco
Citicorp	Claiborne	Dorrance Family
Dreyfus	Dubow	El Paso Energy
Ford	Fox 11	Frueauff
Gate Family	General Service	Getty Trust
Goldberg Charitable	Goldman Fund	Green, G. M.
Green Valley Communications	Harris	Hearst
Hewlett	Homeland	IBM International
Jones, W.A.	Katzenberger	Kresge
Kress	Lannan	Lilly
Lilly Endowment	Lucent Technology	MacArthur, J & C
Marley, K & E	Martin, Bert W.	McCune Charitable
McKnight	Mellon	Merrill Lynch
Moeller, W & J	Morris, M. T.	Mott
Murphey, J & H	Nason family	NEET
National Fish/Wildlife	Ottosen family	Packard
Patagonia, Inc.	Pew Charitable Trusts	Phelps Dodge
Pinnacle West	Proctor & Gamble Fund	Quinney
Qwest	Reese family	Robidoux
Rockefeller	Rotary Club of Tucson	Roth Family
Ruth	Shurtz	Simpson
Smith, Ralph	Soc. Venture Part./AZ	SW Gas Corporation
SW-Educ/Hist Pres.	Stang	Stardust
Steele	Stewart, H&M	Stocker
Summerlee	Sundt	Surdna
Taylor, E. R.	Town Creek	TEP
Turner	Union Pacific	Unity Ave.
Van Denburgh	Viad Corporation Fund	Wallace Genetic
Walton Family	Warsh-Mott Legacy Fund	Wells Fargo Arizona
Wharton	Wilberforce	Wilson, Robt.T.
Wyss	Zicarelli	

The Alliance will also review a variety of public programs at the state and federal levels to identify other sources of funding for the operations, programs, and events conducted by the Alliance. Of major interest will be programs from the National Park Service (including the National Heritage Area program itself; see below); the National Trust for Historic Preservation; the Preserve America and Save America's Treasures programs; Fish and Wildlife Service programs; the Arizona Heritage Fund; Urban Access programs from a variety of Federal sources; Community Development programs; and others. Of special note is the recently established federal website: www.grants.gov as a source to access federal programs. The Alliance will also work closely with the two local tribal nations – the Tohono O'odham Nation and the Pasqua Yaqui Tribe – to identify potential grants that can assist the National Heritage Area.

FEDERAL MATCH FUNDING

The proposed Santa Cruz Valley National Heritage Area intends to create a competitive program through which local communities, projects, nonprofits, and other qualified organizations can access the match funding that will eventually be appropriated to the National Heritage Area from Congress through the National Park Service. The Alliance program will be guided by a management plan with regularly updated 5-year strategies developed with input from numerous public meetings and other sources. Further, it will set criteria for eligibility, funding amounts, types of projects to be funded, and monitoring and evaluation processes. Each year, the Alliance will accept proposals and



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Through the National Park Service, up to \$10 million in 50-percent match funding is available to a National Heritage Area over a period of 15 years.

create a list of priority projects for following year funding. Local sources of match funding will be identified and combined to create a total local match. The total match-funding need (contained within the mandated \$1,000,000 federal funding limit) will then be transmitted to the National Park Service and our Congressional delegation for inclusion in the next year's federal budget. We intend to approach this funding source (and all others) with careful planning to assure that the National Heritage Area can show real results and will significantly aid preservation, protection, and promotion of the heritage and nature resources within the area.

OPERATING BUDGETS FOR FIRST TWO YEARS

The Alliance will begin operating prior to Congressional decisions regarding the designation of the Santa Cruz Valley National Heritage Area. The first year is a particularly important one

for the Alliance to establish itself as a viable organization to lead in development of the heritage area. Therefore, operating budgets have been prepared for two years. It is assumed that National Heritage Area designation will be achieved in the second year, and the second-year budget assumes an input of \$250,000 from the National Park Service to prepare a Management Plan for the new heritage area. Additionally, the Alliance commits to collaborating with other organizations, as appropriate, to share staff, space, and operational items to run the most cost effective operation possible.

During the first year of operation, efforts will focus on raising awareness of the Alliance and the planned National Heritage Area. Staffing and operational costs will remain at minimal levels during this period, with only one administrative staff person being hired and office space being donated. This first year will focus on several tasks:

- ◆ continued public outreach;
- ◆ fundraising;
- ◆ development of a logo;
- ◆ development of a website;
- ◆ certification by Arizona Office of Tourism for TEAM funds;
- ◆ development of an annual Santa Cruz Valley Heritage Festival that will rotate from site to site over the years and will emphasize traditional crafts, food, and music of the region;
- ◆ development of a CD of traditional music from the region;
- ◆ implementation of a photographic contest, with winning entries being incorporated in a calendar, for sale; and
- ◆ support of the second phase of the Kino Fruit Trees Project to reestablish Spanish-period fruit tree stocks at Tumacácori National Historical Park and other public parks in the region.

Table 7.1. Proposed budget for Year 1 (2005) income.

Source	Amount
Municipal governments	\$ 51,000
Private support	15,000
Grants	10,000
Memberships	5,000
Earned income	3,000
Program support	20,000
In-kind and volunteer (non-cash)	20,000
Total income	124,000
Cash income	104,000

Table 7.2. Proposed budget for Year 1 (2005) expenses.

Budget Item	Amount	Notes
Salaries and Wages		
Administrative staff	\$ 42,000	One full-time
Subtotal: salaries and wages	42,000	
Contracted Services	9,000	Bookkeeping; legal services
Expenses		
Travel	5,000	
Insurance	5,000	
Office rental	-	Donated
Office operations	2,000	Equipment rental; supplies
Printing and postage	7,000	
Program expenses	20,000	
Subtotal: expenses	43,500	
Employee costs	10,500	25 percent of salaries and wages
Total expenses	102,000	

The second full year of operations will require a staff of four and will include initiation of a grant program to assist local heritage and nature projects. This grant program will be developed under the criteria elaborated in the National Heritage Area Management Plan. Under the full-operation scenario, the Alliance will expand the number and variety of programs and activities that are provided within the National Heritage Area. These programs may include, but not be limited to, the following:

- ◆ an annual (or semiannual) Santa Cruz Valley Western Film Festival, highlighting the many films made in the Santa Cruz Valley;
- ◆ an annual Santa Cruz Valley Birding and Nature Festival;
- ◆ creation of the Santa Cruz Valley Nature and Heritage Training Institute—a curriculum of educational and training programs targeting the present and future workforce development needs of the heritage and nature organizations and attractions throughout the National Heritage Area; and
- ◆ a variety of heritage education and environmental education programs for elementary schools in the region.

Table 7.3. Proposed budget for Year 2 (2006) income.

Source	Amount
Municipal governments	\$ 51,000
Private source	30,000
Grants	120,000
Memberships	10,000
Earned income	6,000
In-kind and volunteer (non-cash)	40,000
National Park Service	250,000
Total income	526,000
Cash income	486,000

Table 7.4. Proposed budget for Year 2 (2006) expenses.

Budget Item	Amount	Notes
Salaries and Wages	\$188,000	Four full-time
Contracted Services		
Bookkeeping and legal	18,000	
Management plan consultants	75,000	Specialists for management plan
Subtotal: contracted services	93,000	
Expenses		
Travel	8,000	
Insurance	10,000	
Office rental	20,000	1,000 ft ² (\$20/ft ²)
Office operations	12,200	Equipment rental; supplies
Printing and postage	9,600	
Program expenses	50,000	
Management plan expenses	35,000	Planning conference; print plan
Subtotal: expenses	144,800	
Employee costs	47,000	25 percent of salaries and wages
Total expenses	472,800	

INITIAL REVENUE SOURCES

The Alliance will rely heavily on local governments and grants during its first two years. In the second year, the Alliance will request funding of \$250,000 from the United States

Department of Interior for development of a Management Plan, to be completed within three years. This federal funding will be matched by local sources; this match will come from local governments, foundations, and the private sector.

FUNDING STRATEGY

The Alliance has already initiated a fundraising program to meet immediate needs and to build a secure source of funds to cover long-term operations. Initial elements planned for this fundraising program include, but are not limited, to the following.

- ◆ Local governments from within the two counties have provided support for this Feasibility Study and will be asked to provide regularly budgeted funding for the operation of the Alliance.
- ◆ The Alliance Board of Directors will take on initial responsibility for fundraising.

Some examples of locally selected projects that could receive funding:



Roadside pullouts and signs at important sites and scenic views.

Construction of erosion control structures on rangelands.



Restoration of riparian areas.



Stabilization or rehabilitation of historic buildings.

Educational materials and programs for schoolchildren.

- ◆ The 106 foundations identified thus far will be screened for likelihood of initial support, and a smaller list of some 10-12 high-probability candidates will be contacted. Grant proposals will be prepared and submitted to the foundations that indicate an interest in supporting the Alliance, or in specific projects that are being initiated by the Alliance.
- ◆ Government grants – opportunities for funding through state and federal grant programs or through Native American tribes – will be pursued. Transportation Enhancement grants, Arizona Heritage Fund grants, and funding from the Arizona Office of Tourism will be given high priority.
- ◆ Corporate relationships will be built through working with corporations that are likely to benefit from implementation of the heritage area; most are likely to be locally based, small corporations. However, some national corporations will also be contacted.
- ◆ Individuals with interests in regional heritage or nature resource issues will be identified and invited to become members of the Alliance, either as board members or as members of the Partnership Council. Relationships with members will be cultivated to encourage higher levels of support from those who share a belief in the mission of the Alliance and who have the capacity to give.
- ◆ Maximization of earned income is paramount, and the Alliance will concentrate on ways to generate dependable revenue from programs as early as possible.
- ◆ A successful fundraising program must be integrated with an effective marketing campaign for the National Heritage Area, which will be initiated as quickly as possible.

CONSIDERATION OF THE ECONOMIC SUSTAINABILITY OF THE HERITAGE AREA

A number of programs or concepts are already being developed within the region that could benefit the Alliance over the long term. The Alliance will participate in several of these undertakings, because they will likely expand funding opportunities in the years ahead.

STATE FUNDING SOURCES

An important source of operating for the National Heritage Area will be from the State of Arizona. The Alliance will work with local governments to access various state-level sources of funding such as the Arizona Heritage Fund, the Arizona Office of Tourism, the Arizona State Parks agency, and Arizona Game and Fish Department.

2012 STATEHOOD CELEBRATION

The National Heritage Area will join the process that is already underway to plan the celebration of Arizona statehood, to occur in 2012. The National Heritage Area will be fully developed prior to 2012, and because it represents the earliest history of the state, the Alliance and its members will seek an active role in that celebration.

STATE HERITAGE AREAS

The Arizona State Historic Preservation Office is already exploring the concept of a system of state heritage areas. Such a program would serve to create an integrated process for recognizing regional heritage themes and should provide at least some level of funding to support the promotion of such areas at the state level.

PIMA COUNTY HERITAGE/CULTURAL TAX

The nature/heritage/cultural community of Pima County has begun a process that may lead to the recommendation for passage of a countywide tax to assist in building and maintaining a strong and financially stable nature/heritage/cultural community. The Alliance will be active in the process for passage of such a revenue source.

CONSISTENCY OF FINANCIAL PLAN WITH CONTINUED ECONOMIC ACTIVITY WITHIN THE REGION

The development of the Santa Cruz Valley National Heritage Area and this conceptual financial plan are consistent with the continued economic activity within this two-county region. The region already has a strong nature and heritage tourism economic sector, as demonstrated by the number of tourist visits (over 4.5 million visitors in 2002) and dollars (over \$1.8 billion in 2002) currently received in southern Arizona (see also Chapter 5). The quality and diversity of the natural and cultural resources described in this feasibility study support the premise that there is still an enormous potential for expansion of this sector of the regional economy.

A number of studies conducted by local governments and by the Arizona university system demonstrate this economic impact and opportunity. The following are especially important studies of note.

- ◆ Metropolitan Arizona Visitor Study, Behavior Research Center (2000)
- ◆ Sonoran Desert Conservation Plan, Pima County (2001)
- ◆ Arts in Tucson's Economy, University of Arizona (2001)
- ◆ The Economic Impact of Arizona's State Parks, Northern Arizona University (2002)
- ◆ Economic Impacts of Mexican Visitors to Arizona in 2001, University of Arizona (2002)
- ◆ Tucson Origins Heritage Park Master Plan, City of Tucson (2004)

Designation of a Santa Cruz Valley National Heritage Area will provide the various governments, tourism operations, nature/heritage/cultural nonprofits, and businesses the opportunity to collaborate to create a vital and vibrant region where our nature and heritage resources are preserved, protected, and promoted in a unique and economically beneficial way.

SUMMARY

This conceptual financial plan for the proposed Santa Cruz Valley National Heritage Area addresses the needs of the National Heritage Area and its local coordinating entity, the Santa Cruz Valley Heritage Alliance, Inc. It also outlines the roles of the various potential funding sources and provides a strategy to ensure the economic sustainability of the National Heritage Area. Fully adopting and implementing this financial plan will allow the alliance to ensure the distinctive landscapes and resources of the heritage area are recognized, protected, enhanced, and interpreted to improve the quality of life for residents, and also to ensure opportunities for public appreciation, education, enjoyment, and economic sustainability.

