



Business and Marketing Performance Plan for the Montana Heritage Commission



View our Family Pass Commercial

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Montana Heritage Commission



Virginia and Nevada City, Montana

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Montana Heritage Commission Background

The Montana Heritage Commission (MHC) takes pride in managing some of the most valuable and fascinating historic sites in Montana--Virginia City, Nevada City, and Reeder's Alley and the Pioneer Cabin in Helena. In 1997, the Montana Legislature purchased Virginia City and Nevada City from the Bovey family. Our goal is to promote and preserve these sites while encouraging Montanans, out-of-state visitors, and future generations to become excited about the rich history of this great state. Virginia City and Nevada City represent authentic and tangible examples of the greatest gold strike in the Rocky Mountain West. Virginia City was the site of our first active territorial capital and the MHC offices now occupy the original Montana Legislative Offices.

MHC has two primary missions. The first is to operate and maintain the Virginia City, Nevada City, and Reeder's Alley properties and income-producing assets and artifacts with a goal of financial self-sufficiency. The second is to preserve the Virginia City and Nevada City artifacts and non-income producing assets (e.g., historical or cultural assets). The current value of all Virginia City, Nevada City, and Reeder's Alley assets, including land, buildings, and artifacts, is estimated to be \$41 million. MHC can move toward self-sufficiency primarily by increasing the number of visitors to its sites and by improving and expanding the visitor experiences at these sites.

Virginia and Nevada City, Montana/Montana Heritage Commission Visitors

Figure 1 shows the number of visitors to southwest Montana’s state attractions for the 2013 year. The top five attractions are Nevada/Virginia Cities, Bannock State Park, The Lewis & Clark Caverns State Park; Big Hole Battlefield; and Montana Historical Society. Nevada/Virginia Cities have seen a greater increase in the number of travelers in 2012 relative to the benchmarked attractions. Our goal is to continue to implement new strategies, described in the sections below, that will continue to see a relatively large increase in travelers.

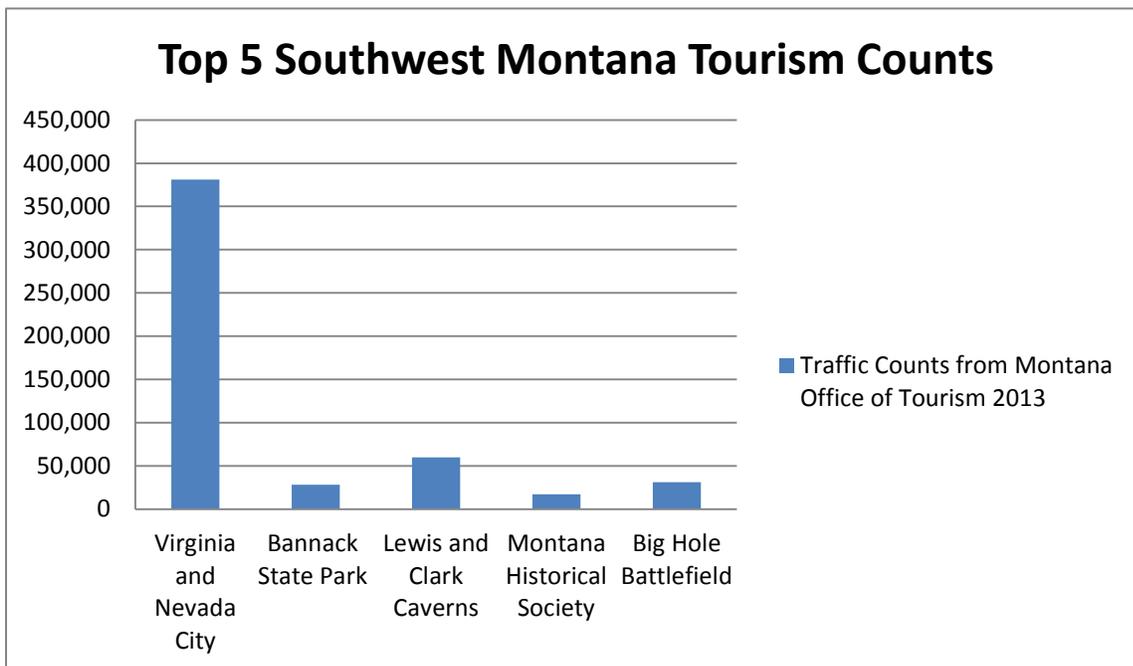


Figure 1. Comparison of visitor trends in Southwest Montana for 2013 year.

MHC Revenues

Figure 3 presents the MHC fiscal year 2013 budget estimates. While the fiscal year ends on June 30, we anticipate breaking even this year from an operations perspective.

Montana Heritage Commission Fiscal Year 2013 Budget Estimate		FY 2013 Budget
Revenue		
Bed Tax		400,000
Vehicle Tax		225,000
Alder Gulch Short-line Railroad		40,000
Nevada City Gate Fees		60,000
VC/NC Music Hall Fees		25,000
Family Pass		30,000
BOI Investment Earnings Class		500
Merchandise Sold		30,000
Rentals (Income from Virginia City, Nevada City, and Reeder's Alley)		185,000
Visitor Donations/Grants		30,000
Total Revenue [J]		1,000,500
Personnel Expenses		
Personal Services		495,508
-Salaries		356,766
-Employee Benefits		138,742
Total Personnel Expenses [K]		495,508
Operating Expenses		
Contracted Services		100,350
Supplies and Materials		49,523
Communications		57,945
Travel		24,478
Rent		2,476

Utilities	80,268
Repairs and Maintenance	49,412
Other expenses (primarily insurance)	91,479
Goods for resale	8,561
Total Operating Expenses [L]	464,492
Total Expenses [M=K+L]	960,000
Net Income [N=J-M]	40,500

Figure 2. MHC fiscal year 2013 budget estimate.

Business Operations

MHC sites have a number of strengths on which to capitalize in moving toward self-sufficiency. These include: (i) a location near the state’s top tourist attraction, Yellowstone National Park; (ii) presence as an important and high quality historical and heritage attraction; (iii) a solid and, arguably, stable base funding in bed tax and vehicle tax receipts; and (iv) current expectations of increasing tourism in Montana.

MHC has not historically been meeting its mandate to work toward operations and maintenance self-sufficiency. However, with current leadership and business changes, we believe that we will meet the mandate with new visitor activities and improved business operations, revenue approaches, promotions, outreach programs, and marketing activities. MHC leadership analyzes all of these aspects continually.

Focusing on revenue-generation, the timeline shown in figure 4 shows the points at which programs, agreements, leases, and other revenue generators were introduced, modified, eliminated, or have potential for renewal. We also provide summary revenue data estimates, when available. Although we analyze each program and lease for appropriateness to meeting mission and revenue goals, we are focused, in particular, on the following:

- For new programs, we want to ensure that our revenue projections and costs are accurate by collecting and analyzing data; that the return on investment is reasonable, and that the program meets MHC’s self-sufficiency or preservation missions.
- For terminating programs or agreements, we focus on whether the programs or agreements were in line with our mission and our business structure and expectations (e.g., revenue or cost expectations, value, or return on investment).
- For renewals, we are particularly focused on ensuring that leases are market-based, while also considering the overall benefit to the MHC enterprise.

All of these program and lease aspects will be described in more detail in the sections that follow the figure.

Thru 2011		2012	Shortline railroad – \$40,000 net revenue	2013	School tours – \$50,000
	Bed tax - \$400,000		Family Pass - \$30,000		Buggy rides in Nevada City
	Vehicle tax - \$194,000		Gold panning - \$37,000 - \$42,000		John Scott Blacksmithing
	Railroad – out of service in 2011		New visitor experiences at Nevada City (e.g., horse buggy rides, blacksmithing sales, visitor-made branding irons and textiles)		Montana Picture Gallery (lease to 12/31/13)
	Nevada City Living Museum gate fees		School tours - \$50,000	2014	MHC lodging (Fairweather Inn and Nevada City Hotel and Cabins) – see discussion
	VN/NC Music Hall - \$25,000		Corporate sponsorship - \$100,000 (goal)		Renovate bldgs for occupancy (no est.)
	Merchandise - \$30,000		Grants - \$50,000 annually (goal)		Ruby Chang’s (lease expires 10/31/14)
	Gold panning - \$2,000		Corporate membership - \$15,000 (goal)	2015	Opera House – Virginia City Players (lease to 1/1/15)
	Virginia/Nevada City - \$118,000		Special events - \$9,000 - \$15,000 (goal)		Brewery Follies (lease to 12/31/15)
	Reeder’s Alley leases - \$50,000 annually		City Bakery (lease expired 10/31/12)		Overland Stage and Horseback Rides (lease to 12/13/15)
	Residential leases at Virginia/Nevada City - \$17,000 annually		Aunt Julia’s (lease expired 12/31/12)	2017	Bale of Hay Saloon (lease to 12/31/17)
	Small donations - \$30,000 annually		Tent Village (lease expired 12/31/12)		Virginia City Trading Company (lease to 12/31/17)
			VC Depot (The Dancing Buffalo) (new lease)	2018	Nevada City Emporium (lease to 10/31/18)
			Wells Fargo Coffee House		Star Bakery (lease to

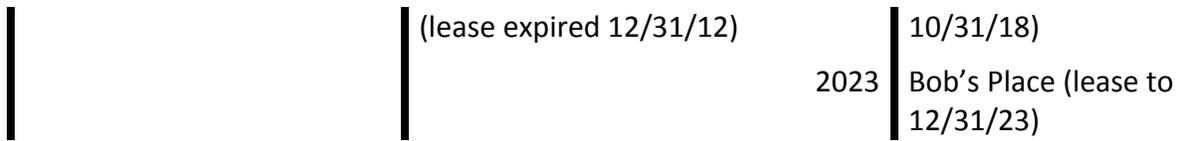


Figure 3. Timeline of revenue generators.

Note: Estimates are net revenue and annualized.

Operations and Maintenance of Virginia City, Nevada City, and Reeder's Alley

In 2012, MHC started with a legacy of less-than-optimal revenues from leases and attractions. MHC has gradually brought new or improved revenue streams online. The following business activities have been or will be implemented in order to meet MHC's two major goals – operations and maintenance self-sufficiency and preservation of MHC assets and artifacts. Critical to meeting these two missions are generating sufficient revenue, maintaining current state revenue and support, making business-focused cost decisions, marketing appropriately and sufficiently, and developing community support for MHC's historical, heritage, and cultural assets.

We divide the business and marketing programs and activities into six categories and will discuss each in the pages that follow. They are:

1. Visitor activities
2. Promotions and outreach
3. Landlord and business partnerships
4. Marketing
5. Business operations
6. Alignment with the 2013 Montana Tourism and Recreation Strategic Plan

1. Visitor activities

This section describes revenue generating activities focused on the visitor and operated by MHC.

Family Pass

The Family Pass, a fixed price pass providing entrance to the Nevada City Living History Museum, unlimited rides on the Alder Gulch Shortline Railroad, gold panning at the River of Gold, and discounts at Virginia and Nevada City merchants, was introduced in 2012. The Pass

costs \$69 for a family up to five, with a discounted pass cost of \$49 for visitors staying at Madison County lodgings, state employees, and active members of the military. County lodging operators and concessionaires strongly support this marketing initiative.

Due to the recent introduction of the Family Pass, we will need sufficient data in the future to analyze the effect of the Pass on overall Virginia/Nevada City visitation and the trade-offs between Family Pass and railroad, gold panning, and Nevada City entrance visitation and revenues. Our primary area of inquiry when more data are available will be to analyze whether the Family Pass benefits the overall revenue picture. This analysis will have a quantitative component – e.g., Family Pass, Nevada City Museum, Railroad, and gold panning revenue and visitor/user estimates – and a qualitative component – e.g., anecdotes from concessionaires and lodging operators on visitor numbers affected by the Family Pass; and overall visitor numbers.

The use patterns of the Family Pass are recorded though admission gate personnel recording the number of uses of the Family Pass for the attractions (versus collections via purchased tickets reflecting individual attraction purchases).

Alder Gulch Shortline railroad

The Alder Gulch Shortline Railroad runs between Nevada and Virginia Cities for visitors from Memorial Day to Labor Day. In 2011, resulting from a legal ruling, the rail line had to be taken up and moved and therefore the railroad did not run that year and provided no revenue. In 2012, the railroad trip recommenced.

In fiscal year 2013, the railroad will gross \$60,000 and net \$45,000 in revenue (current estimates). The revenue projections were far below gross revenue and therefore net revenue expectations. We suspect that the reasons could either be due to the Family Pass resulting in lower railroad revenues or to the fact that the railroad had been taken out of service the previous year (and thereby being out of the minds of visitors). We also await preservation funding to support repair of the Baldwin Number 12 Steam Engine, the return to service of which might contribute to generating additional revenues. We will continue to analyze the railroad revenues and expenses and the influence of the Family Pass on those revenues.

We expect stable or increasing revenue projections, although the breakdown between Family Pass and direct Railroad ridership will not be easily predictable until we have further data from 2013 and beyond. We will also focus on expanding railroad revenues to be more in line with historical revenues seen before the railroad was temporarily taken out of service for 2011.

Gold panning

We plan for gross revenue of \$42,000 - \$50,000 per year in the *River of Gold* gold panning attraction. Expenses are minimal, as the garnet sand is donated and seasonal help expenses are

approximately \$5,000 per year. Net revenue would therefore be \$37,000 - \$45,000, although this is likely a reach goal. MHC took over this attraction in 2012; it had previously been netting MHC \$2,000 per year via rent from the attraction operator.

Historical tours, particularly admission to Nevada City (Nevada Living History Museum)

Visitors traditionally visit the Nevada City museum to view reenactments and to view the heritage and historical buildings and artifacts displayed throughout the museum. In 2013, MHC is introducing new visitor experiences with revenue-generating opportunities, such as horse buggy rides, a blacksmith making toys and other saleable items, and making one's own branding iron and textiles. We will be trying various approaches that improve the visitor experience and provide MHC with new revenue opportunities. This new approach focuses on visitor engagement and selling, not just observing.

Merchandise sales

From visitor purchases we receive about \$30,000 per year in net merchandise revenues. These revenues are generally stable.

2. Promotions and outreach

MHC has numerous promotion and outreach programs that support MHC preservation, community involvement, and cultural, historical, and heritage interests.

School tours

The school tours program started on 1 May 2013 and will continue this year through June 15. We estimate that the program will bring in \$50,000 in revenue annually, as we estimate that 5,000 students at an admission cost of \$10 each will be visit Virginia/Nevada Cities through the program this year. This contribution is significant to MHC not only because of the revenue but because MHC has little visitor revenue in the May to mid-June time period otherwise. Long-term interest in the MHC sites is also likely to foster top of the mind awareness and appreciation of the sites in these children and their teachers and chaperones for the future.

Additional public and private funding support

We continue to introduce new projects to increase revenue, improve visitor experience, and develop community support and involvement. Some of these activities include:

- We rolled out a corporate sponsorship program in February 2013 and we have an annual goal to raise \$100,000 in gross revenue.

- We hired a grant writer in 2013 and have a goal of \$50,000 in net grant revenue annually. In accordance with industry practice, gross revenue is estimated at twice the annual loaded salary of the grant writer.
- We continue to seek additional public and private funding support through grants, donations, and appropriations to further our goals.
- We expect to maintain stable year over year small sum contributions from visitors (e.g., dollars donated in drop boxes). Our estimate for fiscal year 2013 donations is \$30,000.

Volunteer recruitment and utilization

We have over 300 signed volunteers and approximately 40 volunteers present on a given weekend during the prime visitor season. Volunteers come from a wide variety of professions and generally from Montana, Idaho, and Utah. Volunteers are critical to reenactments at Nevada City events.

Volunteer recruitment benefits MHC by supporting reenactments, helping in preservation, and supporting other activities. MHC recruits and utilizes volunteers to increase the efficiency of operations and to leverage limited state funding. These volunteer efforts show that the MHC sites require support in addition to visitor revenue but also that those in the community and region support the historic, cultural, and heritage aspects of the MHC sites. Volunteers receive a modest and capped mileage reimbursement in exchange for their contributions.

Maintain and expand education and interpretation programs

We will maintain and expand our education and interpretation programs to improve the public enjoyment and understanding of our historic sites. As noted previously, we rely significantly on volunteer help for education and interpretation programs, in addition to paid staff.

Additionally, in 2013, one university paid a flat fee of \$10,000 in order to undertake an archeological dig at MHC properties. This program is available to any other interested universities or participants but revenues are not expected to be reliable due to the very low number of expected participants. We believe that the public relations aspect of such programs is the most significant benefit to MHC.

Membership – annual and permanent

MHC has introduced a new corporate membership program with tax-deductible contribution levels from \$250 - \$5,000. Membership benefits include corporate logo and contact information at the Virginia City Train Depot, MHC Annual Report recognition, and varying benefits similar to the Family Pass for the \$1,000 and \$5,000 level. We anticipate annual memberships to bring in approximately \$15,000 in revenue but look forward to fine tuning the estimate, as 2013 is the first year of the program.

Fundraising Special Events

MHC has begun introducing special events to (i) raise funds for operations and preservation; (ii) attract visitors during non-peak times; and (iii) to raise awareness of MHC attractions and properties. The first such event is the All Hallows Eve event that was started in 2012. Other possible special events include a golf tournament and a dinner auction. Each would be expected to generate revenue or contributions of approximately \$3,000 - \$5,000 annually.

Other

We are analyzing the feasibility, including revenue and costs, of providing a shuttle or tour bus to pick up visitors from West Yellowstone to visit and possibly stay in the Virginia/Nevada City area. Much more analysis is required but we believe with a “rough order of magnitude” analysis that it has \$25,000 - \$50,000 in annual revenue potential.

3. Landlord and business partnerships

This section describes revenue generating activities focused on the MHC-as-landlord/concessionaire relationship.

Landlord and business partnerships

In addition to owning, operating (in most cases), and maintaining all MHC properties, MHC is a landlord to 35 concessionaires in Virginia and Nevada Cities and a number of apartments and businesses at Reeder’s Alley and Virginia and Nevada Cities.

MHC has a variety of lease agreements for its 35 concessionaires in Virginia and Nevada Cities. The details of each agreement are listed in Figure 6. The timeline in figure 4 shows the points at which the lease agreements can be renewed or renegotiated with modifications to better reflect market forces. Figure 5 shows some of the new lease approaches or conditions that we will consider. MHC will look at various lease options for implementation during lease and concessionaire turnover with a goal of and providing well-rounded visitor amenities and identifying market rates so that lease rates and profit generation agreements are appropriate and support self-sustainment of the MHC. As a current example of what we believe to be an effective lease arrangement, the Brewery Follies pays a base rent plus a percentage of revenue above certain breakpoints. A portion of new revenue-sharing income would be used by MHC for marketing (as the first goal), operations, maintenance, or otherwise as needed. It should be noted that MHC shoulders all operations and maintenance costs for leased properties.

We will also consider, for internal business operations analysis, whether costs should be assigned to each property or concessionaire to determine the true costs of operations and maintenance of properties. In the case of properties to potentially renovate, we will look at the capital costs to ensure that there is net positive financial potential (i.e., positive net present value or positive overall value to the visitor experience and MHC).

Fairweather Inn and Nevada City Hotel & Cabins

The MHC-owned and maintained and concessionaire-operated lodging properties are under lease until 31 December 2013. Leading up to that time, we will be considering alternative lease arrangements, as the lodging properties have significant revenue potential for MHC above what we currently receive. Since MHC pays operations and maintenance costs and owns the properties and the furniture, we believe that a market rate would result in significantly more MHC revenue, such as percentage of revenue or taking over daily operation of lodging properties. (Alder Gulch Accommodations currently operates these properties and MHC receives total annual rents of \$22,666. A 1% annual increase is added to the September

Lease agreement types under consideration

Gross lease: A fixed monthly or annual dollar value for a fixed time period.

Net lease: A base monthly or annual dollar value plus one or more of property tax, insurance, or maintenance.

Percentage rent: A base monthly or annual lease plus a percentage of gross profits above a breakpoint(s) at which the landlord receives a percentage of gross profits exceeding the breakpoint.

payment, which is one of three annual payments. There are 70 rooms available and a 90 day high season.)

We will look at a business plan for alternative arrangements for the Fairweather Inn and Nevada City Hotel & Cabins. Key information would include: revenue projections with supporting rationale, cost projections with supporting rationale, staffing needs and availability, and risks and mitigation strategies. With these properties representing about one third of potential MHC revenue, we will complete the due diligence on this issue.

Reeder's Alley

We receive net rent revenue of \$50,000 per year from Reeder's Alley buildings. The MHC focus at Reeder's Alley is as a landlord. However, due to water and related settling issues, we have recent structural repair estimates of \$150,000. There is a significant risk that Reeder's Alley will become a significant drain on the MHC operations and maintenance budget and will make self-sufficiency of the MHC enterprise more difficult.

4. Marketing

In this section, we will discuss marketing activities not already discussed in the "promotions and outreach" section. We continue to improve marketing and promoting the sites to increase visitation to Virginia City, Nevada City and Reeder's Alley. Positive feedback has been received from concessionaires regarding advertising (e.g., new television ad first aired in May 2013). MHC targets visitors from Montana, the multi-state region, Yellowstone and Glacier National Park visitors, and heritage, Americana, cultural, and history visitors locally and nationwide.

Following is a list of the recent marketing activities that we have implemented for various target markets with the goal of increasing visitation.

Yellowstone and Glacier National Park Visitors

To market to Yellowstone and Glacier National Park Visitors during their trips, we have:

- In West Yellowstone, advertised on billboards, advertised in the IMAX theater, and distributed brochures in local hotels and the visitor center.
- Distributed over 50,000 brochures to Madison County hotels and most hotels in West Yellowstone and Jackson Hole, Wyoming.
- Built large sandblasted wood signs to be displayed at the Bozeman airport and the Bozeman West Yellowstone, Big Sky, Kalispell, Butte, and Jackson Hole visitor centers (often the convention and visitors bureau).

TV and Radio Advertising

To market to primarily Montana residents, we have:

- Purchased 12,742 second radio ads and television ads from Memorial Day through September on “the Eagle” in Bozeman and KOPR and KBOW out of Butte (radio) and on ABC/CBS/FOX/NBC/Optimum Cable in the Butte, Bozeman, and Helena markets.
- Produced the “Where History Lives” campaign with a 30 minute radio program that is aired on Montana PBS.

E-Commerce

We have developed and implemented the following e-commerce projects:

- We developed and implemented a Virginia/Nevada City App for i-Phones and Droid Phones. The App shows shopping, restaurants, lodging, and attractions and gives the user an audio tour, when in proximity, of the history of individual Virginia and Nevada City buildings, locations, and events.
- We have placed QC codes linking to the Montana Heritage Commission site, Virginia City Chamber, and “Where History Lives” youtube.com sites.

Print Advertising

We have focused our print advertising buys with a focus on a target audience looking for authenticity of heritage, cultural, and historical experiences through the following publications:

- Printed and distributed over 50,000 visitor service guides across strategic locations in Montana.
- South West Montana magazine (back page ad)
- Madisonian (reserved 14 weeks, Memorial Day through September, for full page color ad and the back of the Summer Times, also a Madisonian publication)
- Rediscover Montana (back page ad)
- History magazine (full color ad)
- Yellowstone and Glacier Journal (full color ad)

5. Business operations

MHC has many internal operations that contribute to revenue or expenses. They are described in this section and include the sale of select real and personal property, state bed tax allocations, and state vehicle tax allocations on the primarily revenue side and infrastructure improvements, conservation of artifacts, and other expenses on the primarily expense side.

Sale of select real estate property

In prior fiscal years (before FY 2013), we sold some excess items that we believe did not contribute to our mission. Moving forward, we have the potential to sell excess land. We are currently considering a potential land sale of up to ten small lots within the next two years with potential total gross revenue of \$500,000. Early analysis indicates that there might be significant costs associated with these sales, such as archeological analysis of the lots that could cost in excess of \$50,000. Two of the ten lots might be sold in the nearer term to the local municipality. It is noteworthy that we are legally permitted to sell buildings and land, when appropriate.

Bed tax

In fiscal year 2013, MHC received \$400,000 in Lodging Facilities Use Tax Revenue (often referred to as the “bed tax”). This amount is statutorily defined at \$400,000 annually and therefore does not change in response to changing revenue of MHC or the state. Figure 8 shows that the funds should be stable, as statewide bed tax revenue has been in a general uptrend over the past number of years. We therefore believe that the current MHC bed tax revenue is stable.

STATEWIDE COLLECTIONS

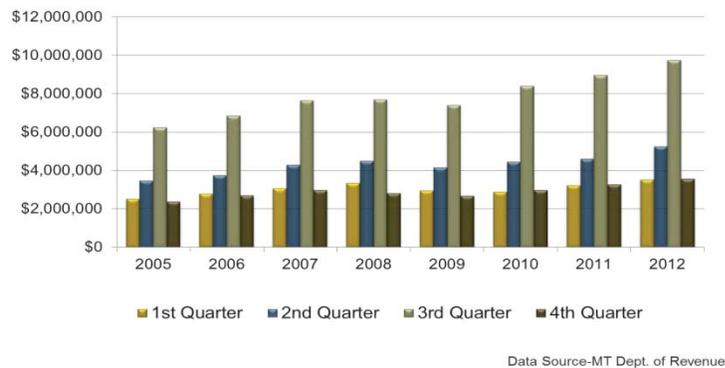


Figure 4. Statewide bed tax collections.

Vehicle tax

MHC receives a percentage allocation of vehicle registration revenues annually. In fiscal year 2013, MHC estimates that we will receive \$225,000 - \$275,000 in revenue. Historically, MHC has received about \$194,000 annually. The uptrend is surprising, as the Montana Department of Commerce estimated that these revenues would likely very significantly decline following a change in state legislation that required vehicle owners to opt-in the pay the tax and permitted

a one-time opt out election. Because of the lifetime opt-out provision, it is reasonable to expect that revenues from this source might, however, decrease in the future.

Infrastructure improvement

Currently, we spend \$350,000 - \$500,000 annually in repairs and maintenance of the MHC properties. These costs include maintaining structures for safe and effective (e.g., revenue-producing or heritage) use and occupancy by visitors and concessionaires. We spend approximately \$100,000 annually on preservation of non-property assets and artifacts. These costs primarily are used to stabilize historic and cultural structures and to preserve artifacts. In the future, we will see if we can assign operations and maintenance costs to individual properties and programs to see if we obtain a better understanding of costs, benefits, and overall return for each.

Our goal is to improve the maintenance of existing infrastructure to generate revenue, enhance life safety, and allow public use of our properties. We produced a document titled “Montana Heritage Commission Long Range Building Request” for Virginia City and Nevada City, delineating \$2,265,000 of project needs for various Nevada and Virginia City properties. From this set of needs, we prioritize addressing those that generate revenue (for example, improving buildings that could be occupied by concessionaires or otherwise improve the visitor experience) and those that must be stabilized for safety reasons.

Preservation and conservation¹ of Virginia City and Nevada City Assets and Artifacts

MHC’s second mission, in addition to the first mission of striving for self-sufficiency in operations and maintenance, is to conserve its assets and artifacts. The preservation focused activities and programs are described in the section.

In 2003, the Montana legislature approved \$2 million preservation budget for MHC. (MHC possesses 1.2 million artifacts, many of which are located at the McFarland Curatorial Center for storage, research, conservation, and interpretation as well as others dispersed among the 248 historic Virginia and Nevada City buildings.) The current balance of those funds is \$17,000. No preservation funding was approved in the 2013 budget cycle. As a result, no preservation funds are available for MHC and any emergency or urgent preservation activities will have to be funded from MHC operations and maintenance account. As a result, it will be more difficult to meet the state mandate of self-sufficiency in MHC operations and maintenance with the need to spend those funds on preservation activities (i.e., non-revenue-generating activities). With future funding, for example, MHC’s “interpretive plan” will move the knowledge of MHC’s

¹ Although preservation and conservation have different technical meanings, there are used here interchangeably to describe MHC efforts to maintain its assets and artifacts.

artifacts from hand-written recording to an online database for access by a larger community of interest.

Preservation of assets and artifacts

The following noteworthy information describes general business efforts to preserve assets and artifacts.

- a. MHC has \$41 million in assets (including property and artifacts) to preserve.
- b. MHC identifies preservation as distinct from the day-to-day operations and maintenance of MHC properties and assets that have a focus on revenue generation. In line with this, there is a separate funding account for preservation.
- c. The preservation goals are (i) to preserve assets and artifacts; (ii) determine which assets and artifacts can contribute to revenue generation; and (iii) preserve historically important buildings. Preservation will have to be done within the confines of effective overall financial management of MHC properties and assets.
- d. MHC has identified and will continue to be aware of long term capital preservation needs and priorities and how the state, visitors, and region benefit from preservation.

Financial

The MHC goal is to have a \$500,000 annual preservation budget. The last state appropriation was \$2 million in 2003 of which \$17,000 remains. Until further preservation funding is available, the “supply and materials” line item from MHC’s operations and maintenance budget (i.e., general revenue) will be used to pay for necessary preservation of buildings, artifacts, and other activities. Such operations and maintenance funds will directly inhibit the ability of MHC to be financially self-sufficient.

Gaining support for preservation

MHC continues to implement activities to gain support for preservation. These have been noted in previous sections and rely on:

- a. Revenue to support preservation
- b. Statewide and interest-based community support of MHC assets and artifacts

Other expenses

The annual cost of insurance to cover artifacts is \$43,142.

We currently have 10 full-time equivalent staff, which is a reduction from prior years and is in line with our revenue expectations.

6. Alignment with the 2013 Montana Tourism and Recreation Strategic Plan

The Montana Heritage Commission is working directly to attain the three goals set forth in the Montana Tourism Strategic Plan: improved economic benefits; preservation of assets and quality of life; and an improved visitor experience. To attain operations and maintenance self-sufficiency of Virginia City, Nevada City, and Reeder's Alley, MHC is working to strengthen the economic benefits of our activities by increasing visitation, adding new revenue-generating visitor activities, analyzing the pricing of visitor activities, and working to better capture the revenues that are generated. MHC continues to work for the preservation of Virginia City, Nevada City, and Reeder's Alley, including physical structures and artifacts. MHC is working to improve the visitor experience by offering more experiential attractions to enhance and lengthen their visit.

Montana's second tourism strategy is to "highlight and assist in the development of vibrant and charming small towns throughout Montana." Virginia City/Nevada City is uniquely iconic as it is (taken together) both a charming historic town with current residents and visitor amenities and also a place to experience authentic Montana history. Reeder's Alley contributes significantly to Helena's charm and history as the oldest intact piece of Helena. MHC is working to implement a number of Strategic Actions to further strengthen the role these locations play as visitor destinations.

- MHC is working to raise the prominence of Virginia City/Nevada City as one of the state's charming small towns through marketing, promotion, and outreach efforts. MHC also continues to work with the Montana Office of Tourism and the Southwest Montana Tourism Region to ensure that images of and information about Virginia City and Nevada City are incorporated into visitor information. MHC will continue to work with the Helena CVB to ensure that Reeder's Alley plays a prominent role in bringing the history and culture of Helena to visitors. (Strategic Action 2.1.)
- MHC has put together extensive and thorough information that provides the potential visitor and the on-site visitor information about the many attractions and amenities that contribute greatly to the visitor experience and the charm of Virginia City/Nevada City. Attractions and visitor activities; historic lodging; restaurants; and cultural, historical, and artistic experiences are all highlighted in visitor information, which is provided through print, online, tours, plaques, locals, and marketing, advertising, and promotional materials. MHC has recently developed an app for visitors use while visiting Virginia City that provides oral descriptions of buildings and artifacts when in proximity to them. (Strategic Action 2.2.)

- MHC is pursuing many possible ways of expanding opportunities for the visitor to *actively* experience Virginia City/Nevada City rather than simply observing the historic destination. (Strategic Action 2.2)
- Preservation efforts contribute to the unique curb appeal of the MHC properties. (Strategic Action 2.4.)
- MHC supports local businesses through spillover effects – marketing for Virginia City and Nevada City bring in visitors to the Cities where non-MHC owned or lessee businesses benefit. MHC also offers 2-day pass discounts for visitors staying at lodging within Madison County. (Strategic Action 2.5.)
- MHC develops and sustains special events that tie in with local tourism assets. Unique weekly activities such as the Nevada City Living History events support the authentic experiences and attract and entertain new and repeat visitors. The All Hallows Eve celebration involves the entire community, not only generating revenues but also extending the season. (Strategic Actions 2.6 and 2.7)

Montana’s third tourism strategy is to “integrate nature and towns to offer and deliver a balance of ‘breathtaking experiences’ and ‘relaxing hospitality’.” MHC leadership promotes a balanced visitor experience and places the Virginia City/Nevada City experience in the context of other nearby attractions and amenities.

- Virginia and Nevada Cities are presented in the context of the local area, with lodging options and local area maps for Madison County prominently displayed in physical marketing materials. MHC promotes Madison County (Virginia City serves as the County seat) as a lodging location for visitors, including those traveling to/from the National Parks. Key information for the county – such as weekly events, available activities, broad heritage and historical information – is presented in online, paper, and other visitor information. (Strategic Actions 3.1. and 3.3.)
- MHC markets and promotes a rich and diverse visitor experience in Virginia and Nevada Cities that includes unique and enjoyable historical experiences, the performing arts and culture, and local hospitality. (Strategic Action 3.2.)
- Actively promoting Virginia City and Nevada City in West Yellowstone and Yellowstone National Park increases visitor traffic and economic benefits to Virginia and Nevada Cities and also improves the visitor experience by enriching the Yellowstone experience with opportunities to experience history, culture, and relaxing and authentic hospitality. (Strategic Actions 3.2. and 3.3.)

Montana's fourth tourism strategy is to "serve the information and infrastructure needs of the visitor." MHC meets these needs in a number of ways.

- MHC has developed a mobile app that permits visitors to instantly obtain oral descriptions of buildings and attractions in Virginia City and Nevada City as the visitor tours around the towns. MHC also maintains an online presence and provides information to MTOT and the Southwest Region for inclusion on their visitor information sites. (Strategic Action 4.2.)
- MHC has developed a number of brochures for specific audiences and products. (Strategic Action 4.4.)

Montana's fifth tourism strategy is to "provide support for Montana's tourism industry". MHC leadership pursues this strategy with a number of efforts to communicate and collaborate with others in the tourism industry.

- MHC works closely with its concessionaires, lessees, and independent tourism businesses in Virginia City, Nevada City, and Reeder's Alley and undertakes marketing and promotion to support their success. (Strategic Action 5.1.)
- MHC collaborates with and promotes lodging operators in Madison County. (Strategic Actions 5.1. and 5.4.)
- MHC has initiated consumer marketing efforts and will continue these efforts in future. (Strategic Action 5.7.)
- Outreach efforts such as promoting school tours will contribute significantly to both top-of-mind awareness among potential visitors and public respect for the economic and preservation role of tourism. (Strategic Action 5.10.)
- MHC will continue to work more closely with MTOT and the Southwest Tourism Region. (Strategic Action 5.1.)