

On May 13, *The Philadelphia Inquirer* published an article by Stephan Salisbury about the "Parkway Barnes." The piece is probably intended to create an impression that the project is moving along just fine and yet, informed readers will understand that nothing could be further from the truth. We have commented on the piece *in italics* below.

## The Philadelphia Inquirer

"Fund-raising work is on track for Barnes' move to Parkway"

May 13, 2010

By Stephan Salisbury

A great hole has been opened between 20th and 21st Streets on the Benjamin Franklin Parkway. The foundation slab is laid. Trucks grind in and out of the site, and workers guide great crane loads of rebar and concrete into place.

The future home of the Barnes Foundation art gallery is expected to open here in 2012. The 2004 court-approved plan to relocate the Barnes from its original home in suburban Merion was a years-long source of contention, and a 2009 movie about it stirred the pot with depictions of moneyed foundations and grasping politicians trampling the wishes of the late Albert C. Barnes, patent-medicine king, collector extraordinaire, and a man who loved a good fight.

That's in the rearview mirror now. Derek Gillman, the Barnes' executive director and president, said in a recent interview that he was "very confident" the foundation would open on time and with adequate funding. *(Better look again -- not in the rear-view mirror, but straight ahead. Opposition to the Barnes Parkway project continues to grow, here and abroad. The message has not changed since 2004: the Barnes Parkway project is wrong and should be scrapped.)*

He said construction of the new Parkway facility, designed by Tod Williams Billie Tsien Architects, was on schedule and even slightly under budget, because of recession-related deflation in the construction industry. *(The project started out being 50% over the original budget; that is, it was supposed to cost \$100 million; on release of the plans, the estimated cost had risen to \$150 million, although the size of the facility had shrunk by 30%.)*

The move is riding on a \$200 million fund-raising campaign - \$150 million for construction and \$50 million for endowment. The foundation has raised about \$160 million so far, the majority of it from the state (\$32 million) *(Would that be the state of Pennsylvania, the one with the \$1 BILLION deficit?!)*, the Annenberg Foundation (\$20 million), the Pew Charitable Trusts (\$15 million), Marguerite and H.F. "Gerry" Lenfest (\$15 million), the Neubauer Family Foundation (\$10 million), and the William Penn Foundation (\$10 million). *(Let's not forget that, on average, 35 % of tax-exempt money*

*is at the expense of taxpayers. That would be about \$17,500,000 on the \$50 million in "donations".)*

The Annenberg, Pew, and Lenfest foundations have been strong supporters of the move - and targets of sharp criticism from those who believe the Barnes should stay where it is. (The Merion facility will remain open after the move, operating the Barnes' highly regarded arboretum programs.) *(If that is meant to be reassuring, it is not. The challenges of sustaining the Parkway facility will be made all the more difficult with additional "campuses" in Merion and Ker-Feal. The solution is to keep the Barnes in Merion intact with the arboretum, as brilliantly conceived by Albert and Laura Barnes.)*

At the time of his death in 1951, Barnes left a trust indenture governing operations that stipulated the foundation should remain in Merion and the priceless collection of early modernist art should never be moved or loaned.

In the 1990s, however, the foundation fell into serious financial difficulties and faced the possibility of closure. The Barnes board proposed a move to a more accessible and visitor-friendly location in Philadelphia as a way out of the fiscal mess. The three foundations strongly supported the plan, and Montgomery County Orphans Court approved modification of the trust indenture to allow the change. *(It is dishonest to perpetuate the idea that the Barnes initiated the move to Philadelphia. The fact is that Barnes Board President Watson made a deal with Pew Trusts head Rimel and Gerry Lenfest that could not be clearer as expressed in a legal Agreement, which basically gave Dr. Watson his marching orders: "Go to court and get permission to move and we will raise \$150 million for the Barnes. If you insist on staying in Merion, we're not getting involved.")*

Of the \$160 million raised or pledged so far, Gillman said, between \$130 million and \$140 million is in hand. *(This is progress?! Pew announced they'd raised \$150 million (in) four years ago, in May 2006. To raise a measly \$10 million in four years is pathetic. That performance will certainly not do for an institution that will have to raise at least \$4.5 million every year. Maybe that is on track by Stephan Salisbury's standards, but it gives the rest of us enormous pause. To pursue the project with such inadequate financial support is irresponsible. **Where is Attorney General Corbett's oversight?**)*

"We have the remainder to bring in and we're very confident of it," he said, adding that "over 30 seven-figure gifts" already had been pledged. "We have a wonderfully generous pool of million-dollar donors." *(How marvelous). But somehow Mr. Gillman has still not been able to make this project "sing"; while the resounding chorus of opposition grows stronger.) I don't like this. How about...Putting a brave face on what is obviously a fund raising program that is not bringing in any more funds is understandable but pretty obviously wishful thinking.*

In the last several months, the Barnes Foundation has built up a development staff, which now is also beginning to draw in contributions, large and small.

In 2008, general contributions and memberships amounted to \$171,416, according to foundation records. In 2009, that figure rose to \$411,260. In March 2009, memberships totaled 390; a year later, the number had risen to 3,372.

"We feel we can raise the money now," a foundation official said, asserting that membership numbers and contributions were continuing to rise. "People are giving."

No funding opportunities are being ignored, Gillman said. *(It is appropriate to note that before now the Barnes Foundation never conducted a concerted fund-raising campaign for financial support of the Barnes in Merion among the alumni of the art and horticulture schools.)*

"Like other educational and arts institutions, the Barnes will welcome endowments for named staff positions, especially in the education, curatorial and conservation areas," he wrote in an e-mail response to an inquiry. "We are offering naming opportunities for a number of spaces in the new building on the Parkway. We are not offering naming rights to the replicated galleries, where the Barnes collection will be installed as it is in Merion." *(In "The Art of the Steal," Barnes preservation advocate Nick Tinari said that he expects there will be Pew, Annenberg, and Lenfest wings in the new facility; however, ultimately, the name "Barnes" is likely to be relegated to embroidered sweatshirts, available in the gift shop.)*

Still, the foundation has about \$40 million to raise to meet its campaign goal and to establish an endowment capable of generating \$2 million to \$3 million annually for operations. *(Hold on to your seats, because now things begin to get even more scary. Read on...)*

Gillman said the projected budget once the move is complete is above \$11 million annually, more than twice the current budget. He said he believed the fund-raising target would be met, yielding enough cash for operations to break even. About 60 percent of the budget is expected to come from ticket sales, parking, the store and cafe, he said. Twenty percent would come from contributions and 20 percent from the endowment. *(Has Mr. Gillman the expertise to invent a totally new program for operating institutions with this 60/20/20 model? Pew Trusts head Rebecca Rimel repeatedly emphasized in court testimony in 2004, a standard, successful model proposed for the Barnes: Thirty percent from operations; thirty percent from annual fund-raising; thirty percent from the endowment. "So, are there other business models that could generate the one-third, one-third, one-third? Perhaps, but I am hard pressed, given my 20 years of experience in this business, to know of one.")*

"We think that's a reasonable, sensible, and, most importantly, a realistic business model," he said. *(Mr. Gillman's 60/20/20 can be neither reasonable, sensible, nor realistic when industry standards overwhelmingly point to 30/30/30 as the most consistently successful model.)*

Big backers of the effort do not disagree. *(They might have started this, but Pew, Lenfest, and Annenberg don't want to have egg on their philanthropic faces. Doesn't*

*anyone in this mess have backbone to stand up and say "Enough. This is not going forward."?)*

Lenfest, for instance, said he was more than satisfied with operations so far, and was taking a "hands-off" approach to the project.

"They have a great board," he said. "In my personal opinion, the design [of the new building] is wonderful, they have the funding to build. I'm very pleased. They could no longer stay in Merion. There were no finances. . . . We did the right thing." *(With all due respect to Mr. Lenfest, this is hogwash. A small fraction of what is needed to construct a new facility would keep the Foundation in Merion where it belongs forever.)*

Rebecca Rimel, head of the Pew Charitable Trusts, said the trusts were not engaged in Barnes operations at all.

"Our role with the Barnes now is sort of as cheerleader and observer as this moves forward," she said, adding that there were no Pew plans for additional capital funding. "We will treat the Barnes and work with the Barnes as we would with any other organization," she said. "We don't anticipate any sort of special relationship." (Miss Rimel. *(How very interesting and troubling, too. Miss Rimel has changed from the most influential orchestrator of the Barnes move. In its application to the IRS for its change in charity status Pew proposed for itself a strikingly different role from the new stance as a detached "ex". Here is an excerpt from the Pew application:*

The PCT (Pew Charitable Trusts) Division may be the only institution in Philadelphia with the credibility and resources to work with the Barnes Foundation, the donors, the City agencies, and other interested parties to make the move happen. Most of the corporate, individual and small foundation donors do not have the infrastructure or expertise to oversee and administer the support for the project. These donors have confidence in the PCT Division's ability to oversee the funding and implementation of the project, and are willing to rely on the PCT Division to carry the project to fruition.

The Barnes project is a prime example of the valuable role that TPCT will play. Although the PCT Division can assist in planning and coordinating a project like this, it is difficult for the Trusts, as private foundations, to carry the project to completion by receiving and administering funding from other sources...

If TPCT receives recognition of its public charity status, it will assume the PCT Division's role in the Barnes Foundation project. As a public charity, TPCT will be in a position not only to continue the PCT Division's role in planning and coordinating the project,

but also to receive grants and contributions from the Trusts and from other donors, and to hold and administer those funds until the Barnes project is completed. Putting TPCT in this position presents a significant advantage because it allows TPCT not only to develop a plan and a vision for the project, but also to raise the funds and then administer the project to ensure that the plan and the shared vision are realized...

*What can we say about this extraordinary change of heart? If Pew now thinks the project is unworthy of its involvement, it must not merely stand on the sidelines hoping to avoid bad publicity; it must pull away its funding.*

City officials said they did not require any economic-benefit analysis for the project. *(Governor Rendell and someone on City Council used the expression, "It's a 'no-brainer.'" And they weren't kidding.)*

"It's a pretty easy case from the city's perspective," said Duane Bumb, the city's senior deputy director of commerce. "If we were being asked to provide a public asset [in this case, the site on the Parkway] for a for-profit undertaking, we'd be requiring much more detail." *(What?! Did he just say that?! It is insupportable, irresponsible to assert that a non-profit project does not deserve the same due diligence as a for-profit entity.)*

The Barnes, which has projected an annual visitation rate of 180,000 after the first Parkway year, did commission an economic-impact study from Philadelphia-based Urban Partners. *(Hold on. One of the main reasons given for moving the Barnes is ostensibly to make it financially more viable by having more people pay to see it. The Barnes in Merion can have 144,000 visitors PLUS school groups, which means they could probably have close to the 180,000 predicted for the Parkway. But the business model described in the article has ticket sales, etc contributing 60% of the revenue needed to cover the \$11 million budget. That means ticket sales, etc. need to bring \$6,660,000; divided by 180,000 means that those people will have to spend about \$36 each. Who can afford that? Nothing determines access like a ticket price. In 2004, it cost \$5 to visit the Barnes. Now the price is \$15. The other important question is when will the Barnes Foundation make the Urban Partners economic-impact study public?)*

That study estimates the facility would have an annual economic impact of \$50.32 million, create 1,960 jobs during its construction and development period, and 740 permanent jobs. Additionally, it says the Barnes will generate \$3.86 million in state and city taxes annually. *(The revenue stream from art tourism is already available to Philadelphia with the Barnes in Merion, without the expense of a \$200 million spent on a far inferior site, less than five miles away. Again, the study that asserts these colossal results needs to be published if it to be taken seriously. Interestingly, a 2005 study by Urban Partners commissioned by the Philadelphia Museum of Art states that the Salvador Dali exhibition "generated total economic impact of \$54.9 million..." with 370,000 visitors -- more than **double** the 180,000 projected for the Barnes. This raises skepticism about the study's claims for the Parkway Barnes.*

*An important questions are still these: What would the economic impact of the Merion Barnes be if it were normalized and promoted for being a historic and cultural site unlike anything in the world? Why would a self-respecting region destroy such a treasure, only to expend hundreds of millions creating a degraded imitation?*

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