

**Managing the Art Museum Image Consortium (AMICO)
A&MI proposal for a two year extension to the contract due to expire June 30, 2000**

July 15, 1999

Summary:

Archives & Museum Informatics currently has a contract to manage the Art Museum Image Consortium through June 30, 2000. We propose to extend this contract, under essentially the same terms, for two additional years - until June 30, 2002 - reflecting our judgment that AMICO cannot yet survive financially as a fully independent entity.

Background:

In preparing plans for FY1999-2000 to submit to the Executive Committee at its meeting of July 29, 1999, we realized that if we planned for the termination of our present contract on June 30, 2000 (as originally proposed in October 1997), we would need to budget transition costs in the present fiscal year which we do not believe AMICO can afford. Indeed, we do not feel that it is prudent to make AMICO fully independent until June 30, 2002 by which time a substantial portion of its debt should have been repaid and its staff should be fully hired. Our goal continues to be to establish AMICO as an independently operating not-for-profit corporation with a permanent staff and operational procedures, and a schedule for becoming completely self-financing. We now propose a two year extension of our current contract to make this possible.

History:

Archives & Museum Informatics led a planning process that resulted in formation of AMICO in 1997 and has managed AMICO under contract since October 1997.

Achievements to Date as Reported Against 'Bullets' from Our Original Contract Proposal

Year I	October 1, 1997-June 30, 1998	Formation Phase
	<ul style="list-style-type: none">• Defined Initial Product• Designed University Testbed Project and recruited participants• Developed Necessary Licenses• Reached Agreement with Distributor• Released Library of 20,000 works on schedule• Operated for \$73,000 less than budgeted	
Year II	July 1, 1998 - June 30, 1999	Start Up & Delivery Phase
	<ul style="list-style-type: none">• Administered Test-bed Project• Negotiated Additional Distribution Agreement with OhioLink• Define Services for Members and tools to enable online contributions• Artists Rights Agreements• Defined School, Public Library and other licenses• Released Library of 50,000 works on schedule• Operated for \$50,000 less than budgeted	
Year III	July 1, 1999 - June 30, 2000	Full Operation Phase

As originally proposed, over the coming year we were to be outside consultants to the AMICO staff to:

- A. Monitor Organizational Success
- B. Evaluate Ongoing Distribution & On-going Marketing
- C. Propose Additional New Products
- D. Oversee Initial International License Exchange

Current Situation:

Due to budget constraints, Archives & Museum Informatics has had to actually be the staff of AMICO in the past two years instead of hiring an independent staff with ourselves acting as the outside consultants as envisioned in the original proposal to AMICO. We cannot very well just "monitor organizational success" we actually have to run AMICO. Indeed, while we would like to be relieved of day-to-day operational responsibility for AMICO, we can't see a way within the current budget to transition control to hired employees while still getting AMICO's work done. Several projected budgets based on assumptions of hiring new people in overlap responsibilities, potentially moving AMICO offices to the location of a new Executive Director, purchasing from A&MI or new equipment, and setting up an independently run operation, suggest that such a step at this stage would push AMICO into bankruptcy. It appears from budget projections that it will be two more years before that is possible.

Proposed Contract Terms:

In order to make AMICO financially possible in FY98-99, Jennifer Trant accepted the position of Executive Director on a salaried rather than consulting basis. Although the total number of hours she has worked for AMICO probably exceeds the average persons full-time year, AS&MI has billed AMICO only for full days (some 16 hours ones) and for less than 50% of the salary authorized. We have also charged AMICO for the time of other employees only when they spent full days on AMICO work. In both cases we have not billed AMICO for full benefits of employees or any overheads. Unfortunately we cannot continue these practices. In the future we will bill AMICO the regular salaries, benefits and overheads of all its full and part time employees. The proposed budget reflects these actual costs.

Otherwise, we will continue to operate as we have in the past, charging AMICO for all administrative services including rent, personal computers, telecommunications including Internet and email, phone, normal postage, utilities, insurance, and bookkeeping services in one \$2000.00 per month fee. Extra charges will be made for costs of travel, extraordinary printing and mailing, computers dedicated as servers, and acquisition of AMICO specific hardware and software.

Auditing and legal services will be billed directly to AMICO rather than through A&MI. We will continue to bill only 1/3 of David Bearman's time consulting each year and defer billing on the other 2/3 fees until such time as AMICO can pay. In no event will annual billed time exceed 35 days.

We will continue to submit budgets reflecting these and other expenses for AMICO Board approval and make expenditures only as approved by AMICO's Chairman or Treasurer. Hiring for AMICO will, of course, only take place after the Executive Committee has approved the positions and job descriptions.