

DATE ISSUED: May 29, 2001

REPORT NO. 01-111

ATTENTION: Honorable Mayor and City Council

SUBJECT: Fiscal Year 2002 Funding Recommendations for Arts and Culture

### SUMMARY

THIS IS AN INFORMATIONAL REPORT FOR DELIBERATION DURING THE FISCAL YEAR 2002 PROPOSED BUDGET HEARINGS.

Issues - Should the Council approve the City Manager's proposed Fiscal Year 2002 Special Promotional Programs budget recommendations for the Arts and Culture Organizational Support Program, Festivals and Celebrations, Neighborhood Arts Program, Public Art Fund and the Arts and Culture Department's Administrative budget? Or should the Council approve the Commission for Arts and Culture's (Commission) recommendation on the distribution of the Manager's proposed allocation.

City Manager's Recommendations - Support the Commission for Arts and Culture's recommended distribution of \$10,487,216 from the Special Promotional Programs budget.

Commission for Arts and Culture Recommendation - The Commission for Arts and Culture recommends the \$10,487,216 be distributed as follows: allocate \$8,639,381 million for Fiscal Year 2002 Arts and Culture Organizational Support Program (OSP) contracts to eighty-eight (88) arts and cultural organizations; allocate \$676,659 for Fiscal Year 2002 Festivals and Celebrations contracts to forty-seven (47) nonprofit organizations; allocate \$261,742 for the Neighborhood Arts Program; allocate \$132,000 for the Public Art Fund and; allocate \$777,434 for the Arts and Culture Department's Administrative budget.

Fiscal Impact - The City Manager's Proposed Fiscal Year 2002 Budget for Arts and Culture is \$10,487,216. The Commission proposal also totals \$10,487,216.

### BACKGROUND

The City Manager began his budget process in March and delivered the budget to the Mayor and Council on May 1, 2001. In the City Manager's budget, funding was allocated to various line items (Administration \$706,532; Organizational Support Program and Festivals and Celebrations \$9,411,739; Neighborhood Arts Program \$236,945 and Public Art Fund \$132,000) with some discretion left up to the Commission. Following the announcement of the Manager's budget, the Commission began to further evaluate its funding needs and priorities and deliberated on the distribution of the Manager's funding allocation. At the Commission's regular meeting on May 18, 2001 they unanimously approved a funding distribution of the available funds. The Manager agrees

with the Commission's recommendation.

In its thirteenth year of existence, the Commission has grown significantly. In the beginning, the primary function of the fifteen-member Commission was to develop a process for evaluating and recommending funding for arts and culture organizations to the City Manager, Mayor and City Council. Today, the Commission plays a key leadership role in promoting the stability, development and vitality of the city's arts and culture community. Over the years, the Commission has developed innovative programs, policies and services that are recognized as models throughout the United States.

Balancing the diverse interests of the arts and culture community is a unique challenge. The Commission is responsible for making arts and culture programs and activities accessible to all of San Diego citizens while simultaneously gaining City Manager, Mayor and City Council support for increased funding and policies that foster cultural development. The Commission works diligently to deliver a clear message that arts and culture benefit the local economy and impact the city's quality of life and reputation as an international cultural destination.

## DISCUSSION

When the Commission was established, the first objective was to design a fair and equitable process to recommend how arts and culture organizations would be funded. However, distribution of financial resources alone did not satisfy the Commission's goal to promote the stability and development of the arts and culture community. Promoting their professional management, fiscal accounting and board development were also important. Over the years, the Commission has made significant improvements to the review and funding process.

Today, the Commission monitors and evaluates projects, conducts site visits and provides technical assistance in strategic planning, board development and fiscal management. The Commission's continued efforts to improve the fiscal solvency of funded organizations has resulted in a direct economic benefit to the city. Funded arts and culture organizations leveraged nearly \$102 million in operating expenditures during 2000, employed 4,160 full-time employees, attracted over 4.6 million admissions including 1.9 million from out-of-town visitors.

This year, 91 applications to the Organizational Support Program (OSP) requesting over \$10 million were submitted to the Commission Advisory Panels (CAPs) for review, following an evaluation by staff for completeness and compliance. Two CAPs comprising Commissioners and community members,

with expertise in nonprofit management and in the fields of arts and culture, reviewed proposals grouped according to size of operating budget, and ranked them according to the criteria published in the guidelines. The evaluation included final performance reports and a history of panel comments from the previous years.

As part of a two-step process, each applicant was voted on individually and the resulting score determined the applicant's ranking within its OSP level. Organizations received notice of rank and were given the opportunity to appeal the rank in a formal hearing.

The Commission has recommended the allocations for the Arts and Culture Organizational Support for FY 2002 to organizations using the methodology in ( Attachment 1 - Questions Most Frequently Asked). Attachment 2 is a summary of OSP and Special Project funding distribution based on the Commission's recommendation.

During the review process, a number of proposals were referred to the Commission's Funding Committee for additional review. Because of the nature of these organizations and a long history of City support, the Funding Committee reviewed special project proposals from the San Diego Museum Council (formerly the Inter-Museum Promotional Council), Sushi, Inc. and the San Diego Marine Corp Recruit Depot Museum Historical Society (MCRD). The following funding recommendations are tied to specific, measurable results:

San Diego Museum Council in the amount of \$7,500 in contracted services to support the promotional activities of the organization.

Sushi, Inc. in the amount of \$20,000 to support administrative staffing costs.

MCRD in the amount of \$10,000 to support administrative staffing costs.

The Festivals and Celebrations program involves communities and neighborhoods in the development of festivals, street fairs, parades and other civic events which enhance neighborhood pride, identity and unity. This funding also supports those regionally significant sporting events that demonstrate a measurable impact on Transient Occupancy Tax receipts.

Festivals and Celebrations, became part of the Commission's administrative oversight in FY 99 with the funding of twenty-seven (27) festivals, street fairs, parades and special events. Effective community outreach and increased technical assistance have contributed to the growth and quality of this program as evidenced by the addition of fifteen (15) new applicants and twenty-one (21) returning contractors who have increased their ranks. Growth continues for FY2002, as fifty-four (54) organizations applied for City support with a total request of more than \$3 million, representing a 10% increase over last year. The Commission recommends that \$676,659 in contracts for services be distributed to forty-seven (47) groups. (See Attachment 3 and 4)

Since its inception in 1992, the Neighborhood Arts Program (NAP) has enabled the delivery of arts and cultural programs and services which enrich the quality of life in San Diego neighborhoods. Through a request for proposals process, arts and cultural organizations, artists in partnership with community service organizations and other appropriate non-profit groups compete for funding. NAP gives priority to projects in areas where residents are exposed to high rates of violence, gang and drug activity and other negative environmental factors such as graffiti and urban blight. With an emphasis on activities occurring during the critical after-school hours of 2 p.m. to 6:00 p.m., these projects provide structured environments and safe havens for youth and their families. The NAP also serves as catalyst for community development by building innovative working relationships between diverse sectors, such as social service agencies, schools and businesses.

Since its inception, the need for NAP has doubled as San Diego's neighborhoods have grown both geographically and in ethnic and socio-economic diversity. Today, twenty (20) community based groups in seven (7) out of eight (8) city council districts are funded through the NAP.

The Public Art Program funds permanent and temporary public artworks, management and maintenance of the City's collection of art and administration of selected Capitol Improvement Program public art projects. Other components of the program reflected in the Public Art Fund and the Arts and Culture Department budget include policy development, planning, artist competition coordination, technical assistance, information dissemination and development of legislative incentives encouraging public art projects for other public agencies, in private development and in partnership with non-profit organizations.

The Public Art Fund will support a professional consultant to complete the inventory and cataloguing of over 500 City-owned art and artifacts and develop a collections management system. Funds also will be used for services in support of on-going public art in neighborhood projects, immediate maintenance needs, website and database management, promotions and general administrative duties.

The Arts and Culture Department's administration supports the many programs which serve the non-profit organizations that educate and expose the public to a rich and diverse range of artistic and cultural activities. Additional funding from a diversity of public and private sources enables the Commission to implement a broad range of effective support programs and support staffing needs. This year the Commission requests, for the first time, the addition of an Associate Management Analyst. As the Commission's budget grows, so does its responsibility to monitor over 160 contractors and state and federal grants. A higher level of fiscal management is critical to the effectiveness and efficiency of the department operations. Adding staff with budget expertise has been a long term recommendation of the Audit Division. This staff position will also be responsible for budget analysis and oversight, contract management, processing applications for funding and requests for money, grant writing and reporting and supervision of clerical staff.

In May, 2000 a \$25,000 Challenge Grant from the California Arts Council helped launch the award winning *Art + Sol*, a cultural tourism partnership between the Commission and the San Diego Convention and Visitors Bureau (ConVis). This advertising and promotions campaign markets San Diego's cultural assets to tourists as well as residents. Leveraging funding from the Commission and ConVis as well as fifteen (15) leading arts and culture institutions and resources from American Express, NBC 7/39 and San Diego Magazine sponsorship annually supports the publication and distribution of two 42-page brochures, print advertising and the development of the *San Diego Art + Sol* web site.

This year the Commission will launch "Living Traditions" a cultural heritage tourism project designed to build a local awareness and appreciation of San Diego's heritage and cultural assets, to assist communities in promotion the valuable cultural and heritage assets found in their neighborhoods and to enable neighborhoods to participate in the economic benefits cultural heritage has to offer.

The Commission also supports arts in education by funding programs that encourage contractors to provide educational programs and services to audiences and visitors. In FY 2000, the Superintendent of San Diego City Schools enlisted the guidance of the Commission to develop an unprecedented arts and education plan. This plan will insure that arts and culture is an integral part of the public school curriculum and that Commission contractors are active participants in delivering arts and culture programs and services to students of all ages.

At the May 2, 2001, meeting of the Natural Resources and Culture Committee of the City Council, staff was directed to provide a list of potential uses for additional funding to be discussed during the budget deliberation. A prioritized list of potential uses for additional funding if allocated the Arts and Culture Department is included on Attachment 4.

ALTERNATIVES

Do not approve these specific recommendations.

Respectfully submitted,

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Victoria L. Hamilton  
Executive Director  
Commission for Arts and Culture

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Approved: Bruce A. Herring  
Deputy City Manager

Note: Only Attachment Nos. 1 and 4 are available in electronic format. A copy of Attachment Nos. 2, 3, 5, and 6 are available for review in the Office of the City Clerk.

Attachments:

1. Organizational Support Funding Methodology and Frequently Asked Questions
2. OSP Funding Recommendations Based on Commission's Proposed Allocations
3. Community and Neighborhood Celebrations and Festivals Funding Recommendations
4. Festivals and Celebrations Funding Methodology and Frequently Asked Questions
5. Commission for Arts and Culture Fiscal Year 2002 Unfunded Needs List
6. Council Policy 100-3