

DATE ISSUED: May 22, 2002

REPORT NO. 02-122

ATTENTION: Honorable Mayor and City Council

SUBJECT: Fiscal Year 2003 Funding Recommendations for Arts and Culture

### SUMMARY

THIS IS AN INFORMATIONAL REPORT FOR DELIBERATION DURING THE FISCAL YEAR 2003 PROPOSED BUDGET HEARINGS.

Issues - Should the Council approve the City Manager's proposed Fiscal Year 2003 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 \$10,504,371 from the Special Promotional Programs budget.

Commission Recommendation - The Commission for Arts and Culture recommends the \$10,504,371 be distributed as follows: allocate \$8,639,379 for Fiscal Year 2003 Arts and Culture Organizational Support Program (OSP) contracts to eighty-eight (88) arts and cultural organizations; allocate \$593,816 for Fiscal Year 2003 Festivals and Celebrations contracts to forty-five (45) nonprofit organizations; allocate \$261,742 for the Neighborhood Arts Program (NAP); allocate \$132,000 for the Public Art Fund and; allocate \$877,434 for the Arts and Culture Department's Administrative budget.

Fiscal Impact - The City Manager's Proposed Fiscal Year 2003 Budget for Arts and Culture is \$10,504,371. The Commission's proposal also totals \$10,504,371.

### BACKGROUND

The City Manager began his budget process in March and delivered the budget to the Mayor and Council on May 6, 2002. The City Manager's budget allocates funding to various line items (Administration \$903,733; OSP and Festivals and Celebrations \$9,206,907; NAP \$261,742 and Public Art Fund \$132,000) and provides the Commission with some discretion in making adjustments this distribution. Following the announcement of the Manager's budget, the Com

mission 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 17, 2002, they unanimously approved a slightly different distribution of the funds that takes into account the adjustments necessary for the required 2% cut in administrative spending while honoring its priority to maintain flat budgets for the Allocations Programs and Public Art Fund. The Manager agrees with the Commission's recommendation as shown on page 1 of this report.

In its fourteenth 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 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 for making funding recommendations for arts and culture organizations. 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 have resulted in a direct economic benefit to the city. Funded arts and culture organizations leveraged nearly \$107 million in operating expenditures during 2001, employed 4,340 full-time employees, attracted over 4.4 million admissions including 1.8 million from out-of-town visitors.

### Organizational Support Program

This year, 91 applications were submitted to the Organizational Support Program (OSP) requesting over \$10.3 million. The Commission Advisory Panels (CAPs) reviewed them, 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 and ranked the proposals according to the criteria published in the guidelines. The evaluation included final performance reports and a history of panel comments from previous

years.

As part of a two-step process, each panel member ranks each applicant individually; the individual ranks are totaled and averaged with the resulting score determining the applicant's ranking within its OSP level. Organizations receive notice of rank and receive the opportunity to appeal the rank in a formal hearing.

The Commission has recommended the allocations for the Arts and Culture OSP for FY 2003 to eighty-eight (88) organizations with three of the ninety-one (91) applicants ineligible for funding. Attachment 1 - *Most Frequently Asked Questions* outlines the methodology the Commission used to determine the funding recommendations. Attachment 2 is a summary spreadsheet of OSP and Special Project funding distributions 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 due to the nature of these organizations and their long history of City support. The funding recommendations of organizations for special projects within the OSP category are tied to specific goals with measurable results. The Funding Committee reviewed the following proposals: Sushi, Inc., San Diego Marine Corp Recruit Depot Museum Historical Society (MCRD), Children's Museum of San Diego, Civic Youth Orchestra, San Diego Chamber Orchestra, Young Audiences, and Installation Gallery.

#### Festivals and Celebrations

The Festivals and Celebrations program involves communities and neighborhoods in the development of festivals, street fairs, parades and other civic events that enhance neighborhood pride, identity and unity.

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 FY2003, as forty-five (45) organizations applied for City support with a total request of more than \$1.2 million. The Commission recommends that \$593,816 in contracts for services be distributed to forty-five (45) groups. (See Attachment 3)

#### Neighborhood Arts Program

Since its inception in 1992, the Neighborhood Arts Program (NAP) has enabled the delivery of arts and cultural programs and services that enrich the quality of life in San Diego neighborhoods. Through a request for proposal 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 2:00 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 build

ing 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, the NAP funds seven teen (17) community-based groups in seven (7) out of eight (8) City Council districts.

#### Public Art Program

The Public Art Program funds staff and administrative support for the management and maintenance of the City's art collection, and 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. In FY03, the Commission continues to explore how it can increase its role in addressing public art in the neighborhoods and Capital Improvement Projects through the creation and implementation of a Public Art Master Plan.

In FY03 the Public Art Fund provides for services in support of on-going public art in neighborhood projects, immediate maintenance needs, website and database management, promotions, and general administrative duties related to the development of the Public Art Master Plan.

#### Administration and Special Initiatives

The Commission's administration budget supports programs and services to non-profit organizations that educate and expose the public to a rich and diverse range of artistic and cultural activities. Additional funding from a variety of public and private sources enables the Commission to implement a broad range of effective programs as well as support staffing needs.

In FY02, the Commission successfully launched the *Cultural Advancement Initiative* thanks to \$100,000 from the City Council. The Initiative, designed by the Commission and implemented by the Alford Group, a nationally recognized consulting firm, assisted local arts and culture organizations with securing state and federal government funding and utilizing new technologies to strengthen organizational effectiveness. In the first year, the Alford Group established a website database of grant opportunities, assisted organizations in the submittal of 27 proposals for state and federal funding and provided fundraising seminars, focus groups and training work shops. A recent status report from the Alford Group indicates that we have far exceeded our goal of 100% return on the City's investment to the *Cultural Advancement Initiative* with a total increase from baseline of \$2,191,635.

Using FY01 as a baseline year, the Commission and arts and culture organizations successfully increased state government funding from \$953,745 in FY01 to \$1,273,342 in FY02 and federal funding from \$512,012 in FY01 to \$2,384,050 in FY02. In addition, the Alford Group has recently assisted the Commission and arts and culture organizations in submitting proposals that are pending consideration for state government funding that equal \$983,867 and federal funding equaling \$ 4,294,711. These proposals have June, July and September 2002 notification dates. (See Attachment 4)

The work that the Commission-Alford Group partnership realized in just one year is a powerful statement about how a city agency can substantially contribute to the overall growth and development of the arts and culture community. To assist us in furthering these efforts in FY03, the Commission applied for a National Endowment for the Arts (NEA) grant of \$88,400 to match the FY03 funds already budgeted for this project. If the proposal is funded, the NEA grant will expand the Commission's assistance to arts and culture organizations by securing additional public and private funds, utilizing the website, building diversified boards and strengthening organizations through strategic planning.

Entering its third year is *San Diego Art + Sol*, the Commission's cultural tourism partnership with 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. Large scale promotional initiatives such as *Art + Sol* leverage funding from the Commission, ConVis and a dozen leading arts and culture institutions with resources from American Express, NBC 7/39 and San Diego Magazine to support the publication and distribution of semi-annual color magazine brochures, additional print and broadcast advertising and the development of the *San Diego Art + Sol* website.

In FY02, the Commission launched *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 promoting 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. This program received national recognition by the National Endowment for the Arts when they awarded the Commission with an FY03 grant to partially fund a part time folklorist position on the Commission's staff.

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. The resulting San Diego Arts Education Partnership is a collaborative effort of the Commission, the San Diego Unified School District, the California Arts Council and the arts and culture community. Formally launched in September 2001, its mission is to ensure that every student in the District receives a sequential, curriculum-based education in the arts.

#### ALTERNATIVES

Do not approve these specific recommendations.

Respectfully submitted,

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Victoria L. Hamilton  
Executive Director

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Approved: Bruce A. Herring  
Deputy City Manager

Commission for Arts and Culture

HAMILTON:VS

- Attachments: [1. OSP Frequently Asked Questions and Funding Methodology](#)  
[2. OSP Funding Recommendations Based on Commission's Proposed Allocations](#)  
[3. Festivals and Celebrations Funding Recommendations Based on Commission's Proposed Allocations](#)  
[4. Alford Group Cultural Advancement Initiative Report](#)  
[5. Council Policy 100-03](#)