

DATE ISSUED: May 28, 2003

REPORT NO. 03-108

ATTENTION: Honorable Mayor and City Council

SUBJECT: Fiscal Year 2004 Funding Recommendations for Arts and Culture

SUMMARY

THIS IS AN INFORMATIONAL REPORT FOR DELIBERATION DURING THE FISCAL YEAR 2004 PROPOSED BUDGET HEARINGS.

Issues - Should the Council approve the City Manager's proposed Fiscal Year 2004 Special Promotional Programs recommended budget distributions for the City of San Diego Commission for Arts and Culture's (Commission) Organizational Support Program, Festivals and Celebrations, Neighborhood Arts Program, Public Art Fund and the Department's Administrative budget? Or should the Council approve the Commission's recommended distribution of the Manager's proposed allocation? The differences are as follows:

<b>Program</b>	<b>City Manager's Recommendation</b>	<b>Commission's Recommendation</b>
Administration	\$835,637	\$835,637
Organizational Support Program	\$8,224,556	\$7,738,496
Festivals and Celebrations		\$525,434
Neighborhood Arts Program	\$261,741	\$235,567
Public Art Fund	\$132,000	\$118,800
<b>Total Proposed Budget</b>	<b>\$9,543,934*</b>	<b>\$9,543,934*</b>

\* Both proposed budget distributions also include \$90,000 for Council augmentations.

City Manager's Recommendations - Support the Commission for Arts and Culture's recommended distribution of \$9,543,934 from the Special Promotional Programs budget. This recommendation changes the City Manager's programmatic distribution of the funds without changing the bottom line.

Commission Recommendation - The Commission for Arts and Culture's recommended distribution for the \$9,543,934 budget is more clearly defined as follows:

- Allocate \$7,738,496 for Fiscal Year 2004 Arts and Culture Organizational Support Program (OSP) contracts to eighty-three (83) arts and cultural organizations;

- Allocate \$525,434 for Fiscal Year 2004 Festivals and Celebrations contracts to forty-three (43) nonprofit organizations;
- Allocate \$235,567 for the Neighborhood Arts Program (NAP);
- Allocate \$118,800 for the Public Art Fund; and;
- Allocate \$835,637 for the Arts and Culture Department's Administrative budget.

Fiscal Impact - The City Manager's Proposed Fiscal Year 2004 Budget for Arts and Culture is \$9,543,934. The Commission's proposal also totals \$9,543,934. Both budgets includes \$90,000 for Council augmentations that are included in the City Manager's proposal

## BACKGROUND

The City Manager delivered the budget to the Mayor and Council on May 5, 2003. In the City Manager's budget, funding was allocated to various line items (Administration \$835,637; OSP and Festivals and Celebrations \$8,224,556; NAP \$261,741; Council Augmentations \$90,000 and Public Art Fund \$132,000) with some discretion left up to the Commission. Following the announcement of the Manager's budget, the Commission further evaluated its funding needs and priorities and deliberated on the distribution of the Manager's funding allocation. At the Commission's regular meeting on May 16, 2003, the Commissioner's unanimously approved a slightly different distribution of the funds that takes into account adjustments necessary to distribute equitably a budget that is reduced by 10% over FY 2003. The Manager agrees with the Commission's recommendation as shown on the first page of this report.

The work of the Commission has evolved since its inception in 1988. 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. Supporting professional management, fiscal accounting and board development are key factors.

Annually, 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. Organizations funded under the Organizational Support Program (OSP) leveraged nearly \$116 million in operating expenditures during 2002, provided 5,600 job opportunities

and attracted over 4.8 million admissions, including 1.66 million out-of-town visitors.

### Organizational Support Program

This year, the Commission received 88 (eighty-eight) OSP applications requesting over \$10.3 million. The Commission Advisory Panels (CAPs) reviewed them, following an evaluation by staff for completeness and compliance. Two CAPs, comprised of 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 published criteria. Their evaluation included final performance reports and a history of panel comments from previous years.

Applicants were ranked in a two-step process: 1) each panel member ranked each application individually and 2) the ranks were averaged, with the resultant scores determining the applicant's ranking within its OSP level. Organizations received a notice of their rank and the panel's comments and had an opportunity to appeal the rank in a formal hearing.

The Commission recommends the allocation of FY 2004 OSP funding to eighty-three (83) organizations. Five of the eighty-eight (88) applicants were ineligible for funding. Attachment 1 (Funding Methodology and Most Frequently Asked Questions) is an outline of the methodology the Commission uses to determine the funding recommendations. Attachment 2 is a summary spreadsheet of OSP funding distributions based on the Commission's recommendation.

During the review process, five applications were referred to the Commission's Funding Committee for additional review. These organizations were considered separately due to inconsistencies in their applications that made it difficult to rank them with the others. The Funding Committee takes their long history of City support and their contributions to the community into consideration when determining their allocations.

### 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 ten (10) new applicants and eight returning contractors who have increased their ranks. Growth continues for FY 2004, as fifty-three (53) organizations applied for City support with a total request of more than \$1.25 million. The Commission recommends that \$525,434 in contracts for services be distributed to forty-three (43) groups. (Attachment 3 and 4)

### 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 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 2:00 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 building innovative working relationships between diverse sectors, such as social service agencies, schools and businesses.

This year as part of an extensive program planning process, a Commission-led community task force is working to determine how the NAP can continue its focus on at-risk youth, but also encourage more residents in more San Diego neighborhoods to make arts and culture a part of their daily lives. The Task Force's plan, which is projected for completion in November 2003, is expected to result in a pilot project to be implemented in FY 2004.

#### 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 addition, the Public Art Program receives a lift this year as the Commission explores how its role in addressing public art in the neighborhoods and Capital Improvement Projects can be increased through the creation and implementation of a Public Art Master Plan.

The Public Art Fund 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 related to the development of the Public Art Master Plan.

#### Administration and Special Initiatives

The Arts and Culture department's administration supports many programs that serve non-profit organizations which 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.

FY 2003 saw the second year of the Commission's *Cultural Advancement Initiative* thanks to continued funding from the City Council. The Initiative took a two pronged approach this year with programs to help arts and culture organizations increase funding from both the public and the private sector.

The public sector efforts, designed by the Commission and implemented by The Alford Group, a nationally recognized consulting firm, provided resources to local arts and culture organizations through five public workshops and 30 (thirty) one-on-one grant writing consultations. The workshops have met with great success. Over two hundred arts administrators and board members have attended the workshops to learn about strategic planning, financial management, membership development and successful grant writing as well as building and marketing an endowment fund. Post workshop evaluations indicate that on average, over 80% of the participants have rated their experience as "very good" or "excellent." The one-on-one grant writing consultations will continue through the summer months as organizations assimilate the information gathered through the workshops.

New in FY03 is a partnership with the San Diego Foundation designed to increase private sector

funding resources for the arts and culture community. Called the *Arts and Culture Working Group*, this board of community volunteers, led by a full time staff person, is charged with engaging and building partnerships with fund advisors, local, regional, and national foundations and the donor community at large.

Entering its fourth 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 *San Diego 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 *San Diego Art + Sol* website.

In FY02, with a \$30,000 grant from the National Endowment for the Arts (NEA), 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 as well as to assist communities in promoting their assets to residents and visitors. Staff selected three San Diego neighborhoods to participate in the project. Each received extensive training and technical assistance in cultural tourism marketing and has since organized a cultural council that actively engages residents in activities that attract increasing numbers of local and out of town visitors.

In FY 2003, *Living Traditions* received national recognition by the NEA when it received a \$27,000 grant to partially fund a consultant who will assist with the project's expansion and focus on the needs of folk and traditional artists. Plans are underway to provide these artists with more opportunities for public performances, exhibitions and demonstrations as well as networking gatherings, workshops and trainings to develop their crafts.

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 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. Entering its third year in FY 2004, it continues to ensure that students in the District receive sequential, curriculum-based education in the arts and that City-funded arts and culture organizations are a part of their experiences.

#### ALTERNATIVES

Do not approve these specific recommendations.

Respectfully submitted,

---

Victoria L. Hamilton  
Executive Director  
Commission for Arts and Culture

---

Approved: Bruce A. Herring  
Deputy City Manager

Attachments:

- [1. Organizational Support Funding Methodology and Frequently Asked Questions](#)
- [2. OSP Funding Recommendations Based on Commission's Proposed Allocations](#)
- [3. Festivals and Celebrations Funding Recommendations Based on the Commission's Proposed Allocations](#)
- [4. Festivals and Celebrations Funding Methodology and Frequently Asked Questions](#)
- [5. Council Policy 100-3](#)