

DATE ISSUED: May 20, 2005

REPORT NO. 05-125

ATTENTION: Honorable Mayor and City Council
Docket of May 24, 2005

SUBJECT: Fiscal Year 2006 Funding Recommendations for Arts and Culture

SUMMARY

THIS IS AN INFORMATIONAL REPORT FOR DELIBERATION DURING THE FISCAL YEAR 2006 PROPOSED BUDGET HEARINGS.

Issues - Should the Council approve the proposed Fiscal Year 2006 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? The distribution is as follows:

Program	Recommendation
Administration	\$775,189
Organizational Support Program	\$6,449,180
Festivals and Celebrations	\$391,084
Neighborhood Arts Program	**
Public Art Fund	\$54,380
Council Discretionary Funds	\$72,900
Total Proposed Budget	\$7,742,733

** Neighborhood Arts Program (NAP) continues in FY06 using prior year savings. FY06 NAP funding is allocated to Organizational Support Program.

Recommendation - The recommended distribution for the \$7,742,733 budget is more clearly defined as follows:

- Allocate \$6,449,180 for Fiscal Year 2006 Arts and Culture Organizational Support Program (OSP) contracts to eighty-three (83) arts and cultural organizations;
- Allocate \$391,084 for Fiscal Year 2006 Festivals and Celebrations contracts to thirty-six (36) nonprofit organizations;
- Use \$75,000 from the FY05 Neighborhood Arts Program (NAP) budget allocation to cover contracts for applicants currently under review;
- Allocate \$54,380 to the Public Art Fund; and
- Allocate \$775,189 to the Arts and Culture Department's Administrative budget.

This proposal eliminates the Commission's Budget Analyst position. Since 2003, the Commission's administrative budget has experienced a 28% staff reduction.

Fiscal Impact - The Proposed Fiscal Year 2006 Budget for Arts and Culture is \$7,742,733.

BACKGROUND

The City Manager delivered the budget to the Mayor and Council on May 2, 2005. The City Manager's budget allocated funding to various line items with some discretion left up to the Commission. The Commission and the Manager agreed with the proposed distribution of the Manager's funding allocation. At the Commission's regular meeting on May 20, 2005, the Commissioners unanimously approved the distribution of funds.

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 also 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 \$117 million in operating expenditures during 2004, helped generate \$369 million in

cultural tourist spending and provided 4,889 job opportunities. In addition they provided educational programming to over 1.65 million children and adults at community and school sites, offered nearly 3,000 free arts and culture events and attracted over 1.5 million out-of-town visitors.

Organizational Support Program

This year, the Commission received 86 (eighty-six) OSP applications requesting over \$11.4 million. The Commission Advisory Panels (CAP) 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 2006 OSP funding to eighty-three (83) organizations. Three of the eighty-six (86) applicants are not recommended 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.

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 almost two-thirds of the applicants (twenty-two (22) of thirty-six (36)) receiving the highest ranks of "4" and "4-." The Commission recommends the distribution of \$391,084 in contracts for services to thirty-six (36) groups as described on Attachments 3 and 4.

Neighborhood Arts Program

The Commission believes that vibrant arts and culture are vital to a healthy society, as a source of personal enrichment and a way to build community. To that end, the Neighborhood Arts Program (NAP) supports projects that make arts and culture activities accessible to the community, increasing participation in arts and culture and making arts and culture more central to people's lives. In 2005, the NAP supported five (5) 18-month community arts projects that are providing new ways for residents to engage in quality programs right in their own neighborhoods.

Public Art Program

The Public Art Program funds administrative support for the management of the City's art collection, the inclusion of public art in selected Capital Improvement Program projects and the inclusion of art in private development projects. Other components of the program reflected in the Public Art Fund and the Arts and Culture department budget include policy development, planning, competition coordination for the selection of artists, technical assistance, education and outreach. The Public Art Fund will be used, in part, for conservation and maintenance of the City's art collection including the cost to store the Aztec Brewery art and artifacts. Other Public Art Fund expenditures include extraordinary conservation and maintenance measures for artworks in immediate need, documentation

and publicity for new public artworks, interpretive signage for new public artworks, and contracts for consultant services related to the implementation of the Public Art Master Plan.

The approval of a revised Council Policy 900-11 in April 2004 initiated a new process by which an annual Public Art Workplan is submitted to the Mayor and City Council each year. The Public Art Workplan for Fiscal Year 2006 reflects no Capital Improvements Program or Redevelopment Agency projects eligible for the 2% public art assessment based on findings collected by Commission staff through interviews with City department heads conducted between March and May 2005. The eligibility requirements outlined in Council Policy 900-11 and the City's inability to sell bonds are the main factors for this result. When the City is again able to sell bonds or in Spring 2006 (whichever comes first,) Commission staff and City department heads will meet again to determine whether any new Capital Improvements Program or Redevelopment Agency projects are eligible for the 2% public art set-aside.

In addition, the Public Art Workplan for Fiscal Year 2006 reflects no private development projects eligible for the Public Art Ordinance. According to the Development Services Department, which started monitoring building permit applications for compliance with the Public Art Ordinance on July 17, 2004, several projects meeting the threshold for building permit valuation were submitted, but all had received prior development approval through a previously issued development permit. Per the ordinance, this exempts those projects from the public art requirement. The Development Services Department anticipates over the next year, if development continues at the current pace, that private projects subject to the ordinance will be submitted.

Administration and Special Initiatives

The Commission's administrative budget 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.

In FY2005, the Commission continued the implementation of the Diversity Initiative, a multi-year, multi-dimensional project developed to encourage arts and culture organizations to become more inclusive as a strategy for enhancing long-term stability and vitality. The ultimate goal of the Initiative is to ensure the ongoing, vibrant presence of arts and culture in the life of San Diego communities.

The Commission also assisted the leadership of the Centre City Development Corporation's Community Plan Update Steering Committee to inform the Downtown Community Plan Update to include information about current arts and culture assets and programs in downtown San Diego as well as provide recommendations to secure the future growth of arts and culture downtown.

The Commission also continues its partnership with the San Diego Foundation's *Arts and Culture Working Group*. Designed to increase private sector funding resources for the arts and culture community, 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.

The Commission continues its participation in *San Diego Art + Sol*, its successful five-year 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 Commission and ConVis funding

with resources from 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.

The Commission continues to provide a leadership role in the San Diego Regional Chamber of Commerce's Arts, Business & Culture Committee which promotes strong connections and offers an essential link between arts and culture organizations and the business community. It provides a perspective of the economic value of arts and culture and raises awareness within the San Diego business community.

In FY2005, the Commission maintained its successful track record with the National Endowment for the Arts by receiving a \$40,000 grant to include public art in the design and construction of the New Main Library.

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