



Fiscal Year 2020 Application Guidelines

OSP: Organizational Support Program

Funding for Nonprofits

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Questions?

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A translation of these guidelines is available in Spanish upon request; however, only applications in English will be accepted.

Una traducción de esta aplicación está disponible en español a petición; sin embargo, solo se aceptarán solicitudes en inglés.

Section 1: About the Commission for Arts and Culture

The City of San Diego Commission for Arts and Culture (Commission) was established by ordinance in 1988 to serve in an advisory capacity to the Mayor and City Council of the City of San Diego (City) on promoting, encouraging, and increasing support for San Diego's diverse artistic and cultural assets, integrating arts and culture into community life and showcasing San Diego as an international cultural destination. The Commission is composed of 15 volunteers (Commissioners) appointed by the Mayor and confirmed by City Council to serve terms up to eight years. A staff of eight (Commission staff), headed by an Executive Director, administers the programs and services of the Commission under the oversight and direction of the Mayor and the Office of Boards and Commissions. The duties and functions of the Commissioners and Commission staff are set forth in the San Diego Municipal Code section 26.07.

The City's fiscal year (FY) runs from July 1 to June 30. Annually, the Commission recommends to the Mayor and City Council the award of funding for general operating support and project-specific support for San Diego's nonprofit arts and culture organizations. These funds are awarded through two competitive processes: Organizational Support Program (OSP) and Creative Communities San Diego Program (CCSD). The source of this funding is Transient Occupancy Tax (TOT), a tax levied on individuals who stay overnight in hotels, motels, and other lodging establishments. Council Policy 100-03 governs the use of TOT money and, in accordance with the policy, a portion of the City's TOT revenue is intended to be used to: enhance the economy; contribute to San Diego's national and international reputation as a cultural destination; provide access to excellence in culture and the arts for residents and visitors; enrich the lives of the people of San Diego; and build healthy, vital neighborhoods.

Section 2: About the Organizational Support Program (OSP)

The Organizational Support Program (OSP) is the annual process of accepting and evaluating applications from nonprofit, tax-exempt organizations requesting TOT funding for general operating support with an emphasis on the delivery of programs and services that impact San Diego's quality of life and tourism. In Fiscal Year 2019, 97 nonprofit organizations received \$10.1 million in TOT funding through OSP.

Section 3: Who is Eligible to Apply?

Your organization is eligible to apply for a contract award if:

- **NONPROFIT STATUS:** Your organization holds tax-exempt nonprofit status under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code; AND
- **HISTORY OF OPERATIONS:** has a three-year history of operating with its own independent governing board (not under a fiscal sponsor); AND
- **SERVICE AREA:** The majority of your organization's activities take place within the limits of the city of San Diego and/or benefit San Diego residents. (Activities are defined as those produced or presented by your organization that are essential to the fulfillment of your

organization's mission. Under this definition, and with some exceptions, activities do not include tuition based or fee for service classes, touring, and cultural tourism marketing activities); AND

- MISSION ALIGNMENT: Your organization operates to fulfill a mission that aligns with the purpose of TOT funding which is
 1. To enhance the economy;
 2. To contribute to San Diego's national and international reputation as a cultural destination;
 3. To provide access to excellence in culture and the arts for residents and visitors;
 4. To enrich the lives of the people of San Diego;
 5. To build healthy, vital neighborhoods.

Your organization is NOT eligible for an OSP contract award if:

- PROJECT SPONSORSHIP: Your organization is seeking funding for the sponsorship of a specific project such as a festival, a parade or a celebration. (The Commission offers a different funding program called Creative Communities San Diego [CCSD] for project sponsorship. Guidelines for CCSD can be found at <http://www.sandiego.gov/arts-culture/funding>)
- SCHOOLS: Your organization is a university, community college, school district, or private educational enterprise.
- REGRANTING: Your organization's primary purpose is grantmaking.
- MULTIPLE APPLICATIONS: Your organization has applied or will apply for Fiscal Year 2020 funds through another TOT category as defined in Council Policy 100-03.

Section 4: How Much Funding is Available?

The amount of money an applicant can be awarded is calculated with an algorithm and is dependent on several factors including the organization's annual operating income, the rank given to the organization's proposal, the total amount of funds available for distribution and the number of organization's receiving awards. OSP applicants are typically awarded between 2%-13% of their annual operating income (AOI). The minimum award amount an applicant can receive is \$5,000.

In Fiscal Year 2019:

- OSP applicants with an AOI between \$10,000 and \$99,999 were awarded approximately 13% of their AOI.
- OSP applicants with an AOI between \$100,000 and \$299,999 were awarded approximately 11% of their AOI.

- OSP applicants with an AOI between \$300,000 and \$999,999 received approximately 9% of their AOI.
- OSP applicants with an AOI between \$1 million and \$1.5 million received approximately 7% of their AOI.
- OSP applicants with an AOI between \$1.5 million and \$4 million received approximately 6% of their AOI.
- OSP applicants with an AOI between \$4 million and \$10 million received approximately 4% of their AOI.
- OSP applicants with an AOI of more than \$10 million received approximately 2% of their AOI.

Matching Income Requirement: This information is not a guarantee of an award amount. It is offered to assist applicants in deciding whether to apply for funding and in estimating the 3:1 cash match, which is required for all applicants that receive an OSP contract from the City. All matching income must be received during the contract period.

Section 5: How to Apply for a Contract Award

1. **TWO-STEP APPLICATION PROCESS:** The application process includes two steps: Request for Qualifications (RFQ), then Request for Proposals (RFP).
2. **REQUEST FOR QUALIFICATIONS:** Complete and submit the online Request for Qualifications (RFQ) form by the deadline.
3. **RFQ EVALUATION:** A team comprised of members (including Commission staff) who are trained in City contracting processes and nonprofit management practices evaluates the strength of each applicant's ability to manage a City contract using the information provided in the RFQ. This team uses a standard scoring system to evaluate Eligibility, Administrative Capacity; Financial Management; Governance Practices; and Past Performance on City Contracts (if applicable). Each applicant is assigned one of two grades: 1) Qualified, or 2) Not Qualified.
4. **RFQ CURE PERIOD:** Applicants deemed "Not Qualified" will be given five (5) working days (does not include Saturday, Sunday, or City Holidays) to cure any incorrect or missing relevant RFQ components. The RFQ will then be reevaluated. Applicants deemed "Not Qualified" after the reevaluation will not advance but will be provided technical assistance to prepare them for future funding cycles.
5. **REQUEST FOR PROPOSALS (RFP):** Applicants deemed "Qualified" will be given access to the online Request for Proposals (RFP) form, and the form must be completed and submitted by the deadline. Some applicants may be eligible to request the "Option to Renew" in lieu of submitting an RFP. Learn more about the Option to Renew in Section 7 of these guidelines.
6. **RFP EVALUATION PANELS:** Commission advisory panels composed of Commissioners and additional diverse members of the San Diego community evaluate the RFP and the degree

to which each applicant's proposed programs/services aligns with the City's goals for the use of TOT funds. The panels use a standard scoring system to evaluate Programs/Services; Community Engagement; Programming Capacity; and Achievement in Emphasis Areas and assign each proposal one of three grades: Very Aligned with City Goals (Ranks of 4); Aligned with City Goals (Ranks of 3); or Not Aligned with City Goals (Ranks of 2). The meetings where proposals are reviewed and ranked are open to the public and will be advertised in advance.

During the panel deliberation, applicants will be given an opportunity to give a brief, in-person, introduction to their application and an opportunity to respond to the panel's questions and comments. Details, including dates, times and specific conditions will be provided to applicants during the RFP phase.

7. RANKS: Proposals receiving ranks of 2+, 2, or 2- will be deemed "Not Aligned with City Goals" and will not be recommended to receive a contract award.
8. APPEALS: Any applicant not recommended to receive a contract award may submit a written appeal to Commission staff no later than 5:00 p.m. on the tenth calendar day following notification from Commission staff to the applicant that no award is being recommended. Commission staff will consider the appeal and make the final ruling. Upon request from an appellant, Commission staff will provide comments submitted by the Commission advisory panels.
9. CALCULATING AWARD AMOUNTS: Ranks are converted into a monetary award amount using an algorithm. During this time, applicants and returning applicants who requested the option to renew will have an optional opportunity to submit an updated annual operating income (AOI) to ensure the most accurate award calculation. This optional update will be submitted online. It is the sole decision and responsibility of the applicant to respond to the optional update.
10. AUTHORIZING AWARDS: The Commission receives the ranks and tentative award amounts for recommendation. The meeting where the Commission receives this information is open to the public and will be advertised in advance. The monetary award amount for each applicant that results from the application evaluation process is forwarded to the Mayor and City Council. Only the Mayor and City Council can authorize awards. Therefore, award amounts are not final until authorized by the Mayor and City Council during the annual budget process. Tentative award amounts have historically been available in May, and final award amounts in June.

Section 6: Conditions for Submission

1. The City reserves the right to reject, in whole or in part, any responses to this RFQ/RFP, to not accept a proposal recommended by any of the Commission advisory panels or the Commission, to initiate an alternate process, to reissue the RFQ/RFP and/or cancel this

RFQ/RFP, in whole or in part, at any time without prior notice and makes no representation that any agreement will be awarded to any applicant. Additionally, the City expressly reserves the right to postpone opening responses to this RFQ/RFP for its own convenience, and/or to waive minor informalities or irregularities in the responses received.

2. The City reserves the right to revise this RFQ/RFP by addendum. The City is bound only by what is expressly stated in this RFQ/RFP and any authorized written addenda thereto. Addenda will be posted on the City's website at www.sandiego.gov/arts-culture. It is the applicant's responsibility to check the website up to the final submission date for any possible addenda.
3. The City accepts no financial responsibility for any costs incurred by applicants. The City is not responsible for the loss or damage of any materials submitted.
4. The submission of a response to this RFQ/RFP does not guarantee funding.
5. The applicant is solely responsible for responding to any required or optional updates related to this RFQ/RFP or related to the contract award that is a result of this process.
6. Funds awarded to an applicant are paid on a reimbursement basis only. Expenses must be incurred by an applicant between July 1, 2019 and June 30, 2020 (FY20) before the City will reimburse.
7. Any applicant awarded OSP funding is required to provide a \$3 cash match for every \$1 awarded. The minimum award amount is \$5,000; therefore, the minimum required cash match amount is \$15,000. Match income must be received by the applicant during the FY20 contract period between (July 1, 2019 and June 30, 2020).
8. Each applicant awarded funding must receive an executed contract from the City before submitting invoices for reimbursement, and it can take a minimum of 6 months from July 1 for the City to provide an executed contract.
9. Each applicant awarded funding is required to provide proof of Commercial General Liability Insurance, Automobile Liability Insurance, and Workers' Compensation Insurance. (Some exceptions may apply.)
10. Each applicant awarded funding is required to comply with all required state and federal registrations including but not limited to California Attorney General Registrar of Charitable Trusts, California Secretary of State Business Registry, System for Awards Management and Department of Industrial Relations DSLE Debarments. All registrations must be current during the contract period.
11. An applicant receiving funding of \$10,000 or more must provide true, accurate and complete financial disclosure documentation evidencing the financial status of the organization's last completed fiscal year within 90 days of the end of that fiscal year.
12. An applicant receiving funding in the amount of \$75,000 or more must submit true, accurate and complete financial disclosure documentation evidencing the financial status

of the applicant's last completed fiscal year within 150 days of the end of that fiscal year prepared in accordance with generally accepted accounting principles and audited by an independent Certified Public Accountant, in accordance with generally accepted auditing standards.

13. An applicant receiving funding in the amount of \$500,000 or more, when that funding represents more than 10% of the applicant's annual budget, must provide salary and wage ranges for each of their job classifications, including actual executive salaries and benefits packages applicable for the contract period.
14. Each applicant awarded funding is required to deliver a mid-year report and a final performance report in a format requested by Commission staff.
15. The applicant acknowledges that information submitted as part of their application for this opportunity may be disclosed to the public pursuant to a request under the California Public Records Act.
16. City funds may not be used for alcoholic beverages, travel, meals, lodging, entertainment, capital or equipment outlay, buildup of reserves, or the purchase of awards, trophies, gifts or uniforms.
17. City funds may not be used for lobbying, religious activities or political activities.
18. City funds will not be provided to any applicant found to discriminate, in the conduct of its activities and affairs, against any person because of sex, race, color, creed, national origin, physical disabilities, age or sexual orientation.
19. The applicant applying is solely responsible for the accuracy and truth of the information they submit to the City. Any applicant found to have 1) provided false information to the City, or 2) submitted more than one application for TOT funds in a single fiscal year may, at any point, be immediately disqualified from receiving funding.

Section 7: Option to Renew for Returning Applicants

An applicant that has been awarded a Fiscal Year 2019 contract or contract renewal, is seeking a FY20 contract is considered a "returning applicant." All applicants, returning and new, must submit a response to the FY20 RFQ. A returning applicant whose RFQ is deemed qualified may indicate one of the following preferences:

1. Request the option to renew; or
2. Submit a response to the RFP.

Requesting the Option to Renew: Returning applicants may request the City execute the option to renew their current contract. If the request is accepted by the City the returning applicant will not have to submit a response to the FY20 RFP for panel evaluation, and their prior rank will carry over to calculate the FY20 award amount.

The City will only exercise the option to renew for two consecutive years; for example, if an applicant held a contract for FY18 funding cycle, and that was renewed in FY19, the applicant could request a second option to renew for FY20 funding cycle. If that option was granted the applicant would not be eligible for a contract renewal for the FY21 funding cycle.

Only those returning applicants that meet the following conditions are eligible to request the option to renew:

- The returning applicant's response to the FY20 RFQ is deemed qualified.
- The returning applicant must not have ended the past three fiscal years in a deficit.
- The returning applicant was recommended for funding and successfully executed a contract in FY19 (July 1, 2018- June 30, 2019). If the returning applicant's FY19 contract is not executed, the returning applicant will become ineligible to receive a contract award for FY20.
- The returning applicant has had no significant changes in operations since July 1, 2018, including but not limited to: A) changes in the organization's mission; B) changes in the majority of the membership of the board of directors; C) changes in financial status such that fulfilling the terms of the Fiscal Year 2019 contract, including the matching funds requirement, are at risk of not being met.
- The returning applicant acknowledges, understands and accepts that any FY20 contract award amount will be calculated using the annual operating income submitted in response to the FY20 RFQ or during the optional update period.
- The returning applicant acknowledges, understands and accepts that the FY20 contract award amount may not be the same as the FY19 contract award amount due to the variable factors in the award calculating algorithm.

Submitting a Response to the RFP: Returning applicants that indicate a preference for submitting a response to the FY20 RFP for panel evaluation. The rank given to the returning applicant's FY20 RFP will be used to calculate the FY20 award amount. Returning applicants that elect to submit a response to the FY20 RFP are not guaranteed to receive a higher rank than their prior-year rank.

Only those returning applicants that meet the following conditions are eligible to submit a response to the FY20 RFP:

- The returning applicant's response to the FY20 RFQ is deemed qualified.
- The returning applicant acknowledges, understands and accepts that any FY20 contract award amount will be calculated using the annual operating income submitted in response to the FY20 RFQ or during the optional update period.