



THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: May 3, 2017

ATTENTION: City Council Budget Review Committee

SUBJECT: Recommendations from The Commission for Arts and Culture re: Fiscal Year 2018 Budget Distributions

REFERENCES: - Fiscal Year 2018 Proposed Budget
- Commission for Arts and Culture -Purpose and Intent (SDMC 26.0701) & Duties and Functions (SDMC 26.0704)

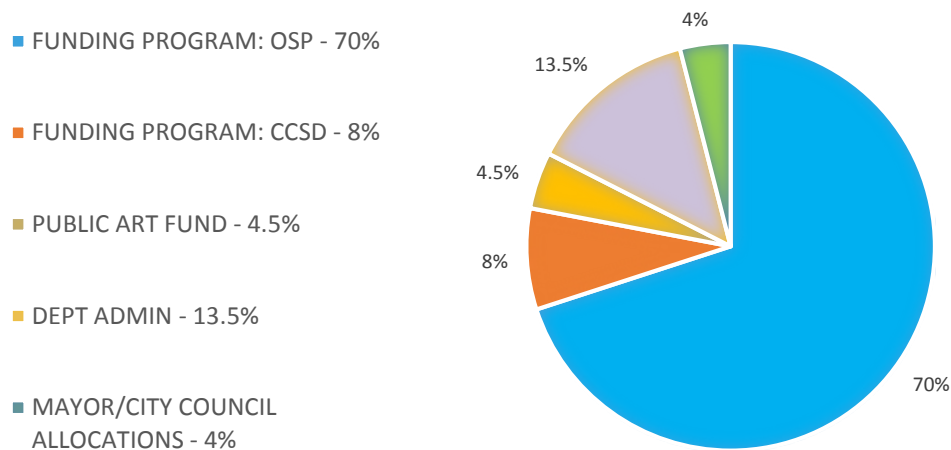
REQUESTED ACTION:

Distribute the Mayor's proposed Fiscal Year 2018 budget for The Commission for Arts and Culture (Commission) as recommended by the Commission.

SUMMARY:

The Commission recommends distribution of the total FY18 Proposed Budget for the Commission as follows:

- **Fund Organizational Support Program (OSP) at 70% of total department budget**
- **Fund Creative Communities San Diego (CCSD) at 8% of total department budget**
- **Fund the Public Art Fund at 4.5% of total department budget**
- **Fund the Mayor/City Council Allocations at \$400,000**



The Commission's recommended distributions result in the following allocations within the Commission's total FY18 Proposed Budget, which is a combination of Special Promotional Programs (Business Area 1414) and Commission for Arts and Culture (Business Area 1412):

	Commission's Recommended Distribution of FY18 Proposed Budget
<u>Special Promotional Programs - Business Area 1414:</u>	
Creative Communities San Diego (CCSD) ¹	\$ 831,677
Organizational Support Program (OSP) ²	\$ 6,868,839
Horton Plaza Theatre Foundation (Former RDA Obligation)	\$ 435,000
Mayor/City Council Allocations	\$ 400,000
	<i>SUBTOTAL</i> \$ 8,535,516
<u>Commission for Arts and Culture - Business Area 1412:</u>	
Public Art Fund ³	\$ 467,819
Department Administration	\$ 1,392,632
	<i>SUBTOTAL</i> \$ 1,860,451
	TOTAL PROPOSED BUDGET \$ 10,395,967
¹ Distribute \$831,677 among the Creative Communities San Diego (CCSD) applicants whose proposals received a rank of 3- or better and calculate awards using the algorithm; no applicant receives less than \$5,000; no applicant receives more than 10% of the total amount of funds available. (See more detail in Attachments 1 & 2)	
² Distribute \$6,868,839 among the Organizational Support Program (OSP) applicants whose proposals received a rank of 3- or better and calculate awards using the algorithm; no applicant receives less than \$5,000; no applicant receives more than 10% of the total amount of funds available. (See more detail in Attachments 3 & 4)	
³ Distribute \$467,819 to the Public Art Fund for Civic Art Collection management and Commission-initiated public art projects in neighborhoods	

BACKGROUND:

PURPOSE OF THE COMMISSION

The Commission was established in 1988 to advise the Mayor and City Council on promoting, encouraging and increasing support for the region's artistic and cultural assets, integrating

arts and culture into community life and showcasing San Diego as an international tourist destination (SDMC 26.0701).

DUTIES OF THE COMMISSION

Pursuant to San Diego Municipal Code 26.0704, the Commission shall:

- Evaluate the City's allocation of Transient Occupancy Tax (TOT) funds for arts and culture and strongly advocate for increasing arts and culture funding to levels which measurably support the vitality and stability of established arts and culture organizations and which foster an environment attractive to and nurturing of emerging arts and culture organizations;
- Review the annual proposed budget for the Commission as prepared by the Executive Director of the Commission and provide recommendations, as appropriate;
- Advise on the administration of the budget for the Commission, and the arts and culture allocations within TOT funds including, but not limited to, the Special Promotional TOT Revenue and the Arts, Culture and Community Festivals (ACCF) category; and
- Recommend to the Mayor, City Council and City Manager the fair distribution of TOT funds to nonprofit arts and culture organizations to support local arts and culture programming.

RATIONALE FOR RECOMMENDATIONS FROM THE COMMISSION

In preparing recommendations pertinent to the FY18 Proposed Budget, the Commission considered:

- 1) The areas of focus highlighted in the *Fiscal Year 2018 Proposed Budget* presented by the Mayor;
- 2) The values and goals set forth in *The City of San Diego Strategic Plan*; and
- 3) Trends in the Commission's past funding recommendations and the goals in the *Penny for the Arts Five-Year Blueprint, FY2013 – FY2017*.

Commission's Recommendation:
Fund Organizational Support Program (OSP) at 70%
&
Fund Creative Communities San Diego (CCSD) at 8%

Focus Area of Mayor's FY18 Proposed Budget: Safe and Livable Neighborhoods

City of San Diego Strategic Plan Goal 1: Work in partnership with all of our communities to achieve safe and livable neighborhoods

The Organizational Support Program (OSP) and Creative Communities San Diego (CCSD) are programs administered by the Commission, in accordance with Council Policy 100-03, through which the City of San Diego (City) annually distributes Transient Occupancy Tax (TOT) funds to local arts and culture nonprofits. OSP offers general operating support to nonprofits if their mission is primarily arts and culture related and CCSD offers sponsorship for events such as festivals and parades. Nonprofits applying for TOT funding through OSP or CCSD must submit proposal to the Commission. Proposals are evaluated by ad hoc panels composed of diverse community members using criteria and given a rank. The proposal's rank, the applicant's annual operating income (AOI) (for OSP) or the applicant's total project budget (for CCSD), the amount of funding available to distribute and the number of proposals in each competition pool are the main factors in determining funding award amounts. Each

nonprofit recipient of TOT funding through OSP or CCSD enters into a one-year service contract managed by the Commission. Services provided under these contracts include performances, exhibits, parades, festivals, public art and educational classes and benefit the residents, visitors and investors in all of San Diego's neighborhoods.

For FY18, the Commission recommends funding OSP at 70% (which includes an allocation of \$435,000 to Horton Plaza Theatre Foundation, a former Redevelopment Agency obligation) and CCSD at 8% of the total department budget proposed for the Commission. The Commission further recommends that awards be given to only those proposals receiving ranks of 3- or better. (See Attachments 1-4 for FY18 applicants and their respective awards recommended by the Commission.)

**Commission's Recommendation:
Fund the Mayor/City Council Allocations at \$400,000**

The Commission supports the allocation set forth in the FY18 Proposed Budget as presented by the Mayor.

**Commission's Recommendation:
Fund Public Art Fund at 4.5%
for Civic Art Collection Management
&
Commission-initiated Public Art Projects in Neighborhoods**

Focus Area of Mayor's FY18 Proposed Budget: Safe and Livable Neighborhoods

City of San Diego Strategic Plan Goal 1: Work in partnership with all of our communities to achieve safe and livable neighborhoods

For FY18, the Commission recommends an allocation of 4.5% of the total department budget proposed for the Commission to be used for conservation, maintenance, exhibition and interpretation of the Civic Art Collection, which includes approximately 1500 paintings, sculptures, works on paper and prints owned or controlled by the City. Begun in 1909 to provide meaningful aesthetic and cultural experiences for San Diego's residents and visitors, the Civic Art Collection includes many artworks of art historical importance and historical significance. Additionally, enables the Commission to strategically select neighborhood sites for temporary, ephemeral and socially engaging public art projects that achieve the goals of the City's Public Art Master Plan, leading to improved equity and access to the arts in neighborhoods.

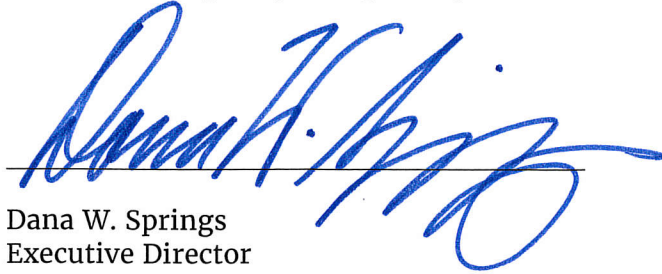
FISCAL CONSIDERATIONS: Should the Commission's Fiscal Year 2018 budget be reduced or increased through the budget process, the Mayor and City Council may propose adjustments to the distribution of the Commission's budget.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS: On October 22, 2012, City Council voted to adopt the *Penny for the Arts Five-Year Blueprint, FY2013 – FY2017*.


COMMUNITY PARTICIPATION AND OUTREACH EFFORTS: The process whereby the Commission annually conducts analysis and decides what recommendations to submit to the

Mayor and City Council regarding the Commission's annual budget is a series of public meetings, all of which are publicly noticed and offer opportunities for public comment.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: Stakeholders: San Diego's arts and culture participants, both residents and visitors. Impacts: Fluctuations in the Commission's budget can affect the degree of public access to and participation in arts and culture offerings and can affect the quality and quantity of arts and culture offerings.



Dana W. Springs
Executive Director
Commission for Arts and Culture



David Graham
Deputy Chief Operating Officer
Neighborhood Services

Attachment(s):

1. Recommended Funding Awards for CCSD
2. Fact Sheet: Factors Affecting Amount of CCSD Awards
3. Recommended Funding Awards for OSP
4. Fact Sheet: Factors Affecting Amount of OSP Awards

**FY18 CREATIVE COMMUNITIES SAN DIEGO (CCSD)
AWARDS RECOMMENDED BY COMMISSION 04-28-17**

ATTACHMENT 1

FY18 Creative Communities San Diego (CCSD) Applicant	FY18 Award Recommendation	Organization's Project Budget	% of Project Budget
A Ship in the Woods Foundation	\$5,000	\$80,000	6.25%
American Institute of Architects	\$0	\$40,000	0.00%
America's Finest City Dixieland Jazz Society	\$21,785	\$220,000	9.90%
Armed Services YMCA of the USA - San Diego Branch	\$45,005	\$521,000	8.64%
Asian Story Theater	\$0	\$25,000	0.00%
Balboa Park Conservancy	\$46,505	\$469,632	9.90%
BAME Community Development Corporation	\$5,197	\$60,000	8.64%
Bodhi Tree Concerts	\$5,000	\$20,178	24.78%
Brazilian Institute for Arts & Culture	\$6,445	\$80,500	8.01%
Cabrillo Festival Inc.	\$5,000	\$28,000	17.86%
California Lawyers for the Arts	\$5,000	\$20,000	25.00%
Collaborations: Teachers and Artists (CoTA)	\$5,000	\$26,730	18.71%
College Area Economic Development Corporation	\$0	\$60,000	0.00%
Contact Arts DBA San Diego Fringe Festival	\$0	\$512,000	0.00%
Diamond Business Association Inc.	\$5,000	\$50,134	9.97%
Guitars in the Classroom	\$0	\$17,337	0.00%
Hillcrest Business Improvement Association	\$9,607	\$120,000	8.01%
Indian Fine Arts Academy of San Diego	\$14,665	\$158,200	9.27%
Italian American Art and Cultural Association of San Diego	\$10,007	\$125,000	8.01%
Jacobs & Cushman San Diego Food Bank	\$32,206	\$347,415	9.27%
Karama	\$5,000	\$28,800	17.36%
Karen Organization of San Diego	\$5,000	\$17,100	29.24%
Kyoto Symposium Organization	\$26,020	\$650,000	4.00%
La Maestra Family Clinic Inc.	\$5,000	\$29,550	16.92%
Linda Vista Multi-Cultural Fair Inc.	\$5,000	\$52,735	9.48%
Little Italy Association	\$12,957	\$150,000	8.64%
Little Saigon San Diego Foundation	\$12,809	\$160,000	8.01%
Mariachi Juvenil de San Diego	\$30,301	\$306,000	9.90%
Mariachi Scholarship Foundation	\$12,746	\$137,500	9.27%
Martin Luther King Jr. Community Choir San Diego	\$0	\$18,000	0.00%
Media Heritage Inc.	\$7,396	\$92,385	8.01%
Musicians For Education Inc.	\$8,396	\$90,575	9.27%
Ocean Beach Merchants Association Inc.	\$13,458	\$155,800	8.64%
Pacific Beach Business Improvement Association	\$10,055	\$116,400	8.64%
PASACAT Inc.	\$5,000	\$22,000	22.73%
Point Loma Summer Concerts	\$7,290	\$91,054	8.01%
Rancho de los Penasquitos Town Council	\$5,000	\$53,350	9.37%

**FY18 CREATIVE COMMUNITIES SAN DIEGO (CCSD)
AWARDS RECOMMENDED BY COMMISSION 04-28-17**

ATTACHMENT 1

FY18 Creative Communities San Diego (CCSD) Applicant	FY18 Award Recommendation	Organization's Project Budget	% of Project Budget
Rolando Community Council Inc.	\$0	\$36,000	0.00%
San Diego Alpha Foundation	\$0	\$27,250	0.00%
San Diego Audubon Society	\$0	\$109,200	0.00%
San Diego City College Foundation	\$5,000	\$27,000	18.52%
San Diego Earth Day	\$22,286	\$258,000	8.64%
San Diego Film Foundation	\$74,271	\$801,172	9.27%
San Diego Lesbian Gay Bisexual Transgender Pride	\$192,339	\$1,825,800	10.53%
San Diego Performing Arts League	\$5,000	\$30,000	16.67%
San Diego Shakespeare Society	\$5,000	\$24,650	20.28%
San Diego State University Research Foundation for KPBS	\$12,515	\$180,000	6.95%
Sorrento Valley Town Council	\$5,000	\$12,870	38.85%
TEDxSanDiego	\$6,478	\$150,000	4.32%
The Bon Temps Social Club of San Diego	\$64,266	\$693,250	9.27%
The Hutchins Consort	\$0	\$16,000	0.00%
Torrey Pines Kiwanis Foundation	\$30,450	\$307,500	9.90%
transcendANCE Youth Arts Project	\$6,222	\$67,125	9.27%
Via International	\$5,000	\$29,999	16.67%
Write Out Loud	\$5,000	\$29,800	16.78%
Total	\$831,677		

CREATIVE COMMUNITIES SAN DIEGO - Factors Affecting Award Amounts

Funding awards for the Creative Communities San Diego (CCSD) program are calculated using two categories of factors: 1) those factors that are related to an individual proposal, and 2) those factors that affect the entire population of proposals.

The amount of funding each proposal can be awarded is dependent on **ALL** the factors.

1) Factors related to each individual proposal:

- **TOTAL PROJECT EXPENSE BUDGET** - If a proposed project has an expense budget greater than \$30,000, it qualifies to be awarded a maximum of 25% of its project budget, otherwise it qualifies for a maximum of 33%.
- **PROPOSAL RANK** - A higher rank given to a proposal by the evaluation panel leads to a higher award.
- **YEAR OF SERVICE** - If a nonprofit is in its first or second year of contracting with the City, it receives a reduced amount. (First-year contractors receive 50% of the calculated award while second-year contractors receive 75% of the calculated award. Contractors in year three and beyond receive 100% of the calculated award.)

2) Factors that affect the entire pool of proposals:

- **AMOUNT OF MONEY AVAILABLE TO DISTRIBUTE** - More money available for distribution can lead to higher award amounts per proposal.
- **NUMBER OF PROPOSALS RECOMMENDED FOR FUNDING AWARDS** - A greater number of proposals recommended to receive funding awards stretches the amount of money available to distribute more thinly across all the proposals.
- **THE COLLECTIVE PROJECT EXPENSE BUDGETS OF ALL PROPOSALS** - The greater the collective project expense budgets, the more thinly the amount of money available to distribute must be spread to support proposals relative to the size of their budgets.

Example: The ABC Arts Festival is a first-year contractor. With a project budget of \$1,014,450 and a rank of 4, their funding award is \$180,996 before applying the first-year 50% rule, which brings their recommended funding award to \$90,498.

**FY18 ORGANIZATIONAL SUPPORT PROGRAM (OSP)
AWARDS RECOMMENDED BY COMMISSION 04-28-17**

FY18 Organizational Support Program (OSP) Applicant	FY18 Award Recommendation	Organization's Annual Operating Income (AOI)	% of AOI
Art of Elan	\$13,775	\$174,370	7.90%
ArtReach	\$7,368	\$174,698	4.22%
Arts for Learning San Diego	\$76,713	\$1,404,129	5.46%
Bach Collegium San Diego	\$32,112	\$453,957	7.07%
Balboa Park Cultural Partnership	\$188,501	\$4,760,879	3.96%
Balboa Park Online Collaborative	\$63,484	\$1,089,927	5.82%
California Ballet Association	\$84,366	\$1,750,139	4.82%
Camarada	\$9,004	\$104,979	8.58%
Center for World Music	\$15,106	\$194,884	7.75%
Choral Club of San Diego	\$5,000	\$17,151	29.15%
Choral Consortium of San Diego	\$5,000	\$7,245	69.01%
City Ballet	\$56,247	\$929,410	6.05%
Classics for Kids	\$24,933	\$331,442	7.52%
Culture Shock Dance Troupe	\$13,649	\$172,457	7.91%
Cygnnet Theatre Company	\$119,228	\$2,600,887	4.58%
Diversionsary Theater Productions	\$48,553	\$767,693	6.32%
Fern Street Community Arts	\$10,401	\$115,188	9.03%
Finest City Performing Art	\$29,916	\$384,693	7.78%
Flying Leatherneck Historical Foundation	\$17,892	\$239,287	7.48%
Gaslamp Quarter Historical Foundation	\$39,909	\$597,201	6.68%
Intrepid Shakespeare Company	\$16,336	\$280,717	5.82%
Japanese Friendship Garden Society of San Diego	\$90,498	\$1,760,358	5.14%
La Jolla Historical Society	\$53,321	\$944,794	5.64%
La Jolla Music Society	\$353,612	\$19,100,093	1.85%
La Jolla Symphony and Chorus Association	\$40,975	\$671,847	6.10%
Lambda Archives of San Diego	\$6,676	\$79,557	8.34%
Library Association of La Jolla	\$68,412	\$1,315,075	5.20%
Mainly Mozart	\$88,360	\$1,703,161	5.19%
Malashock Dance & Company	\$33,524	\$479,119	7.00%
Maritime Museum Association of San Diego	\$256,143	\$10,609,563	2.41%
Media Arts Center San Diego	\$82,841	\$1,432,920	5.78%
Mingei International	\$126,256	\$2,827,796	4.46%
Mojalet Dance Collective	\$10,424	\$115,488	9.03%
Moxie Theatre	\$10,199	\$112,542	9.06%
Museum of Contemporary Art San Diego	\$288,467	\$12,008,245	2.40%
Museum of Photographic Arts	\$118,310	\$2,571,879	4.60%

**FY18 ORGANIZATIONAL SUPPORT PROGRAM (OSP)
AWARDS RECOMMENDED BY COMMISSION 04-28-17**

FY18 Organizational Support Program (OSP) Applicant	FY18 Award Recommendation	Organization's Annual Operating Income (AOI)	% of AOI
NTC Foundation	\$82,698	\$1,702,552	4.86%
Old Globe Theatre	\$317,834	\$23,707,187	1.34%
Opera NEO	\$7,580	\$93,100	8.14%
Outside the Lens	\$29,928	\$384,887	7.78%
Pacific Arts Movement	\$47,889	\$821,327	5.83%
Persian Cultural Center	\$31,468	\$442,577	7.11%
Playwrights Project	\$33,186	\$437,791	7.58%
Prophet World Beat Productions	\$26,082	\$350,427	7.44%
Putnam Foundation dba Timken Museum of Art	\$129,404	\$2,932,279	4.41%
Resounding Joy	\$11,932	\$408,607	2.92%
Reuben H Fleet Science Center	\$250,697	\$7,817,511	3.21%
SACRA/PROFANA	\$8,864	\$88,599	10.00%
San Diego Air & Space Museum	\$224,044	\$7,115,563	3.15%
San Diego Art Institute	\$27,275	\$370,376	7.36%
San Diego Automotive Museum	\$41,049	\$737,309	5.57%
San Diego Ballet	\$37,655	\$554,744	6.79%
San Diego Center for Jewish Culture	\$95,244	\$2,073,045	4.59%
San Diego Children's Choir	\$39,242	\$540,478	7.26%
San Diego Chinese Historical Society and Museum	\$23,644	\$287,741	8.22%
San Diego Civic Youth Ballet	\$47,256	\$684,688	6.90%
San Diego Dance Theater	\$32,080	\$419,643	7.64%
San Diego Guild of Puppetry	\$7,486	\$78,110	9.58%
San Diego Hall of Champions	\$79,008	\$1,598,987	4.94%
San Diego Historical Society	\$164,039	\$3,821,022	4.29%
San Diego Junior Theatre	\$66,920	\$1,076,782	6.21%
San Diego Master Chorale	\$0	\$102,088	0.00%
San Diego Model Railroad Museum	\$40,025	\$787,201	5.08%
San Diego Museum Council	\$17,365	\$212,988	8.15%
San Diego Museum of Art	\$266,494	\$10,013,499	2.66%
San Diego Museum of Man	\$168,641	\$3,988,805	4.23%
San Diego Musical Theatre	\$60,750	\$1,122,081	5.41%
San Diego Opera Association	\$292,995	\$10,767,881	2.72%
San Diego Pro Arte Voices	\$5,000	\$52,191	9.58%
San Diego Repertory Theatre	\$132,415	\$3,033,913	4.36%
San Diego Society of Natural History	\$326,604	\$14,179,007	2.30%
San Diego Symphony Orchestra Association	\$317,415	\$22,587,760	1.41%

**FY18 ORGANIZATIONAL SUPPORT PROGRAM (OSP)
AWARDS RECOMMENDED BY COMMISSION 04-28-17**

FY18 Organizational Support Program (OSP) Applicant	FY18 Award Recommendation	Organization's Annual Operating Income (AOI)	% of AOI
San Diego Watercolor Society	\$22,033	\$308,703	7.14%
San Diego Women's Chorus	\$6,738	\$64,215	10.49%
San Diego Writers, Ink	\$15,010	\$210,633	7.13%
San Diego Young Artists Music Academy	\$16,494	\$216,764	7.61%
San Diego Youth Symphony and Conservatory	\$97,751	\$1,797,883	5.44%
Save Our Heritage Organisation	\$67,784	\$1,298,867	5.22%
Scripps Ranch Theatre	\$15,638	\$221,371	7.06%
So Say We All	\$7,359	\$76,561	9.61%
The AjA Project	\$29,818	\$383,128	7.78%
The New Children's Museum	\$138,873	\$3,257,639	4.26%
The PGK Project	\$10,017	\$141,880	7.06%
Theater and Arts Foundation of San Diego County	\$347,566	\$17,574,263	1.98%
Veterans Memorial Center	\$7,721	\$200,158	3.86%
Villa Musica	\$58,230	\$896,927	6.49%
Westwind Brass	\$5,000	\$38,158	13.10%
Women's History Reclamation Project	\$22,088	\$371,124	5.95%
Youth Philharmonic Orchestra	\$5,000	\$43,314	11.54%
\$6,868,839			

ORGANIZATIONAL SUPPORT PROGRAM - Factors Affecting Award Amounts

Funding awards for the Organizational Support Program (OSP) are calculated using two categories of factors: 1) those factors that are related to an individual proposal, and 2) those factors that affect the entire population of proposals.

The amount of funding each proposal can be awarded is dependent on **ALL** the factors.

1) Factors related to each individual proposal:

- **ANNUAL OPERATING INCOME (AOI)** – An algorithmic scale is used to create a maximum allowable percentage based on the size of an organization’s operating budget. Smaller budget organizations are eligible for higher percentages of their AOIs than larger budget organizations.
- **PROPOSAL RANK** - A higher rank given to a proposal by the evaluation panel leads to a higher award.
- **YEAR OF SERVICE** - If a nonprofit is in its first or second year of contracting with the City, it receives a reduced amount. (First-year contractors receive 50% of the calculated award while second-year contractors receive 75% of the calculated award. Contractors in year three and beyond receive 100% of the calculated award.)

2) Factors that affect the entire pool of proposals:

- **AMOUNT OF MONEY AVAILABLE TO DISTRIBUTE** - More money available for distribution can lead to higher award amounts per proposal.
- **NUMBER OF PROPOSALS RECOMMENDED FOR FUNDING AWARDS** - A greater number of proposals recommended to receive funding awards stretches the amount of money available to distribute more thinly across all the applicants.
- **THE COLLECTIVE ANNUAL OPERATING INCOMES OF ALL APPLICANTS** - The greater the collective AOI, the more thinly the amount of money available to distribute must be spread to support organizations relative to the size of their budgets.

Example: The ABC Historical Society has an Annual Operating Income of \$1,936,835 and received a rank of 3+. Their recommended funding award is \$112,153. If their rank had been a 4 and all other factors remained equal, their recommended funding award would be \$127,280.