



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** SEE BELOW

**DATE:** June 4, 2007

Approved

*Ray Winer*

Date

*6/12/07*

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: FISCAL YEAR 2007-2008 ARTS PROGRAM ALLOCATIONS, GRANTS, AND AGREEMENTS**

## RECOMMENDATION

Approval of Arts Commission recommendation, subject to approval of the 2007-2008 Proposed Operating Budget, to:

1. Allocate 2007-2008 funds to the Office of Cultural Affairs arts and cultural programs, projects, grants, activities and support as detailed in Attachment A ("Arts Budget"), in a total amount not to exceed \$4,474,371; and
2. Adopt a Resolution authorizing the City Manager to negotiate and execute 2007-2008 grant agreements as follows:
  - A. Festival, Parade and Celebration Grant Agreements with 25 organizations for 34 events as detailed in Attachment B, in a total amount not to exceed \$413,194; and
  - B. Arts Grant Agreements with 51 organizations as detailed in Attachment C, in a total amount not to exceed \$2,432,206.

## OUTCOME

The recommended arts program allocations, grants and funding support in the 2007-2008 Arts Budget will:

- assist arts organizations to provide arts and cultural opportunities, activities, performances and experiences to residents and visitors;
- support a wide range of outdoor special events and celebrations;
- provide arts experience and education to thousands of school children;
- provide critical conservation and maintenance of the City's public art collection; and
- provide cultural leadership through reinstatement of the Deputy Director of the Office of Economic Development (OED) for Cultural Affairs.

## **BACKGROUND**

Annually, the Arts Commission recommends the Arts Budget funding allocations to the Mayor and City Council for allocation of: 1) Transient Occupancy Tax (TOT) Funds dedicated to cultural programs and the Office of Cultural Affairs, and 2) General Fund resources projected to be available for the next fiscal year.

On May 9, 2007, the Arts Commission reviewed and recommended approval of the items comprising the 2007-2008 Arts Budget: the Arts Grants and Festival, Parade and Celebration Grants that resulted from peer/community panel review; the proposed allocations for general support of the public art program; allocations for a variety of arts education and development programs and activities; and Office of Cultural Affairs support including reinstatement of the position for Deputy Director of OED for Cultural Affairs.

## **ANALYSIS**

The Arts Commission's recommended 2007-2008 Arts Budget reflects an overall 27% increase in funding from 2006-2007, for a third consecutive year of increased funding for the arts. This change is due to a projected increase in 2007-2008 TOT revenues, tempered by a decrease in available General Fund support.

Since the Arts Program budget is based in large part on projected TOT revenues, the Arts Budget reserves 10% of projected TOT revenues to meet any midyear shortfall in TOT revenues, to avoid requiring grant repayments or program cuts.

The Arts Budget has been developed within the parameters of: 1) the anticipated General Fund shortfall, and 2) Arts Commission guidance regarding program priorities. Funding allocation highlights include:

- \$2,845,400 in core grant program support to the City's special events and arts providers;
- Sixth year of a vital technical assistance program - \$60,000 in organization development grants;
- Continued growth in the *Long-Term TOT Reserve* - funds set aside during growth years to help balance the effects of any future decline in TOT revenues;
- Arts education programming and planning, serving thousands of San Jose students;
- Introduction of a funding allocation for international cultural exchange opportunities;
- Funding for neighborhood arts initiatives, including Martha Gardens and Japantown; and
- Reinstatement of the cultural leadership position, Deputy Director of OED for Cultural Affairs.

While the Arts Commission unanimously approved funding the Deputy Director position with TOT revenues, it recommended that the funding of the position be reviewed each year during the City's annual budget process, so as to return the position to the General Fund as soon as possible. A Manager's Budget Addendum was submitted with that recommendation. The Mayor's June Budget Message recommended conditioning the City Manager's proposal that, "the TOT Cultural Grants Appropriation be used as a permanent source of funding for the position."

The Arts Commission's funding recommendations are detailed in:

- Attachment A – Recommended Arts Budget Funding Allocations;
- Attachment B – Recommended Festival, Parade and Celebration Grants; and
- Attachment C – Recommended Arts Grants.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the June 26, 2007 Council Agenda. The Arts Commission's memorandum on these budget recommendations was posted on the City's website prior to its May 9, 2007 public meeting. Email and postal mail notification of the Arts Commission May 9, 2007 meeting was sent to all arts organizations.

As part of the deliberative process that developed the arts programs, projects and grants described and recommended herein, the Arts Commission and its standing committees invited comment from the affected constituencies and took action in public session.

Outreach to the community regarding grant funding opportunities included published legal notices in the *San Jose Mercury News* and *Metro*, and mailed notices to current grantees and to an extensive database of San José-based non-profit cultural organizations and special event producers. Grant-writing workshops were conducted for potential applicants prior to filing deadlines. Grant review panel meetings were publicly noticed, and panel members included community representatives.

### **COORDINATION**

This item has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

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**FISCAL/POLICY ALIGNMENT**

This recommendation is consistent with the Economic Development Strategy to continue to “Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley” and with the vision for San Jose as the world’s most livable big city, with diverse and distinctive qualities of life.

**COST IMPLICATIONS**

Funding for this recommendation is available in the 2007-2008 Proposed Operating Budget. There are no additional cost implications.

**BUDGET REFERENCE**

Fund #	Appn #	Appn Name	Total Appn	2007-2008 Proposed Operating Budget Page	Last Budget Action
461	0096	Cultural Grants/Contractual Svc Contracts	\$3,848,736	Page X-55	N/A
461	0096	Cultural Grants/Contractual Svc Contracts	\$1,303,056	Page X-55 (rebudget)	N/A
001	2603	Festival, Parade & Celebration	\$38,340	Page IX-9	N/A
001	0182	Non-Personal / Equipment-Office of Economic Development (Cultural Affairs)	\$1,068,212	Page VIII-32	N/A
139	2347	Arts and Education Week	\$63,087	Page XI-36	N/A
		Total	\$6,321,431		

**CEQA**

Not a project.



PAUL KRUTKO  
 Chief Development Officer  
 City Manager’s Office

Attachments (3)

For questions please contact Irene Ray, Division Manager, at (408) 277-5144 x13

## RECOMMENDED ARTS BUDGET FUNDING ALLOCATIONS

	Gift Trust; Gate Fees	TOT Revenues & Rebudget	General Fund (OCA)	General Fund (Citywide)	2007-08 TOTAL
<b>GRANTS</b>					
1 Festival, Parade & Celebration (FPC)	11,860	378,945		22,389	413,194
2 FPC Grant allocation not awarded		5,000			5,000
3 Arts Grants: Project/Program		325,082			325,082
4 Arts Grants: Operating		2,107,124			2,107,124
5 Organization Development Grant Pilot		60,000			60,000
6 Arts Grant allocation not awarded		245,535			245,535
Grant Reserve/ Planning Support					
7 TOT Mid-Year Reserve		339,939			339,939
8 TOT Long-Term Reserve		255,897			255,897
9 Cultural Development Strategy Reserve		100,000			100,000
10 New Funding Framework Development			20,000		20,000
11 Arts Program Administration		122,000			122,000
12 Panel Review/Site Visits		44,000			44,000
<i>Sub-Total</i>	11,860	3,983,522	20,000	22,389	4,037,771
<b>COMMUNITY DEVELOPMENT</b>					
13 Nbrhd Arts Development Pilot (Hoover)			20,000		20,000
14 Fundraising Support (Music & Arts Campaign)			5,000		5,000
15 Martha Gardens Facilitation Initiatives			10,000		10,000
16 Neighborhood Arts Initiatives			15,000		15,000
17 International Cultural Exchange			20,000		20,000
<i>Sub-Total</i>	0	0	70,000	0	70,000
<b>ARTS EDUCATION</b>					
18 Arts Express	5,000		50,000		55,000
19 San Jose After School			3,000		3,000
20 Arts Education Prof. Dev. & Services			2,000		2,000
21 Arts Education Planning			30,000		30,000
<i>Sub-Total</i>	5,000	0	85,000	0	90,000
<b>PUBLIC ART</b>					
22 Maintenance/Repairs			13,000		13,000
23 Conservator/Assessment			13,000		13,000
24 Public Outreach			15,000		15,000
25 Emergency Reserve			30,000		30,000
<i>Sub-Total</i>	0	0	71,000	0	71,000
<b>SPECIAL PROJECTS/ACTIVITIES</b>					
26 Website Hosting			3,000		3,000
27 Arts Commission Activities			12,000		12,000
<i>Sub-Total</i>	0	0	15,000	0	15,000
<b>CULTURAL LEADERSHIP</b>					
28 Deputy Director of OED for Cultural Affairs		152,000			152,000
29 Remaining TOT revenues not earmarked		38,600			38,600
<i>Sub-Total</i>	0	190,600	0	0	190,600
<b>TOTAL</b>	<b>16,860</b>	<b>4,174,122</b>	<b>261,000</b>	<b>22,389</b>	<b>4,474,371</b>

**FESTIVAL, PARADE & CELEBRATION GRANT PROGRAM**

Grantee Event	2007-08 Amt Requested	Recommended 2007-08 Grant	Notes
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**Category A**

Christmas in the Park	\$35,000	<b>\$35,000</b>	*
San Jose Jazz Festival	50,000	<b>46,000</b>	
Festival for Independence	50,000	<b>44,000</b>	
Tapestry Arts Festival	40,000	<b>34,187</b>	
Downtown Ice	33,000	<b>29,000</b>	

**Category B**

Cinequest San Jose Film Festival	50,000	<b>34,000</b>	
Music in the Park	25,000	<b>17,000</b>	
Veterans Day Parade	20,000	<b>15,000</b>	
San Jose International Mariachi Festival	50,000	<b>9,503</b>	
Italian American Heritage Festival	12,000	<b>9,500</b>	
Dancin' on the Avenue	10,000	<b>7,000</b>	

**Category C**

Bark in the Park	15,000	<b>14,000</b>	
Pumpkins in the Park	14,000	<b>13,725</b>	
Music in the Other Park	10,000	<b>8,000</b>	
International Multi-Arts Festival	16,000	<b>6,500</b>	
Almaden Valley Art & Wine Festival	15,000	<b>5,000</b>	
Cinema San Pedro	10,000	<b>4,000</b>	
La Comparsa for Dia de los Muertos	10,000	<b>4,000</b>	
Dia de Portugal	8,000	<b>4,000</b>	
San Jose Gay Pride Festival & Parade	15,000	<b>3,700</b>	
Pat's Run San Jose	12,000	<b>3,500</b>	
Nikkei Matsuri Festival	7,500	<b>3,500</b>	
Festival on the Alameda	9,000	<b>2,000</b>	
Juneteenth Festival	12,000	<b>2,000</b>	
Fiesta de Las Rosas Parade	25,000	<b>1,350</b>	*

**Category D**

Sunday Concert Series	15,000	<b>15,000</b>	*
Guitar Festival	4,500	<b>4,500</b>	*
Spring in Guadalupe Gardens	10,000	<b>10,000</b>	*
Wildlife Festival	4,000	<b>4,000</b>	*
Luther Burbank Jamboree	3,000	<b>3,000</b>	*
Dancin' Downtown	6,000	<b>6,000</b>	*
Founder's Day	10,000	<b>6,000</b>	
Cinema St. James	5,000	<b>5,000</b>	*
El Festival Floricanto Ketzalcoatl	10,000	<b>4,229</b>	

\$621,000	<b>\$413,194</b>
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**Notes**

\* Award capped at requested amount

## ARTS GRANTS: PROJECT &amp; PROGRAM GRANT PROGRAM

Organization	2007-08 Amt Requested	Recommended 2007-08 Grant
Center for Literary Arts, SJSU	\$18,000	\$18,000
San Jose Jewish Film Festival	18,000	18,000
Afsaneh Art and Culture Society	6,000	6,000
sjDANCEco	10,000	10,000
Bay Area Glass Institute	18,000	18,000
Mission Chamber Orchestra	12,900	12,900
International Russian Music Piano Competition	18,000	18,000
Silicon Valley Children's Fund	18,000	18,000
San Jose Chamber Music Society	18,000	18,000
Poetry Center San Jose	18,000	18,000
Lyric Theatre	18,000	16,200
South Bay Guitar Society	18,000	16,200
Visual Rhythm Dance Company	17,174	15,457
Association for Viet Arts	15,000	13,500
Vivace Youth Chorus	18,000	16,200
Winchester Orchestra	15,200	13,680
Special Events Programming Committee SJSU	15,000	13,500
Contemporary Asian Theater Scene	18,000	16,200
Margaret Wingrove Dance Company of San Jose	17,500	15,750
San Jose Dance Theatre	18,000	12,600
Habib Khan Saraswati Temple and Gurukul	12,750	8,925
Arab Film Festival	17,100	11,970
	\$354,624	\$325,082

## ARTS GRANTS: OPERATING GRANT PROGRAM

Organization	2007-08 Grant Index *	Recommended 2007-08 Grant
<i>Organizations with average annual expenses up to \$750,000</i>		
San Jose Taiko Group, Inc.	39,939	49,924
Firebird Youth Chinese Orchestra	19,330	24,163
Abhinaya Dance Company of San Jose	25,396	31,745
MACLA/Movimiento de Arte y Cultural Latino Americana	45,389	56,736
Kaisahan of San Jose Dance Company	22,531	25,911
San Jose Chamber Orchestra	19,864	22,844
Steinway Society - The Bay Area	18,757	21,571
Teatro Vision de San Jose	46,132	53,052
San Jose Symphonic Choir	10,504	11,554
San Jose Institute of Contemporary Art	42,689	46,958
Chinese Performing Artists of America, San Jose	42,657	46,923
Northside Theatre Council	10,822	10,822
City Lights Performance Group of San Jose	31,310	31,310
San Jose Multicultural Artists Guild	21,107	21,107
San Jose Museum of Quilts and Textiles	39,125	39,125
San Jose Youth Symphony	45,258	40,732
Works/San Jose	12,655	11,390
Tapestry Arts San Jose, Inc.	48,128	43,315
Dimension Performing Arts, Inc.	18,355	16,520
<i>Organizations with average annual expenses above \$750,000</i>		
Symphony Silicon Valley	118,569	148,211
American Musical Theatre of San Jose	257,906	232,115
San Jose Museum of Art Association	195,035	175,532
San Jose Repertory Theatre	236,416	118,208
<i>Organizations with average annual expenses above \$750,000; 2-year application rollovers from 2006-07</i>		
San Jose Children's Discovery Museum	127,152	152,582
Opera San Jose, Inc.	189,385	210,217
San Jose Children's Musical Theater	108,689	120,645
Cinequest, Inc.	74,135	74,135
Ballet San Jose Silicon Valley	231,127	208,014
San Jose Jazz Society	77,204	61,763
	<b>\$2,175,566</b>	<b>\$2,107,124</b>

**Notes:**

\* Grant Index is the functional equivalent of a requested grant amount. It is determined automatically by an organization's size and ability to meet certain minimum qualifications.