



## **Business Plan for School of Arts and Culture at Mexican Heritage Plaza**

**Prepared by MHP Steering Committee and  
Presented to San Jose City Council on May 24, 2011**

# The Journey



## Key Milestones:

- **2008:** City Council creates MHP Steering Committee to redirect the long-term vision for MHP
- **2009:** Steering Committee convenes 8 public meetings and builds consensus for new vision
- **2010:** Steering Committee tests vision at Community Town Hall
- **2010:** City Council unanimously approves the school of arts and culture vision

## Today's Outcomes:

- Demonstrate sustainable operating model and pathway to permanent governance
- Secure Council support

## Overarching Goals:

- Cultural Heritage and Cultural Literacy
- Joy and Creativity
- Sense of Pride and Community
- Sustainability

## *Mexican Heritage* PLAZA



# Key Elements of the Business Plan

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## Strategy

Create menu of arts education and cultural offerings for children, families and adults that attracts “paying customers” and philanthropic support

Leverage City’s \$35M facility with mix of earned income activities in service to the mission

Use “incubator operator” for proof of concept

## Approach

- Use RFP process for content
- Offer demand driven, affordable pricing
- Rely on partnership/grassroots marketing
- Focus donors solely on children
- Offer tiered and variable pricing for “market rates”, partners and community
- Rely on partnerships/grass roots/social marketing
- Test/learn with small core team
- Minimize fixed costs
- Create pathway for permanent operator

# Incubation Period = “Proof of Concept”

The incubation period delivers:



## Examples

## Principles

<p><b>Classes</b></p>	<ul style="list-style-type: none"> <li>• Full spectrum of dance, visual, performing and digital arts:               <ul style="list-style-type: none"> <li>• Folklorico to break dancing</li> <li>• Chicano theatre to musical theatre</li> <li>• Mariachi to drumming</li> <li>• Mask making to puppetry</li> <li>• Film making to photography</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Quality programming</li> <li>• Inclusiveness</li> <li>• Cultural literacy anchored in Mexican Arts</li> <li>• Awareness, appreciation &amp; inspiration</li> <li>• Creative potential</li> </ul>
<p><b>Community Engagement and Facility Usage</b></p>	<ul style="list-style-type: none"> <li>• Theatrical productions</li> <li>• Concerts and cultural events</li> <li>• Quinceaneras and weddings</li> <li>• Neighborhood associations</li> <li>• Corporate rentals</li> </ul>	<ul style="list-style-type: none"> <li>• Network of partners</li> <li>• Affordable community gatherings</li> <li>• Grassroots participation</li> <li>• Mission compatible activation</li> <li>• Consistent menu of opportunities</li> </ul>



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## *Governance Models for Operation Post 3 Years:*

<p><b>Development</b></p>	<p>“Home grown” leadership evolves out of incubation process</p>
<p><b>Adoption</b></p>	<p>An existing organization becomes the operator</p>

# Funding Model Goal: 50% Earned Income

By leveraging the facility and containing costs, MHP becomes a sustainable School for Arts and Culture

## Sources and Uses of Funding

## Annual Range of Funding

Type	Revenue Sources	Revenue Uses
<b>Earned Income</b>	<ul style="list-style-type: none"> <li>• Facility Rental</li> <li>• Sponsorships</li> <li>• Community Events</li> <li>• Cultural Offerings</li> </ul>	Community Access and Engagement: <ul style="list-style-type: none"> <li>• Program content</li> <li>• Mgt. &amp; Operations</li> <li>• Tiered pricing</li> </ul>
<b>Earned Income</b>	<ul style="list-style-type: none"> <li>• Tuition/Class Fees</li> <li>• Ticket revenue for events</li> </ul>	School of Arts and Culture: <ul style="list-style-type: none"> <li>• Content partners, faculty and artists</li> </ul>
<b>Contributed Income</b>	<ul style="list-style-type: none"> <li>• Donor funded “arts access” for all</li> </ul>	<ul style="list-style-type: none"> <li>• Mgt. &amp; Operations</li> </ul>
<b>Contributed Income</b>	<ul style="list-style-type: none"> <li>• City of San Jose</li> </ul>	Facility Maintenance Capital Replacement

\$250k to \$500k

\$250k to \$450k

\$350k to \$450k

\$850K to \$1.4M

“Stair steps” down to \$500k by Year 3

# Over the Next Three Years...

## Action

## Council's Role

**FY11/12**

- Execute agreement with 1<sup>st</sup>ACT (IIO)
- Assemble IIO Team
- Implement marketing/fundraising plans
- Open Summer Camps in July
- Form Governance Advisory Team
- Develop and execute Fall Schedule

- Adopt business plan and financial terms
- Direct staff to negotiate agreement with 1<sup>st</sup>ACT
- Approve agreement

**FY12/13**

- Populate MHP with classes, cultural events, cultural offerings and space rentals
- Meet fundraising and earned income targets
- Governance Advisory Team creates pathway for permanent operator

- Review progress
- Approve second year funding

**FY13/14**

- Grow program, events, engagement
- Complete "Proof of Concept"
- Governance Advisory Team recommends permanent operator
- Transfer operations/resources to permanent operator

- Review progress
- Approve third year funding
- Select permanent operator
- Approve agreement