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**CITY OF SAN ANTONIO AGENDA ITEM NO.**  
**OFFICE OF CULTURAL AFFAIRS**  
**CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Sheryl Sculley, City Manager

**FROM:** Felix Padrón, Director

**SUBJECT:** Approval of Arts Funding Program Revisions and Creation of Stabilization Program

**DATE:** March 9, 2006

**SUMMARY AND RECOMMENDATIONS**

An Ordinance approving revisions to the Arts Funding Program and implementing and approving guidelines for the Stabilization Program, including eligibility and review criteria.

The proposed revisions to the Arts Funding Program clarify the funding process by establishing a ratio of matching funds and a limit of what can be requested and awarded based on the actual arts and cultural operational budget of an organization. The Review Committees who score and rank applications will include a Cultural Arts Board member and will include an opportunity to receive information from applicants that clarify their proposals. General Operational Program will be for organizations with operating budgets over \$50,000 and that have missions (as stated in their mission statement) and actual operations that create, preserve and present arts and cultural programming such as music, dance, drama, literature, painting, printmaking, sculpture, folk arts, photography, film, crafts, and festivals.

This ordinance will create a "Stabilization Program" that will provide a mechanism for the CAB and staff to address specific needs of the General Operational Program applicants and a means of building or restoring organizational capacity. The Stabilization Program will have a Review Committee of staff, CAB members, and community representation that will assess the applicants' stabilization issues and strategies prior to the Cultural Arts Board's final funding recommendations.

The Cultural Arts Board and staff recommend approval of this ordinance.

**BACKGROUND INFORMATION**

The proposed changes to the funding process are a result of direction from the CAB on March 1, 2005 to identify factors that could be used to determine funding, to receive input from the community, and to develop a clearer application process. The CAB approved the revisions on January 31, 2006 after input from the CAB Grant Subcommittee and the community at three public hearings. During the public hearings, the majority of agencies presented support for the proposed changes however, there were a number of agencies who expressed concern over the proposed caps. Prior to approval on February 13, 2006, the City Council Urban Affairs Committee reviewed the proposed revisions and interacted with citizens before approving the recommendations. During the meeting, agencies and committee members also discussed the issues of caps and matching ratios, as well as, the definition of an arts agency.

## POLICY ANALYSIS

The revisions propose to have eligible only arts and cultural organizations whose mission (as stated in their mission statement) and actual operation is the creation, preservation and presentation of arts and cultural programming such as music, dance, drama, literature, painting, printmaking, sculpture, folk arts, photography, film, crafts, and festivals. Organizations with arts and cultural activities as a "primary" mission who are impacted by this revision can apply under the Project Funding Program.

The current program has a match requirement of \$1:\$1. The non-City match can have up to 50% as in-kind regardless of the size of the organization. The revised General Operational Program will require a matching ratio based on the organizations arts and cultural operational budget.

<u>Organizations with budgets:</u>		<u>City : Non-City Match Ratio</u>
Over \$2 million	=	1:3 (cash match only)
\$800,000 to \$2 million	=	1:2 (up to 25% in-kind)
\$100,000 to \$800,000	=	1:1 (up to 50% in-kind)
\$50,000 to \$100,000	=	No Match

The current program does not contain guidance regarding the range of request or award except to be able to meet the \$1:\$1 match requirement. The revised program will provide the applicants a range based on their organization's arts and cultural operational budget.

<u>Budget Size:</u>		<u>Requests and awards may range up to:</u>
Over \$2 million	=	10% of actual operating budget
\$800,000 to \$2 million	=	20% of actual operating budget
\$100,000 to \$800,000	=	25% of actual operating budget
\$50,000 to \$100,000	=	between \$5,000 and \$25,000

Currently the program allows one opportunity for applicants to present information in the funding process. Applicants can only present to the CAB in response to the panel scores and comments. The revisions will allow applicants an additional opportunity to clarify misinformation at the Review Committee (panel) meeting before the members score the application.

The need to provide additional support for organizations experiencing stabilization issues prompted the CAB to recommend the creation of a "Stabilization Program" as part of the funding process. The program objective is to provide a mechanism to address specific and special needs of applicants outside the General Operational Program review process. Only operational support agencies recommended for funding by the CAB will be eligible. Through a competitive process, the program will provide for professional services or new staff that will have the most impact on an agency's development. The process will include, an agency self-assessment, identification of key position/service to stabilize, and benchmarks to gauge success. General Operational Program applicants will submit key stabilization issues as part of their organizational history. A Review Committee comprised of City staff, the CAB, and community will review stabilization issues of General Operational Program applicants. The review criteria includes level of organization wide planning and decision making in assessing stabilization issues, level of readiness to implement stabilization activities, and cost. Funds awarded will be for the two-year funding cycle, with no match requirement for first year. Second year match requirement will be based on organization's budget and the proposed match ratios.

### **POLICY ANALYSIS (cont.)**

The proposed revisions have been incorporated into the Arts Funding Program Division's overall Policy and Procedures. The detailed Arts Funding Program document is attached.

### **FISCAL IMPACT**

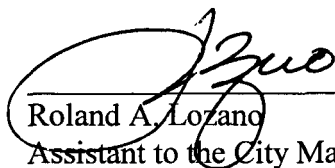
There is no impact on the General Fund nor the Community and Visitors Facility Fund.

### **COORDINATION**

This ordinance has been coordinated with the City Council Urban Affairs Committee, City Manager's Office, the Office of Management and Budget, the Finance Department, the City Attorney's Office, the arts community, and the Cultural Arts Board.

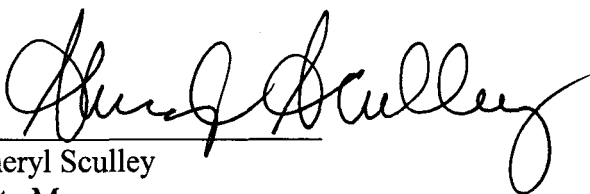


Felix Padrón  
Director, Office of Cultural Affairs



Roland A. Lozano  
Assistant to the City Manager

Approved for Council Consideration:



Sheryl Sculley  
City Manager

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## Attachment

### Arts & Cultural Funding Division City of San Antonio Office Cultural Affairs

The goal of the Arts and Cultural Funding Division is to support programs that further artistic excellence and foster increased, diverse public participation and awareness of the role the arts play in San Antonio. The Arts and Cultural Funding Division is the process utilized by the Office of Cultural Affairs to purchase arts and cultural services for the community.

The Arts and Cultural Funding Division offers six grant opportunities

- General Operational Program
- Project Funding Program
- Neighborhood Arts Program
- Stabilization Program (replaces Technical Program)
- Incubator Program
- Collaborations Program

All funds from the Hotel Motel Tax Fund shall be expended for the promotion of tourism and the convention and hotel industry through the encouragement, promotion, improvement, application and exhibition of the arts.

The objectives of the programs are to:

- Serve a broad multidisciplinary constituency, and to encourage growth and viability within arts of diverse cultures.
- Affirmatively encourage and facilitate the participation of culturally diverse populations, geographically underserved neighborhoods and economically disadvantaged populations, and the disabled.
- Promote and/or foster cultural tourism.
- Reach and support organizations of all sizes and artists working within all arts disciplines, and support the development of art that is uniquely San Antonio.
- Promote the development of agencies and expansion of opportunities for artists, and to provide leverage in helping organizations and artists secure additional support from other sources, both public and private.
- Support organizational growth through strategic planning and professional development.

## FUNDING RESTRICTIONS

The Office will **NOT** fund the following:

- Accredited academic teaching institutions, and departments thereof (except in partnership with a community-based arts organization as the applicant).
  - Non-profit agencies and foundations that directly support City Department operations, or divisions of City Departments.
  - Projects or organizations whose primary purpose is not secular and programs where the primary effect of funding would be to support a religion.
  - Capital improvements, construction, renovation, structural maintenance of facilities.
- Fund deficiencies in previously completed projects or for unanticipated costs in ongoing projects or payment of prior deficits.
- Social functions, parties and receptions, including food and beverage. Programs that are essentially recreational, rehabilitative, or therapeutic. Organizations whose programs and events do not have a primary impact on the City of San Antonio.
- Loans, fines, penalties, costs of litigation or associated interest payments.
  - Benefits and projects planned primarily for fundraising purposes.
  - Scholarships, purchase awards, or cash prizes.
  - Re-granting programs.
  - Programs not open to the public.
  - Projects, productions, workshops and/or programs that include obscene material as defined in Section 43.21, Penal Code of Texas.

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## Types of Support

### General Operational Program

The General Operational Program provides financial support to arts and/or cultural organizations that offer a wide range of high quality arts and cultural programming made available to the general public. This is a multi year program funded on an annual basis for two years. Continuation of award each year is dependent on availability of funds and the continuation of the same level of services by the organization. The Cultural Arts Board has the option to recommend one year funding, if an agency's services levels or financial history is not stable.

Operational support requests cannot be less than \$5,000.

The Office of Cultural Affairs staff may recommend the application be considered as a project if the eligibility criteria are not met.

### Eligibility

To be eligible for the General Operational Program an applicant must:

Be an arts and/or cultural organization. An arts and/or cultural organization is defined as an organization whose mission (as stated in non-profit article of incorporation) and actual operation are the creation, preservation and presentation of arts and/or cultural programming such as music, dance, drama, literature, painting, printmaking sculpture, folk arts, photography, film, crafts , and festivals.

Its primary base of business operations in the City of San Antonio

Be tax exempt status under Section 501 (c) 3 of the Internal Revenue Code (at the time of application). An applicant cannot be sponsored by an organization that meets eligibility criteria.

Have been in existence (operation) for a minimum of three years

Must submit an Audited Financial Statement from the last completed fiscal year or a Reviewed Financial Statement by a Certified Public Accountant

Organizations have the option to submit their IRS form 990 that correlates with same year of audit. If not available, OCA will access previous 990 posted on line

Be governed by board of directors/trustees that meets regularly.

Have an operating budget over \$50,000 with a salaried full or part time manager who is responsible for the business management of the organization

Be able to match requested amount from other sources and as follows.

- |   |   |                                 |
|---|---|---------------------------------|
| ● Organizations with arts and cultural budgets: |   | City : Non-City Match Ratio     |
| ● Over \$2 million                              | = | 1:3 (must be cash match only)   |
| ● \$800,000 to \$2 million                      | = | 1:2 (up to 25% may be in-kind*) |
| ● \$100,000 to \$800,000                        | = | 1:1 (up to 50% may be in-kind*) |
| ● \$50,000 to \$100,000                         | = | No Match required               |

\*In-kind is defined as products or goods and services that have and add value to the organization's programs. All in-kind contributions must be documented. Title 43, Part 12, Section 12.64 of the Code of Federal Regulations and other related federal web sites will be posted for identifying and determining allowable In-kind.

Submit a financial request that does not exceed the following percentages:

- |   |                                |
|---|--------------------------------|
| ● Organizations with arts and cultural budgets: | Requests may range up to:      |
| ● Over \$2 million                              | 10% of actual operating budget |
| ● \$800,000 to \$2 million                      | 20% of actual operating budget |
| ● \$100,000 to \$800,000                        | 25% of actual operating budget |
| ● \$50,000 to \$100,000                         | between \$5,000 and \$25,000   |

All programs and events must be open to the public and ensure accessibility for the disabled

### Project Funding Program

A project is an activity whose objective is the creation, preservation and presentation of an arts and cultural activity. The Project Funding Program provides financial support to specific arts/cultural activities in an organization. The activity is usually separate

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from the organization's general operating budget. The Project Funding Program funds on an annual basis with new requests considered annually.

For example, a project can be:

- A presentation that is part of a series.
- A one-time only presentation/event
- A series of art events with a continuing theme within the grant cycle. (However, a project grant will not provide funding for general operating expenses or for a complete series.)

The Project Funding Program requests cannot be less than \$5,000.

### **Eligibility**

To be eligible for the Project Funding Program an applicant must:

Be a "not-for-profit" organization with an operating budget of \$50,000 or less. Organizations with an IRS 501(c)3 status can apply directly. Organizations without an IRS 501(c)3 status must identify a sponsor or fiscal agent that meets the eligibility requirement of the program.

Be governed by board of directors/trustees that meets regularly.

Have all programs and events open to the public and ensure accessibility for the disabled.

Have been in existence (operation) for a minimum of one year and applied for 501(c)3 status.

Its primary base of business operations in the City of San Antonio

Be able to match requested amount. All funds awarded must be matched 1:1 from other sources. At least 50% of the matching funds must be in cash, while 50% of the match can be in-kind contributions.

### **Sponsorships (Project applicants only)**

Sponsorships provide unincorporated groups the opportunity to compete for funding under the umbrella of a nonprofit organization that meets the eligibility criteria of this program.

The sponsor organization is the official applicant and is responsible for compliance with all application and reporting requirements and financial commitments of the funded applicants. Attachments are required from both the sponsor organization and the applicant.

The applicant and the sponsoring organization must execute a written agreement. The agreement should clearly identify the responsibilities of each party and must include the acknowledgement of assurances the required of the application.

## **APPLICATION PROCESS**

Review Committees' solicitation

Applicant's Workshops

Address application instruction and requirements and review process

Application deadline

Staff reviews for eligibility and completeness

Staff will schedule site visits with new applicants to review various aspects of the organization's operations. A general checklist prior to the visit will be provided to allow them an opportunity to prepare materials and allow the key staff and board representatives to be present. For new applicants, this site visit will be one factor utilized by staff in determining administrative capacity

Applications are sorted according to Review Committee category and budget size

Application Support Material deadline

Review Committee and CAB

Three Review Committees (Multidisciplinary, Performing and Visual Arts) will be each be comprised of one CAB member, one regional or national participant and five local independent and objective experts and patrons in each discipline for a total of seven

Staff forwards eligible and complete applications to committee members and CAB

Review Committee members will be made public to allow for agencies to notify OCA of a potential conflict of interest.

Review Committee/CAB workshop on review/deliberation process

Review Committee will review applications and support materials

Open Meeting Review Process

Every effort will be made to ensure impartiality during the entire review process by keeping the number of Review Committee members with conflicts of interest with any of the applicants to a minimum. Review Committee members with a conflict will not be permitted to offer an opinion or vote on the applicant in question. (Conflict of interest is defined as fiduciary, professional, personal or adversarial relationship with a grant applicant)

Review Committees will reference review criteria as they discuss the applications and their supporting materials

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Agencies will make presentations to Review Committee after Review Committee discussion and before scoring  
CAB members will be present during Review Committee meetings to observe proceedings, agency presentations, and scoring

Review Committees will evaluate and provide a rating score for each assigned application and based on Artistic and Cultural Merit and Community Involvement, Outreach and Diversity

Review Committees will not consider fiscal information or make funding decisions

### Staff Application Review

Staff will determine Financial Position and Administrative Ability and Marketing and Promotion score separate from the Review Committee proceeding, utilizing the review criteria, support materials, site visits, and/or information on file

Staff will distribute Review Committee and Staff review results to the Cultural Arts Board and to the applicant

CAB meeting to review outcome of review process, establish minimum score level for funding (Staff/CAB will determine minimum score level every funding cycle to adjust to scoring trends and dollar available)

### Staff Funding Recommendations

Staff will determine funding recommendations based on:

- Minimum score level for funding
- Dollars available
- Actual operating budgets
- Applicant's scores
- Minimum award (\$5,000)
- Awards are based on the applicant's arts and cultural operational budget.
- Organizations with arts and cultural budgets:
  - Over \$2 million
  - \$800,000 to \$2 million
  - \$100,000 to \$800,000
  - \$50,000 to \$100,000
- Equity of services (special populations, special needs, equitable distribution of disciplines and funds) focusing on the development, sustainability and growth of San Antonio's arts and cultural organizations that are deeply rooted in, and able to express the experiences of, culturally specific underserved communities.

Awards may range up to:  
10% of actual operating budget  
20% of actual operating budget  
25% of actual operating budget  
between \$5,000 and \$25,000

Review Committees and staff scores, comments and staff funding recommendations are forwarded to the Cultural Arts Board and to applicants.

### Stabilization Program:

The program is a competitive process to provide for professional services or new staff that will have the most impact on an agency's development. The process includes, agency self-assessment, identification of key position/service to stabilize, benchmarks to gauge success. Only current operational support agencies that are recommended for funding are eligible. A Review Committee comprised of City staff, CAB, community representation will review the "Organizational History" information submitted by applicants. Stabilization Program funds are awarded for a two year funding cycle with no match requirement for first year. Review Committee recommendations will be forwarded to applicants and the CAB.

In a CAB scheduled public meeting applicants may opt to respond to Review Committee scores/comments and staff recommendations.

### Appeals

An applicant may submit a written appeal on a funding decision if the applicant can demonstrate that:

1. The Office of Cultural Affairs (OCA) failed to follow published application and review procedures.
2. Undue influence was placed on the Review Review Committee or Cultural Arts Board by a member(s) with an undisclosed conflict of interest.
3. The Review Review Committee's or Board's decision was based on insufficient information through no fault of the applicant.
4. The Review Review Committee's or Board's decision was based on information not related to the proposed outcome of the application.

### CAB Final Funding Recommendations

Funding awards will be made without discrimination and will comply with all applicable local, state and national laws.

CAB makes final funding recommendations based on the following:

- Appeals considerations (considered in writing only)
- Applicants' Scores and Comments
- Staff funding recommendations
- Equity of services

## APPLICATION REVIEW CRITERIA

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Review Committees and staff will apply the following criteria in the review and scoring of applications:

### **Artistic and Cultural Merit (40%)**

- High artistic and cultural quality of programs
- Responsiveness to current and future arts and cultural needs
- Vision and leadership of artistic staff
- Creative programming and artist selection
- Program support of artistic and cultural mission

### **Community Involvement, Outreach and Diversity (25%)**

- Effectiveness of community involvement
- Collaborative programs with other arts and cultural groups to reach new and special audiences
- Effectiveness in developing the culturally specific audiences of San Antonio
- Effectiveness and Accessibility of programs choices made to reach out or target culturally specific communities
- Efforts to recruit board, staff, artists and volunteers who represent the cultural diversity of San Antonio

### **Financial Position and Administrative Ability (20%)**

- Accurate Budget
- History of planned growth, stability, and vision
- Evidence of effectiveness and efficiency in the organization's operation and delivery of services
- Board governance structure, responsibilities and involvement
- A diverse base of financial support through earned income, private funding and government sources
- Formal plan or strategy to deal with existing or anticipated fiscal challenges
- Evidence of City contract compliance

### **Marketing and Promotion (15%)**

- Effectiveness of marketing efforts
- Evidence of a marketing and promotion plan
- Effective, measurable promotion and contributing or fostering of cultural tourism
- Evidence of nurturing the arts and cultural traditions of San Antonio

## **ASSURANCES**

At the time of application, the applicant assures that:

1. The activities and services for which financial assistance is sought will be administered by the applicant organization.
2. It will comply with existing local, state and federal laws that prohibit discrimination based on race, color, national origin, age, sex, sexual preference, or disability.
3. It is not knowingly fostering, encouraging, promoting, or funding any project, production, workshop, and/or program that includes obscene material as defined in Section 43.21, Penal Code of Texas.
4. It will not identify the City as a funding provider for any events and activities for which City has not authorized funding. Only events and activities identified in the contract shall be considered to be authorized for funding by the City.
5. It will maintain auditable financial records reflecting generally accepted accounting standards related to their overall activities, submit itemized reports or expenditures as required by established City procedures, and submit timely reports reflecting the progress made in achieving the approved goals and objectives of the recipients.

## **GRANT APPLICATION INSTRUCTIONS**

**DEADLINES.** Applications will not be accepted after posted deadlines

### **General Instructions**

- All applications must be submitted electronically and follow the specific requirements. Applicants may request application submittal assistance from the Office of Cultural Affairs. Applicants will receive notification that applications have been received by the Office. However, applicants should also verify that all portions of their application were received by the Office of Cultural Affairs.
- Applications will not be accepted after set deadlines.
- Only the application form is distributed to Review Committee members and the Cultural Arts Board. The application support materials will be available for review in our office.
- Each organization can submit either a Project Funding Program or a General Operational Program application.



### **Application Information**

**General Operational Program** applications are requests that support a variety of administrative and program activities.



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**Project Funding Program** applications are funded on an annual basis and are for services that are specific and are not part of the on-going operational functions of an organization. The applicant must show a budget that is not a part of their operational budget. Project support is limited to two years for the same activity.

**Indicate the Review Committee for your application:** Based upon the major arts focus of the application, select the Review Committee that is most appropriate:

**Performing Arts Review Committee** - Including dance; theater; music; literature (optional - example: readings); and arts in education applications based upon these disciplines.

**Visual Arts Review Committee** - Including painting, sculpture, ceramics, printmaking, photography and other visual arts; media arts (example: film, video, television etc.); literature (optional - example support for publication); and arts in education applications based upon these disciplines.

**Multidisciplinary Arts Review Committee** - Including applications that join or cross distinct arts disciplines by presenting a balance of events in two or more art forms; applications which are involved in the long-term cultural development of a community or a designated arts constituency; applications involving the temporary and/or thematic presentation of art forms (examples: festivals, fairs, lectures and readings); and arts in education applications based upon multidisciplines.

**Indicate the appropriate budget grouping based on your organization's expenditures and revenues that support your arts and cultural activities last year.**

### **B** Organizational Information

**Applicant Name, Address, Contact person, Phone:** The applicant is the organization who will be providing the services contained in this application. If a post office box is entered, it should be one that is frequented. The contact person is the individual who is familiar with the details of this application.

**Mission:** Enter the applicant's mission statement. If applying in the General Operational Program, staff may ask for additional information if the mission does not clearly fall within the definition of arts and cultural organization.

**Sponsor (Project Applications only):** If sponsored, the sponsoring organization must meet all of the general eligibility requirements. The sponsor assumes the legal responsibilities for completion of project, match, etc. of this request. An agreement must be submitted between applicant and sponsor.

### **C** Program Description

Tell us about your program. Describe the activities, personnel involved, target audience characteristics, and program outcome achievement. This section should answer the questions: Why, What, When, Who. Complete this summary in the space provided.

### **D** Program Implementation

Briefly outline your action plan for achieving the objectives of your proposed program. Planning for the future is indicative of your organization's administrative and programming ability. This section should answer the question: How.

### **E** Evaluation

Briefly indicate how you will measure the success of the proposed program activities (e.g. audience figures, earned income raised, press coverage, etc). Office of Cultural Affairs staff will use your self-evaluation system to monitor the program throughout the year. Be sure to use measurable activities.

### **F** Timetable

Program activities must take place between October 1, 2006 and September 30, 2007. Provide approximate dates and/or frequency where possible. Enter major events only. Estimated attendance refers to all individuals who will attend or participate in the program. Indicate "Admission Price" range if prices vary.

### **G** Diversity Activity

Enter the total board and staff members in your organizations and their ethnic breakdown. In describing your organization's diversity activities, use the diversity focus areas in parenthesis as guides.

### **H** Budget: Anticipated Expenses

Please round all figures to the nearest dollar and do not include indirect cost rates. The "City Request" column refers to the amounts you are requesting from the City. The "Cash Match" column refers to the expenses your organization will be absorbing if this application is funded. Reference the match ratio for your size of organization. The "In-kind Match" column refers to the value

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of services or materials donated to your ~~organization~~ by volunteers or outside parties, at no cash cost to the applicant, which will support this project.

The cost categories (Personnel, Supplies & Materials, Space, etc.) can be summarized to fit in the space provided. A more detailed budget can be submitted with your ~~support~~ material.



### Budget: Anticipated Income

Total income must equal total expense.

NOTE: Anticipated expenditures must equal anticipated income.

## APPLICATION REVIEW CALENDAR

All workshops will be conducted in .....

**Note:** Any questions in completing applications can be directed to Grants Program staff members Lewis Andrews at 207-6962 or Ernesto Rubio at 207-6963.

**Aviso:** *La Oficina de Asuntos Culturales ofrece ayuda con este programa en español. Para mas información, marque 207-6963.*