SOMARTS
cultural center

Honorable Katherine Feinstein, Presiding Judge
Superior Court of California, County of San Francisco
Civic Center Courthouse
400 McAllister Street, Room 008
San Francisco, CA 94102
(415) 551-3605

To Whom It May Concern:

Thank you to Mario Choi and to the 2011-12 San Francisco Civil Grand Jury for providing this detailed report on the San Francisco Arts Commission, with specific attention paid to the community resource that is the city's cultural centers. I have reviewed the recommendations for the cultural centers and generally concur with the findings and recommendations in the report.

Within the past year, the San Francisco Arts Commission has made significant progress in advocating for funding to support and maintain the cultural center facilities, and in working with the centers to successfully execute critical building systems repairs. The SFAC has notified SOMArts that much needed roof repair and an ADA barrier removal project, will take place from 2012-14. These projects are critical to protect the city's investment in this facility, and to ensure that SOMArts is safe and accessible to all San Franciscans.

Over the past four years, cultural center representatives have attended numerous meetings of SFAC committees including the Community Arts, Education and Grants Committee, the Executive Committee and the Full Commission to call attention to decreases in staff and funding allocated to facility maintenance and to advocate for long-term leases. This report calls attention to these important issues and is concurrent with positive change already happening under the SFAC's new leadership.

Thank you again for your time and attention.

Sincerely,

Lex Leifheit
Executive Director, SOMArts

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## Response to the 2011-12 San Francisco Civil Grand Jury: Cultural Centers

**Findings:**

**F22: The cultural centers are a primary responsibility of the Arts Commission under the Charter.**
**Agree.** SOMArts provides an annual management and programming plan to the Arts Commission as well as a mid-year report, final report, cultural data project report and monthly updates in writing and at the monthly center directors meetings. In addition to reporting, SOMArts staff communicate regularly with the arts commission to ensure that we are understanding and meeting their goals for the South of Market Cultural Center within the larger context of all city arts facilities and that it remains a vital contributor to the cultural health of the City and County as well as a resource for communities, organizations and neighborhood artists.

**F23: SFAC has not given the support and maintenance of the Cultural Centers the priority the Charter requires.**
**Agree.** Until 2012-13, there was a trend of overall funding to the cultural centers decreasing and one of the areas most significantly affected was funding for building systems repair and maintenance. It is critical that the city protects its investment in these buildings by supporting maintenance and repair that will prevent more serious repairs needed down the road. Since January 2012, SOMArts has experienced significant improvement in response time for facilities requests and several important repairs have been completed including:

-repair of a water leak that was preventing a vacant office space from being used at a time when affordable space is scarce in SoMa. The space is now occupied by the Asian Pacific Islander Cultural Center.
-replacement of the loading-dock door, which is used daily and critical for large community events
-replacement of a hot water heater used by tenant organizations

**F24: SFAC has not addressed the long term funding, stability and safety needs of the Cultural Centers.**
**Agree.** In order to address long-term funding, stability and safety needs of the cultural centers, the Arts Commission must align goals and reporting for the cultural centers with the goals and reporting for its other programs so that it can communicate the impact of the centers both externally and internally. This is essential as the Arts Commission embarks on a strategic plan that will address long-held opinions and concerns within the broader community regarding the allocation of the Hotel Tax Fund.

**Recommendations:**

**R15: SFAC hold public hearings and develop an action plan about the Cultural Centers and their short and long term funding (for programs and facility maintenance), facility, and safety needs to develop an action plan to secure the Cultural Centers.**
**Disagree.** SOMArts agrees with the SFAC statement: "The SFAC's CAEG monthly committee meetings provide publicly noticed meetings that follow all Sunshine requirements where all legislated reporting requirements, financial audits, Controller's audits and California Cultural Data Project reports are reviewed on the committee level and submitted for review to the full Commission. The committee also reviews fundraising plans and facility and life safety requirements for each of the Centers. Members of the public are welcome to attend and provide public comment.
The Cultural Centers house independent not-for-profit organizations that are responsible for the day-to-day operations and programs of the building. As required in the legislation, the Centers must hold six community support board meetings. Therefore, the issues raised in this recommendation would be better addressed site by

site as each neighborhood and facility has distinct constituents. In addition, it is not appropriate for the City to hold community meetings that may impact an independent not-for-profit. The SFAC strategic plan will address the creation of a long term capital plan which will include the life safety system needs of the facilities."

**R16: SFAC enter long term leases with their Cultural Center operators.**
**Agree.** The SFAC's current year-to-year leasing practice is a barrier to successful capital campaign fundraising from individual donors and private foundations. Within the nonprofit sector, benchmarks have been established for the granting of long-term leases. Recommendations for benchmarks to grant long-term leases to the cultural centers were sent to the former Director of Cultural Affairs in January 2011, these included:

**Income vs. Expenses:** Cultural Center must have no more than 5% expenses exceeding revenue for 3 consecutive years, not including capital improvements.

**Revenue sources:** Cultural Center must demonstrate 50% match of earned and contributed income to SFAC funds for 3 consecutive years.

**Board stability**: 33% turnover or less for 3 consecutive years. Observance of term limits.

**Staff stability**: 33% turnover or less for key employees (those who avg 20hrs/wk per year or more) for 3 consecutive years

**Reporting & Programming:** Audits and other SFAC-required reports turned in within 2 weeks of deadline for 3 years. Management and Programming Plan approved by Commission for three consecutive years.

**Debt:** No increase on lines of credit allowed during this period leading up to long-term lease.

**Lease:** Must be in compliance with terms of existing lease.

**Reserve funds:** Organization must establish a reserve fund of no less than two months of operating expenses (averaged).