

File No. 191227

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date December 11, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
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- Contract/Agreement
- Form 126 – Ethics Commission
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date December 6, 2019

Completed by: Linda Wong

Date _____

San Francisco Arts Commission December 3, 2019

London N. Breed
Mayor

Tom DeCaigny
Director of Cultural Affairs

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San Francisco, CA 94102

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City and County of San Francisco

To: The Honorable Sandra Fewer
Chair, Budget and Finance Committee
San Francisco Board of Supervisors
City Hall, Room 244
San Francisco, CA 94102

Subject: Release of Arts Impact Endowment Fund from Reserve

Dear Supervisor Fewer:

The Arts Commission respectfully requests that the Budget and Finance Committee release \$2,613,000 of Arts Impact Endowment funding placed on reserve during the FY 20 budget process, as recommended by the Budget Analyst pending completion of the Cultural Services Allocation Plan.

The funding is from the passage of Proposition E, a measure championed by an unprecedented coalition of arts advocates, supported unanimously by the Board of Supervisors and the Mayor, and passed by over 75% of the voters last November. The ordinance restores the dedication of a portion of hotel tax revenue growth to new and existing arts and culture programming. The Arts Commission staff and leadership, in partnership with our colleagues at Grants for the Arts, have diligently conducted extensive community outreach to inform emerging arts and culture needs, and have drafted a Cultural Services Allocation Plan approved by the Commission and the City Administrator, as required every 5 years.

https://www.sfartscommission.org/sites/default/files/pdf/CSAP_Plan_ArtsImpact_FINAL.pdf

Once the funding is released, both agencies will work together to administer grants in the areas of arts education, affordable space, core support for organizations, and support for individual artists. Our constituents eagerly await these critical resources for their important work.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebekah Krell".

Rebekah Krell
Deputy Director of Finance and Administration

cc: Angela Calvillo, Clerk of the Board
Tom DeCaigny, Director of Cultural Affairs
Matthew Goudeau, Director of Grants for the Arts
Naomi Kelly, City Administrator
Kelly Kirkpatrick, Mayor's Budget Director
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller

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| <p>Item 4 File 19-1227</p> | <p>Department Arts Commission</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> | |
| <ul style="list-style-type: none"> • The proposed hearing would release \$2,613,000 from Budget & Finance Committee reserve. | |
| <p style="text-align: center;">Key Points</p> | |
| <ul style="list-style-type: none"> • In November 2018, the voters approved Proposition E, which amended the Business and Tax Regulations Code to set aside 1.5 percent of the of the City’s hotel tax for arts and cultural purposes. The set aside amount for FY 2019-20 included \$2,613,000 allocated to the Arts Commission. Per Proposition E, this money must be spent according to the Cultural Services Allocation Plan jointly prepared by the Arts Commission and by the Grants for the Arts. • At the Budget and Legislative Analyst’s recommendation for the Arts Commission FY 2019-20 budget, the Board of Supervisors placed the \$2,613,000 on Budget and Finance Committee reserve pending the release of the 2019-24 Cultural Services Allocation Plan and recommendations from the Community Working Group. | |
| <p style="text-align: center;">Fiscal Impact</p> | |
| <ul style="list-style-type: none"> • The proposed budget for the \$2,613,000 in Proposition E funds is comprised of 22 percent or \$572,000 for administrative costs and 78 percent or \$2.03 million for grants. The 2019-24 Cultural Service Allocation Plan recommends grants in the following four areas: 1) arts education; 2) affordable space for artists; 3) arts organizations support; and 4) individual artists support. • Actual spending on these four grant areas will be informed by recommendations developed by a Community Working Group, which convened in May. The Arts Commission and Grants for Arts will disburse the funds through a grant application and review process. • Future Proposition E appropriations are subject to Board of Supervisors’ approval. | |
| <p style="text-align: center;">Recommendation</p> | |
| <ul style="list-style-type: none"> • Approve the release of reserves. | |

MANDATE STATEMENT

Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City’s budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval.

BACKGROUND

In November 2018, the voters approved Proposition E, which amended the Business and Tax Regulations Code to set aside 1.5 percent of the of the City’s hotel tax for arts and cultural purposes. The set aside amount for FY 2019-20 included \$2,613,000 allocated to the Arts Commission. Per Proposition E, this money must be spent according to the Cultural Services Allocation Plan jointly prepared by the Arts Commission and by the Grants for the Arts. At the Budget and Legislative Analyst’s recommendation for the Arts Commission FY 2019-20 budget, the Board of Supervisors placed the \$2,613,000 on Budget and Finance Committee reserve pending the release of the 2019-24 Cultural Services Allocation Plan and recommendations from the Community Working Group.

DETAILS OF PROPOSED LEGISLATION

The proposed hearing would release \$2,613,000 from Budget & Finance Committee reserve.

FISCAL IMPACT

The proposed budget for the \$2,613,000 in Proposition E funds is shown in Exhibit 1 below. The proposed budget was determined following a community input process in developing in 2019-24 Cultural Services Allocation Plan.

Exhibit 1: Proposed Budget for Release of Proposition E Funds

| | % | FY 2019-20 Amount |
|---------------------------------|--------------|----------------------|
| Administration | | |
| Reserve Fund | 5.0% | \$130,000 |
| Personnel | 15.0% | \$390,000 |
| Research and Evaluation | 2.0% | \$52,000 |
| <i>Subtotal, Administration</i> | <i>22.0%</i> | <i>\$572,000</i> |
| Grant Areas | | |
| Arts Education | 31.2% | \$811,200 |
| Space & Capital | 23.4% | \$608,400 |
| Arts Organization Support | 15.6% | \$405,600 |
| Individual Artists Support | 7.8% | \$202,800 |
| <i>Subtotal, Grants</i> | <i>78.0%</i> | <i>\$2,028,000</i> |
| Total | 100% | \$2,600,000 |

Source: 2019-2024 Cultural Services Allocation Plan

As shown above, \$130,000 or approximately 5 percent of the Proposition E funds for FY 2019-20 will be placed in a reserve account for future unexpected costs, subject to approval by the Arts Commission and the City Administrator. According to Ms. Rebekah Krell, Interim Deputy Director of Finance & Administration at the Arts Commission, the \$390,000 in costs will fund approximately 25% of salaries and mandatory fringe benefits for the Community Investments team, which is responsible for grant making. In addition, \$52,000 is expected to be used for a contract monitoring and evaluation consultant to measure the impact of the grants. According to Ms. Krell, the request for proposals (RFP) will be drafted in January 2020.

The 2019-24 Cultural Service Allocation Plan recommends grants in the following four areas:

1. Arts Education: *Intergenerational Learning*, where master teachers work to transfer knowledge to students of all ages; expanding the *Teaching Artist Residency*, to support additional genres outside of the literary arts; and *Creative Pathways*, providing paid internships for youth up to age 24 in arts administration, creation, and production.
2. Spaces & Capital: Supporting pathways for individual ownership of live/work spaces; fostering partnerships and developing innovative approaches for shared cultural spaces; providing technical assistance in needs assessment and financial planning, negotiating long-term leases, purchase agreements, and developing capital campaigns.
3. Arts Organization Support: multi-year general core operating support, and capacity-building opportunities to ensure stability and sustainability of art organizations.
4. Individual Artists Support: create an entrepreneurial art market program to support artists to earn a living through production of their work; and develop a *Learning Institute* to offer training opportunities for individuals in the arts sector.

Actual spending on these four grant areas will be informed by recommendations developed by a Community Working Group, which convened in May. The Arts Commission and Grants for Arts will disburse the funds through a grant application and review process.

The recommended allocations from the 2019-24 Cultural Services Allocation Plan shown in Exhibit 1 above account for \$2,600,000 of the \$2,613,000 in Proposition E funds on Budget and Finance Committee reserve. According to Ms. Krell, the remaining \$13,000 will be used to enhance the established grant categories detailed above.

Future Proposition E appropriations are subject to Board of Supervisors' approval.

RECOMMENDATION

Approve the release of reserves.