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November 20, 1990

Joint Budget and Finance Committee/
Transportation and Community Development Committee
Sacramento, California

Honorable Members in Session

SUBJECT: National Endowment for the Arts Locals Test Program Grant

SUMMARY

This report is for information only and provides the Council with the final evaluation of the National Endowment for the Arts Locals Test Program Grant awarded to the Sacramento Metropolitan Arts Commission.

BACKGROUND

On May 5, 1987 and May 11, 1987 the City Council and Board of Supervisors respectively approved acceptance of the NEA Local Program grant (\$200,000). The grant covered a three-year period (1987-1990) and required a two-to-one match of new local government funds. The purpose of the grant was to assist the Arts Community in the following categories:

- A. Communication and Technical Assistance (\$50,000) - To improve level of artistic and professional quality through improved interaction, sensitivity and communication between the Sacramento Metropolitan Arts Commission and community groups. Included information resource development, outreach, formalized technical assistance to the arts community, multi-cultural groups, staff and commissioners.
- B. Funding/Regranting (\$50,000) - Established a program specific to individual artists; increased dollars available for current grant programs and explored other new categorical grants support programs.
- C. Promotion of the Arts (\$100,000) - A three year sustained public relations campaign to raise the visibility of the arts.

An independent evaluation (see exhibit A attached) of our efforts was recently conducted by arts consultant and former Locals Program panel chair, Christopher Bruhl. The Arts Commission not only accepted the broad goal of increasing City and County government support for the arts in Sacramento, but sought to achieve more targeted goals within specific programs; providing financial support to arts organizations and artists, building arts awareness among general public, providing programming to the public, and increasing technical assistance to arts organizations.

Bruhl reports that the impact of this one, significant NEA grant accomplished the following:

- * New Works in Performance grants to 34 artists for the creation of new works.
- * New and Emerging Organization grants to assist 23 multi-cultural arts groups to stabilize and develop into stronger organizations.
- * Arts Marketing Campaign. The consulting firm of Hancock & Keil was hired to develop and implement a marketing and promotion campaign. The marketing plan was designed to promote Sacramento's arts community, generate new audiences for local artists/arts organizations and increase corporate and individual contributions to the arts. A series of public service advertisements were created, incorporating the logo and slogan: SACRAMENTO ARTS: RED HOT IN RIVER CITY. A variety of radio and television spots were produced for the broadcast media. A recent follow-up survey revealed a heightened awareness and knowledge, and increased attendance for the arts over the two year campaign, with a 25% recall of the slogan at its conclusion.
- * Business Volunteers for the Arts Program. A technical assistance program developed under the Sacramento Metropolitan Chamber of Commerce to promote and support a long-term relationship between the Sacramento business community and local arts organizations. BVA provided such workshops as legal issues; marketing, public relations, media, audience, board and volunteer development; and finance and fund-raising.
- * Center for Contemporary Art, Sacramento. With seed money provided by this grant, a consultant was hired to facilitate the planning and initial development of the Center. Recently, the Board of Directors of this newly established non-profit organization hired a director.
- * Performing Arts Facilities Inventory. A needs assessment and survey of 33 county-wide facilities used by over 100 arts groups were undertaken by the Sacramento Area Regional Theatre Alliance to document the current state of Sacramento's performing arts organizations and facilities they utilize.
- * Outdoor Cultural Programs. Over the three year grant period the City Life Program and Sacramento Children's Festival have promoted and showcased the arts in Sacramento with all arts disciplines represented. From ethnic dance, jazz in the parks, to children's arts programming, ballet and theatre, Sacramento artists have delighted our residents and tourists alike.

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FINANCIAL DATA

The grant required a two-to-one match with the NEA providing \$200,000 and local government matching with \$400,000 in new monies to be raised for the aforementioned arts activities over the three-year grant period. The total amount raised in new and sustained local government funds for the purpose of the grant was \$1,022,909, almost triple the required match amount. The following is a summary of the total eligible sources of match for the grant period, 1987-1990:

<u>SOURCE OF MATCH</u>	<u>CITY</u>	<u>COUNTY</u>	<u>TOTAL AMOUNT</u>
Program Coord Sal	\$127,436		\$127,436
"City Life" Program	\$230,000		\$230,000
Sac Symphony	\$ 60,000	\$ 60,000	\$120,000
Sac Ballet	\$ 60,000		\$ 60,000
Co Cultural Awards		\$479,823	\$479,823
Camellia Symphony		\$ 5,650	\$ 5,650
Total:	\$477,436	\$545,473	\$1,022,909

POLICY CONSIDERATIONS

The City Council endorses outside sources of funding for the arts in Sacramento.

MBE/WBE EFFORTS

Every effort will be made to reach the City's MBE/WBE goals.

RECOMMENDATION

This report is for information only and does not require committee approval.

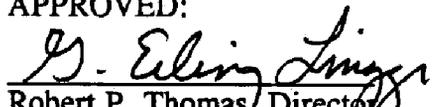
Respectfully submitted,



Wendy A. Ceccherelli, Director
Sacramento Metropolitan Arts Commission

RECOMMENDATION APPROVED:

APPROVED:

for 
Robert P. Thomas, Director
Parks and Community Services



Jack R. Crist
Deputy City Manager

Contact Person: Wendy Ceccherelli,
Director, Metro Arts Division, 449-5558

Attachments

November 20, 1990
All Districts

K5/NEASTAFF

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SACRAMENTO
METROPOLITAN ARTS COMMISSION
Evaluation
NEA Locals Grant Project

Conducted by
Christopher P. Bruhl

SACRAMENTO METROPOLITAN ARTS COMMISSION
Evaluation of NEA Locals Grant Project

Information gathering process

Personal interviews, group meetings and site visits were conducted on August 30-31, 1989 and February 21-23, 1990. (A list of participants is attached as Appendix A.) The purpose of the sessions was to gather information and reactions from a wide variety of individuals and groups that had participated in the planning and implementation of programs and services provided by the Metropolitan Arts Commission, with funds from the NEA Locals Program, 1987-89. Extensive reports, program materials, and press coverage were provided by Arts Commission staff for review. Throughout the site visits and evaluation process, Commission staff were extremely well organized and greatly facilitated the process of information gathering.

Overview of Interviews and Meetings Comments

Grants recipient feedback

Commission staff were highly praised for their personal accessibility, interest in applicants, and professionalism, by participants in New Works, Level I, Level II, and New and Emerging Organizations programs. Program by program comments:

New Works

- a. Individual artists strongly endorsed the value of the New Works program, listing as strengths:
 - * Personal satisfaction and creative sustenance resulting from formal recognition as professional artists;
 - * Additional motivation derived from the certainty that the work would be produced, exhibited, published, etc.
 - * Simple discipline created by completion deadline.

- b. Suggested improvements in New Works were:
 - * Training for both sponsors and artists in the unique demands of the relationship.
 - * Simplification of paperwork for individual artists, perhaps by transferring it to the sponsor.

Level I

- a. Sheer financial importance of grants was stressed. Artistic quality and organization survival are directly influenced by Level I grants.
- b. More flexibility on the uses of funds would be appreciated by applicants. "GOS (general operating support) would be more helpful than project support." "Past performance should have greater weight than the proposed project in reviewing competitive applications."
- c. A Commission grant is welcomed for the credibility it bestows.
- d. More money is needed for the program, due to the growth of the arts in Sacramento.

Level II Organizations

- a. Groups suggested that further clarification of Level II status was now warranted. Eligibility criteria (as distinct from evaluation criteria) of budget size and nonprofit status may not be sufficient.
- b. Recipients requested that staff take a stronger role in briefing and selecting panelists, with an emphasis on capacity to make artistic evaluations.
- c. Continued movement toward noncompetitive, institutional support for Level II was suggested. (An analogy to "infrastructure" investments was made.)
- d. Receptivity was shown to special "challenge grants" for specific purposes, as long as they were made with new money and did not reduce current County direct or Arts Commission funding.
- e. Serious concerns about operating deficits and accumulated debt were expressed by a number of organizations. (See Appendix B for details.)

New & Emerging Organizations

(Note: This meeting had the smallest turnout - two groups were represented.)

- a. Very small amounts of money make large impacts because of the heavy reliance these groups place on un-paid artists and administrators.
- b. Grants from this program are important in keeping diverse cultural traditions alive.

Marketing Program: "Red Hot in River City"

Comments from all groups and individuals interviewed showed a remarkable degree of uniformity. Virtually all made the same two comments:

- a. The campaign was a good beginning on "repositioning the arts" in the perceptions of Sacramento residents.
- b. The marketing campaign should be continued, with a modified strategy to focus on individual arts groups.
- c. Arts managers were interested in taking part in future joint marketing planning.
- d. Co-operative ventures, facilitated by the Arts Commission, would be welcomed.

Market research was conducted for the Commission by Peter H. Michael & Associates, in early 1990, following the conclusion of the campaign. It demonstrated substantially increased public awareness of the community's major cultural institutions, when compared to a similar study conducted prior to the marketing campaign.

Technical Assistance

General support for expanded technical assistance and centralized services was voiced in all of the meetings. However, several people also commented that existing services were not widely enough used.

General comments of the arts community

- a. The stature accorded the Arts Commission is of great interest to the arts community. Several people suggested that the Commission should be a separate department.
- b. All asked for more money for the Commission, to allow it to expand its services, as well as its grants.
- c. New roles were suggested for the Commission, including advocacy for an expanded place for the arts in the schools.
- d. The larger, "Level II" groups reported severe financial pressures and positioned themselves as community "infrastructure" requiring regular "investment," rather than "subsidy."

Views of public officials

Although the public officials interviewed showed a personal interest in the arts, their support for arts appropriations was clearly based on the economic, social, and educational value of the arts to life in Sacramento. The understanding of a connection between a healthy arts community and successful downtown redevelopment was particularly apparent. Elected officials also felt that grants allocations should be handled by a professional agency and that allocations policy should respond to consumer preferences and respect cultural traditions.

County officials expressed the wish that City government would significantly increase its financial support for the arts, citing the economic benefits accruing to the city from the arts community. City officials expressed the desire to increase support, but linked any increase to finding increased tax revenues for the City.

Overall, officials demonstrated a receptivity to new ideas, concern for the stability and viability of the major institutions, and a desire to expand access to the arts throughout the City and County.

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City Life

Beginning as a multi-site, performing arts series in 1987, City Life revitalized public spaces with artistically and ethnically diverse performers. Overall, more than 71 performances were offered in 2 locations. In 1990, the commitment to outdoor programming evolved into Sacramento's first Children's Festival, held on June 2, attracting more than 50,000 people to programs offered by more than 50 arts organizations and several hundred individual artists.

Assessment of 3-Year Results

The primary goal of this project, from the perspective of the National Endowment for the Arts, was to permanently increase County and City government support for the arts in Sacramento. The Arts Commission, while accepting this broad goal, also sought to achieve more targeted goals within specific programs, including providing financial support to arts organizations and artists, building arts awareness among the general public, providing programming to the public, and increasing technical assistance available to artists and organizations.

On all accounts, the project has succeeded:

- * Total funds to the arts from both County and City are dramatically higher in the first year following the project than in the last year prior to its inception.

- * Specific funding programs met with great acceptance in the arts community, with suggestions for improvement offered in a constructive tone and coupled with strong support for the continuation of all of the Arts Commission's NEA-assisted initiatives.

- * Market research conducted at the close of the project demonstrated significantly increased levels of public awareness of the arts in Sacramento.

- * City Life, after three successful seasons of outdoor performances, evolved into Sacramento's first Children's Festival, attracting more than 50,000 people in June, 1990.

- * Grants were provided to Business Volunteers for the Arts throughout the three years of the project to provide technical assistance to the arts community, as well as a number of direct "TA" grants to individual arts organizations.

Personal Comments

As economic cycles change, communities evolve, and world issues reshape our collective view of the future, the arts adapt, interpret and challenge. Arts funders and arts planners must, therefore, be flexible, alert to the new while fighting to preserve the hard won gains of the past. Funding programs, marketing programs, and training and technical assistance programs need to be developed, modified and, at times, ended, to keep pace with the changing needs and interests of a community.

Arts issues and needs are constantly changing in Sacramento, a community and a region enjoying extraordinary growth. The performance of the Sacramento Metropolitan Arts Commission in responding to this change has been impressive. While the Commission has clearly achieved the goals of the specific project being evaluated here, it has gone beyond those goals to a broader accomplishment. The Arts Commission has been instrumental in creating a dialogue among governmental entities, the arts community, and the general public. This dialogue has been conducted with passion and growing respect among its various participants. It has led to greater resources being channelled to the arts and greater contributions to the community being made by the arts. The professional and volunteer leadership of the Sacramento Metropolitan Arts Commission, the elected and appointed officials of government, and the artists and arts administrators of Sacramento can and should take pride in this remarkable achievement.

APPENDIX A

SACRAMENTO METROPOLITAN ARTS COMMISSION
Evaluation Participants

New Works Grants Recipients Meeting

Armando Cid
Russ Dunn
Bob Irving
B.L. Kennedy
Kit Kurtz
Brenda Louie
Robert McClintock
Ruth Rosenberg (comments submitted by letter)

County Cultural Awards Level I, Recipients Meeting

Bonnie Bell
William Carroll
Donna Chipps
Sue Johnson
Robbin Ware
Iris Zimbleman

Level II, Eligible Organizations Meeting

Mark Cuddy
Griff Field
Barbara Gibbs
Marianne Oaks
Janey Potts
Bob Walker

New & Emerging Organization Grants Recipients Meeting

Preston Arrow-Weed
Hattie Iwamura
Min Iwamura

Personal resource interviews

Sara Townsend, SARTA
Joyce Wright, SCOE
Steve Dee, Associate City Planner
Mayor Anne Rudin
Councilmember Joe Serna, Jr.
Carson Wiley, BVA
County Supervisors Illa Collin, Grantland Johnson,
Sandra Smoley
Bob Thomas, City of Sacramento
Paul Minicucci, Staff, Joint Committee on the Arts,
State Senate
Armando Cid (studio visit)

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APPENDIX B

SACRAMENTO METROPOLITAN ARTS COMMISSION Preliminary Financial Stabilization Recommendations

Background

At least two of Sacramento's major cultural institutions have financial problems that are serious enough to threaten their future existence. The Sacramento Symphony and the Sacramento Ballet have been operating at deficits for a number of years and have apparently developed substantial debts. It is likely that either or both will be unable to service or reduce the debt on a long term basis.

The financial conditions of the two organizations are interrelated - much of the Ballet's debt (estimated to be between \$200,000 and \$250,000) is owed to the Symphony.

Risks to Sacramento

Both County and City governments have a strong economic interest in the survival of the Symphony. Current capital projects, downtown redevelopment strategy, and tourism and corporate relocation marketing strategies all assume the existence of a viable, professional symphony orchestra.

Cultural risk exists, as well. The Sacramento Ballet and Sacramento Opera engage the Symphony for their performances and would be artistically damaged by the organization's demise, while the community would be injured by the loss of either group.

Finally, Sacramento's local economy is enriched by \$3.5-4.0 million in annual Symphony and Ballet direct spending, with an additional \$7-10 million impact generated by the multiplier effect.

Action Needed

If impressions gathered during last week's meetings are correct, prompt action is needed to save the Symphony and the Ballet.

Recommendations

1. The Sacramento Metropolitan Arts Commission should work with the two organizations to determine the precise amount of their accumulated debts and to project cash flow needs during the balance of the current fiscal year.

2. County and City government should take action to eliminate the accumulated debts. The boards of both organizations will eventually wear out if they must operate in an endless crisis mode, raising large sums of money to service debt, rather than perform. Elimination of debt can and should be structured as an investment in the future energy and creativity of the institution, rather than as a bailout of past leadership.

3. Depending on the size of confirmed debt, consideration might be given to adopting one of the following options:

- A. Provide public funds, in the form of interest-free loans, to liquidate debt. Allow repayment of the new, publically-held debt by remittance of annual public funding amounts for an agreed-upon number of years. (Depending on the size of debt, this "foregone revenue" may actually be less than interest payments eliminated by debt liquidation. If so, the groups actually gain on a net cash basis.)

Condition availability of loans on the adoption of realistic, multi-year fundraising and cost containment plans.

Require the right to nominate 10-15% of the members of the organizations' boards of trustees.

- B. Provide public funds, in the form of special, 2:1 challenge grants, as incentives to intensive, debt-reduction fundraising campaigns. Stipulate that funds matching the challenge must come from new and increased gifts from renewable, private sources. Exclude increased earnings, and government grants from matching pool.
- C. Increase annual funding sufficiently to allow groups to service debt and conduct non-crisis fundraising campaigns to liquidate debt over a number of years.

4. It is probable that the cultural financial problems in Sacramento extend beyond the Symphony and the Ballet. If so, special action on behalf of the Symphony and/or Ballet may set a precedent for other organizations, in future years. Therefore, the County and City might consider establishing a Sacramento Arts Stabilization Fund which offers options 1 or 2 on a broader basis. By appropriating

a one-time lump sum to the Fund and redepositing the annual grants remittances into the Fund, the public sector can stabilize the arts community, without annual, politicized, crisis appeals. An equal contribution from County and City to a Fund maintained by their joint Arts Commission might be the ideal solution.