



Memorandum

TO: ARTS COMMISSION

FROM: Paul Krutko

**SUBJECT: FY 2007-08 Operating Grant for
Mexican Heritage Corp.**

DATE: June 6, 2007

RECOMMENDATION

Recommend that the City Council approve a resolution authorizing the City Manager to negotiate and execute a FY 2007-08 Operating Grant agreement with Mexican Heritage Corporation in an amount not to exceed 50 percent of its final grant reference amount, which will be finalized following the confirmation by Mexican Heritage Corporation of its FY 2005-06 total operating expenses.

BACKGROUND

The Operating Grant program (OpG) provides generally unrestricted grants to support an arts provider's overall operations, including its programs, for its next fiscal year. Mexican Heritage Corporation (MHC) was one of 24 organizations that submitted applications for grants in the 2007-08 cycle.

As reported to the Arts Commission in a memo on the subject of 2007-08 Operating Grant awards for its May 9 meeting, MHC had suspended its application, with the consent of OCA, from evaluation by the review panel during its scheduled Mar. 23–24 meeting because of heavy publicity surrounding the release of reports by the City Auditor and the City Attorney regarding MHC. MHC subsequently confirmed that it wanted its application considered and the members of the Operating Grants Review panel were reconvened on May 19 to evaluate MHC's application.

Review Panelists

Alyssa Byrkit

Director of Development, Dr. Martin Luther King, Jr. Library, San Jose State University

Ernest Guzman

*Arts Commissioner, City of San Jose;
independent non-profit and public policy
consultant*

Jenny Louie

*Fiscal and Policy Analyst, Mayor's Office of
Public Policy and Finance, City & County
of San Francisco*

Laurie MacDougall

Principal, MacDougall & Associates

Frances Phillips

*Senior Program Officer, Walter and Elise
Haas Fund*

Virginia Wright

*Executive Director, Santa Cruz County
Symphony*

Ruth Tunstall-Grant

*Arts Commissioner, City of San Jose; Visual
Artist; Director of Art Education Programs,
Children's Shelter of Santa Clara County*

Last-minute circumstances prevented an eighth member of the OpG panel, Ted Russell, senior program officer, The James Irvine Foundation, from participating in the review.

Given its official character and the publicity surrounding it, OCA provided the panel with a copy of the City Auditor's report, as well as MHC's responses to the report. OCA instructed the panel to regard both as supplementary information, however, not the focus of its evaluation, which remained MHC's grant application.

The panel also heard from two representatives of MHC during its evaluation of the organization's grant application.

ANALYSIS

Following procedures and guidelines employed by the review panel for its assessment of the other 23 OpG applications, the panel evaluated MHC's application against the four published evaluation criteria:

- Artistic Program
- Operational Effectiveness
- Relationship to Community
- Youth-focused Programming

The criteria are explained in greater detail in the Operating Grants information booklet.

After discussion of MHC's application and hearing from the organization's chief executive and the vice-chair of its board of directors, the panel gave the application an overall score of 41.4 percent. Overall scores for the 23 2007-08 OpG applications evaluated previously had ranged from 85.1 percent to 44.4 percent.

In developing its proposal for funding, the review panel considered whether MHC's application was sufficiently strong to be proposed for any funding at all. However, the panel readily reached consensus that, given its proximity to the previous low score for all OpG applications reviewed, MHC's application would appropriately be proposed for funding on the same basis as the application that had the previous low score. The panel therefore proposed that MHC be recommended for an Operating Grant award at 50 percent of its final grant reference amount.

Pending

The grant reference amount is based on an organization's annual operating expenses for its three most recently completed fiscal years. However, when it reviewed MHC's grant application against the audited financial statements for MHC's 2004 and 2005 fiscal years, OCA discovered and subsequently confirmed with MHC that its staff had inadvertently used incorrect figures for total annual expenses for those years. As MHC had not included its FY 2005-06 financial statement with its application, OCA has requested that MHC review and verify the expense figure that it provided in its application. As of this writing, MHC's verification is pending.

Using the available partial information, OCA estimates that the panel's proposed funding should result in a grant to MHC of between \$50,000 and \$58,000.

PUBLIC OUTREACH

The Program Committee, at a publicly noticed special meeting May 30, reviewed the panel's proposal and recommended its approval.

PAUL KRUTKO
Chief Development Officer
City Manager's Office

Attachment

- A. Table of Operating Grant recommendations for 2007-08 applications, with an estimated grant for MHC added.
- B. Descriptions of evaluation criteria from OpG information booklet.

**Operating Grants Proposed for Fiscal Year Ending 2008
D R A F T (with MHC)**

ATTACHMENT A

Organization	Score	Index %	Ref Amount	Panel Rec	Result
San Jose Taiko Group, Inc.	85.1	10.045	\$39,939	1.25	\$49,924
Firebird Youth Chinese Orchestra	80.1	12.590	\$19,330	1.25	\$24,163
Abhinaya Dance Company of San Jose	79.5	11.231	\$25,396	1.25	\$31,745
Movimiento de Arte y Cultural Latino Americana	78.8	9.486	\$45,389	1.25	\$56,736
Kaisahan of San Jose Dance Company	76.3	11.527	\$22,531	1.15	\$25,911
San Jose Chamber Orchestra	75.5	10.530	\$19,864	1.15	\$22,844
Steinway Society - The Bay Area	72.6	12.755	\$18,757	1.15	\$21,571
Teatro Vision de San Jose	72.6	7.863	\$46,132	1.15	\$53,052
San Jose Symphonic Choir	70.6	12.991	\$10,504	1.1	\$11,554
San Jose Institute of Contemporary Art	69.9	9.775	\$42,689	1.1	\$46,958
Chinese Performing Artists of America, San Jose	68.4	8.328	\$42,657	1.1	\$46,923
Northside Theatre Council	62.4	14.605	\$10,822	1	\$10,822
City Lights Performance Group of San Jose	61.8	10.788	\$31,310	1	\$31,310
San Jose Multicultural Artists Guild	61.4	12.037	\$21,107	1	\$21,107
San Jose Museum of Quilts & Textiles	59.4	8.725	\$39,125	1	\$39,125
San Jose Youth Symphony	56.4	7.989	\$45,258	0.9	\$40,732
Works/San Jose	55.6	14.229	\$12,655	0.9	\$11,390
Tapestry Arts San Jose, Inc.	55.5	7.547	\$48,128	0.9	\$43,315
Dimension Performing Arts, Inc.	51.9	12.866	\$18,355	0.9	\$16,520
Groups up to \$750,000					\$605,700
Symphony Silicon Valley	80.4	6.883	\$118,569	1.25	\$148,211
American Musical Theatre of San Jose	60.4	1.712	\$257,906	0.9	\$232,115
San Jose Museum of Art Association	55.8	4.320	\$195,035	0.9	\$175,532
San Jose Repertory Theatre	44.4	3.661	\$236,416	0.5	\$118,208
Mexican Heritage Corporation (data to be confirmed)	41.4	6.929	\$110,000	0.5	est. \$55,000
Groups above \$750,000					\$729,066
Total for 2007-08 OpG applications (not including rolled over 2006-07 2-yr applications)					\$1,334,766

visitor”¹ to conduct an in-depth examination aspects of certain applications, in which case, the site visitor’s reports will also be provided to the Review Panel.

The **Review Panel** is tentatively scheduled to meet in the second half of March. Applicants will be notified of the specific dates.

Appearing at the Review Panel: Each applying organization will be invited to send a representative to make a brief oral presentation to the panel. The oral presentation is optional. Information will be sent to applicants in advance of the panel meeting.

The Review Panel will evaluate the strength of applications using the following criteria:

Artistic Program 30% of total score

Key elements: Given its mission, the applicant’s ability to define and achieve appropriate artistic goals, including innovation and effectiveness of approach, its commitment to creativity and quality (given available resources) and, if appropriate to the applicant’s mission, the development of new work.

Operational Effectiveness 30% of total score

Key elements: Given the applicant’s budget size and age, the general state of its governance and development, its management and operational soundness, its ability to set and achieve appropriate audience goals, its fund-raising effectiveness, and its **financial soundness**.

Relationship to Community 20 % of total score

Key elements: The reach of the applicant’s core programs and the extent to which they engage audiences in the arts; the effectiveness of its audience-development activities and its plans for reaching a broad-based audience; its programs, other activities and plans for reaching out to economically disadvantaged communities and communities which lack arts venues and/or arts programs; and the contribution that it makes to sustaining a local community of artists.

Youth-focused Programming..... 20% of total score

Key elements: Effectiveness of applicant’s core and outreach programs with respect to young people’s (especially in the K–12 age range) appreciation for and understanding of the art form(s) it offers and/or of the arts in general.

Key elements are described so that applicants may have an idea of how the panel will approach each criterion. The key elements represent the most obvious and significant aspects of each criterion. Their inclusion does not preclude the panel’s consideration of other issues that are relevant and appropriate to each criterion.

¹ As used here, a site visitor may not conduct an actual site visit. The site visitor may limit his/her examination to an in-depth analysis of application materials, supplemented by additional inquiries via e-mail, telephone or in person, if needed.