

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 24, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO # 19 : INFORMATION RELATING TO THE ALEXANDRIA COMMISSION FOR THE ARTS' ANNUAL GRANT PROGRAM (COUNCILMAN SPECK'S REQUEST)

This memorandum is in response to Councilman Speck's request¹ relating to the Alexandria Commission for the Arts' annual grant program. Councilman Speck inquired as to whether there is a way for the City to determine an annual benchmark that could be used to measure the amount of money committed to the Arts' grant program other than automatically appropriating the same amount each year. Councilman Speck also inquired as to whether any other jurisdictions have a process that uses a standard in setting a budget level that the City could apply each year as opposed to the City's current process and policies.

The table below provides FY 2001 comparisons of the Alexandria Commission for the Arts' (Commission) program with other arts' grant programs in the region:

FY 2001	City of Alexandria	Arlington County	Fairfax County	Montgomery County	Prince George's County	District of Columbia
Arts' grant budget	\$106,881 ²	\$119,077	\$120,000	\$1 million	\$114,775	\$1.3 million
Total # of requests	27	47	34	unable to determine due to awarding process	132	378
Total amount requested	\$171,956	\$287,359	\$201,488	unable to determine due to awarding process	\$474,400	\$3.9 million

¹ In making this informational request, in the interest of disclosure Councilman Speck noted he serves on the board of one of the performing organizations that receives grant money from the Commission for the Arts.

² It should be noted that the Alexandria budget includes \$5,000 from the Virginia Commission for the Arts in the form of a Local Government Challenge Grant.

Each of these surrounding jurisdictions noted follow the same funding procedures as Alexandria. Each year the program's budget is level funded unless the Commission or the department that is responsible for the arts requests increased funding in the context of its budget submission and the chief executive increases that funding in the proposed budget, or the elected governing body decides to increase the budget during budget deliberations.

At inception of the **Arlington County** arts program, the Arlington County Arts Commission proposed a plan to the County Board that would increase its funding in increments per year for a period of five years. However, in terms of how the pool of funds for the grant program is determined, it is very similar to Alexandria, where a budget is presented to Arlington's Board by the Arlington County Arts Commission through the Department of Parks and Recreation. Similar to Alexandria, increases for the grant program are proposed by the Arlington County Arts Commission, and the Commission then mobilizes the arts community to advocate for the increase. Arlington also recently decided to designate in its Capital Improvement Program one-half of one percent of all Arlington County government renovation and new construction projects for public art projects in the County (such as sculptures in public places). Arlington County also imposes a ticket surcharge on performing arts organizations that utilize County resources. The surcharge revenue is then utilized to fund a portion of the support services that the County provides to these organizations.

The Arts and Humanities Council of **Montgomery County** submits its budget annually to the County Executive. As part of the County's recent Cultural Plan, a goal was set for arts organizations with budgets of \$50,000 or more to receive ten percent of general operating support from Montgomery County through the County's General Fund. For FY 2002, the County Executive proposed 3.5 percent of those organizations operating budgets be funded through the County's General Fund. The Board of Directors for the Arts and Humanities Council is currently mobilizing and advocating for this percentage to increase. In addition to the general operating support grant program, Montgomery County has a project grant program and these funds have been based on artistic excellence of the request, the project and the ability for the organization to implement the project. An additional appropriation of \$140,000 per year is given to the Public Art Trust. Funds for this initiative comes from renovation and new construction projects in Montgomery County.

Each year, the **District of Columbia** Arts and Humanities Commission staff submits "enhancement" (similar to supplementals) requests to the Mayor. This past year, over one million dollars worth of "enhancement" requests were submitted for the arts. Of this \$1 million, \$120,000 for Arts Education Initiatives and a one time amount of \$300,000 for other arts related activities were funded. The staff works with the Commission to prepare the budget for submission to the Mayor. The District of Columbia Arts and Humanities receives one percent of all renovation and construction projects and this is also designated for Public Art projects.

The Arts Council of **Fairfax County** has two line items in Fairfax County's Annual Budget, one for Arts Council operating support and one for its grant program. The budget is submitted to the County Executive, increases are proposed by the Board of Directors of the Arts Council of Fairfax County, and the Board of Directors mobilizes the arts organizations in advocating for the increases.

According to the Institute for Community Development of the Arts, jurisdictions nationwide have implemented innovative and non-traditional mechanisms for supporting the arts, such as the transient occupancy tax, local sales tax, as well as admissions taxes.

Hotel tax funding sometimes is dedicated to a specific facility, re-granting programs or events with some relation to local tourism. Funds can then be forwarded to local arts agencies or paid directly to arts presenters by a local commission which manages fund distribution. Creating, increasing or dedicating a room tax to the arts is a frequent means to fund the arts because the source can be specifically identified and then dedicated to a particular purpose. These funds are also politically attractive because the tax is not gathered from local residents and taxpayers but from renters of a city's local hotel rooms. Being able to obtain a portion of a local hotel tax also requires a strong argument that the arts contribute to local tourism. A downside to this tax is that funds can vary from year to year in relation to the health of the local tourism business, and the taxes levied on hotel rooms can have a negative impact on the hotel community if the levies are too high.

San Diego, California, has had a transient occupancy tax since the 1980s and a portion of that tax revenue has been allocated to the City of San Diego Commission for the Arts and Culture for re-granting to local arts and cultural programs. In 1988, with the increase of the tax to nine percent, the Arts Commission convinced the City Council the arts should receive a more substantial portion of the tax revenue. In 1994, the Arts Commission was able to secure a one cent dedication of the tax which was increased to 10.5 percent. Ninety percent of the Arts Commission's funding is re-granted to local arts organizations as organization support.

Increasing the local sales tax and applying the additional revenue to the arts is a practice that some jurisdictions undertake. One mechanism used is the local option tax where various taxes can be proposed, approved, collected and disbursed at the local level. The transient occupancy tax is such an example, as well as admission taxes to theaters or performing arts events, cable franchise fees and video rental taxes. In some states communities earmark part of already existing sales taxes for the arts so that no new taxes are created, but existing taxes, by city ordinance, are dedicated to the arts. Broward County, Florida funds its arts organizations in this manner.

The **Alexandria** Commission for the Arts' (Commission) budget is presented as part of the total budget for the Department of Recreation, Parks and Cultural Activities. A five-year funding history for this program is shown in the table below:

Fiscal Year	City Manager Proposed budget for Arts' Grants program	City Council Approved budget for Arts' Grants program
1998	\$79,840	\$79,840
1999	\$79,840	\$79,840
2000	\$79,840	\$86,881
2001	\$86,881	\$101,881
2002	\$104,937	to be determined

It should be noted that due to City Council action during the FY 2000 and FY 2001 budget processes, additional funding in the amounts of \$7,041 and \$15,000, respectively, were added to the proposed budget. The FY 2002 beginning budget submission included a request of \$101,881 for the Arts' Grants program with no supplemental funding requested. However, the Office of Management and Budget recommended and the City Manager approved a three percent inflationary increase, bringing the Arts' Grants program to \$104,937 for FY 2002. The FY 2002 proposed budget represents the first year in the history of the Alexandria program that an inflationary increase of three percent has been included in the program at the proposed budget stage. This brings the recommended budget level to \$104,937 for FY 2002. This compares to \$171,686 in application requests (Attachment I). It should be noted that other competitive grant programs operated by the City, such as the Community Partnership Fund for Human Services and the Children's Fund also received a three percent inflationary adjustment for FY 2002. One question to consider in any funding plan for the Arts is whether the Arts' Grants program should be treated differently than similar City grants programs.

In summary, for funding of the Arts' Grants program there are a number of basic options:

(1) Annual funding competition - This method results in Arts funding needs being considered in competition with other City needs in the annual budget process and allows the City Manager and then the City Council to determine how the priority of the Arts funding compares with that of other City funding needs, such as for education, public safety and human services.

(2) Annual funding competition with an inflationary adjustment - This method is largely the same as the first option, but has an inflationary adjustment applied annually. This allows a program to keep its real spending levels relatively current, prior to any major resource allocation decision by City Council.

(3) Dedicated taxes or fees - This option establishes a separate funding stream with a fee or tax on some activity (such as renting of hotel rooms, purchasing theater tickets, etc.). Funding part of the City budget in this manner establishes the purpose towards which the tax or fee is dedicated outside the annual budget priority setting process. It also results in a funding stream that is more related to the vagaries of what is being taxed rather than the budget needs of an Arts' Grants program.

(4) Private fundraising - This option could be in addition to any of the first three options. With this option, the Commission would solicit donations from private individuals or businesses to supplement (or match) City funding.

Given that establishing dedicated taxes, dedicated fees or private fundraising can be complicated, controversial and time consuming, I would recommend a different approach. Instead of focusing on how to raise the income side of the equation, I would recommend that for the FY 2003 budget process the Commission be requested to prepare a supplemental budget request that would analyze, plan and then propose how increments of about \$20,000 per increment would be utilized and what the impact of that increment would be (in outcomes measures terms). I would suggest increments between the FY 2002 base level of funding of \$104,937 to a total of \$200,000.

The Commission would be asked to submit this budget request next fall, and it would be considered along with other City supplemental budget requests. This could lead to additional recommended funding of some amount, or it might not, depending on the City's overall fiscal budget condition, as well as how well the Arts' Grants supplemental funding increments compete with other City needs. If City Council agrees with this approach, I will transmit this request to the Commission.

Attachment I: Memorandum from the Alexandria Commission for the Arts to City Council in regard to recommendations for Grants Awards for FY 2002

cc: Sandra Whitmore, Director, Recreation, Parks and Cultural Activities
Cheryl Anne Powalisz, Administrative Officer, Commission for the Arts
Mark Jinks, Assistant City Manager
Valerie Moore, Budget/Management Analyst


ALEXANDRIA COMMISSION FOR THE Arts

CITY MANAGER'S OFFICE
ALEXANDRIA, VA
2001 APR 11 P 3:12

April 8, 2001

To: The Honorable Mayor and Members of City Council

cc: Members, Alexandria Commission for the Arts

From: Steven E. Shulman, Chair 

Re: Recommendations of Grant Awards for FY2002

Attached is a list of applicants seeking City of Alexandria grants to support the arts in our city. We received 32 applications requesting awards of nearly \$171,686. Again this year, I am delighted to report to you that we have a vibrant and growing arts community within our City and most notably an arts community that recognizes the importance of arts and education.

The Commission and the City benefit from the volunteer efforts of individuals who serve on five discipline panels that review each application and make funding recommendations to the full Commission. Many of these "expert" panel members are familiar with the applicants' body of work and provide outstanding insight based upon their own experience in the arts. We recognized their efforts during a Holiday Season celebration a few months ago.

The 15-member Commission depends greatly upon the panels. We acted upon each grant application during our March 20, 2001 meeting. Based upon the panel's recommendations, the Commission determined that the applicants deserve approximately \$128,000 in support from the City. Through a series of negotiations and "across the board" reductions, I submit the Commission's recommendations in the amount of \$106,881, the same as last year.

Personally, my second term on the Commission will end in June, a few days after I conclude my second term as chair. I will not seek re-appointment. I have enjoyed the opportunity to serve the City over the past six years. While some organizations that received grants in 1995 no longer exist, those that survived flourished. Growing the grant pool over the past two years, permitting the Commission to provide technical assistance grants, allowing collaborations with other nonprofits like United Way, and your personal support for these groups have strengthened them and provided them with greater capacity to meet the challenges of nonprofit organizations in today's environment.

On behalf of my Commission colleagues, I thank you for your interest in the arts and your continued support. Please call me if I can be of further assistance.

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ALEXANDRIA COMMISSION FOR THE ARTS
 Grant Program 2001-2002
 WORKSHEET
 Updated 3/15/2001

	TYPE	DISCIPLINE	REQUEST	ELIGIBLE	%	PANEL RECOMMENDATION	Initial Recommendation	CONDITIONAL GRANT AWARD
Alexandria Choral Society	Operational	Music	\$10,000.00	\$10,000.00	15.00%	HIGH PARTIAL	\$8,500.00	\$7,500.00
Alexandria Harmonizers	Operational	Music	\$10,000.00	\$10,000.00	15.00%	HIGH PARTIAL FUNDING	\$9,000.00	\$7,500.00
Alexandria Performing Arts Association	Operational	Music	\$10,000.00	\$10,000.00	20.00%	FULL FUNDING	\$10,000.00	\$7,500.00
Alexandria Singers	Operational	Music	\$10,000.00	\$8,025.00	15.00%	MID PARTIAL FUNDING	\$4,000.00	\$3,500.00
Alexandria Symphony Orchestra	Project	Music	\$10,000.00	\$11,105.00	50.00%	HIGH PARTIAL FUNDING	\$8,000.00	\$7,000.00
Armenian Festival	Project	Dance	\$1,200.00	\$1,200.00	50.00%	(4) FULL FUNDING, (1) PARTIAL, \$987.50	\$987.50	\$0.00
The Art League	Project	Visual Arts	\$7,000.00	\$7,300.00	50.00%	FULL FUNDING	\$5,500.00	\$4,750.00
Capital City Opera	Operational	Music	\$10,000.00	\$10,000.00	20.00%	HIGH PARTIAL FUNDING	\$8,000.00	\$7,000.00
Dance Institute of Washington	Project	Dance	\$10,000.00	\$10,000.00	50.00%	(4) NO FUNDING, (1) PARTIAL	\$8,000.00	\$7,000.00
Del Ray Artisans	Operational	Visual Arts	\$3,886.00	\$4,418.00	15.00%	FULL FUNDING	\$4,418.00	\$4,000.00
EcoVoce	Operational	Music	\$5,075.00	\$1,347.00	20.00%	MID PARTIAL FUNDING	\$1,000.00	\$800.00
Revised								
Friends of the Torpedo Factory Art Ctr	Operational	Visual Arts	\$10,000.00	\$10,000.00	15.00%	HIGH PARTIAL FUNDING	\$8,000.00	\$7,000.00
Head Start	Project	Interdisp.	\$4,000.00	\$4,500.00	50.00%	FULL FUNDING	\$4,000.00	\$3,781.00
Jane Franklin Dance Company	Project	Dance	\$2,500.00	\$2,550.00	50.00%	FULL FUNDING, (CONTINGENT CASH MATCH)	\$2,500.00	\$2,000.00
Kathy Harty Gray Dance Theatre	Operational	Dance	\$7,775.00	\$2,959.00	15.00%	FULL FUNDING	\$2,959.00	\$2,500.00
Kids in Music	Project	Music	\$6,000.00	\$6,000.00	50.00%	NO FUNDING	\$800.00	\$500.00
Metro Stage	Project	Theatre	\$7,500.00	\$19,475.00	50.00%	FULL FUNDING	\$7,500.00	\$6,600.00
Mount Vernon Chamber Orchestra	Project	Music	\$10,190.00	\$29,445.00	50.00%	FULL FUNDING	\$10,000.00	\$7,500.00
National Rehabilitation & Discovery	Project	Dance	\$3,500.00	\$3,750.00	50.00%	(4) FULL FUNDING, (1) PARTIAL	\$3,500.00	\$2,900.00
Northern Virginia Youth Orchestra	Project	Music	\$2,500.00	\$5,297.00	50.00%	FULL FUNDING	\$2,500.00	\$2,000.00
Revised								
Port City Playhouse	Operational	Theatre	\$3,500.00	\$2,569.00	15.00%	FULL FUNDING	\$2,569.00	\$2,000.00
RSVP/Young At Art	Program	Visual Arts	\$500.00	\$825.00	50.00%	FULL FUNDING	\$500.00	\$500.00

ALEXANDRIA COMMISSION FOR THE ARTS
 Grant Program 2001-2002
WORKSHEET
 Updated 3/15/2001

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	TYPE	DISCIPLINE	REQUEST	ELIGIBLE	%	PANEL RECOMMENDATION	Initial Recommendation	CONDITIONAL GRANT AWARD
RECOMMENDED FUNDED								
Springwater Fiber Workshop	Operational	Visual Arts	\$10,000.00	\$10,000.00	20.00%	FULL FUNDING	\$10,000.00	\$7,500.00
Virginia Opera	Project	Music	\$7,000.00	\$8,140.00	20.00%	HIGH PARTIAL	\$5,250.00	\$4,700.00
Virginia Scottish Games/Harp Compet.	Project	Music	\$3,500.00	\$7,484.00	50.00%	NO FUNDING	\$0.00	\$0.00
			<u>\$169,685.50</u>	<u>\$202,056.00</u>			<u>\$127,283.50</u>	<u>\$106,031.00</u>
ORGANIZATION								
Alexandria Harmonizers	Tech Ass't	Music	\$500.00	\$500.00		PARTIAL FUNDING	\$350.00	\$350.00
Alexandria Choral Society	Tech Ass't	Music	\$500.00	\$500.00		FULL FUNDING	\$500.00	\$500.00
RECOMMENDED NOT FUNDED								
EcoVoce	Tech Ass't	Music	\$500.00	\$500.00		NO FUNDING	\$0.00	\$0.00
	SUBTOTAL		<u>\$2,000.00</u>	<u>\$1,805.00</u>			<u>\$850.00</u>	<u>\$850.00</u>
	TOTAL GRANT REQUESTS		<u>\$171,685.50</u>	<u>\$203,863.00</u>			<u>\$128,133.50</u>	<u>\$106,881.00</u>
	Total Potentially Available						<u>\$106,881.00</u>	<u>\$106,881.00</u>
	Remainder						<u>(\$21,252.50)</u>	<u>\$0.00</u>