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REGIONAL CULTURAL BUSINESS PLAN

EDUARDO DIAZ  I  Consultant

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[Sacramento Metropolitan Arts Commission]
The Sacramento Metropolitan Arts Commission takes great pleasure in presenting its Cultural Business Plan. The Plan takes a regional view in gauging the social, educational, artistic and economic impact of the arts. The goal of the plan was to create initiatives that support and engage the active participation of the general public and visitors in the arts; build upon opportunities that sustain smart growth; and stimulate public awareness of the Capitol region as a cultural and artistic destiny. To achieve these goals the Commission felt it important to identify key factors impacting the cultural development in the region. We wanted to learn about:

- The make up and nature of current and potential audiences for arts and cultural activities;
- The financial condition of arts and cultural organizations;
- Key issues affecting board leadership and governance of these organizations;
- The economic impact of arts and cultural organizations and activities, investment in cultural facilities and the correlative impact of these activities; and
- The state of arts education programs in area school districts.

The knowledge obtained in the Commission’s research is the basis for this Cultural Business Plan. By welcoming artists, business leaders, educators, community leaders, representatives of cultural organizations, patrons and interested community members, the Commission wanted to ensure a diverse range of perspectives, ideas and voices. We gratefully thank the many members of the community who generously shared their time, views and passion for the arts with us.

Finding relevance for the data made the Plan come to life. What is the meaning behind the statistics? How do the arts touch the lives of individuals? What is the perception of art and who can be an artist? What is the cost and what is the cost of not having accessible art and culture? Where are we now and where do we want to be in 5-10-20 years from now? Is there an artistic and cultural legacy for the Capitol of the world’s 5th largest economy?

Time and time again the answer we heard from 55 percent of the public was that the arts are relevant, meaningful, inspiring and central to the integrity of ones being. So then, how do we become more accessible, able to meet the demand, yet maintain truth to our individual and collective vision? This concept was advanced through the public process of community input and will stand as a voice in response to the many needs and challenges we find in our arts community.

This Business Plan is a work in progress, a living document, a road map, if you will. It is a yardstick by which we measure the legacy we leave for our children and their families. We invite your continued involvement and look forward to working with you down the road.

Michelle Walker, Executive Director
Sacramento Metropolitan Arts Commission
The Sacramento Metropolitan Arts Commission offers this Cultural Business Plan in the spirit of leadership and commitment toward lasting and beneficial arts enrichment for the region. On behalf of the Commission, I want to thank the arts community and artists for participating in the research and community forums that led to what we think is a solid, realistic path toward sustained growth in the arts. My fellow Commissioners and the staff have worked with many constituents who championed and actively engaged in the two year planning process and for this we salute you!

The success of the Plan’s implementation will require active collaboration of leaders and organizations representing business, education, government, foundation, entertainment, media and recreation sectors. We view the Plan as an opportunity to present the qualifications and value of the arts and culture to the larger community and vice versa. That being said, we envision mutually beneficial partnerships such as:

- The Sacramento Regional Foundation to pursue and establish a Stabilization Arts Endowment Fund;
- Local school districts, the County Office of Education, PTA/PTO’s and parents to restore arts education for all children;
- The Sacramento Housing and Redevelopment Agency, the City and County Economic Development and Planning Departments to develop arts incubators and other shared spaces, multi-use presenting facilities, neighborhood revitalization and streetscapes;
- The City and County Parks and Recreation Departments to provide arts opportunities for youth;
- The Nonprofit Resource Center to establish comprehensive technical assistance programs that advance board development of arts and cultural institutions;
- The Sacramento Metropolitan Chamber of Commerce, the Arts and Business Council and the California Lawyers for the Arts to secure business support and cooperation;
- The regional counterparts to the Commission to jointly market the arts and support the Capitol region as a major artistic cultural destination; and
- Government officials and executive staff to integrate the arts and culture in all aspects of community and regional planning.

Rest assured the Commission seeks to actively partner with all sectors of the community to ensure public accessibility and its goal of organizational and financial stability for the arts and culture.

Daphne Gawthrop, Chair
Sacramento Metropolitan Arts Commission
INTRODUCTION

ArtsMarket, Inc. was asked by the Sacramento Metropolitan Arts Commission (SMAC) to complete a cultural business plan for the Sacramento region, the implementation of which is intended to: 1) strengthen the organizational capacity of arts and cultural organizations, 2) raise public awareness of the arts and build audiences and 3) improve arts education in public school districts. Over the past two years, SMAC commissioned several assessments and studies to learn about current market, stabilization and organizational challenges facing local arts and cultural organizations and the region. These include:

- Regional Arts Market Study;
- Financial Analysis of Representative Arts and Cultural Organizations;
- Board Development Assessment of Representative Arts and Cultural Organizations;
- Arts Economic Impact Study; and
- Arts Education Assessment of Local School Districts/Call to Action

The goals of each of the studies and assessments are detailed in APPENDIX I of this report.

SMAC’s consulting team conducted eight (8) public presentations, gathering input from cultural organization representatives, artists and interested members of the public.

A matrix, summarizing basic findings, recommendations, program and financial implications and responsible parties and public input, is presented as APPENDIX II of this report.
About the Market
The 16-county region is home to solid, loyal audiences that are already participating actively in arts and cultural activities. However, there are vast, untapped audiences that do not seem to be currently participating. The arts are diverse in the region and somewhat reflect the cultural mix of local communities; however, arts and cultural organizations need to offer more diverse programming to reach full potential and the broadest possible audiences.

- Currently, 55 percent of the regional population shows interest in cultural participation.
- Currently, 7.8 percent of the regional population and 14.4 percent of Metropolitan Sacramento’s population are being reached by the arts and cultural organizations studied.
- For the performing arts, there are approximately 1.3 million households in the region and 570,000 households in Metropolitan Sacramento that indicate varying levels of potential interest.
- For the visual arts, there are approximately 1.3 million households in the region and 590,000 households in Metropolitan Sacramento that indicate varying levels of potential interest.
- For community arts (arts education programs, festivals and public radio), there are approximately 1.3 million households in the region and 590,000 households in Metropolitan Sacramento that indicate varying levels of potential interest.

[NOTE: Utilizing findings from the 2000 U.S. Census for Sacramento and surrounding counties, we estimate the household size at 2.7 persons.]

- Patterns of cultural participation in the region and Metropolitan Sacramento are similar.
- The region’s population base is growing rapidly and diversifying culturally.
- Market segmentation and access to various markets are readily discernable.
- There appears to be significant crossover audiences among the arts and cultural organizations studied, suggesting that developing crossover interest is key to developing more diverse audiences.
- Arts programming in neighborhoods is the link to increased arts participation.
- Neighborhood and culturally rooted arts organizations are collaborating and sharing resources.
- Mid-town, Del Paso Boulevard, Second Saturday, Sacramento Association of Museums are developing into cultural districts and regional destinations.
- There is a need to learn more about how potential audiences want to participate in the arts (e.g., as leisure activity, involve their children, particularities of communities of color and recent immigrants, become members, etc.). Additional research, including focus groups, are recommended.
- Media use and other best methods for reaching potential audiences vary among market segments, suggesting that advertising and other promotional strategies should be linked to these distinct market segments.
SUMMARY OF FINDINGS

About Financial Conditions of Arts and Cultural Organizations

Significant growth in the quantity of arts and cultural activities in the region reflects the growth in the community and, as noted above, presents new opportunities for broadening arts audiences. However, arts and cultural organizations, particularly those representing culturally diverse communities, are significantly under-capitalized, limiting their capacity to meet current demand and build necessary organizational capacity to effectively and efficiently deliver cultural services. Note that the below findings are premised on standards established by National Arts Stabilization (NAS). It is also important to note that only 18 arts and cultural organizations were studied.

- Aggregated working capital equals a negative three percent of annual operating expenses. NAS recommends 10-25 percent. Working capital combines current liquidity (current assets less current liabilities) and working capital reserves (available funds used for cash flow management). For the 18 organizations studied, $2.8 million is needed to meet NAS standard.
- Organizations are not regularly setting aside assets for special purposes (artistic initiatives, touring, acquisitions, etc.) or designated reserves (e.g., revenue loss). NAS standards are targeted to organizations’ specific objectives.
- A majority of organizations are not investing significantly in property and equipment. NAS standards are targeted to organizations’ specific needs.
- Aggregated endowments total less than one percent. NAS recommends 200-500 percent of annual operating expenses. For the 18 organizations studied, $42 million is needed to meet NAS standard.
- Most organizations do not have extant business plans.
- Rapid growth in program activity, estimated at 64 percent, suggests high demand for cultural programming and services. This correlates with above market findings.

About Board Development

Proper and adequate governance is key to the successful operations of nonprofit arts and cultural organizations. This includes the proper composition mix and active involvement of community leaders with specific skills (e.g., marketing, planning, legal, financial management, etc.), contacts (for fundraising purposes) and with specific community ties (to ensure that a broad base of the organization’s natural constituencies are reached). The boards of 35 local organizations were studied.

- There are some general needs, but there are specific needs that should be addressed on a case-by-case basis.
- Boards and staffs differ on understanding of basic duties and responsibilities (e.g., policy making, operations, fund development, accountability, etc.).
- Board members tend to focus on organizational development rather than on board development.
- Building board capacity is closely linked to environment in which arts and other nonprofits exist. Currently, arts organizations do not appear to be a top draw among likely new board members.
About Economic Impact
The economic impact of the arts in the regional is substantial and impressive. However, the arts have been underutilized as an economic development tool—this despite the fact that arts organizations and artists have demonstrated their ability to revitalize downtowns and neighborhoods in numerous California communities and communities nationwide, and to contribute to other industries (e.g., general retail and tourism). Clearly, the arts community needs to be “at the table” during the formation of economic development strategies. The economic impact study analyzed the activities of local arts and cultural organizations, related economic activities, public investment in cultural facilities and explored business attitudes toward the arts.

- Sacramento region ranks fifth in average household income in California, with per capita income rising markedly.
- Retail operations supporting cultural activities grew by approximately eight percent over the past five years.
- Public investment in cultural facilities and organizations in the region is sizeable, which provides platforms and direct support for the arts and offers attractive naming opportunities (e.g., Robert and Margrit Mondavi Center for the Performing Arts at UC Davis). However, there are needs, particularly for small and mid-size organizations, as well as those serving culturally specific communities.
- Region is highly institutionalized (e.g., governments, public education and nonprofit organizations).
- The aggregate, estimated economic impact of arts and cultural activities in the Sacramento region totals approximately $350 million annually. It is important to note that this is based on a conservative multiplier formula and does not fully account for cultural and heritage tourism impact.
- Arts organizations leverage $800,000, into approximately $20 million per year.

About Arts Education
Nationwide, studies abound that prove that students benefiting from meaningful arts education programs perform better academically across all subject matter. These students function better socially because they are exposed to a diverse range of cultures. They also attend school with higher frequency and are less likely to become involved in delinquent behavior. Equally important is the role of arts education in developing future arts audiences. Seven local school districts were studied.

- Twelve percent of student population in seven school districts receive arts education.
- Per-student school funding has fallen drastically in California, negatively impacting arts education allocations.
- Standard curriculum has narrowed, greatly limiting arts curriculum development and implementation.
- None of the seven school districts are utilizing State Standards Based Curriculum and Assessment for the Arts.
- School districts do not receive categorical funding from state or federal sources for implementing arts education programs.
- The arts and entertainment industry in California continues to grow while the availability of prepared employees is dwindling.
- Arts in education study indicated that the seven school districts, in the aggregate, needed approximately $10.3 million for basic infrastructure (e.g., teachers, support staff, artists and artist residencies, materials, equipment, transportation and professional development).
A complete listing of recommendations and program and financial implications are found in the above mentioned matrix, APPENDIX II.

SMAC is poised to present this cultural business plan as a community investment program, one that portends to: 1) address short-term cultural development needs, 2) secure the financial and organizational well being of arts and cultural service providers over the long-term and 3) rally public support necessary to create a mandate among local governments, public officials, the business community, and educational and other community leaders. To reiterate, this plan and each of its specific components must be presented and advocated for as an investment strategy.

Heed the Market
Recent arts funding patterns from both public and private sources, coupled with the September 11th tragedy, do not create a hopeful prognosis for major funding commitments. It is our belief that market-based initiatives and programs should be pursued first. Not only do they respond to consumer-based behavior and trends, they help create a broader mandate for continued community cultural development in the region. The market study clearly indicates vast, largely untapped, and richly diverse audiences for the cultural and arts products that regional organizations currently have to offer and new products that can be developed. Therefore, efforts to build marketing capacity within these organizations, coupled with strategies to generate public awareness and participation, are key. It should be noted that SMAC, through the initiatives of its Arts Development Committee and Arts Stabilization Consultant Ruth Rosenberg, is continuing marketing planning efforts intended to benefit interested and committed arts and cultural organizations.

- SMAC to launch new website and invest in a centralized website, including arts calendaring, facility/space needs and cultural tourism elements. Web page development underway.
- SMAC to support marketing grants program. Begin program in 2003, using existing stabilization funding.
- Raise up to $500,000 for six-county regional marketing campaign, in concert with the regional business and arts community. Create six-county working group to review and create regional opportunities and partnership program. Outreach to regional local arts agencies, identification of ad agencies and contact with area business representatives are underway.
- SMAC to provide technical assistance to arts organizations (e.g., database management, market research, customer service, business and marketing planning, etc.). Promote collaborative programming and marketing efforts, targeting families, culturally specific communities and young professionals. Integrate with existing funding and technical assistance programs.
- SMAC to participate in “Culture California”. Effort ongoing in concert with regional business and arts community.
SUMMARY OF RECOMMENDATIONS AND PROGRAM AND FINANCIAL IMPLICATIONS

- SMAC to collaborate in the creation of programs that support inter-county and Sister City arts partnerships and presentations.
- SMAC to regularly convene cultural and media representatives.

Stabilize the Providers

No doubt the arts will survive. Artists and arts groups have survived for years, notwithstanding unsupportive local financial, cultural, political and social conditions. However, there is much at stake as the Sacramento region begins to flex its economic, political and cultural muscle. As noted in the economic impact study, the region is already fifth in the state, as measured by average household incomes. Demographic growth patterns point to more prosperity ahead. The economic impact of culture and the arts, and the correlative business activities that support this enterprise, weighs in at a hefty $350 million annually, not fully counting the widespread impact of cultural and heritage tourism. In the aggregate, the presence of arts and cultural organizations and artists in the Sacramento constitute a significant industry. In the same way that public officials and the business community traditionally rally in support of viable business development strategies, so too must these leaders recognize that the cultural sector has impact far beyond the usual quality of life barometer. It makes good business sense to invest in culture and the arts, and in the organizations and individuals that make this industry’s gears turn. As SMAC and its partners devise stabilization strategies, cultural service providers must commit themselves to sound marketing and business practice the likes of which most have yet to pursue. Cultural organizations cannot expect the community, jointly led by the business and philanthropic sector, to contribute without strategic plans in place. As in business, this sector must be assured a reasonable return on investment.

- SMAC to fund a stabilization and loan program using existing dollars. Begin program in September 2002.
- SMAC to modify grants programs to support Sacramento County organizations for regional collaborations. Begin with new application cycle.
- Create an inter-agency program to foster program and funding partnerships. Would include SMAC, Sacramento Housing and Redevelopment Agency, City and County Departments of Economic Development, Sacramento Convention and Visitors Bureau and other agencies. Form working group by February 2003.
- SMAC to hire consultant to develop funding plan for a regional endowment ($42 million initial goal) and the development of other stabilization funding programs ($2.8 million initial goal). All funding options should be considered. To be conducted in collaboration with city, county and business officials and the Sacramento Regional Foundation. Report to be completed in November 2003.
- SMAC to work with City and County Departments of Economic Development, Sacramento Housing and Redevelopment Agency and other agencies to create programs that fund capital improvement incubators, cultural districts, streetscapes and live/work spaces.
SUMMARY OF RECOMMENDATIONS AND PROGRAM AND FINANCIAL IMPLICATIONS

- SMAC to provide programming stabilization and cultural and heritage tourism support in partnership with Convention and Visitors Bureau.
- SMAC to develop technical assistance programs, possibly in conjunction with Nonprofit Resource Center and Arts and Business Council, which strengthen board governance and development. Tailor programs to address current management and financial needs of organizations. Integrate with existing technical assistance programs.

Support Innovation and Diversity

The face of the Sacramento is changing—literally. As the market study points out, the region’s population is not only growing rapidly, it is diversifying culturally in dynamic ways. This poses both a challenge and an opportunity. These changes pose questions that question standard norms that have prescribed traditional cultural fare. There is no more melting pot. The cultural mix in the Americas, and in the Sacramento region, has been stirring for quite some time, despite efforts to obscure this reality. The kettle simply cannot contain the dramatic demographic changes and an emerging new American order, played out daily in streets, homes, schools, boardrooms, theaters and galleries of Sacramento and its environs. Cultural democracy dictates that arts and cultural organizations recognize that the plural whole does not square with imposed, inoperative cultural sameness. Moreover, the marketplace strongly suggests a different approach in the development and promotion of cultural product. For younger audiences, the development and utilization of technology-based genres loom large in the integration of this important generation into the arts scene over the short and long term. Artists, cultural organizations and their supporters, including funders, are going to have pay attention to shifting aesthetic considerations and tastes and program and nurture new talent and their organizations accordingly. These trends argue for adequate investment in what is known as “risk capital,” programming that directs itself and hopefully attracts legions of new audiences, many of them younger.

- SMAC funding and technical assistance programs to encourage collaborative programming and marketing efforts, specifically designed to broaden cultural participation by culturally diverse populations and younger audiences. Integrate with existing funding and technical assistance programs.
- SMAC to develop partnerships with City Department of Parks and Recreation, County Department of Regional Parks, Recreation and Open Space, local school districts and community based organizations to expand neighborhood arts programs.
- SMAC to work with City and County Departments of Economic Development, Sacramento Housing and Redevelopment Agency and other agencies to create programs that fund capital improvement incubators, cultural districts, streetscapes and live/work spaces. Again, part of the focus here will be on fostering development among culturally diverse communities and their artists, as well as young artists.
Secure the Future
In this country, the provinces of education and the arts were separated long ago. Budget cuts have wreaked havoc upon what little arts education infrastructure exists in public school systems. California and Sacramento are not immune from this trend. Studies abound that point conclusively, if not dramatically, to the correlation between student achievement and meaningful exposure to and instruction in the arts. These disputable facts make the current situation difficult to accept, impossible to justify. These indisputable facts have been restated, albeit in muted tones, in the recently conducted arts education assessment made part of this planning process. The work done by Patty Taylor and Sarah Anderberg lays out a clear map for arts education planning that will be critical to the success of educational reform and the deployment of financial support necessary to regain momentum and advance not only the arts, but student learning in the classroom and beyond.

- SMAC to hire consultant to develop funding plan among City, County, local school districts and community based organizations that maximizes current funding and generates new dollars to restore arts education in local schools. Report to be completed in November 2003.
- SMAC to lead efforts to create an Arts Education Coalition that will bring educators together on a regular basis to share resources and exchange information.

Build Partnerships and Think Regionally
It goes without saying that SMAC, alone, cannot accomplish the goals and program objectives set out above. SMAC has amply surveyed the lay of the land. It has presented a clear road map with reasonable benchmarks. As suggested, the full and strategic force of the public and private sector must converge if these initiatives are going to have any reasonable hope for success and intended impact. The market study indicates that regional audiences are very similar to those in Metropolitan Sacramento; this is why a regional marketing campaign is proposed. Resources from local, regional and state government must be deployed in ways that can attract significant investments from the business and philanthropic private sector. In this regard, the Sacramento Regional Foundation, Arts and Business Council (Chamber of Commerce), other commerce-driven associations and individual donors must not only buy into the strategy that SMAC has devised, but also follow SMAC’s lead.
Summary
This Cultural Business Plan is, we think, a good first step in responding to the many needs and challenges identified in the various assessments conducted by SMAC. It is a work in progress and a living document. It is a good road map, but conditions change. As the facilitator of this planning process, SMAC intends to actively seek partnerships, continue to check in with constituents and track the plan’s implementation—prepared to make necessary adjustments as changing conditions demand. The Sacramento region is poised at a critical juncture in history. With proven economic, intellectual and creative prowess (and economic impact), it is time to match these resources with financial and other resources in timely and innovative ways that offer the best strategic and regional approach. This plan captures the current state of affairs in the regional arts and cultural realm and offers a vision and strategy that advances cultural development as a central component in the Sacramento region’s future community, educational and economic development plans.
Below are the goals and methodologies of each of the studies and assessments SMAC has been conducting over this two-year period.

**Regional Market Study**
Conducted by ArtsMarket Inc. in August 2000, this study was intended to help build the organizational capacity of regional arts providers in audience development. Its goals were:

- Learn the nature of regional audiences with relation to their consumer and lifestyle profiles;
- Learn both geographic and lifestyle clusters opportunities for audience development;
- Understand market segmentation, targeting and prospective opportunities for audience development;
- Study crossover between audiences for strategic development of collaborative and/or programming partnerships;
- Learn media use, interests and other consumer patterns to match advertising and promotion;
- Develop prospecting and direct mail strategies to reach best prospects; and
- Determine topics for qualitative study through future focus group sessions.

The methodology used for this market analysis included:

- Analysis of database and mailing lists of 20 regional organizations, including 98,526 households;
- Utilization of ACORN (A Classification of Residential Neighborhoods), a market segmentation tool to study the demographics and consumer characteristics of the Sacramento market area;
- Utilization of Purchase Potential Indexing that, along with the ACORN analysis, enables measuring a cluster’s strength of affiliation with products and services (in this case cultural participation); and
- Customization of market segments in the Sacramento region by frequency of cultural participation.

**Financial Analysis of Representative Arts and Cultural Organizations**
Conducted by National Arts Stabilization (NAS) in May 2001, utilizing data collected through 1999. This analysis was designed to learn about the financial condition of 18 arts and cultural organization in the Sacramento region. The methodology for this analysis included:

- Analysis of financial statements;
- Examination of trends in current liquidity (current assets less current liabilities);
- Examination of working reserves (cash flow management, internal line of credit);
- Examination of assets set aside for special purposes (e.g., artistic initiatives, touring, acquisitions and operating loss);
- Examination of assets invested in property and equipment;
- Examination of assets invested as endowments (restricted or unrestricted to cover general operations or special purposes);
Studies and Assessments

- Examination of operating, programming activity;
- Comparison of working capital and endowment levels to NAS capitalization targets; and
- Comparison of Sacramento organizations’ financial indicators to those of arts organizations in Cleveland, New York City and Seattle.

Board Development Assessment of Representative Arts and Cultural Organizations
Conducted by the Cultural + Planning Group in June 2001, this study assessed specific board development needs of 35 Sacramento area arts and cultural organizations and helped design board development programs. The methodology for this assessment included:
- Group interviews;
- Written survey; and
- Focus groups.

Economic Impact Study
Conducted by Economic Research Associates in October 2001, this study was designed to assess primary and induced economic impact or the operation of regional arts and cultural organizations and facilities. Additionally, it was intended to help gauge business attitudes toward the arts. The methodology for this study included:
- Analysis of direct expenditures and attendance figures of arts and cultural organizations;
- Analysis of cultural facility investment by local and regional government and publicly supported cultural facilities, including colleges and universities;
- Analysis of employment figures of regional arts and cultural organizations;
- Performance of retail operations supporting cultural activities;
- Analysis of visitor impact (cultural tourism); and
- Application of multiplier (part of induced impact).

Arts Education Assessment of Local School Districts/Call to Action
Conducted by arts education consultants Patty Taylor and Sarah Anderberg in January 2002, this study examined the current status of arts education in seven local school districts, determined needs and made recommendations for next steps in bringing all arts disciplines to students in area public schools. The methodology for this study included:
- Interviews with state and school district officials, teachers, arts educators and other staff;
- Analysis of arts education curriculum, personnel, other resources and budgets in seven local school districts; and
- Analysis of state arts education standards.
Linkage with City Goals and County Goals

During the planning process it became clear that SMAC needed to align its goals and objectives with key goals of both the City of Sacramento and the County of Sacramento. Both the City and County have completed strategic planning process. Not surprisingly, many of the findings from the various assessments conducted by SMAC correlate to several City and County goals. These linkages are important from both public policy and practical standpoints. They help SMAC identify key departments and leadership within local government for the purposes of developing collaborative, regional strategies advancing economic development, neighborhood revitalization, quality of life and education. The table below illustrates these linkages and provides a framework for the recommendations, program and financial implications and timelines that follow.

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<tr>
<th>City Goals</th>
<th>County Goals</th>
<th>SMAC Goals</th>
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<tbody>
<tr>
<td>Enhance and Preserve Neighborhoods.</td>
<td>Recognize and seize opportunities for improvement.</td>
<td>Support and strengthen the role of cultural organizations in neighborhood preservation and revitalization.</td>
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<tr>
<td>Establish and Strengthen Community and Regional Partnerships to Enhance Quality of Life.</td>
<td>Stimulate economic growth and regional cooperation.</td>
<td>Increase arts and cultural experiences and opportunities for all members of the community through regional partnerships.</td>
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<tr>
<td>Preserve and expand arts and culture and recreational opportunities.</td>
<td>Improve quality of life in community.</td>
<td>Enhance the role of culture and the arts in improving the quality of life for residents and visitors.</td>
</tr>
<tr>
<td>Enhance educational opportunities for the entire community.</td>
<td>Promote individual responsibility and achievement.</td>
<td>Support and strengthen arts and cultural education for all children, youth and their families.</td>
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**APPENDIX II**

**Matrix of Findings, Recommendations, Program and Financial Implications and Timelines**

**Introduction**

The following findings, recommendations, financial implications and timelines derive from the studies and assessments, consideration of City and County strategic plans, a series of eight community meetings and discussions among SMAC staff and commissioners and consultants Eduardo Díaz and Ruth Rosenberg. The following considerations were helpful in determining next steps:

<table>
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<tr>
<th>AUDIENCE DEVELOPMENT / MARKETING</th>
<th>FINANCIAL ASSESSMENT / STABILIZATION / ECONOMIC IMPACT</th>
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<tbody>
<tr>
<td><strong>FINDINGS:</strong></td>
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<tr>
<td>❖ Solid loyal audiences currently participating</td>
<td>❖ Most organizations undercapitalized by National Arts Stabilization (NAS) standards</td>
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<tr>
<td>❖ Vast, untapped audiences in region:</td>
<td>❖ Aggregated working capital totals negative 3% of annual operating expenses (NAS standard: 10-25%)</td>
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<td>For performing arts, 1.3 million households in region; 570,000 households in Metro Sacramento</td>
<td>❖ Organizations not regularly setting aside assets for special purposes or designated reserves (NAS standard: target to organizations’ objectives)</td>
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<td>For visual arts, 1.3 million households in region; 590,000 households in Metro Sacramento</td>
<td>❖ Majority of organizations not investing significantly in property and equipment (NAS standard: target to organizations’ needs)</td>
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<td>For community-based arts, 1.3 million households in region; 590,000 in Metro Sacramento</td>
<td>❖ Aggregated endowments total less than 1% (NAS standard: 200-500% of annual operating expenses)</td>
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<td>❖ 55% of regional population shows interest in cultural participation</td>
<td>❖ Endowment can be seeded to reach financial goals ($42 million)</td>
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<td>❖ Currently, 7.8% reach into regional market (16 counties); 14.4% in Metro Sacramento</td>
<td>❖ Community can raise dollars necessary to bring all or selected organizations up to baseline of working capital ($2.8 million)</td>
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<td>❖ Patterns of cultural participation in region and Metro Sacramento are similar</td>
<td>❖ Alternatively, community could size and develop project focused on building capacity of organizations that enable them to raise and earn more dollars</td>
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<tr>
<td>❖ Population base growing rapidly and diversifying culturally</td>
<td>❖ Most organizations do not have business plans and conduct inadequate financial planning</td>
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<td>❖ Market segmentation and access to various markets are discernable</td>
<td>❖ Rapid growth in program activity (64%) suggests high demand for cultural programming and services</td>
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<td>❖ Developing crossover interest is key to more diverse audiences</td>
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<td>❖ Sacramento region fifth in average household incomes in California, with per capita income rising markedly</td>
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<td>❖ Organizations allocating inadequate funds in support of marketing efforts</td>
<td>❖ Retail operations supporting cultural activities grew by approximately 8% over past five years</td>
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<td>❖ Rapid growth in program activity (64%) suggests high demand for cultural programming and services</td>
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<td>❖ Sacramento region fifth in average household incomes in California, with per capita income rising markedly</td>
<td>❖ Region area enjoys continuing investment in facilities and programs, many of which provide platforms and direct support for the arts and offer attractive naming opportunities (e.g., Modavi Center at UC Davis)</td>
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<td>❖ Retail operations supporting cultural activities grew by approximately 8% over past five years</td>
<td>❖ Little regional funding and partnership activity taking place</td>
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<td>❖ Based on organization’s goals, identify and target specific audience segments; on ongoing basis, revisit organization’s goals and determine level of penetration in identified audience segments; continue efforts to achieve maximum segment penetration</td>
<td>❖ Accurately determine stabilization needs</td>
</tr>
<tr>
<td>❖ Identify comparable, complementary audience segments and promote collaborative, crossover programming and marketing</td>
<td>❖ Examine current philanthropic trends and practices to gauge community support in reaching these financial stabilization benchmarks</td>
</tr>
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<td>❖ Identify and market to underserved audiences</td>
<td>❖ Expand role and programs of Regional Foundation, including planned giving and improving the “culture of giving” in the arts</td>
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<td>❖ Explore opportunities for giving and naming opportunities as the region grows</td>
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</tbody>
</table>
What can the community do? What is its capacity? This community includes arts and cultural organizations, business leaders, public officials, educational institutions, social service and other agencies, artists, patrons, etc.

What can SMAC do? What can the agency do separately; what must it do collaboratively?

What is SMAC’s leadership role in advancing the recommendations, raising funds and ensuring accountability?

It is about the Sacramento Region, extending beyond the Sacramento metropolitan area.

It is about collaboration. All responsible parties must come together and marshal each other’s resolve and resources.

<table>
<thead>
<tr>
<th>BOARD DEVELOPMENT</th>
<th>ARTISTIC DEVELOPMENT</th>
<th>ARTS EDUCATION</th>
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<tbody>
<tr>
<td><strong>FINDINGS:</strong></td>
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<tr>
<td>Some general needs, but there are specific needs for individual organizations, determined on case-by-case basis</td>
<td>Little capital reserves set aside for artistic innovation or planning (“risk capital”)</td>
<td>Per-student school funding has fallen so drastically that California today finds itself near the bottom third in the nation, negatively affecting allocations in support of for arts education programs</td>
</tr>
<tr>
<td>Board and staff differ on understanding of duties and responsibilities (e.g., policy making, operations, fund development, accountability, etc.)</td>
<td>Inadequate artistic planning and staffing; creates imbalance between mission and programs and organizations’ overall management</td>
<td>Standard curriculum has narrowed, greatly limiting arts curriculum development and implementation</td>
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<tr>
<td>Board members tend to focus on organizational development tasks rather than on board development</td>
<td>Some organizations do not understand SMAC’s existing standards as articulated in funding program guidelines</td>
<td>School districts do not receive categorical funding from state or federal sources for implementing arts education programs</td>
</tr>
<tr>
<td>Building board capacity closely linked to the environment in which arts and other nonprofits exist (currently, arts do not appear a top draw among likely new board members)</td>
<td>Difference between needs, interests and priorities of “community-based” versus “professional” organizations</td>
<td>Research suggests that students with high levels of arts participation out-perform arts-poor students on virtually every measure</td>
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<td></td>
<td>Underlying competition between the arts and entertainment</td>
<td>Arts and entertainment industry in California continues to grow while the availability of prepared employees is dwindling</td>
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<tr>
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<td>Diverse, untapped audiences (family and children, multicultural, suburban) suggest market for different, innovative programming</td>
<td>12% of student population receiving arts education</td>
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<tr>
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<td>Neighborhood and culturally rooted arts organizations are sharing resources</td>
<td>SMAC study determined what seven (7) local school districts need by way of funding to move arts education agenda forward (e.g., teachers/staff, arts providers, professional development, materials, equipment, transportation, etc.):</td>
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<tr>
<td></td>
<td>Arts programming in neighborhoods is link to increased arts participation</td>
<td>Elk Grove Unified: $523,050</td>
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<tr>
<td></td>
<td>Small and mid-size performing arts organizations in need of affordable performing spaces</td>
<td>Grant Join Union High: $823,500</td>
</tr>
<tr>
<td></td>
<td>Mid Town, Del Paso Blvd, 2nd Saturday and Sacramento Association of Museums are developing into cultural districts and destinations</td>
<td>Natomas United: $121,460</td>
</tr>
<tr>
<td></td>
<td>Local artists and organizations need regional, national and international visibility</td>
<td>North Sacramento Elementary: $344,500</td>
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<tr>
<td></td>
<td>Inadequate media coverage and criticism</td>
<td>Rio Linda Union Elementary: $297,000</td>
</tr>
<tr>
<td></td>
<td>Technology-based approaches key to reaching younger audiences</td>
<td>Sacramento City Unified: $5,654,625</td>
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<tr>
<td></td>
<td></td>
<td>San Juan Unified: $2,547,000</td>
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</tbody>
</table>

**TOTAL: $10,311,135**

[$790,000 needed for basic infrastructure; specifics on each school district’s current practice and needs are detailed in full report, which is available upon request.]

<table>
<thead>
<tr>
<th>RECOMMENDATIONS:</th>
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<tr>
<td>Establish programs to strengthen governance, including board recruitment and technical assistance.</td>
<td>Establish programs and structure to promote development of “risk capital”</td>
<td>Restore arts education’s to regular curriculum in area public school districts</td>
</tr>
<tr>
<td>Tailor programs to address current management and financial needs of organizations</td>
<td>Inventory available performing arts spaces; assess in view of future needs</td>
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</tbody>
</table>
RECOMMENDATIONS CONT.:

- Market to the way people participate (attend, join, contribute)
- Market to the frequency with which audiences participate; allows retention of established audiences
- Custom tailor materials and messages to support marketing goals in ways that speak to people’s behavior
- Determine location of targeted segments
- Determine methods of reaching segments (e.g., mail, Internet, media); advertising should be linked to market segment needs
- Deliver excellent product and services to retain customer loyalty

PROGRAM AND FINANCIAL IMPLICATIONS AND TIMELINES:

- SMAC establish grants program to support marketing plans and implementation of existing plans
  
  Funding goal: $50,000; anticipated funds
  
  Timeline: Program begins 03

- SMAC modify Community Enhancement, New Works and Cultural Awards program to allow for regional collaboration
  
  Funding goal: To be determined
  
  Timeline: Ongoing with new application cycle

- SMAC offer targeted technical assistance on selected audience development and marketing themes, including database management systems and sessions on utilization of Arts Market Study findings and recommendations
  
  Funding goal: To be determined
  
  Timeline: Part of ongoing technical assistance and stabilization program

- SMAC, in collaboration with and business leaders, spearhead regional (six-county), multimedia public awareness campaign, focusing on image development (establish image/brand, address lingering “elitism” perception and promote arts and entertainment), including cultural tourism promotional effort
  
  One-time funding goal: $500,000
  
  Funding source: Corporations and foundations (mostly local); in-kind support from local ad/p.r. firm
  
  Timeline: Ongoing

- SMAC to invest in new centralized website, including arts calendaring component, facility/space needs and cultural tourism elements
  
  Funding goal: $10,000; utilize available stabilization funds
  
  Timeline: Initiate 9/02

- SMAC participate in Americans for the Arts’ (AFTA) “Art. Ask for More.” arts education public awareness campaign
  
  Funding goal: SMAC participating agency; utilize available stabilization funds to cover additional costs
  
  Timeline: Initiate 9/02

- SMAC lead cultural tourism planning and program efforts, including participation in California Cultural Tourism Alliance (CCTA)
  
  Funding goal: $10,000; utilize available stabilization funds
  
  Timeline: Initiate 6/02

- SMAC lead media advocacy, including regular forums engaging media representatives
  
  Funding goal: To be determined; utilize available stabilization funds
  
  Timeline: Initiate FY03

- SMAC organize Trade Show/Expo (local malls and/or convention facilities); high profile, well-publicized opportunity for organizations to promote activities; smaller version could travel to regional population centers
  
  Funding goal: To be determined
  
  Timeline: To be determined

RECOMMENDATIONS CONT.:

- Develop/improve business support programs (corporate sponsorships, in-kind donations of goods and services, loaned executive programs, etc) in collaboration with Arts and Business Council
- Develop cultural tourism programs, in collaboration with visitor industry (see Audience Development/Marketing)
- Regionalize impact of funding and marketing efforts.
- SMAC, Sacramento Housing and Redevelopment Agency and city Department of Economic Development create programs supporting incubators, cultural districts, streetscapes and live/work spaces, including capital improvement
- Support cultural tourism initiatives

PROGRAM AND FINANCIAL IMPLICATIONS AND TIMELINES:

- SMAC hire consultant to develop funding plan with City, County, Metro Chamber of Commerce and Regional Foundation for an endowment fund and other stabilization strategies, appoint blue ribbon committee to oversee
  
  Funding goal: Utilize available stabilization funds for planning; $42 million and $2.8, respectively for stabilization efforts
  
  (goals to be revised during planning process)
  
  Timeline: Complete report by 2003

- SMAC establish grants program to support long-term planning
  
  Funding goal: $50,000; anticipated funds
  
  Timeline: Program begin FY03

- SMAC expand loan program
  
  Funding goal: $125,000; available stabilization funds
  
  Timeline: Guidelines available 9/02 procedures

- Create an inter-agency program (SMAC, Sacramento Housing and Redevelopment Agency, City and County economic development departments and Convention and Visitors Bureau) that invests in facility space, cultural tourism and economic development
  
  Funding goal: N/A
  
  Timeline: Established by 2/03

- Create a six-county regional committee that meets quarterly to review and create regional opportunities and partnership programs (Sacramento, Yolo, Placer, El Dorado, Yuba and Sutter Counties)
  
  Funding goal: To be determined
  
  Timeline: Established by 2/03

- SMAC and Sacramento Regional Foundation initiate funders roundtable, a regular assembly of area public and private sector funders to discuss
  
  Funding goal: To be determined
  
  Timeline: To be determined
**RECOMMENDATIONS CONT.:**

- Create more opportunities for artists (research and development, exhibition and performance, touring, international exchange)
- Convene artists and organizations on contemporary themes and business plan implementation
- Explore tie between arts and technology, focusing on young artists
- Convene cultural community leaders and media representatives

**PROGRAM AND FINANCIAL IMPLICATIONS AND TIMELINES:**

- SMAC, Nonprofit Resource Center and Arts and Business Council establish board development program (possible institute format) targeting board/staff roles and relationships, board recruitment, development and fundraising and financial management:
  - **Funding goal:** $7,500; utilize available technical assistance funds
  - **Timeline:** FY03

- SMAC and Nonprofit Resource Center establish comprehensive “arts track” of workshops and individualized consultancies addressing key organizational development themes:
  - **Funding goal:** To be determined; utilize available technical assistance funds
  - **Timeline:** To be determined

**ARTS EDUCATION**

- **RECOMMENDATIONS CONT.:**
  - Ensure more effective and efficient coordination between school districts, arts and cultural organizations and community based organizations for planning and implementing arts education programs; create formal coalition to sustain coordinating efforts
  - Expand arts education programs over the long term
  - Integrate arts education and youth arts programs into city and county youth programs

**PROGRAM AND FINANCIAL IMPLICATIONS AND TIMELINES:**

- SMAC hire consultant to develop funding plan with City, County and local school districts that maximizes current funding and generates new dollars to restore arts education in local schools:
  - **Funding goal:** To be determined; utilize available funds
  - **Timeline:** Complete report by 2003

- Sacramento City Council provide funding to SMAC to hire a full-time Arts Education Coordinator to work with school districts, County Office of Education and arts providers and artists working in schools; position would be permanent; coordinator would help school districts plan, implement and improve arts education programs, coordinate arts education services, provide training and professional development opportunities for teachers and artists, manage the artist registry program, convene and hold regular arts education networking meetings, recruit and train artists, publicize arts education information and seek funding:
  - **Funding goal:** To be determined
  - **Timeline:** To be determined

- City of Sacramento match funds provided by County to SMAC for artists in schools residency programs in all arts disciplines, benefiting all city school districts; ongoing allocation; SMAC manages with existing arts education staff:
  - **Funding goal:** To be determined
  - **Timeline:** To be determined

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**NOTES ON FINANCIAL IMPLICATIONS**

This plan’s recommendations present a daunting financial challenge for SMAC and its program partners. Below is a tally of rounded projected new dollars indicated to address current needs and develop and implement the proposed new and expanded existing programs as prioritized above:

- **Audience Development and Marketing:** $600,000
- **Stabilization:** $45,000,000
- **Arts Education:** $11,000,000

**TOTAL:** $56,600,000
Vision
The Commission envisions a dynamic, lively and diverse regional arts community which is accessible to all and which is a major cultural destination.

Mission
The Commission’s Mission is accomplished by providing and facilitating arts experiences and opportunities; creating an environment that supports sustainable and flourishing arts organizations and artists; and positively contributing to arts education and a growing artistic and cultural economy.

Goals
The Goals of the Commission are to:

- Support and strengthen the role of cultural organizations and neighborhood preservation and revitalization;
- Increase arts and cultural experiences and opportunities for all members of the community through regional partnerships;
- Enhance the role of culture and the arts in improving the quality of life for residents and visitors;
- Support and strengthen arts and cultural education for all children, youth and their families; and
- Enhance organizational and financial stability of arts and cultural organizations.

The Commission is committed to providing accessible opportunities for all the residents of the City and County of Sacramento. Through its programs, the Commission supports the administrative and artistic development of a broad spectrum of artists and arts organizations, arts services, and art disciplines that are reflective of the county’s demographic, geographic, socio/economic, and cultural make-up. Below is the Commission’s diversity policy statement:

“The Sacramento Metropolitan Arts Commission will respect and seek to achieve diversity in all of its programs and administration by: (1) ensuring diverse representation in decision-making through selection of panel members, committees, and advisory bodies; continual consideration of candidates for arts commissioner appointments; and in the diverse and broad recruitment and hiring of staff, contractors and vendors; and (2) distribution of funding and funding opportunities to arts organizations, artists, and activities which represent the diverse communities of the city and county. The Commission is committed to cultural equity. Its goals will be achieved when all the peoples that make up our city and county have fair access to the information, financial resources and opportunities vital to full cultural expression; and the opportunity to be represented in the development of arts policy and the distribution of arts resources; when all the cultures are expressed in thriving, visible, arts organizations of all sizes; and lastly, when new institutions flourish whose programming reflects the experiences of historically underserved communities.”
CITY OF SACRAMENTO
City Council:
Mayor Heather Fargo
District One | Ray Treheway
District Two | Sandy Sheedy
District Three | Steve Cohn
District Four | Jimmie R. Yee
District Five | Lauren Hammond
District Six | Dave Jones
District Seven | Robbie Waters
District Eight | Bonnie Pannell

COUNTY OF SACRAMENTO
Chairman of the Board
5th District | Don Nottoli

County Board of Supervisors
1st District | Roger Dickinson
2nd District | Illa Collin
3rd District | Muriel P. Johnson
4th District | Roger Niello

City of Sacramento
City Manager | Robert P. Thomas
Asst. City Manager | Betty Masuoka
Deputy City Managers | Thomas V. Lee, Ken Nishimoto and Richard Ramirez
Convention, Culture and Leisure Department, Director | Barbara Bonebrake
Convention, Culture and Leisure Department, Administrative Officers | Cary Jung and Linda DeLong

County of Sacramento
County Executive | Terry Shutten
County Deputy Executive | Lee Moss
Community Development and Neighborhood Assistance Agency, Director | John O’Farrell
Economic Development Department, Director | Paul Hahn
Economic Development Department, Project Manager | Karen Blaskoski
Senior Administrative Analyst | Marilyn Baca
COMMISSION INFORMATION

SACRAMENTO METROPOLITAN ARTS COMMISSION:
Daphne Gawthrop | Chairwoman

Steven Doerr
Marcy Friedman
Jan Geiger
Nan Mahon
Burnett Miller
Donald Sronce | Vice Chair
John Wong
Gloria Woodlock | Vice Chair

SMAC ARTS DEVELOPMENT COMMITTEE:
Gloria Woodlock | Chairwoman

Michael Balma
Paula Campbell
Karen Carlson
Daphne Gawthrop
Julia McMichael
Suzette Riddle
John Thompson

FRIENDS OF SACRAMENTO METROPOLITAN ARTS
COMMISSION & METROPOLITAN ARTS PARTNERSHIP:

John Hamilton | Friends President
Gerry Kamilos | MAP President

Dick Janes
John Lambeth
Kitty Simpson
Mike Testa

SMAC INFORMATION

STAFF
Michelle Walker | Executive Director, SMAC
Randy Mackay | Administration Analyst
Linda Bloom | APP Program Administrator
Elisa Nicholas | APP Assistant
Rhyena Halpern | Grants Program Coordinator
Monica Stoycoff | Grants Program Assistant
Juanishi Orosco | Arts and Education Coordinator
Renee Yeh | AEO Assistant
Andrea Porras | YEA! Coordinator
Cindy Moore | Typist Clerk III
Heather Brock | Typist Clerk II

CONSULTANTS
Ruth Rosenberg | Stabilization Consultant
Diana Walker Smith | MAP Consultant
Anne Marie Flores | Friends Consultant
Ken Larsen | Arts Reporter and Artscetera Editor
Sylvia Lewis | Graphics Consultant
Wes Doak | Web Designer
Don Tarnasky | APP Architectural Consultant
Suzette Riddle | APP Docent Consultant
SMAC Commission Chair
Daphne Gawthrop

I-r: Sacramento County Supervisor
Muriel Johnson, SMAC
Commissioners Burnett Miller & Marcy Friedman, Capital Public Radio
General Manager Mike Lazar

California Arts Council Deputy
Director Paul Minicucci speaking at SMAC Arts Day press conference

Media panel audience. Artist Kim Scott speaking

Eduardo Diaz presents the findings of studies and assessments to the community


Arts Day media panel. I-r: José Montoya, Leland Ball, James Wheatley, Lial Jones, moderator Rhyena Halpern, Pam Dinsmore, Mike Lazar, Jim Bonfield, Jackson Griffith

Media panel audience. League of Sacramento Theatres Board President Jackie Shultz

Arts Day media panel prepares: Mike Lazar, Leland Ball, Jim Bonfield, consultant Ruth Rosenberg, Jackson Griffith