

MEXICAN HERITAGE PLAZA

Steering Committee Meeting 4 Notes

13 October 2009

5:30 to 8:30 p.m.

**I. Welcome and Introductions**

Laurie MacDougall,  
Facilitator

**II. Progress to date**

The Steering Committee was reminded that the evening was designed to complete the education phase before moving on to consider actual scenarios, and would focus on issues remaining from previous meetings.

**III. Non-profit and for-profit models**

A. Mexican Heritage Corporation

Marcela Davison Aviles, President and CEO of Mexican Heritage Corporation, joined the Steering Committee by speaker phone to give the group a brief history of the Corporation's efforts to use for-profit providers, and what worked and what didn't.

MHC entered into agreements with selected concert promoters to provide programming for Plaza that would be synergistic to MHC's mission in 05-06. For most part this worked out well. One partner found it to be money loser, but was good from MHC's perspective. MHC had no budget for programming, so this was way to work around limitations.

The two examples Ms. Aviles cited were contracts with Another Planet and Univision Radio/Television. Both involved contracts that assured MHC creative control (performers had to be Latino musicians in keeping with MHC's programmatic mission) with minimal risks, as expenses were borne by the promoter. She characterized the shows as well attended for the most part. The venue location was not a problem because the artists so high profile. She considers this kind of activity to be financially viable as part of the new design for MHP, with the caveat that it would be best to interview promoters with experience in Latin music. The best-attended concerts were Mexican regional, traditional and Mexican rock.

In response to a question about the viability of working with a booking model like Montalvo, with wide range of types of events/cultures, Ms.

Aviles responded it would need to be carefully vetted. She cited the need to closely examine impact to footprint in terms of wear and tear; the facility's capacity to provide production offices/infrastructure for promoters; the need for an up-to-date functional box office and adequate dressing rooms; a venue staff that is experienced; and the need to look at impact on the surrounding community- e.g., sound bleed into neighborhood.

In response to questions from the Steering Committee, Ms. Aviles noted that MHC charged a flat fee from promoters, then attempted to negotiate a percentage of concessions, but that MHC did not have a lot of leverage to negotiate deal, and the main concern was to minimize financial risk to the venue.

The Plaza capacity was cited to be 2,000, and at least two concerts sold out. One concert had only a few hundred. Others attracted 1,000 to 1,500 as rough estimate. Another Planet did not renew, as they discovered they couldn't make money at it. Ms Aviles pointed out that doesn't mean someone else couldn't.

#### B. Hoover Theater Model

The General Manager of the Hoover Theater, Paula Davis, works for a for-profit company responsible for managing the Hoover Theater and Flint Center at De Anza College. The company is paid a flat fee for this service; it is not an incentive-based arrangement.

Understanding the Hoover Theater model requires understanding the distinction between OWNER, CONTRACTOR, and SUB-CONTRACTOR.

For MHP: The City is Owner, the Contractor was MHC who managed all the elements of the space on behalf of the City. The O & M under this model was covered by MHC, funded by a subsidy from the City.

For Hoover: School District is Owner, Hoover Middle School is the Contractor, which hires a for-profit organization as Sub-contractor to operate it in accordance with the priorities and goals established by the Contractor. The O & M in this model is covered by the School District and Hoover Middle School does the maintenance. The Sub-Contractor is paid to deliver a specific service, which is programming the space for those dates not set aside for use by the school or the school district.

The implications of this model were discussed by the group, which saw several options that might be pursued:

- The City could contract with a non-profit to manage the entire operation on their behalf, as is the model, for example, for the Yerba Buena Center for the Arts in San Francisco. This is a common model for municipally-owned venues that a city elects not to manage themselves. The advantages of this model are that there's an entity setting the tone, fulfilling the mission, and assuring community input into programming. This entity, as a non-profit, can also raise funds to operate the venue. This model would require a non-profit devoted specifically to operating the venue, without programming goals of its own. In this crucial sense, it would be different from the arrangement with Mexican Heritage Corporation.
- The City can also contract with several entities to fulfill various elements entailed in operating the venue, including non-profit and for-profit entities with separate relationships to Owner. Such a hybrid model requires further exploration.
- A third option, of the City contracting directly with a for-profit Operator to manage the entire operation was considered briefly, but the Committee agreed it was hard to conceive of a for-profit Contractor who could take full burden of facility and stay true to mission. This is not viewed as a viable option.

#### **IV. Steering Committee Logistics**

The facilitator pointed out the need for some internal procedural agreements among committee members as the process toward more decision-making. The agreements reached are as follows:

- a) Should the Steering Committee elect a chair to run meetings? Or should the facilitator continue to play this role?

After discussion the group in general agreed that designating a chair would mean that committee member would not be able to fully participate in the process. The agreement was that the facilitator should continue to run meetings to enable the full committee to focus on the work at hand.

- b) What decision-making process will be used (consensus vs. majority vote)?

The group agreed that the ideal should be consensus unless the Committee chooses to put an issue to a vote. Any Committee member can call for a vote on any topic.

c) How will speakers be identified and by whom?

The facilitator emphasized that the goal was for everyone to feel heard. Committee agreed that continuing with the “popcorn” style would be best, with the facilitator continuing to call on people as she sees their hands, and that if the situation calls for it, going around the table, “talking stick” style should be used.

d) Should the committee re-visit question of lunch vs. evening meetings, in order to allow longer evening meetings to support deeper discussion?

The group consensus is to re-schedule all future meetings for the evening, and allow three hours. This means the next meeting will be held from 5:30-8:30 on Tuesday, November 10. A complete revised meeting schedule will be distributed to the Committee.

e) Does the committee agree on the option of delegating issues raised to ad hoc study groups with the understanding they would meet between steering committee meetings and bring back recommendations to the group? Or does the committee want to continue to operate as a committee of the whole?

The group agreed that using ad hoc study groups between scheduled meetings would be a good tool to use going forward, and that an outline of issues to be studied would help this effort. It was also pointed out that this would entail communication with everyone to avoid re-visiting issues at larger group meetings.

## V. Scenarios and Additional Issues

The group had a lively discussion about a number of issues involved in designing operating scenarios. The following issues were raised:

### A. City Support

The dollars the City will provide MHP was raised as an issue. According to the actual budgets distributed at a previous meeting, with corrected rental income, the estimate of cost/income to the City in FY08/09 was as follows:

Actual O&M Costs	560,819
Rental/Event Program Costs	304,816
SUBTOTAL EXPENSES	<u>865,635</u>
Revised INCOME	<u>246,789</u>

NET EXPENSES

618,846

In response to inquiries from the Committee, it was estimated that the City paid MHC Corporation approximately \$450,000 per year toward expenses incurred in operating MHP. This meant MHC Corp had to raise from other sources the difference between net expenses and the O&M they were given. Based on the City's actuals for FY08/09, it would have required roughly \$168,846 to make up the difference.

The facilitator pointed out that establishing the dollar amount that would be required from the City would be part of the business plan, and that it was most likely there would have to be some level of permanent support. It was also pointed out, again, that MHP was more expensive to maintain than many City-owned cultural venues because of the extensive gardens and plantings.

### **B. Mission**

The Committee raised the issue of mission. As one member put it, "What's the product?" This includes the question of how the RAP program is structured into the mix. As another Committee member put it, "What is heart and soul of why MHP exists?"

The vision statement included in the Mayor's Memo giving the group direction was read to the group. It states that the goal of the process was not to alter the original vision to "*affirm, celebrate and preserve the rich cultural heritage of the Mexican community and showcase multicultural arts within the region.*"

A Committee member pointed out that this mission was the mission of MHC Corporation, and that the multicultural part of mission was added later to the original mission. The group discussed the question of a multicultural vs. one focusing on Mexican culture, and agreed that Mexican heritage in and of itself is very multicultural, and that MHP can host anything it wants. As one Committee member put it, "I see opening our vision to have doors wide open for us to be success. Our door should be wide open to present culture."

It was pointed out by another Committee member that, "If in our efforts for inclusivity we lose the spike of the original intention. It's important to make sure the Mexican essence is not diluted or we lose the founding intention." It was pointed out that there were a variety of ways to achieve that goal, with RAPS being one way. Maintaining a healthy percentage of Mexican programming was agreed to be an important goal.

The group agreed by consensus that the mission should be multicultural, with the Mexican culture being first among equals.

The facilitator pointed out that this was the mission of the Operator, with a programming mission of its own, and that no mission exists for the venue itself. This needs to be considered in the future.

### **C. Name**

As the name is an issue closely related to mission, the group discussed the name, Mexican Heritage Plaza, and, after due deliberation, agreed by consensus the name should stay the same.

## **VI. Next Steps**

For the next meeting the group requested the following:

- Time to do a SWOT analysis to ground discussions about scenarios
- Outline of what needs to be included in a business plan. What would it look like?
- List of assumptions so far

## **VII. Public Comments**

A. Representatives from Teatro Vision addressed the group to thank the Committee for its hard work and to ask of the Steering Committee that they give some consideration to the RAP groups as advisors. Leaders are available and interested in this role. Another representative told the Committee Teatro is here because of its commitment to being here and to making MHP a home. She observed that Teatro has a lot of knowledge and experience in surviving in the venue.

B. Another individual wondered how much publicity the meetings have received and proposed an ad in the paper. The facilitator noted that meeting times and follow-up notes are posted each month on the website.

This was echoed by another attendee who observed this process is an opportunity to involve lots of people who are really passionate about MHP and lots of people who want to be involved. The Committee discussed how that might be better accomplished, while still allowing the time to address the task before it. The possibility of more outreach to organizations who would be interested might help this effort.

There was clarification of the requirements of the Brown Act, that Committee members can freely speak to anyone in the community to gather input to bring back to the full Steering Committee, and that this was intended that this feedback mechanism was built into the selection of community representatives sitting on the Committee.

The group agreed that to allow more community response during meetings, two opportunities for comment should be scheduled, one half way through, the other at the end.