



Operating Grant (OpG) FY 2024-2025

**Pre-Application Webinar
December 13, 2023**



Presentation Overview

- About the Office of Cultural Affairs
- Purpose and Eligibility
- Required Standards of Practice
- Two-Year Eligibility
- Funding Period and Use
- Application Components
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Our Mission

The City of San José recognizes that arts and culture are essential elements in the character and quality of life in a vibrant community and seeks to ensure that San José is an effective hub of a wide array of arts and cultural opportunities throughout Silicon Valley.

The Office of Cultural Affairs (OCA) is the lead City of San José agency for championing and stewarding a vibrant arts sector.

Cultural Funding Portfolio:

- **Festival, Parade, and Celebration Grants (FPC)**
Support for publicly-accessible community festivals, parades, and celebrations in San Jose by nonprofit organizations.
- **Operating Grants (OpG)**
Support for operations of San Jose arts and culture organizations with professional staff.
- **take pART Grants**
Support for publicly-accessible arts activities held in San Jose provided by San Jose-based nonprofit organizations.



Purpose of Operating Grants (OpG)

Provide **unrestricted financial support** for selected San Jose professional arts & cultural organizations at various stages of development.

Operating Grants are intended to support the following goals:

- A sustainable community of stable, well managed arts/cultural organizations, providing a wide array of arts and cultural experiences, and employing professionals to achieve high standards of artistic quality.
- Enrich arts and cultural literacy among San Jose residents of all ages.
- Broad-based, community-wide participation in arts and culture.



OpG Eligibility

- Mission must be focused on the arts*.
- Must have conducted a majority of its arts and cultural programs in San José for at least the **3 years** preceding the start of the funding period in the application.

****Exception: An organization whose mission explicitly includes the arts as a principal part of a multi-faceted mission can be eligible IF it can document through an independent audit that at least one-third of the organization's annual operating expenses are spent on the direct cost of providing arts programs and activities.***



OpG Eligibility (continued)

- Must offer arts/cultural activities to the public in San Jose venues during the period of support.
- Must operate and offer its arts/cultural programs in a non-discriminatory manner and in compliance with all applicable laws, including, laws protecting persons with disabilities.
- Must be a **501(c)(3) not-for-profit organization**.
- Have a governing body of at least 5 persons.
- Organization **MUST** be based in San Jose.



OpG Eligibility (continued)

- Operating revenue and expense of at least \$50,000 (not including in-kind) for last 3 completed fiscal years.
- Projected operating revenue and expense of at least \$50,000 (not including in-kind) for current fiscal year and proposed grant period.
- Year-end Financial Reports (Audit or Review) must be done by a third-party accounting firm.
- Must be compliant with any current and previous grants from OCA.
- The organization must not be receiving long-term loans from the City of San Jose.



Required Standards of Practice

All Organizations

- At least the equivalent of one full-time paid employee (not contractor/consultant) with duties including executive and/or artistic management.
- Artists compensated with at least an honorarium, except for artists enrolled as students with the organization.
- Administrative employees paid at wages commensurate with comparable organizations in the San José arts community.
- General Liability insurance.
- Workman's Compensation insurance.
- No operating deficit unless it is strategically planned with reserves to cover them.



Required Standards of Practice

FINANCIAL REPORTS: Current practice of annual Year-End Financial **Audit OR Review** completed by an external, independent Certified Public Accountant (CPA) or firm:

Organizations with expenditures BELOW \$750,000

- Annual **Year-End Financial Review** completed by an external, independent Certified Public Accountant/Firm.

Organizations with expenditures ABOVE \$750,000

- Annual certified **Year-End Financial Audits** completed by an external, independent Certified Public Accountant/Firm.



Two-Year Eligibility

- Average 3-year operating expenses **BELOW \$750,000.**
- Received an OCA Operating Grant in the past 2 funding cycles.
- No incurred FY 2022-2023 operating deficit and no projected FY 2023-2024 operating deficit,
- **OR** if incurred an operating deficit, can demonstrate that **the deficit did not or will not exceed 15% of its unrestricted net assets.**

Current FY 23-24 OpG Grantees and FY 24-25 Two-Year Eligibility

- **No incurred operating deficits (FY 22-23) OR if incurred an operating deficit, can demonstrate that the deficit did not or will not exceed 15% of its unrestricted net assets.**
- **Will not have to complete a full OpG application on WebGrants; 2nd Year Grantee form will be sent.**
- **Email will be sent confirming 2nd Year eligibility and if grantee accepts 2nd Year.**
- **FY 23-24 Grant Reference Score will apply for 2nd year (24-25).**

Funding Period and Use

- Operating Grants are intended to support general operating expenses incurred during a grantee's fiscal year* that ends in 2025.
- Regardless of funding period, Operating Grants may be used for a broad range of expenditures to run an organization and deliver programs to the public.
- Organizations with missions not exclusive to the arts may only spend grant funds on costs related to arts programming.



Application Components

- General Information
- Sources of Funds Statement
- Cover Sheet
- Narrative
- Applicant Signature
- Attachments Including
 - CDP Funder Report and Notes beginning FY2020-21
 - FY2022-23 Financial Report
 - FY2023-24 YTD Financial Statements
 - FY2024-25 Proposed Budget
 - List of FY2024-25 & FY2023-24 art activities
 - Brief bios of key staff
 - Board Roster
 - Supporting Materials (such as digital copies of brochures, press reviews, or articles (3 max))
 - Work Sample

Grant Review Panel Process

- Applications are reviewed by an independent panel comprised of professionals with expertise in nonprofits, and arts & culture, and a member of the San Jose Arts Commission
- Staff does not score applications
- Panel meetings are public and via Zoom (recorded)
- **OPTIONAL:** Applicants may address the panel for 2 minutes during the review of their application

Grant Panel Selection & Training

- **Most panelists have served on numerous grant panels locally, regionally, and nationally**
- **Panelists are trained regarding biases and preferences**
- **Trained NOT to evaluate by comparing orgs but by the criteria, the organization's mission and capacity**
- **Conflict of interest training and declaration form**



Grant Panel Review Criteria

- Artistic Program (30%)
- Operational Effectiveness (30%)
- San Jose Community Impact (30%)
- Economic Impact (10%)

TOTAL = 100%

Grant Panel Rating System Scale

- Exceptionally Responsive (10 points)
- Very Responsive (9 – 8 points)
- Basically Responsive (7 – 6 points)
- Weakly Responsive (5 – 4 points)
- Minimally Responsive (3 – 1 points)
- Unresponsive (0 points)

Panelists may give ½ points on their ratings

Minimum Scoring Threshold

Applications must receive a 60% and above score to qualify for funding. However, achieving a score of at least 60% DOES NOT GUARANTEE that the grant review panel will recommend an application for funding, depending on range of scores, quality of applications, and total funding available for FY 24-25.

Initial Reference Grant

- Organization’s operating expense, averaged over last 3 completed years.
- Amount of funds available for granting.
- Number and budget size of all operating grant applicants.

Annual Operating Expenditure	Sample Percentage Range *
\$50,000 – \$200,000	12% – 9%
\$200,000 – \$750,000	9% – 6%
\$750,000 – \$5,000,000	6% – 3.5%
\$5,000,000 – \$15,000,000	3.5% – 1.5%

Download the Reference Grant Calculator at: <https://www.sanjoseca.gov/your-government/departments-offices/cultural-affairs/grants-program/operating-grants/opg-resources>

Contractual Requirements

- Registered “Compliant Vendor” (IRS, CA OAG, CA SOS)
- Business Tax and Insurance Requirements
- Final Report (if received an OpG during last cycle)
- Acknowledgement of City Support
- Audit Posting Requirements (organizations that receive over \$290,000 in City of San Jose funds)
- Compliance with Copyright Law
- Compliance with the Child Abuse and Neglect Reporting Act and Employee/Volunteer Clearance Verification
- Environmentally Preferable Procurement Policy

Insurance Requirements

A Certificate of Insurance (COI) is required *before* we can process the contract. The COI must contain:

- **Commercial General Liability: minimum \$1,000,000 per occurrence**
- **Auto: Either commercial policy or Non-Owned and Hired Insurance \$1,000,000 per occurrence**
- **Workers' Compensation: \$1,000,000 per occurrence + waiver of subrogation**
 - **If your org does not have employees you can sign a form attesting so the Workers Comp requirement can be waived**

Note: Please ensure you reflect any increase in cost for insurance in your budget

Insurance Requirements (cont'd)

ADDITIONALLY: Those organizations serving children and youth will be required to carry:

- **Sexual Misconduct/Abuse and Molestation Liability insurance (often referred to as Sexual Molestation Liability or SML coverage): Not less than \$100,000 each occurrence.**

Timeline OpG Grants

February 23, 2024 – OpG Application Deadline

March 28 & 29, 2024 – Review Panel Meeting (*via Zoom Webinar*)

May 2024 – Funding Recommendations to Arts Commission

June 2024 – City of San Jose FY 2024-2025 Budget Adopted

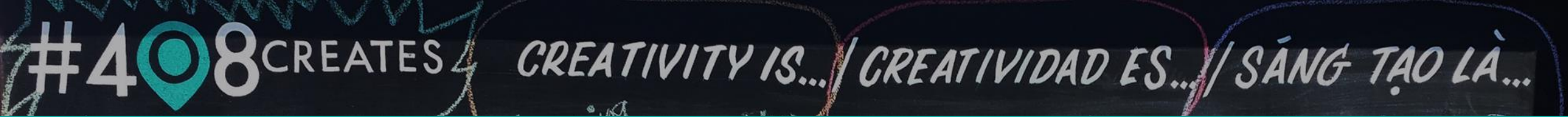


Webgrants Portal

<https://grants.sanjoseca.gov>

(Or Google “City of San Jose Webgrants”)

- Applications will only be accepted via Webgrants Portal
- Complete application must be submitted by deadline (cannot submit portions later)
- Registration is per individual and individuals can be associate with an organization
- Apply early- don't wait until the last minute!
- Save as you go – even better, write and save answers in another document and then paste into Webgrants
- If you need technical assistance, contact staff
- OpG applications will open tomorrow by 5:00 PM



**Please download and READ the complete
FY 24-25 OpG Guidelines at:**

<https://www.sanjoseca.gov/your-government/departments-offices/cultural-affairs/grants-program/operating-grants>

DEADLINE!

Complete application forms and attachments must be submitted via WebGrants (<http://grants.sanjoseca.gov>)
by:

FRIDAY, FEBRUARY 23, 2024 by 4:59 PM

If you are selected for OpG funding, you will receive:

- 1. Notification of recommended award**
- 2. E-packet with what will be required from you (COI, additional documents, etc.)**
- 3. FAQ sheet**
- 4. Timeline/next steps**

Other Resources

- **Arts Loan Fund: Cash Flow and Other Loans**
www.artsloanfund.org
- **Creative Capacity Fund – Quick Grant Program**
<http://cciarts.org/ccf/>





Office Hours via Zoom

Thursday, Jan. 18, 2024 6:00PM-7:00PM

Tuesday, Jan. 23, 2024 12:00PM – 1:00PM

Zoom links posted on OCA Website

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Questions?