



Operating Grant (OpG) FY 2023-2024

**Information Session
December 8, 2022
10:00 AM – 11:30 AM**



Presentation Overview

- About the Office of Cultural Affairs
- Purpose and Eligibility
- Funding
- Application Preparation
- Evaluation Criteria and Review Process
- Grantee Contractual Requirements
- Resources
- Webgrants



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

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

Operating Grants are intended support the following goals:

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



Eligibility

- Mission must be focused on the arts*.
- Must have conducted a majority of its arts 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.***



Eligibility (continued)

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



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.
- At a minimum, year-end Financial Reports must be compiled by a third-party accounting firm.*
- Must be in compliance any current and previous grants from OCA.
- The organization must not be receiving long-term loans from the City.



Required Standards of Practice

All Organizations

- At least the equivalent of one full-time paid employee (not contractor) 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 rates 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.
- Current practice of annual Year-End Financial Review completed by an external Certified Public Accountant/Firm.



Required Standards of Practice

Organizations with expenditures above \$200,000

- Current practice of annual Year-End Financial Review completed by an external Certified Public Accountant/Firm.

Organizations with expenditures above \$750,000

- Artists compensated at generally accepted professional standards for the field within the San Francisco Bay Area.
- Accessible offices, rehearsal spaces, training, and other facilities necessary to prepare programs.
- Current practice of annual certified Year-End Financial Audits completed by an external Certified Public Accountant/Firm.



Application Components

- General Information
- Sources of Funds Statement
- Cover Sheet
- Narrative
- Applicant Signature
- Attachments Including
 - CDP Funder Report and Notes beginning FY2019-20
 - FY2021-22 Financial Report
 - FY2022-23 YTD Financial Statements
 - FY2023-24 Proposed Budget
 - List of FY2022-23 & 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



Two-Year Application Eligibility

- Average 3-year operating expenses over \$750,000
- Received Operating Grant in the past 2 funding cycles;
- No incurred FY2021-22 operating deficit and No projected FY2022-23 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

Funding Period and Use

- Operating Grants are intended to support general operating expenses incurred during a grantee's fiscal year* that ends in 2024.
- 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.

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>

Grant Review Panel Process

- Applications are reviewed by independent panel of experts – those with expertise in arts & culture and/or events (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
 - Staff will send schedule in advance



Review Criteria

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

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)**
- (Applications must receive a 60% or above score to qualify for funding.)**

Contractual Requirements

- Registered “Compliant Vendor” (IRS, CA OAG, CA SOS)
- Business Tax and Insurance Requirements
- Final Report
- Acknowledgement of City Support
- Audit Posting Requirements *(if applicable)*
- 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

Other Resources

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



DEADLINE!

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

THURSDAY, February 2, 2023 by 5:00 PM

Timeline OpG Grants

February 2, 2023 – Application Deadline

March 2023 – Review Panel Meeting (*via Zoom Webinar*)

May 15, 2023 – Recommendations to Arts Commission

June 2023 – City FY 2022-2023 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



Grant Related Questions?
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Download Guidelines at:
www.sanjoseculture.org