

DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

memorandum

TO: Urbana Public Arts Commission

FROM: Anna Hochhalter, Public Arts Coordinator

DATE: April 8, 2010

SUBJECT: Public Arts Program Fundraising

Background

In the ordinance establishing the Urbana Public Arts Commission, one of the duties assigned to the Commission is "to research and seek additional funding including donations, grants and other support to further expand public arts programs". At the Commission meeting on December 8, 2009, Alderman and Commission member Robert Lewis requested additional information regarding the fundraising activities that are allowable for Commission members, City Council members, and City staff. Staff has worked with the City Legal Division to determine appropriate approaches to fund raise for the Public Arts Program. The following is an overview of the research and conclusions regarding the topic.

Discussion

A survey of other cities' public arts programs shows that there are many ways to address fundraising for municipal programs. Attached (Exhibit A) are communications from 13 programs on their methods of fundraising. One of the common fundraising methods is to create a separate non-profit organization, known as a 501(c)(3), whose main task is to fundraise for the municipal arts program. Each city's strategy is based on the needs and resources of the city, and it is expected that every city has a slightly different fundraising mechanism.

One of the main questions being addressed by Urbana staff relates to whether there are legal restrictions on the fundraising activities of elected or appointed officials, or of City staff. It has been determined that the City can receive tax-deductible donations, however legal staff advise against elected officials soliciting funds for the city as this may be misconstrued as a bribe or a kind of "quid pro quo" from either the donor or the public at large. Accordingly, insulating elected officials from the fundraising process would best prevent any appearance of impropriety. Additionally, the Commission is advised to distance themselves from directly soliciting funds for the same reason.

The creation of a not-for-profit organization whose sole duty is to fundraise for the Urbana Public Arts Program may be a logical fundraising strategy to work toward in the future. The following issues would need to be considered:

- To date, the City has never created a non-profit organization to execute City business.
- The process of filing for a 501(c)(3) is arduous and has associated costs for legal services and accounting and must be done in accordance with extensive IRS rules and regulations.
- The Commission is relatively new and is still working to implement all of its existing programming goals.
- The creation of a non-profit organization would require significant staff time.

An alternative to creating an incorporated not-for-profit organization that would achieve a similar goal would be to create a "Friends of the Arts" group. The Commission could create a volunteer group whose purpose is to fundraise for the Public Arts Program. City staff could serve as a resource for this group. However, it is also advised that City staff not participate in the direct solicitation of funds for the same reasons elected officials and the Commission should refrain from such activity. The "Friends of the Arts" group could pursue an association with a local non-profit group, such as the CU Community Foundation, which could provide the benefits of a non-profit to the donor. Funds could also be donated to the City of Urbana Public Arts Fund, which is an account established by Ordinance 2008-03-013 on April 21, 2008, through which funds from the city, outside grant monies, private and corporate donations for the arts, and other revenue resources can be received, collected, and distributed.

Another fundraising method worth considering is a combined campaign, an example of which is seen in the City of Columbia, Missouri, a comparable city with a population of approximately 80,000. In Columbia, the City has established a combined campaign called "Share the Light" which allows City of Columbia utility customers to contribute to specific city project through their monthly utility bill. Donations can be made to six areas: public art, community beautification, youth recreation scholarships, dental care, fire prevention and education, and crime prevention. Attached (Exhibit B) is a brochure describing the program. Although Urbana does not have a municipal utility, there are other municipal bills, for example the sewer benefit bill, that are sent to Urbana property owners and could be coupled with a brochure and donation request similar to this.

Recommendation

After meeting with the Legal Division staff to discuss the pros and cons of establishing a non-profit organization, it is recommended that the Commission seek alternative methods to a formal non-profit organization at this time. Staff recommends the following actions:

- Create a "Friends of the Arts" group
- Create written proceedings for Public Arts Program fundraising
- Continue to explore a combined campaign program

Additionally, staff recommends that the Commission review the attached municipal case studies and information above and be prepared to advise on further direction during the Commission discussion on Tuesday, April 13th, 2010.

Attachments:

Exhibit A: Municipal Fundraising Case Studies
Exhibit B: Columbia, MO Share the Light brochure

Municipal Fundraising Case Studies

From: Bonfy, Connie

Sent: Wednesday, March 03, 2010 2:22 PM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Hi Anna, after years of having a combined appointed commission who would adjourn and reconvene as our foundation board, we recently split them into two completely separate agencies who convene on different days and times. It has been an interesting process with interesting results. Our formerly, very engaged, advisory commission is now much less engaged during their montly meetings and is doing more work at the committee level. The new foundation board is fierce (in all the good ways that they should be in both advocating and funding). It has been an interesting change.

Anna wrote: To clarify, you are in Salina, KS, correct? Would you say that it is working better now that you have two separate agencies? Did it work well before when the commission would adjourn and reconvene? These are both ideas we are looking into.

Connie wrote: Yes, Salina, KS. It worked okay before, but due to "sunshine laws" as Kansas calls open meeting laws, it was a bit grey for when they were acting as public agency and when they were acting as private. Although not everyone agreed, the city manager and city attorney advised and encouraged the change, leaving me to broker the deal, so I did.

Two groups, two meetings, two sets of minutes, two notifications, etc. equals more time and energy spent. In the long-run I think we will see greater returns though as each team has a specific group of areas they focus upon and specific committee structure that doesn't overlap.

From: Engebretsen, Kristen

Sent: Wednesday, March 03, 2010 11:22 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for Municipal Programs

Hi Anna,

I work at the LA County Arts Commission and we have several types of fund raising.

Our civic art program is funded by one percent of design and construction costs on new County capital projects.

Our arts education programs are funded by a large grant from the Wallace Foundation, as well as what we call the Pooled Fund. This is a group of funders that donate to a pool of money and then have voting rights on how the money is spent. Our arts ed initiative is a shared leadership model, so we partner with many different organizations to implement the program. Some of the grants we receive go to our partner organizations as a fiscal receiver because sometimes foundations/grantors will not award money to government agencies.

The Ford Theatre Foundation, an independent not-for-profit organization, is dedicated to supporting the performing arts and education activities that are presented by the Los Angeles County Arts Commission at the John Anson Ford Amphitheatre.

Here is our website: http://www.lacountyarts.org/

Let me know if you have questions.

Kristen Engebretsen

Implementation Manager
Arts for All: LA County Regional Blueprint for Arts Education
Los Angeles County "Enriching Lives"
www.lacountyarts.org
www.laartsed.org

Anna wrote: Does the Pooled Fund work well for you?

Kristen wrote: Yes. It supports our initiative's shared leadership model, with the idea that more people are taking responsibility for arts education than just our organization. It's a great way to interact with funders and build strong relationships. It's also a great way for one funding organization to put pressure on other funders to contribute. Here is a link to more info about the Pooled Fund: http://www.lacountyarts.org/artsed/leadership.html

From: Julia Moore

Sent: Wednesday, March 03, 2010 10:40 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Anna—the Indianapolis Airport Authority, a municipal corporation of the City of Indianapolis, created a 501c3 foundation to solicit private funds, hold fundraising events, apply for grants, etc. to fund public art projects in the airport. Since it is a separate organization with a separate board, the IAA also contracts with the IND Foundation for selected art program management services.

If you have specific questions about how the IND Foundation works, please do not hesitate to contact me. Several of Indianapolis' municipal corporations have foundations that fundraise for them—the public library and the public hospital chief among them.

Best.

Julia Muney Moore
Public Art Administrator
Blackburn Architects, Indianapolis, IN

From: Susan L. Shaffer Nahmias, Ph.D. Sent: Wednesday, March 03, 2010 10:30 AM

To: Hochhalter, Anna

Subject: Municipal arts funding

Good morning, Anna:

Ed Lebow, Public Art Program Director for Phoenix, Arizona forwarded your email to me. I wish I had a long list of great fundraising ideas for you right this minute, but unfortunately I don't ;-(. But I will happily keep you posted on what I do learn.

I am vice-chair of Phoenix's arts and culture commission and chairing a new adhoc committee on public art maintenance. Our funding for commissioning new works is currently in pretty good shape due to a 1% for Art ordinance that is tied to capital improvement projects in the city. Despite everything (and everything else is mighty grim) we are looking forward to continued investment for the next several years. HOWEVER... there is really no satisfactory (or sufficient) mechanism to pay for ongoing upkeep and it's a problem.

Our committee is beginning to research the process of creating a 501c3 "friends" type organization and other strategies to fundraise, so I guess what we're seeing is a real need for something like a foundation. As we progress, I'll gladly drop you a note from time-to-time about our progress.

And I'd like to ask if you would be willing to share any interesting strategies that you may uncover as you fish around.

Thank you for your consideration.

Respectfully,

Susan Shaffer Nahmias

From: John Coraor

Sent: Wednesday, March 03, 2010 8:52 AM

To: Hochhalter, Anna;

Subject: RE: Fundraising for municipal programs?

NOTE: Huntington's Division of Cultural Affairs has a total of one fulltime staff person.

Our municipal public art program is only a small part of the activities of Huntington's Division of Cultural Affairs, which was created in 2000 with my appointment as its first director. Shortly thereafter I was directed to form an affiliated non-profit organization primarily to solicit and administer non-Town funds in support of various cultural projects. From time to time this has included soliciting and managing donations for specific public art projects. The bulk of the Board of this affiliated non-profit consists of five different municipal officials (two elected officials, the Town Attorney and Town Comptroller, and myself) serving ex-officio, augmented by three independent at-large directors usually selected from the larger cultural community and appointed to 3-year terms by the Board. Fundraising activity by this affiliated non-profit tends to be sporadic and project-driven, but has included some solicitations made by municipal elected officials, although most are made by me. To date, members of our Public Art Advisory Committee have not yet been actively involved in soliciting donations, but there is no legal or policy impediment to their doing so.

The pros of such a separate non-profit are as follows:

- Eligibility to seek funds that are only available to 501(c)(3) organizations
- Familiarity of potential funders with being solicited by a 501(c)(3) organization
- Streamlined process for applying for contributions (any submission of grant applications, etc. by municipality must be authorized by Town Board resolution)
- Streamlined process of accepting contributions (any private donation to the municipality must be formally accepted by Town Board resolution)
- Less complicated and cumbersome management of restricted support donated for multiyear projects
- Although our non-profit typically follows municipal purchasing procedures, it has the ability to expend funds without adherence to such procedures if necessary and appropriate.

However, there are cons as well:

- There is a certain amount of legal and administrative work necessary to set-up the nonprofit and secure IRS determination of its 501(c)(3) status.
- The non-profit needs to maintain separate accounting records, bank account(s), etc., all
 of which results in some additional ongoing administrative work, as well as typically an
 audit by a CPA.
- The non-profit needs to file IRS form 990 annually, as well as state charities reports, etc.
- The non-profit Board needs to hold periodic meetings to conduct business.

Taken as a whole the cons have not been too onerous and are generally outweighed by the benefits of the pros. However, depending upon the municipal laws in your state and the policy and procedures of your municipality, you might come up with a different result in weighing your options.

John

John E. Coraor, Ph.D. Director of Cultural Affairs Town of Huntington

From: Marie Hunter

Sent: Wednesday, March 03, 2010 9:55 AM

To: Hochhalter, Anna Cc: Sarah Skaggs

Subject: Fundraising for municipal programs?

Our city has established a separate 501c3 organization, called The New Century Fund, expressly for taking in private donations or accepting foundation grants that could not come to the city directly. We have worked with them on one arts-related project, fundraising associated with the renovation of our Martin Luther King, Jr. Memorial. In that case, working with a separate umbrella organization proved very effective. We do not staff The New Century Fund...another city department does. You can read more about the New Century Fund here: www.newcenturyfund.org/

Information about the formation of the New Century Fund is here: www.gocolumbiamo.com/Council/Commissions/new-century.php

Our city also has another unique (I think) fundraising approach related to our utility billing...it is essentially a check-off program where all city utility customers can make one-time or monthly donations with their utility bills and designate them to one (or more) of six program areas of city departments...public art is one. And while the donations are small, \$1, \$5 or \$10 per month, typically, over the years, more than \$15,000 has been raised for our program area alone. That may not seem like much, but being able to dip in for a few thousand here and there to augment an artist's contract or beef-up a maintenance fund has been invaluable. We simply could not have budgeted for those funds otherwise. Yu can read more about Share the Light here: www.gocolumbiamo.com/Trust/share.php

Finally, we run our own annual fundraiser, called The Poster Party...we commission produce and unveil an annual Commemorative Poster every year at a special event hosted in the community. The Mayor is the honorary chair. Usually we have about 250-300 in attendance and raise

between \$10,000 and \$15,000. The event is low budget as we have a great all-volunteer organizing committee who solicits all the food and drink donations, and a different fabulous home is the location every year...our only costs are the honorarium to the artist and Poster printing costs, some live music, valet parking and service (bartending, etc.). We handle all of the logistics of it here in the office and the funds go directly to support our programs and services. You can see a gallery of past posters here:

www.gocolumbiamo.com/Arts/Poster/gallery/index.html

And here are the guidelines for the Commemorative Poster competition:

www.gocolumbiamo.com/Arts/Poster/index.php

Hope this helps. Good luck to you.

Marie Nau Hunter, Manager City of Columbia Office of Cultural Affairs Columbia, MO 65205 www.GoColumbiaMo.com (GoWord search: GoArts)

From: Stephanie Fortunato

Sent: Tuesday, March 02, 2010 4:36 PM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

I'd be interested in the responses. Our Planning Department has a NFP organization that we use for a fiscal agent. It's a pain in the neck but easier than the city's set-up. Worcester set-up a public/private organization – Erin Williams is amazing and you should speak with her if you can – williamse@ci.worcetser.ma.us

Stephanie



PROVIDENCE THE CREATIVE CAPITAL

From: Boskoff, Nancy

Sent: Tuesday, March 02, 2010 5:54 PM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

At the Salt Lake City Arts Council, we have dual status as a city agency and a nonprofit. This gives us flexibility in raising money for certain funders who prefer to give only to 501(c)3 organizations. We don't raise money for all of our programs (you can see the range of programs at www.slcgov.com/arts). We have some general guidelines about fundraising that are followed by board and staff. Our

fundraising activities are not extensive but they certainly assist us in broadening the scope of our programs.

It does take additional time and money to maintain the nonprofit, but we have found those costs are certainly outweighed by the benefits.

Nancy Boskoff Salt Lake City Arts Council

The guidelines are very simple, so not much to share. We don't want to be seen as being in direct competition with our constituents, but over the years, that seems to be less of problem. We look at each funding source to match it with the most likely program. We wouldn't apply for funding if it doesn't line up with our program goals. Other agencies may have more detailed guidelines. Nancy

From: Janice Shaw

Sent: Tuesday, March 02, 2010 6:26 PM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Please consider sharing the results of this inquiry. Your question is one that has come up in my program. We have no answers, and know of no precedent. We are currently more interested in seeking public/private partnerships (and revising our Ordinance to allow same) and gifts of artwork than actually venturing into the fundraising arena. However, our structure is very different. More like 4Culture, my agency manages the City's percent for art program on a fee for services contract. This means that fundraising efforts in behalf of the City potentially conflict with the Arts and Humanities Council's efforts to fundraise. (Small City, limited pool of known art funders).

Best,

Janice Shaw
Janice Shaw
Program Manager
Bainbridge Island Arts and Humanities Council
www.artshum.org

From: Allison, Stephan

Sent: Wednesday, March 03, 2010 7:41 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Anna,

In our small city of 47,000, the current Mayor has an Annual Ball, black tie optional, that raises funds. He has focused on the Arts the past three years and one of those years the money raised was given to the Commission on the Arts for granting purposes (small amount - \$7500, but helpful in difficult economic times).

Stephan Allison Coordinator, City Arts Office Middletown Commission on the Arts (MCA) Middletown, CT 06457-1300 From: Fordham, Leslie

Sent: Wednesday, March 03, 2010 7:42 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Hi Anna

I'm starting up a new public art program and there are some who believe it needs to be a separate entity and a 501 C 3.

Previously, I was public art coordinator in Vail Colorado. This is what we did in Vail.

- 1. We investigated 501 c3 status and on the advice of the town attorney, decided against it. One of the main reasons had to do with tax requirements. It was going to be too complicated. Donations to municipal government are tax deductable and the town's finance dept provided letters if donors wanted them.
- 2. In Vail we raised funds around specific projects like a summer exhibition or temporary exhibition not permanent pieces. In Lancaster raising money will be difficult because the mayor already solicits funds for other projects and programs
- 3. In Vail one donor only wanted to give if we were a 501 c3. We asked our community foundation if they would accept the check. They agreed and then gave us the money.

I would love to know what you find out about policies for fundraising.

Leslie Fordham Public Art Manager City of Lancaster 120 North Duke Street Lancaster, PA 17608-1599

From: PRATT, SABRINA V.

Sent: Wednesday, March 03, 2010 9:22 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

We receive contributions directly. I've attached for your reference the IRS publication that states governmental entities can receive tax-deductible contributions.

http://www.irs.gov/pub/irs-pdf/p526.pdf





Sabrina Pratt City of Santa Fe Arts Commission 125 Lincoln Avenue, Suite 100 P.O. Box 909 Santa Fe, NM 87504-0909 From: Brenda Johnston

Sent: Thursday, March 04, 2010 1:09 PM

To: Hochhalter, Anna

Subject: RE: Fundraising for Municipal Programs

Dear Anna.

I'm the Director of the South Milwaukee Performing Arts Center which is connected to a school district and therefore is tax-payer funded. I created a separate non-profit board of directors who fundraise on behalf of the Center and its programs as many foundations and corporations don't give to schools or tax-payer funded entities. We don't have a policy regarding appropriate activities. Let me know if you have other questions. I'm happy to help.

Brenda

Brenda Lee Johnston Director South Milwaukee Performing Arts Center South Milwaukee, WI 53172 www.southmilwaukeepac.org

From:

Sent: Wednesday, March 03, 2010 8:46 AM

To: Hochhalter, Anna

Subject: RE: Fundraising for municipal programs?

Hi Anna,

At a previous organization I was with, we weren't allowed to fundraise and instead had many collaborations and often reduced fees from partners.

We also didn't pursue the fundraising issue due to the thought that outside income would jeopardize the commitment of the umbrella organization and/or the percent program – validating a sense that their financial support was not necessary. (please keep this comment anonymous)

The organization I'm currently with accepts unsolicited donations directly (no tax benefit) and accepts unsolicited donations through an independent local foundation (donor receives tax benefit through the foundation).

Thank you!

What is "Share The Light"?

Share the Light allows City of Columbia utility customers to contribute to specific city projects through their monthly utility bill. Donations can be made to six areas: public art, community beautification, youth recreation scholarships, dental care, fire prevention and education, and crime prevention. All gifts made through the checkoff are tax-deductible.

Share the Light will provide additional funds for projects that improve quality of life in our community. Funds will be used to enhance local tax dollars that are the primary source of funding for city government.

"How can I contribute?

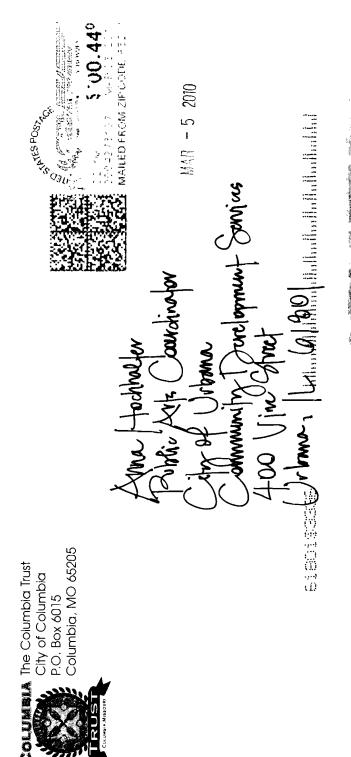
o give to Share the Light, simply mark your participation form with the areas of giving you would like to support and identify if you would like to contribute one time or on a monthly basis. You should also indicate the amount of your donation. Your future utility bills will reflect the amount added for this purpose. You can also sign up on the City Web page at www.GoColumbiaMo.com.

If you choose to give each month, the amount you select will be added to your City of Columbia utility bill each month. If for any reason you decide to no longer participate in Share the Light, simply contact the city at 874-7380 and your account will be changed.

How will my "Share The Light" contribution be used?

ach person who participates in Share the Light can designate one or more of the six areas they would like to support. Every penny contributed will be used for the purpose you wish to support. The investment of these dollars will be overseen by the City Council.

The City of Columbia will publish an annual report of Share the Light donations and describe how funds have been invested in our community.



Share
the Light

hat makes Columbia such a wonderful place to live? Your answer might include health care, recreation, cultural opportunities, or all the

cultural opportunities, or all the wonderful people who call Columbia home. No matter why you like Columbia, we all want to maintain our high quality of life. Share the Light is one way we can work together to do that.

Share the Light Plede

Select one or more areas you would like to support.		Selectione for each area you would like to support.	Indic	ate the an	ount of your giff
☐ Public Art	☐ Monthly Pledge	☐ Monthly Pledge ☐ One-Time Donation		S5 🗖 \$10	U Other
☐ Community Beautification	☐ Monthly Pledge	☐ Monthly Pledge ☐ One-Time Donation ☐ \$1 ☐ \$5 ☐ \$10 ☐ Other		\$5 🗖 \$10	☐ Other
■ Youth Recreation Scholarships	☐ Monthly Pledge	☐ Monthly Pledge ☐ One-Time Donation ☐ \$1 ☐ \$5 ☐ \$10 ☐ Other	15 🗖	\$5 🗖 \$10	☐ Other
☐ Youth Dental Care	☐ Monthly Pledge	☐ One-Time Donation ☐ \$1 ☐ \$5 ☐ \$10 ☐ Other	15 🗖	\$5 🗖 \$10	☐ Other
☐ Fire Prevention	☐ Monthly Pledge	☐ Monthly Pledge ☐ One-Time Donation ☐ \$1 ☐ \$5 ☐ \$10 ☐ Other		\$5 🗖 \$10	☐ Other
☐ Crime Prevention	☐ Monthly Pledge	☐ Monthly Pledge ☐ One-Time Donation ☐ \$1 ☐ \$5 ☐ \$10 ☐ Other	<u> </u>	\$5 🗖 \$10	☐ Other
Name	Ado	Address			
CityState	Zip	Home Phone	Work Phone_		Ext.
Account #	U I do NOT wish to b	☐ I do NOT wish to be included in any public recognition of Share The Light contributors.	cognition of	Share The L	ight contributors.
	Phank no	Thank you for your gift!			

Snarethe Light AREAS OF GIVING

Share the Light allows residents to enhance our way o life in Columbia. Your contribution can be earmarked for one, or all, of these six areas of city activities:



PUBLIC ART

In 1997, the City of Columbia established the Percent for Art program, allowing site specific art to be integrated into city-funded construction. The Standing Committee on Public Art, appointed by the City Council, selects artwork to be commissioned that is placed in city buildings and parks. Contributions to this area will enhance the funds that are cur-

rently available for public art and ensure that existing art is maintained for future generations.

CRIME PREVENTION

to: The Columbia Trust, City of Columbia, P.O. Box 6015, Columbia, MO 65205.

Detach at dotted line and mail

Funds will be used to support Columbia's crime pre-

vention programs, including the Columbia Police Department's Summer Camp and Youth Academy, Citizens on Patrol (COP), and other programs grounded in community policing. These programs were created



with grants the city no longer receives. Funds will be used to purchase food, supplies, uniforms and reimburse volunteers for expenses they incur.

COMMUNITY BEAUTIFICATION

An attractive city improves tourism, enhances new business, reduces crime, and increases pride in the community. Funds in this area will be used to landscape city



and state right-ofway, with a special focus on community entrance corridors. Funds will be leveraged with other contributions and Adopt-A-Spot Beautification volunteer

YOUTH SCHOLARSHIP PROGRAM

It is important to give all youth in Columbia an oppor-

tunity to participate in the wide array of recreational opportunities offered by the City of Columbia Parks & Recreation Department. Scholarships will allow youth in low income families to



participate in programs directly sponsored by the Parks & Recreation Department, including swimming lessons, day camps, and other activities. All scholarships will be based on need of the applicant.

YOUTH DENTAL CARE

Dental education programs for young children assure a lifetime of good dental health. Donations will be used

for dental care education and the purchase of dental hygiene items for low income residents. The Columbia/Boone County Health Department will conduct an educational program targeted toward children and their parents,



with education for parents focusing on dental health care services currently available for their children.

FIRE PREVENTION & EDUCATION

The Columbia Fire Department can serve our community by making sure our citizens have smoke detectors

and fire extinguishers. Funds in this category will help ensure low income Columbia residents and senior citizens have these items in their homes. The department will also use funding for expanded fire presention—education

