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MATTHEW RUDNICK
INTERIM GENERAL MANAGER

Honorable Councilmember Paul Krekorian, Chair
Budget and Finance Committee
c/o City Clerk, City Hall, Room 395
Los Angeles, California 90012

April 22, 2014

Dear Councilman Krekorian:

Thank you for the opportunity to provide feedback regarding the Mayor's Fiscal Year 2014-15 Proposed Budget as it relates to the Department of Cultural Affairs (DCA). In summary, the Proposed Budget maintains funding and staffing support for DCA's core programs at current levels and includes two modest service enhancements. In light of the City's ongoing financial constraints, DCA is not requesting any adjustments to the budget at this time.

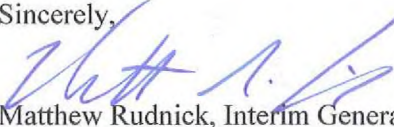
Support for the Arts and Cultural Services and Amenities Trust Fund (DCA Trust Fund) is provided by ordinance through a dedicated percentage of the City's "hotel bed tax" or Transient Occupancy Tax (TOT). While annual TOT collections continue to rise as a result of record-setting tourism, funding allocated to the Department's operating budget has remained relatively flat, with the majority of new TOT funding being utilized to increase reimbursements to the General Fund and to support other City departments/programs. Should the City's fiscal condition improve in the coming years, I would request that a larger percentage of new TOT funding be allocated directly to DCA's operating budget in order to further stabilize and improve the Department's operations and programs. I would also request that the Department's reimbursement to the General Fund be further analyzed to ensure a fair and accurate accounting of related cost charge backs.

It should be noted that the proposed budget provides DCA with two service enhancements: funding to support part-time staffing at its art centers (\$113,674); and, funding to develop an arts and culture-related youth jobs program for the summer of 2015 (\$300,000). In addition, dedicated TOT funding from the DCA Trust Fund is being utilized to support new items outside of DCA's operating budget, including: support for the Innovation Fund (\$300,000); half of the direct and indirect costs associated with a Project Restore staff position in the Board of Public Works (\$100,070); and, added support for El Pueblo (totaling \$285,000). The Department requests closer coordination with these entities and programs that will be receiving this support from the DCA Trust Fund.

Given that increased programmatic funding remains limited for DCA, the Controller's recent audit of the Arts Development Fee (ADF) program and the new, more flexible parameters for the use of these fees being developed by the City Attorney and DCA, provide a tremendous opportunity to enhance the Department's ability to support arts and cultural activities citywide. DCA also remains committed to leveraging the City's investment in the arts through fundraising, grants development and public-private partnerships.

I appreciate your consideration of the proposed budget and look forward to further collaboration toward strengthening the City's arts infrastructure and rich cultural ecosystem.

Sincerely,


Matthew Rudnick, Interim General Manager
Department of Cultural Affairs

Cc: Christine Jerian, Office of the Mayor
Elaine Owens-Sanchez, Office of the CAO
Erika Pulst, Office of the City Clerk