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DANIELLE BRAZELL
GENERAL MANAGER

April 28, 2020

The Honorable Paul Krekorian
Budget and Finance Committee Members
c/o: City Clerk, City Hall, Room 395
Los Angeles, CA 90012

Dear Honorable Members:

Re: Supplemental FY20/21 Budget Letter, Exhibit H

The Department of Cultural Affairs (DCA) appreciates the Committee's consideration of the following supplemental comments on the Proposed FY20/21 Budget.

Exhibit H: Item 2 of the Required Ordinance Changes and Other Budgetary Actions in the Proposed Budget recommends a significant change to the Administrative code that could cripple the Department by redirecting its primary source of funding for other purposes.

The Department currently receives "**an amount equal to one percent**" of the Transient Occupancy Tax (TOT). The proposed change is: "**an amount up to one percent**" to be effective **for the duration of a fiscal emergency**.

This proposed change singles out and jeopardizes the primary funding source of the Department. After careful review of Exhibit H, no other recipient of TOT is facing an ordinance change. The result will severely diminish the Department's ability to deliver equitable cultural services citywide. These services are directly intertwined with tourism and will be essential to accelerating the city's economic recovery.

The COVID-19 pandemic, coupled with the mandatory stay at home orders, cancelled all arts and cultural events in the City of Los Angeles, resulting in the same catastrophic financial impact on nonprofit arts and cultural organizations and individual artists as on hotels, restaurants, and other businesses in the entertainment and travel sectors. Left without earned revenue, these artists and organizations are in free fall. The city is at grave risk of losing essential arts and cultural organizational partners as well as providing access to low-income communities where little to no cultural infrastructure exists (for more background, see attached Situational Analysis).

Exhibit H: Item 3 requests the City Attorney to prepare and present an ordinance to amend the Los Angeles Administrative Code to allow the Department of Cultural Affairs to include the rental and use fee structure for each DCA-managed theater and direct all theater receipts to be placed in the Arts and Cultural Facilities and Services Trust Fund (Fund No. 480. Department 30) to be allocated for staffing, programming, and maintenance of DCA-managed theaters.



This change greatly hinders the Department's ability to effectively operate and invest in its theaters, limiting the Department's ability to maintain a dedicated funding source to reinvest in the theaters' capital and operating infrastructure to ensure they are rental ready. In addition, this will impact the users of the City's theaters, putting the Department's ability to provide a space for organizations who need them most at risk. Together with Exhibit H, Item 2, further hinders the Department from being able to operate its theaters as places to convene when restrictions are lifted.

Furloughs and Hiring Freeze: If enacted, the furloughs combined with the proposed reductions included in the Department's FY20/21 Proposed Budget will result in a 10% or greater decrease in delivery of safe, accessible, and affordable arts and cultural services, depending on the program. In addition, these reductions and the hiring freeze will limit the Department's ability to fully support the programs in which the Department receives cost recovery for those positions.

Ensuring that culture is leveraged effectively towards recovery efforts is both an urgent need and opportunity. As history reminds us, the decisions we make today will affect our future goals. The Department and the City must be in a position to resume its trajectory to prepare to host the 2028 Summer Olympic Games which will include the Olympic Arts Festival. Enacting these short-term policy decisions will impact the city's long-term economic recovery efforts.

Your consideration for approving our request to delete Items 2 and 3 in Schedule H of the Proposed FY20/21 Budget is greatly appreciated.

Sincerely,



DANIELLE BRAZELL
General Manager
City of Los Angeles Department of Cultural Affairs

cc: Barbara Romero, Deputy Mayor, Office of the Mayor
Miguel Sangalang, Deputy Mayor, Office of the Mayor
Diana Mangioglu, Budget Director, Office of the Mayor
Richard H. Llewellyn, City Administrative Officer
Sharon Tso, Chief Legislative Analyst
Carol Armstrong, Ph.D., Executive Officer, Office of the Mayor
Maria Gutierrez, Chief Administrative Analyst, Office of the CAO
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Wajenda Chambashi MPPi, Program Manager, Great Streets, Office of the Mayor
Karo Torossian, Chief of Staff, Council District 2