

The proposed budget reductions to some City partner organizations have understandably produced several questions. Here are my responses to some of your recent questions:

## **RSVP**

RSVP was the first organization reviewed by the government efficiency committee. The final report (attached) weighs the benefits and liabilities of the program using the City's comprehensive plan as a guide. The committee concluded, correctly in my opinion, that RSVP was a service that is, or could be performed by other private entities. The recommendation was to defund RSVP.

The priority based budgeting scoring guidelines (attached) indicate:

- The program is not mandatory
- Is offered by other government, nonprofit or civic agencies
- Has up to 49% cost recovery (grant)
- Is experiencing no increase in demand and may be experiencing a small decrease in demand
- Serves less than 10% of Rapid City's population.

**The loss of the RSVP program does not signal the end of volunteerism in Rapid City.** Hundreds or thousands of Rapid Citians currently volunteer without the placement services offered by RSVP. The loss of RSVP will mean largely this: local tax dollars will no longer be used to pay full time City employees to coordinate volunteers.

We are checking on options, however at this moment the most likely program termination dates will either be December 31, 2017 or March 31, 2018 based on either the City's or the grant agency's fiscal year. There are financial pros and cons that must be weighed but I would expect a firm date would be established by the beginning of September. Either option will allow both RSVP employees to search for suitable employment options and both would be given consideration for open city positions. The end of RSVP will not stop anyone from volunteering or seeking volunteers in Rapid City.

Local employers, non-profits or other organizations seeking volunteers can find them through the 211 Helpline, word of mouth, placing an ad in the local papers, through their existing network of volunteers. The 211 Helpline has opportunities for those seeking volunteers and those wishing to volunteer. There are many misconceptions about the capabilities of the 211 Helpline, and there is a certain level of lobbying taking place based on fear or other emotion. The 211 Helpline staff would be available to speak to the council for reassurance, but in my opinion there are adequate volunteer services in our community.

## **Journey Museum**

Despite Troy Kilpatrick's statement in the Rapid City Journal article recently, the Journey Museum has not been evaluated by the government efficiency committee. He may have spoken to someone regarding the priority based budgeting process but this is unlikely since we did not begin program scoring until February 2017.

The Journey Museum has a long and controversial history in Rapid City. Open for around 20 years, the Journey was funded through what we now call Vision Funds. The proposal at that time was to use tax dollars to construct the facility, then use private dollars from fees and donations to operate the museum. The Journey Museum has never been self-sufficient financially. The City expends public funds every year to supplement about 50% of the museum's operating budget. The current contribution level is at \$331,500 annually.

Over the past two years, I've had a number of conversations with the museum board, past board members and the executive director. Those conversations centered mainly on the apparent inability of the museum to be financially self-sufficient. I have been assured by them "museums do not make money." I have expressed my concerns with the museum's current location being a contributing factor to its poor financial position. I have been reassured they are in the "right location." I have expressed my concerns about the museum's marketing strategy, branding and seeking market share in the Rapid City area tourism industry. I have been assured "we are not a tourist attraction" and that the marketing and branding is adequate.

I have been told by museum representatives, especially Mr. Kilpatrick that the local community does not support their museum. My response has generally been: give them reasons to do so: engage, excite and sell the museum to them. In the last two years the bulk, if not all my conversations with the Journey have been about their lack of financial sustainability.

The only apparent event in the past two years sparking more interest and support of the Journey was a Rapid City Journal article reporting on the possibility of converting the museum into a homeless shelter. This was an idea that was floated to some community members and by the time the newspaper got it, it was no longer being considered. It is still not being considered for this purpose.

The Journey Museum is open 60 hours per week during the five months of summer and 48 hours per week during the seven months of winter. They report 40,000 visitors annually or roughly 2 per hour on average. Conceptually, this is a hard pill for me to swallow when I live in a City experiencing 3 million visitors annually just for Mount Rushmore. Rapid City is truly a visitor destination, likely one of the top 10 in the nation for families... but we cannot get them to visit the Journey Museum. I keep remembering the director's previous statement: "we are not a tourist attraction."

My conclusion is this: there is a philosophical barrier between a struggling museum and its largest funding source. The easiest thing to do is nothing; leave it as it is; no one will notice; take the path of least resistance - a path I firmly believe leads to failure.

The Journey Museum scored poorly in the Priority Based Budgeting system in that:

- It is not mandated by law
- There is no cost recovery for the city
- There is very little increase in demand
- The museum serves a small portion of the community perhaps as much as 10%, after 20 years of operation.

I am not against arts and culture. I am against forever-subsidies without articulable benefits from the partnership. In this case, the subsidy has become so normalized that the executive director of the Journey believes that they are operating "in the black."

So far, the City has invested taxpayer funds to include a \$10 million building and has provided \$6 million over 20 years for operating costs. The spirit and the heart of the Journey Museum is present, but the performance and partnership is not.

I am of the opinion that this normalized subsidy is preventing, or helping to prevent someone, whether it be the Journey Museum or the City of Rapid City, from looking out for the long-term success and interests of the museum and the City at large. If in fact, the museum is in the wrong location and does not attract tourists, then who is benefiting from the City putting general fund dollars into the operation year after year? If the above assumptions are not true, and this is as good as it ever gets, then again, who is benefiting and is the return on investment appropriate?

Yes, the Journey has become a learning center, but what demand was being met? Was there an analysis of the educational needs of our community and was the Journey Museum the right City partner to address that need? Was there a vision shared by the Museum and the City? Was there additional funding needed or requested? Honestly, I do not know the answer to these questions, but I believe if these things happened, someone would remember something about it. My point is: becoming a learning center does not mean the Journey – or anyone else who has become a learning center – is fulfilling a need that otherwise would go unfilled.

On a related note, the City building used by the Journey is in need of major maintenance due to the Journey's inability to provide maintenance over their 20 year occupancy.

My decision to recommend a 9% reduction in funding comes from all of these factors.

## Allied Arts Fund

The Allied arts is but one area of Rapid City's investment into arts and culture. Currently empowered by City Ordinance, the Allied Arts receives a general fund subsidy, typically \$102,000 which they in turn gift to other local arts/cultural organizations. The Allied Arts distribution list for 2017 is attached. As you can see, their disbursements to each of 18 local area organizations including themselves range from \$550-\$17,400 each.

The Allied arts fund scores low in the priority based budgeting system based on:

- It is not mandated by law
- There is no direct program cost recovery
- There's very little change in demand
- There is a small percentage of the community directly served

My recommendation is for 26.5% reduction of City funding to the Allied Arts Fund which represents a 1.5% decrease in their overall budget.

Making a monetary award to the Allied Arts for the purposes of redistribution could be reducing or eliminating the City's influence over how the City funds are spent. The Allied Arts are not required to adhere to any of the City's spending principles such as priority based budgeting or the comprehensive plan. The City has been part of the cultural plan and I believe the recommended reduction will still make the City a worthy partner and will still allow Rapid City to be known as an arts-friendly community.

I fully understand that arts and cultural organizations produce more intangible benefits than tangible. I support the arts and cultural organizations in Rapid City, but mostly on faith. I am not known as an arts consumer but I believe the arts give a community its identity. Rapid City being the City of Presidents is a great example.

I believe in some public funding of arts and culture. Before my proposed reductions to the Journey and Allied Arts, the City funded the following:

Allied Arts Fund	\$102,000
Performing Arts Center	\$36,100 (increased in 2017)
Dahl Fine Arts	\$236,081
Journey Museum	\$331,500
Total	\$705,681 (1.1% of general fund budget)

With my proposed reductions, the new funding level will be:

Allied Arts Fund	\$75,000
Performing Arts Center	\$36,100
Dahl Fine Arts	\$236,081
Journey Museum	\$301,500
Total	\$648,681 (1.01% of general fund budget)



In summary and perhaps most importantly, I believe two things are relevant while discussing these proposed budget reductions:

- Rapid City is committing 1% of its total general fund to the arts. 1% public funding to arts and culture seems adequate. If it's not adequate, then by policy Rapid City should designate how many actual dollars out of each \$100 spent on City operations should go directly to the arts and culture organizations.
- The Arts and culture appropriation should not be immune to reductions such as ones experienced by all other City operations. In the general fund, the directors and I worked together to reduce their requests by \$1.8 million. They are not immune and make these reductions nearly every year. This may take a protracted community discussion about priorities and duties of the government.

Let me know if you have further questions about this.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steve Allender", with a long horizontal flourish extending to the right.

Steve Allender, Mayor