

Cultural center's problems must be solved

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San Jose's Mexican Heritage Plaza was bursting with energy Friday morning in celebration of the life of Cesar Chavez, who grew up just blocks away. Top city officials, community leaders and residents joined in an inspirational tribute to the leader of the farmworker movement that jolted the collective conscience of America.

It was exactly the kind of event leaders envisioned more than a decade ago when they conceived the idea of the plaza, a natural for a city with deep roots in Mexican culture and history.

But the execution of that idea has been flawed from the start. It began with a building design that creates as many challenges as opportunities. And it may be that turning operation of the complex, \$31 million public facility over to a new non-profit group was unrealistic as well. That's one possible conclusion to be drawn from a city audit of the Mexican Heritage Corp. released last week.

The city should help manage the plaza, at least temporarily, while undertaking a serious analysis of what's needed for this key cultural and arts facility to fulfill its potential. Stopgap solutions in the past have not worked, and there's no evidence they will this time.

Studies of both the facility and its governance will take money, but after investing so much already, including more than \$1 million in past bailouts, it will be money well spent.

The city council asked for the audit after the Mexican Heritage Corp. claimed it was owed more money from the city in summer of last year. City Auditor Jerry Silva found an organization in a valiant struggle to recover from past debts, but he did not see evidence that turning over more public money at this time would solve the structural problems.

At the heart of this maelstrom is Marcela Davison Aviles, the visionary chief executive hired in 2004 after a series of serious management and board failures. Aviles broke the news to the board that the operation was insolvent and took it into a quiet period for a year, with just a few events, to try to regroup and stabilize.

Since then, she has restored cost-effective programming. With the board, she has significantly grown the annual Mariachi Festival, a great event for San Jose. But a successful business model for the plaza overall remains elusive.

Part of the reason is the building's design, which was cobbled together from wish lists more than strategic planning. For example, the facility has many event venues, including a theater, main plaza, pavilion and garden - but it's difficult to use more

than one at a time. Closed off from the street, the plaza has not sparked new life in the surrounding area as hoped.

The city needs an outside consultant, hired with plaza board involvement, to figure out how best to utilize and market this unique facility to make it more cost-effective. This is one of Silva's recommendations, and it's a must-do.

A consultant also should look at governance, working with the city and the Mexican Heritage board to see what their relationship should be in the long term. The group also needs help producing a business plan that meets city standards and a formal operating budget, with monthly financial reports so the board can fulfill its fiduciary responsibility.

Until the audit is completed, the city should help the Mexican Heritage organization through the year.

These are tough times for just about all major arts facilities and groups in San Jose. But the plaza faces more hurdles because it's designed to be both a cultural center and an arts venue. In addition, its focus on Mexican culture limits its pool of potential donors, board chair Eddie Garcia says. Traditional arts groups are more focused and have been around longer, which makes it easier to recruit active board members and appeal to individual donors.

For instance, the San Jose Repertory Theatre found itself in serious financial trouble last year, with \$3.3 million in debt. By last month, the Rep had begun to transform itself by consolidating some operations with American Musical Theatre, scaling back productions and - here's a key - dramatically increasing the level of engagement by its board. It also had the capacity to hire a new, seasoned finance director. Full recovery will take years, but if the Rep can keep this momentum, the signs are promising.

Like the Mexican Heritage Plaza, the Rep has had trouble maintaining its city-owned facility, a chronic problem of arts groups that the city needs to deal with. But the Rep has something that Mexican Heritage Corp. lacks: a building well-designed to meet its needs.

Until San Jose sorts out how to make the most of the plaza, it will not be clear who is best situated to operate it.