

A p p e n d i x E : I m p l e m e n t a t i o n C a s e S t u d i e s

As Japantown’s residents look to strengthen and expand the neighborhood’s institutions and retain its small businesses, the experiences of other communities can provide valuable lessons. This appendix summarizes four case studies of cultural and community institutions and small business retention strategies from communities around the country, and draws lessons for implementing the improvements desired by Japantown’s residents. The layout of each case study follows the framework of a successful implementation strategy, which includes the following four elements:

- **Who:** Responsible party/implementer
- **Why:** Compelling Vision
- **What:** Clearly defined, actionable list of programs/actions/facilities to be funded
- **How:** Strategy for overcoming barriers to implementation (e.g., securing facility; identifying match between program/action/facility and funding sources)

Each case study also includes a description of the results and/or current status of the profiled organization or activity.

E . I . C u l t u r a l a n d C o m m u n i t y I n s t i t u t i o n s

The Japanese American National Museum (JANM) in Los Angeles and Movimiento de Arte y Cultura Latino Americana (MACLA) in San Jose are two community-based cultural organizations that provide valuable lessons about managing organizations and implementing new community programs.

E . I . I . J a p a n e s e A m e r i c a n N a t i o n a l M u s e u m (J A N M) , L o s A n g e l e s ¹

Who: JANM was founded by a committee of community groups led by veterans of the 442nd Regimental Combat Team. The group incorporated as a non-profit in 1985.

Why: The museum seeks to “promote understanding and appreciation of America’s ethnic and cultural diversity by sharing the Japanese American experience.”²

What: JANM originally presented historical and artistic exhibitions that document the lives of the *Issei*, the first generation of Japanese Americans, and their experience with interment. Today the museum is broadening its focus to include more contemporary themes such as Asian American pop culture.

¹ Primary sources: JANM, “History of the Japanese American National Museum,” www.janm.org; Interview with Bruce Kaji, JANM Founding President, by Strategic Economics, February 14, 2008.

² JANM, “History of the Japanese American National Museum,” www.janm.org.

How: JANM’s founders relied on the State of California and the City of Los Angeles for early financial support and for the museum’s facility.

- The founding committee lobbied in Sacramento for funding. In 1985, Senator Art Torres introduced a bill that acknowledged Japanese Americans’ contributions to California and appropriated \$750,000 for construction on the condition that Los Angeles provide matching funds. In 1986, the City of Los Angeles Redevelopment Agency provided a \$1 million match.
- The City of Los Angeles donated a historic Buddhist temple that had served as a pre-internment gathering place in Little Tokyo and was used to store Japanese American families’ belongings during World War II. The City acquired the building in 1973, which was by then empty and in need of repair. JANM carried out extensive renovations to make the building suitable for a museum, which opened in 1992. In 1999, the museum opened an addition on an adjacent one-acre, City-owned site, which the city leased to JANM at \$1 per year for 55 years.

Results: While JANM continues to serve a unique role for the Japanese American community, the museum is struggling to continue attracting donations, its single most important source of revenue.

- In 2006, JANM’s total budget came to about \$6 million. Of this, approximately 70 percent of the budget came from donations; 20 percent from admissions, membership fees, special events, and other operating revenues; 0.5 percent from government grants; and 9.5 percent from other revenues.³
- The museum is currently struggling to pay down a \$10 million debt, most of which was incurred to finance the 1999 addition. Fundraising has become increasingly difficult as the museum’s *Issei* donor and visitor base has dwindled.⁴

E.1.2. Movimiento de Arte y Cultura Latino Americana (MACLA), San Jose⁵

Who: MACLA was founded by a group of Latino activists, poets, social workers, and other volunteers, who came together to advocate for equity in City funding for the arts. The group incorporated as a non-profit in 1989.

Why: MACLA’s mission is to “support Latino artists to create and showcase new work in the visual, literary, and performance arts to help define, interpret, and transform society.”⁶

What: MACLA runs a performing and visual arts center that also serves as a community gathering place in San Jose’s Market-Almaden and South University neighborhoods. The organization also continues to advocate for multiethnic arts and the neighborhood.

How: Since its inception, MACLA has relied on donations and support from its members, other non-profits, and the City of San Jose.

³ JANM, Form 990, available at www.guidestar.org.

⁴ Watanabe, Teresa, “Museum to Focus on Finances,” *Los Angeles Times*, February 1, 2008.

⁵ Primary sources: Interview with Tamara Alvarado, MACLA Executive Director, by Strategic Economics, February 18, 2008; Interview with Eva Terrazas, MACLA Founding Member, by Strategic Economics, February 20, 2008.

⁶ MACLA, <http://www.maclaarte.org/programs.html>.

- For the first four years after incorporation, the group operated out of restaurants, bars, and other non-traditional performance spaces. In 1993, the Center for Employment Training agreed to let MACLA use a vacant warehouse for free in exchange for tenant improvements. Today the warehouse belongs to the City of San Jose Redevelopment Agency, which has continued to let MACLA use the space, charging no more than \$1 per month in rent in recognition of the organization’s importance in the community and the improvements MACLA has made to the building.
- MACLA relied entirely on supplies and “sweat equity” (i.e. labor) donated by its membership organizations to turn the Center for Employment Training’s vacant warehouse into a performing arts and community center.

Results: MACLA has become central gathering place for the multiethnic communities in San Jose’s Market-Almaden and South University neighborhoods. The organization’s biggest struggle today is finding a more appropriate facility to house its activities. Foundation grants are MACLA’s single biggest revenue source.

- MACLA currently serves 30,000 people a year, up from 15,000 in 2003. Over 60 performing arts and community groups use the facility on a regular basis.
- MACLA’s current facility is extremely limiting. Despite the many improvements that the organization has made over the years, the warehouse is not well-designed for performing arts. Further improvements are not feasible because of concerns that extensive renovation would uncover toxic materials. While MACLA has tried four times to build a new facility, either as part of a larger mixed-use project or in cooperation with other arts organizations, the organization has never been able to find sufficient funding.
- MACLA’s 2006 budget totaled approximately \$500,000. Of this, 44 percent came from foundation grants; 20 percent from in-kind donations, fundraising, and gallery sales; 18 percent from program service revenue, facility rental, admissions; 8 percent from government grants; 5 percent from corporate grants; and 5 percent from individual donations.⁷

E.1.3. Lessons for Japantown

- ***Funding for capital needs, like a building, is much easier to secure than funding for ongoing operating costs.*** JANM was able to secure significant government funding for building its facility, but has struggled to raise operating funds. In MACLA’s case, community members and organizations were able to donate a facility and provide materials and labor for initial construction, but the organization is constantly cobbling together operating funds from a wide variety of sources. Paying for operations requires ongoing fundraising – neither JANM or MACLA receives more than 20 percent of its revenues from admissions, facility revenues, or other operating revenues – which can require significant amounts of staff time. MACLA, for example, estimates that 50 percent of the executive director’s time and 25 percent of the associate director’s time are spent fundraising, and the organization contracts with outside grant writers as well. In planning new facilities, organizations should not only focus on raising immediate capital costs, but also plan for ongoing fundraising for operating costs.

⁷ Budget provided by MACLA, 2008.

- ***Funding and space barriers are overcome by strong organizations.*** JANM obtained funding and a facility because the organization was strong enough to successfully lobby the state and city. MACLA built up organizational capacity as an active non-profit for four years before finding a space. As Tamara Alvarado, MACLA’s executive director, says, a strong organization is a crucial prerequisite for finding space and funding: “MACLA is a state of mind. We know having a [dedicated] space is of vital importance, but we don’t need the [facility] - if we didn't have one, we would use other spaces.”
- ***Flexibility is crucial.*** For both JANM And MACLA, flexibility is crucial for survival. For JANM, flexibility means retooling exhibits and programming to appeal to a younger generation, while MACLA shows its flexibility by making creative use of a space with severe limitations. Existing organizations in Japantown, particularly those established by the *Nissei*, may need to use space and resources flexibly and even adapt their missions and activities in order to remain viable in the coming years.
- ***Funding opportunities are specific to activity type.*** JANM and MACLA both receive donations from corporations, foundations, and individuals that are tied to their broader communities and the ethnicities they serve. But much of the organizations’ funding comes from sources specific to activity type, such as foundations and government programs with a specific mission of supporting either museums or performing arts organizations. Before looking for funding sources, organizations must clearly identify the specific activity to be funded.
- ***Cities and other public agencies can contribute capital and other types of assistance, so “official” support from the community is important.*** Both JANM and MACLA rely on public funding and publicly owned land or facilities. “Official” community recognition, such as mention in a legislative bill or neighborhood plan, can not only open up the possibility of public funding in some cases, but also provide a sense of legitimacy that may help attract donors. Participation in the Better Neighborhood Plan provides an opportunity for community organizations to receive such “official” recognition.
- ***Organizations need strong business plans.*** A typical business plan lays out strategies for dealing with many of the issues raised above. For example, most business plans include detailed descriptions of an organization’s activities, the market for the organization/activity, the management and staffing that will be needed to create a strong organization, and a strategy for raising funds several years into the future. Japantown’s community organizations should draft detailed business plans before starting new programs or building new facilities.

E.2. Impacts of Japan Center Reconstruction on Small Businesses

The Phoenix Pavilions in Santa Cruz may provide a model for temporarily relocating businesses during the Japan Center reconstruction, while an “open for business” campaign like the one organized by Cleveland’s Buckeye Area Development Corporation (BADC) may be one strategy for dealing with the impact of the mall reconstruction on surrounding businesses. In addition,

the two case studies provide more general lessons about managing small business retention programs.

E.2.1. Phoenix Pavilions, Santa Cruz⁸

Who: After the 1989 Loma Prieta earthquake, Santa Cruz’s downtown strip (Pacific Avenue) was virtually destroyed. The downtown merchants set up a non-profit association to oversee reconstruction efforts.

Why: One of the non-profit’s top priorities was to keep Santa Cruz’s small retailers in business throughout the period of reconstruction.

What: In order for the businesses to remain open, they needed a physical space in which to operate, so the merchant’s group spearheaded the erection of the Phoenix Pavilions, large “building alternatives” or tents that covered 44,000 square feet of parking lot space.

How: Using funding from a state emergency grant and labor donated from local unions, the merchants took the tents from conception to completion in six weeks. The community supported the relocated merchants by committing to “shop locally.”

Results: Over the course of the three years that it took to rebuilt downtown Santa Cruz, the 45 businesses that moved to the Pavilions remained open. After the Pavilions closed, some businesses moved to new locations or closed, but many successfully transitioned to new buildings in downtown Santa Cruz and some are still in business nearly twenty years after the earthquake.

E.2.2. “Open for Business” Campaign, Buckeye Area Development Corporation (BADC), Cleveland⁹

Who: The Buckeye Area Development Corporation (BADC) is a non-profit in Cleveland that was founded in 1970.

Why: BADC’s mission is to “empower the community at large to enhance the quality of life through positive revitalization, stabilization and growth in the Buckeye area of Cleveland, Ohio.”¹⁰ In the mid-1990’s, the neighborhood’s main street (Buckeye Road) was temporarily shut down to one lane for resurfacing, significantly reducing the street traffic that supported the local businesses.

⁸ Primary sources: Interview with Joe Hall, Santa Cruz Redevelopment Agency, by Strategic Economics, February 25, 2008; Conner, Mike, “Rebuilding Santa Cruz,” Metro Santa Cruz, February 23, 2005, <http://www.metroactive.com/papers/cruz/02.23.05/rebuilding-0508.html>.

⁹ Primary source: Interview with John Hopkins, Executive Director, Buckeye Development Corporation, by Strategic Economics, March 10, 2008.

¹⁰ Buckeye Area Development Corporation, <http://www.badoc.org/>.

What: In order to help the businesses attract customers, BADC ran an “open for business” promotional campaign, putting up signs and distributing fliers that listed the businesses that were still open.

How: BADC’s funding for the campaign came from the Cleveland Neighborhood Development Coalition (CNDC), an umbrella organization for Cleveland’s neighborhood development initiatives, as part of the CNDC’s Main Street program. The Main Street program received funding from a variety of sources including local public agencies and the Local Initiatives Support Corporation (LISC), a national non-profit that supports community-based development corporations.

Results: Despite BADC’s efforts, many of the businesses on Buckeye Road that were already struggling closed during the resurfacing.

E.2.3. Lessons for Japantown

- ***Business retention programs need strong, central management to serve as project champions.*** Implementation of both the Phoenix Pavilions and the “open for business” campaign required a committed organization to spearhead the effort. Japantown will need a Community Benefit District (CBD) or other central organization to manage the impacts of the Japan Center reconstruction and implement ongoing strategies for addressing business’s needs.
- ***Programs need ongoing revenue stream from external sources.*** Both the Phoenix Pavilions and the “open for business” campaign relied on funding from outside agencies or organizations; neither were self-supporting. Similarly, Japantown’s business retention strategies will require funding from sources like CBD assessments or foundation grants.
- ***Programs require strong merchant and community participation.*** The effort to build the Phoenix Pavilions was led by the merchants themselves, and the businesses were able to survive for three years because the community came together and intentionally “shopped local.” The Better Neighborhoods Plan process relies on input from merchants and community members, setting the stage for the participation that will be needed to implement the strategies laid out in the plan.
- ***Multiple strategies are usually required.*** BADC’s “open for business” campaign may have been more successful if it had been combined with other strategies, such as other types of marketing, and financial or technical assistance. Multiple strategies such as publicity campaigns, tourism programs, and technical and financial support will be required to sustain Japantown’s businesses during the Japan Center reconstruction and to address ongoing challenges for small businesses.
- ***Weak businesses may fail with or without support strategies.*** Businesses struggling with poor management or other underlying weaknesses may fail during a disruption like major local construction, whether or not support strategies are in place. Most of the businesses that closed during the resurfacing of Buckeye Road were already struggling. Indeed, some of those businesses might have closed with or without the disruption; in the

Santa Cruz example, some businesses survived for three years in the Phoenix Pavilions only to close in the following years.