The SCFD story:
A History of the Scientific and Cultural Facilities District

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Section I: A Confluence of Events

In August 1981, Denver's Office of Budget and Management informed its four city-operated cultural institutions—the Denver Art Museum, the Denver Zoo, the Museum of Natural History and the Denver Botanic Gardens—that their subsidies for 1982 would be slashed by $2 million. The cuts reflected a $30 million city budget shortfall and prior action by the Colorado General Assembly. The state had subsidized the city's cultural services based on the amount of use by non-Denver residents. Under pressure from cuts in federal funds, the state Joint Budget Committee cut Denver's funding to $1 million in 1981 and eliminated it entirely in 1982. City support had comprised 47 percent of the total budgets of the four, but Denver's static tax base was unable to absorb the state cuts. The effect was instantaneous: the Zoo's budget shrank by 59 percent; the Natural History Museum's allocation dropped 45 percent; the Art Museum's fell nearly 25 percent; and the Botanic Gardens lost 22 percent. They responded by inaugurating or raising admission fees and reducing staff. For the cultural institutions, the challenge was where to set admission fees that offset the impact of the city's funding cuts without driving away patrons (Heschmeyer).

The severity of the cuts left board members reeling. The president of the Denver Zoological Foundation, Dr. Conrad Riley, said in a letter to Mayor Bill McNichols that it was "tantamount to a shutoff of city funding." The trustees of each board met to discuss ways to address the shortfalls, but they appeared reluctant to tap foundation or individual donors. Instead, they considered raising admissions, increasing concession prices, relying on volunteers in place of paid staff, and tapping the private and corporate sectors (Heschmeyer).

Contemporary media accounts reveal a deeply ingrained sense of entitlement among the board members and staff, who reacted to the funding cuts with dire predictions of cultural collapse and severe limitations of services, programs and public access. Given the tenor of the times and the particular personality of Denver, that may not be surprising.

<u>Denver a Provincial Arts Town: Weak Cultural Policy Under McNichols</u>

Bill McNichols, Denver's mayor through the 1970s, epitomized the city's image as a "cow town preoccupied with skiing and the Broncos" (O'Neal). He was, as one columnist wrote, "at once civilized and raw, a rose springing up in the midst of cow dung" (Satlow). By the

1980s, critics were citing his lack of leadership in solving regional problems, like a rapid transit system, and his complete disregard for the arts: He skipped the opening of the new, city supported, Gio Ponti-designed Denver Art Museum to attend a Broncos game ("Broncos game").

The scandal-plagued McNichols era was marked by cronyism and rapid growth. For 15 years, McNichols, Denver's longest-serving mayor, oversaw an ambitious program of urban development, which included city-backed bonds for two of the city's major institutions, the Denver Art Museum and the Denver Center for the Performing Arts (DCPA). But he never fully supported the arts, and in the late 1970s, only Denver, Pittsburgh and Newark, among major U.S. cities, lacked an official arts agency (Bogard). In 1979, McNichols created the Mayor's Commission on the Arts to "promote interest in and support of the arts in Denver," but it had no budget, no staff and no clear mission. Critics said the mayor only acted to take the heat off himself, not because he was committed to the arts. Others pointed out that the composition of the Commission included "the old standbys"—representatives from the Denver Art Museum (DAM), the Denver Center for the Performing Arts (DCPA), the Symphony, and the University of Denver—hardly indicative of an exciting or contemporary art scene (Calhoun). Jeff McCarthy of Colorado Lawyers for the Arts said the Commission was a "lesson in civics," that nothing would be initiated by the city until "the people demanded a better arts climate . . . and some pretty savvy lobbying groups getting organized" (Bogard).

The Commission's members, appointed by the mayor, included the editor of the *Rocky Mountain News*, Michael Balfe Howard, and the president, chairman and publisher of the *Denver Post*, Donald R. Seawell. The Denver arts community blamed the Commission's lack of funding for its inability to provide strong cultural policy leadership for programs, which were dominated by "well-intended but wheel-spinning amateurism" (Bogard). Critics said cultural institutions had failed to evolve and adapt to a new reality; they needed to "act like a corporation and hire professional fundraisers, marketing and advertising experts, like any other business" (Bogard). In a word, they had to learn to stand on their own two feet and not "wait for funding and end up on arts welfare."

Some in the arts community cited the lack of understanding of the non-profit sector, especially within the corporate community, for the toxic atmosphere. John Jay, executive vice president and GM of the Colorado Ballet during the early 1980s said the problem stemmed from "well meaning, well intentioned [members] with business expertise . . . [but] a certain naivete and insularity" (Osburn 1985). He also pointed out that Denver's fund-raising relied too heavily on benefits rather than the "quiet, non-public way" of raising money in other large cities. Gully Stanford, director of public affairs for the DCPA, cited Denver's "quick-buck, profit-making culture," which elevated tensions in the arts community if its endeavors were not immediately successful (Osburn 1985).

When the state and city subsidies collapsed, the city's cultural leadership –or at least its imagination –did, too. Into the mess stepped Rex Morgan, the "people's lobbyist," who was drafted to the DAM board in the spring of 1983 as the full extent of the loss of funding blossomed. He said his purpose was clear: "to use his extensive knowledge of Colorado's legislative system to help the museum gain new funding" (McCarthy 4).

Morgan, a relative newcomer to Denver, arrived in 1968 having made a fortune in the chemical fertilizer business. A graduate of the University of Missouri with a degree in economics, he founded Arkmo Plant Food Co., an agricultural chemicals business, which he sold to Gulf Oil in 1967. In Colorado, Morgan devoted his energies to lobbying state and local officials on behalf of social causes, mainly health-related. State lawmakers praised him as "the people's lobbyist" because he was unpaid. Independently wealthy, he turned his attention in the mid 1970s to pressing for legislation on public health, treatment for alcoholism and changes in sentencing laws. In addition, Morgan served as a trustee of the Bank of Denver, the Denver Art Museum and the Colorado Academy and was a key fundraiser for Federico Peña in his successful bid for mayor in 1983 (Kowalski; Soto)

Morgan was a political player, with key contacts in city and state government and a financial position that had gained him a seat on the Denver Art Museum board. He wasn't prepared for a challenge to the grand scheme he concocted to bail out the city's Big Four cultural institutions, but that's what he got when he excluded the interests of the Denver Center for the Performing Arts from the table.

Impact of the DCPA and Donald Seawell

"The 1970s will be known as the DCPA Decade—the period when the city's highest cultural hopes and aspirations came to fruition," trumpets a special section of the *Denver Post* in 1979 (Price). The newspaper was blowing its own horn: the chairman of Denver Center for the Performing Arts was also the chairman and publisher of the *Post*. Donald Seawell also headed the Bonfils Foundations, established by the deceased owners of the *Denver Post*. In 1971, Mayor McNichols commissioned a feasibility study for a cultural center in downtown Denver, which recommended construction of a concert hall and parking garage and remodeling the existing Auditorium Theater. The Denver Symphony Association backed the recommendation and sought inclusion of $6 million for a concert hall in an $87 million capital improvement bond issue approved by voters in 1972. Before the vote, Seawell, president of the Helen G. and Frederick G. Bonfils Foundations announced creation of the DCPA, with the support and approval of the City and County of Denver. The DCPA would be a public, non-profit foundation, and the Bonfils Foundations would build and maintain a theater complex, create a resident theater company, and contribute to the maintenance of the center (Price). Seawell promised the Bonfils Foundations would provide "perpetual endowment" for the center. It was later revealed that the foundations owned little besides 90 percent of the stock of the *Denver Post* and produced little income (Satlow). Construction of the complex was beset with cost overruns and other problems. The final configuration included the Boettcher Concert Hall, home of the Denver (now Colorado) Symphony; the Helen Bonfils Theater Complex, which contains four theaters, the Auditorium Theater, used for traveling productions booked by Robert Garner's Center Attractions, and an 1,800-car garage.

Critics of the DCPA scheme pointed out that its board was little more than a rubber stamp for Seawell. Of its 19 members, only three are elected, and the mayor ostensibly shifted recalcitrant members off the board. One city council member serving on the DCPA board was ousted when she requested financial information on the Bonfils Foundations (Satlow). McCarthy points out that it was the DCPA's wealth—the foundations' endowment was estimated at $55 million—that created most of its difficulties with the "Big Four." They feared a public backlash against giving public funds to an institution lavishly supported by a family foundation—the Helen Bonfils Foundation alone pumped $5.5 million a year into the DCPA (McCarthy 45). As a practical as well as political matter, the Big Four did not want a non-public institution included in the tax district.

The Denver Symphony: Canary in the Coalmine

If the DCPA was conspicuous by its absence among the "Big Four," so was the Denver Symphony, launched in1934 and recently installed in its new Boettcher Concert Hall. In the early 1970s, the orchestra—aided by funds from the Ford Foundation, grants from the National Endowment for the Arts, and support from the state of Colorado and the city of Denver—embarked on an ambitious outreach effort that included residencies at most Colorado universities, free "city" concerts, regular performances in the Denver and Jefferson County public schools, and statewide tours. (Goble).

In 1972, the Symphony had pushed for inclusion of a new concert hall in the DCPA bond issue. But as construction neared completion, labor negotiations with the musicians union delayed the start 1977-78 season, a pattern that continued throughout the decade of the 1980s and eventually doomed the Denver Symphony. A public appeal for funds resolved the first impasse, with most of the money placed in a separate trust fund and used over three years to augment musicians' salaries. But Denver's deteriorating economy, fueled in part by the collapse of the oil industry in the mid-1980s, overwhelmed the symphony's long-range plans. Denver wasn't alone: Political crises in the Mideast in 1979 had sent the price of oil soaring from $2 a barrel to $40, igniting a drilling boom in the U.S. Many thought oil would approach $100/barrel by 2000; instead, the price collapsed to $10 in mid 1986, sending the domestic oil industry into a free-fall (Nulty).

The symphony found itself in the same boat as the other major cultural institutions, and according to McCarthy, Rex Morgan, invited the orchestra to join the alliance in 1984 or 1985, but they rejected the offer. However, the orchestra's board feared that "participation in a tax district would chase other donors away"(McCarthy 30). Ironically, the symphony's continuing financial troubles over the following year drove it back to seek an alliance; by that time, however, the Big Four had crafted the outlines of Tier I legislation and divvied up the pie, and it didn't include the symphony.

The symphony's missteps led ultimately to bankruptcy. Its outreach efforts proved costly, and an expanded series of summer concerts in 1984 at the new Fiddler's Green Amphitheatre coincided with unusually wet weather, resulting in the loss of hundreds of thousands of dollars. In addition, in a five-year period (1984-1989), the orchestra ran through five executive directors (Copenhaver 1/8/08). Although musicians agreed to a 20 percent pay cut in 1986, by the fall of 1988, money matters had become critical; the first three weeks of the season were cancelled. The final concert of the Denver Symphony Orchestra occurred on March 25, 1989. The organization filed for bankruptcy in October 1989, and ultimately merged into a new entity, the Colorado Symphony Association, in May 1990.

Section II: Organization & Concept of an Arts Tax District

The cuts took a toll on the daily operations and maintenance at the Zoo and Botanic Gardens. By 1985, according to McCarthy, "1,600 zoo animals ate on an increasingly barebones budget; at the Botanic Gardens, high thermostat temperatures protecting rare plants drew down its budget" (McCarthy 12). Established as a city agency in 1951, the Botanic Gardens' faced critical upkeep issues: how would it preserve the acreage and plants under its care without sufficient funds to pay for water and basic help? The Museum of Natural History, established in 1908, found itself in dire need of funds for structural improvements to its main exhibition hall.

The Denver Art Museum, founded in 1893 by a group of citizens with no art collection or permanent home, became an official art organization of the City and County of Denver in 1932. Initially housed in a variety of public spaces, including the lobby of City Hall, the museum moved into its new Ponti-designed building, built with public funds, in 1971. By the early 1980s, the Denver Art Museum's image and orientation were due for a correction, according to a report prepared by the University of Denver's marketing department (Clurman 1983(b)). The report found widespread community apathy and misunderstanding about the museum's exhibitions and collections, and a continuing decline in attendance. Once, the DAM had boasted the highest per-capita attendance in the U.S., but the imposition of an entrance fee, coupled with public indifference had taken a toll. The report recommended several remedies including offering discount coupons and family days to attract new visitors. The visual arts critic for the *Rocky Mountain News* observed that the "cuts in public funds, and without sufficient private support to fill the gap, the institution seems to have retrenched into its role as guardian of yesterday," while valuable display space had been consumed by a bookstore to "bring in needed revenues" (Clurman 1982).

All four institutions had long-standing contracts with the city, which offset various operating expenses. For example, employees were paid from the city's general operating fund. In addition, "a combination of direct and indirect subsidies, from health insurance to electricity, contributed between 15 percent and 30 percent of each agency's budget" (McCarthy 2). The institutions scrambled to make up the shortfall, initially by imposing entrance fees or raising those fees. The public, faced with a fee for something previously free, chose not to spend its money with these institutions, and attendance plunged. Other measures included employee layoffs and programs cutbacks. The DAM closed off whole floors to the public, and the Botanic Gardens created a foundation to generate replacement income, while the others tapped their existing foundations (McCarthy, 2-3).

The DAM's Morgan, drafted to its board in 1983 specifically to help the museum find a solution to its financial difficulties, combined his business and legislative skills and connections with a lawyer-like mind: he studied issues in detail and provided reams of information to bolster his causes. He concluded after several months of scrutiny that what might be possible "was the establishment of some form of tax district" similar to the one created in St. Louis in 1971 (McCarthy 6). St. Louis's Metropolitan Zoological Park and Museum District (MZPMD) was established in 1972 and is a leading example of a cultural district with a guaranteed funding mechanism at the local level. Prior to its establishment, the city was the primary funder for the zoo and art museum. Under the old system, some cultural and scientific facilities such as the Museum of Science and Natural History (now the Science Center) received no public support. To ensure comprehensive support for cultural and scientific institutions, the Missouri Legislature enacted H.B. 23 in 1971 authorizing the possibility for a tax levy of up to 4 cents per $100 assessed valuation for the zoo and art museum and 1 cent for the science center (Moon). The MZPMD later included two subdistricts for the Botanical Gardens (1983) and the Missouri History Museum (1988). As a result, five different subdistricts exist under the umbrella of the MZPMD: the zoo, the art museum, the science center, botanical gardens, and the history museum (Moon).

Crafting a Tax Plan

As a first step, Morgan approached the city, in particular the newly elected mayor, Federico Peña, with the taxing district idea; next, he hired former Colorado General Assembly president Fred Anderson to lobbying the state legislature on behalf of a similar funding mechanism for the DAM. The city was skeptical on two counts: it involved a property tax, unpopular in 1982 (and today), and it likely would have aroused the suspicions of a bail-out by the surrounding suburban communities. Another key player—and institution—entered the fray, Ed Connors, a member of the board of the Botanic Gardens. Connors hatched a plan to copy a Chicago initiative, which involved Cook County establishing a single-mill taxing instrument to support the gardens of the Chicago Horticultural Society; a private board would pay for capital improvements and the city would provide upkeep (McCarthy 9).

Each scheme supported only its own institution; that changed during the 1984, when board members of the zoo, the art museum and the botanic gardens found themselves together on a trip and began informal discussions, which bore fruit the next year. According to McCarthy's account, Connors hosted a "spring break" boat trip on the Nile, which included Julie Smith, a member of the Denver Art Museum board and Charles Warren, who sat on the Zoo board. During the trip, they talked about their independent endeavors and informally agreed to continue discussions when they returned home (10). In February 1985, representatives of the zoo, the art museum, the natural history museum and the botanic gardens, plus members of the Peña administration and several statehouse lobbyists, met and began to hash out a plan. Morgan proposed creating a metro-wide tax district; it would be a one-mill property tax levied in five surrounding counties. Three-quarters of the proceeds would go directly to the "Big Four" and the remainder would be split among the counties. The group decided to pursue the requisite enabling legislation in 1986 to put the idea before the voters.

It was an uneasy alliance among a group whose members had no history of cooperation. Their previous relations had been aloof, often suspicious and sometimes hostile as they jockeyed for foundation and private support (McCarthy 14). One big stumbling block involved the division of the spoils. The “Big Four” would get the bulk of the funds (80 percent of the total because their “need” was greater) with a small piece (20 percent) earmarked for the counties to distribute (McCarthy 17). The greater difficulty lay in splitting their own pie. The group finally agreed, after much wrangling, to share out their 80 percent of the proceeds, with the natural history museum getting 33 percent, the art museum and zoo, 26 percent each, and the botanic gardens 15 percent.

The first consideration was the nature of the tax to be levied. After briefly considering head and bed taxes and the St. Louis-model property tax, the Big Four settled on a sales tax because those revenues tended to grow over time (keeping pace with inflation) rather than remaining static. The group reasoned that tourists often footed more of the bill than residents, which lessened public resistance, and that a sales tax was less regressive and burdensome to the ordinary taxpayer (McCarthy 15). The group also agreed on the size of the tax—a one-mill levy, one-tenth of one percent (only a penny on a $10 bill, as it was later marketed) – as sufficient for their needs. A third consensus involved the structure of the tax district, which would conform to the already existing Regional Transportation District.

Early Formula and Selection of RTD as Geographic Boundaries

Denver already had two successful metro-wide agencies—the Metropolitan Sewage District (now the Metropolitan Wastewater District) and the Regional Transportation District—in 1982. The Sewage District, organized by state law in 1961, encompassed 20 different municipalities and in 1988 gained voter approval for a $97 million bond issue to expand sewers and treatment plants. The agency epitomized metropolitan cooperation, perhaps, as historian Tom Noel observes, “because local governments are not so territorial about their sewage” (n.pag.). After the Denver Tramway Company went out of business in 1970, the legislature approved the establishment of Regional Transportation District (RTD) in 1974. Initially, RTD aspired to be one of the largest transportation districts in the country, embracing seven metro counties. Residents of Douglas and Weld counties, as well as eastern Adams and Arapahoe, however, removed themselves from the RTD tax district. Remaining voters in Adams, Arapahoe, Boulder, Denver, and Jefferson counties approved a 0.5 percent sales tax to finance RTD. The RTD footprint provided a practical solution that cut across boundaries without having to create a new tax-collecting mechanism.

Morgan carefully selected allies in the General Assembly, choosing an influential metro-county, not Denver, legislator, who was president of the Senate, to carry the bill. Senate Bill 55, “Cultural Facilities District Act” was introduced on January 16, 1986 and included the main points the Big Four had hammered out over the previous year: a taxing district superimposed on RTD boundaries encompassing six counties that would levy a one-tenth of one percent sales tax dedicated to funding area cultural institutions. The bill specified that 80 percent of the yield would be divided among the four flagship institutions, based on a formula of attendance and operating budgets; the remaining 20 percent would be distributed as grants to any other cultural facilities in the district. It also established a six-member board to administer the funds, and the entire proposal would be submitted to the voters for approval. The local newspapers endorsed the bill; the *Denver Post* said these facilities were a "special responsibility" of the city but enjoyed by "the entire region" ("Sales tax benefit"). Muted lawmaker opposition revolved around whether rich, elitist institutions should receive public funds and why suburban communities should subsidize Denver attractions. The bill seemed to be on track until the whole scheme blew up, with salvos fired from within the ranks of cultural institutions.

Section III: The Fruits of Non-Collaboration

The Rest of the Story: Reaction by the Arts Community to the Proposed Bill

A "coalition of the excluded" appeared to testify at a hearing of SB55 before the Local Government Committee. The group included representatives from the Denver Children's Museum, the Arvada Center for the Arts and Humanities, Opera Colorado, Colorado Ballet, the Denver Symphony, the Denver Center for the Performing Arts, the Mayor's Commission on the Arts, and later the Central City Opera and a host of other arts councils, commissions and organizations. Among the excluded, although not a member of the group, was the Colorado Council on the Arts, which was never invited to the table, Barbara Neal, executive director of the CCA at the time, said a degree of tension existed because of the amounts of money involved and the CCA's own somewhat precarious position with the state legislature over its funding. "The CCA wanted more support for the arts in the metro area, so there was no way we could say the SCFD was not a good idea," said Neal. "In reality, however, it [the SCFD] dwarfs the Council's presence in the metropolitan area and marginalized the CCA in terms of Colorado legislative funding" (Neal 1/8/08).

The issues raised by the Cultural Advocacy Group involved equity, secrecy, arrogance and greed. Critics of the bill accused the Big Four of drafting a financial settlement that benefited them and no one else, despite the fact that some of the excluded were equally high-profile, high-attendance venues also in need of funding. Andrew Witt, director of the Arvada Center, told the committee his facility "should have been included, not as an after-thought, but with recognition that we are a major institution" (Roberts 1986(a)). Gully Stanford, public affairs director of the DCPA, testified that the measure was inadequate and ineffective (Roberts 1986(a)). They charged that the 20 percent "sop" was a political ploy "designed to attract a county vote for Denver agencies [rather] than to enhance the cultural capacities of either the counties or the institutions" (McCarthy 28). Worse, the whole scheme smacked of the arrogance of backroom deal-making that "threw a monkey-wrench into attempts to pass other bills" providing something for everyone in the state (Osburn 1986). The latter included bills increasing funding for the Colorado Council on the

Arts and Humanities as well as an appropriation request for matching funds to support monies from the National Arts Stabilization Fund. Stanford called it “a greedy little bill” (Osburn 1986). Also speaking for the “excluded” were Joan French of the Denver Symphony, and Greg Geissler of the Mayor’s Commission on Cultural Affairs. The charges caught the committee and the bill’s sponsors off guard and pitted the regional cultural community against itself.

Stanford said the split was really between exhibiting institutions and performing institutions. The latter were seen “as less worthy, as mere entertainment. Performing arts weren’t seen as ‘needy.’ What they (Big Four) failed to recognize was that performing groups were especially strongly supported in the suburbs,” he said (Stanford 12/8/07). The depth of disagreement staggered the Senate committee, which told both groups to work out their differences and bring back a united bill.

The challenge occurred on Jan. 30, and the committee gave the groups two weeks to rewrite the bill. The major issue was division of the funds. The Big Four believed the 80-20 split was equitable; the “Gang of Seven” –the largest institutions in the Cultural Advocacy Group with operating budgets over $1 million—thought the formula of attendance and operating budgets should apply to them as well as to the majors. The core negotiations were conducted out of the public spotlight and involved trustees of the Big Four and Gully Stanford, Greg Geissler and Anthony Radich then the Chair of the Denver Commission on Cultural Affairs, representing the other position. The sessions, which included Floyd Ciruli as an advisor to the Big Four, were highly confrontational.

Eventually, the Big Four group accepted the funding formula presented by their opponents. The two groups agreed on a 65 percent-35 percent split. Then, in a repetition of the Big Four, McCarthy says, “the Gang of Seven distanced themselves from the rest of their coalition” by creating a third echelon: the middle tier would get 25 percent of the total, with the remaining 10 percent divided among the other 250 smaller organizations (35).

The groups returned to the Senate committee on Feb. 15 with a compromise, which passed on a 5-1 vote. Objections by senators from suburban communities concerned about tax-equity issues almost killed it on the Senate floor, but it finally won approval on Feb. 26 and was sent to the House. When it got to the House, Rex Morgan again intervened, attempting to dismantle the 65-25-10 compromise and reinstate the 80-20 split. The bill was assigned to the local affairs committee, which was not especially friendly, where it was postponed, effectively killing it for the 1986 session. House opposition came from several quarters: some legislative critics disliked in principle the idea of taxing districts on the grounds they could become “governments on their own;” other lawmakers opposed taxes in general; and for others, the bill looked like a bailout of Denver’s institutions. The biggest problem, however, lay in the continuing animosity among the cultural institutions (McCarthy 37-38).

That summer, Morgan regrouped and called in an ally, Denver political consultant Floyd Ciruli, who became a key strategist, shepherding the taxing district through the legislature in 1987 and every subsequent voter-approval campaign since 1988. Ciruli resigned as chair of the Colorado Democratic Party in the spring of 1985, ostensibly, according to the *Rocky Mountain News,* after “behind-the-scenes pressure from ranking Democrats,” rankled by his insistence that the party was “sick and needs radical medicine” (Roos). As a former elected official and party-insider, Ciruli played an instrumental role in crafting the messages and strategies in the summer and fall of 1986 that brought a new bill to the state legislature in 1987. Initially, it looked like the same approach as SB55, primarily in aid of Denver’s four major institutions, although the language changed. The Big Four now called themselves “Tier I” institutions; the others, linked primarily by their performing arts base, became “Tier II.” Old wounds reopened.

The Compromise Plan—Tier II & Tier III

Tier I suspected that Tier II’s agenda was more about financial opportunism than culture. According to McCarthy, the major institutions believed their own instincts were “rooted in a genuine desire to spread culture to the masses,” while the Tier IIs were “piggybacking” and interested only in the money (43). At the heart of the issue was whether Tier II institutions should receive their share based on a formula or by grant. All along, Tier I insisted on its disbursement by a formula based on attendance and operating budget, but its members wanted Tire II distribution to be via competitive grants, their rationale being that the funds were rewards for quality work. Ciruli argued, according to McCarthy that “while voters might accept spending tax dollars on competitive grants, they would not accept spending them on anything resembling entitlements” (44).

Tier I argued that its members’ contractual arrangements with Denver – and the obligations stemming from them—entitled them to public support. Moreover, precedents existed (in St. Louis, New York, Miami and San Diego, among others) for public funding of “culture” and “science,” but no such precedent existed for supporting “performing arts” (McCarthy 42). However, Denver’s own suburb of Arvada belied that claim.

The city-owned Arvada Center served 200,000 patrons annually with an annual operating budget of $2 million. Yet the Center had been arbitrarily excluded from Tier I, where, it argued, it belonged. If Denver’s four major institutions received “entitlements” based on their relationship with city government, the Arvada Center should, too. Furthermore, the Center claimed that 59 percent of its attendance in 1985 came from the suburbs, more than the big Denver institutions; in fact, it drew 39 percent of its attendance from Denver itself. Its point was that if Denver’s institutions got funds for suburban visitors, Arvada should, as well; and, if Denver received funds for visitors from the suburbs, Arvada should get corresponding funds for Denver. Andy Witt, executive director of the Arvada Center, said if any institution was specifically written into the enabling legislation, then all similarly eligible institutions (like Arvada) should also be written in. Arvada wanted a place in Tier I and settled gracelessly into what it considered to be a marginalized position in Tier II, where, according to McCarthy, it “contributed nothing but disruption to it [Tier II]” (53).

Tier II made its own “needs” case, pointing out that its member organizations also were struggling with budget shortfalls. In addition, its members constituted the grassroots “cultural feeders” – the small theater, dance and music companies and local galleries and museums – that seeded and nurtured the patrons of the major institutions. They were essential to the cultural environment and without them there would be no audience for the majors. For that reason alone, Tier II deserved the same treatment as Tier I. Ciruli crafted a bill modifying parts of SB55, designed to protect the majors but not excluding Tier II (McCarthy 47).

The wrangling over the legislation went down to the wire as Tier I and Tier II each introduced its own bill; each had the ability to destroy the other. Finally, with a warning from a lawmaker that “if you eat each other for lunch, you can be sure the Senate won’t pass your bill,” the sides sat down for serious negotiations (McCarthy 63). The compromise included a provision empowering the SCFD’s board to allocate and distribute 10 percent of monies collected as “discretionary funds” among the tiers. It gave the board minimal oversight responsibility; in addition, it was a way to move some of the monies out of Denver and back to the counties, especially to the very smallest organizations and agencies. In the end, HB1138 was virtually identical to SB55, the bill originally introduced in 1986. It was signed into law on May 22, 1987 by Gov. Roy Romer. (McCarthy gives a full account of the specifics of each bill and the particulars of the arguments, pp. 41-68.)

The final product contained most of the points sought by the originally excluded Tier II members, with some additional sweeteners thrown in for the very smallest Tier IIIs. Despite their resistance, the Tier I institutions capitulated finally because lawmakers came to see it as an equity issue that affected their constituents, Stanford said (12/8/08). McCarthy paints a rosier picture: It was their respect for each other, if not each other’s positions, and their willingness to “subordinate ego and loyalty and turf to the common good and accept the best product they could for the community in which they lived” (67). According to McCarthy, the Tier I institutions still believed the Tier IIs were carpetbaggers, in it only for the money; the Tier IIs saw it as an issue of fairness, an equal place at the table (66). Stanford says the fight really concerned perceptions: “they (Tier I) thought it was about survival; we saw it as their greed.”

As amended, the enabling legislation called for a taxing district within the RTD footprint, with a board with broad oversight authority, a one-tenth of one percent sales tax levy, and a 65-25-10 distribution of the funds collected to three distinct tiers. County cultural councils would distribute the funds to Tier III agencies. Tier I, with four named institutions, would receive $8.3 million; Tier II, $3.2 million; and Tier III, $1.3 million. The task now was to sell it to the public.

Section IV: The Fruits of Collective Action

How the Bill Became Law

Denver voters historically have supported infrastructure taxes. This does not diminish the merits of SCFD, but may signal that Denver’s experience may not be replicated easily. Denver’s history of civic support for public infrastructure extends back to the 19th century. Robert W. Speer, who migrated to Denver from Pennsylvania in 1878, helped transform a raw, young city into what he called "the Paris of America" (Noel, n. pag.). Speer, initially a successful real estate developer, served as Denver's mayor from 1905-1916, during which time he implemented a grand plan to remake the city. He built a network of tree-lined parkways leading from downtown to outlying residential neighborhoods, many with public parks, lakes and bathhouses. His "City Beautiful" plan included public libraries and fire stations, as well as a Denver Mountain Park system, all paid for by taxpayers.

By the time Federico Peña became mayor in 1983, Denver citizens had paid for an art museum, a zoo, a botanical garden and one of the foremost natural history museums in the country. When Peña took office, Denver was floundering in one of the worst recessions since the Great Depression, but in his eight years as mayor, he persuaded the city's citizens to invest billions in its infrastructure (Noel n. pag.). In a three-year period, Denver voters approved the Scientific and Cultural Facilities District, (1988), a $3 billion airport (1989); a $242 million bond issue to rebuild streets, provide infrastructure for redevelopment of the South Platte Valley, improve parks, plant 30,000 trees, expand the National Western Stock Show Grounds, update Denver General Hospital, and restore Civic Center Park and the City and County Building (1989). In 1990, Denver completed the $126 million taxpayer-approved Colorado Convention Center, with almost a million square feet on a 25-acre site downtown. That same year, citizens also voted for a $200 million bond issue for the Denver Public Schools, while another $95 million bond issue won overwhelming support to enlarge the central library and restore and/or expand many branch libraries. Voters also narrowly approved a 0.1 per cent sales tax to build a new baseball stadium for the Colorado Rockies.

The lobbyists' carefully crafted 1987 campaign to sell the idea of a taxing district to voters included several strategic decisions. First, the message emphasized that funds were distributed as grants not entitlements, except, of course, for Tier I, whose disbursements were based on a formula determined by attendance and operating budgets. They feared that disbursing funds to Tier II institutions, with no track record of public financial accountability, "would almost certainly send both tiers to defeat in the referendum" (McCarthy 44). Critics point out that the rationale was less about financial accountability than about exhibiting-collecting institutions, with issues of maintenance and sustainability, sharing funds with performing arts organizations. The poster child for their rationale was the crumbling Denver Symphony, on the verge of bankruptcy in 1987-88. "Tier Is fear was that, presented with the possibility of an organization such as the symphony receiving annual revenue "entitlements," good year or bad, good product or not, the public would summarily reject it," (McCarthy 44).

One big concern in the legislature was that the SCFD not become another big bureaucracy, according to Greg Geissler, director of the Mayor's Commission on the Arts. The legislation had to assure the public that their tax money was not going to pay a bunch of bureaucrats (12/6/07). Thus, a minuscule amount of the funds (0.75 of 1 percent) were allocated to administration.

All of the institutions contributed funds to the campaign, which focused on need. Voters "needed" to get something for their money and had to know who would benefit and why;

most importantly, they had to know how much the tax would bite into their pocketbooks and what benefits it would yield. Throughout, the campaign emphasized the smallness of the tax levy—only one penny on a $10 purchase. One ad featured a cup of coffee surrounded by eight pennies: the message—two cents a day, 57 cents a month—became a potent selling point (McCarthy 72-73). The committee even produced a penny lapel pin: Morgan bought $6,000 worth of pennies and drafted volunteers, who welded together two pennies—symbolizing the two-cents-a-day cost of the SCFD plan—and glued on a pin, which were widely distributed.

The main messages of the campaign revolved around the benefits to particular segments of the population, first, children; second, the economy; finally, the community as a whole. Children, then and now, rated the highest priority because cultural education polled highest (McCarthy 73). The emphasis on "future generations" was a conscious marketing strategy. The economy provided a new, and at the time largely unexplored, focus. It was not specifically addressed in SB55, but became a prominent feature in the bill finally approved by lawmakers. The legislative "declaration" said "scientific and cultural facilities are an important factor in the economic well-being of the state" (McCarthy 74). McCarthy observes its inclusion was:

> for a purely tactical reason: that while the legislature likely would not have funded culture for itself, it may have funded it as a support for something else. . . . the idea of culture as an economic stimulus was created, then 'positioned' purely for the legislature's benefit. (75).

The economic argument also sat well with voters and the influential community leaders. With a flat economy and high unemployment, the benefits of cultural institutions providing economic stimulus was (and remains) attractive. Donald Seawell's comments, published in the *Denver Business Journal*, emphasized that "every dollar spent by cities on the arts returned more in direct taxes than the amounts spent" (5). A feature section in that same issue spelled out the economic spill-over effects and pointed out a residual benefit—the opportunity for Denver to shed its cow town image (O'Neal). The quality-of-life issue played well, especially when attached to a regional argument positioning Denver as the arts mecca for several adjoining states.

The major institutions led the marketing campaign, with the arts institutions taking a backseat to the immensely popular Zoo and Natural History Museum, which had strong family appeal (McCarthy 77). The Zoo, especially, epitomized the culture of the commoner, and it provided the campaign's paramount (and still used) symbol: a polar bear. Significantly, all parties came together to sell the idea, regardless of who led it or the images used. Stanford emphasizes how critical that was to passage of the legislation. In addition, success required "a 'champion' to provide leadership; buy in from the business community, critical in the early stages; and support from the county commissioners," which the inclusion of Tier III made possible (12/8/07).

McCarthy points out one reason Amendment 9 prevailed with voters in 1987: "nearly relentless advertising," some on television, most of it in print (81). Yard signs popped up everywhere; volunteers mailed letters, postcards, pamphlets and brochures to every home in the proposed district; and a two-month, evening and weekend "phonathon" urged voters to talk to their friends about SCFD. The campaign fielded a very effective (and ubiquitous) speakers bureau, which included all of the main players. The organizers sought to preempt any potential opposition by engaging "leadership groups"—community and business leaders—who spoke to PTAs, labor organizations, chambers of commerce, city councils, etc. In particular, they courted the counties. The counties had to see the political and economic benefits to their constituents. Tier III, included begrudgingly in the legislation, proved an ingenious selling point because it "allowed the counties to take ownership," Stanford said (12/8/07).

In addition, the campaign recruited the support of the city's two newspapers, even though one of the main beneficiaries would be the DCPA, chaired by the publisher of the *Denver Post*. Little sustained opposition surfaced, in part because the organizers began the campaign late, giving detractors little time to organize. On Nov. 9, 1988, voters in the six counties decided: over half a million people, 75 percent of the total vote, approved the amendment.

Section V: Implementation

Its planners had to move quickly, as the SCFD became a tax-collecting district on January 1, 1989. A board, comprising three members appointed by Gov. Romer, plus one member appointed by each county, formed and immediately hired Ciruli, who had masterfully guided the plan through the legislature and a voter campaign, as manager. The board quickly drafted and adopted bylaws and set up committees and elected officers. Ciruli prepared a budget and hired a staff attorney. One major issue that had to be addressed immediately was setting up a mechanism to collect the tax from businesses in the newly formed district. By law, it would be collected as part of the RTD tax, which rose from 0.6 percent to 0.7 percent of sales. The SCFD share was to be forwarded within six weeks of the end of the affected month. Delay in notifying affected businesses would make vendors liable for funds they didn't collect, thus, potentially, sewing ill will, which was something the SCFD did not want to happen.

The biggest issue, however, was distributing the funds to the tiers. According to McCarthy, Ciruli established a tentative formula to determine who got what and when the initial distribution would occur (97-98). Then, he crafted the procedures. Tier I recipients, the four named institutions, would submit formal requests for funds by March 1, along with a statement of planned use of the funds and an audited 1987 and preliminary 1988 budget. The budgets would be reviewed between March and June, and hearings would be held in August, followed by a distribution of six-months' funds on September 1. The process has been refined over time, but the initial structure was in place.

Tier II had to submit "definitions" by March 1. From April 1 to June 1, applicants submitted notice of application and entered a 60-day review period, followed by hearings in August and distribution in September.

Tier III faced the most challenges. In a short window between January and April, each county had to establish a cultural council—a slow process involving six councils and hundreds of small cultural institutions. In Denver, politics and rivalries, rather than slowness, delayed formation of a council. Part of the problem lay in municipal statutes, which dictated that the Denver City Council distribute cultural funds. The council, facing budget shortfalls in many areas, did not want to be in the position of distributing monies for culture when it was cutting other programs. Instead, it would shift the burden to a third party. The obvious candidate was the Denver Commission on Cultural Affairs, the successor to the Mayor's Commission on the Arts, led by Geissler, one of the original activists objecting to the Big Four's initial legislation. A second contender was the private Denver Foundation, which offered not only to distribute the funds but to pick up the administrative costs, too. The city council chose the Foundation, based on the reasoning that the Commission on Cultural Affairs (and Geissler) were mayoral appointees, who could be influenced in their distribution decisions by pressure from the mayor's office (McCarthy 99). The Council's decision ignited a protest from Geissler, who saw it as a slap at the Commission, and him directly, for oversetting the efforts of the Big Four to secure a permanent source of funding exclusively for themselves (12/6/07). Stanford supports that interpretation, also pointing out that the Commission on Cultural Affairs (and Geissler) got caught in the middle of mayor-city council politics.

Tensions erupted in the first years over accountability, a critical component of both legislative and voter support, but one that frequently provoked the ire of the large Tier I and Tier II institutions. The SCFD board was charged with making certain that the funds collected from the public were spent as intended, which required documented proof. The institutions balked at first but over time fell in line. The procedures also irked the Tier IIIs, especially over the insistence of the SCFD board to review their applications, which already required the approval of their county cultural councils. The SCFD, flexing its oversight muscle, wanted to review the plans of the tiny Tier III recipients to ensure they conformed to the SCFD guidelines (McCarthy 104).

One other stumbling block that affected Tier III was clarification of the statute regarding questions of "primary purpose" and "public benefit." By law, the primary purpose of an agency, organization or institution had to be "the enlightenment and entertainment of the public through the production, presentation, exhibition, or preservation of art, music, theater, dance, zoology, botany, or natural history" (McCarthy 111). Excluded from the SCFD in the legislation—for fear they would gobble up the funds--were schools, public broadcasting, libraries and historical societies. The latter were problematical because they appeared to be more about preservation than programming. The state continued (and continues) to fund the Colorado Historical Society, and eventually SCFD allowed the county historical societies into the Tier III fold.

Yet, at the end of its first year in operation, the SCFD distributed $5.3 million of tax monies to the Tier I and II institutions; Tier III was still organizing its cultural councils and received its share of the payout in March of 1990. The cultural institutions in six counties had accomplished something even more remarkable, according to those who helped make it reality. They had learned to work together for a common goal, and the voters responded, and in this case have responded twice more, each time giving the reauthorization an overwhelming thumbs up.

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