



photo: V. Vale

SFAI Update by Marian Wallace, October 9, 2022

What's happening with the Art Institute? I get that question still, though not as often as I used to. It's not getting much easier to answer—yet. Though that could change any month now—or any day? Mid-November is the new “trigger moment” when SFAI as a non-profit entity will either have enough funding to last until December OR start 2-week bankruptcy preparation (“hand to mouth” so to speak). There are some things “in the works” that could extend the life-support situation, but they have to produce actual money. There are also ideas being discussed that would even posit a complete reprieve. Reportedly, it currently costs about \$200k per month for baseline rent/misc to keep the school campuses “solvent” enough towards hopefully “figuring out something for the long-term”.

SFAI has 3 primary assets: 1) Diego Rivera mural along with contracted usage of land over which it resides; 2) Chestnut Street campus tenancy (available for SFAI usage as long as payments are made); 3) Ft Mason lease, ditto. The two tenancies are written in very favorable terms, due to grandfathering-in and discounting for work done.

Some ideas in the works:

() Temporary relief: There are one or two groups/foundations that want to do events at Ft. Mason and are willing and able to pay up front. One group even wants to do a long event at Ft Mason—which would infuse SFAI with some cash.

Main problem: with month-to-month lifespan, it's difficult to make a long-term deal.

Ft Mason as landlord has nixed some past proposals for subletting, but reportedly wants to try to be more helpful to SFAI—so maybe they will be open-minded with these current and future possibilities.

() Long-term solution/partial “sell-out”: Developer comes in and helps SFAI buy the property outright from UC Regents, as SFAI sells “new” (Brutalist addition) two-thirds of campus to developers, leaving the original building to SFAI for restarting school; or possibly using that portion of campus for administration and restarting school at Ft. Mason—which is already set up as a school, ADA compliant, etc.—so at least part of the way ready to opening as SFAI. (This is of course completely thanks to the origin of this insurmountable financial problem: spending funds needed for Chestnut St. campus for renovating Ft. Mason.)

Note: If someone buys the land, they have to also buy the mural. Approximate price tag for both: \$90 million. This could be a win-win situation on this path.

ALSO: Potential development could be either residential or institutional.

() Pipedream: Someone (or a donor group) somehow comes up with at least \$40 million to buy the land from UC Regents, plus some extra funds for development. Hopefully the donors have a vision for the school! Which they, the donor(s) would basically be buying the rights to try to implement!! Anyone out there!!? What is the NEW SFAI going to be? Where will the upheaval land this time?

() If none of the above: Bankruptcy is hovering on the horizon. It would take a couple of weeks to prepare and file, but assets would be sold to pay back several multi-million dollar debts, and anything left would be randomly distributed to other California non-profits.

The board has tried working with a foundation, which had given SFAI restricted funds some time ago, to be able to use the funds for mere operating. This could buy 5 months of survival, BUT the foundation has so far not agreed to this idea.

As it stands:

SFAI board is trying to buy time to do something with one of the assets mentioned earlier. Only recently did the UC regents grant SFAI the option to buy Chestnut property in a “transferrable” way—SFAI hadn't had that option before. It's been estimated that if the Regents had only done this 2 years ago, we would still have a viable school.

A bit of ancient history: for ninety years SFAI has been held in a trust (SFAI Trust).

Over 100 years ago in approximately 1905, Sorrells, the husband of Mark Hopkins widow inherited all of Hopkins' money, and decided to give the value of land to SFAI. The school coasted along, funded by the genteel of San Francisco, and circa 1944 was a well-heeled place. It was a way for society people to bring culture to the people of San Francisco, and was centered on California Landscape-style painting. Eventually it was also infused with veterans-as-students, who paid tuition with government funding from the GI bill after WWII.

In 1945, the Board hired Douglas McAgly as SFAI president, and the school changed direction. In the 1930s, Diego Rivera had been hired to paint the now-much-discussed mural for the school. But now it became an issue that “this type” of art was a (socialist) threat to the USA. It is suspected that under-the-radar government influence and funding changed the focus of SFAI to Abstract Expressionism as a buffer against the alleged encroaching socialist forces. Clyfford Still, Hassel Smith, David Park, Richard Diebenkorn and other Abstract Expressionists were brought in as painting instructors. Mark Rothko came for a summer session. Landscape was out. Abstraction was in. And in 1947 Sidney Peterson taught the first film course. It was a time of great upheaval and change at the school, and SFAI weathered it to become what most of us now think of as the school: a cutting-edge fine arts institution, that houses and nurtures any number of various artistic pursuits, attempting to be part of the greater (international) fine-art conversation.

When UC Regents bought back Chestnut St property circa 2020, the agreement between the Regents and SFAI went back (sort of/ in the spirit of) to the original trust, which has several stipulations. UC Regents have now recently “bought” SFAI's debt of approximately \$20m. So, to put this in dollars and cents: it will cost \$20m go back to the original deal, or \$40m buy land outright, and be able to attempt to maneuver back to a viable school.

For now, the 800 Chestnut campus is locked up. The only ones frequenting campus are the librarians, who are either working with the archiving grant they had received last year to organize SFAI's archive materials OR they may be packing up the archive materials to move with them to another location to work on them if SFAI indeed declares bankruptcy. Additionally, a very limited part-time contract staff is on campus as needed.

So to answer the question sometimes heard: What's happening with the Art Institute?

- The librarians are quietly working on the archive being paid by their grant
- A security firm continues to watch the Chestnut Street campus 24/7
- Only 3-4 contract “workers” on the job: basically, Dean of Student Affairs, Interim CEO, and maybe once in a while Head of Tech or another necessary former employee
- Fallen leaves are blowing around the courtyard hallways, weeds growing around edges
- There is still a six-person board of trustees which is trying to get to the next place, but not necessarily all “of a mind” about where that should or could be.

—Marian Wallace, alumna, SFAA board member, former SFAI adjunct faculty member, SFAI neighbor