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**From:** Derek Jentzsch <[derek@\[REDACTED\]](mailto:derek@[REDACTED])>  
**Sent:** Wednesday, January 14, 2026 4:57 PM  
**To:** Duhon-Kelley, Coco (ART) <[coco.duhon-kelley@sfgov.org](mailto:coco.duhon-kelley@sfgov.org)>; Molina, Jonell (ART) <[jonell.molina@sfgov.org](mailto:jonell.molina@sfgov.org)>; Lee, George (ART) <[george.lee1@sfgov.org](mailto:george.lee1@sfgov.org)>  
**Cc:** Bob Sanchez <[Robert\[REDACTED\]](mailto:Robert[REDACTED])>; Sarah Calderon <[calderon.sarah@\[REDACTED\]](mailto:calderon.sarah@[REDACTED])>;  
Barrons, Molly (ART) <[molly.barrons@sfgov.org](mailto:molly.barrons@sfgov.org)>; Gerardo Lasso <[gerardo@missionculturalcenter.org](mailto:gerardo@missionculturalcenter.org)>  
**Subject:** Extreme Scenario Planning from MCCLA - Jan 14, 2026

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Dear Coco, Jonell and George,

Thank you so much for taking the time to meet with us yesterday. I look forward to seeing you all again next week.

We write this email essentially to confirm the grim, somber news delivered to you in person. (A very sad first week working with MCCLA.) We are also very aware that none of this situation is the fault or even the responsibility of SFAC. The unusually high level of dependence of MCCLA on funding from SFAC is untenable in the short or long term.

As you all know, MCCLA, with the amazing support of SFAC, is at center of many mission community activities from Carnival and dia de los muertos - to a regular gathering and rehearsal space and classroom space for hundreds of folks and small community organizations every week!

Sadly - all that must halt for now. This email simply restates the current dramatic situation AND presents four possible future scenarios.

Current Situation:

- All staff (except the facilities manager, Willie) were let go on or before December 15, 2025
- A new, interim ED, Derek Jentzsch, stepped in on Jan 5, 2026 on a part-time, contract basis to assist in figuring out a path forward.

- He has agreed to continue regardless of actual payment, on a part-time basis, to support the Center, the board and SFAC during this tumultuous transition period.
- MCCLA is burning \$50k/mo (\$12k/week) more than revenue and has no revenue
- \$300k is basically the amount required to keep the Center from folding before June 30, 2026. Even with the unlikely disbursement of all open SFAC grants, MCCLA will:
  - not be able to easily resume programmatic activities or restart utilization of the space by the public for any purposes
  - The current situation prevents MCCLA from generating revenue
  - **If SFAC can commit to eventually release even a portion of the outstanding grant amounts - we can extend lines of credit OR ask begin to ask other potential donors in good faith for their support.**
  - **With your permission, we can also reach out to politicos for “slush” funds too.**
- Without new funding, **MCCLA will be insolvent next week (January 20th)**
  - All outstanding deliverables across the three open city contracts will not be met.
  - All cash and lines of credit will be fully expended.
  - The one remaining staff person, the Facilities Manager, will need to be let go.
    - Putting the actual building in jeopardy
  - The finance team will need to stop their clean-up activities
  - The FY2025 audit will not be undertaken
  - All insurance will not be renewed or paid
  - Limited attempts to prepare the building for seismic retrofit will end
    - There will be no movement of archives and other MCCLA materials to off-site storage or other ongoing storage space.

#### **Without new funding the organization needs to prepare for three possible scenario**

1. Chapter 11 or Chapter 7 bankruptcy
2. “Merger or Acquisition” with similar aligned organizations like SoMa Arts or Galeria de La Raz (no explicit conversations Maria or Ani or others have been initiated.)
3. an interim oversight and fiscal sponsorship by a mission aligned organization (or SFAC itself)
  - Adequate finance team to continue cleaning house
  - A facilities/security personnel
  - Someone to finesse and plan for moving all materials and the archives out of the building for the seismic retrofit -
  - (Please note: in each of these scenarios, Derek would continue to help in an advisory or caretaker capacity - with limited remuneration as possible.)

**A Potential Fourth Scenario with a Path Forward:** this scenario is a total reset - using the “excuse” of the remodel to create and implement a more sustainable organization for the future. And, provides a good excuse for the closure. If SFAC is able to completely retool the existing outstanding awards, MCCLA would hopefully have runway to turn this around. (Hard to say, I’ve only been here for a week.)

- Retool the existing awards to be focused on:
  - Cleaning the fiscal books (otherwise no new funds can flow from institutional funders)
    - Pay off the line of credit and renegotiate as needed
    - No organization should tap their LOC for regular day-to-day expenses
  - Finish cataloguing the archive (to quickly generate revenue by auction)
  - Prepare and undertake all aspects of the “move”
    - Find space and sign leases
    - move to storage all materials including archives (except those parts needed for revenue generation)
    - Move to any (limited) interim program delivery space
      - e.g. utilize the vacant to vibrant funding streams?
  - Develop and begin to undertake the following:
    - A comprehensive fiscal plan for FY26 to FY 28 (or later until return into the building)
      - including realistic HR and org chart
    - A comprehensive three tier board plan
      - Honorary board of 25+ people, (think Dolores Huerta, Jose Cisneros, Susan Leal or major artists)
      - governing board of 11-15, (current complement is less than 6)
      - community advisory council(s) of 50+ (focused on specific events, or programmatic areas)
    - A comprehensive revenue generation plan
      - Fundraising plan from institutions and individuals
      - Events fundraising plan
      - “Sotheby/Christy” style auction of key copies from the archive
      - Limited rentals of space with high profit margin while waiting for construction to start - as possible before removal of materials
    - A comprehensive capital campaign plan
      - piggy back on the seismic retrofit to retool the space to better anticipate (future) needs of the arts center (e.g. soundproofing, etc.)
      - Not sure of needs or capacity - but it should be explored.
  - Negotiate the upcoming FY27 award to:

- Complete any outstanding activities associated with “moves”
- Cover costs for managing construction and any “extras” from capital campaign
- Possibly cover costs for development and fundraising
- Create very limited programs detailed fully costed, month by month, program
- This 6 months of runway (plus all of FY27) will allow a slimmed down MCCLA to
  - Fully Implement the board development and fund generation plans
    - secure funding for ongoing existence
  - Begin to (re)hire the technical and operational staff
    - to plan and implement a move back
    - Restore programming within tight budget parameters
    - Create a rental plan to generate significant revenue
      - And a feasible (free) access program for community art groups
    - Create a realistic plan to generate ongoing revenue from the archives
    - Create a realistic plan to cover most or all costs for classes from tuition and or non-SFAC grants.

I'm sure there's more we haven't covered in this email. With support of the board, Derek has committed to continue supporting the MCCLA- SFAC relationship on a part-time basis for at least the next six months - whether or not payment funds are available - for whatever scenario is realistic.

At your advice, guidance and direction, we will continue to steward the ongoing investment that the City and SFAC have made in the Center over the past 50+ years with the funds and energies left.

Forever in gratitude,

Bob Sanchez on behalf of the MCCLA Board  
Derek Jentzsich, Interim MCCLA Executive Director

**DEREK JENTZSCH**  
BroderickHaight Realize Your Vision  
+1 415 [REDACTED]