

RESOLUTION NO.

WHEREAS, on June 4, 2020, City Council approved Resolution No. 20200604-040 directing a spending framework for the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2021 and related funds including for a creative space disaster relief program, creative worker relief grant, and music disaster relief grant, as well as non-profit and small business relief grants; and,

WHEREAS, beginning on March 26, 2020. Emergency Order Nos. 20200326-008, 20200507-010, 20200724-18, 20200815-19, 20200930-20, 20201217-022, 20210128-025, 20210330, and 20210430-029 have prohibited certain eviction actions by landlords, including those of arts and music venues, in order to reduce the spread of COVID-19 and to decrease opportunities for person-to-person contact; and,

WHEREAS, on September 17, 2020, City Council approved the Save Austin's Vital Economic Sectors (SAVES) Resolution No. 20200917-062 directing the City Manager to explore and identify ways to support and to increase the survivability of those most vulnerable in Austin's hardest hit sectors, including music and arts venues; and,

WHEREAS, on March 25, 2021 City Council approved Resolution 20210325-066 directing the City Manager to identify existing funding, funds the City receives under the American Rescue Plan (ARP) Act of 2021, or funding available through FEMA reimbursement, able and available to be used to address the continued impact of COVID-19 by continuing support for small business assistance, including specific programs for restaurants and live music venues, as well as creating new grants for live music venues, art galleries, and cultural programming venues; and,

26 **WHEREAS**, Austin arts and music organizations, already reeling from
27 displacement due to the rapid growth and development of the City, were faced with
28 unprecedented and extreme financial challenges brought on by the necessary but
29 drastic and prolonged responses to stem the spread of the COVID-19 virus,
30 including closures, stay at home orders, and social distancing; and,

31 **WHEREAS**, a Brookings Institute study estimates that the impact of the
32 COVID-19 pandemic resulted in the loss of 32.6 percent of Austin’s creative sector
33 jobs between April 1, 2020 and July 31, 2020; and,

34 **WHEREAS**, 2020 CARES Relief funding – while essential – has thus far
35 been insufficient in alleviating the pain being felt by arts and music organizations,
36 groups, and individuals; and,

37 **WHEREAS**, the pandemic has significantly reduced the tourism economy
38 and the funds generated by the Hotel Occupancy Tax (HOT) – the only dedicated
39 source of public funding for the arts; and,

40 **WHEREAS**, the City of Austin has lost over \$75 million in HOT
41 collections since the beginning of the COVID-19 pandemic; and,

42 **WHEREAS**, the HOT currently funds over 700 cultural contractors,
43 including individual entrepreneurs, as well as small to large
44 organizations/businesses; and,

45 **WHEREAS**, there is a shortfall in available HOT revenue to fully fund
46 executed Cultural Arts contracts for Fiscal Year (FY) 2021; and,

47 **WHEREAS**, in order to follow through with the commitment to cultural
48 contracts, the City of Austin budgeted a deficit which allowed the City to maintain

49 funding levels, and modified contracts to allow contractors to receive funding
50 despite interruptions to in-person programming; and,

51 **WHEREAS**, this negative balance is currently projected to be carried over
52 and resolved in FY 2022, which has a significant negative impact on the Cultural
53 Arts HOT fund amount for FY 2022; and,

54 **WHEREAS**, historically underserved (ALAANA/BIPOC) and other
55 marginalized organizations and communities (LGBTQIA and the differently-abled
56 community), often already in economic distress due to systemic prejudice, were
57 especially hard hit; and,

58 **WHEREAS**, on October 19, 2020, the Austin Music Commission
59 unanimously approved a recommendation for the Austin Live Music Fund in
60 acknowledgment of the need to financially support the growth of the Austin Music
61 Industry with the Preservation, Innovation, and Elevation (PIE) funding
62 recommendation/overlay which seeks to repair historic equity concerns within live
63 music; and,

64 **WHEREAS**, there is a need to ensure funds already in the Live Music Fund,
65 established by Ordinance No. 20190919-149, are quickly deployed during this
66 recovery period from the economic crisis for the Austin music community; and,

67 **WHEREAS**, on December 3, 2020, City Council passed Resolution
68 20201203-046 directing the establishment of the Iconic Music Fund with a one-
69 time transfer of \$2.4 million in HOT funds; and,

70 **WHEREAS**, in December 2020, the Federal government adopted the
71 Economic Aid to Hard-Hit Small Businesses, Non-profits, and Venues Act which

72 established the \$16 billion Shuttered Venue Operators Grant (SVOG) program
73 administered by the Small Business Administration; and,

74 **WHEREAS**, City Council passed the March 2021 “Resilient ATX”
75 Resolution No. 20210325-111 which directed staff to inventory funding available
76 for relief and recovery, assist local individuals and organizations to apply for
77 funds, and identified four priority areas for city administered funds: (1)
78 homelessness and related housing, mental health, and substance use issues; (2)
79 early childhood care and education that is high quality and affordable; (3) jobs for
80 working class Austinites that include good wages, benefits, and workplace
81 protections, and associated workforce development; and (4) food and housing
82 insecurity; and,

83 **WHEREAS**, these four priority areas have direct correlations to the needs
84 of individual members of the Austin arts and music communities; and,

85 **WHEREAS**, on March 3, 2021, the Austin Arts Commission unanimously
86 recommended that City Council allocate a minimum of \$10 million per year in
87 funding for the next two years from all available sources to Austin artists, art
88 groups, and non-profit arts organizations to use for immediate relief from COVID-
89 19 related losses and to address the reduction in revenue relative to revenues from
90 pre-COVID (FY 2019) levels in HOT funds for cultural arts contracts in FY 2022
91 and FY 2023; and,

92 **WHEREAS**, these funds are proposed to be used by Austin artists, groups,
93 and non-profit organizations for their use in retaining jobs, and to assist them in
94 saving and sustaining their operations in this time of economic crisis; and,

95 **WHEREAS**, on May 17, 2021, the Arts Commission expanded on its March
96 2, 2021 funding recommendation and called for the simplification of the
97 application process for funding programs and the provision of a single, streamlined
98 point of information for all City emergency funding programs; and,

99 **WHEREAS**, on May 6, 2021, City Council passed Ordinance No.
100 ~~20200812-001-20210506-02~~ which included \$500,000 in ARP funding to be used
101 to partner with community navigators and champions that can help Austin-based
102 businesses, non-profit organizations, and creatives with technical support on
103 federal applications and to amplify the program outreach capacity.

104 **WHEREAS**, on April 5, 2021, the City of Austin’s Music Commission
105 unanimously recommended a minimum of \$20 million per year for two years, from
106 all available sources, to provide recovery for Austin music community losses due
107 to the COVID-19 pandemic; and,

108 **WHEREAS**, these funds are proposed to go to Austin music professionals,
109 organizations, and enterprises for their use in sustaining operations, fueling Austin
110 music industry growth, and supporting the music community in the face of
111 pandemic-related economic losses, a growing affordability crisis, and substantial
112 institutional equity concerns in Austin; and,

113 **WHEREAS**, the City of Austin will receive an estimated \$195.8 million
114 from the American Rescue Plan (ARP) Act of 2021 which must be spent by
115 December 31, 2024; and,

116 **WHEREAS**, these funds can be used to respond to the public health
117 emergency with respect to COVID-19, or its negative economic impacts, including

118 assistance to households, small businesses, and nonprofits, or aid to impacted
119 industries, such as tourism, travel, and hospitality; and,

120 **WHEREAS**, funds allocated to Austin from the ARP can be utilized for the
121 provision of government services to the extent of the reduction in revenue relative
122 to revenues collected in the most recent full fiscal year prior to the COVID-19
123 pandemic (FY 2019); and,

124 **WHEREAS**, Travis County will undergo its own funding process through
125 which ARP funds could be allocated, in part, to Austin's various industries; and,

126 **WHEREAS**, Austin City staff developed an American Rescue Plan and
127 Proposed COVID-19 spending framework to City Council on March 23, 2021;
128 and,

129 **WHEREAS**, City staff's spending framework includes \$48.3 million in
130 funding for HOT funded services, including at total of \$7.8 million over two years
131 for the Cultural Arts Fund, \$10 million over 2 years for the Historic Preservation
132 Fund, \$2.2 over two years for the Live Music Fund, and \$28.3 million over 2 years
133 for the Austin Convention Center; and,

134 **WHEREAS**, swift action to appropriate these and other much-needed funds
135 from all available sources will help move Austin's music and arts industry toward
136 recovery and sustainability; and,

137 **WHEREAS**, on April 16, 2021 the City Council received a 5 year financial
138 forecast which projects that with a 3.5% property tax increase in each year of the
139 forecast period, General Fund expenditures would exceed available revenue by
140 \$23.3 million in FY 2022, with this deficit rising to \$70.8 million by FY 2026.
141 And, this is assuming no additional funding for numerous city initiatives; and

142 **WHEREAS**, such action will further demonstrate the City Council’s
143 acknowledgment of the critical role artists and musicians play in the overall
144 economic health and character of Austin; and,

145 **WHEREAS**, Austin’s artistic and musical reputation has placed the City in
146 the national spotlight; **NOW, THEREFORE**,

147 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

148 The City Council re-affirms the four policy challenges prioritized for
149 transformative investments as set forth in the Resilient ATX Resolution. In
150 addition to these four priorities, the City Council and other local elected officials
151 ~~will be~~ are being asked to consider other non-transformative, but still critical
152 community funding needs, which should include options for investment in the
153 region’s creative economy recovery.

154 **BE IT FURTHER RESOLVED:**

155 The City Manager is directed to provide a plan to ~~appropriate Council for~~ up
156 to \$15 million over two years (up to \$7.5 million per year) ~~to ensure Austin artists,~~
157 ~~arts groups, and non-profit arts organizations receive immediate and sufficient~~
158 ~~relief from COVID-19 related losses~~ to be used for grants to Austin artists, arts
159 groups, and non-profit arts organizations. ~~Such funding can be obtained from~~
160 ~~sources including, but not limited to:~~

161 ~~the American Rescue Plan Act of 2021;~~

162 ~~city general revenue funds; and~~

163 ~~any other municipal, state, or federal funding source deemed available to~~
164 ~~address this economic crisis.~~

The City Manager is directed to develop and present recommendations to Council as a part of its deliberations on the American Rescue Plan Act of 2021 (ARP). After deliberations by Council on the ARP, the City Manager should make recommendations as a part of the FY2021-2022 budget process and on-going efforts to utilize other municipal, state, or federal funding sources. The City Manager's plan should include recommendations on the best use of arts funds, including but not limited to:

- ~~• An expansion of the Legacy Business Program with a specific focus on non-profit arts venues and those not eligible for Shuttered Venue Operators Grants or prior city, county, state, or federal assistance;~~
- ~~• Creative Space Assistance Program;~~
- ~~• Cultural Arts Grants; and~~

~~Creative Worker Relief Fund for arts sector recipients.~~ the allocation of these funds through existing relief programs developed for CARES funding and other pandemic-response related initiatives. Considerations should be made given to:

~~— Expand the Creative Worker Relief Fund;~~

- ~~• Expand the nNon-profit relief grants to include creative non-profits;~~
- ~~• Creative Space Assistance Program~~
- ~~• Cultural Arts Grants; and~~
- ~~• Recreate the A SAVES Legacy Business Relief Grant program to specifically serve legacy arts non-profits and venues, and including those not eligible for Shuttered Venue Operators Grants or prior city, county, state, or federal assistance.~~

BE IT FURTHER RESOLVED:

189 The City Manager is directed to develop recommendations as a part of the
190 Fiscal Year 2021-2022 budget to address the current deficit in Cultural Arts HOT
191 funds over a multi-year period to reduce the immediate impact of reductions.

192 **BE IT FURTHER RESOLVED:**

193 The City Manager is directed to provide a plan to Council for appropriate up
194 to \$10 million over two years (up to \$5 million per year) to be used for grants to
195 ~~ensure~~ Austin music professionals, organizations, and enterprises ~~receive immediate~~
196 ~~and sufficient relief from COVID-19 related losses. Such funding shall be procured~~
197 ~~from sources including, but not limited to:~~

198 ~~the American Rescue Plan Act of 2021;~~

199 ~~city general revenue funds; and~~

200 ~~any other municipal, state, or federal funding source deemed available to~~
201 ~~address this economic crisis.~~

202 The City Manager is directed to develop and present recommendations to
203 Council as a part of its deliberations on the American Rescue Plan Act of 2021
204 (ARP). After deliberations by Council on the ARP, the City Manager should make
205 recommendations as a part of the FY2021-2022 budget process and on-going
206 efforts to utilize other municipal, state, or federal funding sources. The City
207 Manager's plan should include recommendations on the best use of music funds,
208 including but not limited to:

- 209 • the Live Music Fund and its associated programs;
- 210 • the SAVES Live Music Venue Preservation Fund to provide grants to
211 current applicants not currently funded and those that have not been able to

access the Shuttered Venue Operators Grants or prior city, county, state, or federal assistance; and

~~• the Austin Creative Worker Relief Fund for music sector recipients.~~

~~BE IT FURTHER RESOLVED:~~

~~— The City Manager is directed to explore whether any funds are also available to address losses to the music and arts communities due to Winter Storm Uri.~~

BE IT FURTHER RESOLVED:

The City Manager is directed to report to City Council on how the community navigator program funded through Ordinance No. 20200812-001 Ordinance No. 20210506-02 will include assistance to Austin's creative communities in applying for financial assistance programs through the \$500,000 American Rescue Plan allocation for the community navigator program to assist the Austin's creative communities in applying for financial assistance programs.

BE IT FURTHER RESOLVED:

The City Manager is directed to report to City Council on ~~the status of the allocation of funding plans to allocate these funds~~ for arts and music ~~by the June 18, 2021 Council Work Session as a part of the Council's deliberations of the ARP~~. This report shall include steps City staff will take to expedite the administration and release of both current and new Live Music Fund monies to address the ~~dire economic recovery~~ needs of ~~re-opening~~ the Austin music ecosystem consistent with input provided by the Austin Music Commission and related task force reports.

235 **ADOPTED:** _____, 2021 **ATTEST:** _____

236 Jannette S. Goodall
237 City Clerk
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DRAFT