

RESOLUTION NO. 20210520-060

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, 20200724-018, 20200815-019, 20200930-020, 20201217-022, 20210128-025, 20210330-028, 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,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, on May 6, 2021, City Council passed Ordinance No. 20210506-002 which included \$500,000 in ARP funding to be used to partner with community navigators and champions that can help Austin-based businesses, non-profit organizations, and creatives with technical support on federal applications and to amplify the program outreach capacity; and,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BE IT FURTHER RESOLVED:

The City Manager is directed to provide a plan to Council for up to \$15 million over two years (up to \$7.5 million per year) to be used for grants to Austin artists, arts groups, and non-profit arts organizations, including a plan to expedite a portion of the ARPA arts allocation for immediate relief and recovery.

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 existing relief programs developed for CARES funding and other pandemic-response related initiatives. Considerations should be given to:

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

BE IT FURTHER RESOLVED:

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

BE IT FURTHER RESOLVED:

The City Manager is directed to provide a plan to Council for up to \$10 million over two years (up to \$5 million per year) to be used for grants to Austin music professionals, organizations, and enterprises.

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 music funds, including but not limited to:

- the Live Music Fund and its associated programs;
- the SAVES Live Music Venue Preservation Fund to provide grants to 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

BE IT FURTHER RESOLVED:

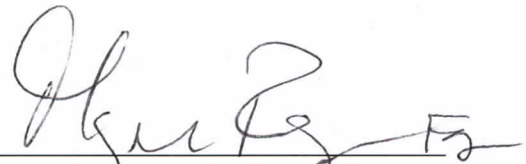
The City Manager is directed to report to City Council on how the community navigator program funded through Ordinance No. 20200812-001 Ordinance No. 20210506-002 will include assistance to Austin's creative communities

BE IT FURTHER RESOLVED:

The City Manager is directed to report to City Council on the funding plans for arts and music 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 recovery needs of the Austin music ecosystem consistent with input provided by the Austin Music Commission and related task force reports.

ADOPTED: May 20, 2021

ATTEST:



Jannette S. Goodall
City Clerk