



MEMORANDUM

TO: Mayor and City Council

FROM: Veronica Briseño, Chief Economic Recovery Officer, City of Austin

DATE: August 11, 2021

SUBJECT: Update on Resolution No. 20210520-060

Council adopted [Resolution No. 20210520-060](#) on May 20, 2021, which directed staff to do the following:

- 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 federal American Rescue Plan Act (ARPA) arts allocation for immediate relief and recovery; and
- 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; and
- Make recommendations on the best uses of municipal, state, and federal funding sources as part of the Fiscal Year 2021-22 (FY22) budget process, including:
 - Arts funds including but not limited to existing relief programs developed for the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and other pandemic-related initiatives, with considerations given to the non-profit relief grants to include creative non-profits, the Creative Space Assistance Program, the Cultural Arts Grants, and a Save Austin's Vital Economic Sectors (SAVES) Legacy Business Relief Grant Program to specifically serve arts non-profit venues, including those not eligible for the Shuttered Venue Operators Grants or prior city, county, state, or federal assistance; and
 - Music funds including but not limited to the Live Music Fund and its associated programs, and the SAVES Live Music Venue Preservation Fund, to provide grants to applicants currently not funded and those that have not been able to access the Shuttered Venue Operators Grants or prior city, county, state, or federal assistance; and
- Develop recommendations as part of the FY22 budget to address the current deficit in Cultural Arts Hotel Occupancy Tax (HOT) funds over a multi-year period to reduce the immediate impact of reductions;
- Report to Council on how the Community Navigator Program will include assistance to Austin's creative communities; and
- Report to Council on steps 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.

Funding Plans for Arts and Music

Economic Development Department (EDD) staff is working diligently to launch programs and services over the next two years for local arts and music professionals and organizations. Included in these efforts is utilizing American Rescue Plan Act appropriations for these sectors and implementing programs that will provide \$10 million for arts, \$6.5 million for music, and \$4.21 million for both industries in FY22. Table A below summarizes these programs. However, the Council request for a plan to identify \$15 million for

grants to Austin artists and \$10 million for grants to Austin music professionals over the next two years remains to be an unfunded item from Council. Please note that on April 16, 2021, a [memo](#) was sent to Mayor and Council regarding the five-year financial forecast which included a listing of other unfunded items from Council as of that date.

Table A: Creative Industry Support Programs for FY22	
<u>Program</u>	<u>FY22 Budget</u>
<i>Artists and Arts Organizations</i>	
Arts American Rescue Plan Act Funding	\$6,000,000
Austin Civilian Conservation Corps	\$1,000,000
Cultural Arts Funding	\$3,000,000
Arts Industry Total	\$10,000,000
<i>Music Professionals and Organizations</i>	
Austin Live Music Venue Preservation Fund	\$1,700,000
Live Music Fund	\$2,500,000
Music American Rescue Plan Act Funding	\$2,300,000
Music Industry Total	\$6,500,000
<i>Cross-Industry Programs</i>	
Austin Arts and Culture Non-Profit Relief Grant	\$2,000,000
Creative Entrepreneur Program	\$850,000
Creative Space Assistance Program	\$1,000,000
Small Business Classes for Creatives and Non-Profits	\$360,000
Cross-Industry Total	\$4,210,000
Total Creative Industry Support for FY22	\$20,710,000

Highest and Best Use Recommendations

EDD staff believes implementing the programs listed in Table A represents the highest and best use of municipal, state, and federal funds as part of the FY22 budget. Staff's recommendation is based on experience managing Coronavirus Aid, Relief, and Economic Security (CARES) Act funding; conversations with peer cities; and feedback gathered from the Arts Commission, Music Commission, and community and industry stakeholders. Details about each program are included below. Additionally, EDD staff will continue to lead with equity as a best practice by translating program applications, including equity factors in scoring rubrics, and contracting with community champions to offer application assistance for community members. Additionally, staff will consider contracting with third-party administrators to expedite the delivery of grants to artists, musicians, and/or organizations.

Arts Programs

- Arts American Rescue Plan Act Funding: [Resolution No. 20210610-077](#) allocated \$6 million from the City's ARPA allocation for the arts. EDD staff is gathering feedback from community stakeholders, which will inform an implementation framework for these funds. Staff will provide additional details to Mayor and Council in a future memo.
- Austin Civilian Conservation Corps (Creative Sector Focus): Council approved [Resolution No. 20200507-061](#) on May 7, 2020 to create an Austin Civilian Conservation Corps (ACCC) to employ Austinites who have been economically impacted by compliance with COVID-19 related public health measures. [Resolution No. 20210610-077](#) allocated \$1 million from the City's ARPA allocation for ACCC efforts related to the creative sector. EDD staff is gathering feedback from community stakeholders, which will inform an implementation framework for this program. Staff will provide additional details to Mayor and Council in a future memo.

- Cultural Arts Funding: The Cultural Arts Funding programs support projects and activities in all disciplines that provide quality arts and cultural programming to the Austin community, including the extraterritorial jurisdiction. These programs reinforce the artistic and cultural industry to promote Austin as an exciting, vibrant, and diverse cultural destination for visitors and tourists. EDD staff anticipates awarding \$3 million in funding through the Nexus and Thrive Cultural Arts Funding programs. Staff plans to begin accepting applications in Fall 2021.

Music Programs

- Austin Live Music Venue Preservation Fund: Council approved [Resolution No. 20210610-077](#) on June 10, 2021 to designate \$4 million from the City's ARPA allocation for local music initiatives. EDD staff recommends using \$1.7 million from this allocation to fund all eligible [Austin Live Music Venue Preservation Fund](#) applicants that completed Phase 2: Enhanced Funding requirements, including the submission of an Equity Strategic Plan.
- Live Music Fund: The Live Music Fund was established by [Ordinance No. 20190919-149](#) on September 19, 2019. This \$2.5 million program supports independent promoters, professional musicians and bands, and live and virtual music shows and special events that can be marketed to local audiences, potential and visiting tourists, and conventions delegates. Grant awards will be up to \$10,000 for a one year contract period. The awards will be paid over the 12 month contract duration, with 20% provided up-front to start-up capital, 10% withheld until EDD receives final reports from grantees, and the balance distributed monthly for eligible reimbursable expenses. EDD staff presented draft Live Music Fund guidelines to the Music Commission on July 12, 2021, and another presentation is scheduled for September 13, 2021. EDD staff will accept applications for this program beginning in Fall 2021.
- Music American Rescue Plan Act Funding: [Resolution No. 20210610-077](#) allocated \$4 million from the City's ARPA allocation for the arts. EDD staff recommends using \$1.7 million for the Austin Live Music Venue Preservation Fund (see first bullet in this section). Staff is gathering feedback from community stakeholders to inform an implementation framework for the remaining funds. Staff will provide additional details to Mayor and Council in a future memo.

Cross-Industry Programs

- Austin Arts and Culture Non-Profit Relief Grant: Council approved [Resolution No. 20210610-092](#) on June 10, 2021 to designate \$2 million for the Austin Arts and Culture Non-Profit Relief Grant. The program is funded through Austin's allocation from the federal American Rescue Plan Act (ARPA), and it provides one-time unrestricted \$20,000 grants to local arts and culture non-profit organizations facing hardships due to the economic impacts of the COVID-19 pandemic. Applications for the program opened on July 14, 2021 and closed on August 2, 2021. The Austin Better Business Bureau served as EDD's third-party administrator for this program and the Austin Revitalization Authority and Mission Capital provided application support for this program. EDD received 217 applications before the deadline; thus, the requests for aid will surpass the \$2 million allocated for this program. Applicants will be selected for funding based on a scoring matrix. More information about this program is available at www.ATXrecovers.com.
- Creative Entrepreneur Program: The City of Austin Economic Development Department is launching the Creative Entrepreneur Growth (CEG) Program Fall 2021 to reach individual creatives who are interested in establishing themselves as a sustainable, for-profit business. Council provided \$850,000 for the Creative Entrepreneur Growth Program annually for two years through Austin's allocation from the federal Community Development Block Grant (CDBG). The goal of this program is to provide direct funding for professional business development to creative

microenterprises and persons developing microenterprises. Awards in year one will be available as a grant in the amount of \$5,000. Approximately 140 awards will be given in year one. In future years there may be direct financial assistance in the form of forgivable loans to creative microenterprises to grow their businesses. The Creative Entrepreneur Growth Program application will be live and accepting eligible submission starting Fall 2021.

- **Creative Space Assistance Program:** The Creative Space Assistance Program (CSAP) is a \$1 million program to support arts-focused non-profit organizations and select for-profit creative businesses that face temporary or permanent displacement, were previously displaced, or face lease renewals at substantially higher rates. Independent artists seeking support for short-term or month-to-month commercial leases can also apply. Grant awards will range from \$5,000 to \$50,000, and recipients could use the funds for rent stipends, gap financing for property acquisition, and other space-related needs like facility improvements, displacement-related expenditures, or predevelopment planning. EDD staff presented draft CSAP guidelines to the Music Commission on July 12, 2021, and another presentation is scheduled for September 13, 2021. EDD staff will accept applications for this program beginning in Fall 2021.
- **Small Business Classes for Creatives and Non-profits Organizations:** EDD's Small Business Division will expand programming to include content specific or adapted to Austin's creatives and non-profit organizations. For over 20 years this cornerstone Small Business Division program has provided local small businesses with access to an affordable foundational business education, helping both start-up and expanding businesses build sustainable business models. Course content will include general business concepts universally key for success in any venture, including writing a business plan, marketing, and financial management, as well as strategies specific to creating an income stream by monetizing creative talent. The expanded programming is expected to launch Spring 2022, including a new training agreement that will allow an initial 14-month contract with two (2) 12-month extension options valued at \$120,000 per term, for a total contract amount not to exceed \$360,000. Each term will include the delivery of at least 60 "sessions" which may be offered in the form of a hands-on workshop or a lecture style class.

Addressing Current Hotel Occupancy Tax (HOT) Deficit

The proposed Fiscal Year 2021-22 budget includes a one-time \$4.8 million transfer from the Budget Stabilization Reserve Fund to address the deficit. Based on forecasts, it could take up to five years for HOT-funded programs to return to pre-pandemic levels.

Community Navigator Program

The Austin City Council allocated \$500,000 for the program on May 6, 2021 via [Ordinance No. 20210506-002](#). EDD staff are planning to publish a Community Navigator Program Request for Applications (RFA) no later than September 2021. EDD staff will administer the RFA. Vendors responding to the RFA can apply for a city contract up to \$50,000 to provide one or more of the following services: (1) help businesses, non-profits, and/or creative professionals apply for federal, state, or local economic recovery programs; (2) provide technical assistance to businesses, non-profits, and/or creative professionals impacted by the pandemic; and/or (3) conduct outreach and engagement to raise awareness about the Community Navigator Program. Vendors contracted through the Community Navigator Program will be allowed to provide technical assistance and application assistance for Austin's creative communities.

Expediting Current and New Live Music Fund Monies

EDD staff is exploring the possibility of retaining a third-party administrator for the Live Music Fund. This may help expedite the release of current and new monies to fund recipients. Concurrently, staff is taking steps to launch the program in-house if using a third-party administrator is not feasible. Currently, staff is gathering community feedback on draft guidelines. Staff plans to accept applications for this program beginning in Fall 2021.

Conclusion

EDD staff is working diligently to ensure our department effectively and equitably addresses the needs of arts and culture non-profit organizations impacted by the global COVID-19 pandemic. Also, staff is looking ahead to identify programs that can be offered to the arts and music communities in FY23. EDD staff will provide additional details about FY23 programs for Austin's creative sector in future memoranda.

Please contact me at Veronica.Briseno@austintexas.gov if you have questions regarding this update.

cc: Spencer Cronk, City Manager
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