

**RESOLUTION NO. 20200917-062**

**WHEREAS**, a July 2020, survey by the Hobby School of Public Affairs found that live-music venues, arts venues, restaurants/bars are the Austin businesses most vulnerable and susceptible to permanent closure; and

**WHEREAS**, according to an August 17, 2020, memo from City Staff, the pandemic has exacerbated the significant need for, inequitable access to, and the destabilizing of the existing fragile childcare sector. An estimated 50% of childcare programs nationwide are at risk of going out of business due to COVID-19; and

**WHEREAS**, childcare should be viewed as important infrastructure for our community and will be necessary for our city to recover from the pandemic. High quality childcare that is accessible to everyone in our community helps the economy by enabling parents to receive training and to participate in the workforce; and

**WHEREAS**, in Austin, our creative spaces and places for social gathering are also important civic infrastructure and help define our city's character and brand; and

**WHEREAS**, providing relief for the childcare and creative industries will serve to support the workers who make childcare, performances and venue operations possible, such as musicians, sound and lighting technicians, stagehands, designers, artisans, and other personal service professionals affected by the pandemic economic fallout; and

**WHEREAS**, communities of color and their businesses in these industries serve communities that have suffered from systemic inequities and institutional racism, which have been disproportionately negatively impacted by the pandemic; and

**WHEREAS**, culinary, arts, and live-music businesses founded in Austin, and unique to Austin, promote tourism and the hotel and convention industry by defining our character and brand as one filled with distinctive experiences for visitors found only in Austin and the loss of those contributing essential talents and businesses would have negative impacts to the City's ability to quickly recover and to sustain our cultural and civic infrastructure; and

**WHEREAS**, City Council has passed several resolutions to provide relief to musicians and music venues, including Resolution No. 20200409-086, directing the City Manager to create the Live Music Disaster Relief Fund and to explore the development of a live music portal; and Resolution No. 20200521-096, directing the City Manager to explore multiple strategies to provide support for the Red River Cultural District and other live music venues affected by the pandemic, including expediting final creation of the Economic Development Corporation, considering the reduction of fees associated with patio cafes, renovations, and other costs, and identifying opportunities for Transfer of Development Rights and facility acquisitions; and

**WHEREAS**, due to this importance, the city has already allocated directly and indirectly some funding to these sectors and their workers during the pandemic as previously

directed through Council Resolutions 20200326-091, 20200326-088, 20200409-086, 20200423-040, 20200507-023, 20200521-095, 20200521-096, and 2020-0604-040; and

**WHEREAS**, city staff and stakeholders have identified additional funding needed to help these sectors survive during this time, together with the people, entities, and businesses working in them; and

**WHEREAS**, pursuant to prior direction from City Council and according to an August 28, 2020 memo to Mayor and Council, city staff will be posting all necessary documents for the formation of the Austin Economic Development Corporation (AEDC) for consideration on the October 1, 2020 Council agenda; and

**WHEREAS**, the Austin post-pandemic economy is predicted to experience a “K-Shaped” recovery, where some individuals and industries, with higher income workers, are advantaged with a more quick and complete recovery and growth and for others, disproportionately with disadvantaged workers of lower incomes, a slower and longer term recovery with greater hardship is predicted. The childcare, live-music venue, arts venue, restaurant/bar industries are among the industries first detrimentally impacted by the pandemic and are anticipated to among the last to recover; and

**WHEREAS**, the health and vibrancy of these sectors are important to Austin and are a priority in sustaining our quality of life and our economic recovery efforts; **NOW**,

**THEREFORE**,

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

The City Manager is directed to broadly explore and identify funding options to provide financial and equivalent assistance to support the sustainability of the most vulnerable and at-risk live-music venues, arts venues, restaurants/bars and childcare providers, which support workers who sustain those industries (including at staging companies, artist service organizations, studio spaces) and the unique culture of our city. The City Manager is to explore and identify all available public and private funding options, including local, state, and federal sources, non-profit and philanthropic, and to consider legal limitations, impact on relevant financial policies, and the opportunity costs associated with each option. This exploration and identification of funding options should include, but not be limited to, the following listed sources. The Council wants to understand the associated possibilities, legalities and practicalities to be better able to consider employing one or more of the following options:

- Existing or additional Federal assistance;
- State assistance;
- County assistance;
- General Fund Reserves;
- Certificates of Obligation;
- Contractual Obligations;
- Sales or other tax revenue;
- Convention Center reserves, interest or other earned funding;

- Other departmental funds, programs, services, or capital projects approved in the Fiscal Year 20-21, or prior budgets, as appropriate, that might be re-prioritized, postponed, financed or accomplished thru alternate or outside funding; and
- Temporary use of right-of-way fees, alley and street vacation sales, and revenue from encroachment agreements from Downtown development projects located outside the Rainey Street Historic District and Subdistrict (as shown on the attached Exhibit 1); and
- Property tax abatements and/or payment plans.

The City Manager shall also identify the minimum funding, loans and/or abatements needed to have a significant impact on maintaining these sectors for our community.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to explore and identify additional ways that the city can provide support to these sectors and businesses within these sectors in addition to the funding and financing options addressed above. These may include, but not be limited to, revising the Chapter 380 program to expand its application, fee and permit waivers and reductions, administrative changes to lower or eliminate operational costs, and facilitating commercial tenant stabilization, protection or assistance programs that provide support associated with commercial evictions, leases workouts and mediations, and support or education concerning seeking bankruptcy or other financial protections, including but not limited to by coordinating with or otherwise supporting organizations able to do this work.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to begin now to plan for the distribution of any federal, state or other funding that might become available and directed by City Council for the most vulnerable and critical businesses in these sectors so that assistance may be quickly administered and distributed, directly or through an economic development corporation or otherwise. The City Manager is directed to evaluate and make a recommendation on utilizing industry-specific funds, such as a program or programs dedicated solely to childcare or live-music venues, etc.

**BE IT FURTHER RESOLVED:**

As a part of the City Manager’s exploration of funding options, the benefit should be considered and the City Manager shall provide Council with a proposal to direct all or most of the Fiscal Year 2019-2020 sales tax revenues that exceed budget projections to the Austin Economic Development Corporation (AEDC) so that it might immediately begin work to effect the purposes set out in this resolution.

**BE IT FURTHER RESOLVED:**

It is recognized that there will not be enough resources to address all the identified need, so the priority for this resolution shall be the most effective and efficient application of resources and assistance to those industries and businesses most in danger of failing, and whose failure would have the greatest detrimental impact on the city’s civic infrastructure, economic recovery and preservation of its unique culture, character and brand. Specifically,

the priority is to support the survival goals of this resolution and focus on the particular industries and businesses that best meet, the following criteria:

- the business faces a substantial likelihood of closing permanently absent assistance, and there is a very low likelihood of a similar business re-opening in the same or nearby location due to increased rents or other market factors;
- the business or industry faces uniquely difficult challenges pivoting to alternative operating models for generating revenue sufficient for survival under extended public health emergency orders;
- assistance provided significantly contributes to helping reasonably ensure that the business will not fail for at least a sufficient period of time to help provide a realistic path to recovery and sustainability;
- assistance provides the opportunity for the greatest multiplier effect – where funding is helping not only the business or industry’s survival, but also supports workers, customers, other industries, the city’s civic infrastructure, economic recovery, and its unique character, brand and culture;
- the survival of assisted businesses, to the greatest extent possible, will help people with low and middle-incomes anticipated to be disadvantaged in a “K-shaped” recovery; and,

- the selected recipients of assistance should be those whose failure and loss would have the greatest detrimental impact on the city's civic infrastructure, economic recovery and preservation of its unique culture, character and brand.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to work with the Equity Office to ensure programs are equitably funding businesses and community assets in a way that addresses historic systemic inequities with attention to business ownership, employment, audience and/or genre.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to explore and make recommendations on the use of identified revenues to purchase, lease, acquire, or support acknowledged tourism assets, such as live-music venues and arts venues, under risk of demolition or change in business type, and solicit experienced operators who would maintain the historic name and businesses. This exploration should include, but not be limited to Visitor Information Centers, as defined by Tex. Tax Code, Section 351.101(a)(1) as eligible for HOT tax funding, and the Austin Economic Development Corporation, once operational, as an initial project for consideration.

**BE IT FURTHER RESOLVED:**

The funding and relief options and recommendations shall be presented to Council at a work session (special called if necessary) as soon as ready but no later than September 29, 2020. The City Manager shall put on the October 1, 2020, Council meeting agenda, without

limitation, any supporting or necessary ordinances and budget amendments, Chapter 380 ordinance changes and/or initiations, etc., for Council consideration as might be necessary to facilitate and effectuate the goals of this resolution and the speed of relief to be provided.

**BE IT FURTHER RESOLVED:**

The City Manager shall bring forward an ordinance or ordinances on October 1, 2020, that would allow the council, if it decides to do so, to place into a designated business preservation fund the following payments: temporary use of right-of-way fees, alley and street vacation sales, and revenue from encroachment agreements from Downtown development projects located outside the Rainey Street Historic District and Subdistrict (as shown on the attached Exhibit 1).

**BE IT FURTHER RESOLVED:**

On October 1, 2020, the City Manager shall also bring forward an ordinance or ordinances and associated budget amendments to effect the transfer of existing funds which fall within the above categories and can be reallocated so that staff can provide as much immediate relief as possible. To the extent that staff have concerns, recommendations, or identify obstacles to these actions, the City Manager shall communicate those to Council prior to the September 29, 2020, Council Work Session.

**BE IT FURTHER RESOLVED**

As soon as feasible, the funding identified from this resolution should be transferred and reside within the AEDC.

The AEDC proposal shall be placed on the October 1, 2020, Council meeting agenda with the following, and any similar kinds of elements, able to be considered for Council approval if it will facilitate and effectuate the goals of this resolution and the speed of relief to be provided:

- authorization of needed outside counsel or consultants to get remaining documentation drafted or executed quickly or for any other purpose;
- an interim governance structure and appointments;
- an interim staffing plan for the AEDC;
- any remaining documentation or authorizations required of Council for the AEDC to quickly establish itself and begin relief efforts set forth in this resolution.

**ADOPTED:** September 17, 2020    **ATTEST:**   
Jannette S. Goodall  
City Clerk

