



City of Austin

Recommendation for Action

File #: 26-2710, **Agenda Item #:** 8.

10/22/2026

Posting Language

Authorize negotiation and execution of a Place-Based Enhancement Cultural Preservation economic development agreement with Esther's Follies to support its continued operation as a live performance venue, for a total amount not to exceed \$182,664 over a five-year term to support retention of this local legacy creative sector business. Funding: \$35,100 is available in the Fiscal Year 2026-2027 Economic Incentive Reserve Fund. Funding for future award payments will be contingent upon future appropriations to the reserve fund.

Lead Department

Austin Economic Development.

Fiscal Note

Maximum economic development agreement payments to Esther's Follies are estimated at \$182,664 over the course of a five-year term, if all performance and compliance criteria are met. Funding for incentive payments is contingent upon the annual appropriation of funds to the Economic Incentive Reserve Fund. Eligible sources of funding for the Economic Incentive Reserve Fund may include, but are not limited to, sales taxes, property taxes, mixed beverage taxes, and grants and private donations.

For More Information:

Mac Cummins, Director, Austin Economic Development, 512-568-9720; Matthew Schmidt, Division Manager, Austin Economic Development, 512-974-6415.

Additional Backup Information:

Project Summary and Impact

Esther's Follies, founded in 1977, is a nearly 50-year-old cultural institution at 525 East Sixth Street, within the Red River Cultural District's footprint and along Austin's historic Sixth Street corridor known for its original blend of political satire, magic, music, and theatrical performance. The theater has served as a creative anchor in Austin's cultural landscape, reflecting the city's evolving identity through live performance while supporting generations of local artists. With approximately 200 patrons per show and five performances weekly, Esther's Follies contributes consistent economic and cultural activity to the district while offering an inclusive, arts-centered alternative within the nightlife landscape.

The proposed investment would help retain an established creative business in its long-term downtown location. The requested incentive will directly support a set of strategic upgrades that are essential to the long-term sustainability of the theater, including exterior facade improvements to strengthen visibility and foot traffic, interior infrastructure upgrades to maintain safe and efficient operations, and the preservation and digitization of archival materials that represent a significant cultural asset.

In addition to physical improvements, the project includes the preservation and activation of the Follies archive, a collection of costumes, scripts, video footage, and photography documenting decades of original work. These materials will be organized and digitized to support future public-facing initiatives, including exhibits, educational programming, and a documentary currently in development.

The total project budget is structured to combine this incentive with reinvested earned revenue from ongoing

operations. Esther's Follies is committed to contributing financially to these improvements, demonstrating both ownership and long-term investment in space. Without public support, the improvements would be deferred, potentially raising future repair costs and constraining the theater's ability to remain competitive and accessible. The investment aligns with the Place-Based Enhancement Program's cultural preservation objective, which focuses on retaining and strengthening creative spaces and legacy businesses.

Fiscal Impact Analysis

Using the Impact Dashboard fiscal impact model, the City is projected to receive \$1,619,738 in total net benefit from the project over the five-year agreement term. The total net benefit amount is calculated after the total Place-Based Enhancement Program award not to exceed \$182,664.

The project is eligible for consideration under the Place-Based Enhancement Program Cultural Preservation guidelines and received the necessary score for a reimbursement of 100% of property taxes paid to the City allowed under the Place-Based Enhancement Program guidelines.

Contract compliance and award payment eligibility will be determined annually by the City and an independent third-party to verify that Esther's Follies has performed in accordance with the terms of the contract. Upon confirmation of compliance, the City will provide a Place-Based Enhancement Program award equal to a 100% reimbursement of actual property taxes paid to the City for the award up to the maximum award amount of \$182,664.

While this item is in compliance with Ordinance No. 20240926-012 and the Place-Based Enhancement Program guidelines, Esther's Follies does not provide healthcare benefits to its employees, as the City usually prefers to see from its applicants. Due to the operating model of Esther's Follies as a live performance theater, most employees work part time and employer-sponsored health coverage is not offered. Esther's Follies meets the City's living wage requirement, providing employees with compensation that supports their ability to obtain health coverage through the private marketplace. The exemption recognizes the staffing realities of the business while maintaining the City's wage standards and commitment to worker well-being.

Funding for the total award of \$35,100 is available through the Operating Budget of Austin Economic Development's Incentive Reserve Fund. The first payment for this agreement is available from the Fiscal Year 2026-27 budget. Funding for subsequent economic development agreement payments will be requested in Fiscal Year 2027 - 2031 budgets.