

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: A RESOLUTION modifying financial policies for the Arts and Culture Fund and superseding Resolution 31507.

Summary and background of the Legislation:

This resolution adopts updates to the Arts and Culture Fund financial policies: (1) removal of outdated references to the former name of the Office of Arts & Culture (ARTS) and the Arts and Culture Fund, and (2) increasing the size of the minimum operating reserve.

In 2014, the City Council and Mayor renamed the Office of Arts and Cultural Affairs to the Office of Arts and Culture in Ordinance 124539. In 2017, the City’s accounting systems and restructures were reimplemented, which lead to the Arts Account of the General Subfund becoming the Arts and Culture Fund by Ordinance 125492. This resolution would update the Arts and Culture Fund’s financial policies to refer to the office’s and fund’s new names.

Increasing the size of the minimum operating reserve is necessary to provide ARTS with an adequate financial cushion to weather future economic downturns. Current policy is to appropriate Admission Tax to ARTS based on the latest actuals for Admission Tax revenues received by the City, which are finalized two years after receipt. During the COVID-19 crisis, this policy has given ARTS two years’ lead time to plan its response to try to balance necessary reductions in spending with minimizing impacts to the vulnerable communities ARTS serves.

To reduce impacts further, the City will shift to a policy of concurrent-year funding of ARTS with Admission Tax revenues in the year they are received starting in 2022, when hopefully economic activity will be returning. This approach is similar to how the General Fund is budgeted—with concurrent year revenues. This change allows ARTS to “skip over the bad years” of 2020 and 2021 Admission Tax revenues, but with the caveat that ARTS would no longer have two years’ lead time with future downturns. To balance that out, ARTS needs to build up a significantly larger reserve in the Arts and Culture Fund to provide a cushion for sudden losses in Admission Tax revenue.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes **X** No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___ X No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No.

Is there financial cost or other impacts of *not* implementing the legislation?

Not implementing this legislation would leave ARTS more vulnerable to severe budget cuts in the event of future economic downturns.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

The updated fund policy significantly increases the size of the Arts and Culture Fund operating reserve in order to safeguard against future economic downturns. This change will provide ARTS a financial cushion needed to plan a response to downturns and ease a transition to lower spending if needed. Given that much of ARTS' programming serves historically disadvantaged communities, the financial safeguard also reduces the impact of economic downturns on those same communities.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

N/A

List attachments/exhibits below:

Summary Attachment A – Arts and Culture Fund Financial Policies (Track Changes)