

Amendment 2 to CB 120093 - 2021 Federal ARPA Funds

Author: Councilmember Morales

Sponsor: Councilmember Herbold

Modify appropriations to the Office of Economic Development for economic recovery and associated intent language and impose two provisos.

1. Amend recitals of CB 120093 as follows:

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WHEREAS, these impacts are being felt across all industry sectors, including retail, restaurant, hospitality, transportation, logistics, arts, and culture; and

WHEREAS, an Americans for the Arts survey found that in the state of Washington, arts and cultural organizations and agencies reported a total financial loss of over \$35.6 million due to the pandemic, with a median loss of \$35,000 per organization; and the U.S. Census Bureau's Small Business Pulse Survey reports that businesses in the arts, entertainment, and recreation sector were amongst the hardest hit by the pandemic and are also amongst the most likely to take longer than six months to recover; and

WHEREAS, at the end of August 2020, over 3,000 businesses in the Seattle metropolitan area were closed, with an estimated 59 percent of those closures being permanent, and over 32,700 people in Seattle were unemployed; and

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2. Amend Section 6 as follows and renumber items and cross-references in Section 8 of CB 120093:

Section 6. Contingent upon the execution of the grants or other funding agreements authorized in Section 5 of this ordinance, the appropriations for the following items in the 2021 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/ BCL Code	Amount
6.1	Seattle Department of Human Resources	Coronavirus Local Fiscal Recovery Fund (14000)	HR Services (BO-HR-N6000)	\$50,000
6.2	Department of Finance and Administrative Services	Coronavirus Local Fiscal Recovery Fund (14000)	City Purchasing and Contracting Services (BO-FA-CPCS)	\$450,000
6.3	Executive (Office of Economic Development)	Coronavirus Local Fiscal Recovery Fund (14000)	Business Services (BO-ED-X1D00)	\$500,000
6.4	Executive (Office of Economic Development)	Coronavirus Local Fiscal Recovery Fund (14000)	Business Services (BO-ED-X1D00)	\$22,000,000 <u>\$7,500,000</u>
<u>6.5</u>	<u>Executive (Office of Economic Development)</u>	<u>Coronavirus Local Fiscal Recovery Fund (14000)</u>	<u>Business Services (BO-ED-X1D00)</u>	<u>\$2,000,000</u>
<u>6.6</u>	<u>Executive (Office of Economic Development)</u>	<u>Coronavirus Local Fiscal Recovery Fund (14000)</u>	<u>Business Services (BO-ED-X1D00)</u>	<u>\$2,000,000</u>
<u>6.7</u>	<u>Executive (Office of Economic Development)</u>	<u>Coronavirus Local Fiscal Recovery Fund (14000)</u>	<u>Business Services (BO-ED-X1D00)</u>	<u>\$7,500,000</u>
<u>6.8</u>	<u>Executive (Office of Arts & Culture)</u>	<u>Coronavirus Local Fiscal Recovery Fund (14000)</u>	<u>Arts and Cultural Programs (BO-AR-VA160)</u>	<u>\$3,000,000</u>
6.5 <u>6.9</u>	Executive (Office of Economic Development)	Coronavirus Local Fiscal Recovery Fund (14000)	Business Services (BO-ED-X1D00)	\$300,000

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3. Amend subsection 8.B of CB 120093 as follows:

B. Section 6, lines 6.4 to 6.8: ~~\$22,000,000~~ \$19,000,000 is allocated to OED and ~~\$3,000,000 is allocated to the Office of Arts and Culture (ARTS)~~ to promote recovery of small and micro-businesses, neighborhoods, and Downtown. Use of funds should focus on programs that will respond to the immediate harms of the pandemic and to mitigate its longer-term impact in compounding the systemic public health and economic challenges of disproportionately impacted populations. Funding will be prioritized to support businesses and non-profits organizations who have experienced barriers to accessing other financial assistance, such as the Paycheck Protection Program, and may be used to support innovative new businesses launched by BIPOC workers. Funds will be used to provide:

1. Grants to small and micro-businesses and non-profit organizations, to support reopening and recovery efforts, ensuring that arts and cultural organizations and businesses are eligible for longer-term financial support (Line 6.4).

2. Financial support for affordable commercial space, focusing on long-term leases, acquisition and tenant improvement to build community wealth (Line 6.5).

~~3. Direct financial assistance to arts and cultural organizations and businesses, including stabilization grants and financial support for affordable commercial space.~~

~~4~~ 3. Technical assistance, with in-language support, for small and micro-businesses and non-profit organizations to ~~renegotiate leases, re-finance back rent, and help them~~ continue to modify their business model in a post-COVID world. This will include, but is not limited to, assistance with renegotiating leases, renewing leases, refinancing back rent, and addressing any other lease- or landlord-related issues (Line 6.6).

§ 4. Recovery grants to support neighborhood and Downtown activation, special events, and other neighborhood-specific economic development priorities, with a focus on supporting equity business districts and neighborhood or business organizations that suffered financial hardship as a result of the pandemic. Of this amount, \$5,500,000 is allocated to neighborhoods and \$2,000,000 is for Downtown (Line 6.7).

5. Direct financial assistance to arts and cultural organizations and businesses (“the creative sector”), including stabilization grants and financial support for affordable commercial space (Line 6.8). ARTS will partner with OED to administer the proposed grant funding to arts and cultural organizations and businesses needing immediate funding to reopen, bring back their staff, and continue their critical contributions to the economic, cultural, and social vibrancy in Seattle.

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4. Add a new Section 10 to CB 120093, and renumber subsequent sections as appropriate:

Section 10. This ordinance imposes the following provisos:

- A. “No more than \$2 million appropriated in the 2021 budget for the Office of Economic Development’s Business Services (BO-ED-X1D00) Budget Summary Level may be spent for recovery grants to support Downtown activation, special events, and other Downtown-specific economic development priorities. Grant funding shall prioritize equity business districts as well as business and neighborhood districts that suffered financial hardship due to the COVID-19 civil emergency.”
- B. “No more than \$5.5 million appropriated in the 2021 budget for the Office of Economic Development’s Business Services (BO-ED-X1D00) Budget Summary Level may be spent for recovery grants to support neighborhood activation, special events, and other neighborhood-specific economic development priorities. Grant funding shall prioritize equity business districts as well as business and neighborhood districts that suffered financial hardship due to the COVID-19 civil emergency.”

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Note: item numbers and associated subsection cross-references may need to be adjusted, depending on other amendments.

Effect: This amendment would establish the following breakdown of the proposed \$22 million for economic recovery: business and non-profit grants (\$7.5 million); investments in commercial affordability (\$2 million); technical assistance (\$2 million); and recovery grants to neighborhood and Downtown organizations (\$7.5 million; \$5.5 million for neighborhoods and \$2 million for Downtown). It would amend the associated intent language to focus technical assistance on lease- and landlord-related issues, and clarify that recovery grants should be used to support neighborhood and business organizations that suffered financial hardship due to the pandemic.

It would shift the remaining \$3 million from the Office of Economic Development to the Office of Arts and Culture to support arts and cultural organizations and businesses (“the creative sector”); and add a recital regarding the economic impacts of the pandemic on this sector.

Additionally, the amendment would impose two provisos on funding for recovery grants: the first would limit the total amount for Downtown to \$2 million, and the second would limit the amount for neighborhoods to \$5.5 million. Both provisos would require that OED prioritize these grants for equity districts and neighborhood and business organizations that suffered financial hardship due to the pandemic.

Staff will update the Summary and Fiscal Note of CB 120093 to reflect all amendments passed by the committee prior to final Council action. Because this amendment would result in significant changes to the Summary and Fiscal note, the changes that will be needed if this amendment passes are included below for reference:

Community Recovery: \$23,000,000

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6.3 Office of Economic Development \$500,000 (Business Services (BO-ED-X1D00))
This item provides funding for a partnership with the Port of Seattle to provide youth employment and paid internship opportunities targeting BIPOC youth who are most underserved in our region between the ages of 16 to 24 years old. This funding will broaden the program to ensure that BIPOC organizations or organizations that work with BIPOC youth qualify.

6.4 Office of Economic Development ~~\$22,000,000~~ \$7,500,000 (Business Services (BO-ED-X1D00))

This item provides funding ~~to support for direct financial assistance to~~ individual small businesses and organizations impacted by COVID, ~~and recovery grants for neighborhoods throughout Seattle. Recovery grants will support activations, special events, cleanup, and other neighborhood-specific economic development priorities. Small business support will include technical assistance, direct financial assistance, and commercial affordability support. Direct financial assistance for arts and cultural organizations and other community organizations will provide COVID-related relief and facilities support.~~

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Finance and Housing Committee
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6.5 Office of Economic Development \$2,000,000 (Business Services (BO-ED-X1D00))
This item provides funding for commercial affordability support to small and micro-businesses.

6.6 Office of Economic Development \$2,000,000 (Business Services (BO-ED-X1D00))
This item provides funding for technical support to small and micro-businesses.

6.7 Office of Economic Development \$7,500,000 (Business Services (BO-ED-X1D00))
This item provides funding for recovery grants to support activation, special events, cleanup, and other neighborhood-specific economic development priorities. Of this amount, \$5,500,000 is for neighborhoods and \$2,000,000 is for Downtown.

6.8 Office of Arts and Culture \$3,000,000 (Arts and Cultural Programs (BO-AR-VA160))
This item provides funding for direct financial assistance for arts and cultural organizations and businesses, other community organizations to provide COVID-related relief and facilities support.