

# Agenda Report

September 14, 2020

**TO:** Honorable Mayor and City Council  
**THROUGH:** Finance Committee (August 20)  
**FROM:** Department of Planning & Community Development  
**SUBJECT: PASADENA ARTS & CULTURE RELIEF GRANT PROGRAM**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Appropriate \$500,000 from the Cultural Trust Fund unappropriated fund balance to the Fiscal Year 2021 Planning and Community Development Department's Operating Budget, account 61321002-815300, to provide for the Pasadena Arts & Culture Relief Grant Program, as described in the Background section of this report.

## **BACKGROUND:**

The City of Pasadena's March 4<sup>th</sup> Declaration of Local Health Emergency—Novel Coronavirus and March 19<sup>th</sup> Safer At Home public health order heralded the pandemic, the human and economic impact of which, continues to reverberate throughout the nation and the City. Pasadena's arts and culture community has been particularly devastated by the impact of Covid-19. Most of these organizations had planned and funded public programming which necessitated immediate cancellation or postponement. While some were able to move programming to a virtual platform to engage audiences, few if any were able to monetize these programs. Unlike retail and commercial businesses, these organizations and institutions were not included in early public health order phases for reopening (with the exception of outdoor museums); they were unable to provide take-out or drive by programming to subsidize their loss of revenues.

Although some organizations received private donations in lieu of refunds for paid ticketed events, many provided refunds with no envisioned reschedule date(s), further impacting their fiscal viability. As a result, some Pasadena organizations have halted operations entirely, while others have downscaled by implementing staff furloughs and or layoffs. And yet, many are still obligated for facility related expenses, insurance, etc. and have restrictions on the use of cash assets.

### Arts Relief Funding

A few coordinated initiatives have provided funding targeted to arts and culture organizations. These include private arts funders and, in some instances, community foundations which have developed partnership funding programs (as in New York and Los Angeles). The National Endowment for the Arts and the California State Arts Council have also addressed the needs of arts organizations by developing funding initiatives for emergency support. Additionally, many local arts organizations were eligible for and received PPP loans. At least one received CARES Act funding.

However, these funds have already been dispersed, are not ongoing and were never intended to provide replacement funds for lost revenue from ticket/subscription sales or grant funds which were tied to public programs. Some private funders rescinded or reduced grant awards while others were able to restructure their funding allocations to pivot from programmatic to operating funds. However, most local arts agencies have restrictions that would inhibit these types of reallocations; the City's Annual Grants Program provides support only for public programs, not general operating funds. In response to these losses, separate funding initiatives are being developed at the County and local arts agency levels to enable direct allocations of emergency grants for operating support.

### **Pasadena Arts & Culture Relief Grant Program**

Pasadena's arts and cultural organizations are essential to the community and will be vital to our societal health, well-being and economic recovery. The national Americans for the Arts Economic Impact Study of Pasadena revealed that at least \$24.01 per person is attributed to arts and cultural events in the City. The inability of these organizations to hold exhibitions, performances and provide in-person services has had not only a profound impact on their individual operations, but has also contributed to the economic losses of the City.

The proposed program seeks to provide direct operating support to eligible Pasadena-based non-profit arts and culture organizations through a one-time grant that is based on demonstrated need as determined through a review process. The program is intended to vet applicants through a modified Annual Grants Program review process overseen by the Cultural Affairs division that includes a simplified application, a review by a panel comprised of individuals with subject matter expertise, and a simplified scoring and award allocation process. The peer panel review process has long been

established at the national, regional and local arts funding level and has been a fixture of the City's Annual Grants Program for well over twenty years.

The maximum request amount per applicant would be \$20,000 for the Arts & Culture Relief Grant Program. Award amounts would be made on a sliding scale based on the requested amount of aid, demonstrated need and consideration of assets. Awards would be presented to the Arts & Culture Commission and to City Council. All awardees must provide a subsequent report which documents how the award funds have been applied.

### Program Guidelines

Eligibility Criteria: All applicants must meet criteria for award consideration, including:

- Have an identified and demonstrable financial need for immediate operating support;
- Be a Pasadena-based (as defined in the Annual Grants Program Guidelines), federally designated, non-profit arts or cultural organization;
- Operate in compliance with the City's Codes and Ordinances; and
- Have been active within the City and have held at least one public program in the City during 2019.

Fiscally-sponsored arts or cultural organizations may be considered.

### Application, Review and Scoring

Applicants would be required to complete an application which outlines their eligibility, need and the amount of their funding request (not to exceed the stated maximum). Required documentation must be provided.

To be consistent with the City's Annual Grants Program review process, applications would be reviewed by a three-five member panel with subject matter expertise in the areas of non-profit arts and culture. Considerations will include assets (including endowments and restricted funds) and liabilities; the estimated loss of revenue due to cancelled events and performances; the extent to which, if any, a virtual format has been utilized and the associated costs; and the degree of personnel impacts (layoffs and or furloughs).

Scores will be applied according to a point system:

- 1-3 points: Not recommended for funding
- 4-6 points: Maybe recommended for funding, for discussion
- 7-10 points: Recommended for funding

Award amounts will be made on a sliding scale, based on final panel scores and will consider the amount of the applicant's request. Grant Program Relief Awards will be presented as an information to the Arts & Culture Commission and to City Council for approval.

**COUNCIL POLICY CONSIDERATION:**

The proposed Arts & Culture Relief Grant Program is in alignment with City Council's Strategic Planning Goal to support and promote the quality of life and the local economy.


**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The establishment of a Pasadena Arts & Culture Relief Grant Program constitutes the creation of government funding mechanism that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The cost of this action will be \$500,000. The current unappropriated fund balance in the Cultural Trust Fund is \$788,352.

Respectfully submitted,

  
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