

**CITY COUNCIL AGENDA TOPIC**

Potential establishment of two new competitive grant programs: 1) Art and Cultural Facility Capital Projects Grant program; and 2) Art and Cultural Facility Capital Maintenance Grant program; and potential amendment of Bellevue City Code (BCC) to add review and recommendations on these grants to the Bellevue Arts Commission's duties.

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**EXECUTIVE SUMMARY****DIRECTION**

Staff seeks Council direction for preparation of: (a) an Ordinance establishing the Art and Cultural Facility Capital Projects Grant program; (b) an Ordinance establishing the Art and Cultural Facility Capital Maintenance Grant program; and (c) an Ordinance amending chapter 3.56 of the BCC to add these grants to the Arts Commission's purview.

**RECOMMENDATION**

Direct staff to return at a future meeting with Ordinances to establish the Art and Cultural Facility Capital Projects Grant program and the Art and Cultural Facility Capital Maintenance Grant program and to amend chapter 3.56 of the BCC to add these grants to the Arts Commission's purview.

**BACKGROUND/ANALYSIS****Background**

The City has historically allocated funding for arts and cultural capital facilities on an informal ad hoc basis at the request of specific nonprofit organizations. While this approach benefited long-time arts and culture organizations, it did not afford the same opportunity for emerging organizations to access city funds. While the organizations that have been funded are vital for residents and visitors, others have not been funded, which has caused some to leave Bellevue or close completely (e.g. Tasveer, Bellevue Civic Theatre, and Dance Academy of Bellevue). As part of the 2023-2024 budget, Council created the Arts and Cultural Facilities CIP (G-112) to transition toward a formal, ongoing grant program to support both existing and emerging organizations and build arts venues that meet the needs of Bellevue's diversifying community. Staff researched similar grant programs and held stakeholder conversations that inform the approach of the proposed new programs.

That research and outreach led to the following best practices that center this program in an equitable grantmaking process:

- 1) **Equitable Access:** Remove past funding barriers by implementing an open and competitive process using consistent evaluation criteria for unbiased decisions. This process ensures equal opportunities for all eligible arts and cultural organizations.

- 2) Increased Visibility: Raising awareness about the funding opportunity, reaching out to more organizations and encouraging their participation through an effective communications strategy.
- 3) Transparent and Streamlined Process: Employ a simplified application process with clear eligibility criteria, guidelines, and evaluation parameters, promoting transparency and efficient fund allocation. Many eligible Bellevue organizations already have experience with similar grant programs.
- 4) Regular and Predictable Funding Cycles: Institute regular funding cycles, providing a predictable timeline for organizations to plan and apply for grants. This approach ensures a more stable financial environment for arts and cultural entities seeking to undertake capital projects.
- 5) Support a variety of organizations: Incorporate flexibility to support requests by any sized organization with any sized request. Historically, support has been mainly given to large organizations with large requests. Now, organizations can expect to receive a set amount based on a percentage of their project cost.

Additionally, this program will adhere to the Funding Principles Council set in 2006 for evaluating cultural facility funding requests:

1. Must have a sustainable long-term financial model, including strong private sector financial commitment.
2. Must clearly define public benefit to be received in exchange for investment.
3. Should provide for city involvement in financial oversight.
4. Must be an investment in facility, or for support of the operation of the facility. Cannot fund fundraising activities.

Facilities for arts and cultural organizations support arts education, presenting art and cultural practices, and promoting art, culture, and community gatherings. Facilities also bolster the economy through events that attract visitors who spend more in their communities while attending the event. In 2022, over 800,000 people attended art and cultural offerings in Bellevue, delivering over \$54 million in economic activity. Based on the number of projects and programs that don't move forward due to lack of venue, that number is a fraction of Bellevue's creative communities' potential. With new facilities and venues, more opportunities, events, and cultural presentations will be available.

Considering the needs, staff propose two new grant programs:

- 1) Capital project grants for the acquisition and construction of new facilities
- 2) Maintenance grants for the repair and maintenance of existing facilities

Two programs are needed to best address different legal concerns between acquisition/construction and maintenance, although the two programs will share many attributes and staff will work to make a unified user experience for applicants. For more information on the legal basis for establishing these programs, please see Attachment B.

### **Proposed Capital Projects Grant (Capital) – Scope:**

Capital grants could assist nonprofit organizations in (a) acquiring or constructing arts or cultural

facilities that focus on performance, display, or presentation of art, dance, or music, or education about dance, music, crafts, and rituals reflecting cultural traditions for the benefit and enjoyment of the general public; and (b) constructing or installing permanent improvements to existing buildings for the purpose of delivering visual or performing arts to the general public.

### **Proposed Repair and Maintenance Grant (Maintenance) – Scope:**

Maintenance grants could be used toward the cost of maintaining aging arts or cultural facilities owned by eligible nonprofit organizations or to the cost of maintaining space leased by eligible nonprofit organizations.

### **Competitive process, eligibility standards, and program parameters:**

Grants would be awarded through a competitive process, subject to the parameters of the program and eligibility standards as adopted by the Council. To be eligible to apply for the competitive grant program, nonprofit organizations would need to meet specific eligibility standards, and proposed projects must align with the grant program's purpose. Broadly, they should include:

- Operating as a nonprofit entity for at least two years.
- Demonstrating financial solvency and having a sustainable long-term financial model.
- *Capital* - Securing funding from other sources to cover non-city-funded portions of the estimated total capital project cost for large-scale projects (land and facility acquisition or facility construction).
- *Maintenance* - The applicant must own the building if the maintenance project involves building systems.
- *Maintenance* - If the applicant is a tenant of a leased space within a building owned by another party, the maintenance project is limited to the applicant's demised space.

The intended nature of capital expenses requires certain limitations and requirements, such as:

- Awarding grants only on a reimbursable basis for costs incurred,
- Not allowing the use of grant funds to pay for any cost to operate a nonprofit or the nonprofit's programs or activities,
- Not allowing the use of grant funds to pay for any fundraising, and
- Not allowing City funding assistance to exceed a predetermined percentage of the estimated total cost of the project if the project includes land acquisition, existing facility acquisition, or construction of a facility.

Washington State capital project grant programs allow their grants to comprise up to 33 percent of the estimated total project cost. Establishing the not-to-exceed percentage at higher percentages would carry more risk, but Council has the discretion to set the not-to-exceed percentage at a different, higher level. Staff recommend a not-to-exceed amount of 40 percent, as this slightly higher level is right for our community as many of our grassroots arts and culture organizations may find themselves subject to prevailing wages for the first time if award this grant and may not be successful in navigating the complex state program for additional funds to offset costs.

Attachment A is an example ordinance that staff could bring back for Council consideration that, if

adopted, would create a new chapter 4.45 to the City Code. Attachment A also includes proposed provisions establishing parameters for grant amounts, matching funds requirements for capital projects, minimum contract requirements, and parameters for guidelines to be established by the City Manager or designee. The intent is to provide transparency and accountability throughout the grant-making process.

### **Evaluation by Committee – Arts Commission**

The competitive processes for selecting grant recipients for each new grant program would involve citywide solicitation and evaluation by a committee considering criteria like community support and financial strength. There are several ways to approach this work, including staff selection or a citizen advisory board. The current process for the Arts Grants is for the Arts Commission to review applications and make a formal recommendation to Council. Staff recommends that Council follow a similar protocol and delegate this work to the Arts Commission by amending chapter 3.56 of the BCC so they serve as the evaluating and recommending committee for these new programs.

### **Next Steps**

If staff are directed to move forward, staff will bring back ordinances enabling the outlined changes. Staff will then publish guidelines and open the grant program to applications. Once the program closes, an internal staff and Arts Commission review will occur. The Arts Commission make funding recommendations to Council before Q1 2025. Once approved by Council, staff will manage the contracting process and distribute funds.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

The Comprehensive Plan's Urban Design & Arts and Economic Development chapters support this program. Specifically, UD-14 through 16 and ED-14, 22, and 24 support developing, displaying, and performing various artistic expressions and cultural facilities. The policies also recognize the economic development benefits of art and cultural facilities and how they support community activity and gathering. The Economic Development Plan and Diversity Advantage Plan also support the development of this grant program.

### **Fiscal Impact**

Funding for the grants comes from the Capital Improvement Program G-112 in the 2023-24 City budget.

## **OPTIONS**

1. Direct staff to return at a future meeting with (a) an Ordinance establishing the Art and Cultural Facility Capital Projects Grant program; (b) an Ordinance establishing the Art and Cultural Facility Capital Maintenance Grant program; and (c) an Ordinance amending chapter 3.56 of the BCC (Arts Commission).

2. Provide alternative direction to staff.

#### **ATTACHMENTS**

- A. Content for Potential Ordinance establishing the "Art and Cultural Facility Capital Projects Grant program."
- B. Legal basis and rationale for the establishment of new grant programs

#### **AVAILABLE IN COUNCIL LIBRARY**

Arts and Economic Prosperity 6: The Economic & Social Impact Study of Nonprofit Arts & Culture Organizations & Their Audiences in City of Bellevue