

February 1, 2016

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution No. 9064 directing the City Manager or his designee to execute that certain Funding Agreement with Music Works Northwest in the amount of \$75,000 from the Community Partnership Funding Earmark in the 2015-2021 Capital Investment Program Budget.

FISCAL IMPACT

This action would expend monies specifically earmarked for the purpose of providing funding in response to a request from this cultural arts organization. The monies were set aside by Council during the mid-biennial adjustment of the 2015-2021 CIP Budget (CIP Plan No. P-AD-99 Partnership Projects). Because the recommendation for this organization involves phased payments based upon meeting certain conditions, the fiscal impact may be spread out over several months during the 2016 budget period.

STAFF CONTACT

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POLICY CONSIDERATION

In order to qualify for the earmarked funds, each cultural arts organization is required to demonstrate that it is able to meet the Council's investment principles. Staff's analysis was presented to Council on January 19, 2016 along with a draft proposed funding agreement.

BACKGROUND

As you will recall, a number of funding requests from local organizations were made to Council during the 2015-2016 Budget process in late 2014. Council had previously adopted a set of guiding principles for distribution of \$4.5 million set aside for similar funding requests as an earmark for cultural arts in the 2007-2008 biennial budget. For the 2015-2016 budget Council created a Community Partnership Projects CIP Plan (CIP Plan No. P-AD-99). During the mid-biennial budget adjustment process in late 2015, Council approved the earmark of funds for a potential partnership with Music Works Northwest, and directed that any community partnership funding agreements should meet the Council's previously adopted cultural arts investment principles. Those principles are as follows:

Principles to guide investment:

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 (for example, ownership interest in an asset, scholarships, public access to the facility at low or no cost to low income and disabled persons).
3. Should provide for City involvement in financial oversight.
4. Must be an investment in a facility, or for support of the operation of the facility. Cannot fund fund-raising activities.

As noted above, on January 19, 2016 staff presented an analysis of Music Works Northwest's ability to meet the funding principles and recommendation to Council that the Funding Agreement with Music Works Northwest be finalized and brought forward for Council approval. Staff believe that Music Works Northwest has demonstrated that it meets the Council's funding principles. This Funding Agreement provides up to \$75,000 in reimbursement for capital expenditures on the construction of practice and performance rooms in the music school's new facilities necessitated by the loss of their lease in 2014. In exchange for the City's investment in this new facility, the City will receive security interests in assets such as musical instruments or audio equipment, and Music Works Northwest has committed to providing up to \$75,000 free and reduced cost lessons to low income children and adults as well as music therapy and school programs and free public concerts for a period of 10 years. Music Works Northwest also has committed to providing the City with access to financial records to document continuing financial viability as well as compliance with the requirement to provide access to low income and disabled children and adults.

Council directed this funding agreement be brought forward in final form for approval on the February 1, 2016 consent agenda. Two adjustments to the draft agreement were made in response to Council questions and comments—whereas clauses reflecting that the capital project that is the subject of this agreement was necessitated by the loss of the music school's lease, and reflecting some of the prior funding commitments secured by Music Works from public and private entities.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution directing the City Manager or his designee to execute the Music Works Northwest Funding Agreement.
2. Do not adopt the Resolution directing the City Manager or his designee to execute the Music Works Northwest Funding Agreement and provide alternate direction.

RECOMMENDATION

Option 1.

MOTION

Move to adopt Resolution No. 9064 directing the City Manager or his designee to execute the Music Works Northwest Funding Agreement.

ATTACHMENTS

Music Works Northwest 2016-2026 Funding Agreement
Proposed Resolution No. 9064