April 23, 2020

Honorable David Ryu, Chair
Health, Education, Neighborhoods,
    Parks, Arts, and River (HENPAR) Committee
Los Angeles City Council
%: City Clerk’s Office
City Hall, Room 395
Los Angeles, CA 90012

Attn: Eric Villanueva, Office of the City Clerk

RE: HEALTH, EDUCATION, NEIGHBORHOODS, PARKS, ARTS AND RIVER
COMMITTEE REQUEST FOR A REPORT AND PLAN FOR HOW ARTS
DEVELOPMENT FEES COULD BE REPURPOSED TO ASSIST IN COVID-19 RELIEF
EFFORTS THROUGH THE COMMISSIONING OF WORKS OF ART THAT ARE
ACCESSIBLE ONLINE

This report is submitted in response to CF#20-0423 that the Department of Cultural Affairs (DCA), with the assistance of the Chief Legislative Analyst and City Attorney, be instructed to identify the sum of Arts Development Fees (ADF) available to the Fourth Council District and update the DCA Annual Expenditure Plan and Fee Status Report for the ADF Program for Fiscal Year 2019-2020 and report back on the structure, administration, and implementation of a small-dollar grant program to assist artists and nonprofit arts organizations based in Council District Four in creating artwork and performances available to the public with 90 percent of the grant being allocated in advance of product submittal and 10 percent being allocated when the artwork is delivered in a stable publicly accessible web format by DCA pre-qualified contractors and 50 percent of the grant to be allocated in advance of product submittal and 50 percent to be allocated when the artwork is delivered in a stable publicly accessible web format for all other artists and non-profits.

INTRODUCTION
The Department of Cultural Affairs (DCA) proposes to develop and implement a coordinated citywide COVID-19 emergency response to provide an immediate, short-term and temporary support to pre-vetted non-profit arts organizations and individual artists throughout the city, in addition to those based in the Fourth Council District.
The FY1920 Arts Development Fee Expenditure Plan and Status Report identifies $550,463.64 to support an Artist Housing Workshop, an outdoor Monument to Women, and a public Festival in CD4. If the Council Office wants to re-allocate these Arts Development Fees (ADF) to seed the new COVID-19 Emergency Response Program to provide temporary funding to artists and arts organizations, the Department will add an additional $1,449,536.36 in Arts Development Fees to create a total commitment of $2.0 million in funding to provide for a citywide response.

In FY1920 DCA’s awarded cultural grants to 375 arts organizations and 45 artists (Attachment A). Of these, 30 arts organizations are headquartered in CD4, 44 arts organizations have plans to provide art services in CD4, and another 14 organizations have reported delivering services in CD4 as of April 6, 2020 (Attachment B). It is precisely because arts organizations and artists provide arts and cultural services outside of the council districts in which they are headquartered, that the appropriate COVID-19 Emergency Response effort should be citywide.

DCA Grants Administration Division uses a three-tiered criteria to assess uniqueness of the geography of each proposed grant-project. Events within (or primarily serving) Council Districts 1, 4, 13 and 14 represent 50% of the requests. Events within (or primarily serving) Districts 2, 5, 10, 11, and 15 represent 30% of the requests. Events within (or primarily serving) Districts 3, 6, 7, 8, 9, 12 represent 20% of the requests. This same formula was applied to identify the associated ADF Appropriation Accounts for each Council District for the COVID-19 Emergency Response Program. (Attachment C).

The Department also proposes, in consultation with Council Offices, to make funds available from prior ADF expenditure plans that had proposed using the fees for festivals, for arts organizations or individual artists not currently part of the grants portfolio and willing to do online programming.

Instead of creating a new small dollar grant program, the Department’s existing Cultural Grants Program and its FY1920 arts organizations and artist grantees is the most expedient method to getting economic relief to not only the organizations but also to the artists the organizations support. DCA proposes to amend the existing grant contract amount based on the percentage of the total grant budget they currently represent, and amend the payment schedule to reflect 50 percent of the grant to be allocated once the grantee submits their proposal, and then 50 percent upon satisfactory completion of the work of art, and art and cultural service delivered in a stable publicly accessible online format.

Finally, the ADF Administrative guidelines allows the department to cluster or “pool” ADF fees to fund citywide programs and projects. DCA will require all the grantees and artists to make their artworks and services available online where Angelenos from any part of the city and in any community can access the art and cultural services; therefore, being in compliance with the approved ADF guidelines. Moreover, the ADF Ordinance stipulates that any fee paid into the Trust Fund may be used only for the purposes of providing “cultural and artistic facilities, cultural and artistic services, and cultural and artistic community amenities,” which will be available to the development project and its future employees. And any cultural and artistic facilities, services and community amenities provided shall comply with the principles and standards set forth in the
Cultural Master Plan. The Nexus Report provides a definition for Art and Cultural Facilities, Services and Community Amenities as all municipal cultural facilities and services that provide art for those that regularly visit museums and purchase tickets to performances as well as those who primarily experience art through public displays (murals, sculpture, and other visual works) in the City and attend public celebrations, such as festivals and parades. The municipal services also support art and culture that does not require physically going anywhere. Workers associated with development projects will also have access to these online services as they too respond to the “Safer At Home” Emergency Order.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor,

1. **APPROVE** the reallocation of $550,463.64 in Council District Four from the art project commitments and associated findings identified in the FY2019-2020 ADF Expenditure Plan and Fee Status Report to a new Citywide project typology titled COVID-19 Emergency Response Program.

2. **APPROVE** an additional $1,449,536.36 in Arts Development Fees (Attachment C) for DCA to create a total commitment of $2.0 million in funding to support the new Citywide COVID-19 Emergency Response Program.

3. **INSTRUCT** the Department of Cultural Affairs to update the FY2019-2020 Cultural Grantees contracts for services (Attachment A) in order to allow them to produce works of art and/or provide arts and cultural services accessible online through the new Citywide COVID-19 Emergency Response Program, including a modified payout schedule of 50% of the new grant amount to be allocated in advance of the online project submittal and 50% being allocated when the artwork and arts and cultural services are delivered in a publicly accessible web format.

4. **INSTRUCT**, the Department of Cultural Affairs to update the accrued interest in each of the appropriation accounts within Fund 516 identified for the COVID-19 Emergency Response Program, to be used in tandem with the original ADF fee collected.

5. **AUTHORIZE** the City Controller to approve the interest appropriations, within Fund 516, recommended by the Department of Cultural Affairs.

BACKGROUND

The “Safer at Home” Emergency Order effectively cancelled arts and cultural events in Los Angeles, resulting in a significant financial impact on individual artists and nonprofit arts organizations throughout the city. Left without viable options to generate earned revenue, these artists and organizations are left with great uncertainty of their future.

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As the magnitude of the crisis comes into focus, it is becoming clear that public gatherings will not be allowed in the city until a viable vaccine, treatment, or herd immunity is developed. As a result, the city and region is at grave risk of losing its cultural delivery system, including the artists and nonprofit arts organizations who DCA partners with to deliver free and low cost arts and cultural services throughout our city. These partners will be critical to the economic recovery, once the City reopens.

This proposal is a short-term mitigation strategy to offset the catastrophic impact of COVID-19 on artists and the nonprofit arts and cultural sector by commissioning new cultural services in an online format that will put artists back to work for the betterment of the communities we serve.

Aggregate expenditures for the arts and cultural sector totaled nearly $1.9 billion, including staffing, facility management, marketing, and talent. The average surplus for three large budget organizations is more than $30 million each, $140,000 for midsize organizations, and $0 for organizations operating under $250,000 annually, leaving the sector highly vulnerable to economic downturns. The sector relies heavily on earned revenue to compensate for lower philanthropic investment in the A+C ecosystem than that of other global cities.

The Department acknowledges that this one-time infusion will not be enough to safeguard this sector in the long-term. However, it is important that the City respond appropriately to assist artists and nonprofit arts organizations weather this unexpected crisis.

**IMPLEMENTATION**

Upon approval of the COVID-19 Emergency Response Program, DCA will initiate and administer the approved projects and programs accordingly. To ensure citywide accessibility of this program, DCA will provide online links to the ADF-funded COVID-19 Emergency Response Program projects on the DCA’s website and social channels. DCA will also consider linking some of these art and cultural programs to various online teaching portals, area museums and public television programs.

**FISCAL IMPACT**

There is no fiscal impact on the City’s General Fund, as it relates to this report.

Sincerely,

DANIELLE BRAZELL
General Manager

Attachments