

**CULTURAL VITALITY AND CREATIVE ECONOMY
SUBCOMMITTEE
FINAL REPORT
APRIL 2003**

Prepared by:

Randall Kempner, Prosperity Strategies, LLC

This report is a component of the full report organized by Texas Perspectives Inc. for the City of Austin. The full report includes the findings of the Traditional Industries and Small Business and Entrepreneurship Subcommittees and is available via the City of Austin website <http://www.ci.austin.tx.us>.

CULTURAL VITALITY SUBCOMMITTEE MEMBERS

Randall Kempner	Prosperity Strategies, LLC – <i>Chair</i>
Alex Cavalli	IC²
Bob Lander	Austin CVB
Bruce Willenzik	Armadillo Christmas
Deirdre Mendez	Greater Austin International Coalition
Donell Creech	Soulciti
Dwayne Cooper	Long Center for the Performing Arts
Gary Powell	Powell Studio Production
Harold McMullan	Diversearts
Janet Seibert	City of Austin
Jim Butler	City of Austin
John Kunz	Waterloo Records & Video, Inc.
John Yancey	University of Texas Art & Art History Department
Johnny Barnett	Austin Unique.com
Ken Webster	Hype Park Theater
Marcy Garriott	Austin Film Society
Martha Peters	City of Austin
M.J. Endres	City of Austin
Nora Comstock	Comstock Connections
Sam Coronado	ACC & Coronado Studio
Stephanie Beckett	Office of Council Member Dunkerley
Sue Graze	Austin Arts Commission
Ted Siff	Austin Parks Foundation

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Overview and Guiding Questions

The Cultural Vitality and Creative Economy Subcommittee members share a core belief that Austin's arts and cultural amenities contribute significantly to the region's economic prosperity. As research from Richard Florida and others suggests, a growing creative economy is closely linked to dynamic cultural vitality. Strong cultural and social institutions help build the quality of life that attracts talented workers and directly employ many creative workers. The subcommittee members believe that supporting arts and cultural amenities is a critical aspect in expanding jobs and businesses in the creative sector.

This subcommittee was charged with making recommendations for how the City of Austin can best support local cultural vitality and foster the continued growth of creative jobs. To meet this charge, the group believed it important to understand the current composition of Austin's creative sector and cultural asset base prior to making recommendations. The group further developed a series of questions to guide our research efforts and development of recommendations.

Guiding Questions

- What is the size and composition of Austin' creative economy?
 - What are appropriate measures of Austin's creative economy/creative sector?
- What is the inventory of Austin's cultural and social assets?
 - What are appropriate measures of Austin's cultural and social assets?
- What about Austin is different that allows it to support a thriving creative economy?
 - If Austin is unique, why?
- How can the City of Austin be world-class in its support of its creative environment and cultural vitality?
 - How can the City foster creative jobs and cultural vitality for traditionally less advantaged groups?
- What can the City of Austin do to ensure its programs/efforts remain world-class?

Deliverables

Based on these questions, the subcommittee developed an ambitious plan of action to provide insight to the City and greater Austin community. Specific deliverables in this report include:

- Inventory and benchmarking of Austin's creative economy
- Initial inventory of Austin's cultural and social assets
- Guiding Vision for a "Culturally Vital Austin"
- Suggestions for which cultural vitality and metrics to include for ongoing monitoring

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

- Recommendations for what the City of Austin can do to support the growth of the arts and cultural sector and overall cultural vitality

INVENTORY OF AUSTIN'S CREATIVE SECTOR

As part of the preliminary work completed for this initiative¹, Austin already has compiled a set of benchmarks for its creative economy. In 2000, Austin's workforce had the second highest concentration of creative workers among the top 50 largest US metro areas. Using the definition provided by Richard Florida, our "super creative core" sector² accounted for 16% of the 2000 workforce, well above the national average of 12.1% and similar to national innovation leaders like Boston (16%) and San Francisco (16.4%). The decade of 1990-2000 saw significant increases in both the employment and wages paid in the creative sector and increased national recognition of Austin as a creative hub. By 2000, Austin's super creative employee salaries had risen to an average of \$49,730 per year, or 143% of the average annual wage in Austin.

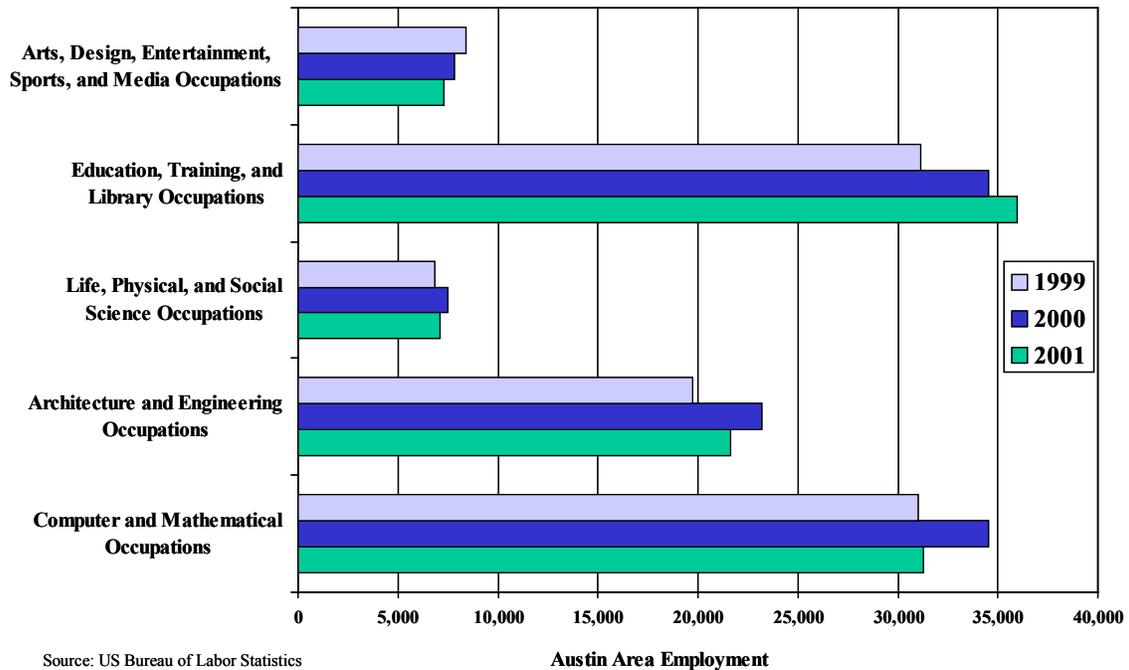
However, Austin cannot be complacent. A look at 2001 data (see Figure 1) shows a noticeable employment decline in all the super creative core segments except education. Average wages paid to the sector employees showed only a minor 1.6% increase. In a distressed national and world economic environment, Austin cannot expect to be the beneficiary of new business development and expansion without a concerted community effort. For the creative sector to expand, it is important for regional leaders to identify attractive creative industries and the individual issues that could impede or catalyze their growth in Austin.

¹ See *Austin's Economic Future: The Intersection of Innovation, Creativity and Quality of Life*. A report by Texas Perspectives (TXP), November 20, 2002.

² This sector includes occupations in the cultural sphere (musicians, artists, actors, etc.) along with occupations in education (teachers and administrators), life and social sciences (geologists, economists, medical scientists, etc.), computer and mathematical fields (programmers, hardware designers, actuaries), and architecture and engineering. For a full list of occupations covered federal data, see http://www.bls.gov/oes/2001/oes_nat.htm.

Figure 1

Austin's Super Creative Core Employment, 1999-2001



Regardless of the specific industry focus, it seems clear that our economy will become increasingly based on the talent and creativity of our workers. Given this trend, it is imperative that the City work with the private sector to develop our citizens, from *all* parts of Austin, into a talented workforce that will sustain growth. Thanks to our attractive quality of life, flagship university and cutting edge firms, Austin can compete to attract talented workers from all over the world. However, Austin will benefit more by developing our *own* children, from all backgrounds and neighborhoods, into the creative workers of tomorrow. Rather than search globally for the best talent, a more desirable strategy for the Austin region is to make our local educational and workforce development systems world-class.

The City is a major contributor of the overall competitive environment that supports the development of creative sector firms. Working with local Chambers of Commerce and other economic development groups, it also can play an important role in developing attraction and retention strategies for specific creative sector firms and industries. Another joint effort should be the ongoing monitoring and evaluation of Austin's broad creative sector employment and employment trends. *We urge the City continue its efforts in this area by identifying an internal or external provider to conduct annual updates on the creative sector composition and growth.*

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

INVENTORY OF CULTURAL AND SOCIAL ASSETS

Austin has a wide range of cultural amenities and enterprises spread throughout our community. While it would be impossible to identify all of the physical assets, individuals and organizations that make up a full inventory of Austin's offerings, the group nevertheless undertook the task of compiling an initial list. Since there was no single source available, subcommittee members made submissions and obtained publicly available data to create the inventory. The completed database primarily includes non-profit arts and cultural organizations, events and venues by type of artistic focus and location.

According to our initial inventory, Austin is home to at least 40 dramatic arts groups, 25 dance companies or dance-related organizations, and 35 organizations dedicated to producing or displaying visual arts. There are at least 30 annual arts related festivals, ranging from Spamarama to the SXSW Music Festival. Much more information is available in the database that has been provided as part of our submission to the City (See Appendix for the inventory classifications)

The ongoing value of this inventory is two-fold. First, it will allow the City to have a baseline for the minimum number of organizations that exist in specific artistic field. By annually tracking the continued existence of these organizations, the City has access to a good barometer of artistic and cultural activity. Second, this list can become a public database of arts and cultural organizations that offer experiences to the Austin public. *We urge the City to make this list available to all organizations interested in marketing Austin's arts and culture and to identify the City of Austin or a private sector partner to refine and expand the database.*

CITY SUPPORT FOR ARTS AND CULTURE

In order to better understand the present role of the City of Austin in supporting socio-cultural assets, the city staff members of the subcommittee developed an inventory of city programs and projects that support cultural and social amenities. Among the largest programs are Sports and Recreation Programs, Cultural Contracts, Museums, and Arts Center Services. The City will spend over \$12.5 million in the 2002-3 budget cycle on sports and recreational programs and facilities. Excluding parks and recreational programs, the City is investing over \$10.4 million in arts and cultural initiatives in 2002-3.

The largest and most recognized "cultural" program, the Cultural Contracts Program, awarded over \$2.6 million in support to local non-profit arts organizations and individual artists FY 2002-3. However, these funds are directly linked to revenue generated by the hotel-motel tax and thus fluctuate with the economy. Another source of local arts funding, the Texas Commission on the Arts (TCA), has annually provided approximately \$160,000 to the City of Austin to re-grant to Austin's arts organizations. Like the local

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

hotel-motel tax funding, the level of this support is also likely to drop, as the State looks to reduce expenditures.³

The Art in Public Places program, another high profile city effort, was upgraded in October 2002. The City revised the ordinance to increase the allocation for public art to 2 % for City-construction projects and expanded the types of projects covered by the ordinance. (See the Appendix for full list and description of city programs.)

In reviewing city programs, two important findings emerged. First, it appears that the public at large is unaware of the scope and number of city-sponsored programs. Subcommittee members were surprised by the significant amounts of dollars involved as well as the variety of issues addressed by the city. The City could likely do a better job in promoting its present programs, both to reach additional users and to better inform the public about its ongoing efforts.

Second, subcommittee members were concerned about the wide dispersal of programs among City departments. At least five different departments have programs that impact arts and cultural assets. Subcommittee members are optimistic that the consolidation of some functions within the Economic Growth and Redevelopment Services Office (EGRSO), and the eventual transfer of many functions to an independent arts council will lead to the improved productivity of arts and cultural programs across the City and community.

VISION FOR A CULTURALLY VITAL AUSTIN

The subcommittee was challenged to define “culturally vital” in a way that would reflect the social and economic development goals laid before the group. The group forged through several iterations to develop a set of descriptive statements that would describe the ideal state for Austin’s arts and cultural environment. In the end, the group developed a vision with six core elements that are described and explained below.

A culturally vital Austin will be:

- ACCESSIBLE**
- AFFORDABLE**
- APPLAUDED**
- DIVERSE**
- DISTINCTIVE**
- DYNAMIC**

³ Based on present budget proposals in the state legislature, the TCA is expecting a 22-41% reduction in their budget for the next fiscal year.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Accessible: Interested residents and visitors take advantage of multiple opportunities for, and easy access to, artistic, social, and cultural activities of their choice. Arts and cultural providers are able to find suitable spaces to create and share their work.

A culturally vital Austin will offer its citizens and visitors the opportunity to attend a wide variety of artistic, social, and cultural activities. Both citizens and visitors should be satisfied that they can learn about activities of interest and easily access them. Arts providers should be able to find appropriate spaces and venues to pursue their artistic interests.

Affordable: Arts and cultural providers are able to live a comfortable existence in Austin while patrons can afford to attend arts and cultural events.

A culturally vital Austin will offer citizens access to arts, cultural, and social amenities at a reasonable cost. Even the most economically disadvantaged residents should be able to attend at least some arts and cultural events. Arts and cultural providers should be able to earn a living wage by pursuing their trade on a full time basis.

Applauded: Austin's artists are widely recognized for their contributions to the local, national, and international arts world; citizens and visitors/potential visitors view Austin as a creative center, with a reputation for unique cultural and social assets.

A culturally vital Austin will be recognized for its resident artist's contributions to their field. Austin artists will win national and international acclaim. Austin will have a reputation as a place where artists are appreciated and arts and culture form an important part of civic life. The City of Austin will publicly recognize individuals and organizations for their cultural contributions.

Diverse: Audiences and providers of all socio-cultural and ethnic backgrounds interact and participate in a wide range of arts/cultural activities.

A culturally vital Austin will have many art and cultural scenes that embrace audiences and providers from all backgrounds and encourage participation from diverse ethnic and social groups. The art, artists, and art patrons will come from all walks of life.

Distinctive: Austin has a distinctive cultural identity supported by locally developed arts venues, outdoor spaces, retail shops, and special events.

A culturally vital Austin will be distinctive. It will be recognized nationally for its unique cultural environment. Local providers will play a leading role in developing many Austin arts scenes, today exemplified by South Congress, the Warehouse District, and Downtown. The subcommittee emphasizes that Austin cannot remain unique if its retail shops, restaurants, and venues are dominated or entirely replaced by national or international chains.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Dynamic: Austin fosters the overall growth of our cultural sector and incubates the development of new cultural forms and new modes within existing art forms.

A culturally vital Austin will grow its cultural sector, both by supporting existing artists and organizations and incubating new participants. Austin will encourage the development of new cultural forms, interdisciplinary collaboration, and new modes of art within existing forms by offering a supportive environment for artistic experimentation. The subcommittee believes that it is particularly important that Austin be a place to create new forms and methods in arts and culture, as this is a critical input to the innovation that leads to ongoing vitality.

These principles underlie the subcommittee recommendations aimed at strengthening the City's impact on cultural vitality. In addition to considering the specific subcommittee recommendations, *we urge the City of Austin to be guided by the above principles when crafting policies and considering actions that impact Austin's cultural and social environment.*

MEASURING CULTURAL VITALITY

Using the vision elements as a guideline, the subcommittee has developed a series of measures that we believe can be used to gauge Austin's cultural vitality. To generate the list, the subcommittee reviewed cultural measures used by other communities throughout the US and developed our own ideas. While many of these metrics can be used to compare Austin to other regions, a majority of them are Austin-specific. As one of the goals is to ensure that Austin's cultural environment is distinct, it follows that the metrics we use to evaluate cultural vitality reflect the community's objectives and unique conditions.

The subcommittee recommends that City of Austin develop a final list of metrics based on the suggestions provided below and commission an annual cultural vitality assessment that includes benchmarking against other regions.

THE MAYOR’S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Table 1
Cultural Vitality Metrics

GOAL	METRICS
Accessible	<ul style="list-style-type: none"> • Survey of Arts Audiences (ask about satisfaction with choices and accessibility) • Track attendance at selected cultural/social events and venues • Seats/Population vs. other regions • Arts Education Programs (hours/student/year)
Affordable	<ul style="list-style-type: none"> • Quality of life of artists and artisans (average income/cost of living) vs. average Austin resident • Survey artisans about their ability to perform/sell their work in Austin
Applauded	<ul style="list-style-type: none"> • National Media rankings of Austin’s arts/cultural scene (and overall quality of life) • Survey of local audience satisfaction • National/State awards to Austin artists/musicians • Survey of Non-Austin resident perceptions of Austin • Number of Visitors • Number of Visitors visiting arts/cultural assets (as primary reason for visit) • Awareness of Public Art (Hits on AIPP website)
Diverse	<ul style="list-style-type: none"> • Satisfaction survey of arts and cultural provider organizations and artists • Chart participation in arts/cultural activities by race, income level, area of town
Distinctive	<ul style="list-style-type: none"> • Number of Locally Owned versus Chain Stores • Survey of Non-Austin resident perceptions of Austin (Are we unique? Are we attractive to visit?) • National Media rankings of Austin’s arts/cultural scene • Survey of Austin audiences/providers
Dynamic	<ul style="list-style-type: none"> • Number of arts/cultural organizations (and new groups founded) • Number of applicants (and new applicants) for cultural contracts and public art programs • Number of Running Races (and new races) year • Number of Live Shows/Week • Number of Live Music Venues • Number of new releases by Austin musicians • Number of new films by Austin filmmakers or films made in Austin • Number of festivals (and new festivals) per year • Creation of new artistic works/exhibitions • Interest in citizens in learning a form of creative expression (survey) or data on classes • Greenspace/capita or Parkland/capita

One of the key elements of the cultural vitality assessment is a series of surveys. As part of the subcommittee effort, we created and implemented two surveys: one aimed at

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

arts and cultural organizations and one at individual artists. Copies of these surveys are attached in the Appendix. In addition to these surveys, we believe it is very important to consider implementing two additional surveys that would be focused on audiences. One should target visitors and potential visitors and the other, local residents. The visitor survey would test perceptions about Austin's distinctive arts and cultural offerings and satisfaction with experiences in Austin. The resident survey would gauge local satisfaction with accessibility, affordability, and quality of local arts, cultural and social amenities.⁴

CULTURAL PROVIDER SURVEY RESULTS

The two provider surveys obtained 300 total responses: 74 from arts and cultural organizations and 226 from individual artists. This initial survey provides a baseline level of satisfaction with the Austin arts and cultural environment. Summarizing across a number of questions, four concerns were most prominent among the respondents⁵:

- Access to venues: Many artists and arts organizations expressed concern about the lack of affordable venues for performances and rehearsals.
- Access to capital: Many respondents stated that capital, in the form of grants, donations or loans, was not as easy to obtain as they would like.
- Cost of living: Arts and cultural providers express concern about the growing gap between their wages and cost of living in Austin.
- Promotional programs: Many respondents felt that the City and regional media outlets could do more to promote local arts and cultural organizations and events

These concerns were important considerations in the recommendation development process.

SUBCOMMITTEE RECOMMENDATIONS

Process

The recommendations proposed below have been developed based on a comprehensive process undertaken by the subcommittee. The group began the process with three guiding principles:

- Only recommendations that directly relate to the City's role would be considered.
- All recommendations would be forwarded along to the City, regardless of the support garnered on the subcommittee.
- The City's present financial condition should inform the development of recommendations, but specifically not exclude the consideration of recommendations that would require additional City investment.

⁴ There is a nationwide audience survey soon to be released by the Pew Charitable Trust.

⁵ Full survey results have been provided to the City.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

The group met on six occasions, with a significant amount of debate dedicated to developing recommendations. In addition to these discussions, individual members contacted their colleagues in arts and cultural fields to seek input. The subcommittee surveys of arts and cultural organizations and individual cultural providers also served as a source of recommendations. The group hosted a public meeting in late February to discuss survey results and recommendations derived from them. Finally, the City developed a website for electronic submissions that was operational during the entire life of the subcommittee.

The subcommittee reviewed over 60 specific recommendations to select approximately 15 for further development and assessment. (See the Appendix for full list of recommendations) In this second phase, some recommendations were dropped while others were modified and integrated.

Recommendations

Austin's cultural vitality and creative economy are part of a complex system of relationships in which the City plays only a partial role. Fostering cultural dynamism and creativity-based economic development requires a community effort. Individuals and firms in the private sector are the lead economic actors. Business leaders in the creative sector make decisions about whether to expand or cut jobs. Firms outside of the cultural sphere decide whether to donate financially to support the arts. Individuals decide whether Austin provides the appropriate atmosphere to practice their art or appreciate other's work. Higher educational institutions attract and train creative people and provide venues for creative expression. Non-profit organizations and foundations play a critical role in funding, promoting, and providing cultural performances.

The City, too, has significant influence. Through its regulations it can encourage the development of creativity-based businesses and neighborhoods that support cultural activity. Through its convening power, it can act as a catalyst for greater public-private-non-profit partnerships to develop creative arts. Through its financial assets, it can choose to promote and fund arts groups and expand recreational amenities. Through its public discussions, it can help the citizenry appreciate the dynamic relationship between the arts and economic development. This is not an exhaustive list – it is impossible to know every situation in which City actions can aid or hinder the community's cultural and creative environment. But we do know what the City says and does is important.

Thus, the most fundamental guidance that this subcommittee offers the City of Austin is that cultural considerations should become a natural and integral part of deliberations about the direction of the City. We look to the City experience with environmental issues as a model. Over the past decades, environmental considerations have become institutionalized into the decision-making processes of the City. Regulations require environmental impact statements in certain cases. More importantly, when issues arise, elected officials and staff always ask, "what is the environmental impact?" even if no

THE MAYOR’S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

formal regulations require the inquiry. We hope cultural considerations will become similarly integrated.

The creation of this subcommittee is clearly a step in this direction. However, we believe that the City can take additional proactive steps to strengthen its positive impact on the arts and cultural environment through implementing the specific recommendations we offer below.

Table 2
Summary of Cultural Vitality Subcommittee Recommendations

Recommendation	Impact Areas	Additional City Investment	Time to Implement
Cultural Review	General City Support	Staff Time	1-3 Months
Cultural Incentives Programs	General City Support	Staff Time; potentially foregone tax incentives	1-3 Months
Strengthening City Organizational Capacity and Effectiveness	General City Support (also Arts Promotion; Access to Capital)	Staff Time; financial investment or outsource contract.	3-12 Months (Ongoing)
Insurance Policies	General City Support	None	1-3 Months
Streamline Permitting	General City Support	None	1-3 Months
Loan Guarantee Fund	Access to Capital	None (potentially some increased staff time)	1-3 Months
City Space Inventory	Access to Venues	Staff Time	1-3 Months
Arts Incubator	Access to Venues Cost of Living	Staff Time, Potential Financial Investment	Over 1 year
Texas Cultural Festival	Arts Promotion	Staff Time, Potential Financial Investment	Over 1 year

A. Cultural Review: The City of Austin should incorporate consideration of cultural impacts into major city policy decisions.

Discussion:

The genesis of this recommendation is the hope, described above, that the City will generally incorporate cultural considerations into its policy and regulatory decisions. This

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

recommendation suggests a formalized way to do so. We urge the City to develop an evaluation format – a “cultural check-off” or “cultural impact statement”— that would be applied as part of the analysis for major policy, program, and regulatory decisions.

A core difficulty of implementing this recommendation is clear – it is hard to determine which city decisions will require a check-off. The subcommittee understands the City must balance the value of assessing cultural impacts and the need to make efficient decisions on the thousands of issues each year. With this in mind, we suggest the following decisions trigger a formal cultural impact review: master plan development, new ordinances, ordinance changes, street/transportation changes, and construction barriers. We recommend that city staff review these suggestions for triggering events and develop a formal policy for when reviews should be required. In addition, we recommend that city staff design the actual cultural check evaluation form and process with the assistance of volunteers from the Austin arts and cultural community.

Benefits:

By incorporating cultural considerations, the City will better insure that it takes advantage of opportunities to enhance the cultural and creative environment. In addition, it will better insure that decisions made which have negative impacts on arts and cultural issues will be consciously based on an assessment of the impact. Implementation of the review process should reduce the likelihood that important cultural assets are eliminated and not replaced.

Evaluation Metrics:

The impact of the recommendation can best be measured by annual surveys of arts providers (and arts audiences) regarding the City's impact on the arts and cultural environment.

Costs:

The City will incur costs due to use of additional staff time.

B. Cultural Inducement Programs: Cultural considerations should be included in City of Austin Inducement/Investment Programs.

Discussion:

As the City considers the economic and environmental impact of new businesses or local business expansion, firms that will commit to improve the arts and cultural environment should be rewarded. Recognizing the difficulty of measuring the specific impact on arts and cultural assets, the subcommittee endorses the strategy suggested by our sister subcommittee on economic development inducements. This strategy suggests that cultural impacts should be considered in the development of an inducements package and allows city staff to quantify a specific level of shared investment to be awarded on a case-by-case basis.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

The subcommittee further endorses the idea that the inducement program not be limited to establishments, but also incorporates short-term projects that bring measurable economic benefits to the City. One clear example of this would be film production projects that may not create long-term jobs, but will create a significant short-term economic impact on the city.

Benefits:

By incorporating cultural impact considerations into the incentives policy, the City will strengthen the relationship between cultural vitality and business growth and potentially increase the amount of private sector investment into arts and cultural assets. It may reduce the likelihood that important cultural assets will be eliminated and not replaced. It may eventually reduce the amount of direct city support necessary to support the arts.

Evaluation Metrics:

The number of businesses who receive incentives based on their participation in the cultural sphere should be tracked. As part of the performance-based incentive process, actual investments in arts and culture made by firms should be monitored.

Costs:

The City will incur some cost due to use of staff time to develop and implement the policy. Some potential tax revenue may be forgone based on the amount of incentives provided.

C. Strengthening City Organizational Capacity and Effectiveness: Incorporate a strong capacity in marketing, development, and technical assistance in the new Cultural Arts Program.

Discussion:

The subcommittee had many discussions about how the City could improve its organizational capacity to support cultural vitality. One of the most significant general concerns, voiced both by subcommittee members and survey respondents, was the lack of coordination between the various city departments that impact arts and cultural issues. In addition, a number of specific areas for action were identified:

- Creation of system to assist local cultural providers to identify and access existing local, state, and federal economic development resources for the cultural sector
- Implementation of a process to encourage partnerships between arts organizations to best utilize scarce community resources
- Development of a program or center to improve the business capacity of local arts groups and organizations, leveraging pre-existing programs where possible
- Increased effort by the City to market local arts and cultural to local residents

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

The subcommittee endorses the decision already made by the City to consolidate many arts and cultural functions under the Cultural Arts Program within EGRSO.

As the City considers how to organize the new program structure, the subcommittee recommends that the program should incorporate a strong capacity in marketing, development, and technical assistance.

- **Marketing:** The subcommittee suggests that this capacity be developed broadly, but with a particular focus on local demand stimulation and promotion of local businesses. The individuals involved at the City should also work with local arts groups and the ACVB to market arts and cultural assets to visitors and potential visitors. This function should also foster increased understanding within the non-creative sector about the importance of arts and cultural assets within the community, with the goal of increasing connections between the two sectors. One specific suggestion to consider is the implementation of a "Business of the Arts" Award program following the model of Silicon Valley. Another suggestion is to increase funding for the Austin Convention and Visitors Bureau to market the arts to visitors from Texas, across the United States, and internationally.
- **Development.** This function would assist local artists and cultural providers to access city, state, federal funding sources. In addition, this function would assist local arts providers to the to develop fundraising strategies and promote joint use of services/facilities to reduce cost burden to individual organizations.
- **Technical Assistance:** This function would implement the task outlined in present action plan, "to develop an interim technical assistance program in conjunction with local service providers to begin to build the business and organizational capacity of local artists and arts organizations." The subcommittee believes that many local programs, including the City of Austin Small Business Development Program and the Neighborhood Housing and Community Development Program, offer valuable services that can be tailored to arts and cultural related businesses.

Benefits:

The increased coordination of City efforts to develop the cultural arts should lead to an increase in the number of successful arts and cultural organizations. In addition, technical assistance training and the promoting links between arts and business leaders should result in increased non-governmental funding for the arts.

Evaluation Metrics:

Evaluation methods for this recommendation should include:

- Surveys of arts and cultural organizations to assess their satisfaction with city programs.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

- Measures of the numbers of total and new organizations accessing City services for the arts.
- Project-specific measures for development, technical assistance, and local promotion programs.

Costs:

There will be city staff time associated with designing the programs and likely additional outlays to implement them. Part of the costs have been already been budgeted for consultants who are facilitating the development of a new organizational structure and technical assistance plan for how the City can support non-profit arts organizations.

D. Insurance Policies: Establish umbrella general liability and worker's compensation policies for artists doing business with the city or reduce the insurance requirements for artists.

Discussion:

The City of Austin currently requires artists to provide proof of the following types of insurance while under contract and/or on city property:

1. Workers' Compensation and Employers' Liability Insurance (average cost \$2,600)
2. Commercial General Liability Insurance (average cost \$1000)
3. Automobile Liability Insurance for all owned, non-owned and hired vehicles (average cost if purchased with GL \$300)⁶

These requirements pose a stiff burden on artists. Artists are usually self-employed and do not have regular employees. During the course of an Art in Public Places (AIPP) or Cultural Contract, they are on city property for a limited time, usually between one day and a few months. The requirement to have the same coverage as a large company means that a disproportionately large percentage of their art budgets goes toward paying for insurance rather than to making art. These requirements are discouraging many artists from participating in city arts programs.

In the past, the City operated the "PAL" (Public Art Liability) program that offered an umbrella insurance policy for artists on working on city contracts. Artists fulfilled the City's Commercial General Liability Insurance requirements by buying coverage on a sliding scale based upon their contract amount with the City. Thus, an artist with an Art in Public Places Contract or Cultural Contract of \$10,000 or less would only pay \$150 for general liability insurance coverage for themselves and any subcontractors for the length of time they are actually on City of Austin property.

⁶The City requirements are much higher than state requirements for auto liability. Complete insurance requirements available at: www.ci.austin.tx.us/aipp/insurance.htm .

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Prior to 2002, it was the practice of the City's AIPP and Cultural Contracts programs to only require artists or arts organizations to have General Liability coverage while on city property. From 1997 – July 2002, the city's PAL program was in effect until the insurance carrier refused to renew the policy even though no claims were ever made. The City Risk Manager has committed to continue efforts to find a carrier that would offer the coverage. The subcommittee endorses that effort.

In the meantime, we recommend that the City of Austin consider reduced insurance requirements for artists. Specifically, we recommend the City accept an Occupational Accident Policy (average cost \$500) in lieu of Worker's Compensation and Employers' Liability Insurance (average cost \$2,600). This would greatly reduce artist's insurance costs. In addition, we suggest that auto liability coverage requirement could be reduced.

Benefits:

More city art dollars would go toward arts products rather than insurance expenses. More artists, particularly those who are less established, would have access to city programs meant to foster cultural development. In addition, adopting this recommendation may actually reduce the amount of staff time now being devoted to monitoring contractor's insurance coverage.

Evaluation Metrics:

The impact of the recommendation can be measured by the increase in artists applying for city contracts and the percent/amount of insurance costs on arts contract budgets versus FY2002.

Costs:

Likely none. The artists would pay the premiums. There is risk that the city would face a greater number of claims from artists. However, the requirement of subcontractors to sign release of liability forms could be instituted to mitigate this risk.

E. Streamline Permitting: Facilitate and streamline permitting process for the creative arts industries in Austin.

Discussion:

As is the case with many small businesses, firms in the arts and cultural sector are concerned about the amount of time and effort necessary to acquire city permits for facility use, modification and expansion. The subcommittee endorses the proposals of our sister subcommittee on small business and entrepreneurship to streamline and facilitate city permitting.

There is also a particular concern about access to special use permits for arts and cultural productions that utilize city land or facilities, particularly for the film industry. In this industry, some outside film production companies have limited their Austin projects due to difficulties they have encountered in this process. The subcommittee recommends that the city permitting staff develop a strong understanding of the unique

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

issues associated with film production in order to most effectively assist production projects while also protecting community and local business interests.

Benefits:

Streamlining and facilitating permitting processes should lead to increased income to small arts and cultural businesses by reducing the time, and potentially the cost, of permitting processes. Facilitated film production permitting should lead to increased film production revenue to the City.

Evaluation Metrics:

Track small business satisfaction through a survey of local arts and cultural businesses that have gone through the permitting process. Track the amount of time it takes for businesses to complete the process. Track the number of local film productions and their economic impact.

Cost to City:

Uncertain, but likely very small. Changing permitting requirements to reduce the city staff administrative and monitoring burden could potentially reduce City of Austin costs. Decisions to forego fees may increase City expense, but could be offset by increased property and sales tax revenues.

F. Loan Guarantee Fund: Expand present music-focused loan guarantee program to include other arts and cultural fields.

Discussion:

One of the common concerns expressed by cultural providers in Austin is their lack of access to capital, both working capital for producing artistic productions and capital to support the purchase of their homes and working spaces. The subcommittee examined many ways that the City could support the capital needs of artists, but found few that would not entail significant financial outlays from the City. We encourage the City to look for additional means of support. However, one program the City already sponsors, the music industry loan guarantee fund, could be expanded to assist artists in other fields.

The music loan guarantee fund provides collateral for loans to local music businesses, up to 50% of the total collateral required for the loan. At present, the fund, with \$225,000 for guarantees, is not being fully utilized by musicians. In large part this is because the guarantee fund cannot be accessed unless the musician has already acquired approval for a commercial bank loan. In the short term, the committee recommends that the fund rules be changed to allow for artists from other disciplines to access the funds. In the long term, the subcommittee recommends that the City consider increasing the fund size.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Benefits:

For arts-related businesses, the loan guarantees can provide the security necessary to obtain support for new artistic endeavors and business expansions. The fund supports the creation of new jobs and businesses in the arts and cultural milieu.

Evaluation:

The impact can be measured by monitoring fund utilization (seeing if the entire fund is being accessed.) In addition, the City can count the art works produced and jobs created directly due to loans guaranteed by the fund.

Costs:

None for the short-term recommendation to change eligibility requirements. There may be additional costs to increase marketing of the program to a broader audience.

G. City Space Inventory: The City should form a task force made up of city staff and local arts and cultural providers to assess public buildings and parks for arts use.

Discussion:

One of the most voiced concerns by artists, particularly those who are in newly formed groups or organizations, is lack of access to affordable rehearsal spaces, performing venues and office space.

The City of Austin, as a major land and building owner, already provides a significant amount of space for artistic endeavors. To enhance this role, the subcommittee recommends that the City work with local arts and cultural providers to develop a comprehensive inventory of public buildings and parks for arts uses. The subcommittee should be made up of volunteers drawn from a diverse group of arts and cultural providers who have a solid understanding of the space requirements for their specific disciplines.

The subcommittee would provide a final report that suggests potential uses for all relevant public facilities for arts and cultural organizations that respects the intended uses of the facilities. In addition, the report would suggest the appropriate policies and fees for use of the buildings to ensure that the City incurs no additional costs for making the facilities available. The subcommittee would be asked to recommend additional investments that the City may choose to undertake to make certain facilities more arts-friendly.

Benefits:

The primary benefit would be the increase of rehearsal and performance space for local arts and cultural providers. The availability of lower cost space should also lead to increased net income to artists and potentially greater artistic activity.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Evaluation Metrics:

The program should be evaluated by assessing the level of use of city facilities by arts and cultural organizations with a special focus on tracking the number of new/aspiring groups.

Costs:

To create and operate the subcommittee, the only additional cost would come from city staff participation. There may be an additional cost if the subcommittee suggests the need for new city staff capacity to administer a space reservation program or renovations to the facilities.

H. Arts Incubator: Support a public-private partnership to create a multi-disciplinary arts incubator.

Discussion:

The arts incubator idea addresses a variety of community issues by creating a multi-faceted facility approach to supporting and experiencing the arts. It is aimed at improving the environment for both arts audiences and arts providers by creating a multi-use space that exemplifies the distinctiveness of Austin's creative sector. The concept is to create a major gathering point for the city's arts community and those individuals and families choosing to live in and visit Austin. The concept is drawn based on the successful experiences of other communities like Alexandria, VA, Seattle, Washington, and North Adams, Massachusetts.

Among the potential uses for the incubator include:

- An art space that provides galleries, studio space, and classrooms for technical and business training
- A permanent home for some of Austin's established non-profit organizations
- A community gathering space, business center and multi-media space
- Temporary housing/hotel for visiting artists and industry related travelers
- A unique shopping experience & public contemporary sculpture gardens
- Food service vendors that offer locally owned fine cuisine, coffee, tea & juice and farmers market resources
- A demonstration project for "green" architecture principles

The creation of such a center will require a public-private partnership. The subcommittee believes that a private or non-profit sector organization should lead the effort to develop a center. The subcommittee recommends that the City be an active participant in a partnership, should it arise. At a minimum this would entail committing a staff person to be the liaison to the project. More involved contributions could come through the donation of public lands/facilities for the Center or through direct financial contributions.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Benefits:

Creation of a multi-disciplinary arts center would nurture and provide venues for the small organizations and individual artists from all over Austin. Collaborative use of public space in the facility would provide for special functions for arts organizations of all sizes. By opening up the public spaces to private business rental in an arts center, cross marketing would be enhanced and encouraged through a unique artistic and architectural venue. If placed strategically in the central business district, Austin would grow its ability to attract convention traffic that, in turn, supports hotel-motel tax funding for other cultural activities.

Evaluation Metrics:

The project should require an economic impact statement to be completed both prior to initiation and after a few years of operation. The evaluation should include an assessment of actual facility rentals to arts groups, business events, and special events in addition to a satisfaction survey of artists/patrons who use the facility.

Costs:

It is impossible to estimate the final cost to the city for this recommendation. It could range from nothing to millions of dollars depending upon the role the city chooses to play. One area in which the City could be helpful in the short term is to co-sponsor a feasibility study for the center.

I. Texas Cultural Festival: The City should be an active participant in spearheading a festival highlighting Texas culture to be held in Austin.

Discussion:

The Texas Cultural Festival would be an annual (or biannual) multidisciplinary festival that celebrates the heritage and traditions of Texas' various ethnic, cultural, and artistic communities. Appropriately hosted in the state's capital city, the festival would feature artists, groups, and cultural organizations from throughout Texas to present traditional and contemporary programming that reflects the best of the state's performing, visual, media, and cultural arts. The desired result for the festival would be to promote Austin—the Cultural Capital of Texas—as an art and culture destination that attracts increased national and international tourism.

By design, the Festival's production and programming would be the result of a collaborative effort of local and statewide partners, from both private and public sectors. Primary responsibility for programming/content would fall to local non-profit, non-commercial arts/media/cultural organizations, rather than private commercial interests. The subcommittee recommends that the City endorse the idea of the festival and be an active partner in its development.

THE MAYOR'S TASKFORCE ON THE ECONOMY: SUBCOMMITTEE REPORTS

Benefits:

The direct benefits to the local arts/cultural community derive primarily from the access to new local and visiting audiences. The festival should lead to enhanced opportunities for sales, media exposure, and the opportunity to collaborate with local and statewide artists. The format of the festival specifically seeks the inclusion of artists from a wide variety of backgrounds and cultural traditions, which should result in increased opportunities for artists from disadvantaged backgrounds.

The City of Austin would benefit the financial impact of increased tourism and retail sales to local patrons. In addition, Austin's reputation as a diverse art and culture destination would be enhanced if the City involved itself in an annual celebration that focused on Texas art and culture in addition to other more music-centered, youth-targeted commercial activities. The community would benefit from consciousness raising on the value of arts and culture in the life of the city and state.

Evaluation Metrics:

The economic impact of the festival could be evaluated using traditional economic impact models. In addition, local residents and visitors/potential visitors could be surveyed to determine the impact on their perceptions of Austin as a diverse cultural center. The number and backgrounds of participating arts and cultural providers could also be tracked.

Costs:

The final cost to the City is difficult to estimate, and depends on the role the City wishes to play. At a minimum, there would be additional staff time requirements. These would be significant if the City chooses to join a steering committee for the project.