



STAFF REPORT

DATE: October 5, 2021
TO: Kent Cagle, City Manager
FROM: Jonathan Locke, Executive Director of Finance
SUBJECT: Killeen Arts Commission FY 2022 Grant Recommendations

BACKGROUND AND FINDINGS:

One of the primary responsibilities of the Arts Commission is to make recommendations to City Council regarding the allocation of the Hotel Occupancy Tax funds that are designated for grants to the arts. Texas Tax Code Chapter 351 governs the use of municipal hotel occupancy taxes. Section 351.101 requires two criteria be met to expend municipal hotel occupancy tax revenue: 1) expenditures must promote tourism and the convention and hotel industry; and 2) expenditures must meet one of nine statutorily provided categories. The encouragement, promotion, improvement, and application of the arts is one of the nine categories. Section 351.103(c) limits the amount of hotel occupancy tax revenue used for the arts to 15% of total hotel occupancy tax revenue collected.

At a June 11, 2021 meeting, the Arts Commission received seven presentations from prospective grant applicants. The events proposed by the grant applicants were evaluated by the Arts Commission. City Council adopted the fiscal year 2022 operating budget on September 14, 2021, which includes \$290,090 for grants to the arts; \$37,167 is funded by hotel occupancy tax revenue and \$252,923 is funded by the American Rescue Plan Act (ARPA).

During the budget process, City Council authorized ARPA funding to be used for grants to the arts. Over the past couple of years, grants to the arts have been impacted due to the pandemic. ARPA funds were approved for (1) grantees whose event(s) were cancelled during fiscal year 2020 due to the pandemic - \$100,283, (2) to increase the fiscal year 2021 grants to the arts allocation that was lower due to the pandemic - \$102,167, and (3) to increase the fiscal year 2022 grants to the arts allocation to 15% of budgeted hotel taxes - \$192,455.

The chart below shows how much of each ARPA allocation has been used or budgeted to date:

	FY 2021	FY 2022	Remaining	Total
FY20 Canceled Events	\$30,537	\$-	\$ 69,746	\$100,283
FY21 allocation	\$-	\$ 60,468	\$ 41,699	\$102,167
FY22 allocation	\$-	\$192,455	\$-	\$192,455
	\$30,537	\$252,923	\$111,445	\$394,905

Using the Arts Commission Grant Allocation Policy adopted on April 14,2020, the Arts Commission recommended funding allocations for the seven grant applicants and administrative costs as follows:

\$ 72,618	Armed Forces Natural Hair and Health
\$ 69,240	Vive Les Arts Society
\$ 50,434	IMPAC Outreach
\$ 35,520	Vive Les Arts Children's Theatre
\$ 28,928	Songhai Bamboo Roots Association
\$ 21,375	Killeen Sister Cities, Osan, Korea
\$ 9,975	The Crossroads to Texas Quilt Guild Inc
\$ 2,000	Killeen Arts Commission
<u>\$ 290,090</u>	Total

Upon Council's approval of the recommended grant allocations, contracts with the grant recipients will be prepared and executed for events that will occur between October 2021 and September 2022.

THE ALTERNATIVES CONSIDERED:

1. Do not approve the Arts Commission's grant recommendations.
2. Amend the Arts Commission's grant recommendations.
3. Approve the Arts Commission's grant recommendations.

Which alternative is recommended? Why?

Alternative 3 is recommended. The art grant recommendations were determined using the Arts Commission Grant Allocation Policy.

CONFORMITY TO CITY POLICY:

In compliance with Texas Tax Code Section 351 and the Arts Commission Grant Allocation Policy.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

\$290,090 for FY 2022

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

The grant allocation is included in the FY 2022 Budget approved by City Council in account 214-2020-415.55-43.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council approve the Killeen Arts Commission's grant recommendations for fiscal year 2022.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Grant Allocation Worksheet