



STATE OF WASHINGTON

WASHINGTON STATE ARTS COMMISSION

*711 Capitol Way S, Suite 600, PO Box 42675 Olympia, WA 98504-2675
(360) 753-3860 • FAX (360) 586-5351*

September 16, 2022

David Schumacher, Director
Office of Financial Management
Insurance Building
PO Box 43113
Olympia, WA 98504-3113

Dear Mr. Schumacher:

Thank you for the opportunity to submit decision packages for consideration as part of the 2023-25 biennial budget. Since 1961 the Washington State Arts Commission (ArtsWA) has implemented many important statewide programs advancing the role of the arts, culture, and the creative economy in the lives of individuals and communities throughout our state. We have a productive history and have proven to be uniquely effective - supporting a cultural and creative landscape of enormous size and unmatched diversity. After almost 60 years, we continue to be a catalyst for the arts and the creative economy in Washington State.

As required, I have attached the necessary documents articulating our requests of the Capital Budget.

Thanks in advance for your kind attention to our requests.

If you have questions about this budget submittal, please contact Deane Shellman, Deputy Director at (360) 252-9985 or deane.shellman@arts.wa.gov. Otherwise, please feel free to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Hanan".

Karen Hanan, Executive Director
Washington State Arts Commission (ArtsWA). Karen.hanan@arts.wa.gov. (360) 252-9976

**387 - Washington State Arts Commission
Ten Year Capital Plan by Project Class**

2023-25 Biennium

*

Version: CR 23-25 Agency Capital Budget Request

Report Number: CBS001

Date Run: 9/19/2022 2:52PM

Project Class: Grant

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2023-25	New Approp 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33
1	3000002 Creative Districts Capital Construction Projects									
	057-1 State Bldg Constr-State	412,000		10,000	402,000					
2	3000003 23-25 Creative Districts Capital Projects Program									
	057-1 State Bldg Constr-State	416,000				416,000				
Total: Grant		828,000		10,000	402,000	416,000				

Total Account Summary

Account-Expenditure Authority Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2023-25	New Approp 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33
057-1 State Bldg Constr-State	828,000		10,000	402,000	416,000				

Ten Year Capital Plan by Project Class

*

Report Number: CBS001
Date Run: 9/19/2022 2:52PM

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2023-25	2023-25
Functional Area	*	All Functional Areas
Agency	387	387
Version	CR-A	CR-A
Project Classification	*	All Project Classifications
Include Enacted	No	No
Sort Order	Project Class	Project Class
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

**387 - Washington State Arts Commission
Capital Project Request**

2023-25 Biennium

*

Version: CR 23-25 Agency Capital Budget Request

Report Number: CBS002

Date Run: 9/19/2022 3:04PM

Project Number: 30000002

Project Title: Creative Districts Capital Construction Projects

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 1

Project Summary

Continuation of projects from previous biennium .

Project Description

Continuation of projects from previous biennium .

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Local governments and non-profits

RCW that establishes grant: 43.46.100

Application process used

Continuation of projecst from previous biennium .

Growth Management impacts

Continuation of projects from previous biennium .

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2023-25 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	412,000		10,000	402,000	
	Total	412,000	0	10,000	402,000	0
			Future Fiscal Periods			
			2025-27	2027-29	2029-31	2031-33
057-1	State Bldg Constr-State					
	Total		0	0	0	0

Operating Impacts

No Operating Impact

OFM

**387 - Washington State Arts Commission
Capital Project Request**

2023-25 Biennium

*

Version: CR 23-25 Agency Capital Budget Request

Report Number: CBS002

Date Run: 9/19/2022 3:04PM

Project Number: 30000003

Project Title: 23-25 Creative Districts Capital Projects Program

Project Class: Grant

Description

387 - Washington State Arts Commission Capital Project Request

2023-25 Biennium

*

Version: CR 23-25 Agency Capital Budget Request

Report Number: CBS002

Date Run: 9/19/2022 3:04PM

Project Number: 30000003

Project Title: 23-25 Creative Districts Capital Projects Program

Project Class: Grant

Description

Starting Fiscal Year: 2024

Agency Priority: 2

Project Summary

Creative Districts encourage economic development and job creation in the arts and culture sector—the creative economy—within communities. Creative Districts are a focal point for communities, providing residents and visitors with needed interaction with the creative economy, arts and culture businesses and activities, and other ancillary amenities. The districts define and provide a distinctive sense of place, are a robust source of income, and are points of pride for communities. This funding package requests a continuation of a capital project grant program that designed to benefit the Creative Districts. The grant program funds small-scale creative placemaking projects within the boundaries of the districts to enhance their built environment.

Project Description

ArtsWA proposes funding a small-scale capital projects grant program for the existing, new, and forthcoming Creative Districts at appropriate and equitable levels. This will ensure parity across Creative District communities and bolster the statewide creative economy, for which these Districts serve as vital hubs. Because Creative District communities have a wide geographic distribution and are among the most visited cities and towns in the state, continued investment in Creative District communities will touch millions of residents in Washington State—and the thousands of out-of-state visitors who regularly seek out these communities as desirable travel destinations.

For several Creative Districts, these grants will fund the first visible project they have undertaken since their certification. For others, the grant will allow them to complete additional phases of grant projects they have already begun. All districts see these projects as a catalyst for additional investment and growth. These capital project investments are small in cost but are very important to our constituents. This request is a priority because without a signature project, many of the current and future Districts will be more challenged to grow their Districts and their local economies in the wake of COVID-19. This package contains a request for reallocation of unspent funds from this fiscal biennium, as well as a request for allocation of new funds for projects to be completed during next fiscal biennium.

What is the problem/opportunity? Identify: priority, underserved people/communities, operating budget savings, public safety improvements & clarifying details. Preservation projects: include information about the current condition of the facility/system.

The Creative Districts act as a gathering place for people to engage with the creative economy and the arts and culture that are unique to the location. A Creative District gives locals a sense of pride in their community. The enhanced districts will attract new creative businesses, visitors, tourists, and investment.

There are currently thirteen certified Creative Districts across the state, with another seven in the pipeline for certification within the next two years. The organizations that run the Creative Districts want to make these investments in their communities. They focus on hiring local artists and use building materials from local suppliers. The districts provide hope to residents that are worried about the future of their towns. Creative Districts need appropriate funding to thrive and to enhance the livability and desirability of their communities.

The Creative District program was initially enacted by Legislature in 2017. Commensurate funding to support the districts

387 - Washington State Arts Commission Capital Project Request

2023-25 Biennium

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Project Number: 30000003

Project Title: 23-25 Creative Districts Capital Projects Program

Project Class: Grant

Description

was not included in the original program budget. However, the program has steadily grown in scale, impact, and efficacy since then. In 2020, a bi-partisan effort in both the House and Senate requested funding for a small pilot project to give Creative Districts an opportunity to make capital investments within their district boundaries. The effort was successful, and ArtsWA, through an operating agreement with the Department of Commerce, received funds to disburse grants to the districts for small-scale capital projects in FY21. During this pilot project, communities leveraged the \$188,999.34 in grants they received into \$796,904.13 in local investment. In FY 2022-23, this fund was appropriated, and this time assigned to ArtsWA to manage and disburse. ArtsWA is currently in the middle of this project cycle.

In the initial round of pilot funding, eight Districts received funding and completed their projects during the fiscal year. In the second round of funding, eleven of these communities have been approved for funding for projects within their community. Most of the proposed projects are slated to be completed before the end of the fiscal biennium. Some of the projects that were scheduled to be completed during this biennium have timelines that have been extended due to the lingering effects of the COVID-19 pandemic and its downstream effects, such as supply chain, staffing, and other issues.

The remaining two districts are in the process of planning and developing their projects. Their projects are slated to be developed following approval of their projects. However, these projects will not be completed if funds are not reappropriated. This request will make it possible for the current projects to be completed, while making funds available for burgeoning Creative District communities to plan and start projects of their own.

What will the request produce or construct (predesign/design of a building, additional space, etc.)? When will the project start/end? Identify if the project can be phased, and if so, which phase is included in the request. Provide detailed cost backup.

This request will provide current and future Creative Districts the ability to install small-scale capital projects within the boundaries of their Creative Districts. These projects include (but are not limited to) wayfinding signage, murals, festival streets, capital upgrades of city-supported cultural sites, and more.

In the current funding cycle, the projects within the eleven Districts are required to be completed within the fiscal year (before June 30, 2023). We anticipate that the requirement for any new project within the program, that each project be completed within the fiscal biennium it is funded.

How would the request address the problem or opportunity identified in question 1? What would be the result of not taking action?

Most of the current districts are looking at their capital project as a way to jump-start or enhance their Creative Districts. These projects will enhance the built environment and add unique character to the districts. Because one of the primary goals of the districts is to act as a catalyst for economic development, most, if not all, of the projects will be completed with artists and workers hired from the local community, and materials purchased from local businesses. These jobs and direct investment keeps those dollars circulating in the local community.

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2023-25 Biennium

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Project Number: 30000003

Project Title: 23-25 Creative Districts Capital Projects Program

Project Class: Grant

Description

These small-scale projects encourage communities to leverage additional investments in their Creative Districts. By not continuing funding for this program, the legislature would lose matched dollars, and would reduce opportunity and equity for many communities across the state. New Creative Districts will be at a distinct disadvantage compared to their counterparts. They will not have a comparable opportunity to add community visibility, draw tourists, and bring in new activity and revenues, especially as they work to recover from the devastating impacts of the coronavirus pandemic.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Because ArtsWA is the sole manager of the Creative Districts program, there is no alternative to this appropriation proposal. Lowering costs – i.e., a lower re-appropriation request – would negatively impact parity and equity between Creative District communities. In many ways, this appropriation is in fact a request to “maintain the status quo” by continuing the pre-approved levels of funding for this award-winning economic development program.

If funding is not continued at appropriate levels, both new and future Creative Districts will not be able to launch or finish their projects. This would pose many risks: to the Creative Districts, which have invested time and resources into Certification; to the Washington State Arts Commission, which works to ensure parity and vitality across Districts; and to Washington State, which has invested funding in this award-winning economic development program.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc.

We anticipate six new Creative Districts to be certified within the next two or three years. Five of the currently certified districts will be impacted by this proposal as well. With this upcoming round of grant funding, over 1.32 million residents will be impacted by Creative District projects in these eleven jurisdictions, as well as thousands of visitors to these places.

Does this project or program leverage non-state funding? If yes, how much by source? If the other funding source requires cost share, also include the minimum state (or other) share OF project cost allowable and the supporting citation or documentation.

The current Creative Districts Capital Grants Program requires each District to contribute matching funds, in accordance with the program outlines. All communities are required to provide a minimum 1:1 match for the pilot program, and must certify the availability of said funds. Matching funds may come from appropriations and cash, bonds (council or voter), donations (including in-kind), force account or proceeds of a letter of credit or binding loan commitment.

In order to provide equity for under resourced or underrepresented communities, the pilot project has a match reduction component. This program is based on a similar program the Washington State Recreation and Conservation Office instituted in 2016. Applicants are required to meet the following criteria to be considered eligible for match reduction:

- **Communities in need;** A city, town, tribe, or eligible special purpose district with 20,000 residents or fewer and a median

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Project Number: 30000003

Project Title: 23-25 Creative Districts Capital Projects Program

Project Class: Grant

Description

household income less than \$73,775 (the 2019 state median household income, according to the U.S. Census Bureau).

- **Underserved populations;** A city, town, tribe, or special purpose district with a median household income less than \$73,775 (the state median household income), and a project in a census block group where the median household income is less than \$51,642.50 (70 percent of the state median household income).
- Creative Districts within communities that meet either of these criteria are eligible for up to a 50% reduction in matching funds.

See attached document, which are the grant guidelines for this fiscal biennium, for additional information.

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming and other analyses as appropriate.

This appropriation request is in line with ArtsWA's 2022-2027 Strategic Plan, which states in relation to Creative Districts that the agency should:

Increase funding and resources for Creative Districts and their local initiatives.

- a. Increase funding for capital projects.
- b. Increase startup grant funding to Districts.
- c. Increase equity for Creative Districts' membership by reducing or removing financial barriers.
- d. Develop partnerships and resources to increase effectiveness of local Creative
- e. District programs. Give support through training and technical assistance.

Additionally, the Creative Districts Capital Projects Program relates to Results Washington Goal 2: Prosperous Economy, Quality of Life. A primary goal of the Certified Creative Districts program is to help increase economic vitality in communities across the state through the creative sector. Providing funding for capital projects in Creative Districts will have exactly this effect by employing local artisans. Once complete, the projects themselves will be focal points of the community, attracting tourists and other potential investment.

There is a minimal amount of administrative function related to this request. As a result, there is little impact on agency activity funding. Because the funds are directed to the communities through grants, the impact on the agency is minimal.

Does this project include IT related costs, including hardware, software, cloud based services, contracts or staff? If yes, attach IT Addendum.

N/A

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 12 Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

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Project Class: Grant

Description

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency?

Please elaborate.

The projects contribute to statewide goals to reduce carbon pollution by providing places for people in local communities to interact with arts, culture and the creative economy. With these resources being sited within local (particularly rural) communities, residents do not have to drive long distances to experience arts and culture. This, of course, reduces automobile emissions, and consequently, carbon emissions.

How does this project impact equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?

There are currently thirteen certified Creative District communities in cities and towns across Washington State: Edmonds, Chewelah, Olympia, Langley, Twisp, Port Townsend, Tenino, Issaquah, Bainbridge Island, Rainier Valley (SE Seattle), South Columbia (Kennewick), Moses Lake and Burien. Approximately 1,077,886 Washingtonians (2020 US Census) live within the city limits of the thirteen certified Creative Districts. Ten of these communities are outside of the Seattle MSA, and five of them have populations of less than 15,000. They are primarily rural communities.

We anticipate seven new Creative Districts to be certified within the next two or three years. These communities include Yakima, Vancouver, Bremerton, Coupeville, Ellensburg, Walla Walla-College Place, and Newport. All these communities are outside the Seattle metropolitan area. Approximately 400,203 Washingtonians (2020 US Census) live within the city limits of these burgeoning Creative Districts. The majority are in rural areas and serve populations with average household incomes below the state average. There are often fewer opportunities for residents to engage with arts and culture than in more densely populated areas. Many of these communities are in periods of transition, either because their demographics or their regional economy is changing. They have all been devastated by the effects of COVID-19. They are looking to create a sense of place for their residents, a means for them to feel reengaged in the community as it works to recover. They also want to attract new businesses and visitors to their communities.

Because Creative Districts exist across Washington and possess geographic and demographic diversity, no communities stand at risk of being marginalized or impacted. However, if the re-appropriation and additional funding is not provided, the Creative District communities – which include many rural cities and towns that depend on this kind of investment – run the risk of negative, inequitable outcomes.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

**387 - Washington State Arts Commission
Capital Project Request**

2023-25 Biennium

*

Version: CR 23-25 Agency Capital Budget Request

Report Number: CBS002

Date Run: 9/19/2022 3:04PM

Project Number: 30000003
 Project Title: 23-25 Creative Districts Capital Projects Program
 Project Class: Grant

Description

Grant Recipient Organization: Local governments and non-profits

RCW that establishes grant: 43.46.100

Application process used

The current capital pilot project has an established application process and criteria for evaluating projects. All requests for funding follow the same application process. District administrators must submit project specs, project budget, matching funds certification and other relevant documents. A selection panel reviews the funding requests to ensure they fulfill program requirements. If projects are approved, Creative Districts must complete their projects before the end of the funding cycle, or request an extension.

Growth Management impacts

Not applicable

Funding

<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Expenditures</u>		<u>2023-25 Fiscal Period</u>	
			<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reappropriations</u>	<u>New Appropriations</u>
057-1	State Bldg Constr-State	416,000				416,000
	Total	416,000	0	0	0	416,000
Future Fiscal Periods						
		<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	<u>2031-33</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2023-25 Biennium

*

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2023-25	2023-25
Agency	387	387
Version	CR-A	CR-A
Project Classification	*	All Project Classifications
Capital Project Number	*	All Project Numbers
Sort Order	Project Class	Project Class
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids



September 20, 2022

Dear Mr. Schumacher:

Thank you for the opportunity to submit decision packages for consideration as part of the 2023-25 biennial budget. Since 1961 the Washington State Arts Commission (ArtsWA) has implemented many important statewide programs advancing the role of the arts, culture and the creative economy in the lives of individuals and communities throughout our state. We have a productive history and have proven to be uniquely effective—supporting a cultural landscape of enormous size and unmatched diversity. After almost 60 years, we continue to be a catalyst for the arts and the creative economy in Washington State.

I have attached a proposal articulating our Capital Budget request. Thanks in advance for your kind attention.

If you have questions about this budget submittal, please contact Deane Shellman, Deputy Director at (360) 252-9985 or deane.shellman@arts.wa.gov. Otherwise, please feel free to contact me directly.

Sincerely,

Karen Hanan,
Executive Director Washington State Arts Commission (ArtsWA)
Karen.hanan@arts.wa.gov / (360) 252-9976



Percentage-based Artwork Conservation Cap

Art in Public Places Program | State Art Collection

Proposal

We request a percentage-based conservation cap, set at 5%. The cap is currently a fixed number expenditure (\$200,000/biennium) that does not grow or shift based on collection need or even the size of the capital budget.

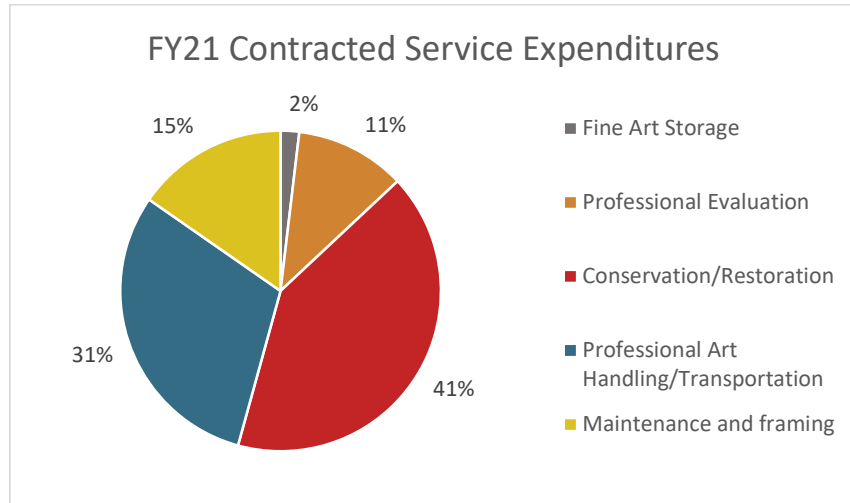
Why this proposal and why now?

- For functional purposes, ArtsWA already collects funds as a percentage of each individual project. That percentage has been set variously at 3% and 5%. We then expend to the cap (\$200,000/biennium).
- Partner agencies (K-12 schools, colleges, universities, and state agencies) expect the percentage as it aligns with our administrative fee and is equitably distributed across all projects.
- With the fixed number cap, there can be a discrepancy between what we collect and how much we can spend, requiring us to either leave this discrepancy or change the percentage annually or biennially, causing uncertainty among partner agencies.
- With the current fixed cap, ArtsWA must regularly request changes to the Capital Budget to account for deferred care, inflation, growing needs (the collection is aging), and increased costs (artwork conservation costs run parallel to construction costs).

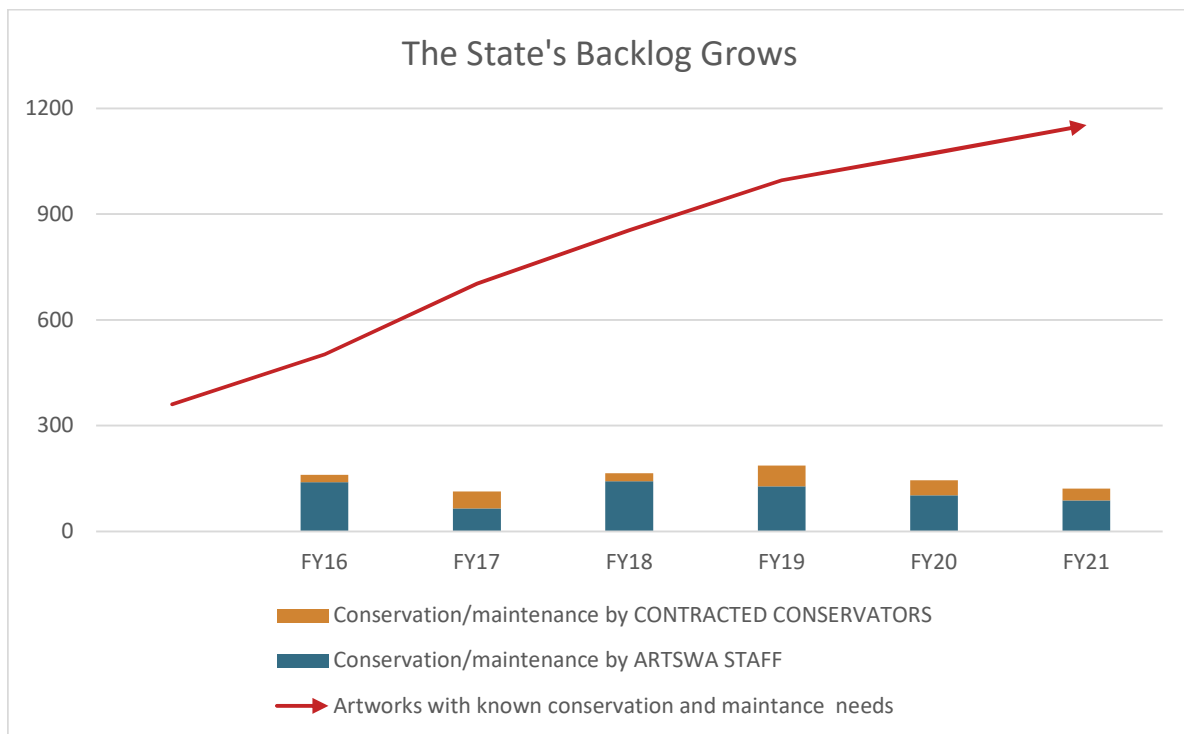


Art handling and conservation require specialized skill and training. Cost increases tend to track alongside the construction industry and can range from \$125-250/hour. In this image, Artech—a WA company that specializes in art handling—removes a 1979 sculpture by Native artist Marvin Oliver. The artwork was subsequently conserved and reinstalled at Yelm High School in an interior location.

- The cap has been collected at 5% of art allocations for the past biennium. Partner agencies have supported this amount and method of collection.
- The conservation monies generated through artwork budgets are essential to our overall care of the Collection, which is achieved through a combination of staff-led repairs and contracted projects.



In FY21, specialized contractors supported ArtsWA staff work in a variety of ways, including conservation, reframing, and professional art handling.



ArtsWA staff and contractor efforts are complimentary. Even so, their combined efforts do not keep pace with the needs of the Collection. The backlog grows with each year and the gap becomes harder to fill. This graph only looks at known needs for artwork repair or reframing. It does not take routine maintenance needs into consideration. Even without considering maintenance, nearly 1,200 artworks are known to need attention.