

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Ordinance No. 874 - Amending Shoreline Municipal Code Section 3.35.150 – Establishing the Municipal Arts Fund and Providing for Funding From 1% of Capital Improvement Plan Funding for Certain Capital Improvement Plan Projects
DEPARTMENT:	Parks, Recreation and Cultural Services
PRESENTED BY:	Eric Friedli, PRCS Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

In 2002, the City Council adopted Ordinance No. 312 creating the Municipal Art Fund (MAF) to provide funding for the City’s public art program. The City of Shoreline’s 2017-2022 Public Art Plan recognizes that current “CIP revenues alone are not enough to build and sustain the robust Public Art Program the City has begun. The success of the program will depend upon the implementation of other funding sources with sustainable strategies.” Goal #3 of the Public Art Plan is to “achieve greater financial sustainability for the Public Art Program”.

The Public Art Plan Phase 2 implementation (2019-2020) strategy calls for “identify[ing] and implement[ing] alternate or additional funding sources” to support the Public Art Program. In addition, the City Council 2019-2021 Goals and Work Plan, Goal 2, Action Step 12 is to “continue implementing the public arts program”.

Proposed Ordinance No. 874 (Attachment A) would amend Shoreline Municipal Code (SMC) Section 3.35.150 to reduce the limitation on the types of capital projects that would not include an allocation for public art. The City Council discussed proposed Ordinance No. 874 on November 18, 2019. Tonight, Council is schedule to take action on this proposed Ordinance.

RESOURCE/FINANCIAL IMPACT:

The contribution to the MAF between 2020 and 2022 is currently estimated at \$126,400. With the proposed amendments to SMC 3.35.150, the contribution to the MAF would be \$162,500, with an additional \$128,000 allocated to implementing the Public Art program through integrated art related to projects funded with restricted funds.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Ordinance No. 874.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

In March 2017, the City Council adopted the Public Art Policy (Resolution No. 405), which recognizes the City of Shoreline's Public Art Plan as the guiding document for the City's Public Art Program (Art Policy Section 3.0A). Also, in March 2017, the City Council adopted via Resolution No. 404 the City of Shoreline's 2017-2022 Public Art Plan (<http://www.shorelinewa.gov/home/showdocument?id=30225>), which establishes goals and implementation strategies for the Public Art Program.

The Public Art Plan Phase 2 implementation (2019-2020) strategy calls for "identify[ing] and implement[ing] alternate or additional funding sources" to support the Public Art Program. The City Council 2019-2021 Goals and Work Plan, Goal 2, Action Step 12 is to "continue implementing the public arts program". Based on this policy direction staff have analyzed and developed a recommendation for sustainable funding for the Public Art Program.

Public Art Plan

The Council-adopted Public Art Plan establishes the public art mission for Shoreline: *"The City of Shoreline believes in the value of a culturally-rich community that embraces all the arts, infuses artistic creativity into all aspect of civic life (including the built and natural environments) and celebrates and preserves our local history and diverse heritage in meaningful ways."*

The 2017-2022 Public Art Plan includes five goals:

1. The Public Art Program will be a leader in the City's Placemaking effort.
2. Support the City's commitment to equity and inclusion through the arts.
3. Achieve greater financial sustainability for the Public Art Program.
4. Engage the community through public/private partnerships.
5. Integrate public art within Parks, Recreation and Cultural Services and the City.

The Public Art Plan identifies numerous possible implementation strategies for each goal. It also identifies specific implementation steps over three phases between 2017 and 2022, as well as ongoing programs anticipated to continue across all phases. The phased implementation steps and ongoing programs were tailored to the anticipated budget and staffing resources.

In 2020 a permanent sculpture will be installed along the Interurban Trail in the Park at Town Center. This permanent art work, by Rhiza A+D, is the result of a year-long selection process led by the city's public art coordinator. This installation was inspired by the interurban trolley cars using glass and steel. Examples of recent Public Art Program funded installations include the banners along Aurora Ave, The Skater in the City Hall courtyard, and the mural on the exterior of the Shoreline Pool building.

In addition to permanent art installations, Shoreline's Public Art Program encompasses:

- temporary art installations such as the big red chairs that were located at the Park at Town Center,
- Pop-up pianos program each summer,

- “Groundswell” nature art programs such as the recent installation at Rotary Park and Brugger’s Bog Park,
- facilitating the art displays in City Hall,
- supporting neighborhood art projects such as the Richmond Highlands Neighborhood Association mural at 185th and Aurora.

Recent additions to the program include

- the grant funded improvements to the caretaker’s cottage at Saltwater Park as art studio and gallery space to support local artists and
- the outdoor theater program at City Hall which was shifted from the Economic Development Manager to become part of the Public Art Program.

Current Public Art Program Approved Budget

In 2002, the City Council adopted Ordinance No. 312 creating the Municipal Art Fund (MAF). Ordinance No. 312 was codified in the Shoreline Municipal Code as Section 3.35.150. Expenditures for the Public Art Program are paid from both the General Fund and the MAF (see Table 1 below). The MAF is supported predominantly by an appropriation of 1% of qualified capital improvement projects construction costs.

Table 1: Public Art Program Expenditures 2017-2022

Expenditures	2017 actual	2018 actual	2019 adopted	2020 adopted	2021 projected	2022 projected
From the Municipal Art Fund	\$75,836	\$54,777	\$182,718	\$85,974	\$65,753	\$51,056
From the General Fund	\$114,602	\$94,580	\$95,218	\$95,974	\$98,068	\$97,556
Total Expenditures	\$190,438	\$149,357	\$277,936	\$181,948	\$163,821	\$148,612

The General Fund supports one half of the Public Art Coordinator’s salary and provides support for the Shoreline Lake Forest Park Arts Council (\$60,000 per year) and minor repairs to city-owned art (\$10,000). The MAF supports the other half of the Public Art Coordinator’s salary and all other components of the Public Art Program, including development of a major sculpture scheduled for installation in early 2020, the City Hall art gallery, pop-up pianos, etc.

Current Funding to the Municipal Art Fund

The City established the current funding mechanism for public art in 2002 with the adoption of Ordinance No. 312. Expenditures from the MAF are restricted to supporting the Public Art Plan and Program. As defined in SMC 3.35.150, 1% of the dollar amount of the original construction contract associated with any qualifying municipal construction project is allocated to the MAF. Qualifying municipal construction contracts are defined as capital construction projects funded wholly or in part by the City for construction of new buildings or infrastructure or to make repairs where the repairs exceed 50% of the value of the structure. The City Council has the authority to change, delay, or cancel a project’s contribution to the MAF.

In 2017, when the current Public Art Plan was adopted, contributions to the MAF were projected to be relatively consistent year to year after 2019 (see Table 2 below). Projections were updated in 2019 and show less predictability over the six-year period. The CIP contribution to the MAF between 2020 and 2022 is estimated at \$116,400.

Table 2: 1% CIP Contributions to the Municipal Art Fund

	2017 actual	2018 actual	2019 adopted	2020 adopted	2021 projected	2022 projected
2017 Projections	\$99,635	\$27,111	\$17,697	\$13,240	\$13,428	\$15,590
2019 Updated Projections	\$38,374	\$2,283	\$0	\$42,000	\$52,692	\$21,702

Each year, funds are utilized from the MAF to support implementation of the Public Art Plan. The amount available to support the Plan each year is based on the MAF ending balance from the previous year. Based on the MAF expenditures and the current 1% contribution from qualifying capital projects, the MAF is expected to be nearly depleted in 2022 (see Table 3 below). If capital projects are delayed or canceled, then the MAF would be depleted earlier. More money is taken out of the MAF each year than is contributed, resulting in a declining balance. This trend was recognized when the Public Art Plan was adopted in 2017.

Table 3: Projected Municipal Art Fund Ending Fund Balance

	2017	2018	2019	2020	2021	2022
2017 Projections	\$418,568	\$279,076	\$174,965	\$107,731	\$61,405	-\$8,061
2019 Updated Projections	*\$326,775	*\$283,486	\$150,768	\$56,794	\$43,703	\$ 14,379

*Actuals

DISCUSSION

As directed in the Public Art Plan, staff began looking at ways to bring additional funding and more stable funding to support the MAF. Staff engaged the services of the University of Washington Evans School of Public Policy and Governance, which drew on interviews with comparable cities in the region to analyze funding strategies. Their “Stabilizing Public Art Funding in the City of Shoreline” report can be viewed at the following link: <http://www.shorelinewa.gov/Home/ShowDocument?id=45408>.

The UW study identified four options for modifying the funding approach for the Public Art Program. These were presented to the PRCS/Tree Board in May 2019. The options presented were:

- Option 1** - Expand cost categories for the 1% allocation in the current process
- Option 2** - Establish a per-capita funding level
- Option 3** - Increase the capital project contribution to the art fund from 1% to 1.5%
- Option 4** - Dedicate a portion of revenues from rentals of city facilities to the art fund

Staff conducted additional analysis on each of the options above and recommends Option 1, expanding the cost categories for the 1% allocation in the current process. More information about his option is provided below:

Funding Approach Recommended Option (Option 1)

Staff recommends amending SMC 3.35.150 to redefine funding for the Municipal Art Fund and the City’s Public Art Program by expanding and clarifying the list of City capital projects that provide a 1% contribution to the MAF or to the Public Art Program. The purpose of the amendment is to:

1. Provide more stable revenue for the MAF;
2. Provide a higher level of funding for the Public Art Program; and
3. Make the implementation of the MAF Ordinance more clear, efficient and less subjective.

This recommendation would amend SMC 3.35.150 so that all projects included in the City’s CIP, except for projects in the Facilities Major Maintenance Fund, would contribute towards implementation of the Public Art Plan. The amendment specifies that each capital project shall appropriate 1% of the Construction Project Phase expenses to support the Public Art Plan. Proposed Ordinance No. 874 (Attachment A) would provide for this recommended option.

The Facilities Major Maintenance Fund is comprised of relatively small projects at City Hall, parks restrooms and the Richmond Highlands Recreation Center, and is often focused on maintenance of existing facilities as opposed to the construction of new or replacement of facilities. Funding comes from an annual General Fund contribution. In 2020 there are five projects that average just \$25,000 each. Given the very small budgets and scope of work for these projects, they would be excluded from the Public Art Plan funding requirement under this proposal.

A comparison of proposed changes to SMC 3.35.150 with the current code language is shown in Table 4 below.

Table 4: Summary of Proposed Amendment to SMC 3.35.150

Ordinance Component	SMC 3.35.150	Proposed Ordinance No. 874 Amendments
Definition of Qualifying Municipal Construction Project (QMCP) #1	Project is funded wholly or in part by the City	No change
Definition of QMCP #2	Project is to construct new building, park, transportation infrastructure, etc.	No change
Definition of QMCP #3	Project is to repair or replace where cost of construction exceeds 50% of the value of the structure	Repair and Replacement projects are included, except those that are in the Facilities Major Maintenance Fund

Ordinance Component	SMC 3.35.150	Proposed Ordinance No. 874 Amendments
Definition of QMCP #4	Excludes repair of existing facilities including life-cycle replacement	Includes repair of existing facilities including life-cycle replacement
Contribution Amount Calculation Based On	Total amount of the original construction contract amounts only; excludes change orders	Actual construction phase expenditures
City Council Discretion	Contribution may be eliminated or reduced by the Council action	Modified to include allowing the Council to increase the contribution as well as eliminating or reducing
Contribution Amount	1%	No change
Contribution Amount – Funding Source Limitations	In the case of projects that involve use of grants, bonds, or sources of funding other than the General Fund, the 1% calculation is based on the total source of funds that allow for arts as an authorized expense	The 1% calculation is based on actual construction phase expenditures regardless of source of funds
Utility, Enterprise or Other Restricted Funds	Excluded	Do not contribute to the MAF but required to set aside 1% for art associated with the purpose of the Fund based on the construction phase costs of capital projects

Restricted Funds and Administrative Procedures

Some fund sources such as grants, bonds, utility rate payers, etc. are prohibited from contributing to the Municipal Art Fund or from supporting general public art. They may however be permitted to fund art incorporated into a project that is consistent with the mission of the program or project. The process to account for the Public Art Plan support associated with projects funded by restricted funds will be detailed in financial procedures developed by the Administrative Services, Public Works and PRCS staff and approved by the City Manager. The detailed procedures will account for nuances in state and federal grant programs, utility and enterprise fund requirement, and bond restrictions. The detailed procedures will layout how to account for art being incorporated into a project and pooling funding from a collection of restricted projects to support public art.

For example, the new sidewalk projects funded by bonds must restrict funding to those sidewalks. In this case, a contribution to the MAF cannot be made, but art can be incorporated into the sidewalk project and would be counted towards public art program funding.

Proposed Ordinance No. 874 provides for the development of these detailed procedures by including language in the proposed code amendment that states, “The City Manager or designee shall promulgate rules of procedures for the financial administration of the municipal art fund and Public Art Plan Funding consistent with the City Council-approved Public Art Policy and adopted Public Art Plan.”

Impacts of Recommended Option

The contribution to the MAF between 2020 and 2022 is currently estimated at \$116,400. With the proposed amendments to SMC 3.35.150, the contribution to the MAF would be \$164,500. In addition to the contribution to the MAF there would be \$128,200 set aside for public art associated with specific projects where the funds are restricted from general public art support.

Table 5 below shows the anticipated MAF contributions and resulting MAF balance associated with the proposed amendment to SMC 3.35.150. Table 5 also shows the anticipated amounts associated with restricted funds.

Table 5: Anticipated Public Art Contributions – Proposed Amendments (Accounting for Passage of I-976)

	2017 Actual	2018 Actual	2019 Projected	2020 Projected	2021 Projected	2022 Projected
MAF 1% Contribution – with I-976	\$38,374	\$2,283	\$0	\$57,774	\$74,238	\$32,478
MAF Ending Fund Balance – with I-976	\$326,775	\$283,486	\$150,768	\$71,946	\$79,777	\$60,514
Public Art Plan support – projects with restricted fund sources						
Roads Capital Art Program Set Aside				\$21,170	\$35,200	\$17,600
Surface Water Art Program Set Aside				\$11,896	\$30,833	\$11,506
Total Public Art Program Support from CIP Projects	\$38,374	\$2,283	\$0	\$90,840	\$140,270	\$61,584

November 18, 2019 City Council Discussion

On November 18, 2019, the City Council discussed proposed Ordinance No. 874. The staff report for this Council discussion can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport111819-9a.pdf>.

At this Council discussion, Council directed staff to bring back proposed Ordinance No. 874 for potential Council action. The Council did not express interest in any of other funding options presented to Council on the 18th.

Following the Council’s November 18th discussion, Mayor Hall asked staff to investigate other cities use of a percent of CIP funding to support public art. Staff randomly selected 30% of the cities in Washington State with a population of between 35,000 and 100,000 to contact about their use of CIP for funding public art. Of the 16 cities contacted, eight (8) use some form of a percentage of CIP to support public art and the other eight (8) do not.

Table 6: Select cities use of percentage of CIP to fund public art

City	Population	Utilize a percentage of capital projects for public art	Notes
Lynnwood	39,600	Yes	1% for art and must add \$15K each year regardless of capital project contributions
Edmonds	42,170	Yes	1% for art
Bothell	46,750	Yes	1% for art
Olympia	52,770	Yes	One dollar per person and 1% of major City construction projects
Auburn	81,720	Yes	For city-owned building, plus an allocation from the general fund
Kirkland	88,940	Yes	1% for art
Bellingham	90,110	Yes	1% for projects exceeding \$2 million
Federal Way	97,840	Yes	2% for art integrated into project
Des Moines	31,580	No	General fund supported
Walla Walla	34,240	No	1% currently being considered by art commission
Mount Vernon	35,740	No	Supported by general fund, hotel/motel tax, art commission fundraisers
Burien	52,000	No	Discontinued 1% from CIP and started a per capita allocation in 2018
Richland	56,850	No	Includes “beautification” as part of capital projects which can include art
Lakewood	59,670	No	Uses % of rental fees of city facilities
Redmond	65,860	No	Uses per capita allocation
Kennewick	83,670	No	Part of Economic Development program; sponsorship based

NEXT STEPS

If proposed Ordinance No. 874 is adopted, staff would take the following next steps:

1. In the first quarter of 2020, develop the necessary policy and procedures to implement the revision to SMC 3.35.150.

2. In the first quarter of 2020, review the Public Art Policy to ensure it is consistent with the revised SMC 3.35.150.
3. Review the 2017-2022 Public Art Plan to account for the additional funding associated with the revised SMC 3.35.150. Proposals for changes to how staff are implementing the Public Art Policy would be included in the 2021-2022 budget proposal in the fall of 2020.

STAKEHOLDER OUTREACH

The PRCS/Tree Board reviewed the staff recommendation at its October 24, 2019 meeting. The Board unanimously endorsed the staff recommendation. The Board also made two additional, unanimous recommendations:

1. Per capita allocation: Establish a per capita general fund contribution to the MAF of \$0.50 per resident. With the population of Shoreline being 55,730, a \$0.50 per resident contribution would provide approximately \$27,865 per year.
2. Increase Public Art Coordinator position from 0.5 FTE to 1.0 FTE. This would increase the annual Public Art Program staff costs from \$48,300 to \$96,600.

The City Manager recommends that these items be considered during the 2021-2022 biennial budget process in the context of an updated Public Art Plan and other priorities that may be before the City.

The City Council heard public comment from seven people supporting Public Art Program funding at its December 2, 2019 meeting.

COUNCIL GOAL(S) ADDRESSED

The City Council 2019-2021 Goals and Work Plan, Goal 2, Action Step 12 is to “continue implementing the public arts program”.

RESOURCE/FINANCIAL IMPACT

The contribution to the MAF between 2020 and 2022 is currently estimated at \$126,400. With the proposed amendments to SMC 3.35.150, the contribution to the MAF would be \$162,500, with an additional \$128,000 allocated to implementing the Public Art program through integrated art related to projects funded with restricted funds.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Ordinance No. 874.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 874

Attachment A, Exhibit A: Proposed Amendments to SMC 3.35.150

ORDINANCE NO. 874

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING SHORELINE MUNICIPAL CODE SECTION 3.35.150
MUNICIPAL ART FUND.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington; and

WHEREAS, in 2002, with the adoption of Ordinance No. 312, the City Council recognized the importance and benefit of providing visual art by creating a municipal art fund, now codified at Shoreline Municipal Code (SMC) 3.35.150, to provide funding for works of art in public places; and

WHEREAS, SMC 3.35.150 requires that one percent of the funding for qualifying municipal constructions projects be budgeted as a revenue source for the municipal art fund; and

WHEREAS, the definition of qualifying municipal projects set forth in SMC 3.35.150 results in a restriction as to what types of projects can contribute to the municipal art fund; and

WHEREAS, in 2017, with Resolution No. 404, the City's 2017-2022 Public Art Plan was adopted setting forth goals and implementation strategies, including greater financial sustainability for the public art program and articulating a need for implementing alternate or additional funding sources; and

WHEREAS, projections for contributions to and expenditures from the municipal art fund anticipate that the fund is expected to be depleted in 2022; and

WHEREAS, in order to provide a more stable and higher level of funding, the types of projects required to contribute to the municipal art fund needs to be expanded;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF
SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

Section 1. Amendment to Chapter 3.35, Section 3.35.150 Municipal art fund. SMC 3.35.150 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to any person or situation.

Section 3. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this Ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper and shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON JANUARY 6, 2020.

Mayor

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: January 9, 2020
Effective Date: January 14, 2020

Ordinance No. 874

Exhibit A

Amendments to Shoreline Municipal Code 3.35.150

SMC 3.35.150 Municipal art fund.

A. There is created a fund to be known as the “municipal art fund” to account for resources which are transferred from other funds, secured from grants, or donated by the private sector and designated to provide visual art in public places. ~~receive appropriations under this section and donations and grants for visual art in public places within the city. Expenditures are restricted to those approved through the city’s public art policy approved by the city council. Ending fund balances, including interest earned on transferred funds, will~~ shall be carried over from year to year.

B. Each capital project included in the adopted Capital Improvement Program, except for projects in the City Facilities - Major Maintenance Fund, shall appropriate one percent (1%) of the Construction Project Phase budget for that project and shall display this budgeted amount as Public Art Plan Funding. If the City Council determines that the public interest would be better served, the Council may increase, reduce, or eliminate this appropriation. The city’s capital improvement program, as annually updated, will budget one percent of the capital improvement program funding for qualifying municipal construction projects, defined in subsection C of this section, beginning with the 2003 program budget, as a revenue source for the municipal art fund; provided, contribution from a particular qualifying municipal construction project budget may be eliminated or reduced if the city council determines that the public interest would be better served by the reduction. This budgeted amount will be displayed for that year as arts program funding in the adopted capital improvement program. Funds shall be transferred to the municipal art fund based on one percent of the total amount of the project contract as originally approved by the city council or city manager without adjustment for contract change orders. However, when the annual art plan calls for project art in the form of structural elements or design, funds may be transferred at the beginning of the budget year or when needed, based on one percent of the project budget in the capital improvement program, to allow timely and coordinated selection and production of the public artwork.

C. The City Manager or designee shall promulgate rules of procedures for the financial administration of the municipal art fund and Public Art Plan Funding consistent with the City Council-approved Public Art Policy and adopted Public Art Plan. Qualifying Municipal Construction Projects. Qualifying municipal construction projects are capital construction projects funded wholly or in part by the city of Shoreline to construct any building, decorative or commemorative structure, park facility, street, sidewalk and parking facility, which is accessible to the public, or to repair or reconstruct any portion thereof where cost of construction exceeds 50 percent of the existing valuation of the structure. Qualifying municipal construction projects shall not include acquisition of real property or equipment, routine maintenance, the repair of existing public facilities including life cycle replacement, or the replacement of fixtures in such facilities. Design fees, taxes, testing, reimbursable costs, and internal city construction management costs shall not be included in the one percent calculation.

D. ~~In the case of a qualifying municipal construction project that involves the use of grants, bonds, or sources of funding other than the city’s general fund, the one percent calculation will~~

Ordinance No. 874

Exhibit A

Amendments to Shoreline Municipal Code 3.35.150

~~be based on the total source of funds that allow for art as an authorized expense. [Ord. 312 § 1, 2002]~~