



Office of the City Manager

CONSENT CALENDAR
December 10, 2024

To: Honorable Mayor and Members of the City Council
 From: Paul Buddenhagen, City Manager
 Submitted by: Eleanor Hollander, Economic Development Manager
 Subject: Contract: CVL Economics for a Study of the Economic Impact of the Arts in Berkeley

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract and any necessary amendments with CVL Economics for an amount not to exceed \$119,300 for analysis of pandemic cultural arts recovery investments and the economic impact of the arts in Berkeley for two-year term.

FISCAL IMPACTS OF RECOMMENDATION

The \$119,300 contract will be funded with American Rescue Act Funds designated for the arts (Budget Code 354-21-208-252-0000-000-446-612990).

CURRENT SITUATION AND ITS EFFECTS

CVL Economics was selected through a competitive Request for Proposals (RFP) process to conduct an analysis of pandemic recovery investments and the economic impact of the arts generally in Berkeley. The selected consultant has a demonstrated record of success in providing economic analysis services and accessible impact reports to municipalities and CVL Economics has specific relevant expertise in economic analysis of the arts and culture sector. The contract scope of work includes conducting comprehensive economic analyses and presenting them in an engaging manner with the following four deliverables:

1. A written assessment of both the short-term and long-term impacts of the City of Berkeley's investment of both General Funds and American Rescue Plan Act (ARPA) funds in the Berkeley Arts Sector through the City of Berkeley's relief and recovery grant programs (April 2020 & February 2022).
2. A baseline study of the current economic impact of the arts in Berkeley. This study will assess the economic effects of and recovery from the pandemic to the present on the City of Berkeley's arts sector. This study will also provide data suitable for an update to the *Economic Impact of the Arts in Berkeley* report commissioned by the City of Berkeley in 2017.

3. The project will culminate in a comprehensive report of both the COVID-19 relief investment analysis, and the baseline economic impact study for public distribution.
4. The development of a set of standard arts and culture economic impact metrics and tools for future use by the City for the purpose of including arts and culture economic impact data in the Office of Economic Development's annual "Economic Dashboard" reports, allowing the City to track the sector's economic impact over time locally.

BACKGROUND

The City of Berkeley is home to over 150 active arts and culture nonprofits offering a diverse array of theater, music, festivals, dance, visual arts, and more. The nonprofits that make up Berkeley's arts sector are particularly diverse in terms of their size, educational offerings, and creative disciplines, and include numerous acclaimed theaters, music venues, galleries, dance studios, and maker spaces. Many organizations are nationally recognized, and the City is celebrated for its cultural vitality.

Complementing these cultural organizations, the City is also home to a wide range of independent artists and artisans, who operate on a smaller scale producing fine arts such as painting, sculpture, music, and crafts including but not limited to textiles, stained glass, and metalwork. The City of Berkeley has long recognized the importance of the arts and culture to the economic health, vitality, and diversity of Berkeley's local economy and its commercial districts. Local arts and cultural organizations generate revenue, create jobs, and improve the quality of life, which in turn generates businesses revenue and tourism to Berkeley. The City of Berkeley last conducted an analysis of the economic impact of the arts in 2017, which was incorporated into the City of Berkeley's *Arts & Culture Plan Update (2018 - 2027)*.

In response to the COVID-19 pandemic's economic impacts on the arts sector, the City of Berkeley made substantial funding allocations at two different times to provide emergency relief and recovery funding to arts organizations, festivals, and artists in Berkeley.

1. **Emergency Business and Arts Continuity Grants** – \$3M, April 2020
In April of 2020, the City awarded grants to businesses and arts organizations whose revenues were significantly impacted by the COVID-19 pandemic. The Business and Arts Organization Continuity Grant Programs were funded through a \$3M allocation of the City's catastrophic reserve fund on March 17, 2020. Of that funding, \$1 million was allocated to create the Arts Organization Continuity Grant Program.
2. **Berkeley Arts Recovery Grants** – \$2M, December 2021-February 2022
In December 2021, with one-time funding by Berkeley's City Council of \$2M in American Rescue Plan Act (ARPA) dollars, the Berkeley Arts Recovery Grants

for Organizations & Festivals were distributed to 63 organizations and 11 festivals to support Berkeley's arts sector recovery. This fund provided one-time grants of up to \$33,000 each to Berkeley-based nonprofit and fiscally sponsored arts organizations and festivals to help them sustainably recover from the negative economic impacts of the COVID-19 pandemic. The grants were awarded in February 2022.

Current Status of Berkeley's Arts Sector & Goal of Project

In 2024, Berkeley's arts and culture sector continues to experience increased costs and lower audience levels in the aftermath of the pandemic, with some nonprofits operating at a loss. Additional post-pandemic challenges include factors such as: inflation impacting costs for labor, materials, and talent; a reduction in season subscriptions sales; and audience reluctance to return to arts and culture venues due to ongoing COVID-19 concerns. A current impact study is fundamental to establishing a new baseline of data related to the economic impact of the arts and culture sector in Berkeley and to analyze the effect of the City's investments in the arts during the pandemic (detailed above). The results of this study will be used to guide Berkeley's investments and program design for artistic and cultural support over the years to come.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

CVL Economics possesses demonstrated expertise centered on a range of regional economic development matters, including fostering the creative economy and nonprofit sustainability, understanding the economics of arts and culture, conducting public policy analyses and presenting data in an engaging and accessible manner.

ALTERNATIVE ACTIONS CONSIDERED

The City received and evaluated twelve proposals in response to RFP Specification No. 24-11671-C which was posted on July 23, 2024. After proposal review, and team interviews, the CVL Economics proposal received the highest score of the twelve proposals.

CONTACT PERSON

Jennifer Lovvorn, Office of Economic Development, (510) 981-7533

Attachment:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT: CVL ECONOMICS FOR ANALYSIS OF PANDEMIC RECOVERY INVESTMENTS AND THE ECONOMIC IMPACT OF THE ARTS IN BERKELEY

WHEREAS, the City of Berkeley has long recognized the importance of the arts and culture to the economic health, vitality, and diversity of Berkeley's local economy and its commercial districts; and

WHEREAS, the City of Berkeley made two major funding allocations in response to the COVID-19 pandemic's economic impacts on the arts sector to provide emergency relief and recovery funding to arts organizations, festivals, and artists in Berkeley; and

WHEREAS, Berkeley's arts and culture sector continues to experience lower audience levels, and increased costs in the aftermath of the pandemic, with some nonprofits operating at a loss; and

WHEREAS, an impact study is fundamental to establishing a new baseline of data related to the economic impact of the arts and culture sector in Berkeley and to analyze the effect of the City's investments in the arts during the pandemic; and

WHEREAS, the City released an RFP under Specification No. 24-11671-C for which twelve proposals were received, evaluated and scored, resulting in the selection of CVL Economics to conduct an analysis of pandemic recovery investments and the economic impact of the arts in Berkeley.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and any amendments thereto with CVL Economics for analysis of pandemic recovery investments and the economic impact of the arts in Berkeley, in an amount not to exceed \$119,300 for a term of two years. A record signature copy of said contract and any amendments are to be on file in the Office of the City Clerk.