

SAN FRANCISCO INDEPENDENT VENUES RELIEF PACKAGE

On October 28th, 2020, with the leadership of Vice-Chair Leah LaCroix, the San Francisco Democratic County Central Committee unanimously approved a resolution calling City leaders for emergency financial support of entertainment venues in San Francisco while these establishments remain closed during 2020 and 2021 as mandated by the government due to the COVID-19 pandemic.

Venues remain at the tail-end of every proposed reopening plan and in all reality will not see a return to full-capacity operation until Fall 2021 at the earliest. A recent study from the US Chamber of Commerce finds that 90% of businesses are open at some capacity, except venues. This industry already operates on small margins and is unable to pivot to take-out; **we are completely closed**. These dim prospects of up to 18 months or more with zero revenue and continued high overhead expenses (rent / mortgage, payroll, utilities, and more), make the possibility of permanent closure of venues across San Francisco and the Bay Area a fast-approaching reality without outside financial support. This will lead to boarded up storefronts in our neighborhoods, increasing unemployment and an accelerated exodus from San Francisco.

As Mayor London Breed noted, “San Francisco is a world-class entertainment city and we are fortunate to have a diverse entertainment and nightlife culture - we can’t let COVID take that away from us.¹” Mayor Breed continues, “We need to do more to support those businesses that contribute to San Francisco’s unique and vibrant culture, which is a cornerstone for our economic recovery as a city.²” The importance of venues in the economic recovery is clear, a recent study found that **for every \$1 spent at a venue, \$12 is generated in the local economy** on bars, restaurants, lodging and transportation.

Regional venue coalitions throughout the nation are securing direct government funding to help their venues survive this shutdown, **San Francisco has not done the same**. Local governments are turning to their allocated Coronavirus Aid, Relief, and Economic Security (CARES) Act and other emergency relief funding (FEMA) as a primary avenue to support their valued venues^{3,4,5}. The City of San Francisco received \$153,823,503 of CARES Act funding and the available reporting suggests that **millions have not yet been spent**. Any unspent CARES Act funding must be returned to the federal government at the end of 2020.

Venues in San Francisco are cultural beacons, economic drivers, community centers, and employers. Venues make our City attractive for visitors and businesses. San Francisco will only bounce back economically when arts and culture are able to bounce back. Venues are second responders to crisis; hosting fundraisers and community gatherings to celebrate, mourn and dance together. Only with emergency government action will the fragile ecosystem of venues be around on the other side of this pandemic.

We wholeheartedly back your efforts to stop the spread of this deadly virus, but by doing so we are put in a precarious situation. We remain closed with no way to generate revenue. **We need your help to survive this government-mandated shutdown.**

¹ <https://sfmayor.org/article/mayor-london-breed-announces-program-outdoor-entertainment-and-amplified-sound-part-citys>

² <https://sfmayor.org/article/mayor-london-breed-announces-fee-and-tax-waivers-support-entertainment-and-nightlife>

³ Sacramento, CA:

<https://sacramentocityexpress.com/2020/08/31/nearly-300-arts-and-culture-organizations-selected-to-receive-7-5-million-in-grants-from-the-city/>

⁴ Austin, TX: <https://austintexas.gov/department/austin-creative-space-disaster-relief-program>

⁵ Charlotte, NC: <https://charlottenc.gov/newsroom/cityhighlights/Pages/Music-Venue-Grant.aspx>

SPECIFIC POLICY PROPOSALS

Please review the following specific policy proposals as emergency relief urged by the SF DCCC to help venues survive this pandemic.

- 1) Emergency financial relief for **rent and mortgage** payments in order to secure spaces while closed.
- 2) Emergency financial relief for **payroll** to secure employees while closed.
- 3) Emergency financial relief for **utilities** payments while closed, or City pressure otherwise to waive or significantly reduce rates.
- 4) Emergency financial relief for **insurance** payments while closed.
 - a) Broad emergency relief as outline in items 1-4 as direct grant funding to independent venues at 15% of 2019 gross revenue capped at \$750,000, and/or;
 - b) Forgivable loans at minimal to zero interest.
 - c) This total emergency financial relief package is estimated at \$48M.
- 5) Develop and implement a Legacy Business Program specific to venues to be recognized as valuable cultural assets with eligibility criteria reduced to 10 years. Retroactive to independent venues in business from January 1, 2010 and expires January 1, 2025.
- 6) Extend Commercial Eviction Abatement through 2021 or while independent venues are not allowed to operate at full capacity. Provide back rent subsidies, extended payback timelines, and renters legal support.
- 7) Permanently waive fees and taxes to entertainment venues as outlined by Mayor Breed on Oct 26, 2020⁶ (Place of Entertainment License, Business Registration Fees, City Payroll Expense Taxes).
- 8) Urge SFMTA to review any permitting and fees relevant to independent venues.
 - a) SFMTA costs should be fair, affordable, predictable and standard.
 - b) 2019 cost per venue of SFMTA permits and fees to be issued as credit for future use.
 - c) Parking directly in front of venues to be preserved for sole use of the venue and/or first right of refusal for temporary permits.
 - d) Transfer management and issuance to the Entertainment Commission.
- 9) Refund Unsecured Property Taxes from 2020 and eliminate for 5 years.
- 10) Expand BR 190689 to all of San Francisco protecting entertainment venue spaces from development for other uses and zoning for a period of 18 months after closure.

⁶ <https://sfmayor.org/article/mayor-london-breed-announces-fee-and-tax-waivers-support-entertainment-and-nightlife>

ELIGIBILITY

The definition of an independent venue that is eligible for the above outlined policies is as follows:

Defining a cultural asset requires a general "common sense" reading that can be flexible over time. Verifiable elements must show that musical arts and performance events are the primary driver of business, and/or the business is a music/performance destination. This can be shown by the existence of a combination of factors that show a relationship with the artists that does not exist in businesses that provide music as atmosphere.

- 1) This begins with a process by which the venue clearly articulates to the artist the ability of an artist to receive payment for work by percentage of sales (bar and/or door cover) i.e. sales performance payment, guarantee (in writing) i.e. standard contract, or another mutually beneficial formal agreement, and
- 2) A factor test. A retail business that is a destination for live music consumers and its music programming is the primary driver of its business, as indicated by the presence of at least six (6) of the following:
 - a) defined performance and audience space,
 - b) mixing desk/board, PA system, and stage lighting,
 - c) back line,
 - d) at least two of: sound engineer, booker, promoter, stage manager, security personnel,
 - e) applies cover charge to some music or other live performance through ticketing or front door entrance fee,
 - f) marketing of specific acts through gig listings in printed, electronic publications and/or online calendar,
 - g) hours of operation coincide with performance times,
 - h) produces music or other live performances on average at least five (5) days a week,
 - i) has a City of San Francisco Place of Entertainment License.