



MANAGER'S MEMO ITEM

ITEM: Community Grants Commission recommends that annual funding of the Community Grants Program be based on 8% of Hotel Tax proceeds. The Grants Commission also recommends a minimum annual funding level of \$48,000.

WORKSHOP DATE: December 14, 2004

PREPARED BY: Commissioner Stan Urban, Chairman, Community Grants Commission, David Humphreys, Member Community Grants Commission, Susan Brassfield, Staff

BID AMOUNT: \$ N.A.

ACCOUNT: _____

BUDGET AMOUNT: \$ _____

PURPOSE: To fund the Community Grants Program based on 8% of the Downers Grove Hotel Tax proceeds and to establish a minimum annual funding level of \$48,000 for the Community Grants Program.

BACKGROUND:

At a Council Meeting held on June 1, 2004, the issue of funding the Downers Grove Community Grants Program based on 8% of the Downers Grove Hotel Tax proceeds was brought before Council. This subject was further discussed at a Council Retreat and at this meeting it was inferred that this should be brought before Council at a Workshop Meeting.

The rate of 8% is based on the *Cumings McNulty Report*, a report developed by a Village hired consultant in 1993. This report recommended that the Downers Grove Hotel Tax be used for tourism, economic development, and community events. Moreover, this report recommended that 8% of hotel tax should be reserved for local community grants. By establishing a designated rate in Village Code, it would eliminate the current budget process that invokes numerous budget reiterations; namely cutting, and then restoring the grants budget. Using a fixed percentage of Hotel Tax revenue would simplify the budget process for grants.

In addition to establishing the designated 8% rate, the Community Grants Commission recommends a minimum annual funding level of \$48,000 for the Community Grants Program. Due to the uncertainty of the economy, revenue generated by the Hotel Tax can be precarious. To designate a minimum level of funding support toward the Community Grants Program will prevent program funding levels dropping significantly due to any possible future fluctuations of the revenue generated by this tax. Such a drop would have a damaging impact on our community cultural arts organizations. The security of having a minimum level of funding will ensure the dignity and stability of the grants program.

Since the grant cycle begins early in the fiscal year, the budget would need to be based on tax proceeds generated in the last full fiscal year. For example funding of grants in FY05/06, would be based on FY03/04 Hotel Tax proceeds. The following table shows actual Hotel Tax receipts for the previous five fiscal years and compares the equivalent of 8% of the total hotel tax revenue to what was actually approved by Council toward the Community Grants Program.

	FY99/00	FY00/01	FY01/02	FY02/03	FY03/04
TOTAL HOTEL TAX REVENUE	\$816,077	\$855,470	\$687,603	\$709,238	\$737,633
8% OF TOTAL HOTEL TAX REVENUE	\$65,286	\$68,438	\$55,008	\$56,736	\$59,010
ACTUAL COUNCIL APPROVED COMMUNITY GRANT DOLLARS EXCLUSIVE OF 1% ADMINISTRATIVE COSTS	\$55,000	\$57,500	\$56,925	\$51,975	\$44,500 (Figure includes \$4,000 in Donations)

The Community Grants Commission fully intends to solicit donations to supplement Hotel Use Tax funds for the Downers Grove Community Grants Program. Funding independently received should be exclusive of the 8% calculated figure; any donation amount should be considered over and above the 8% of Hotel Tax proceeds figure.

This memo hereby recommends that the annual budget of the Community Grants Program be based on 8% of the Hotel Tax proceeds generated in the previous full fiscal year. Additionally, the Community Grants Commission recommends that \$48,000 be specified as the designated minimum amount of annual available grant funding.

DISCUSSION OF ALTERNATIVES :

Alternative A: Continue budgeting the Community Grants Program as set forth by Ordinance Section 2-85 through 2-88.

Advantages: To maintain status quo.

Disadvantages: The current budget process invokes numerous budget reiterations; namely cutting, and then restoring the grants budget. The Ordinance currently doesn't denote a designated annual minimum amount of funding toward the Grants Program. Without a designated annual minimum budget amount, it could leave the Grants Program open to financial instability due to any possible future fluctuations of revenue generated by the Hotel Tax. This would seriously impact cultural arts organizations.

SURVEY OF OTHER COMMUNITIES :

Based on a recent review of adjacent community websites, the Village of Lisle used a portion of their Hotel/Motel Tax dollars to support the construction of the new Benedictine University Sports Complex which recently opened its doors on October 1, 2004. The City of Darien used Hotel/Motel Tax dollars for gateway signage costs.

ATTACHMENTS:

Spreadsheet denoting requested grant dollars in comparison to Council approved dollars

History of the grants program

An ordinance amending the method of funding the Community Grants Program

STAFF RECOMMENDATION:

Adopt Ordinance that will amend Village Code to allow the annual Community Grants Program budget to be based on 8% of the Downers Grove Hotel Tax proceeds and a minimum annual funding level of \$48,000 is specified toward the Community Grants Program.

REQUESTED COURSE OF ACTION:

Place this item on the December 14, 2004 Workshop for approval.

**COMMUNITY GRANTS PROGRAM
REQUESTED DOLLARS IN COMPARISON TO COUNCIL APPROVED DOLLARS**

FY00/01		FY01/02		FY02/03		FY03/04		FY04/05	
REQUESTED TOTAL DOLLARS	\$127,640	REQUESTED TOTAL DOLLARS	\$156,039	REQUESTED TOTAL DOLLARS	\$130,856	REQUESTED TOTAL DOLLARS	\$103,304	REQUESTED TOTAL DOLLARS	\$113,203
COUNCIL APPROVED DOLLARS	\$57,500	COUNCIL APPROVED DOLLARS	\$56,925	COUNCIL APPROVED DOLLARS	\$51,975	COUNCIL APPROVED DOLLARS LESS \$4,000 IN DONATIONS	\$40,500	COUNCIL APPROVED DOLLARS LESS \$2,000 IN DONATIONS	\$49,540

Village of Downers Grove Community Grants Program

Mission

To provide grants to Downers Grove area not-for-profit organizations to promote and conduct cultural, recreational, civic, or other similar community-oriented activities that contribute to the quality of life for Village residents, thereby enhancing Downers Grove as an attractive and fulfilling place to live, visit, and conduct business.

Applicable Village Code Section 2-85 through 2-88, *Community Grants Commission* (attached)

History of Community Grants in Downers Grove

When the Hotel Use Tax was approved in 1990, the Hotel Tax Advisory Board (HTAB) was appointed to advise Council on uses for the revenues. Since the tax proceeds were originally targeted for tourism and community events, the HTAB recommended that a portion of the funds be given in the form of grants to events which would bring visitors to the Village. The first such grants were recommended by the HTAB and approved by Council in 1991, funding such events as the Pro-Criterium Bicycle Race, the Highland Games, and the Downers Grove Concert Association series.

The Visitors Advisory Board (VAB), successor to the HTAB, continued the practice of recommending tourism grants, including such events as business meetings (e.g., the FBI Academy Associates and the National Wild Turkey Federation), and tourism events (e.g., Grove Players, DG Choral Society Concerts, DG Fine Arts Festival).

In 1994, partially as a result of a tourism strategic planning study by the Comings McNulty organization, a new organizational structure was created by Council. The Visitors Bureau and Economic Development Department were established together with their respective citizen commissions. The VAB was abolished. Council decided that the hotel tax would fund these new departments, continue to pay staff overtime expenses for community events, and fund a "community" grants program.

Cummings McNulty had suggested that "community" events, which contribute to the quality of life for Village residents, should be funded separately from "tourism" events, which primarily attract visitors from outside the Village. They recommended that grants for "community" events, especially cultural arts events, be funded by 8% of the hotel tax, administered by the Community Events Commission.

Council gave the new Visitors Bureau responsibility for funding tourism grants (e.g., the Pro-Criterium Race), and charged the Community Events Commission with the responsibility of reviewing applications for community grant funds and making recommendations to Council.

Thus, the Community Grants Program was born, or more accurately, reborn. Under the revised program, a portion of the hotel tax funds were to be used by not-for-profit, non-government groups "to promote and conduct cultural, recreational, civic or other similar community oriented activities that contribute to the quality of life for Village residents...." (See Village Code, attached.) Visitor attraction, while a major goal of the Visitors Bureau's tourism grant program, was intended to play a lesser role in the new Community Grants Program. Cultural events would continue to be the priority, although other activities could be included.

The Community Events Commission created a subcommittee of commissioners (named the Community Grants Subcommittee) in 1994 to review community grant applications and make recommendations to Council.

In 2001, a new Community Grants Commission was created, assuming the duties of the former Grants Subcommittee. Additionally, the Visitors Bureau function became part of the new Tourism and Events Department.

The Commission has solicited local businesses to become donors to the Community Grants Program. Despite the difficult economic climate, \$2,000 was raised during the past year. These contributions are included in the grants budget, with the intent of increasing grants to community organizations as opposed to replacing hotel tax funds.

In fiscal 2004-05, \$52,063 is budgeted for grants. This budget restores some of the cuts made in the last two budgets in recognition of difficult economic conditions. (In fiscal 2000-01, \$57,500 was budgeted.) It will allow the grants program to address some of the financial strain placed on local not-for-profit cultural organizations by the economy. The amount represents approximately 7.3% of hotel tax revenues. Grant applications submitted to the Commission in 2004 totaled \$113,203.

Community Grant Program Procedures

The Community Grants Commission (CGC) develops criteria for use as guidelines in the preparation and review of grant requests. While the emphasis is on support for local community cultural arts events, applications are also submitted by other community-based organizations including civic, historical and recreational groups. While it is generally hoped that projects will move toward self sufficiency, it is understood that many worthwhile organizations across the country — even major cultural treasures such as the Chicago Symphony Orchestra — depend heavily on government and community support for their continued long term existence.

Applications are received by the Grants Coordinator from community not-for-profit organizations and are reviewed by her for completeness and appropriateness. At a CGC meeting at the end of April, organizations are invited to meet with the CGC to discuss their applications.

At a subsequent meeting, the CGC makes its determinations, and forwards its recommendations to the Manager and Council for final action. Under the Village Code, grants of up to \$15,000 may be approved by the Manager. Larger requests require Council action. It has been the Manager's practice to forward the CGC's recommendations as a group to Council for approval during June.

If budgeted funds are available later in the year, either from being reserved by the CGC, from unclaimed awards, or additional appropriations, the CGC can recommend additional grants to the Manager or Council for approval.

Approximately 1% of the Community Grants budget is reserved by the Commission and Staff for increasing public awareness of the program, and for administrative supplies.

Payments are made to organizations on a reimbursement basis upon presentation of paid receipts. Before the final payment is made, a Project Evaluation Form must be completed by the group. Organizations are required to acknowledge the receipt of a Downers Grove Community Grant in their programs, marketing brochures, and advertisements.

Dave Humphreys
Revised November, 2004

ORDINANCE NO. _____

**AN ORDINANCE AMENDING THE
METHOD OF FUNDING THE COMMUNITY GRANTS PROGRAM**

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by ~~XXXXXX~~/underline; deletions by ~~strikeout~~):

Section 1. That Section 2.86. is hereby amended to read as follows:

2.86. Funding and Limits.

(a) The Downers Grove Village Council intends to provide funds for the Downers Grove Community Grants Program from a portion of the Downers Grove Hotel Use Tax proceeds and from such other funds as may be received from donations or other sources as determined by the Council. The amount of funds for the Downers Grove Community Grants Program shall be established on an annual basis through the normal budgeting process and shall equal eight percent (8%) of the Downers Grove Hotel Tax generated in the fiscal year preceding the budget year or \$48,000.00, whichever is greater.

(b) The Community Grants Program is not intended nor shall it impose or create any liability or obligation on the Village to grant any funds or to take any other action. No liability shall be imposed on the Village, its officers, agents or employees, as a result of the existence of the Community Grants Program, or any actions or inactions taken with respect thereto. It is further expressly acknowledged that any grants or other activities undertaken by the Village in relation to this Program shall be within budgetary limitations as may from time to time be set by the Village Council.

Section 2. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 3. That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk