



## Legislation Details (With Text)

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**Title:** To consider the four recommendations of the SECA Commission regarding changes to the Special Events and Cultural Amenities (SECA) Grant Fund Program and reach consensus on each for implementation in Calendar Year 2019 and Calendar Year 2020 award cycles.

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**Attachments:** 1. Attachment 1 - 2016 Decision Matrix, 2. Attachment 2 - 2018 Decision Matrix, 3. Attachment 3 - Final CY18 Award Categories, 4. Attachment 4 - Ribfest-Fling as City Obligations

Date	Ver.	Action By	Action	Result
2/26/2018	1	City Council	approved	

### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

To consider the four recommendations of the SECA Commission regarding changes to the Special Events and Cultural Amenities (SECA) Grant Fund Program and reach consensus on each for implementation in Calendar Year 2019 and Calendar Year 2020 award cycles.

**DEPARTMENT:** City Clerk's Office

**SUBMITTED BY:** Pam Gallahue, PhD, Director-City Clerk

#### **BOARD/COMMISSION REVIEW:**

The SECA Commission received input from applicants, an ad-hoc community group, Naperville Area Chamber of Commerce, members of the City Council, and staff to determine the four recommendations.

#### **BACKGROUND:**

##### *History of the Culture Fund/SECA Grant Fund*

In March 2004, Councilwoman Ellingson proposed the idea of creating the Culture Fund to be used to supplement, and cover, the expenses associated with hosting social and artistic events. Funds would be generated from a 1% Food and Beverage tax and city financial support of these events would be removed from the General Fund. The Food and Beverage Tax was adopted on April 1, 2004 and the Culture Fund was created on April 6, 2004.

In 2005, the Culture Fund was renamed the Special Events and Cultural Amenities Fund and the mission was amended to clarify that SECA was to be used "solely for funding special events, artistic entities, and cultural amenities in Naperville that express the character of the community and provide cultural amenities that are open to all residents and visitors."

The Food and Beverage Fund and the SECA Grant Fund Program have been reviewed regularly. Since 2013, both funds have been reviewed and refined almost annually as discussed below.

Most recently, in 2016, two SECA Grant Fund Program workshops were held. The first, in January, was designed to serve as a primer for the City Council while the second, in August, was held after a comprehensive review of the program and requested consensus on recommendations for changes to the fund. The City Council concurred with eight of the nine recommendations. The 2016 Decision Matrix is provided as Attachment 1.

In 2017, during its annual review of SECA allocations for the Calendar Year 2018 (CY18) awards, several questions were presented regarding appropriate funding and the overall mission of the program. As such, the City Council directed staff and the Commission to review the SECA Grant Fund Program and present recommendations for change.

### **DISCUSSION:**

In order to pose thoughtful recommendations based on relevant information and current concerns, staff and the SECA Commission sought input from grant applicants, an ad hoc Naperville community group formed specifically to discuss SECA, the non-profit arm of the Naperville Area Chamber of Commerce (NACC), and members of the City Council. After meeting with all stakeholders, themes were identified and distilled into the following four recommendations. Each item is discussed in detail and a Decision Matrix is provided as Attachment 2 to assist with organizing the recommendations.

#### ***Recommendation #1 - Create objective criteria and an associated point system to score applications***

A consistent theme across all stakeholder groups was the need to develop an objective application scoring criteria. In 2016 the City Council approved the following post-event metrics be collected for SY17 and CY18, used to evaluate CY19 applications, and assist with determining an appropriate funding allocation.

- Actual v. target attendance to determine cost per guest/participant
- Other sources of revenue to determine percent of SECA award
- Number of years the project has been funded to determine efforts to become self-sustaining

By instituting an impartial scoring criteria, the applicant will have a clear understanding of what is required for a quality submission and areas to focus on to increase potential award amount. A SECA Commission task force will be assigned to develop criteria and the new scoring methodology will run concurrently with the CY19 application cycle. Upon approval by the City Council, a communication plan and training sessions will be in place for a CY20 implementation.

#### ***Recommendation #2 - Maintain the diversity of SECA Grant Fund Program awards***

The role of SECA in funding events and initiatives has been discussed at length over the years. Varying opinions include, but are not limited to, whether grant funding should have a sunset, whether events/celebrations that can/cannot succeed without SECA should be funded, whether SECA should focus on one component of the program over the other, and whether using SECA to only fund brick and mortar projects is appropriate.

Input from stakeholders was similarly diverse, although most concurred with SECA's consistent mission to support diverse experiences. The SECA Commission concurs with this opinion and

encourages a varied set of applications, however would like to make clear that as special events become larger and more expensive, the money available for cultural celebrations and other amenities will continue to decrease. A breakdown of the final CY18 award categories is provided in Attachment 3.

### ***Recommendation #3 - Reinstate the 2% annual escalator***

The SECA Grant Fund Program is funded entirely from the annual Food and Beverage Tax. The revenues from this tax has consistently grown since 2013. Due to its positive performance, the revenues now support additional programs such as Social Services Grants (SSG), pension payments, and debt service. Funding for its original intent has been either reduced or capped since 2010.

#### ***2010***

City Council reduced the Food and Beverage Tax deposit into the SECA Fund from 1% to .75%. The remaining .25% was applied to the General Fund. (Ordinance 10-028) Growth of food and beverage sales exceeded expectations and the Council believed that the mission of the SECA Fund could be accomplished with 75% funding. The remaining 25% was utilized as one component of a budget solution for Fiscal year 2011, during which time the City was still struggling with the economic effects of the recession.

#### ***2011***

City Council dedicated \$600,000 in FY12, FY13, and FY14 to the General Fund for the Carillon obligation. As the Carillon was considered a cultural amenity, funding from SECA was utilized to shift the ultimate funding source from the property taxpayer.

#### ***2013***

Upon termination of the Carillon payments, the City Council made further modifications to the Food and Beverage Tax by capping the .75% dedicated to SECA at \$2 million, dividing the remaining .25% equally between the public safety pension funds, applying revenue (up to \$500,000) to the Social Services Grant program, and using any residual revenue for debt service. Growth of food and beverage sales continued to exceed expectations and it was believed that the mission of SECA could be accomplished at an annual funding level of \$2 million, with a 2% escalator adjusted for inflation.

#### ***2014***

The City Council removed the 2% escalator from SECA and awarded it to the Park District for three years of Sportsman's Park renovations. Since that time, the escalator has been eliminated and final Sportsman's Park payment of \$120,000 was made in SY17 with SECA reserve funding.

#### ***2015***

As part of the home rule sales tax implementation, City Council reduced and capped the fund at \$1.9 million annually. This was considered a sufficient amount to accomplish the mission of the SECA.

#### ***2016***

To increase transparency, the City Council concurred with the SECA Commission recommendation to create a City Obligations category and remove those expenses that must be funded in accordance with an Ordinance, Resolution, Intergovernmental Agreement, or in support of fund administration. While SECA is promoted as a \$1.9 million grant fund, the removal of this non-discretionary funding clarified that approximately half is available for awards. By fully funding Ribfest and Last Fling in CY18, more than 60 applicants competed for \$492,230. In 2004, ten applicants shared a total of

\$956,728.

Over the years the cost of city services (the original intent of the tax) has increased 25%, annual funding amount has been inconsistent, and the overall grant program has been used to pay for additional items since 2010. In order to continue the original mission of the SECA fund, and to maintain commensurate growth with salaries, providing support for additional events, and approving the expansion of existing events reinstating the annual 2% escalator is appropriate.

***Recommendation #4 - Eliminate the Legacy Event funding category***

The SECA Commission and the Special Events Team work diligently to reduce charges to SECA. By partnering with organizers to decrease event footprint, increasing the use of volunteers where appropriate, purchase their own fencing, and outsourcing garbage services. Most recently, beginning in SY17, the city will no longer charge employee benefits to event organizers which will also increase the money available for applicants. By continuing these measures, and refining support estimates, the Commission believes that even more savings can be realized.

The two largest events benefitting from the SECA Grant Fund Program are Ribfest and the Last Fling, representing 39% and 29% of the amount allocated to special events annually. In 2016, the City Council approved the creation of a separate category called “Legacy Event” to more closely monitor event size, scope, appropriate level of services, and identify savings opportunities for these special events.

Since 2016, the intent of the “Legacy Event” category has become muddled and misinterpreted. To provide clarification, the Commission considered either redefining/renaming the category or moving these events to “City Obligations.” However, doing so would remove more than \$400,000 annually from discretionary funding and return the total available for applicants to an amount below that in 2004. This is shown in Attachment 4. Therefore, the SECA Commission, recognizing that SECA was created in part to fund services for these events, believes both should continue to undergo the same funding and logistic scrutiny as all other events.

To that end, the Commission recommends eliminating “Legacy Event” category and moving Ribfest and the Last Fling back to the “Special Event” category subject to the same evaluation as others in this category.

**FISCAL IMPACT:**

Annual 2% escalator reinstated in Calendar Year 2019.