



MEMORANDUM

To: Mayor and City Councilors

From: Rich Olson, City Manager

Date: June 19, 2013

Re: Consideration - Funding for Arts of the Albemarle in Fiscal Year 2013-2014

During the City Council meeting of June 10, 2013, the Council discussed the recommendation of the Finance Committee to provide funding via an earmark or line item in the fiscal year 2013-2014 budget to Arts of the Albemarle (AoA). The amount AoA should receive via an earmark or line item was not discussed by the Finance Committee. Staff identified \$25,000 as the amount based on the amount that the City Council previously approved in last year's budget.

The City Council asked staff to bring back possible funding alternatives for their consideration. Staff has been able to identify three funding options: (1) Tourism Development Authority (TDA) funds, which would be limited to approximately \$15,000 due to other existing or potential commitments; (2) Fund Balance Appropriated; and (3) a Community Support Grant.

Included in the Manager's proposed fiscal year 2013-2014 budget was \$136,659 in Fund Balance Appropriated. Due to changing the City's health insurance coverage from the League to Blue Cross/Blue Shield of North Carolina, we have been able to lower the proposed Fund Balance Appropriated to \$65,295. The amount of Fund Balance Appropriated could be increased to fund AoA. In addition, already included in the fiscal year 2013-2014 budget is \$50,000 for Community Support Grants funding. This source could also be used to fund AoA for a part of the contribution, but would affect grants to other agencies. The following is a matrix, which reflects possible funding sources for AoA:

| Total Amount Provided to AoA | TDA | Community Support Grant | Fund Balance Appropriated |
|------------------------------|----------|-------------------------|---------------------------|
| \$5,000 | \$5,000 | | |
| \$10,000 | \$10,000 | | |
| \$15,000 | \$15,000 | | |
| \$20,000 | \$15,000 | \$5,000 | \$5,000 |
| \$25,000 | \$15,000 | \$10,000 | \$10,000 |
| \$30,000 | \$15,000 | \$15,000 | \$15,000 |
| \$35,000 | \$15,000 | \$20,000 | \$20,000 |

The above matrix reflects utilizing up to \$15,000 in TDA funds to support AoA. For an amount above \$15,000, the Council could consider utilizing either Community Support Grants funding or Fund Balance Appropriated – or a combination of the two could be used.

In future years, a line item appropriation would become part of the base budget document. Fiscal Year 2013-2014 is the last year of the City's commitment to Port Discover. That commitment is \$15,000 annually, which is paid out of TDA funds. Those funds could be redirected to AoA in the future.

The Finance Committee discussed this matter during their meeting held on June 19, 2013 and recommends that \$15,000 be provided to Arts of the Albemarle during fiscal year 2013 – 2014 from the City's hold harmless occupancy tax revenue through the Tourism Development Authority. A stipulation is to be made that Arts of the Albemarle must use \$10,000 of the funding for scholarships and \$5,000 may be used for operational expenses.

STAFF RECOMMENDATION:

By motion, authorize City staff to prepare an application for funding for Arts of the Albemarle to the Tourism Development Authority for fiscal year 2013-2014 as recommended by the Finance Committee.

RCO/vdw