

the allocation of Transient Occupancy Tax funds to the Cultural Tourism Promotion Advisory Board's annual grant process. The new language would allow the Cultural and Tourism Promotion Advisory Board (Board) to continue recommending small grants (up to \$2,000) to for profit organizations as previously approved by City Council for the last two years, and adjust the percentage allocations to facility operators, special events, and capital items to:

- require a minimum 25 percent of funds be allocated for special events in place of the current 30 percent, and;
- require a minimum 60 percent of funds be allocated to facility operators.

FACTS AND FINDINGS:

This resolution makes the following changes:

- Requires the Board to recommend a minimum of 25 percent of Transient Occupancy Tax (TOT) funds be allocated for operating expenses for special events, down from the current 30 percent,
- Requires a minimum of 60 percent of TOT funds be allocated for operating expenses for facilities,
- Amends Section 2(B), "Minimum Criteria," to allow for profit entities to apply for small special event grants not to exceed \$2,000, and
- Changes the Policy effective date to beginning the beginning of FY **2016-17**.

The purpose of City Council Policy C-1 is to provide guidance to the City Manager and the Cultural and Tourism Promotion Advisory Board in making recommendations to the City Council for the allocation of TOT funds. The Board operates in conformance with City of Salem Charter 56, Salem Revised Code (SRC) Chapter 16 and 37, and City Council Policy C-1.

City Council Policy C-1 requires the City Manager to prepare an annual budget recommending an allocation of TOT funds within the Cultural and Tourism Fund for the upcoming fiscal year. The City Manager's recommended budget is reviewed by the Board, and the Policy currently requires the Board's recommendation to provide;

- A maximum of 10% of the funds for capital assets for, or capital improvements to, facilities;
- A minimum of 30% of the funds for operating expenses for special events, and
- 60% of the funds for operating expenses for facilities.

Resolution No. 2016-45 amends the City Council Policy C-1 by requiring the Board's recommendation to provide for a *minimum* of 60 percent for facilities and a minimum of 25 percent (instead of the current 30 percent) for special events and adding an exception to allow for profit entities to be eligible to apply for small special event funding, not to exceed \$2,000. Attachments 1&2.

For the past two years City Council has approved the Board's requests for exceptions to allow funding for small special events. Attachment 3.

In addition to the for profit exception requests, the Board has discussed the need for flexibility in the allocation percentages otherwise known as the 60/30/10 split. Every year funding allotments and grant dollar amounts change based on the overall mix of successful applications for special events and capital improvements. Staff typically requests an exception to the 60/30/10 split. In an effort to curtail these requests the CTPAB is recommending the change to allow greater flexibility in the language of the "split".

Exception requests in FY 2015 and FY 2016 for the 60/30/10 split show the dollar amount based on the number of successful applications that were recommended for funding came in below the minimum 30 percent allocation requirement. Additionally, in an effort to provide facility operators some level of funding stability during tough economic times, the balance of funds available not used for capital improvement or special events were allocated to the facility operators, thus exceeding the fixed 60 percent requirement. Either one of these two funding situations would necessitate the request for exception based on current Policy C-1 language. The recommended changes of a minimum of 60 percent for facility operators and a minimum of 25 percent for special events, provides additional flexibility not currently available, while still maintaining the basic goals of the policy.

The Board having completed their annual grant application review are once again recommending funding small event grants for for-profit entities. Attachment 4 is a copy of the small special event grant application for this year's cycle.

These amendments will provide additional flexibility to the Board and further the intent and purpose of City Council Policy C-1.

Chris Neider

CTPAB Staff Support

Attachments:

1. Resolution 2016-45 to Council Policy C-1
2. Exhibit 1 - Council Policy C-1 as amended
3. September 28, 2015 501(c) exception
4. Non-501(c) grant application for FY17-18

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