

Staff Report

FUNDING PROCESS FOR MAIN STREET CULTURAL DISTRICT

November 10, 2014

BACKGROUND:

The City Council received a letter from the Main Street Cultural District (MSCD) dated October 17, 2014, requesting that MSCD no longer be required to annually submit a grant application to receive funding. The letter further requested that MSCD receive \$49,000 in City funds for FY 2015-16.

In 2011 the City Council established an application process for outside funding requests during the 2012-13 fiscal year and beyond. The Council now uses this application process to fund activities hosted by MSCD, Campustown Action Association, Ames International Partner Cities Association, Hunziker Youth Sports Complex, Ames Historical Society, and several other organizations. The information from the applications is used to generate scopes of services for contracts with each of the organizations, which are then brought to the City Council at one time for approval.

During the creation of the grant process in 2011, the City Council exempted the Ames Economic Development Commission and the ISU Sustainability Coordinator from the grant application process. **The justification to exempt these organizations was that they both were acting in an official capacity on behalf of the City government.** It is important to note, however, that contracts are still required between the City and these exempted organizations. The form of contract for both processes is largely identical. However, the scope of services for an exempted organization contract is determined through City Council discussion rather than being developed from an application.

The City, MSCD, and Main Street Iowa (MSI) have a three-party agreement outlining the requirements of the MSI program, which is renewed every two years. This agreement requires passage of a resolution of support by the City Council in order for MSCD to remain in compliance with the program. The City Council must also stipulate the sources of funding for MSCD.

MSI staff has indicated to City staff that requiring a grant application for funding a Main Street organization is unusual. No other MSI community uses a grant application process. However, it is typical to have some sort of agreement outlining the scope of services the Main Street organization plans to pursue. **MSI staff was specifically asked by City staff whether “there is a risk to certification, funding, resources, or something else if the City continues to require this application process.”** The response from MSI staff indicated that “it is only a risk if the ‘grant’ is not funded.”

OPTIONS:

1. The City Council can decide to require the Main Street Cultural District to participate in the existing grant process and, therefore, to submit an application through the Ames Fall Grant Program in order to receive funding for FY 2015-16.

Under this option, the funding request and proposed services will be reviewed and a recommendation made to the City Council for a funding amount during budget approval in February. A contract will be prepared using information obtained from the application and approved by both parties.

2. The City Council can exempt the Main Street Cultural District from the Ames Fall Grant Program process.

Like other exempt organizations, MSCD, will be expected to submit a proposed scope of services along with its funding request, which staff will review and incorporate into a contract for the City Council to consider.

If it is the intent of the City Council to continue requiring other organizations to utilize the grant application process, it would be advisable for the City Council to identify what is the basis for exempting MSCD, and not the other organizations.

3. STAFF COMMENTS:

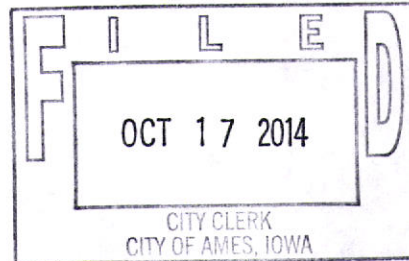
MSCD has made a request regarding both the process and the funding level for FY 2015/16. The immediate issue before the City Council is to determine which process that MSCD should follow to request City funding. The determination of the funding request of \$49,000 should be made during the Council's final budget deliberations in February.

Main Street

CULTURAL DISTRICT

Ames, Iowa

10/17/14



Dear Mayor and City Council,

I am submitting a letter to you requesting a change in procedure for the Main Street Cultural District funding process. In the past years, the MSCD has been required to apply for a grant from the city for support funding followed by a contract. It has been recommended to us by the certification staff of the MSI (Main Street Iowa) in August to request a change in this process. Specifically, they suggested removing the need for a grant application. In order to belong to MSI, it is a requirement for the City of Ames to be an active and viable source of revenue for the membership of the MSCD in MSI. It is the MSCD's hope that you will find this a reasonable request making the process more efficient and less cumbersome for both parties involved.

I have enclosed a list that outlines our goals, services and activities along with preliminary 2015 budget numbers. The MSCD promotes a healthy prosperous downtown, which results in real and tangible benefits to the community residents, service providers, financial institutions, retail businesses throughout the community and the city government.

We would like to request from the city their support in the amount of \$49,000.00 for 2015-2016. The basis for this substantial increase is due to the very large event expenses we are incurring to present Oktoberfest, Firefly Country Night and Foodies and Brew. All events have been very successful and we would like to continue bringing these types of events to Main Street. These events have been widely appreciated, successful and brings to downtown community members and people from surrounding areas. Our event expenses in 2014 for those three events alone came in around \$85,000.00. Oktoberfest was a two day event. It will go back to a one day event in 2015 and budget estimates at this point in time will be approximately \$55,000.00 for the three events. Our **total** 2015 event expense budget, which includes the downtown beautification expenses, will be right around \$70,000.00. The estimated total expense budget for both event *and* administration for 2015 is \$129,600.00. It is a *huge* undertaking for our small organization to meet sponsorship goals each year.

The MSCD has taken on these high risk and expensive events for many reasons. Two very important ones are listed below.

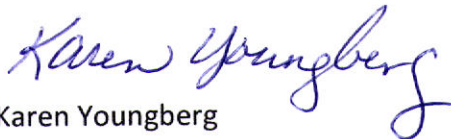
1. It is important to have events such as these if we want to provide entertainment "at home" instead of our community (and the surrounding areas) always looking to Des Moines for quality entertainment. A good thing to have for young professionals coming into the area.
2. It is a long range goal of the MSCD to have events which create enough profit to allow us to come to the city with contributing funds in order to partner for continued improvements and beautification. Examples: Downtown public restrooms, east end of Main Street beautification, better way-finding signage to Main Street, etc.

I would also like to take a moment to review with the City of Ames the amount of Challenge Grant money two downtown businesses have been awarded recently from IEDA. Caleb Mathews was awarded \$100,000 in 2012 for the remodeling/renovations of 232 Main Street and Haila has just been awarded Challenge Grant money in the amount of \$75,000.00 for their remodeling/renovation of 413 Kellogg. Our membership with MSI has been proven to be of great benefit and value for our downtown district. Only Main Street Iowa members are eligible for this grant. MSI suggestions and recommendations help us to be a more organized and effective MSCD. We are required every year to meet MSI certification.

As always, the MSCD is very thankful for its relationship and support with the city. We have grown and spruced up quite a bit since 2004 when the city first began its support. The façade program is another huge factor in downtown looking better over the past couple of years.

Ames is a shining star as a Main Street Iowa Community. Thank you for considering our request and your continued support of the Main Street Cultural District. I am available at your request for further questions or discussion.

Sincerely,



Karen Youngberg

Treasurer MSCD

MAIN STREET CULTURAL DISTRICT SERVICES AND ACTIVITIES

July 2015- June 2016

Mission: To advance and promote downtown Ames as the destination district in the heart of our community.

Goals:

- Showcase the vitality of arts and cultural venues, unique businesses and the heritage of downtown Ames, which adds to the quality of life for residents and visitors.
- Organize event and retail promotions that increase customer patronage of the district.
- Enhance partnerships amount the public and private sectors in retail, culture service and hospitality
- Maintain an environment with green spaces, public art, well-designed window displays and convenient access for visitors.
- Promote historic preservation of buildings and infrastructure through second use projects, upper story renovation, façade improvement, residential development and new construction.
- Retain current and recruit new businesses to create a healthy balance and variety of retail, professional and service entities

City supported services and activities to support these goals:

- Plan, organize, promote and carry out Art Walk, Music Walk and Snow Magic
- Partner with community organization, City of Ames or other entity to organize 4th of July parade
- Plan, organize, promote and carry out Firefly County Night concert, Foodies and Brew concert and festival, and Oktoberfest concert and festival
- Assist the City of Ames to invite applications for Façade Improvement Program and in ranking applications as needed.
- Assist property and businesses owners in obtaining information and support for property improvements
- Maintain website and Facebook to provide information on business types and locations, cultural venues, community events, volunteer opportunities, etc.
- Maintain current investors and solicit new investors, including partnerships with event sponsors.
- Encourage and support property and business owners to obtain historical information, expertise and financial incentives to take historic preservation approach on building improvements.
- Assist City of Ames in obtaining input on City initiatives, programs and policies that affect the Main Street Cultural District
- Serve as the point of contact for requests for maintenance in the right of way within the Main Street Cultural District.
- Lead beautification efforts within the District, including flower plantings within rights of way and decorative lights on buildings.

- **Activities to retain current to recruit new businesses and tenants**
- **Organize, promote and carry out periodic meetings of business owners in the District**
- **Maintain artist paintings on benches**
- **Inform Main Street businesses of IEDC Challenge Grant and assist with application process**

MSCD PRELIMINARY 2015 BUDGET

Revenue Sources

Dues	\$31,000
City of Ames	\$49,000
Sponsorships	\$49,600
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	\$129,600

Event Expense and Beautification \$72,000

(Includes Octoberfest, Foodies and Brew, Firefly Country Concert @ \$55,000)

(Annual Meeting, Art Walk, Music Walk, Snow Magic, Spring Swing, 4th of July Parade @ \$11,750)

(Beautification @ \$5,250)

Administrative Expenses \$55,300

Misc. Expense \$ 2,300

(Dollar Days for January and July, Membership expense, Marketing expense, Business Development)

\$129,600