



Date: July 30, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin S. Dick, Director, Office of Economic and Workforce Development
Subject: Grant Project Ordinance Recognizing 2014 State of Durham's Economy Breakfast Revenues, Superseding Ordinance 14325

Executive Summary

Since 1998, the Office of Economic and Workforce Development has produced the State of Durham's Economy Breakfast in order to provide updated economic information to the citizens and business leaders of Durham. In 2012, the City Council approved a grant project ordinance accepting the revenues from the 2012 event. This agenda item supersedes the 2012 grant project ordinance to allow the City Council to accept the grant documents and revenues from the 2014 State of Durham's Economy Breakfast (SODE). The funds will be used for the following purposes: neighborhood revitalization, small business and entrepreneurial development activities, the 2015 State of Durham's Economy Breakfast, and the Durham YouthWork Internship Program.

Recommendation

The Office of Economic and Workforce Development recommends that the City Council accept the grant documents and adopt the City of Durham Grant Project Ordinance for the State of Durham's Economy Breakfast Revenues, Superseding Grant Project Ordinance 14325.

Background

The Office of Economic and Workforce Development has produced SODE since 1998. This year represented the fifteenth year the citywide event shared economic information with citizens and business leaders in order to inform the community and to generate excitement for private investment in Durham. The event provided networking opportunities for many of the City's stakeholders and for those interested in economic growth. The event is a partnership between the City of Durham, Durham County, Durham Convention and Visitor's Bureau (DCVB), Greater Durham Chamber of Commerce and Downtown Durham, Incorporated.

Historically, funding had been budgeted as a line item in the Office of Economic and Workforce Development General Fund Budget. However, due to budget constraints over the past few years, the administration discontinued that practice. Prior to FY13, the department used unspent general fund monies and replenished what was spent by using proceeds from the event. Two drawbacks of that practice were 1) that the practice did not involve the earmarking of funds for the specific purpose of planning and holding the breakfast, thereby creating a challenge each year to conduct a well-recognized and well-regarded community event and 2) that the budgetary and fiscal accounting processes associated with accounting

for the proceeds and earmarking for future events proved to be burdensome for departments that were involved. The department's current practice of using DCVB as a pass through entity not only addresses those drawbacks but also highlights the department's resourcefulness through its ability to augment allocated funding for neighborhood revitalization, youth internships, and future events.

Issues and Analysis

In response to the aforementioned issues, the OEWD established a memorandum of understanding (MOU) with DCVB, whereby DCVB would receive all proceeds for the event, including sponsorships and ticket sales, and in return, would then charge a minimal fee of 4.55% + \$0.35 per online transaction. Based on their extensive experience holding multiple large events a year, low fees, and infrastructure, this proved to be a more convenient model than the previous method of operation, in which the OEWD received revenues.

Acceptance of the GPO as recommended would earmark money for neighborhood revitalization and small business development activity as well as funding for the Durham YouthWork Internship Program. In addition, we recommend that the balance be used for anticipated expenses associated with the next SODE, scheduled for June 2015. This will lessen and/or negate the impact on the General Fund, depending upon actual costs related to the event. This is part of a long range (2-3 year) plan for SODE to be self-sustaining no later than 2015. In other words, proceeds from events 2014 would fund future events, as well as signature departmental initiatives.

Alternatives

Council may choose not to approve the GPO or may choose to approve only certain line items within the GPO. Not approving the GPO as recommended would negate the abilities of the department to earmark funds for neighborhood revitalization, small business development activities, future SODE events, and the Durham YouthWork Internship Program.

Financial Impact

The GPO would add funds to an existing grant account established as part of the OEWD's budget after the 2012 SODE event. The additional monies break down as follows:

Revenues:	\$32,272.57 (including external sponsorships received: \$15,700)
Expenses:	\$20,841.99 (including fees to DCVB: \$487.43)
Balance:	\$11,430.58

SDBE Summary

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

Attachments

City of Durham Grant Project Ordinance for the State of Durham's Economy Breakfast Revenues, Superseding Grant Project Ordinance 14325