

## MEMORANDUM

Date: April 19, 2011

To: Bruce D. Glasscock, City Manager  
Frank F. Turner, Deputy City Manager

From: Tina M. Firgens, Planning Manager

Subject: Heritage Preservation Grant Program

In order to encourage Heritage Preservation Grant Program recipients to seek alternate sources of funding and become less reliant upon city funding, on August 23, 2010, City Council adopted the following changes to the grant program, beginning with FY2010-11:

- Placing a cap on funding for operations and maintenance at the FY2009-10 level;
- New grant recipients shall not receive funding for operations and maintenance (note: there were no new grant recipients for FY2010-11); and
- Grant recipients shall provide information from visitor sign-ins to demonstrate link to increased tourism.

In addition to the above changes, the Council directed the Heritage Commission to consider funding only a certain percentage of a grant recipient's overall total budget, based upon the group's most recently completed fiscal year's expenditures less ineligible expenses (as defined by the grant program), beginning in FY2011-12. Council requested that the Commission provide input and formulate recommendations regarding the percentage that the city should potentially fund. Allocations would still be recommended by the Heritage Commission for operations and maintenance (O&M) expenses and specific projects/programs.

Funding a certain percentage of an agency's total budget is similar to two other grant programs funded by the City. For the Buffington Community Services Grant, state law prohibits the City from funding more than 50% of an agency's total budget (based on the agency's most recently completed fiscal year expenditures). The Cultural Arts Major Grant may not fund more than 25% of an agency's total budget.

### **Funding Evaluation:**

As part of its consideration of the Council's direction, the Commission evaluated various percentage amounts that the city could potentially fund and the impact on each of the current grant recipients. Several of the current grant recipients rely heavily on the heritage preservation grant for their overall budget and will likely struggle financially if the maximum percent funded is significantly lowered. To assist the Commission in their evaluation of funding percentages, staff recommended beginning funding at a maximum

of 85% for FY2011-12 and reducing the percentage by five to ten percent each year until it reaches 50%. The Commission was asked to determine their ultimate funding goal long term, and the recommended length of time for achieving that funding goal.

**Commission Recommendation:**

The Commission recommends the City continue to fund up to 100% of the groups previous year's expenditures for FY2011-12. They would like to continue to allocate grant monies accordingly based on the amount of money available as determined by Council (i.e. up to 15% of the Hotel/Motel tax revenue). The Commission believes that the existing cap on operations and maintenance is limiting already and will further limit the groups each subsequent year. Since the cap to operations and maintenance is a recent change to the program beginning in FY2010-11, the Commission would like more time to evaluate how this change will impact the groups. Additionally, the Commission will revisit the funding percentage for subsequent grant years again, later this year.

The Commission is concerned that there is limited ability for the groups to raise funds for operations and maintenance from other sources and that they may have to close their doors if funding goes down significantly. Furthermore, the Commission believes that there are few venues within the city that have the ability to attract tourists and that the loss of these groups and the museums they operate would be detrimental. The Commission believes that museums such as the Heritage Farmstead Museum, Interurban Railway Museum, and Plano African American Museum, are important assets to the community. The public funds already provided over the years should be safeguarded to preserve these assets.

**Operations & Maintenance Cap:**

As stated previously, Council approved the following changes to the grant program that were implemented in FY2010-11:

- Placing a cap on funding for operations and maintenance at the FY2009-10 level; and
- New grant recipients shall not receive funding for operations and maintenance.

Staff seeks further clarification from Council regarding the operations and maintenance cap adopted at the FY2009-10 funding level. The funding cap adopted for the program limits the amount of money awarded for operations and maintenance expenses for subsequent fiscal years. The money allocated for operations and maintenance would be a portion of the overall funding awarded to a group.

- a. *Does Council wish to maintain the operations and maintenance cap at the 2009-10 funding level for all subsequent fiscal years?*

For example, the total funding awarded to an agency for FY2011-12 would have a funding cap for the operations and maintenance expenditures at the FY2009-

10 funding level, and the remaining balance of funds awarded would be used for programs or projects.

- b. *Does Council wish to set the cap for operations and maintenance at the previous fiscal year's level, which may be less than the 2009-10 funding level?*

With this option, the amount of funds awarded for operations and maintenance could remain the same as the previous year or be reduced, but the amount would never increase. Also, should a group currently receiving funds for operations and maintenance not apply for or receive funding for operations and maintenance in a future grant cycle, it will lose the ability from that point forward to receive operations and maintenance funding through the Heritage Preservation Grant.

**Summary:**

Direction from the Council is requested regarding the following items:

1. Continuing to fund heritage grant recipients up to 100% of the agency's previous year's expenditures, beginning in FY2011-12, or setting a lower percentage.
2. Continuing the funding cap for operations and maintenance expenditures at:
  - a. the FY2009-10 funded level for all subsequent program years; or
  - b. the previous fiscal year's funding level from fiscal year to fiscal year.

Should the Council concur with the Commission's recommendation with funding an agency up to 100% of their previous years expenditures, the Council could choose to reduce the overall percentage of funding awarded to the grant program (i.e. 10% of the maximum 15% of the Hotel/Motel Fund), and the Heritage Commission could continue to make recommendations regarding how the money is awarded to the grant applicants.

If Council does not concur with any of the above items recommended, then the Commission and staff respectively requests further direction from the Council in order to evaluate changes to the grant program. Additionally, the Heritage Commission appreciates the opportunity to provide input regarding potential changes to the grant program, and welcomes the opportunity to meet with their Council liaisons to further discuss the grant program if needed.

cc: Phyllis M. Jarrell, Director of Planning