



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Bruce Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, AICP, Director

DATE: April 18, 2002

SUBJECT: Budget / Urbana Business Association - Marketing

Description

Staff is requesting the City Council to consider a budget request by the Urbana Business Association (UBA) in the amount of \$50,000 to support their efforts to promote Urbana.

Background

The Urbana Business Association was formerly known as the Urbana Business Alliance until its merger with the Urbana Builder's and Developer's Association (UBDA) late last year. This new partnership is intended to create a stronger, more effective and efficient organization that can promote economic development in Urbana. While keeping a primary focus to continue and improve the marketing and management of the annual Sweetcorn Festival, Home Parade and other events, the UBA intends to expand its advertising and marketing activities to promote Urbana. During this first year of the new organization the UBA has also embarked on a membership drive to increase participation and private sector investment in Urbana's economic development efforts. In addition, the UBA will face new challenges as it undertakes a significant role to help the City implement the new strategic plan for Downtown Urbana.

During each of the last two years the City budgeted \$25,000 to reimburse the UBA for advertising, marketing and promotion expenses related to the Sweetcorn Festival and other events and marketing programs including the very successful "What I Love About Urbana" and "Discover Urbana" ad campaigns. Additionally, the City budgeted \$5,000 to reimburse the UBDA for advertising, marketing and promotion expenses related to the Home Parade event. It should be noted that the original intent of City funding two years ago was to fund marketing and promotion of Downtown Urbana. Since that time there has been a shift toward marketing all of Urbana with an emphasis on continued downtown promotion.

On March 11, 2002 representatives of the UBA made their initial request for funding to the Council's Committee of the Whole. A number of questions were raised about the new organization and how it will operate in the future. Attached is the proposed UBA budget and

supporting documents provided by the UBA's Executive Director, Laurie Bonnett in response to the Committee's questions and comments.

Issues & Approvals

In general, staff supports the continued efforts of the UBA to promote Urbana.

A significant concern of staff is the request to receive the \$50,000 unencumbered. Staff would urge that City funds continue to be used for reimbursement of advertising and marketing expenses related directly to the Sweetcorn Festival and Home Parade events, and for the general promotion of Urbana. Staff would discourage public funding of UBA's salaries and other administrative, operational, and program expenses.

Options

Council's options included approving the request for \$50,000 as proposed by the UBA; to suggest specific changes or modifications such as those suggested by staff; to defer action; or to deny the request.

Fiscal Impact

Over the past two years the City had budgeted \$25,000 and \$30,000 respectively for the services that UBA proposes to continue and expand in this next fiscal year. The \$50,000 investment requested by the UBA is reasonable when considering the benefit created by two events that attract significant numbers of people to both visit and purchase products and services in Urbana. Furthermore, while difficult to quantify, the direct advertising and smaller events contribute to a positive image about Urbana, its citizens, and its business climate. City funding also leverages significant private sector investment in the UBA's efforts which proposes a total budget of \$170,000.

In addition to the funding request please note that the City has traditionally contributed significant in-kind services with respect to the operation of the Sweetcorn Festival and other events. UBA also does not pay rent for lease of the City-owned office space at 111 W. Main Street.

Recommendation

Staff recommends that the Urbana Business Alliance's request for \$50,000 be approved provided the funds are used exclusively for expenses incurred for the marketing, advertising, and promotion of the Sweetcorn Festival, the Home Parade, and other events and programs that promote Urbana. Staff would also insist that these expenses be paid by the City only after such expense is incurred by the UBA and documentation thereof is presented to the City requesting reimbursement. Staff would also encourage UBA to decrease its dependence on City funding in the future

Prepared by: _____
Reed Berger, AICP, Economic Development Coordinator

Attachments: UBA packet

c: Mayor Satterthwaite and City Council Members
City Department Heads
UBA