

EXHIBIT NO. 1
City of Alexandria, Virginia
MEMORANDUM

16
11-27-01

DATE: NOVEMBER 15, 2001
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER ^{PS}
SUBJECT: ALLOCATION OF CITY FUNDING TO FIRST NIGHT ALEXANDRIA

ISSUE: Providing one-time funding for First Night Alexandria.

RECOMMENDATION: Allocate \$10,750 from the General Fund Contingent Reserve to First Night Alexandria, Inc.

BACKGROUND: First Night Alexandria has been an annual City event that started in 1994 and had been held every New Year's Eve, except for last New Year's Eve when financial and other issues (such as the negative impact of Y2K on the 1999 event's finances) resulted in the event not being held. Given the benefits to the City, to its residents, to its businesses and to tourists of holding a large family oriented alcohol-free New Year's Eve event, a number of City residents and businesses have joined together to restart the First Night event beginning this coming New Year's Eve.

First Night Alexandria, Inc., a non-profit organization, in its materials describes itself as "a family celebration showcasing the visual and performing arts created by and for the community to welcome the New Year. First Night Alexandria's mission is to broaden and deepen the public's appreciation of the arts through a diverse and entertaining program that offers a cultural experience that is accessible, affordable and safe for all." A more detailed description of the First Night program and its marketing plans are attached.

A budget of \$112,295 is planned for First Night, with some \$55,000 planned to come from button sales (\$10 if purchased in advance and \$15 if purchased on site), \$31,295 in grants and contributions, \$14,250 from the City Marketing Committee, \$1000 from miscellaneous sources, and \$10,750 from the City's Contingent Reserve. During the FY 2002 budget process, First Night had requested \$25,000 from the City, but City Council decided that, while it supported the First Night concept, the first source that should be used to fund First Night would be the City's Marketing Fund, with other City funds being provided if the Marketing Fund could not fund the full \$25,000 request. On November 8, the Marketing Committee unanimously approved a grant of \$14,250 to First Night. The grant amount provided First Night was the maximum allowed

under the Marketing Fund Guidelines (as recently amended by City Council). As a result, to meet the \$25,000 total funding request, it is recommended that a one-time grant of \$10,750 be provided by the City out of its Contingent Reserve account. After this year, it is planned that funding from the General Fund Contingent Reserve will not be requested, as the organization plans to be more self sufficient in future years.

FISCAL IMPACT: The allocation of \$10,750 to First Night will reduce the undesignated FY 2002 General Fund General Contingent from \$479,000 to \$468,250.

ATTACHMENT: First Night Alexandria 2001 Program Description and Marketing Plan

STAFF: Mark Jinks, Assistant City Manager



First Night Alexandria is a family celebration showcasing the visual and performing arts, created by and for the community to welcome the New Year. First Night Alexandria's mission is to broaden and deepen the public's appreciation of the arts through a diverse and entertaining program that offers a cultural experience that is accessible, affordable and safe for all. First Night Alexandria is a 501 (c) (3) non-profit organization.

Planning for each event is a year-round project and although many goods and services are provided on a pro-bono basis, over \$100,000 in cash must be raised to produce this fun, safe and alcohol-free New Year's Eve celebration. This cash is used to pay for the performing artists (a requirement of First Night International), brochures, buttons, fireworks, venues, and the like. It will take the financial commitment of the entire community to make this event an ongoing, sustainable one. First Night Alexandria has the potential to become as much an institution in and draw to Alexandria as the Red Cross Waterfront Festival, the George Washington Birthday Parade and the Scottish Walk. This is our vision!

This event is marketed throughout the region and beyond, and brings visitors to the City during a time identified by the ACVA and AHA as non-peak seasons. The promotion of First Night Alexandria will draw attention to the entire holiday calendar of the City of Alexandria. This year we are working toward financial stability for First Night Alexandria. It is our goal that going forward the funds raised from the sale of buttons will be used as seed money for the following year. This is an event the City of Alexandria should support.

Efforts to market First Night Alexandria outside our community include the following:

- ❖ Forge a strategic alliance with the Alexandria Hotel Association. First Night Alexandria will provide admission buttons to participating hotels that will then include them in the hotel's New Year weekend package. FNA and AHA will cross promote this alliance on each other's Web sites. ACVA will advertise this promotion in its holiday news releases. AHA has identified the New Year holiday as an extremely slow time for tourism. AHA has welcomed this cooperative effort with FNA.
- ❖ Join with individual restaurants along King Street to promote First Night Alexandria. Although restaurants serving alcohol cannot be official "First

Night Venues", by offering a "family friendly menu" early in the evening they will be listed as "First Night Partners", be promoted in all First Night literature and can market this partnership to early evening diners on New Year's Eve as First Night will do.

- ❖ Partner with the ACVA and create direct links to one another's Web sites. Bringing visitors to Alexandria for First Night who wouldn't normally come to Alexandria addresses part of ACVA's mission..."To bring tourism..." to the City.
- ❖ First Night completes Alexandria's holiday calendar. The "tourist/leisure" market has an exciting and full calendar of events to keep drawing visitors back to Alexandria during the month of December. First Night Alexandria will enhance Alexandria's reputation as a winter destination point.
- ❖ Partner with the Alexandria Chamber of Commerce and create direct links to one another's Web sites.
- ❖ Display the partnership among FNA, ACVA, Alexandria Chamber of Commerce and AHA by displaying their logos on all FNA promotion printed after Labor Day.
- ❖ All of the businesses participating as First Night venues, the hotels offering First Night buttons as part of New Year packages, restaurants partnering with First Night as offering "family friendly menus" will have the opportunity to use First Night logos in their holiday promotional advertising and First Night will likewise promote those businesses in its promotional advertising.
- ❖ Corporate sponsors will be featured on the FNA Web site with their logos.
- ❖ FNA currently has in excess of the requested funding amount (\$14,250) pledged from area businesses and has collected \$8,000 at the time of submission of this funding request.
- ❖ In order to determine the return on investment and to help with future planning and funding for First Night, we plan to survey participants on December 31 by using a tear-off section of the map and program, specifically asking:
 1. Would they have come to Alexandria for New Year's Eve if it were not for First Night Activities;
 2. The number of adults and the number of children in their party;
 3. The estimated amount of money spent during this visit to Alexandria;
 4. Whether they had ever been to Alexandria before;
 5. Whether they plan to return to Alexandria again;
 6. Would they attend First Night Alexandria again.

- ❖ As an incentive to complete the survey card we will solicit gifts from local merchants and draw a specified number of winners to receive prizes.

- ❖ A detailed income and expense budget is attached. This budget does not reflect the significant amount of pro bono contributions already received such as graphics, some printing and fund raising. The cash value of these pro bono contributions at this time is estimated to be in excess of \$25,000 and we expect that sum will more than double by December 31. At the time of this application First Night staff and Board have been conservative in spending to insure funds will be available for the necessary vendors who must be paid in a timely fashion. Administrative fees will be paid once total funding is secured.

FIRST NIGHT ALEXANDRIA 2001

April 1, 2001-March 31, 2002

BUDGET

Provided as attachment to Application for Funding by Alexandria Marketing Fund

REVENUE	2001 Budget	2001 Actual
City of Alexandria/Marketing Fund	25,000.00	
ACA Grant	4,795.15	4,795.15
Grants	10,000.00	
Corporate/Business Donations	12,000.00	11,000.00
Civic Association Donations	0.00	
MADD 5k Run Proceeds	1,000.00	
Individual Contributions	3,500.00	2,925.00
Button Sales	55,000.00	
United Way/CFC	0.00	259.50
Federal Tax Return	0.00	305.90
Interest	1,000.00	
Total Revenue	112,295.15	19,285.55
EXPENSES		
Accounting	500.00	
Admission Buttons	3,000.00	
Advertising	3,000.00	
Artist Fees	30,000.00	210.00
City Buses	3,500.00	
City Facilities	2,500.00	
City Police	3,000.00	
Computer and Printer	0.00	
Conference	0.00	
Dues	800.00	400.00
Fireworks	3,500.00	
Fireworks Cleanup	1,500.00	
Graphics	1,000.00	
Insurance	2,500.00	
Masonic Temple	1,500.00	375.00
Office Supplies	1,750.00	61.40
Payroll Taxes	0.00	
Postage	1,500.00	40.21
Printing Other	3,000.00	2,475.93
Printing Program	3,500.00	
Rent	0.00	
Salary Director	27,600.00	
Salary Staff	0.00	
Signage	1,000.00	
Staff Bonus	0.00	
Technical Support	3,500.00	
Telephone	500.00	
Venue Fees	1,000.00	100.00
Contingencies	0.00	
Total Expenses	99,650.00	3,662.54
Surplus / (deficit)	12,645.15	15,623.01