



ARTS & CULTURE ALLIANCE OF CHATHAM COUNTY

December 8, 2022

Mayor and Members of the City Council
City of Savannah
P.O. Box 1027
2 East Bay Street
Savannah, GA 31401

Dear Mr. Mayor and Members of the City Council:

Re: City of Savannah's Budget Related To Arts and Culture Funding Support

On behalf of the entire arts and culture community, we present you feedback on the 2023 budget for the City of Savannah.

We respectfully request that you consider budget adjustments to calibrate or redirect funds from long-term projects or capital investments funded by the hotel/motel excise tax. As a result, funds would be reallocated to short-term investments, contributing to today's Vision Savannah and the Tourism Management Plan.

Background

In 2015, Americans for the Arts reported that the City of Savannah benefited from over 1,670 full-time equivalent jobs related to arts and culture, with a direct industry expenditure of nearly \$35 million, contributing a total economic impact of \$101 million inclusive of audience spending.

The Arts and Culture Alliance of Chatham County's vision is to provide a diverse, vibrant, prosperous, and sustainable arts and culture industry in Chatham County.

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Furthermore, in early 2023, the City of Savannah will receive an updated art and economic prosperity report, which is expected to communicate a significant increase over the last eight years.

Investing in arts and culture today is vital to strengthen the fabric that contributes so much to our City through growth, prosperity, and sustainability that brings benefits today.

Business and job creation contribute to economic strength. However, job creation also requires an incentive to bring businesses to Savannah, and a contributing factor is the quality of life. Arts and cultural activities contribute just an element and make Savannah an attractive city for companies to relocate to and the families they support.

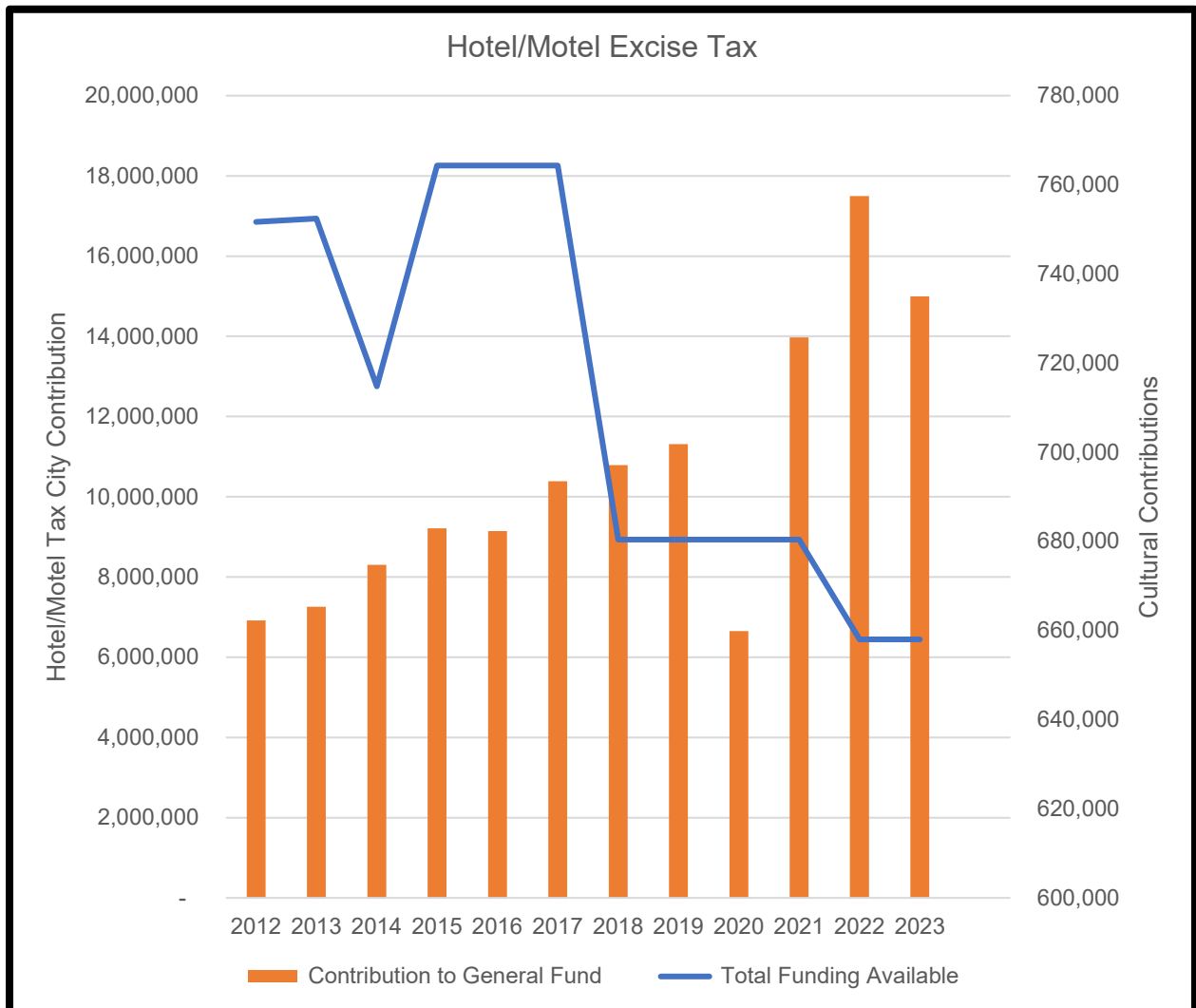
In short, investing in arts and culture is good business and can have an excellent rate of investment return.

Hotel/Motel Excise Tax

In 2023, we expect to see a renewal of your resolution to increase the hotel/motel excise tax, which is encouraged.

However, the past, present, and proposed use of the restricted fund tax revenue are of concern.

As displayed on the following chart, as tax revenue increases, the City invests less towards one major contributing factor leading to tourism -- arts and culture.



Therefore, before renewal of the proposed legislation, we request that you communicate with the community how this excise tax revenue has directly impacted tourism promotion, with emphasis on short-term efforts made towards investing in arts and culture.

More importantly, edit the legislation language to dedicate funds to the entire arts and culture community through operating support and capital investment support.

An argument may be made that this revenue is contributing to the operating funds for the Savannah Cultural Arts Center. However, the Arts Center operates for the benefit of Savannah residents as a gathering place for arts and culture programs and educational offerings. It was not designed to contribute to or promote tourism.

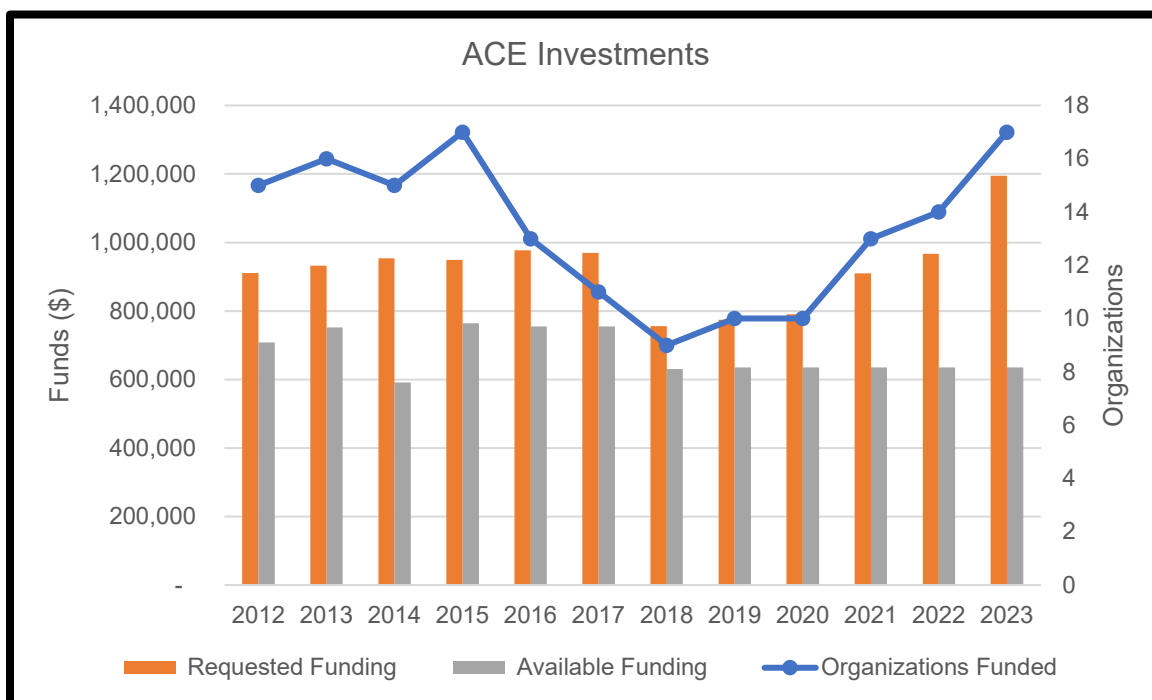
It should also be noted that from 2012-2020, most funds were funding services designed for the community, not tourism promotion. Likewise, from 2021 to now, investments were restricted to free, community, or resident-based, criteria with little to no emphasis on economic development or tourism.

Cultural Contribution Investments

We recommend increasing arts and culture investments through direct funding or supplement funding through in-kind support. Investments would follow the current criteria of free, community-based services.

The following chart shows that total investments have fluctuated during the last ten years, peaking in 2016 with \$755 thousand in direct Arts and Cultural Enrichment (ACE) funding (or \$764,320 in total cultural contributions, including smaller funding programs).

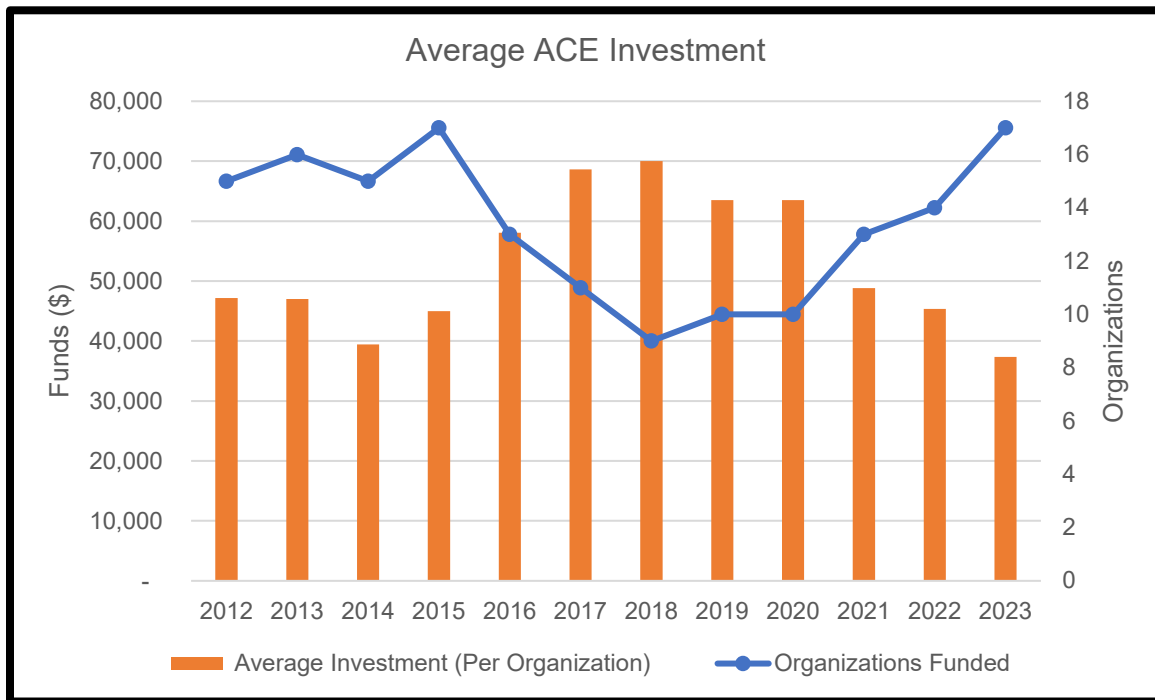
However, the lowest total investment was in 2022. The record low is projected to continue in 2023. The full 2023 cultural contributions are budgeted at \$658 thousand, with \$635 thousand available for direct investment.



It should be noted that while today, the application process has become comparatively simple, the criteria changed in 2018 for alignment with Savannah Forward, resulting in a drop in applications due to the complexity.

Fortunately, we see increasing applications, but they are competing for the same investment funds. Therefore, it is also reasonable to project new well-organized organizations that may begin to apply.

As seen in the following chart, the average investment decreases while the number of organizational applications increases.



The City currently requires services to be free to the community. However, free events of any size come with a cost.

A measurable difference between the request and the award places a burden on the organization to close the gap to fulfill the service contract. If the organization cannot secure additional funding, it may not be able to provide the same activity or may need to cancel the activity, negatively impacting the community.

Finally, in efforts to supplement direct funding, the City would be encouraged to support through in-kind services organizations designed for larger audiences, such as festivals in Forsyth Park. In-kind services, for example, could include covering the cost of City-required police security, sanitation, and additional equipment or amenities needed as a result of current or future event restrictions.

Reinstate Festival Investments

Between 2012 - 2020, criteria for cultural contributions included fee-based services, such as festivals. These investments were categorized as driving tourism or economic development.

However, as stated before, with current funding limitations, all services today must be free or without cost to the public.

To that end, we respectfully request that you consider establishing a new fund dedicated to festivals directly connecting to tourism.

Providing in-kind services, as mentioned previously, would also be strongly encouraged.

Increase Public Art Investments

It is recommended to increase investment in public art projects that may lead to growing tourism.

Year-round public art projects are well known to attract visitors, and several projects have been implemented to help curb the blight of empty buildings and improve traffic safety.

Investments may be funded annually, but permanently installed public art investments could be categorized as capital improvement.

Soon, it is expected that you will deliberate more on the role of public art within City operations. Therefore, budgeting funds now would be prudent as planning for 2023.

Implement Capital or In-Kind Investments

The City is recommended to implement a program to fund organizations requiring capital investments.

Funding programs that service audiences are the most notable and public-facing. However, property, plant, and equipment remain essential and are significantly more challenging to fund through most not-for-profit funding sources.

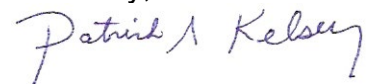
On behalf of the arts and community, we appreciate your time and consideration for meeting our feedback and recommendations.

As elected officials representing City of Savannah residents, we hope you find a renewed focus towards supporting the arts and culture community, which contributes so much to our community's fabric, tourism, and economic development.

As always, I am available to assist or contribute to any endeavor the City of Savannah takes to advance the prosperity and sustainability of our arts and culture community.

Gratitude.

Sincerely,



Patrick Kelsey

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cc: Jay Melder, City Manager

Research Sources:

- 2010 -2023 City of Savannah Budgets
- Memo from City Manager to Mayor & Alderman re: "2018 Cultural & Arts Investment Program – Organizational Notification"