

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 05/29/2007		Item Number: <u> A-3 </u>	
AGENDA ITEM: Discussion of Draft Criteria and Standard Procedures for Quasi-City Organizations and Consideration of Reorganization and/or Appointment of Councilmembers to the Dr. Martin Luther King, Jr. Committee and the Fiesta La Ballona Committee			
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Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (05/24/07)			
Department Approval: Martin R. Cole (05/23/07)		City Attorney Approval: Carol Schwab (by H. Iker) (05/23/07)	
City Controller Approval: Marlee Chang (05/23/07)		City Manager Approval: Jerry B. Fulwood (05/23/07)	
<u>RECOMMENDATION:</u> Staff recommends the City Council discuss the criteria and standard procedures for “Quasi-City Organizations” and direct staff as deemed appropriate. <u>BACKGROUND:</u> At the February 26, 2007 City Council meeting, Vice Mayor Gross requested and received City Council consensus to agendize the subject of “Quasi-City Organizations (QCO)”. Based upon that direction, staff placed the item on the Tentative Agenda for May 14, 2007. On April 16, 2007, during discussion of a request by the Culver City Democratic Club, a reference to this overall policy discussion was made and the placement of this item on the Tentative Agenda for May 14, 2007 was announced. Because this item needed additional review, this item was postponed until tonight’s agenda. Over the past 50 years or so, a number of organizations have been granted City “co-sponsorship.” Under past practice, former Directors of Parks, Recreation, and Community Services handled requests for co-sponsorship. Absent guidance from an objective policy, organizations were granted “co-sponsorship” without meeting consistent, identifiable criteria. There are also other organizations the City either directly (through a payment) or indirectly (via a fee subsidy or waiver) supports.			

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Two goals from tonight's discussion include: (1) determination of objective criteria upon which co-sponsorship is based and (2) the general requirements and expectations the City would have of co-sponsored groups.

DISCUSSION:

When this agenda item was referenced at the April 16, 2007 City Council meeting, Councilmembers gave general comments related to some of the policy issues needing clarification and/or resolution. The general tenor of the comments related to the need for a policy that sets objective criteria to be used when considering City co-sponsorship of organizations. Attached as Exhibit 1 is a list of organizations mentioned during the discussion of April 16, 2007. The list also included some additional, similar groups identified by staff. The list is not meant to be all-inclusive.

To facilitate discussion, the following paragraphs address major topics and provide recommendations for the City Council's consideration. The discussion begins with the laying of a legal foundation and then continues to address areas considered for Council's policy direction on this topic.

It should be noted this item is the first of two parts for discussion of related topics. This first part relates to QCO's and the second (which is expected to return to the City Council on June 18) will continue on the subject of sponsorship of organizations which are not currently considered QCO's.

What are the basic legal criteria applicable when considering supporting a QCO?

In general, decisions to support any particular organization must be applied in a consistent manner based upon objective criteria. The recommendations contained in this report follow this general guidance. When the second phase of this discussion comes before the City Council (related to sponsorship of organizations), additional, more specific legal criteria will be discussed at that time.

As a matter of policy, what general criteria should a supported QCO satisfy?

In preparing the following paragraphs, staff is relying upon two groups, the Friends of the Culver City Dog Park and the Culver City Historical Society, both of which have current Memoranda of Understanding with the City. While these Memoranda do not address all issues, they do provide a basic framework for the interaction between the City and the group.

(1) Formalization of the QCO Organizational Structure

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Having some kind of formal structure is important in laying a basis for the relationship between the QCO and the City. Both of the example groups listed above are not-for-profit, tax exempt corporations. Further, they both have official documents that specify their own governing structure and that structure is independent from the City. While a 501(c)(3) not-for-profit corporation may not be applicable to all QCO's, the structure does have distinct advantages for both the organization and the public.

Two QCO's, the Fiesta La Ballona Committee and the Dr. Martin Luther King, Jr. Committee have important community events associated with their groups. However, both groups have an informal organizational structure (to the best of staff's knowledge, neither group has a Memorandum of Understanding with the City). Further, the City Council has created a City Council Committee of two Councilmembers to provide additional support to these groups. One suggestion staff makes is for the City Council to consider making certain QCO's formal Committees of the City (for example, like the Homelessness Committee). This would provide a more formal organizational structure and allow the City Council to appoint Councilmember(s) to these new Committees.

Recommendation: The City Council should consider requiring all QCO's to have some formal organizational structure (For-Profit Corporation, Not-for-Profit Corporation, Sole-Proprietorship, Limited Partnership, Formal City Committee)

(2) Formalization of the Relationship Between the QCO and the City

Over the past decades, several QCO's have existed in an informal way. While this worked in the past, oftentimes a lack of a formal relationship can create confusion and provides no framework for resolution of disagreements between the QCO and the City. For those QCO's that partner with the City in providing a community service (such as the Culver City Senior Citizen Club), sometimes it is unclear who is responsible for what. To resolve these questions and clarify the relationship between QCO and the City, a Memorandum of Understanding or similar formal document would be helpful.

Recommendation: The City Council should consider requiring all QCO's to have a formal document setting forth the relationship between the QCO and the City, including basic responsibilities of both parties.

(3) Activity and Fiscal Reporting

It is important for both the City and the QCO's to have an opportunity to report to the City Council and the community on their activities and financial status. All of the

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QCO's provide a valued service to the community, ranging from improving our relationships with people in our sister cities to arranging for wonderful community events.

It should also be noted that when the City Council provides either a direct or indirect contribution to a QCO, the dollars remain sourced as public, taxpayer funds. Uniform financial reporting guidelines would facilitate reporting to the City Council and also help the QCO comply with any IRS reporting regulations. Financial assistance may be provided to those in financial need {in what form(s)}.

Recommendation: The City Council should consider requiring all QCO's to report on their activities on an annual basis (at a minimum) and to provide the City Council with standardized financial reports on a quarterly basis.

(4) Indirect Contributions

Rather than receiving a direct contribution from the City, some QCO's request an indirect contribution. This generally takes two forms: staff support and/or fee waivers. While these types of support can certainly be justified (for example, for reasons of economic development or community-wide interest), the City Council may wish to provide policy direction on how to determine which types of events the City Council would consider for indirect contributions. Also, as a fiscal planning tool, the City Council may wish to review and discuss the QCO's request for the continuation of the staff support and/or fee waivers as part of the annual budget process.

Recommendation: The City Council should consider and may wish to approve the QCO's request for indirect contributions and/or fee waiver, and those QCO's requests will be included for the annual budget review as part of annual budget process.

(5) City Council Participation

Culver City is the epitome of an active and participatory community and these traits are reflected by the members of the City Council. City Councilmembers are often active participants in the myriad of organizations throughout Culver City and beyond as representatives of the City.

With respect to QCO's, a question arises as to the level of participation by members of the City Council. It can vary from direct involvement (in some cities, City Councilmembers have a seat on a board of directors or a committee) to indirect (where the City Council may form a Council Committee to act a liaisons to a QCO) to

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supportive (where the QCO handles its own day to day activities and may seek support from the City Council from time-to-time).

In the past, City Councilmembers may have chosen to become direct participants in QCO's. However, over time, Councilmembers have become subject to more laws envisioned to minimize conflicts of interest and maximize public participation in city government decisions. Additionally, some QCO's have organized themselves with an independent Board of Directors elected by the membership of the QCO. To address these changes, the City Council may wish to provide policy direction on how the City Council and the individual Councilmembers can best participate in community organizations while remaining clear of conflicts. Additionally, the City Council may wish to define a standard method of participating with all QCO's.

Recommendation: The City Council may wish to develop a standard method of providing direct City Council involvement in QCO's. An alternative course of action is to define the form of City Council involvement in the City's agreement with individual QCO's.

ASSIGNMENT OF COUNCILMEMBERS TO COUNCIL COMMITTEES RELATED TO THE DR. MARTIN LUTHER KING, JR. DAY COMMITTEE AND THE FIESTA LA BALLONA COMMITTEE:

At its meetings of April 14, 2007 and April 23, 2007, the City Council determined to not make changes to the membership of both the Dr. Martin Luther King, Jr. Day Committee and the Fiesta La Ballona Committee until such time as the City Council could further discuss the broader topic of QCO's. The City Council may wish to provide staff with direction this evening on these two subjects

FISCAL ANALYSIS:

The potential fiscal impact will be determined based on the specific recommendations as directed by the City Council, and a detailed fiscal impact will be prepared and presented as part of a follow-up staff report.

ATTACHMENTS:

1. Examples of Quasi-City Organizations and Support Received

MOTION:

That the City Council:

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Consider the recommendations made with respect to Quasi-City Organizations and direct staff as deemed appropriate.