

**City of Culver City, California
Agenda Item Report**

Meeting Date: 09/13/10		Item Number: <u> J-1 </u>	
CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Discussion of a Policy Related to Special Event Sponsorship and Financial Support of City- and Agency-Sponsored Events and Direction to Staff.			
Contact Person/Dept.: Jeremy Green, Management Analyst; Todd Tipton, Redevelopment Administrator		Phone Number: (310) 253-5764/5783	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Meetings and Agendas – City Council (09/08/10); (EMAIL) Meetings and Agendas – Redevelopment Agency (09/08/10); (Email) Downtown Business Association (09/08/10); (Email) Chamber of Commerce (09/08/10); (Email) IndieCade (09/08/10); (Email) Share our Strength (09/08/10); (Email) Culver City Exchange Club (09/08/10);			
Department Approval: Sol Blumenfeld: (08/04/10)		City Attorney Approval: Carol Schwab (by H. Baker) (09/07/10) Agency Counsel: Murray Kane: (07/26/10)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (09/08/10)		City Manager/Executive Director Approval: John M. Nachbar: (09/08/10)	

RECOMMENDATION:

Staff recommends the City Council and Culver City Redevelopment Agency Board (Agency Board) discuss and provide input on a policy related to special event sponsorship and financial support of City- and Agency-sponsored events.

BACKGROUND:

The City Council and Agency Board frequently receive funding assistance and sponsorship requests for special events, to be produced by outside organizations, throughout the year (Attachment No. 1). Past requests were approved on a case-by-case basis, mostly in the form of fee waivers for City permits and staffing costs, but also as cash sponsorships or financial reimbursements.

On March 22, 2010 the City Council and Agency Board requested that staff develop criteria and a policy for approving support of special events. During the meeting, the City Council and Agency Board discussed supporting events by providing cash sponsorships only, rather than fee waivers or in-kind services. Such funds could pay for any City/Agency fees and staff/facility costs.

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DISCUSSION:

Generally, the Redevelopment Agency supports events that likely provide economic benefit to the City or Agency. With economic benefit to the Redevelopment Project Areas, specifically, and the City generally, as the primary objective of the Agency, staff proposes the following process and criteria for determining event sponsorship.¹

For purposes of this discussion, staff recommends that the following definitions be used in connection with event sponsorship:

- **In-Kind Services:** Costs for use of staff time that will not be paid for by the outside organization. Note: In-kind services have a cost to the City/Agency because the assignment of staff time to an unpaid event either takes time away from regular, planned City staff activities or incurs overtime for which the departments may not have sufficient budgeted resources.
- **Fee Waivers:** Waiver of an established fee or charge for costs associated with permits, equipment use, facility rental, staff time or any other administrative, non staff fees.
- **Cash Sponsorships:** provision of a grant, not associated with any fees, waivers or in-kind services that can be used to in any manner that the grantee chooses.

As an example of the significance of funding assistance provided to some of the larger sponsored events, the Culver City Car Show, Taste of the Nation and IndieCade received funding assistance during Fiscal Year (FY) 2010/11 in the amount of approximately \$40,000 in the form of in-kind services, fee waivers and cash sponsorships.

For future funding requests, staff recommends the City Council and Agency Board consider the following process and criteria:

Notification of Funding Availability (NOFA)

- Staff would send out a NOFA (similar to the process used for notification of Culver City Performing Arts Grant availability), which would define eligibility criteria, funding guidelines, application guidelines, permit requirements², evaluation and selection process, contract requirements, submittal guidelines and a timeline. This process is anticipated to be initiated in December 2010.

Application Process

- Applicants would submit an application describing the event, duration, use of Culver City equipment and/or facilities, economic benefits, budgetary

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information and sponsorship request. This process is anticipated to conclude in February, 2011.

- A Panel (with panel member expertise to be determined) would meet to discuss the events. Eligible events would be recommended to the City Council and/or Agency Board for funding. Staff recommends that financial support not exceed \$15,000 per event. This process is anticipated to conclude in March-April 2011.
- The City Council and/or Agency Board would be asked to consider recommendations by the evaluating panel prior to the budget being finalized for the following fiscal year and specifically designate those events to be sponsored events. This process is anticipated to conclude in early May, 2011.
- Upon conclusion of an event, organizers will be required to provide a report describing how City and Agency funds were used.

Criteria for Eligibility:

Staff recommends that the following criteria be used when determining whether or not an event will be eligible to receive funding:

- Amount of potential economic benefit for Culver City
- Visibility of the event
- Exposure to foot traffic
- Promotional/ cross-promotional plan with Culver City
- Potential for business attraction
- Uniqueness for Culver City

Amount of Funding:

Staff recommends the amount of sponsorships range from a minimum of \$1,000³ to a maximum of \$15,000 per event as determined by:

- Cost of event: Each event would be provided a maximum of 10% of the total cost of the event, including in-kind donations, up to \$15,000. For example, an event that costs \$10,000 would be eligible to receive a \$1,000 sponsorship, while an event with costs of \$150,000 and above would be eligible to receive \$15,000);
- Cost for City/Agency Services deemed necessary by City departments;
- Cost of attendee attraction (cost of event divided by the number of attendees); and
- Amount expended on marketing of the event.

For events that previously received sponsorship, staff recommends that the amount of the sponsorship be reduced by 20% annually over a period of 5 years in order to

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encourage those events to become self-sufficient and to allow other events the opportunity to be provided a cash sponsorship. For example, if an event received \$15,000 in Fiscal Year 2011/2012, they would receive a maximum of: \$12,000 in Fiscal Year 2012/2013, \$9,000 in Fiscal Year 2013/2014, \$6,000 in Fiscal Year 2014/2015, \$3,000 in Fiscal Year 2015/2016, and \$1,000 in Fiscal Year 2016/2017 and for as long as the City Council and/or Agency Board determines to sponsor the event.

After the City Council and Agency Board determine the events they will sponsor and the amount of support has been appropriated, the events that do not receive assistance will be directed to seek funding during the next fiscal year. If an event seeks funding after the process has concluded, the City Council and/or Agency Board would have to authorize additional funds through the budget amendment process.

Staff also recommends that cash sponsorships not be provided until after an event has concluded. For those events that incur City costs, it may be burdensome to pay City fees and staff costs (that will no longer be “in-kind” and will need to be paid for) that will be incurred prior to the event date and during the period when the sponsorship money is pending. For those situations, staff will work with Finance Department to determine how to track those costs and the best way to minimize the burden.

Implementation

Staff recommends that the proposed policy be implemented consistent with the above-described time schedule so that the sponsorship awards can be provided for events that occur in Fiscal Year 2011/2012. This will also allow time for the criteria to be fully developed and for the public to be made aware of the policy.

Optimally, after the first year of implementation, the City Council and Agency Board would determine the amount of available sponsorship dollars available during the annual budget process. Then the timing for the NOFA process described above could reference the amount available so that applicants would be aware of this amount as they formulate their requests. Ultimately, this could result in the NOFA process being initiated in July/August of a new fiscal year with awards being made and/or encumbered for events in the subsequent calendar year.

FISCAL ANALYSIS:

For the Redevelopment Agency, funding of \$40,000 was appropriated in the Fiscal Year 2010/2011 budget (Program 90200, Economic Development - Special Events and Meetings) to fund the following special events: *Culver City Car Show*, with fee waivers of up to \$12,000; *Taste of the Nation*, with a fee waiver and funding assistance total of up to \$15,000; and *IndieCade* with funding assistance of

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\$10,000, with the remaining \$4,000 of funds available to cover requests for additional funding by those organizations or for meeting any cost increases. There were no City funds budgeted in Fiscal Year 2010/2011 as all fee waivers are to be reimbursed from the Agency for these special events.

For Fiscal Year 2011/2012, staff recommends the Agency Board budget \$40,000 to fund the Car Show, Taste of the Nation and IndieCade (assuming that they apply for a cash sponsorship.) If the Agency Board desires, additional funds could be added to budget for new requests for sponsorships. In addition, staff recommends the City Council consider whether it wants to budget a specific amount to use toward cash sponsorships during Fiscal Year 2011/2012. With more competitive requests, it is possible that some of the events currently receiving funds may receive lesser amounts than in the past and some may not receive assistance at all, while new events may receive assistance that was not provided in the past.

ATTACHMENTS:

1. Definition of "Sponsored event" as outlined in City Council Policy Statement 2008-01

MOTION:

That the City Council and Redevelopment Agency Board:

1. Discuss and provide input on a policy related to special event sponsorship and financial support of City- and Agency-sponsored events; and if necessary.
2. Direct the City Manager/Executive Director to prepare and present an Event Sponsorship Policy to the City Council and Agency Board for consideration during an upcoming City Council/Agency Board joint meeting.

¹ Events that are subject to a Memorandum of Understanding (MOU) were not considered, as financial support for those events is administered pursuant to the terms of the specific MOU. The events administered by MOUs may be subject to any future policies as the MOUs are updated, or the City/Agency Board could direct staff to bring forward amendments to those MOUs, so they are consistent with any adopted policy.

² All events will still be required to procure a special event permit from the Committee on Permits and Licenses and follow all conditions imposed therewith, as well as other permits that may be required, depending upon the nature of the event.

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³ Per Culver City Municipal Code § 17.330.040.B.7.b.ii, in order for a sponsored event to be eligible to place banners promoting the event in the public right-of-way, a minimum contribution of \$1,000 is required.