



# City of Culver City

## Staff Report Details (With Text)

**File #:** 19-556      **Version:** 1      **Name:**  
**Type:** Minute Order      **Status:** Action Item  
**File created:** 11/5/2018      **In control:** City Council Meeting Agenda  
**On agenda:** 2/11/2019      **Final action:**  
**Title:** CC - (1) Receipt of an Update Pertaining to the Culver City Cultural Affairs Foundation; (2) Consideration of a Recommendation to Terminate the Memorandum of Understanding; (3) Direction to the City Manager Regarding the Outstanding Loan; and (4) Other Direction to the City Manager as Deemed Appropriate.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. City and CCCAF MOU.pdf

Date	Ver.	Action By	Action	Result
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**CC - (1) Receipt of an Update Pertaining to the Culver City Cultural Affairs Foundation; (2) Consideration of a Recommendation to Terminate the Memorandum of Understanding; (3) Direction to the City Manager Regarding the Outstanding Loan; and (4) Other Direction to the City Manager as Deemed Appropriate.**

**Meeting Date:** February 11, 2019

**Contact Person/Dept:** Serena Wright-Black/Administrative Services  
Heather Baker/City Attorney

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**Fiscal Impact:** Yes  No       **General Fund:** Yes  No

**Public Hearing:**       **Action Item:**       **Attachments:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (02/06/19); (Email) Meetings and Agendas - Cultural Affairs (02/06/19)

**Department Approval:** Serena Wright-Black, Assistant City Manager (02/06/19)

### RECOMMENDATION

Staff recommends the City Council (1) receive an update pertaining to the Culver City Cultural Affairs

Foundation; (2) consider terminating the Memorandum of Understanding; (3) provide direction to the City Manager regarding the outstanding loan; and (4) provide any other direction to the City Manager as deemed appropriate.

## **BACKGROUND/DISCUSSION**

In 2016 the City Council formed an Ad Hoc Subcommittee (“Subcommittee”) for the purpose of revising the structure of the Culver City Cultural Affairs Foundation (“CAF”). The goal of the Subcommittee was to explore options for a new CAF structure that would allow it to work independently from the City. The CAF subsequently approved the recommendation made by the Subcommittee and the matter was considered by the City Council for final approval. The amended Bylaws were presented to City Council and a new Memorandum of Understanding between the City and the CAF was adopted by the City Council on March 12, 2018.

The CAF has been functioning as an independent 501(c)(3) organization since April 2018. It has recruited to fill all nine (9) Board seats, formed an advisory committee, opened a new bank account, obtained insurance coverage, created a logo and has held a number of successful fundraising events.

### Memorandum of Understanding with the City

The Memorandum of Understanding between the City and the CAF (“MOU”) establishes the relationship between the City and the CAF and provides general guidance on the services provided by the CAF to the City, as well as resources the City provides to the CAF.

As City staff began to work with the CAF Board of Directors (“Board”) to transition various administrative, legal and financial documents and functions, it was discovered there was a misunderstanding on how the CAF was to function under its MOU in relation to the City. Staff and members of the CAF Board have collectively identified areas in which clarity and direction from the City Council is needed.

Some of the areas where the current MOU is silent or unclear are as follows:

- There are no specific donation guidelines set forth in the MOU.
- The MOU does not address whether certain donation types are inappropriate, undesirable and/or prohibited.
- There is some discrepancy between the MOU and the CAF Bylaws as to whether the CAF can raise funds for organizations outside of City government. If the CAF is not required to exclusively fundraise for the City, there should be clarity as to what priority the City receives in the CAF’s disbursement of unrestricted donations, above and beyond the CAF’s stated obligation to support the City’s Cultural Affairs Division Work Plan.
- The MOU also does not provide guidance to the City and the CAF to ensure that outreach to the Culver City business community, for the purposes of fundraising, is coordinated.
- The MOU does not guarantee that the City will continue its financial commitment to Cultural Affairs programs and activities and not decrease funding based on potential fundraising by the CAF.

### *Termination of Agreement*

The MOU provides a termination clause which allows either party to terminate the agreement with a 90-day written notice. Staff and the Board have discussed this clause and have concluded that it would be a mutual benefit to terminate the MOU and continue with an informal partnership. The Board is committed to continuing its policy of providing financial resources, when possible, to the City's cultural projects and activities. The Board has assured staff they want to retain a strategic partnership with the City and collaborate on opportunities to enrich the Culver City arts community.

#### *Outstanding Loan*

As part of the MOU, the City provided to CAF seed money in the amount of \$35,000. The agreement states that the loan needs to be repaid by June 30, 2019 or upon termination of the agreement. If the City Council determines to terminate the agreement, staff is recommending that the CAF be allowed to repay the loan in installments, to be repaid in full no later than June 30, 2020.

#### **FISCAL ANALYSIS**

There is no fiscal impact associated with this item.

#### **ATTACHMENTS**

1. 19-02-11\_ATT No. 1\_Memorandum of Understanding Between the City of Culver City and the Culver City Cultural Affairs Foundation.

#### **MOTION**

That the City Council:

1. Receive an update related to the Culver City Cultural Affairs Foundation;
2. Consider the staff recommendation to terminate the Memorandum of Understanding;
3. Provide direction to the City Manager regarding the outstanding loan; and
4. Provide any other direction to the City Manager as deemed appropriate.