



City of Culver City

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Staff Report

File #: 22-1107, **Version:** 1

Item #: A-1.

CC - ACTION ITEM: (1) Consideration of Recommendation from Cultural Affairs Commission Regarding a \$35,000 Loan from City to Culver City Arts Foundation; and (2) Discussion and Direction to City Manager as Deemed Appropriate

Meeting Date: June 27, 2022

Contact Person/Dept.: B. Christine Byers / City Manager's Office - Cultural Affairs
Jesse Mays / City Manager's Office

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

Attachments: Yes ☒ No ☐

Commission Action Required: Yes ☒ No ☐ **Date:** May 17, 2022

Commission Name: Cultural Affairs Commission

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/22/22); (E-Mail) Culver City Arts Foundation (06/22/22)

Department Approval: Jesse Mays, Assistant City Manager (06/02/22)

RECOMMENDATION

Staff recommends the City Council (1) consider the recommendation of the Cultural Affairs Commission ("CAC") regarding a \$35,000 loan from the City to Culver City Arts Foundation; and, (2) discuss and provide direction to the City Manager as deemed appropriate.

BACKGROUND

The Culver City Arts Foundation ("CCAF" or "Culver Arts") was established in 2006 as a 501(c)(3) nonprofit public benefit corporation. The Articles of Incorporation were filed with the Secretary of State on September 26, 2006.

In 2016, the City Council formed an Ad Hoc Subcommittee for the purpose of revising the structure of the CCAF with the goal of allowing it to function independently from the City. The City Council took action in March 2018 to separate the CCAF from the City. The Bylaws were amended and a new

Memorandum of Understanding (“MOU”) between the City and the CCAF was adopted. A revised MOU was subsequently adopted on June 24, 2019 (Attachment 1).

The MOU adopted by City Council also included a provision in which the City Council authorized \$35,000 seed money be loaned to CCAF and repaid on or before June 30, 2019. On June 24, 2019, City Council extended the repayment terms. Specifically, Section 3.A. of the MOU was revised as follows:

SECTION 3. PAYMENT.

A. For Fiscal Year 2017-18, City granted a loan to CCCAF in the amount of \$35,000 to be used as “seed money” to commence its activities (“Loan”). At the end of the fiscal year (June 30, 2020), the CCCAF shall report on the status of its funding and ability to repay the Loan to the City. If there are insufficient funds to repay the Loan, the City Council may decide to extend the term of the Loan or forgive its repayment.

The City Council has considered a request from CCAF regarding the loan twice in 2020 and again on June 28, 2021. In June 2021, the Council unanimously passed a motion that the CCAF pay \$1 and revisit repayment of the loan in 2022.

DISCUSSION

While the MOU addresses the role of CCAF in its support of the City’s Cultural Affairs work plan, the MOU does not include language requiring minimum annual grant contributions to the City from CCAF or for the term of the MOU. Additionally, the MOU is silent as to whether the \$35,000 loan can be offset by grant contributions from CCAF. Per the attached letter of April 7, 2022, CCAF wishes to emphasize that it is not requesting that the \$35,000 loan be “forgiven” as currently stated in the MOU but that the \$67,600 donated to the City to date for the Performing Arts Grant and Artist Laureate Programs be considered as offsetting the loan, leaving a net gain for the City of \$32,500.

Additionally, CCAF has supported the arts in Culver City in other areas, including programs such as *Projecting Possibilities* (\$26,800 total) and an *Arts Resiliency Fund* (\$21,000 total). Finally, CCAF states in the letter that should the Council take action allowing them to keep the \$35,000 (and consider the loan repaid), the money would go directly toward a third round of *Arts Resiliency* grants.

The Cultural Affairs Commission considered the information included herein at their meeting of May 17, 2022 and unanimously passed the following motion:

In light of the benefit that Culver City Arts Foundation has provided to the community and for their future investments in City arts programs, the Cultural Affairs Commission recommends to City Council that the \$35,000 initial loan should be offset by the \$67,600 in direct payments made to the City. Therefore, the loan should be considered repaid.

The current MOU term ends June 30, 2022. Action taken by the Council on this item would be reflected in an amendment to the MOU.

FISCAL ANALYSIS

The financial impact to the General Fund will vary based on the direction City Council provides. If City Council considers the loan repaid the loan will be written off as uncollectible and recorded as a loss to the General Fund, per accounting standards. If the term of the loan is extended, the repayment of the loan will be recorded in a future fiscal year.

ATTACHMENTS

1. 22-06-13_ATT No. 1_2019 Memorandum of Understanding Between the City of Culver City and Culver City Arts Foundation
2. 22-06-13_ATT No. 2_Culver Arts Letter Dated April 7, 2022
3. 22-06-13_ATT No. 3_Loan Reconciliation - Grant Funding Overview (2019 through 2022)
4. 22-06-13_ATT No. 4_Culver Arts Treasurer's Report - May 1, 2022

RECOMMENDED MOTIONS

That the City Council:

1. Discuss and provide direction regarding the loan provided to Culver City Arts Foundation; and
2. Authorize an amendment to the to the existing Memorandum of Understanding and loan documents based on City Council's direction; and
3. Authorize the City Attorney to review/prepare the necessary documents; and
4. Authorize the City Manager to execute such documents on behalf of the City.