



DATE: December 17, 2019

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adopt a Resolution Approving the Proposed Special Event Support and Grant Program Guidelines

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving the proposed City of Hayward Special Event Support and Grant Program Guidelines and authorizes staff to issue a Notice of Funding for Special Event Grants.

SUMMARY

Since 2000, the Economic Development Division within the City of Hayward has provided financial support to special events that take place in the community. As the success of these events continues and new events are added each year, the financial support requested also has continued to increase. Due to the number of events and requests being made, and the limited resources available in the General Fund, City staff is recommending implementing new City of Hayward Special Event Support and Grant Program Guidelines.

BACKGROUND

In 1998, the new City Hall and plaza construction was completed, and efforts to revitalize the downtown and B Street began. The Russell City Blues Festival was the first major event held in the downtown in 2000 and received financial support from the City to bring the event to Hayward. Over the years, the number of events that have received support have increased and include the Downtown Street Parties in the summer, the Vintage Alley Car Show, and the Zucchini Festival at Kennedy Park along with many others. Attachment III includes a list of events funded in 2018 and those that are requesting funding in 2019. During the past two years, several new events have been added to the calendar including Oktoberfest and the Latin Jazz Festival. Over the past 19 years, total annual event financial support ranged from \$24,300 to \$144,600, with individual events requesting financial support ranging from \$1,300 to \$35,000 each year. Additional fee-waiver support for these events is approximately \$3,000 for each event in which a street closure is required. In 2018, 11 events received special event encroachment permit fee waivers.

DISCUSSION

As the number of events requesting financial, fee-waiver, and in-kind support from the City has increased each year and General Fund resources are limited, staff determined that objective guidelines for awarding financial support and grants to special events was needed. To begin the process of creating a new program, staff evaluated other cities' programs to determine the best path forward to continue to support special events, while improving budget control. Staff reviewed special event funding policies from nine other cities in California, including: Sacramento, Livermore, Carlsbad, Monterey, Newport Beach, Ventura, Elk Grove, Culver City, and San Luis Obispo. In evaluating these other cities, staff looked at their application process, timing of applications, types of funding or support given to the events, funding levels, type of events funded, and ongoing funding of events. A summary of these cities' special event funding policies can be found as Attachment IV.

After the evaluation of current practices and review of other cities' special event funding programs, staff recommends the creation of a new Special Event Support and Grant Program. This new program would establish a more equitable, predictable, and transparent process for granting special events financial sponsorships, fee-waivers, and in-kind support. The new program would establish a single application period each year in which all special events seeking funding or fee-waiver support would submit an application. Those events seeking support would be objectively evaluated by staff and granted the appropriate support as outlined in the program guidelines.

The proposed program includes the following provisions:

Application Period

A single application period will be open each year in January in which all events seeking support from the City will submit their request. All applications will be due in March and will be evaluated. This single application period will allow for improved budget control and staff time associated with the events. Currently, requests are received throughout the year and are evaluated as each one is received. This creates increased staff time associated with processing these requests and creates uncertainty regarding the number of requests that will occur during the year.

Staff recognizes that new events may be proposed after the application period. Under the proposed program, if a new event approaches the City for support after the application period has closed, staff will evaluate the application and make a recommendation to the City Manager as to whether the event should be given funding. This maintains flexibility in encouraging new events to occur in the City.

Attachment III outlines the eligibility requirements and evaluation criteria in more detail. Eligible applications will be reviewed, evaluated, and ranked based on the following evaluation criteria:

1. The event directly or indirectly benefits the City of Hayward community, including businesses, cause-related, or non-profit organizations, offers educational, cultural, or arts experiences, or provides recreational or social activities.
2. The event encourages inclusion and celebrates diversity as identified in the Commitment for an Inclusive, Equitable, and Compassionate Community (CIECC) document.
3. The event benefits a City of Hayward based non-profit organization, community organization, or neighborhood association/organization.
4. The event serves, involves, calls attention to, and promotes the City of Hayward, its residents, youth, non-profits, schools, and/or organizations.
5. The event enhances the quality of life within the City of Hayward with cultural, social, recreational, or educational activities of interest to the community.
6. The event attracts visitors to the City of Hayward.
7. The quality of the promotion/marketing plan, budget, and performance measures.
8. The event calls attention to and promotes the City of Hayward as a highly desirable place to live, visit, work, play, and do business.
9. Priority will be given to requests pertaining to marketing and promotional efforts for the event in order to drive visitors and tourists to the City of Hayward.
10. Additional consideration will be given to organizations celebrating an anniversary or grand opening.

Financial Support - Existing Events

Under the proposed regulations, staff has recommended two levels of funding for events that have previously taken place. The first level is for Signature Events, which are events that have taken place less than five years. For these events, staff recommends that a maximum grant amount of \$5,000 be available for the event. Upon completion of the 5th consecutive year of an event, the event will then be classified as a Classic Event. Classic events are those that have previously been held at least five times prior to the current year. These events would be eligible for up to \$7,500 in grant funds to support growing the event into a larger, regional event.

Financial Support - New Events

In order to encourage new events to be held in the City and expand the community and cultural activity options for residents, a new event may receive up to \$10,000 in financial support for one year. A new event is defined as an event that has not previously been held within the City limits. All events that have previously received funding from the City will be considered existing events under the proposed program. Moving an event from one location to another location within the City limits does not make the event “new.” The new event support counts as one year towards the total five years of financial support available to events.

The proposed \$10,000 funding ceiling for a new event recognizes the additional costs associated with marketing and promoting a new event. Furthermore, most events can attract additional sponsor support after the first successful implementation of the event.

The money granted to either a new or existing event cannot be more than 20% of the total estimated budget for the event. Total costs shall include expenses to be paid directly by the organizer to third party vendors and may not include valuations for volunteer hours, in-kind city services, or applicant related costs such as office space or other operational expenses for the hosting organization. In addition, the applicant must prove that the event is not reliant on the financial support from the City for the event to take place.

On July 1, 2019, the Council Economic Development Committee reviewed the proposed funding guidelines and recommended that a provision be added that no ticketed events would be eligible for financial support. That provision has been added in the proposed guidelines under Subsection V – Ineligible Requests.

Fee-Waiver Support

In addition to the financial support that an event may receive from the city, each event granted funds will also receive a fee waiver for the event. The fee waiver only applies to the Street Event Permit fee. Direct costs including but not limited to staff time such as required police presence, city maintenance crews, etc. outside of the normal amount required for an event are not eligible for the fee waiver.

Special Event Agreement

All events that are approved to receive financial or fee-waiver support will be required to enter into a Special Event Agreement. This agreement requires that the event submit and receive approval of a Special Event permit and process and submit all necessary forms, including, but not limited to, business license, insurance, health permit, fire permits, and fees as required.

In addition, the event will be required to insert the City's logo as a sponsor of the event in all marketing materials and submit post event reports providing economic and social impact information for the event and media and advertising logs.

The Agreement will also establish a payment schedule for the event tied to specific milestones such as submission of marketing plans and materials and post-event attendance statistics.

In-kind Support

All special events that submit and are approved through this process receive additional in-kind support from the City that includes promotion of the event on City calendars and social media.

Outreach

Staff has contacted all previous event organizers regarding the proposed funding guidelines and discussed their specific events and the proposed funding. Two event organizers were present at the CEDC meeting in July. Staff also had one-on-one

conversations with the other major event organizers who were not present at the July meeting. All previous event organizers have received notice regarding this item on the City Council agenda.

Transparency and Conflict of Interest Principles

Transparency and conflict of interest principles prohibit impropriety, or the avoidance of impropriety, and in this regard, staff has examined the relationships between organizations granted City funds in the recent past and members of the City Council or senior staff. Staff is unaware of any relationship that would preclude any member of the Council from participating in and voting on the proposed guidelines recommended in this report. Further, staff are unaware of any relationship that precludes any member of senior staff from participating in the drafting of the staff report or formulating the recommended guidelines. In one case involving La Alianza, a co-sponsor with the City of the Cinco de Mayo festival, the Council adopted a resolution in 2017 exempting one member of the Council from any conflict of interest guidelines because there were no financial considerations in the member's involvement with the community-based organization. In another case involving the Stonebrae Country Club, of which a member of Council and a senior staff official are members, it has been determined the financial impact of the City's co-sponsorship with Stonebrae of a golf tournament is too remote to require the officials' recusal in the drafting, formulating of, or voting on the recommended guidelines. Any member of the Council with a possible conflict or concern should reach out to staff in advance of the report's discussion at an agenda meeting.

FISCAL IMPACT

In 2019, the City of Hayward received financial support requests from special event organizers totaling \$144,600. An additional \$30,000 in fee waivers were granted by the Development Services Department to events for the Special Event Encroachment Permits. The Special Event Encroachment Permit is envisioned to cover City costs associated with special events including permit review time, street closure costs, and police security at the event.

As the downtown area continues to become the cultural center of the community, staff anticipates that additional events will want to locate in Hayward and seek support. Based on the list of events that have historically taken place and accounting for potential new events, staff anticipates approximately \$105,000 would be allocated for the direct cash financial support, and an additional \$30,000 for fee waivers.

The cash granted as financial support for special events is allocated from the City's Economic Development budget, which is funded by the General Fund. The reduction in anticipated expenditures on special event funding going forward will be re-directed to supporting business attraction, retention, and expansion activities of the Economic Development division.

The waiving of fees is absorbed by the City departments from which the effort is provided to the events. As special events grow in frequency, location, attendee size, and duration,

the costs not currently captured through the Special Event Encroachment Permit Fee are likely to have the largest impact on the budgets of the Police Department and Maintenance Services Division as they absorb costs above and beyond the amount recovered in fees. Staff is planning to complete an analysis of the Special Event Encroachment Permit Fee to quantify the effort of the departments whose budgets are currently affected by non-recovery with the potential of adjusting the fee to recover all costs during the FY 2021 budget process. This will help the City better reflect the costs associated with the fee waivers.

STRATEGIC INITIATIVES

This agenda item does not directly relate to the Council's Strategic Initiatives.

NEXT STEPS

Following this meeting, staff will incorporate feedback from Council and begin the implementation of the program. This includes developing materials to explain the new program to previous event organizers, an application form, and releasing a Notice of Funding Availability for Grants for Special Events to be issued in January.

Prepared by: Catherine Ralston, Economic Development Specialist

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



Kelly McAdoo, City Manager