



**CITY OF**

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# **NEWPORT BEACH**

## **City Council Staff Report**

July 11, 2017  
Agenda Item No. 11

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Dave Kiff, City Manager - 949-644-3001,  
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**TITLE:** Special Event Support Program FY 2017-2018 Funding  
Recommendations

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**ABSTRACT:**

The City of Newport Beach Special Event Support Program provides financial assistance to Newport Beach based community events. Staff is submitting recommendations for the City Council's consideration that, if approved, would support 18 Community and Charitable events for a total of \$53,311 and five Signature events for a total of \$229,000.

**RECOMMENDATIONS:**

- a) Determine that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because it will not result in a physical change to the environment, directly or indirectly;
- b) Approve the Special Event Support recommendations for Fiscal Year 2017-2018;
- c) Authorize staff to execute one-year grant agreements with event organizers for the Komen Orange County Race for the Cure, Newport Beach Restaurant Week and the Newport to Ensenada Yacht Race;
- d) Authorize staff to enter a new, three-year grant agreement for \$50,000 per year for a total of \$150,000 with the Newport Beach Chamber of Commerce for the Christmas Boat Parade event; and
- e) Approve changes to the Special Event Support Program as detailed in the staff report.

**FUNDING REQUIREMENTS:**

Sufficient funding is available in the adopted FY 2017-2018 (FY18) General Fund budget. The budget includes \$255,000 (01020202-841046, City Manager's Office/Economic

Development) in support for Signature Events and \$60,000 (01005005-841046, City Council) for the Community and Charitable event support. Staff's recommendations, if approved, would support 18 Community and Charitable events for a total of \$53,311 and five Signature events for a total of \$229,000.

## **DISCUSSION:**

### **Background**

The City of Newport Beach (City) follows an administrative process for allocating special event support. The process is designed to provide transparency and equity in how the funding is allocated, comply with the Newport Beach Municipal Code, and help contain City costs, while continuing to support local events that provide charitable fundraising opportunities, encourage community engagement, and/or foster economic development. In 2015, the City Council approved changes to the administrative process that define the types of events the City will support and provide eligibility, qualification and evaluation criteria for the program. (Attachment A)

The City's Special Event Support Program provides grants in two categories:

1. Community and Charitable Events – Events that serve or benefit locally based organizations and causes and/or provide recreational, cultural, social benefits to Newport Beach residents. Newport Beach based organizations and events that serve the Newport Beach community specifically, receive priority in funding. Grants are in the form of a credit toward City fees. If an awardee incurs costs (fees) higher than the grant award, they owe the City the difference. If the awardee's costs are lower than was projected during the grant award process, the City keeps the difference.
2. Signature Events – Large-scale events, based in Newport Beach that promote Newport Beach regionally, attract visitors and provide measurable, economic benefits to the City of Newport Beach. Signature event grant recipients are required to enter into a City Sponsorship Agreement and agree with the City's terms and conditions. All agreements include right to audit language and include measurable objectives and performance measures for evaluating the event's marketing and economic impact.

### **Grant Application Process**

The City opened the application submission period on April 7, 2017 and advertised the program in the Daily Pilot, promoted it on the City's website and social media channels, emailed past applicants and others that had expressed an interest in the program, and issued a news release. The deadline for applications was May 10, 2017 and 25 applications were received. This included 19 applications received under the Community and Charitable event category and six received under the Signature event category. One

application was incomplete and the applicant agreed it should be removed from further consideration. The applications are available for the City Council's and the public's review at the City Clerk's Office at Newport Beach City Hall, 100 Civic Center Drive, Bay 2E.

### **Application Review and Evaluation**

A staff committee comprised of Sean Levin and Matt Dingwall from the Recreation and Senior Services Department and Tara Finnigan and Mary Locey from the City Manager's Office reviewed and evaluated the applications received. The applications were evaluated based upon how well each fit the program's eligibility, qualification and evaluation criteria. (Attachment A)

### **Determining Recommended Funding**

Community and Charitable event grants are to be awarded at set, not-to-exceed levels that correlate to the amount of City fees the applicant is expected pay. To assign funding recommendations, staff used historical data from previous years' events or estimated what an event would pay in City fees. The committee incorporated the information from the application evaluation and assigned funding recommendations accordingly.

Signature events grants are to be awarded at set, not-to-exceed levels based upon an evaluation of the event budget, an estimate of related City fees, and the estimated economic benefits to the City of having the event based in Newport Beach. Staff evaluated these elements and assigned funding recommendations.

In order to support as many eligible events as possible with the funding approved in the fiscal year budget, staff also considers the history, if any, of City financial support for each applicant. A number of events received City support in three or more of the last five fiscal years and/or have received large grants (\$5,000 or more) within the five-year period. Nearly half of the events recommended for grant funding fall within this "repeat recipients" category, including all five of the Signature events.

### **Funding Recommendations**

Staff is submitting recommendations for the City Council's consideration that, if approved, would support 18 Community and Charitable events for a total of \$53,311 and five Signature events for a total of \$229,000. (A complete list is included as Attachment B.)

Of the 23 events recommended to receive grant funding, 18 received City grants in FY 17. For all but one of these events, staff recommends leaving the grant amount as the same level as last year. The Balboa Island Parade, however, received a \$5,000 grant last year and staff is recommending a \$7,500 grant this year. The parade organizers applied for a Signature event grant this year in order to obtain more grant funding. Staff, however, believes the parade better matches the criteria for a Community & Charitable event and is therefore recommending a grant under that category, but increasing the grant amount received last year by \$2,500. A \$7,500 event grant would cover most, if not all, of the City permit and other fees related to the parade.

The remaining five events did not receive grants last year. For those, staff is recommending grant amounts that should help to cover the cost of their City Special Event Permit fee.

Reflected in the Signature event funding total previously referenced is \$50,000 for the Christmas Boat Parade and \$150,000 for the Newport Beach Film Festival. The City is currently under multi-year grant agreements with the organizers of these events. In October 2013, the City Council approved a \$200,000 grant agreement with the Newport Beach Chamber of Commerce (Chamber) for the Boat Parade to be disbursed in \$50,000 payments in 2014, 2015, 2016 and 2017. The agreement with the Newport Beach Film Festival was approved in 2016. The City is providing \$150,000 in grant funding per year in 2017, 2018 and 2019 to the festival for a total grant amount of \$450,000.

The City's agreement with the Chamber for the Christmas Boat Parade will expire at the end of 2017. The Chamber requested a new, five-year agreement to provide some funding stability for the event as it plans future parades and seeks other event sponsors. Staff, however, is recommending a new, three-year agreement as that term is consistent with the grant agreement with the Newport Beach Film Festival.

The Christmas Boat Parade has been a popular tradition for City residents and visitors for more than a century. Community members from throughout the city watch, participate in, support or volunteer for the parade. This year, the Chamber is adjusting the parade route to have it pass by Marina Park earlier in the evening. This change will better enable residents, particularly those with young children, to gather and watch the festivities at low or no cost from the park. The parade also attracts visitors to town and Newport Beach & Company partners with the Chamber to assist with event marketing and sponsorships. Newport Beach & Company commissioned an economic impact study of the 2015 parade and found it generated more than \$4 million in visitor spending through paid overnight stays, dining in restaurants, shopping and more.

### **Disqualifications, Exceptions or Removals from Consideration**

As shown in Attachment B, one of the applications submitted was incomplete and was removed, with the concurrence of the applicant, from further consideration. Staff is not recommending funding for two events – one under the Community and Charitable events category and one under the Signature events category. One did not adequately meet the program criteria and the other is so successful (it has a widely recognized corporate title sponsor) that its projected City fees represent less than one percent of the event expenditure budget. Thus, staff did not see a demonstrated need for City financial support.

### **Recommended Changes to the Special Event Support Program**

As previously noted, nearly half of the events recommended for grants this year have been supported by the City in recent years. In order to have the opportunity to support new or other events in the future, staff recommends limiting the number of consecutive years that an organization can receive a City support grant and gradually reducing a

repeat recipient's grant amount in consecutive years. Assuming an organization submits complete grant applications for an event in consecutive years that meet the program criteria, and receive City grant funding, staff recommends the following:

Year 1 through Year 3 – grant amount for the event stays at same level or can be slightly adjusted if an event's City-related fees increase or decrease.

Year 4 – grant amount reduced 10 percent from Year 3 grant amount.

Year 5 – grant amount reduced 10 percent from Year 4 grant amount.

Year 6 – not eligible for a grant.

Year 7 – organization is welcome to apply again for a grant for the event under the Special Event Program.

Staff also recommends amending the program criteria to indicate that City co-sponsored events that do not have associated City permit or related fees, or events hosted by City support groups of which the City Council or City Manager has approved waiving City permit or related fees, do not have to apply for a Special Event Support grant.

Lastly, staff recommends amending the language related to grant funding levels in the program guidelines to reflect that they are estimated and the City has the discretion to set grant amounts at any level, no matter the category or event under which an event may be assigned. A redline version of the program overview, that would incorporate these suggested changes for FY 2018-2019, is included as Attachment C.

#### **NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

#### **ATTACHMENTS:**

Attachment A – FY 18 Special Event Support Program Overview

Attachment B – FY 18 Special Event Grant Funding Recommendations

Attachment C – Redline of proposed FY 19 Special Event Support Program Guidelines

Attachment D – Correspondence