



Cover Memorandum/Staff Report

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Item #: WS.2.

TO: Mayor and Commissioners
FROM: Jeffrey L. Oris, CEcD, Assistant City Manager
THROUGH: Terrence R. Moore, ICMA-CM
DATE: September 10, 2024

DISCUSSION ON SPECIAL EVENT POLICY REGARDING CITY SPONSORSHIPS OF SPECIAL EVENTS AND IMPACT EVENTS

Recommended Action:

Discuss whether to continue the program of City sponsorship of privately produced special events as well as the potential alterations to the process of approval for Impact Events.

Background:

In September of 2023 the City Manager signed an administrative policy related to special events. This policy was executed after several workshops with the City Commission to discuss the operation of special events, their operation and effects on the Delray Beach community. Over time, there have been several questions/concerns that have been brought up by the City Commission, staff, and/or the public, related to the two following issues:

- 1) The efficacy of City sponsorship of private special events; and
- 2) The need for Impact Events to be approved by the City Commission.

This workshop item is to discuss both of these issues.

Item 1 - Efficacy of City sponsorship of privately produced special events

One of the items contained within the Special Event Policy was item 12. D. Request for City Sponsorship of Events. This section reads:

12. D. Requests for City Sponsorship of Events -

The City Commission may consider requests for sponsorship in the form of fee reductions or discounts to services provided by the City. Request for sponsorship must provide information on how the event serves a public

purpose that is in alignment with the City's purpose and intentions as stated herein. In determining whether to grant a sponsorship the City Commission may consider how the event:

1. Promotes community welfare;
2. Improves quality of life for citizens and visitors;
3. Builds a sense of community;
4. Provides enriched cultural opportunities.

Requests for City sponsorship must be included at the time of the Special Event Application submission. SEO will forward it to the City Commission for consideration.

The granting of a sponsorship and conditions or limitations of the sponsorship will be at the sole discretion of the City Commission. If a sponsorship is granted, the producer shall comply with all terms and conditions outlined as part of the sponsorship approval.

The overriding issue with sponsorships in their current configuration is that they are not benefiting the City. Sponsorships should be designed to work as if the City were a private company, we provide a level of financial benefit to the event producer that assists them in producing an event that is financially feasible, and they provide an event that draws people to the City and touts the City's involvement. Our process was amended along the way to be only for events in which all of the "profit" from the event would be donated to non-profit organizations based in, or clearly serving the City. Such beneficiary non-profits are selected by the event producer and NOT the City thus. The only other requirement was that the event producer was to have donated a total amount no less than 2 times the amount of sponsorship provided by the City. This sponsorship amount was to be granted essentially as a credit that can be used toward payment of "soft" costs incurred by the City for the event. For instance, if a \$5,000 sponsorship is awarded, the event producer would have to donate a total of \$10,000 to previously designated and vetted, non-profit organizations in the City. Further, when the event producer get an invoice for City services after the event, they can apply up to the \$5,000 amount as payment to that invoice, but only for items such as costs for employees working the event (police, fire, public works). If the City had to rent equipment (usually barricades) or had any other direct, "hard" costs (such as trash boxes), the sponsorship could not be applied to such costs.

In the current program configuration, the event producer picks the non-profits, and is essentially a pass-through of the City's money to the non-profit while the City has no real say in who gets the funds. All of the events sponsored to date have made sufficient profit such that if the City did not sponsor the event the only outcome would have been the non-profits received less money, the events would all have remained financially feasible and all would have been able to donate to the non-profits. There was previously some discussion by the City Commission of changing the allowable non-profit beneficiaries of funding through this process to only non-profits that are already supported by the City. These discussions had loosely defined these non-profits as those that are already supported by the City through direct funding or those housed in City-owned facilities (i.e. Sandoway House, the Delray Public Library, Delray Beach Historic Society, Spady Museum). Such a change doesn't change the material fact that they City sponsorship is essentially funding the non-profits with the event producer getting credit for the increased donation and the City, at best, getting some minimal credit as a sponsor of the event in event marketing materials.

For several of the initial sponsored events, the City has not benefited from participating as the sponsorships were granted to close to the event date to take advantage of being mentioned in event advertising materials. While this could be resolved somewhat with a better timeline for requests to be vetted and considered, history is that the City gets lost within the number of other sponsors of the event and the cost may not be worth the benefit.

To date, the City Commission has granted 4 'Sponsorships'

1. 2023 Delray Beach Concours d'Elegance - Car Show
Final Sponsorship - \$10,156.98
Proceeds Donated: \$21,265

Donated: a. \$4,253 to Achievement Center for Children and Families
b. \$4,253 to Delray Citizens for Delray Police
c. \$4,253 to Delray Firefighters Benevolent
d. \$4,253 to Community Classroom Project
e. \$4,253 to Miracle League of Palm Beach County

2. 2023 Delray Concours Foundation - Bed Race

Final Sponsorship - \$2,325.10

Total Proceeds Donated - \$5,500.00

Donated: a. \$2,750 to Achievement Center for Children and Families
b. \$2,750 to Delray Firefighters Benevolent

3. 2024 Muscle on the Beach - Car Show

Actual Sponsorship - \$7,885.04

Total Proceeds Donated - \$45,000

Donated: a. \$45,000 to Sandoway House Discovery Center

4. 2024 Concours d'Elegance Car Show

Actual Sponsorship - \$12,785.27

Total Proceeds Donated: \$44,800

Donated: a. \$11,200 to Achievement Center for Children and Families
b. \$11,200 to Delray Citizens for Delray Police
c. \$11,200 to Delray Firefighters Benevolent
d. \$11,200 to Community Classroom Project

In addition to these previous sponsorship there are three pending requests for City sponsorship of events to be held in FY 2024-25. These pending requests total an amount not to exceed \$25,000.00 (If the Commission wishes to continue this program, these applications will be brought forth ASAP).

NOTE: A Special Event Sponsorship Request Form is attached to this item for informational purposes.

Item 2 - Approval of Impact Events by the City Commission

Impact Events are defined in Sec. 4.E. of the Special Event Policy and reads:

4.E. IMPACT EVENT - A Special Event requiring City Commission approval because it has at least one of the following characteristics:

1. The event is reasonably anticipated to attract 3,500 people or more on at least one calendar day; or

2. The event requires the closure of a major roadway, except for races and walks utilizing the United States Track & Field (USATF) sanctioned SK road course along A-1-A (Ocean Boulevard) between 7:00 am and 9:00 am on weekends or City-recognized holidays; or

3. The event is a parade, or includes a parade, that requires closure of any roadway in the City.

A Special Event Application for an Impact Event must be submitted to the SEO no later than

180 days prior to the event date.

This provision was included in the Special Events Policy for several reasons. At the time of the adoption of the current version of the policy, the Commission was concerned about the potential for too many large-scale events and major road closures interfering with the resident's quality of life. The category of Impact Event was created so the Commission could consider if such large scale events were appropriate for the community, would not cause a significant burden on the public through the volume of people or disruption of the transportation network. This process has worked fairly well to not only ensure the City can control the size, scale, and frequency of such events, but has also helped in keeping the Commission and the public aware of such upcoming events.

As the City has progressed with such events, however, most of the events that have come before the Commission have been those which are annual events and the Commissioner's are aware of them and favor such events to the extent of not having any discussion or presentation regarding them and moving straight to approval. Staff has looked into how to preserve the purpose of the Impact Event section while providing for less of a time burden on the event producer and City Commission. A potential solution to the Commission's concerns would be to amend the policy such that Impact Events held annually that do not change substantially alter their date, footprint, size, or route (if a road closure) and for which the event has not violated their previous year's Special Event Permit in any substantial manner, need only go to Special Event Technical Advisory Committee (SETAC) for review, with a final approval granted by the Development Services Management Group (DSMG). Any new or substantially changed Impact Event, one that has not been held in the past year, or one that was found to have significantly violated the Special Event Permit in the previous year, would still need City Commission approval. Such a policy change would significantly limit the number of Impact Events that would require Commission approval, but would maintain the purpose for which the Impact Event category was created.

City Attorney Review:

N/A

Funding Source/Financial Impact:

City Sponsorship has cost the City:

In FY 2022-23 - \$10,156.98 (one event)

In FY 2023-24 - \$22,995.41 (3 events)

For FY 2024-25 there are currently three requests pending for a total amount not to exceed \$25,000.00:

1) 2024 Bed Race - Request to waive costs in an amount not to exceed \$3,000.00

2) 2025 Muscle on the Beach Car Show - Request to waive all City Costs which are estimated at approximately \$8,000.00

3) 2025 Delray Beach Concours d'Elegance - Request to waive costs in an amount not to exceed \$14,000.00

There is no discernable financial impact to the City anticipated should the process for approval of Impact Events be altered.

Timing of Request:

Staff currently has the afore mentioned sponsorship requests for the 2024 Bed Race, 2025 Muscle

on the Beach, and 2025 Delray Beach Concours d'Elegance events that are awaiting resolution of this issue. If the Commission choose to continue the sponsorship program, these requests will be brought to the Commission ASAP.

Potential Amendments to the policy regarding Impact Events can be made at any time.