



CITY OF HARTFORD

CITY COUNCIL AGENDA REPORT

Meeting Date: March 25, 2024
Department: Administration
Submitted By: Linnea Rader, Interim City Manager
Prepared By: RoxAnn Rodney-Isbrecht, Clerk
Agenda Title: City Sponsorships

RECOMMENDED ACTION:

City funds are highly restrictive on the ways they can be spent. The attached documents from MML and the State's Treasury Department explain these restrictions in detail.

It's come to my attention that the City expends funds for sponsorships as follows, with comments in red from the City's Attorney, and options we have determined to work with the restrictions in green:

- City sponsorship of Concerts in the Park to the Lions Club in the amount of \$1,000 with an additional \$500 from the DDA.
 - Impermissible. While the City could arguably host community concerts like this on its own (and expend funds to do so), it cannot make a straight donation to a non-profit that is serving as the host of the concert.
 - The City can host the event two times per year and DDA once per year, paying the entertainers directly.
- City cost share with the Lions Club to decorate the park for Christmas each year. The City contributes \$1,000 and the DDA typically contributes \$500.
 - This is possibly permissible if reframed as a service contract, rather than a donation. Is \$1,000 roughly proportionate to the cost of decorating the park (e.g., labor, acquiring or renting all the ornaments, etc.)? If so, then I would recommend doing a simple written contract for this arrangement or at least referring to the arrangement as a "contracted service."
 - We will re-work our agreement with the Lions Club as a contracted service to continue participating in decorating the park for Christmas.
- City sponsorship of \$500 for the Hispanic Heritage Organization.
 - Impermissible.
 - The City will not be able to generally sponsor the organization. A meeting can be held to determine if there's a different way the City could support the organization.
- City sponsorship of \$500 annually through the Hartford Area Chamber of Commerce for the Strawberry Festival.
 - Impermissible. Again, the City could arguably run an event like this on its own, but it can't donate to a non-profit that's doing so.
 - The City will host the entertainment one day during Strawberry fest paying the entertainment directly.
- City sponsorship of \$500 annually to the Hartford Pageant Organization to fund their float.
 - Impermissible.

- The Pageant Organization offered the option of considering the sponsorship compensation for advertising. The attorney's response: This is still pretty questionable. I would say that this is only legal if the amount to be given is proportionate to the benefit the City will receive from the advertisement. That's a bit of a squishy test, but try to think about it like this: Assume that the City has no desire to help out the pageant organization, but is making this expenditure solely for its own benefit. How much would the City pay for an advertising opportunity like this? The answer to this may depend on what exactly the advertisement looks like. Do you have any specific needs that you're trying to meet at the moment? Hiring police officers? Attracting tourists? Etc.? If you get enough space on the float to meaningfully post an ad about a specific need that opportunity might be worth more than just a generic "City of Hartford" Logo. I would think that the benefit from the latter would be almost nothing, but the benefit from the former could potentially be a few hundred dollars depending on the need.
- This is difficult. I don't see how this can work, but I'm open to suggestions.
- City advertising in the local paper for a Veteran's Day support advertisement (\$44), Miss Hartford community advertisement (\$46), and a Memorial Day advertisement (\$30).
 - The Veteran's Day and Memorial Day items are likely permissible because of MCL 123.851. The language of that statute isn't limited to supporting physical events, but instead authorizes the spending of funds for the "proper observance" of certain holidays. In my opinion, one can reasonably argue that a newspaper ad that expresses appreciation for military personnel fall within that grant of spending authority. The pageant ad, however, does not. I think a reviewing court would likely conclude that it's impermissible.
 - The City will ensure that the language of the Veteran's Day and Memorial Day advertisements follows the law moving forward, but will be forced to discontinue the Pageant advertising.

The City's sponsorship of these organizations and functions is important to each of them. Because they are not permissible, Council cannot bypass the legalities to pass a resolution or authorization to continue these sponsorships.

To attempt to mitigate the City's sudden exit from sponsoring the above referenced organizations, I've had individual meetings with each organization, except the Hispanic Heritage Organization to explain the change and reasons. The way I understood the donation to the Hispanic Heritage Organization was that they were part of the Lions Club, but since meeting with the Lions Club I have learned they are separate, so that meeting still needs to be held. In these meetings I've expressed the City's displeasure with the requirement that we stop sponsoring these events and have expressed the City's continued support; however it can be done, legally.

The two sponsorships we have not yet been able to figure out are the Pageant Organization and Hispanic Heritage Organization. Since these contributions are currently budgeted and each organization is counting on these sponsorships to continue their programs, it is up to City Council on whether to grant the Pageant Organization's request from last meeting and a potential future request from the Hispanic Heritage Organization in this fiscal year. HOWEVER, beyond this fiscal year, these contributions cannot continue as they are not permissible expenditures of City funds. While not ideal, this plan of action can assist in the mitigation of negative feelings with the organizations and the City residents.