



PARKS & RECREATION COMMISSION STAFF REPORT

Item
January 6, 2022
Regular Business

AGENDA ITEM INFORMATION

TITLE:	Special Events Policy Considerations	<input checked="" type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Review policy considerations and provide input	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

STAFF:	Katie Herzog, Recreation Coordinator- Special Events & Community Partnerships/Emily Moon, consultant
COUNCIL LIAISON:	Jake Jacobson
EXHIBITS:	1. SWOT Analysis for City's Current Approach to Special Events

SUMMARY

Special events are an important part of a community's life, and municipalities often play a central role in facilitating those enriching experiences. The City of Mercer Island embraces its role as an enabler of special events and believes that they bring numerous benefits to the community and enhance the quality of life of residents. Special events are opportunities to nurture a sense of community, to entertain, to celebrate or honor, to express oneself, and to create memories. They have the potential to boost economic vitality and advance community goals.

The City supports special events in numerous ways, including through permitting, organizing, and partnering to deliver events. However, that support requires City resources across many departments that otherwise would be utilized to deliver other services. As such, and as the Recreation Division is "resetting" with a more conscientious approach to service delivery, special events' facilitation is being re-examined.

The Recreation Division's Reset Strategy identified that the City would benefit from altering and clarifying its approach to special events. No policy currently exists to help guide the City's approach, other than the procedures that govern permitting. The Recreation Division is responsible for planning and delivering several special events, as well as being responsible for processing permit applications for private and public (not City-run) special events held throughout the year on Mercer Island. A lack of clear policy governing the City's contribution toward all types of special events has led to inconsistencies and inefficiencies. As such, Staff proposes to work with the Parks and Recreation Commission to develop special events policy options for City Council's consideration.

For the purpose of this memo, special events are being defined as activities and experiences that are open to the public. The Recreation Division also provides the service of permitting private special events, such as corporate or family occasions, but those are not the focus of this memo. For the purposes of this memo, a special event will be defined as:

Any pre-planned, publicly attended activity, entertainment or celebration sponsored and hosted by an individual, group or organization proposed to be held in whole or in part on public property or rights-of-way, or which would impact or interfere with standard, ordinary and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event and/or requires use of City services.

A SWOT Analysis

Prior to contemplating what to change and how to change it, Staff completed a quick SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the current situation with special events. That analysis (Exhibit 1) is provided to the Commission as background information.

How are events handled now?

Currently, public-oriented special events come to fruition in several ways. Some are known in advance by City staff and are City-run. Others are either new or recurring and are designed and delivered by non-City individuals or groups. Some of those special event planners seek City contributions to their events, including planning assistance, set-up/clean-up, day-of staffing, supplies and more. Sometimes those events go through the formal permitting process and sometimes they do not. Sometimes the event planners have prior experience and sometimes they do not.

The City has a special events' permit application and review process. When an applicant is directed into the permit process, the process (at a minimum) involves the applicant filling out a form, attaching necessary documentation (such as proof of insurance or a site plan map) and paying a fee. The act of completing the form properly, addressing City requirements and conditions, and collecting the fee frequently takes back-and-forth with Staff. Much of the process lacks automation and is manual. Some simple events can be administratively reviewed and approved by Recreation staff. Other, more-intensive events require review by a multi-departmental Staff team to ensure proper coordination of public safety, rights-of-way, parks, public health, community notifications, and more. Some special events require additional permits and fees. More-intensive events often require post-event invoicing for City costs associated with the event, such as police and maintenance services.

The City Council typically approves a budget that includes some funding for a few pre-determined events that the City anticipates running that year. Those specific allocations have not fully covered the City's total expenses for either its own events or those that it partners to provide. Typically, other funds within multiple departments cover the difference in expenses. Requests for events and City assistance come up throughout the year; the City handles these on an ad hoc basis.

Cost Recovery and Resource Allocation Philosophy

The City's cost recovery pyramid set a cost recovery target of 50% (Tier 2) for City-offered/City-run "community-wide special events or open special programs." This is an ambitious goal, which Staff knows will require a diligent effort toward securing sponsorships.

Special events that are not planned and delivered by the City have a Tier 5 (150%) cost recovery target for direct expenses incurred by the City in permitting and facilitating those events.

Policy questions

1. **Is it acceptable for the City to assist (through direct allocation or other use of City resources; without full cost recovery) any individual or group in planning and delivering an event, beyond processing and issuing a permit and providing fee-compensated City services?**
 - a. If it is not acceptable, the City would only expend resources on City-organized and City-run events. All other events would be charged fees to fully recover all the City's costs related to permitting and incurred as a result of the special event.
 - b. If it is acceptable for the City to use resources on non-City-run special events, the resulting policy question would be: *Which non-City events should be entitled to those City resources (or fee reductions or waivers)?*
2. **Should the City set and maintain parameters on the level of assistance it shall give to individuals and organizations seeking to offer a special event?** (Assistance may include financial, staffing, supplies/equipment, marketing, planning, coordination, and/or any other responsibility necessary to carry out a successful event.)

Please note that some of the possible policy options the Commission will discuss may involve different ways of handling financial contributions to special events. The Commission will not deliberate and make recommendations concerning specific financial contributions to special events. Fiduciary options will be debated and decided by the City Council.

Policy Goals

As Staff begins to shape a policy, they are reviewing the conditions described in the SWOT analysis and have suggested these goals for the future policy:

- Ensure special event opportunities are facilitated and available to residents.
- Be clear and consistent regarding the level of support the City will give to special events.
- Provide certainty regarding which events will receive tax dollar support (beyond that which is cost recovered through permitting and invoicing).

These are considerations that Staff will keep in mind when drafting recommendations. The policy should consider:

1. How to promote the equitable and consistent treatment of special events applicants.
2. How to utilize City resources in a manner consistent with City goals (which may be described in the City or Division's vision, mission, long-range plans, or strategies; or which may be created specifically for special events).
3. What are the expectations for revenue generation or controlling costs; or having sufficient means to support prescribed levels of service (i.e., if special events proliferate, when is staff over-consumed or when are public spaces overwhelmed).
4. What effects might any changes to policies and practices have on existing events and partners.

Policy Options

If the answer to policy question #1 is "No, it is not acceptable for the City to expend resources on non-City-run special events," then the City's special events permitting processes and fees need to be strictly constructed and adhered to, such that all costs incurred by the City, or City resources utilized for permitting and because of the event are recouped. With this policy option, the City would need to determine in advance budgets for City-run special events for the year; all other events would not receive City funds or uncompensated City resources.

This is not an uncommon municipal approach to special events. However, this approach is most used in cities that have had difficulty managing the impact of a proliferation of special events, have had debates over the fairness of unequal allocations to non-City special events, wish to have more of a hands-off approach to other entities' events, or in larger cities where it simply is not feasible to contribute (without fully recouping costs) to all special events.

Benefits and drawbacks of this option might include:

Benefits – Establishes a clear protocol for which events receive City resources. Treats all non-City applicants equally. Limits expenditures and Staff involvement in event planning.

Drawbacks – Limits the City's ability to shape events that are provided in the community. Prohibits the City acting as benefactor to community partners.

If the answer to policy question #1 is "Yes, it is acceptable for the City to expend resources on non-City-run special events," then the next question would be: "Should the City expend its resources on all non-City special events or only some?" Furthermore, "If only some, how will the City determine which special events should receive uncompensated City resources (or fee reductions or waivers)?" With this policy option, the City would need to forecast how much City funding or other resources would be expended, and plan for that expenditure in department budgets and workplans. If only "some" events would be eligible for uncompensated City resource expenditures, and if those eligibility criteria and total resources available for expenditure were clear and capped, that would help the City manage its budget and resources.

This municipal approach to special events is also common, although Staff is not aware of any cities that contribute (uncompensated) to all special events. It is very common for municipalities to contribute to some non-City-run events. The policies and practices for determining which events receive City resources are diverse. Here are a few examples:

- Some cities establish an annual or biennial budget for non-City-run special event contributions and then conduct a "call for proposals," divvying up the funds on a first-come first-served basis, according to eligibility criteria, or as competitive proposals that are rated according to alignment with City goals.
- Some cities set aside funds in their budgets and allow individuals or groups to use those funds to conduct one-time events or to seed new events (limiting funding for those events to a period of two to three years and requiring them to be independent of City assistance after that time).
- Some cities establish a list of community partner organizations and set aside funds (or agree to reduce or waive fees) to assist those organizations' event(s).
- Some cities create a unique exception for neighborhood block parties, waiving application and permit fees and/or not charging for City services such delivering signage or road barricades.

If the City determines that it is acceptable for City resources to be contributed to some non-City-run special events, this will create three categories of special events:

1. City-organized and run
2. City-sponsored, partnered or assisted
3. All other special events; all City assistance and resources would be fully compensated through fees charged to the permit applicant and permittee.

In Washington State, the need to avoid "gifting of public funds" frequently means that municipalities that contribute City resources to a non-City entity do so via a contract for service, where the community gets a named product for the City contribution.

Benefits and drawbacks of this option may include:

Benefits – Provides a way for the City to support community partners. May result in offering more events, more diverse events, and increased opportunities to advance City goals. Depending on protocol, this option could provide some certainty about the level of City resources that would be put toward community special events.

Drawbacks – Increases the potential for inconsistent treatment, politicizing or subjectivity. Requires more Staff time for administration. Likely to cost more.

At this time, Staff is not providing any additional background or input regarding the second policy question: “Should the City set and maintain parameters on the level of assistance it shall give to individuals and organizations seeking to offer a special event?” Staff needs to hear the Commission’s discussion on the first policy question before it can prepare materials related to the second policy question. Subsequent thoughts and recommendations will be brought back to the Commission at a future meeting.

RECOMMENDATION

Discuss the policy questions and provide input to Staff, which will be used to draft policy recommendation.

