

Appendix S

**CITY OF NEWPORT BEACH
CHARTER UPDATE COMMISSION STAFF REPORT**

Agenda Item No. 5

April 6, 2010

TO: HONORABLE MEMBERS OF THE CHARTER UPDATE COMMISSION

FROM: City Manager's Office
Tara Finnigan, Public Information Manager
949-644-3035, tfinnigan@newportbeachca.gov

SUBJECT: NEWPORT BEACH MUNICIPAL CODE SECTION 3.24.010

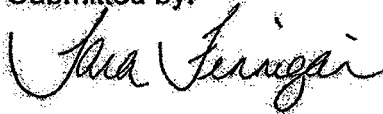
RECOMMENDATION:

Recommend to the City Council to remove Newport Beach Municipal Code Section 3.24.010 and evaluate Chamber funding requests according to Council Policy and the Code language in existence at the time the request is made (Alternative 1).

DISCUSSION:

Attached is a "white paper" with relevant background information and suggested alternatives for the Commission to consider.

Submitted by:



Tara Finnigan
Public Information Manager

Attachments: Section 3.24.010 White Paper
Code Section 3.24.010
Letter from the Newport Beach Chamber of Commerce

Chapter 3.24 Limits on Expenditures of City Funds

Statement of the Issue:

The City of Newport Beach (City) provides financial assistance and dedicates thousands of hours of staff time each year in support of events, programs and activities to a number of community organizations. Included among the organizations that receive City assistance are the Newport Beach Chamber of Commerce and the Corona Del Mar Chamber of Commerce. However, the City is limited in the amount of financial assistance it may provide to the Chambers. Specifically, Newport Beach Municipal Code (Code) Section 3.24.010, added by voter initiative in 1955, limits the amount of funds that may be appropriated by the City to the local chambers of commerce for promotion, publicity, advertising, and entertainment purposes to \$2,400 annually. The Newport Beach Chamber of Commerce requested, and the City Council approved, the Charter Update Commission's consideration of the continuing necessity of Code Section 3.24.010.

Relevant Background:

The \$2,400 funding limitation was established in 1955 and has never been adjusted for inflation. Using the consumer price index (CPI) to calculate the value in 2010 dollars, today, the adjusted amount would be approximately \$19,400. To place this dollar amount in context, provided below are three examples of recent contributions made by the City to local community organizations:

- The annual Newport Beach Film Festival received a \$100,000 Council grant and an \$8,000 City arts grant last year.
- The Orange County marathon obtained a \$50,000 Council grant in 2009.
- The Newport to Ensenada Yacht Race received a \$25,000 Council grant in 2009.

The \$2,400 limitation in Code Section 3.24.010 restricts the City's ability to assist the Chambers in a manner that is not applicable to other similarly situated organizations.

Alternatives:

Alternative 1: Repeal Code Section 3.24.010, Appropriation of Funds to Chamber of Commerce, and evaluate Chamber funding requests according to Council Policy and the Code language in existence at the time the request is made.

The Code provides specific guidelines for waiver limits and cost recovery. Several Council policies also pertain to special events and grants. These two sources provide sufficient direction to both the Special Events Advisory Committee and the City Council as to how funds should be allocated for community events and activities. The existing Code Section 3.24.010 creates a disadvantage for the Chambers of Commerce.

Alternative 2: Increase the appropriation limit.

Should the Commission or Council determine that Code Section 3.24.010 be revised rather than eliminated, the appropriation limit could be increased to enable the Chambers of Commerce to receive funding at a level similar to what other community organizations receive. That level varies by event and organization, and the Chambers may request funding consistent with Council policy in effect at the time of application.

Newport Beach Municipal Code Section 3.24.010

3.24.010 Appropriation of Funds to Chamber of Commerce.

The funds which the City Council may in its discretion appropriate to the local Chamber of Commerce for promotion, publicity, advertising, and entertainment purposes for the benefit of the City shall be limited to the sum of two thousand four hundred dollars (\$2,400.00) annually. (Initiative Ord. 743; adopted by a vote of the people on March 15, 1955)

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File No. Administration

February 2, 2010

Marian Bergeson, Chair
Charter Update Commission
c/o City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 92658-8915

Re: Charter Update Commission

Dear Honorable Chair Bergeson:

I am the current Chair of the Newport Beach Chamber of Commerce.

Charter Amendment 743 (Newport Beach Municipal Code Section 3.24.010) (which was adopted almost 55 years ago) reads as follows:

"3.24.010 Appropriation of Funds to Chamber of Commerce.

The funds which the City Council may in its discretion appropriate to the local Chamber of Commerce for promotion, publicity, advertising, and entertainment purposes for the benefit of the City shall be limited to the sum of two thousand four hundred dollars (\$2,400.00) annually. (Initiative Ord. 743; adopted by a vote of the people on March 15, 1955)"

It is my understanding that the City now provides financial support and sponsorship to a number of civic-spirited events/organizations, such as:

- (1) The Toshiba (\$50,000);
- (2) Restaurant Week (\$160,000);
- (3) the Newport/Ensenada Race (\$50,000);

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- (4) the Film Festival (\$50,000); and
- (5) the OC Marathon (\$100,000).

The Chamber is not requesting funds at present, but believes that - in light of the benefits and favorable publicity the City receives from such events as the Boat Parade, Police Appreciation Breakfast, Mentor for a Day Program, Athletic Awards Breakfast, Scholarship Awards Breakfast, Flight of the Lasers Boat Race, Ensign Intermediate School Character Counts Awards, Citizen of the Year Gala, Fire and Marine Appreciation Beach Party, Sandcastle Contest, the Taste of Newport and other civic-spirited Chamber-sponsored events – the Chamber should not be any less eligible to apply for City support than the other events/organizations listed above.

Accordingly, the Chamber respectfully requests that the Charter Update Commission consider the repeal of Charter Amendment 743 (Newport Beach Municipal Code Section 3.24.010) and the addition of a Charter provision along the following lines:

“Not-for-profit community organizations shall be permitted to apply for City financial support and sponsorship of particular events presented by such organizations where such events promote, publicize, enhance the image and reputation of, and otherwise benefit the City.”

Thank you for considering this request.

Sincerely,



Paul K. Watkins
Chair,
Newport Beach Chamber of Commerce

PKW:jbag