Council Meeting of
August 14, 2007

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: City Manager – Review and give direction regarding the request from the Cultural Arts Center Foundation for funding towards the installation of banners

RECOMMENDATION

The City Manager recommends that City Council consider a request from the Cultural Arts Center Foundation for the City to fund and approve the installation of 24 banners along Torrance Boulevard between Maple Avenue and Hickory Avenue from September 9, 2007 through November 9, 2007. Estimated expenditure $2,694.

Funding:
If the proposal is approved, an appropriation of $2,694 is required from the Program Contingency Reserve.

BACKGROUND

The City Manager received a request from the Cultural Arts Center Foundation Executive Director, Ray Solley, on July 27, 2007 (Attachment B) requesting that the City hang banners for upcoming events at the Center. Mr. Solley was contacted and it was explained that the City does not have the ability to hang street light banners and that an outside firm would have to be utilized. It was also stated that these types of banners would have to be approved by the City Council as there is no mechanism to approve them at the staff level.

A subsequent request was submitted via e-mail (Attachment A) requesting permission to hang the banners, as well as for the City to fund the installation cost of $2,694.00.

ANALYSIS

The City of Torrance has no procedures or policy for hanging banners on streetlights within the City limits. Banners have been limited in the past to City events such as Armed Forces Day and holiday banners within the Hawthorne Boulevard corridor.

If the City Council wishes to approve the request before you this evening, a policy for reviewing these requests would assist staff in reviewing these types of requests in the future. The City Council may wish to establish the following criteria:

Banners may be considered if the proponent meets the following criteria:

- The proponent is a non-profit; and
- The event is held within the City of Torrance; and
- The event is sponsored or cosponsored by the City of Torrance; and
- Banner requests must meet temporary sign criteria and not be installed for a period greater than 90 days.

The other issue before you this evening is whether to fund the installation as requested by the Foundation.

The Foundation receives a direct cash subsidy from the City of Torrance of $103,040 and an indirect subsidy of $43,600 which is used to offset costs associated with the use of the Armstrong Theater (Attachment C). The request before you is in addition to the already authorized financial subsidy for the Foundation.

Respectfully submitted,

LeRoy J. Jackson
City Manager

By _____
Brian K. Sunshine
Assistant to the City Manager

City Manager Note:
The Program Contingency Reserve Fund balance is $202,000.

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachments:

A. Email request dated August 8, 2007 from Ray Solley and sample of banner artwork
B. Letter from Ray Solley dated July 27, 2007
C. Excerpt from City budget related to Foundation subsidy dated May 1, 2007

Attachment A

Sunshine, Brian

From: Botiller, Jasun
Sent: Wednesday, August 08, 2007 12:44 PM
To: Sunshine, Brian
Subject: FW: Please forward to Brian Sunshine
Attachments: GizmoA.jpg; RitaA.jpg

Brian,

Attached is Ray's revised banner request to the City. He is currently out of town, but can be reached via e-mail if you have any further questions.

Thanks,

Jasun
x7155

From: RSolley@aol.com [mailto:RSolley@aol.com]
Sent: Wednesday, August 08, 2007 11:44 AM
To: Botiller, Jasun
Cc: editorjean@earthlink.net; bryna_alper@yahoo.com
Subject: Please forward to Brian Sunshine

Brian:

Thank you for further considering the request from the Torrance Cultural Arts Center Foundation for permission to place banners featuring our 2007-08 season along Torrance Blvd. this Fall. Jasun Botiller has a copy of my original request to the City Manager dated July 27, 2007.

Permission to Hang Banners
We currently anticipate creating 24 banners. They would be posted on light poles, 12 on each side of Torrance Blvd. between Madrona and Hickory. Each banner is a standard three feet wide and six feet high. They would be anchored at both top and bottom.

Pictures of some of the most prominent artists the Foundation is bringing to the Armstrong would be featured on both sides of each banner. Attached are two samples of artwork we're considering using.

In order to maximize exposure during the start of our season, the banners would be up from September 4-November 9, 2007.

Request for Cost of Installation
We have received competitive bids from three companies to handle both printing and installation.

The Foundation will pay for the design and production of all banners. We would like the City to either pay the installer directly or reimburse the Foundation for the direct costs of installation.

Sign-A-Rama (4340 Redondo Beach Blvd., Torrance) would be the printer and installer. The intallation costs would be:

Brackets, bands, poles	$1,272
Installation & Removal	$1,032
Sales Tax	$ 390

TOTAL **$2,694**

Please let me know if there are other questions you or LeRoy have about our request. In order to meet our early September deadline, I need to hear back from your office within the next week.

Thank you,
--Ray Solley

Executive Director
Torrance Cultural Arts Center Foundation
310-755-4141 (cell)

Get a sneak peek of the all-new AOL.com.

Armstrong Theatre

Gizmo Guys

February 9, 2008

TorranceArts.com

Armstrong Theatre

April 27, 2008

Rita Moreno

TorranceArts.com

TORRANCE
CULTURAL ARTS CENTER
FOUNDATION

Attachment B

FOUNDING PRESIDENT
Katy Geissert

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Ken Miller
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George Nakano
Former State Assemblyman
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BP Arco
Bill Oberholzer
Preferred Bank
Ted Porter
So. Cal. Edison, Retired
John Schugt, MD
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Daily Breeze, Retired

STAFF
Ray Solley
Executive Director
Bryna Alper
Administrative Assistant

Nonprofit Corporation
Tax ID 33-0625499

July 27, 2007

Mr. LeRoy Jackson
City Manager
City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503

Dear LeRoy:

One of the goals of the Torrance Cultural Arts Center Foundation for our 2007-08 season is to help raise the visibility of the Center as an area-wide destination for cultural entertainment. Our ongoing print and direct mail efforts will partially achieve that goal.

But, given the large amount of commuters and "daytime citizens" in Torrance, we would like permission to install banners from September 4-November 9, 2007 on selected street lamp poles on Torrance Blvd. between Madrona and Hickory. These banners would be the same size as the ones hung last May promoting the Armed Forces Parade, and would feature color pictures of some of the most recognizable artists the Foundation is bringing to the Armstrong Theatre in 2007-08.

The Foundation will pay for the design and production of these banners. Could the city handle the installation process? If so, that would result in savings of about $2,500 for the Foundation.

Once this is approved, I will coordinate logistics, production and selection of a vendor with Jasun Botiller in General Services. In order to meet our early-September deadline, I need to hear back from you by August 6th.

Thank you for your consideration and support of this special project to benefit the Torrance Cultural Arts Center.

Sincerely,

Ray Solley
Executive Director

Cc: Jean Adelsman
Jasun Botiller

Attachment C

CITY OF TORRANCE
INTEROFFICE COMMUNICATION

DATE: May 1, 2007

TO: Mayor and Members of City Council
VIA: LeRoy J. Jackson, City Manager

FROM: Mary K. Giordano, Assistant City Manager

SUBJECT: **TORRANCE CULTURAL ARTS CENTER FOUNDATION (TCACF) INCREASED SUBSIDY FUNDING BUDGET REQUEST**

RECOMMENDATION

The City Manager recommends that the one-time additional assistance provided to TCACF in the amount of $23,040 this fiscal year become an on-going subsidy, increasing the total direct subsidy to TCACF to $103,040; and continue the indirect subsidy of approximately $43,600 for rental of the Armstrong Theatre at no cost to TCACF. The combined direct and indirect subsidies are equal to $146,640 to assist in funding TCACF's program goals. Theatre Labor of $36,240 and Printing of $25,000 would be on an in-kind basis combined with a cash payment of $41,800 for a total of $103,040.

This recommendation is based partially on the need to increase the City's funding of the Cultural Arts Center by the General Fund in the amount of $285,000 to assist in covering the cost of subsidies for non-profit organizations and increased labor and operating costs. This is discussed further in the Program Modification Section of the Proposed FY 2007-09 Operating Budget.

The City Manager further proposes that the City fund a one-time expenditure in an amount of between $25,000 to $35,000 to employ a consultant skilled in developing business plans for arts foundations to work with the City and TCACF to develop a business plan for TCACF. This would provide a review of the current business model and establish guidelines and policies to allow TCACF to work towards achieving its funding goals, and an assessment of support and program expenses reasonable for obtaining the goals. If approved, the City Manager will return with an item in the near future.

ANALYSIS

Attached is a letter from TCACF requesting additional funding for fiscal year 2007-08 (Attachment A). The budget request is summarized below noting current funding by category and the additional assistance being requested.

- **Direct subsidy budgeted by City for TCACF**

Expense Item	FY 2006-07 City Subsidy	1st Qtr 2006-07 Additional Subsidy	FY 2006-07 Sub-Total	**FY 2007-08 Subsidy Request**	**Total FY 2007-08 Request**
Labor	$25,000 (1)	$11,240 (2)	$36,240	**$13,760**	**$50,000**
Printing	25,000 (1)	–	25,000	**25,000**	**50,000**
Executive Director	30,000 (2)	–	30,000	**20,000**	**50,000**
Facility Rental	–	11,800 (2)	11,800	**9,200**	**21,000**
Office Space Rental	–	–	–	**9,600**	**9,600**
Sub-Total	**$80,000**	**$23,040**	**$103,040**	**$77,560**	**$180,600**

Note (1): In-kind assistance
Note (2): Cash Payments

- **Indirect subsidy by City of TCACF**

Armstrong Theatre Rental	$43,600 (3)	–	$43,600	–	$43,600
TOTAL	**$123,600**	**$23,040**	**$146,640**	**$77,560**	**$224,200**

Note (3): In-kind assistance based on average use of the Theatre for TCACF Events

TCACF – Increased Subsidy Funding Budget Request
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In meeting with representatives of TCACF, they have stated a need to continue with the additional funding of $23,040 approved by Council on a one-time basis at the FY 2006-07 1st Quarter Budget Hearing. To this TCACF foresees an expanding need to increase the direct subsidy in FY 2007-08 by an additional $77,560 for a total direct subsidy by the City of $180,600. Increasing the subsidy may increase number of programs offered, assist with inflation based cost increases, help underwrite the Programmer/Executive Director's salary and provide for rental of office and storage space for TCACF.

Attendance Overview
City staff reviewed attendance and operating results with TCACF. A 5-year 'snapshot' of the operating budget compared to ticket sales was provided and is attached as Attachment B. It reflects that the operating budget has increased from $40,000 for the 1995-96 Season, with ticket sales of $39,600 for 22 performance and attendance of 6,200 (including the children's series), to an operating budget of $738,000 for the 2005-06 Season with ticket sales of $193,000 for 27 performances and attendance of 8,765 (including the children's series).

Specific detail is not available to analyze attendance by performance for earlier years; however, for the 2006-07 Season, through March 25, 2007, City Staff has provided attendance detail in Attachment C based on box office records summarized as follows:

Nakano Theatre (Jazz Cabaret/150 seat capacity)	89% average attendance
Armstrong Theatre (Invited Audience/502 seat capacity)	95% average attendance
Armstrong Theatre (General Audience/502 seat capacity)	56% average attendance

TCACF has provided a profit and loss analysis by program for programs offered September 2006 through March 2007 with attendance at each performance noted. This analysis is attached as Attachment D.

Operations Summary

Operationally, the following summarizes the primary components for TCACF for the past 5 fiscal years 2001 – 2005, in thousands (detail in Attachment E).

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
(In $000)					
Operating Resources					
Donations	$46	$61	$68	$114	$113
Fundraising	142	143	200	198	173
Program Fees	115	124	173	159	168**
Restricted Donations*	99	115	160	183	102
Other	1	3	4	5	8
Total	**$403**	**$446**	**$605**	**$659**	**$564**
Operating Expenses					
Program	$237	$372	$461	$546	$609
Support	109	92	102	118	129
Total	**$347**	**$464**	**$563**	**$664**	**$738**
NET INCREASE/ DECREASE	$57	$(18)	$42	$(5)	$(174)

* May only be spent for specific uses
** Differs from 5-year 'snapshot' ticket sales amount as ticket sales of $19,500 from "American Perspectives" performances are required to be transferred to an endowment account.

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Comments:

- For FY 2001-02, the City approved a direct subsidy of $45K, or 11.2% of operating resources plus indirect subsidy through absorbing cost of rental of the Armstrong Theatre for TCACF rehearsals and performances.

- For FY 2002-03 through 2005-06, the City approved a direct subsidy of $80K a year, or 17.9%, 13.2%, 12.1% and 14.2%, respectively, of operating resources, plus indirect subsidy through absorbing cost of rental of theArmstrong Theatre for TCACF rehearsals and performances. The cost absorbed in FY 2005-06 was $43,600 raising the City's combined subsidy value to 21.9% of operating resources for last fiscal year.

- For FY 2001-02 through FY 2005-06, TCACF expenses include sponsorships of other community art organizations. The amounts for each year, respectively, were $11,300, $12,700, $11,900, $44,700, and $64,800. The organizations assisted in fiscal year 2005-2006 include:

⇒ Torrance Arts Museum	$25,000
⇒ Torrance Theatre Company	$25,000
⇒ Bramhall School Outreach	$12,000
⇒ Other	$ 2,800

- For FY 2005-06, the increased operating loss resulted primarily from a reduction of restricted donations to fund programs, and an increase in program expenses.

Mary K. Giordano
Assistant City Manager

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Attachments:
A) Letter from Torrance Cultural Arts Center Foundation dated April 10, 2007
B) Five-Year 'Snapshots'
C) TCACF Event Attendance (through 3/25/07)
D) Monthly Profit and Loss Statement, by Program, for September 2006 through March 2007
E) TCACF Statement of Activities Report for FY 2001-02 through FY 2005-06, excerpted from annual compiled Financial Statements