AUTHORIZATION TO EXECUTE A CONTRACT WITH THE ASPARAGUS FESTIVAL

RECOMMENDATION

It is recommended that by motion action the City Council authorize the City Manager to execute the attached agreement with the Stockton/San Joaquin Asparagus Festival.

Summary

The City and the Asparagus Festival have reached an agreement to continue the partnership in hosting the Asparagus Festival. This agreement keeps the Festival downtown Stockton while reflecting a more sustainable resource commitment from the City consistent with our new fiscal environment.

The City and the Festival have agreed to a three-year contract with two one-year extensions. Over the next two years, the Asparagus Festival and the City will work together to reduce the use of City personnel and services in support of the event and the Festival will pay a larger portion of the remaining cost of City services. By year three, the Festival will pay all out-of-pocket costs for City staff and services that support the Festival. The City will continue to be a partner and sponsor of the Festival by reducing to zero facility and permit fees that do not generate costs for the City. The proposed agreement would be effective for the 2014 Asparagus Festival in Downtown Stockton.

DISCUSSION

Background

The Asparagus Festival is a community food festival that donates event proceeds to charitable organizations in the community. The event has been held in Stockton/San Joaquin County for the past 28 years. In 2004, the Asparagus Festival moved to Downtown Stockton. At that time, the City entered into a five-year agreement with the Festival to be an event sponsor. Through this agreement, the City provided staff resources and the use of City facilities in an effort to support the transition of the Festival to the new Downtown location.

A second five-year agreement was reached with the Asparagus Festival for the 2009-2013 events. This agreement continued to provide staff resources to the Festival, but required reimbursement to the City for a portion of the costs for City staff time. Over the course of this five-year agreement, the portion of costs paid to the City by the Festival was capped, but increased each year. The intent of the incremental increases to the reimbursement amount was to begin transitioning over time the true costs of the event to the Festival as they became established at the new Downtown location. However, as demonstrated in Table 1 on the following page, a full transition has not been completed.
Table 1 - Staffing Costs for 2011-2013 Festivals

<table>
<thead>
<tr>
<th></th>
<th>Staff Costs</th>
<th>Reimbursed by Festival</th>
<th>General Fund Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$285,000</td>
<td>$95,000</td>
<td>$190,000</td>
</tr>
<tr>
<td>2012</td>
<td>$339,000</td>
<td>$74,000</td>
<td>$265,000</td>
</tr>
<tr>
<td>2011</td>
<td>$340,000</td>
<td>$65,000</td>
<td>$275,000</td>
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</tbody>
</table>

In the Fall of 2011, the Festival approached the City to begin discussions regarding a future agreement. City staff approached this new agreement from the perspective that the sponsorship of the City needed to represent a resource commitment that was more sustainable into the future.

Present Situation

The City and the Asparagus Festival have now reached an agreement to continue the partnership in hosting the Asparagus Festival in downtown Stockton. The proposed contract reflects a more balanced and sustainable approach to the City’s partnership with the Festival. The City’s out-of-pocket subsidy to the Festival will be eliminated by year three of the proposed agreement. Table 2 below provides a comparison in the reimbursement costs estimated in the next three years. Key terms of the recommended contract include the following:

- Festival will remain Downtown
- A three-year term with two one-year extensions
- City will reduce to zero non-staffing related costs including facility rental fees, permit fees, street closure fees, etc.
- Reimbursement costs from the Festival to the City will be based on actual City staffing costs, not a prescribed dollar amount
- Reimbursement costs from the Festival to the City in year one of the contract will be established at 60% of actual costs, in year two at 80% of actual costs and in years three through five at 100% of actual costs

Table 2 - Staffing Costs for 2014-2016 Festivals

<table>
<thead>
<tr>
<th></th>
<th>Staff Costs (estimated)</th>
<th>Festival Will Reimburse</th>
<th>General Fund Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$250,000</td>
<td>$150,000</td>
<td>$100,000</td>
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<tr>
<td>2015</td>
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<td>2016</td>
<td>$250,000</td>
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<td>$0</td>
</tr>
</tbody>
</table>

In addition to the above outlined terms, a key consideration related to the agreement is an assumption that City staffing costs can be reduced by 10-15% over the next two years. In consultation with City staff, this appears to be a reasonable assumption. The Police Department has scrutinized in detail their staffing plans and the Fire Department and Public Works Department have outlined tasks that are within the established duties of City staff and other tasks that can be transitioned to volunteers or others. Because the City recognizes that this is a significant increase to the costs of Festival operations, the City is committed to working aggressively to reduce the cost of
City staffing to the extent possible.

The total costs to the City for the 2013 Festival were $355,000. City staffing costs represent $285,000 of that total. Even with an estimated 10-15% reduction in City staffing costs, the Asparagus Festival is making a significant financial commitment in eliminating the City’s out-of-pocket subsidy for the event. The dollar value of the non-staffing related costs that the City that has agreed to reduce to zero represents a $70,000 savings to the Asparagus Festival. In addition, the use of public property to host the Festival as well as the complementary value of holding the Festival Downtown provide benefits for both parties that are difficult quantify.

It is also worth noting that the proposed contract also cleans up administrative changes to contract language reflecting practices that have been put in place over the past 5 years and also addresses concerns that have been raised about employee and public access to City Hall during the Festival.

FINANCIAL SUMMARY

As noted above, there has been a significant cost to the City for sponsoring the Asparagus Festival over the past ten years. The proposed contract eliminates the subsidy of City staff time over a three year period. During the intervening years, the staffing costs that are not reimbursed at 100% will continue to be absorbed within the personnel costs of respective departments as they have been over the past ten years. The City will not incur new expenses but will forego potential revenues by reducing to zero the fees for facility rentals, permits and street closures. In summary, the proposed contract represents a far more sustainable commitment of City resources to the Festival into the future. The City General Fund will save more than $350,000 over the next three years.

Attachment A - Asparagus Festival Agreement