


RMA C, Deputy, for:

FROM	NAME & TITLE	Andrew Kleine, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill 17-0144 – Discounted City Services and Equipment for Nonprofit Events		

TO

DATE:

The Honorable President and
Members of the City Council
Room 400, City Hall

November 15, 2017

Attention: Natawna Austin

City Council Bill 17-0144 has been introduced for the purpose of requiring the City to grant a discounted rate charged for City services and equipment used to support a nonprofit event, creating certain exceptions and exemptions, and generally relating to the provision of City support to nonprofit events.

Analysis

Under the proposed bill, City agencies that collect reimbursement from events will reduce their applicable rates by 50% for any event where net proceeds will be used exclusively for the benefit of a nonprofit, tax-exempt charitable or religious organization. Organizations that qualify for the 50% discount include:

- The Baltimore Development Corporation's Main Street Programs;
- Retail Business District Business Associations
- Business Improvement Districts
- Community Associations, Neighborhood Organizations, Homeowners' Associations, and Associated Book Clubs.

Events excluded from the proposed discount in this legislation include pub crawls and road races.

Agencies currently charging for the support provided to non-profit events include the Department of Recreation (DRP) and Parks, the Parking Authority (PA), the Department of Transportation (DOT), the Baltimore Police Department (BPD), Baltimore Fire Department (BFD), and the Department of Public Works (DPW). The revenue collected from the fees charged to these events is used to offset the expenses associated with providing the services supporting the events, most notably to cover overtime expenses for agencies such as Police and Fire departments. Under the proposed bill, both the Department of Recreation and Parks and the Parking Authority would be exempt from the proposed discounts.

The DOT, through the Special Events office, oversees the one-stop shop managing the issuance of permits on behalf of all other City agencies. The total expenses associated with special events are intended to be offset by the special events fees, fully reimbursed to the corresponding agencies when payments are received.

From Fiscal 2013 to Fiscal 2018, the amount budgeted in the General Fund to support special events has increased from \$500,000 to over \$2 million unreimbursed costs. Supporting agencies, such as BPD, already provide discounted overtime rates, and other full costs are already not-fully reimbursed for services

provided to City-sponsored events such as Light City, Baltimore Book Festival, and Artscape; therefore, the passage of City Council Bill 17-0144 would require agencies to absorb a greater share of these costs to support these events.

In addition to the financial implications the proposed legislation would have on the City's budget, logistically, it would create additional burden on the Special Events office as there are currently no specific criteria defining the qualifying organizations (i.e. Community Associations, Neighborhood Organizations, Homeowners' Associations, and Associated Book Clubs) and the level of documentation event organizers would need to provide to qualify for the proposed discount.

Fiscal Impact:

The impact of the proposed legislation cannot be accurately determined since the events subject to the discount cannot be precisely identified; however, the following analysis assumes that any event that is currently reimbursable will be eligible for the discount, with the exception of road races and pub crawls.

Between fiscals 2016 and 2017, excluding BPD in 2017, the City spent about \$8.5 million in service costs related to special events, \$3.1 million of which were reimbursed, representing an average reimbursement rate of 37.0%.

The estimated average annual cost for supporting special events is \$5.2 million, by applying the above average reimbursement rate 37.0% it is estimated that the City would be reimbursed about \$1.9 million per year; therefore, by applying the proposed 50% discount rate the impact of this legislation would represent a potential reduction of about \$963,000 of unbudgeted reimbursable costs.

Other Considerations:

Acknowledging that there are small organizations that may not be able to fully-fund an event without a discount, Finance recommends that should this legislation move forward the following amendments should be included:

- The 50% applies only to qualifying organizations that do not require a cover charge, entry fee, or any other type of payment to the organizer in order to attend the event.
- Create a threshold number of attendees. If the number is higher than the threshold amount, the 50% discount does not apply.

Recommendation:

The Department of Finance does not oppose to the passage of City Council Bill 17-0-144; however, the Department would appreciate your considerations for the above proposed amendments.

cc: Henry Raymond
Kyron Banks