



CITY COUNCIL AGENDA ITEM

Date: March 31, 2016

To: Troy City Council Members

From: Brian Kischnick, City Manager
Lori Grigg Bluhm, City Attorney
Kurt Bovensiepe, Public Works Manager

Subject: Agreement with North Woodward Community Foundation for Use of Public Property for "Troy Family Daze" Festival

History

At the July 21, 2014 study session, City Administration presented a request from the North Woodward Community Foundation ("NWCF") to allow the Troy Family Daze festival to be hosted on City owned property. During the discussions, NWCF presented that the organization would take full responsibility for the festival and pay the City of Troy a flat fee for the cost of use of the property. By consensus, City Council directed City Administration to enter into negotiations with NWCF to hold the event on the Civic Center property beginning in September of 2015.

On December 15, 2014, Troy City Council passed a resolution adopting an agreement that allowed the NWCF to use a portion of the Civic Center Campus for the next eight (8) years beginning in September 2015 (**Resolution # 2014-12-163**). The agreement specifically addressed NWCF reimbursing the City of Troy for the use of the property.

3. Reimbursement Fee

NWCF agrees to pay to the CITY a flat fee of \$10,000.00 for each year of the term, and payment will be tendered within 30 days after close of the Festival to compensate CITY for NWCF's use of the Property identified in Exhibit 1. After the 2015 Festival, each yearly fee shall be increase from the previous year by the Consumer Price Index ("CPI") for the Greater Metropolitan Detroit area, as long as the CPI increase does not exceed 2% per year. Each year by June 1, NECF shall provide to the City Manager's Troy Daze Executive Committee appointee a copy of its annual financial statements for the previous fiscal year.

As detailed in the attached letter from Tom Kaszubski, President of Troy Family Daze Executive Board and Executive Director of the North Woodward Community Foundation, the festival's revenue did not meet its expenses and is requesting that City Council consider forgiving the flat fee for the use of City property in the amount of \$10,000.00 for the 2015 festival.

Options

- Require payment in full from NWCF
- Require half of payment now and the other half after 2016 festival
- Require only half payment now
- Require only half payment after 2016 festival
- Require only half payment and consider the other half as a fireworks display sponsorship
- Forgive the entire payment and consider forgiveness as a fireworks display contribution

Recommendation

Staff considers the Troy Family Daze Festival as a community benefit and desires to continue the partnership with the North Woodward Community Foundation. To continue this partnership, staff recommends a cost-sharing proposal where the City of Troy sponsors the fireworks display this year at a cost of \$5,000 and provides the Troy Family Daze Festival an opportunity to defer the remaining payment of \$5,000 to the close of the 2016 festival. Staff also recommends a continued sponsorship of the fireworks display for future years.



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March 1, 2016

Members of City Council
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Mayor and Members of City Council:

"This is the best year yet"....."It was one of the best in past years"....."Great set-up and easy to get around"....."Love the new location". These are just a small sampling of the comments we received in the over 400 surveys we gathered at Troy Family Daze last September. Of course there were a few negative comments like "More benches and better control of lines for rides"....."More businesses, restaurants promoting Troy"....."More tents with vendors and food"....."The location is fine, but not easy to see from the street as the old location – we almost missed it".....we need "Sumo wrestling and pig races".

Throughout the years however, we have come to expect some problems when changes are made and last year was no exception. The transition to a partnership with the City of Troy, however, was accomplished through the professionalism exhibited by City staff.

One major problem, as indicated by the comments recorded in the survey, was the lack of a visible destination. The term "Troy Civic Center Site" did not provide a specific enough description of where the Festival was located. Even with extensive newspaper articles and signage (we even had a billboard on I-75), families were not able to see or find the Festival. The inclement weather on Saturday, which didn't clear up until late afternoon, greatly affected our anticipated attendance. Also, our attempt to re-introduce the Tavern venue with entertainment, in partnership with the Troy Kiwanis Club, did not produce the anticipated revenue stream.

The above mentioned problems, along with some un-foreseen expenses dealing with electrical, tents, shuttles and night lighting, stretched the budget to its limits.

The "frosting on the cake" was the fact that 15 days before we were to open, our ride vendor, who we had for 32 years, informed us that they would be unable to be at the Festival because they were permanently moving their entire business to Florida three weeks earlier than planned. Fortunately, we managed to replace them with a vendor from Bay City who happened to have the dates open for our weekend. This also negatively affected the budget.

After the dust settled, we posted a loss of \$37,202.35.

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The North Woodward Community Foundation, as the Fiscal Sponsor of the Festival, underwrites the Festival expenses. After 4 years of operating in the "black", the Foundation Board had to take a "step back" and consider whether the effort justifies the potential loss in future years. The Foundation returns all profits back to the community in the form of grants.

The total revenue for the 2015 Festival was \$109,537.89 and the expenses were \$146,740.24 . We had a carry-forward bank balance (emergency fund) of \$10,000.00 and when applied, resulted in a net loss of \$27,202.35 (\$37,202.35 minus \$10,000.00 emergency fund).

All of this background material has brought us to the following plan of action.

After extensive negotiations with the Foundation Board, the Troy Family Daze Executive Board is making the following proposal for consideration by City Council. In order to continue the 48 year tradition of a Community Festival in Troy, we are asking for relief of one of the contract requirements.

1. *Since the Foundation is required to cover the \$27,202.35 loss, which includes a lease payment of \$10,000.00 to the City of Troy, we are requesting that the lease payment be waived by the City.*
2. *The Foundation has agreed to continue to underwrite the expenses of the Festival in future years and absorb the balance of \$17,202.35 debt (\$27,202.35 minus \$10,000.00 lease payment) in exchange for the waiving of the lease payment by the City.*
3. *The Troy Family Daze Board agrees to restructure the Festival budget and seek additional community partners. This will allow the Troy Family Daze Committee to continue to produce a safe, family friendly Festival for the citizens of Troy and surrounding communities while covering expenses and providing funds for grants for other programs in the City.*

Speaking on behalf of the Troy Family Daze Committee, I would like to express our excitement as we review the future possibilities attainable at the Civic Center Site. That excitement, coupled with the refreshing cooperation of City staff, re-energizes our commitment to provide a "first class" Festival to the community. We also recognize that without the dedication and "can-do" attitude of Kurt Bovensiep, our job as an all volunteer committee, would have been more difficult.

We would appreciate your decision so that, if it is positive, we can move forward as quickly as possible in order to secure the necessary contracts and community partners that are needed.

Sincerely,



Tom Kaszubski
President
Troy Family Daze Executive Board