



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** SEE BELOW

**DATE:** August 9, 2006

Approved

Date

8/12/06

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: APPROVAL OF A SECOND AMENDMENT TO A GRANT AGREEMENT WITH SAN JOSE STAGE COMPANY**

## RECOMMENDATION

Approval of a second amendment to the grant agreement with San Jose Stage Company for an additional grant amount for the third year of the term in an amount not to exceed \$71,289, thereby increasing the total grant amount to \$214,128 for the three-year term.

## OUTCOME

Approval of this agreement authorizes a specific grant amount during the third-year term of the three-year grant agreement with the San Jose Stage Company for General Fund Base Budget funding to support its general operations and programs.

## BACKGROUND

On October 4, 2004, the City entered into an agreement with San Jose Stage Company (SJSC) that memorialized SJSC's transfer from the City's Operating Grant Arts Program to General Fund funding to support the Grantee's operations and programs. The Mayor's FY 2003-04 Budget Message adopted by City Council had directed the City Manager to develop and make available an opportunity for the City's arts grantees to request such a transfer if they so desired. SJSC was the only grantee to make the request.

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The City's agreement with SJSC covers the period from July 1, 2004 through June 30, 2007, with an option to extend for an additional two years, provided SJSC has met the terms of the agreement during its original life. The annual grant funding for this agreement after the first year of the term, is subject to appropriation of funds by City Council because only the first year of grant funding was originally appropriated. The first-year (FY 2004-05) grant amount was \$74,560. Subject to the availability of funds and the approval of City Council, the agreement provides a formula for calculating the amount of the grant to SJSC during each subsequent year of the three-year term of the agreement.

The formula set forth in the agreement provides that the amount of the grant each year following the first year should reflect the same average percentage reduction as recommended for non-public safety city service areas in the General Fund Operating Budget. As a result, the grant amount for FY 2005-06, the second year of the agreement, was \$68,279.

### **ANALYSIS**

The grant agreement provides that each year's grant amount after the first year, if any, is to be determined by applying the percentage change recommended for the non-Public Safety General Fund Operating Budget to the previous year's grant amount.

Applying this provision of the grant agreement, therefore, the FY 2006-07 grant amount would be:

\$68,279 (FY 2005-06 grant)
+ \$ 3,010 (Cost-of-Living Adjustment)
\$71,289
- \$ 2,210 (3.1% reduction in non-Public Safety General Fund)
\$69,079

As approved by the City Council, the 2006-2007 Operating Budget did not apply non-Public Safety General Fund percentage reductions to Community-based Organizations. The amount included in the 2006-2007 Operating Budget and approved by City Council for SJSC was \$71,289.

### **POLICY ALTERNATIVES**

Not applicable.

### PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
  
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
  
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this project is below the \$1 million threshold for Criteria 1, this memo is posted on the City's website for the August 29, 2006 Council Agenda.

### COORDINATION

This memorandum has been coordinated with the Office of the City Attorney and the City Manager's Budget Office.

### FISCAL/POLICY ALIGNMENT

Not applicable.

### COST SUMMARY/IMPLICATIONS

There are no cost implications for 2006-2007 beyond the recommended grant amount of \$71,289. The total prior cost of the grant agreement since its execution was \$142,849 —\$74,560 in 2004-2005 and \$68,279 2005-2006. The total cost including the recommended grant amount is \$214,128. The source of funds is the General Fund.

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**BUDGET REFERENCE**

Fund No.	Appn No.	Appn Name	RC No.	Total Appn	Amt. For Contracts*	2006-2007 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
001	0182	Non-personal / Equipment Econ Dev	040340	\$1,297,308	\$71,289	Page VIII-28	06-07 App Ord Sec. 2.09

\* Total over three years is \$214, 128.

**CEQA**

Not a project.



PAUL KRUTKO

Director, Office of Economic Development

For questions please contact LAWRENCE THOO, ARTS PROGRAM DIRECTOR, 277-5144 x28.  
(From Aug. 14 – 25, contact JOE RODRIGUEZ, ARTS PROGRAM OFICER, 277-5144 x29.)