



PARKS AND RECREATION DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: October 4, 2022

Subject

Consider authorizing execution of an Agreement between the City of Cupertino and Cupertino Historical Society

Recommended Action

1. Authorize the City Manager to execute an Agreement between the City of Cupertino and Cupertino Historical Society for three years, at an annual amount of not-to-exceed \$40,000; and if performance is satisfactory, followed up by two additional years for a total of five years at the same not-to-exceed annual amount of \$40,000.
2. Adopt Resolution No. 22-___ to approve budget modification No. 2223-242 increasing appropriations in the City Council, Historical Society budget 100-10-104.

Discussion

Background

On July 6, 1992, Council authorized execution of the original tenant agreement with the Cupertino Historical Society at the Quinlan Community Center. The agreement was later renewed in 1994 and 1996 (Attachment A).

The Cupertino Historical Society has been awarded funding through the Community Funding Grant Program since 2015. As part of the Fiscal Year 2019-2020 budget approval process at the June 18, 2019 City Council meeting, Council unanimously approved to designate an annual amount of \$20,000 as a base (or line) item for the Cupertino Historical Society. These funds are to be allocated in the Community Funding Grant Program budget as their own line item.

Below is a breakdown of the Historical Society's previously awarded funds through the Community Funding Grant Program:

2015 - \$10,000
2016 - \$15,000
2017 - \$15,000

2018 - \$15,000
2019 - \$20,000 (individual budget line item)
2020 - \$20,000 (individual budget line item)
2021 - \$20,000 (one time allocation)

At their December 1, 2020 meeting, City Council reviewed the Community Funding Grant Policy and requested to add funding of the Historical Society as a future agenda item for discussion. Prior to this upcoming fiscal year FY 2022-23, the Historical Society was required to submit a grant application, in lieu of executing a formal agreement with the City, outlining how they anticipate utilizing funds, as well as a financial report at the end of each fiscal year, detailing how funds were used.

As part of the Tuesday, June 4, 2021 City Council Special Meeting, Council unanimously decided to form a Council Subcommittee comprised of Councilmembers Moore and Wei to discuss with the Historical Society 1) the purpose for the monetary allocation of an ongoing budget line item of \$20,000; 2) acceptance of Council Subcommittee members ongoing attendance at monthly board meetings; and 3) Council involvement and working together on the future direction of the Stockmeir and Snyder-Hammond House properties; and direct staff to come back for Council consideration at a future study session.

On March 8, 2022, the Council Subcommittee met with and provided guidance to staff to research specific items and bring an update to City Council. Pursuant to the Subcommittee's request, Staff has compiled a comparative analysis of other Santa Clara County Historical Societies and their relationships with other cities (Attachment B) and prepared a historical funding report on how the Cupertino Historical Society has used their funds during FY 2017-21, including the proposed use for the FY 2022-23 funding (Attachment C). Additionally, the Subcommittee requested clarification on the difference between funding received through the budget line-item process versus the Community Funding process.

The difference between funding received as a budget line item versus funding through the Community Funding process is that as a budget line item, funding for the Cupertino Historical Society would be discussed, allocated, and approved through the City's annual budget adoption process. However, to receive funding through the Community Funding Grant process, the Historical Society would be required to submit an application that would be evaluated and ranked among other applications received for the Community Funding program by the Parks and Recreation Commission. The Commission's ranking and recommendation would then present to City Council for review and final approval. Through this process, the application from the Historical Society may not receive approval and, if approved, would be awarded a grant limited to a \$20,000 maximum. Thus, a budget line item would allow the Historical Society to receive the funds after City Council's budget approval in a more efficient and reliable manner, thus allowing the Cupertino Historical Society to plan their budget accordingly.

At the June 21, 2022 City Council Meeting, Council received an update on the status of the research from the City Council Subcommittee Meetings for the Cupertino Historical Society. As a part of this meeting, Chao moved, and Moore seconded to provide the following direction to staff:

- Bring back an agreement for facility use of the Quinlan Museum space and meeting spaces in Quinlan.
- Bring back an agreement or Memorandum of Understanding (MOU) between the City and Cupertino Historical Society (CHS) to clarify what services CHS will provide and what processes will be used to ensure transparency and accountability for taxpayer dollars.
- Potential annual budget amount: \$20,000 - \$40,000
- Potential methods to consider (not limited to the items below):
 - o Semi-annual update and an annual report with a list of events demonstrating the number of Cupertino residents served
 - o Annual work plan presented to Council and/or Parks and Recreation Commission to provide feedback and allow public to provide input
 - o City Council representatives on Cupertino Historical Society (CHS) Board or liaisons as committee assignments
 - o Partial funding for staffing, provided that there is strong oversight by the city on the staff work
 - o Commitment for fundraising goals so the funding from the city maintains at 20% of the budget, for example
 - o Hybrid method with both grant funding and agreement with some funding
 - o 3–5-year agreement

The amended motion carried unanimously (Paul absent).

Following the direction provided by City Council at their June 21, 2022 meeting, Parks and Recreation staff and the City Attorney's office drafted a City of Cupertino Grant Funding and License Agreement (Attachment D) for City Council's consideration. The agreement includes facility and meeting space use as specified in Exhibit A – License Area of Attachment D. Also included as Exhibit B to Attachment D is an Exhibit titled Grant Project which defines how the funding will be used by the Cupertino Historical Society and clarifies the services that will be provided by the Cupertino Historical Society to ensure transparency and proper use of the grant funding. The agreement has been reviewed and agreed to by the Cupertino Historical Society.

As directed in the City Council motion, staff is bringing back an agreement for the museum space and annual funding. The agreement term is set at three years with a possible two-year extension with a total of five years. The Cupertino Historical Society would receive funding in the amount of \$40,000 in each of the first three years of the agreement. If the Cupertino Historical Society meets all requirements identified in the agreement in the first three years, the agreement would be extended up to two more

years, with each year awarding \$40,000 in funding. The total for three years would be \$120,000 and the following two years would total \$80,000, for a five-year total of \$200,000.

Additional contract terms address other methods that Council directed staff to consider, including the following:

- The Cupertino Historical Society would provide a semi-annual update and an annual report to the Parks and Recreation Commission. This update and annual report are set forth in Section 7 of the Agreement.
- The annual report to the Parks and Recreation Commission would include a presentation of the Historical Society's annual work plan.
- A position on the Cupertino Historical Society Advisory Council would be designated for a Cupertino City Council member. The Council Member will be able to attend the Board Meetings as a non-voting member to represent the City and provide input and feedback.¹
- With respect to providing funding for Historical Society staffing, while such funding can be provided, since the Historical Society is a separate legal entity from the City, the City's ability to provide staff oversight and direction would be limited.
- Commitment to engage in fundraising is incorporated into Exhibit B of the Agreement.
- Regarding the method of hybrid funding, the proposed agreement does not set aside Community Funding Grant program funds for the Cupertino Historical Society. However, the Historical Society is permitted to apply for a Community Funding Grant under the terms of the Community Funding Grant Policy. Staff recommends this approach for transparency and to ensure equitable treatment of organizations seeking Community Funding Grants.

Sustainability Impact

No sustainability impact.

Fiscal Impact

If Council approves to continue allocating funding to the Cupertino Historical Society, this will be included as an amendment in the budget for the current FY 2022-23. Funding will also be included in the budget each year thereafter for Council approval as part of

¹ Please note that in a 2018 opinion letter issued by the Fair Political Practices Commission, the Commission provided guidance that a Councilmember's participation in another entity such as the Historical Society's Advisory Council would not present a conflict of interest under the Political Reform Act or Government Code section 1090. However, the possibility that this arrangement would create a common law conflict of interest that would require the participating Councilmember to recuse themselves in matters that come before Council cannot be ruled out.

the Proposed Budget Study Session and Final Budget Hearing and Adoption. This appropriation will continue, until the end of the proposed agreement term, including the option term.

There is currently a \$20,000 place holder for Historical Society funding included as line item in the Community Funding budget 100-10-101. Expenditures for Historical Society had historically been included as part of the Community Funding budget. A total budget of \$92,231 was approved for community funding broken out as follows:

Expense Category	Amount
Contracts	\$89,461 (69,461) Approved Community Grants (20,000) Historical Society Line Item
Cost Allocation	2,270
Contingencies	500
Total	92, 231

A new budget unit has been created to track these expenses 100-10-104. If the \$40,000 in funding is approved. Staff will add \$20,000 to the Historical Society budget and transfer \$20,000 from the contract line item in the Community Funding budget to the new Historical Society budget (Attachment E). This new budget will appear in the FY23-24 budget and include a budget narrative describing the use of these funds. The additional \$20,000 will be funded by General Fund unassigned fund balance, that is estimated at \$46.3 million.

Prepared by: Rachele Sander, Acting Director of Parks and Recreation

Reviewed by: Christopher Jensen, City Attorney; Kristina Alfaro, Director of Administrative Services

Approved by: Pamela Wu, City Manager

Attachments:

A – 1992-1996 Resolutions and Tenant Agreements

B – Comparative Analysis – Santa Clara County Historical Society Relationships

C – Historical Funding Report (FY 2017-21) and Proposed FY 2022-23

D – Historical Society Grant – License Agreement

E – Draft Resolution