



Department: Administration
Cost Center: 1007
For Agenda of: 12/2/2025
Placement: Consent
Estimated Time: N/A

FROM: Greg Hermann, Deputy City Manager

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SUBJECT: FY 2025-26 CULTURAL ARTS AND COMMUNITY PROMOTIONS GRANT AWARD MODIFICATIONS

RECOMMENDATION

1. Authorize the City Manager or her designee to modify allowed uses of grant funding when executing contracts for the FY 2025-26 Cultural Arts and Community Promotions (CACP) grant recipients; and
2. Authorize the City Manager or her designee to use discretion in accepting or rejecting submitted receipts from the FY 2025-26 grant recipients, up to the approved grant amount for each recipient, while ensuring overall purpose and intent remains consistent with recommendations from the Promotional Coordinating Committee and approval by City Council. Grantees must notify staff of any requested deviation in the use of funds in advance of the expenditure, and staff will bring any substantial deviations back to the PCC for consideration.

POLICY CONTEXT

As stated in the Promotional Coordinating Committee (PCC) Advisory Body Bylaws:

“The purpose of the PCC is to advise the Council in working to improve the quality of life for all City residents and our visitors. The Committee recommends projects to help promote the City as a regional trade, recreation, and tourist center, consistent with community goals.”

The PCC has been offering promotional grant funding for decades, through which local non-profit organizations can utilize the funding to promote cultural, recreational, or social activities in the San Luis Obispo community.

On July 15, 2025, the City Council approved the PCC’s FY 2025-26 budget, which included \$100,000 for the Cultural Arts and Community Promotions (CACP) Grant Program. The CACP Grant Program awards competitive grants to non-profits for marketing and advertising costs related to the promotion of eligible activities and events in San Luis Obispo. Events must occur between July 1, 2025, and June 30, 2026, and have cultural, social, and/or recreational benefit to residents and visitors.

DISCUSSION

Background

The FY 2025-26 CACP grant cycle was opened on January 31, 2025, and applications were due on March 17, 2025. As discussed in the next section in greater detail, the PCC approved recommendations on grant awards on May 14, 2025, and the City Council approved the PCC recommendations on July 15, 2025 (see [07/15/2025 City Council Agenda Item 6i - Attachment E](#) for the list of grant recipients and funding amounts).

Following the City Council approval, staff has been drafting and executing contracts with the grant recipients. Two grant recipients, Downtown SLO and the SLO International Film Festival, contacted staff during this process and requested modifications to their grant awards.

Downtown SLO

Per the recommendation of the PCC, the City Council awarded Downtown SLO \$12,000 for the 2025 Concerts in the Plaza series “to be used towards the media plan as presented.” Typically, organizations request that the PCC fund media expenses, however, DSLO has sponsorships with media organizations for Concerts in the Plaza and receives advertising in-kind. Therefore, DSLO has requested that the PCC funding go towards the following expenses instead:

Funding expense description	Amount requested
Videographer – capture content at two concerts	\$2,000
Signage, banners, wayfinding, A-frames	\$4,500
Print: posters, rack cards, mailers, postage	\$2,000
Pedestrian banners	\$1,500
Artwork	\$750
Social media ads/boosts	\$1,800
TOTAL	\$12,550

At a Special Meeting of the PCC on November 17, 2025, the PCC voted to recommend that City Council approve the alternative uses of funds listed above, with the exception of the third item listed as “Print: posters, rack cards, mailers, postage” in the amount of \$2,000. As part of its commitment to sustainability, the PCC has not recommended funding for print expenses for other grantees in this cycle. This would reduce the recommended grant award to Downtown SLO from \$12,550 to \$10,550 and the remainder would be left in the PCC’s budget for use later in the fiscal year for other promotional activities. If the funding is unspent by the end of the fiscal year, it would fall to the general fund unassigned fund balance.

SLO International Film Festival

Per the recommendation of the PCC, the City Council awarded the SLO International Film Festival (SLOIFF) \$6,000 “to be used towards Variety Package only” for the festival occurring in April 2026. This was an advertising and marketing package with [Variety](#), a global multi-platform entertainment news company. At the time that the CACP grant application was due in March 2025, the SLOIFF had not yet hosted the April 2025 film festival, which included the use of the Variety promotional package. Following the April 2025 event, the SLOIFF public relations team evaluated the performance of the Variety package and compared it against the increased cost for the same package offered for 2026. The public relations team advised that the Variety package was not recommended for the 2026 SLOIFF and that advertising dollars would be better spent elsewhere.

The SLOIFF is therefore seeking to amend its FY 2025-26 CACP grant award to target audiences where they see opportunity for growth, including the film industry and local younger demographics. Email blasts would encourage people to take advantage of the See + Stay package, which is an offer providing free festival passes with two-night bookings during the festival dates in San Luis Obispo. The See + Stay package is one aspect of the \$20,000 sponsorship that the SLO Tourism Business Improvement District (TBID) Board voted to approve at their meeting on November 12, 2025.

The proposed alternative promotional plan would be as follows:

Funding expense description	Amount requested
Dedicated MovieMaker Magazine Email Blast (1X)	\$2,000
Targeted Dedicated Emails to Motion Picture Academy and Writers Guild of America through Vision Media (3X)	\$2,250
Hulu Video Ads – targeted to local viewers	\$1,000
Mustang News (Cal Poly Webpage Ads)	\$750
TOTAL	\$6,000

At a Special Meeting of the PCC on November 17, 2025, the PCC voted to recommend that City Council approve the alternative uses of funds listed above for the SLOIFF.

FY 2025-26 Discretion on Reasonable Modifications

As the FY 2024-25 grant cycle concludes, staff has been collecting receipts and final reports from grant recipients, as required in the grant guidelines and grant award agreements. During this process, staff has identified several instances where applicants have deviated from the exact marketing and advertising expenses as outlined in the grant agreements, resulting in the return of funds to the City.

Item 5m

Staff identified that for the Cultural Grants-in-Aid program (the predecessor to the CACP program) in FY 2022-23, one grantee returned \$1,125. In FY 2023-24, four grantees in the CACP program returned a total of \$5,105. Final reports are still being reviewed for FY 2024-25 grantees, but so far three organizations have been identified as needing to return funds. Such funds are returned to the PCC program budget. If the funding is unspent by the end of the fiscal year, it would fall to the general fund unassigned fund balance.

Staff has identified two main reasons for these deviations: 1) the length of time between when grant applications are due and when events are executed (up to 16 months) during which time the event specifics and advertising/marketing needs and costs may change; and 2) lack of consistency and clarity between the application submissions and the grant agreements.

The intention of the CACP grant program is to support non-profits in advertising and marketing events that have cultural, social, and/or recreational benefit for residents and visitors, and therefore the PCC and staff are aligning on process improvements to achieve this goal. The PCC and staff are undertaking the following three actions with the intention of reducing the instances where grant funds need to be returned to the City:

- 1) Clarifying communications with grant recipients so that they are better aware of the specific items they are being funded for and the amounts;
- 2) Requesting that the PCC liaisons to grant recipients and the SLO Chamber PR liaison reiterates those commitments (the PCC has an annual contract with the SLO Chamber of Commerce to provide free marketing and public relations consultations and services to CACP grant recipients);
- 3) Forming a subcommittee to review the grant guidelines and process for the FY 2026-27 grant cycle, including reviewing for consistency with other City grant programs and determining the appropriate way to document completed work; and
- 4) Recommending a modification to future agreements to grant authority to the City Manager or her designee to allow modified uses of grant funding while ensuring overall purpose and intent remains consistent with recommendations from the Promotional Coordinating Committee and approval by City Council.

As an interim step to ensure greater efficiency and process improvement for the execution of grants for this current FY 2025-26 grant cycle, the PCC also makes the following recommendation to the City Council:

Authorize the City Manager or her designee to use discretion in accepting or rejecting submitted receipts from the FY 2025-26 grant recipients, up to the approved grant amount for each recipient, while ensuring overall purpose and intent remains consistent with recommendations from the Promotional Coordinating Committee and approval by City Council. Grantees must notify staff of any requested deviation in the use of funds in advance of the expenditure, and staff will bring any substantial deviations back to the PCC for consideration.

Previous Council or Advisory Body Action

The PCC's CACP subcommittee met to review the applications, compare the requests to the grant criteria, and allocate funding accordingly. On May 14, 2025, the PCC held a public hearing with all applicants to allow for public comment before the recommendation was forwarded to the City Council for consideration and approval. The committee received four public comments from the grant applicants and ultimately approved the recommendation for the FY 2025-26 funding allocations to 23 organizations.

On July 15, 2025, the City Council authorized the City Manager to enter into various contracts and program expenditures for Community Promotions not to exceed the 2025-26 program budget of \$367,000 (excludes staffing costs) based on the recommendations by the PCC, including the 2025-26 Cultural Arts & Community Promotions (CACP) allocations in the amount of \$100,000 and authorization to execute individual agreements with each grant recipient.

On November 17, 2025, the PCC held a special meeting to consider the modifications to the FY 2025-26 CACP grant awards and to make the recommendations noted in this report.

Public Engagement

All PCC meetings were noticed in accordance with Brown Act standards. The public will also have the opportunity to provide public comment before or during the December 2, 2025, City Council meeting. The two affected grantees, Downtown SLO and the SLO International Film Festival, were also made aware of this item.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "project" under CEQA Guidelines sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2025-26

Funding Identified: Yes

Fiscal Analysis:

The total FY 2025-26 program budget for Community Promotions (PCC) is \$398,545, as can be referenced on page 432 of the City's [adopted FY 25-27 Financial Plan](#). The CACP Grant Program under discussion is \$100,000 out of the total budget of \$398,545. The recommendations under consideration do not change the overall funding allocations that have already been approved by Council on July 15, 2025.

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund: Community Promotions	\$398,545	\$0	\$398,545	\$0
State				
Federal				
Fees				
Other:				
Total	\$398,545	\$	\$398,545	\$0

ALTERNATIVES

1. ***The Council could choose not to authorize the City Manager or her designee to make the modifications for the FY 2025-26 grant awards.*** This would mean that Downtown SLO and the SLOIFF would likely not be able to utilize the grant funds as approved and would not execute the contracts nor receive funds. This would mean that up to \$18,000 from the CACP grant program for FY 2025-26 would not be awarded. Council may provide direction that staff return to Council with an alternative proposed use of this funding.
2. ***The Council could choose not to authorize the City Manager or her designee to use discretion in accepting or rejecting submitted receipts from the FY 2025-26 grant recipients, up to the approved grant amount for each recipient, while ensuring overall purpose and intent remains consistent with recommendations from the Promotional Coordinating Committee and approval by City Council.*** Per the PCC's recommendation, grantees would need to notify staff of any requested deviation in the use of funds in advance of the expenditure, and staff would bring any substantial deviations back to the PCC for consideration. If this authorization is not granted, it is possible that additional awarded funding would be returned to the City from other grantees if reasonable modifications to their advertising and marketing expenses are not approved. This may cause additional strain on local non-profits, many of which are experiencing financial constraints from reductions in other sources of funding.