

APPROVED
MAY 17 2006

REPORT OF GENERAL MANAGER

NO. 06-126

DATE May 17, 2006

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH OBSERVATORY - MEMORANDUM OF UNDERSTANDING
WITH THE FRIENDS OF THE OBSERVATORY

J. Combs _____	J. Kolb _____
F. Mok _____	S. Huntley _____
K. Regan _____	H. Fujita _____
*B. Jensen _____	M. Shull _____

Robert H. Jensen (R)

 General Manager

Approved / Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve a three-year Memorandum of Understanding (MOU), substantially in the form as on file in the Board office, between the Department and the Friends Of The Observatory, to define and codify the relationship of support to Griffith Observatory, subject to review of the Mayor and of the City Attorney as to form;
2. Direct the Board Secretary to transmit the proposed MOU to the Mayor for approval in accordance with Executive Directive No. 3 and to the City Attorney for review as to form; and,
3. Authorize the Board President and Secretary to execute the MOU subsequent to receipt of necessary approvals.

SUMMARY:

As the 1970s drew to a close and the landmark Griffith Observatory passed its fortieth year of public operations, decay of the copper domes was among the signals that planning for eventual renovation and expansion of the Observatory must start. With the participation of Observatory Director Dr. Edwin C. Krupp, Harold Griffith (grandson of Griffith J. Griffith, whose Trust built the Observatory in 1935) and his wife Debra provided a way for the public to directly support the improvement of the Observatory by creating the non-profit membership organization, Friends Of The Observatory (FOTO).

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Over the years, FOTO has supported the educational mission of the Griffith Observatory in public astronomy through activities such as sponsoring lecture series; they have been active participants in the master planning and project planning efforts; and they have aggressively and successfully raised funds to complete the Observatory Renovation and Expansion project. As early as 1996, when architectural plans for the Renovation and Expansion had not even been accomplished, the Department and FOTO representatives drafted a cooperation agreement describing the rights and responsibilities of the two entities, principally in regard to fundraising. Although this agreement was ultimately never processed and executed, the structure of the relationship between FOTO and the Department very much followed what was laid out in the agreement: excellent communication, collaboration on goals and strategies, and clear use of accounting to safeguard and expend raised funds as pledged. FOTO's early fundraising efforts, and proposed plan of donor recognition, were brought to the Board for approval.

With the closure of the Observatory and start of the Renovation and Expansion project slated for 2002, FOTO continued their fundraising efforts, which included a grant application in October of 2001 for funds under State Proposition 12. This grant required a written relationship with the City of Los Angeles. On January 23, 2002 (Board Report No. 02-39), a Memorandum of Agreement was approved, for execution by the General Manager and FOTO, relative to that specific grant, in order to meet a funding application deadline. Later, on March 20, 2002 (Board Report No. 02-118), the Board considered and approved a more comprehensive agreement, called a Conditional Gift Agreement, which would incorporate the previous Memorandum of Agreement and attempt to cover terms of future proposed gifts of funds and equipment of up to \$17 million. This Conditional Gift Agreement was not executed; however, and when the time came for FOTO to gift the City the first allotment of funds to exercise additive alternates to the construction contract, FOTO, the Department, and the City Attorney explored options more directly targeted at the specific terms needed for each gift. For example, in regard to the gift of funds for the additive alternates, the money needed to be placed in a trust account and reported on to FOTO by the City. In the case of gifts of equipment such as the Zeiss Mark IX planetarium projector for the Samuel Oschin Planetarium theater, specialized responsibilities for warranty and maintenance needed to be spelled out. With each gift, unique terms were spelled out with individual Gift Agreements, approved by the Board and executed, after approval of the Mayor or Council if required, by the Board. This strategy has been effective and efficient for handling the major gifts raised by FOTO for the Observatory, and cooperation between FOTO and the Department is a model for successful private-public partnerships. However, the establishment of an agreement to define the working relationship has not yet been accomplished and executed.

The City Council gave attention, on a City-wide basis, to the general issue of coordination between City departments and support groups with approval of a motion on September 6, 2005, instructing departments to inventory and report on all support groups (Council File No. 04-0260). The motion further established a goal that at least 80% of the funds raised by such groups go directly to support the City. In discussion during consideration of the matter, Councilmembers encouraged the

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development of written agreements with department support groups. As a point of information, FOTO retains for administrative expenses only about 7% of funds raised in support of the Observatory.

Over the past several months, Department staff has worked with the FOTO executive director and FOTO Board of Directors to negotiate the three-year MOU submitted for consideration. It has been modeled in part on the MOU between the Library Foundation and the Board of Library Commissioners, another effective public-private partnership. While Gift Agreements will still be appropriate for the specific conveyance of funds, or materials and equipment such as the Exhibit Program, in the future the attached MOU defines lines of communication, duties and responsibilities, and roles between FOTO and the Department.

Key provisions:

- Authorizes FOTO to raise funds under the same conditions and donor recognition plan as up to this time, as the exclusive non-profit organization so authorized.
- FOTO is clearly defined as an organization separate from the City, and accountable for hiring decisions and their staff, paying all their own expenses, indemnifying the City as appropriate, conforming to the City's non-discrimination policies, reporting on their finances and fundraising, and obeying all relevant laws.
- Two office spaces will be made available to FOTO in the Observatory under this MOU, and FOTO is allowed to utilize the Observatory premises or facilities for meetings, membership services, and donor cultivation and recognition, all in accordance with established rules in any Schedule of Rates and Fees policies approved by the Board, and in cooperation with Observatory management.
- City will indemnify FOTO for their activities in support of the Observatory except in cases of active negligence or willful misconduct.

The collaboration between the Department and FOTO in support of the Griffith Observatory is among the best and most exciting success stories which has evolved from the Observatory Renovation and Expansion project. This MOU is an opportunity to memorialize the particulars of a wonderful relationship.

FISCAL IMPACT STATEMENT:

This MOU does not have an immediate impact on the General Fund as there is no cost to the Department for its implementation. However, there are potential future savings as the relationship with FOTO may afford fundraising opportunities which help the Observatory expand services without bearing the full cost of the services. To date, FOTO has directly expended over \$25 million into the Observatory Renovation and Expansion project, and that amount continues to grow.

Report prepared by Linda Barth, Observatory Re-Opening Project Manager