

**Council Meeting: November 9, 2010****SUBJECT: Approval of Revised Council Policy 7.1.5, Donations, Contributions, and Sponsorships****BACKGROUND**

The City receives significant grant funding annually for a wide-range of purposes. Per current Council Policy, when grant funds are received, Council must approve a budget modification to appropriate the funds prior to those funds being spent. Recently, both City staff and one member of Council have expressed concern about the staff time required to adhere to this requirement for small grant amounts.

EXISTING POLICY

Council Policy 7.1.5 reads, in part, "Council approval of a budget modification to appropriate grant monies is required before funds can be expended by staff."

DISCUSSION

Occasionally, the City receives very small grants for various purposes that require no City matching funds and have no external reporting requirements. For instance, the Library has recently received small grants to host children's bilingual programs (\$500), purchase supplies for the Homework Help Center (\$750), and purchase laptop computers (\$1,200). In order to comply with Council policy, staff in each case was required to prepare a budget modification RTC for Council approval to appropriate the grant funding. Considering the time required to write the report and route it through the review process, the benefit of the grant funds may have been outweighed by the cost of the staff time necessary to comply with the policy. As a result, staff has reviewed the applicable Council Policy and is proposing changes, which are included in Attachment A. The current policy is included as Attachment B. Below is the recommended revision to this portion of the policy, with the added text underlined.

The city manager may apply for grants of any dollar amount, but shall notify the Council when grants are being pursued. Council approval of a budget modification to appropriate grant monies is required before funds can be expended by staff. Such a budget modification shall include the use to which the grant would be placed; the objectives or goals of the City which will be achieved through use of the grant; the local match required, if any, plus the source of the local match; any increased cost to be locally funded upon termination of the grant; and the ability of the City to administer the grant. For grants under the

amount of \$1,500 that do not have any external reporting requirements or any local match requirement, Council approval of a budget modification is not required. The city manager is authorized to accept and administratively appropriate the grant funds.

If Council were to approve the recommended update to this policy, it would still be informed of small grants that the City has received that did not require Council appropriation via the City Manager's bi-weekly report or another similar forum.

FISCAL IMPACT

None.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Approve the policy revisions as presented.
2. Approve the policy with substitute revisions.
3. Reject the policy revisions as presented.

RECOMMENDATION

Staff recommends Alternative 1, approve the policy revisions as presented.

Reviewed by:

Grace Leung, Acting Director of Finance
Prepared by: Drew Corbett, Budget Manager

Approved by:

Gary M. Luebbers
City Manager

Attachments

- A. Revised Council Policy 7.1.5
- B. Current Council Policy 7.1.5

Policy 7.1.5 Donations, Contributions and Sponsorships

POLICY PURPOSE:

Allow the solicitation of donations, contributions and sponsorships, as well as the submittal of applications for grant monies, to support City programs, events and services.

POLICY STATEMENT:

1. The city manager may accept or reject donations, contributions and sponsorships, both solicited and unsolicited, of money, equipment and in-kind contributions to City Departments or the City in general up to \$100,000, so long as they do not require a local match or obligate the City to ongoing expenses not already planned in the City's Resource Allocation Plan. Donated funds will be expended for the specific purpose as agreed upon with the donor or for general purposes, as one-time supplements to the department's operating budget. Donations of equipment will be considered based on program outcomes, department goals and needs, maintenance costs and replacement costs. The donor must be informed in writing if the equipment is not to be replaced. Each donation will be evaluated for usefulness and costs of potential replacement and rental rates will be considered. The city manager may apply for grants of any dollar amount, but shall notify the Council when grants are being pursued. Council approval of a budget modification to appropriate grant monies is required before funds can be expended by staff. Such a budget modification shall include the use to which the grant would be placed; the objectives or goals of the City which will be achieved through use of the grant; the local match required, if any, plus the source of the local match; any increased cost to be locally funded upon termination of the grant; and the ability of the City to administer the grant. **For grants under the amount of \$1,500 that do not have any external reporting requirements or any local match requirement, Council approval of a budget modification is not required. The city manager is authorized to accept and administratively appropriate the grant funds.**
2. For donations, contributions or sponsorships with values of \$100,000 or more, as estimated by the donor, a Report to Council will be written outlining its purpose and the advantages and disadvantages prior to acceptance. Authority to accept any such donation, contribution or sponsorship shall rest with the City Council. For monetary donations, it will be stated in the Report to Council if the gift is a one-time contribution for a specific purpose or a contribution where the principal could be invested and the interest used to support all or part of a special project or program for a number of years.
3. The City cannot guarantee the tax deductibility of a donation, but may provide the donating party with a letter of acknowledgement and a statement of the City's intended use. The City cannot validate the donor's estimate of the fair market value of a non-cash donation.
4. The City will not apply for grants, undertake sponsorships or accept contributions that:
 - A. Require the City's written or spoken endorsement of commercial products, services, companies or individuals;
 - B. Limit the City's ability to carry out its functions fully and impartially;

Attachment A

- C. Result in additional ongoing operating costs for which a funding source has not been identified and approved by Council;
- D. Restrict access to the City's event by the widest audience possible;
- E. Personally benefit individual City employees;
- F. Result in conflicts of interest;
- G. Expect City staff or policy makers to return the favor through action on a City program or policy (recognition appropriate to the level of contribution would not be considered as "returning the favor");
- H. Result in repeated solicitations from the same donor;
- I. Give a sponsor influence over the City and/or access to restricted information;
- J. Involve an association with gambling, tobacco, or pornography; or
- K. Imply City endorsement of political or religious views, or of contentious community issues.

Adopted: RTC #07-224 (July 24, 2007), Amended RTC #09-066 (March 10, 2009)

Lead Department: Finance

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