



council agenda report

Meeting Date	10-20-98
Item Number	5

CITY OF SAN LUIS OBISPO

FROM: Ken Hampian, Assistant City Administrative Officer *KH*
Prepared By: Wendy George, Assistant to the City Administrative Officer *wjg*
Paul LeSage, Parks and Recreation Director *PL*

SUBJECT: COMMUNITY PARTNERSHIP AND FOUNDATION POLICY

CAO RECOMMENDATION

- 1) Adopt a resolution approving a Community Partnership and Foundation Policy.
- 2) Adopt a resolution endorsing a Community Recreation and Parks Foundation, subject to receipt of its 501(c) non-profit status, the formation of a board of directors and approval of proposed by-laws.

DISCUSSION

Background

During the goal setting process for the 1997-99 Financial Plan, the Council created a goal to "encourage partnerships with non-profit organizations for the mutual benefit of both the City and the organizations." In considering this goal, the Council recognized that the possibilities for such partnerships and foundations are wide-ranging and could also create competition with other local non-profit agencies. Therefore, staff was directed to develop procedures for establishing them in a well-defined, logical way, based on a full understanding of the implications involved. In order to fulfill this direction, staff surveyed a number of other public agencies and gathered information about the types of partnerships and level of governmental support involved.

The results of this survey were presented to the City Council at its January 13, 1998, meeting. Following a discussion of the information provided, the City Council directed staff to develop a community partnership policy which addresses establishing partnerships for specific City-related projects and the formation of a Parks and Recreation Foundation. Staff was asked to include the following areas in the policy:

- Guidelines for the level of "seed" money to be provided to a partner.
- Guidelines for the level of "in-kind" support to be provided to a partner.
- The type of formal agreement which must be developed with a partner.
- Requirements which a partner must meet to prevent the City from assuming additional liability.
- Methods of publicizing the City's interest in developing community partnerships.
- The level of direct City involvement with a City-endorsed foundation.
- Parameters for a City-endorsed foundation which would prevent it from competing with other non-profit organizations.

Community Partnerships

The proposed Community Partnership and Foundation Policy (Attachment 1) is divided into two sections. The first addresses partnerships and the second addresses City-endorsed foundations. In developing the section on partnerships, it became quickly apparent that it would be difficult to create hard and fast rules relating to the types of programs, projects and activities that would be appropriate for partnerships. Instead, the policy sets forth evaluation criteria, such as the level of public benefit offered by the partnership, the extent to which a partnership will help advance existing City goals and the cost-effectiveness of the partnership. These criteria can then be used on a case-by-case basis to evaluate the appropriateness of a given partnership.

The policy also directs the City to form community partnerships only with entities that can demonstrate good organization and stability. Non-profits should have a board of directors, and, if funding is involved, must be qualified under Section 501(c) of the Internal Revenue Code. To assure that both parties in the partnership understand their responsibilities and any financial arrangements, the policy requires that a formal agreement be drawn up. If significant funding or significant in-kind support is involved, the agreement will be approved by the City Council. Otherwise, the City Administrative Officer may provide approval. The agreement will also protect the City from liability by providing indemnification and requiring the partner to be properly insured.

Similar to the issue of trying to succinctly define appropriate types of partnerships, it was difficult for staff to provide specific parameters on the level or type of City support, given the variety of possibilities. However, the policy does provide a general guideline that it is reasonable to expect the City and the partner(s) to share the cost equally. It further states that this ratio could vary depending on the cost of the program/project, the resources of the partner(s) and the degree of interest on the part of the City. The policy also assures that the potential impact on other existing City services and priorities will be considered when determining the level of the City's in-kind commitment.

In order for partnerships to become one of the City's standard problem-solving tools, we propose to send copies of the approved policy to all non-profit organizations within the City. Staff will also consider and, when appropriate, recommend partnerships as a way of completing City programs, projects and activities that would otherwise lack sufficient funding for completion. The community will also be encouraged to consider partnerships when advocating to the City for the initiation of new programs or projects. (For example, as part of the bi-annual goal setting process.)

City-Endorsed Foundations

The second section of the policy addresses what we are now calling "City-endorsed foundations". (Attachment 1). We believe this is a more appropriate description than the term "City foundation", which was used during earlier discussions of this issue. These are foundations that are not formed directly by the City, but ones whose efforts the City sanctions; and for which the City may provide limited formation assistance, such as reviewing proposed by-laws to assure their compatibility with City interests. Prior to the City offering such recognition, the proposed foundation will be evaluated to assure that it will not compete for resources that are currently supporting other non-

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profit activities in the community. Endorsed foundations must be qualified under Section 501(c) of the Internal Revenue Code and have by-laws that clearly state their purposes. The policy requires formal action by the City Council to affect endorsement.

The purpose of a City-endorsed foundation is to assist members of the community in raising funds for a particular program area that is of benefit to the City. Funds may be used for the construction or improvement of facilities, purchases of equipment, development of innovative programs and scholarships or other forms of financial assistance. Funds may be granted by the foundation to the City or to other community organizations that provide services or opportunities within the foundation's program area.

The policy provides very specific restrictions on fundraising, which must be followed by any foundation wishing City endorsement. They shall not:

- Accept funds that simply redistribute existing community resources.
- Compete against other local non-profit organizations for funds that they have formerly received.
- Undertake a general fundraising campaign. All fundraising must be directed toward a specific purpose.
- Allocate funds other than to the specific stated purpose of the fundraising.

Proposed San Luis Obispo Community Recreation and Parks Foundation

Staff recommends that the City Council endorse the formation of a Community Recreation and Parks Foundation that will benefit all of the organizations that provide leisure services.

As defined in the organization's proposed by-laws, the Foundation would:

- Assist members of the community in raising funds for construction of new recreation facilities, improvements of existing facilities, purchase of equipment, development of innovative recreation programs and scholarships.
- Obtain grants from other non-profit foundations.

The proposed Community Recreation and Parks foundation will meet the guidelines of the Council relating to City-endorsed foundations. A set of bylaws (Attachment 3) has already been developed. Once a conditional endorsement is received from the City, a board of directors will be formed, based on the by-laws, and the organization will apply for its 501(c) non-profit status.

The Foundation will be careful not to undertake any activity that is contrary to the goals and purposes of the various organizations that provide recreation and park services within the San Luis Obispo community. To ensure this, the board will appoint ex-officio advisory board members from these organizations. The Foundation will not accept funding that merely redistributes existing community resources, nor will it undertake a general fundraising campaign. Funds raised will be used only for the specific activity for which they are intended.

Because of the community nature of this Foundation, all local recreation and park agencies can become active partners under its umbrella. This can lead to other successful partnerships similar to the Santa Rosa Skate Park and the Mayor's Youth Task Force.

It is likely that a small amount of staff time will be needed initially to assist with the organization of the Foundation. That time commitment will decrease as the Foundation board of directors becomes active. Many local citizens are already aware of the proposed Foundation and have expressed an interest in serving on the board.

CONCURRENCES

- The Parks and Recreation Commission endorses the formation of a Community Recreation and Parks Foundation.
- The San Luis Obispo YMCA concurs with the formation of a Community Recreation and Parks Foundation, with the understanding that they will become an active partner in it.
- The Field Users Task Force has also been apprised of the Community Recreation and Parks Foundation and has expressed its support.

FISCAL IMPACT

There is no fiscal impact to the City created by the establishment of a Community Partnership and Foundation Policy. Implementation of the policy has the potential to provide considerable outside financial support or cost savings to the City, but will also require the potential investment of funds and manpower on the part of the City. The net fiscal impact to the City will be determined on a case-by-case basis.

Attachments

- 1 - Resolution approving the Community Partnership and Foundation Policy
- 2 - Resolution approving the City Endorsement of a Parks and Recreation Foundation
- 3 - Community Recreation and Parks Foundation By-Laws

city of san luis obispo community partnership and foundation policy

Purpose. There are many programs, projects and activities which are of interest to the City and the community, but cannot be addressed directly due to limitations on the City's human or financial resources. However, in keeping with the City's tradition of citizen involvement, City resources can be used in partnership with others to create opportunities for otherwise unfeasible projects or programs. The City encourages the formation of such community partnerships whenever possible. Under certain limited conditions the City will also consider endorsing the establishment of a foundation to encourage public contributions and grant funding for specific purposes that affect City programs. Both partnerships and foundations can be methods for the public to become more involved in creating the quality of life that is so special to the residents.

A few examples of some successful City partnerships are:

- Performing Arts Center
- DARE Program
- Prado Day Center
- Santa Rosa Park roller hockey rink
- STAR At-Risk Program
- Creek Stewardship Program

I. COMMUNITY PARTNERSHIPS

Eligible Programs, Projects and Activities. On occasion, the City may propose a partnership with another community organization. More often, however, partnerships with the City are proposed by community organizations wishing to initiate or enhance certain programs, projects or activities of special interest to them. In judging whether or not to participate in such partnerships, the City will consider such things as:

- The level of public benefit offered by the partnership;
- The extent to which such a partnership will help advance existing City goals;
- Whether or not the partnership will help meet a currently unmet community need;
- The potential success and cost-effectiveness of the proposed partnership strategy;
- Whether or not the City is the appropriate public agency partner (or if another agency would be more appropriate).

Eligible Community Partners. The City shall only form community partnerships with entities that can demonstrate good organization and stability throughout the term of the partnership. Non-profit organizations should have a board of directors and, if funding is

to be received from the City, must be qualified under Section 501(c) of the Internal Revenue Code. If no funding is to be received from the City, official non-profit status is not required.

Community Partnership Agreement. All community partnerships require a formal agreement between the City and the partner(s). The agreement shall clearly define the purpose of the partnership, the City's responsibilities, the partner(s)' responsibilities, the level of in-kind (e.g., labor and materials) and direct financial support the City shall contribute, the level of in-kind or financial support the partner(s) shall contribute, any reporting responsibilities the partner(s) shall have and any other operational details relevant to the purpose of the partnership. The City's standard contract agreement format shall be used to document the partnership. If City funding, or significant in-kind support is to be provided, or the purposes of the partnership could have major community impact, the partnership agreement shall be approved by the City Council. Other agreements may generally be approved by the City Administrative Officer.

Level and Type of City Support. Because there is such a diversity in the nature of potential partnerships, it is difficult to establish rigid parameters for an appropriate level of City support. As a general guideline, it is reasonable to expect the City and the partner(s) shall each contribute half the cost toward a community partnership. However, this ratio could vary depending upon the program/project cost, resources of the partner(s) and level of interest on the part of the City. In-kind contributions shall be counted, as well as actual cash, in calculating the total contribution of the parties. Once agreement is reached on the levels of contribution by the parties, it will be documented in the partnership agreement. The level of in-kind support to be committed from the City, particularly the amount of staff support, shall be determined based on work load considerations and the potential impact on other existing City services and priorities. In particular, before the commitment of financial or in-kind support which cannot be easily accommodated within existing departmental budgets, the availability of additional funding must be determined.

Examples:

The City and the Central Coast Women's League form a partnership to enhance the existing skate park. The total cost of the enhancements is anticipated to be \$40,000. Each party commits to contributing \$20,000 either in cash or in a combination of "in-kind" services, e.g. volunteer or staff labor, and cash.

The City and Friends of Las Casas de Adobe (FOCA) form a partnership to rehabilitate the three City-owned adobes. The total cost of the project is anticipated \$1.2 million. The parties agree that the City will provide \$25,000 in "seed money" from the General Fund to allow FOCA to perform initial studies and establish fundraising mechanisms. In addition the City agrees to provide certain assistance, such as tree trimming, and to approve other sources of funding such as the Community Development Block Grant. The City's funding commitment is documented in the partnership agreement. The Friends of Las Casas de Adobe are responsible for the remaining funding.

Organizations which are formally approved partners of the City may be eligible for certain benefits which are not normally made available to other groups. For example, use of City equipment, such as the trolley or portable toilets, may be approved on a case-by-case basis for official City partners.

Indemnification and Liability Insurance. Any partner(s) shall agree to indemnify the City against all claims or actual liability arising out of the partnership. The City's standard indemnification language shall be included in the partnership agreement. Any partner(s) shall provide proof of insurance in accordance with the City's standard Insurance Requirements for Contractors. Exceptions to the insurance requirements shall be approved by the Risk Manager.

Promotion of Community Partnership Opportunities. Partnerships have become a part of the City's standard set of problem solving tools, and this formalized policy shall be made available to non-profit organizations within the community. In addition to being receptive to partnerships proposed by such organizations, staff shall also consider, and when appropriate recommend, partnerships as a way of completing City programs, projects and activities that otherwise lack sufficient funding. The community will also be encouraged to suggest potential partnership strategies when advocating to the City Council for the initiation of new programs, projects, and activities (i.e. during the bi-annual goal setting process).

II. CITY-ENDORSED FOUNDATIONS

Formation of Community Foundations. The formation of community foundations has become a way of tapping into new resources to support programs, projects, and activities that benefit the public. While the City will not directly form such a foundation, under certain conditions the City might endorse and assist in such efforts. In addition to assuring public benefit, one key condition prior to endorsement or assistance is that the proposed foundation is not being formed to compete for resources presently supporting other non-profit activities in the community. Endorsement shall be by the City Council, and forms of assistance provided by City staff shall be advisory only, such as reviewing proposed bylaws to assure compatibility with City conditions and interests.

Purposes of a City-Endorsed Foundation. A City-endorsed foundation's purpose shall be to assist members of the community in raising funds for a particular program area that is of benefit to the City, for example recreation and parks. Funds may be used for the construction of new facilities, improvements of existing facilities, purchase of equipment, development of innovative programs or providing scholarships or financial assistance to program participants. Funds may be granted by the foundation to City departments or programs, as well as to other organizations within the community which provide services or opportunities within the given program area.

The Endorsement Process. Endorsement of a local foundation shall be given by the City Council through the adoption of a resolution. In order to consider the appropriateness of an endorsement, the following will be considered:

- **Non-profit status.** The foundation must be qualified under section 501(c) of the Internal Revenue Code.
- **By-laws.** A City-endorsed Foundation shall have formal by-laws which clearly state the purpose of the foundation and provide operational directives which assure that the foundation will satisfactorily meet the conditions of this policy.
- **Board of Directors.** City employees shall not serve on the board of directors of a City-endorsed foundation. However, as appropriate, City employees may serve in an advisory capacity to the board of directors.
- **Fiscal Provisions.**
 - * A City-endorsed foundation shall not accept funds that simply redistribute existing community resources.
 - * A City-endorsed foundation shall avoid competing against other local non-profit organizations for funds that have typically gone to these other community organizations.
 - * A City-endorsed foundation shall not undertake a general fundraising campaign. All fundraising shall be directed toward a particular defined purpose. A City-endorsed foundations primary source of funds shall be through the solicitation of grants, donations and bequests and the conducting of special fundraising events for a particular purpose.
 - * A City-endorsed foundation shall allocate all funds raised to the particular program, activity or facility stated to be the purpose for the fundraising.



RESOLUTION NO. 8862 (1998 Series)

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN LUIS OBISPO
APPROVING A COMMUNITY PARTNERSHIP AND FOUNDATION POLICY

WHEREAS, there are many programs, projects and activities which are of interest to the City and the community, but cannot be addressed directly due to limitations on the City's human or financial resources; and

WHEREAS, the City of San Luis Obispo has a tradition of citizen involvement in its programs, projects and activities; and

WHEREAS, City resources can be used in partnership with others to create opportunities for otherwise unfeasible projects or programs; and

WHEREAS, under certain limited conditions the City and community can also benefit from the establishment of a foundation to encourage public contributions and grant funding for specific purposes that affect City programs.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Luis Obispo as follows:

The City of San Luis Obispo Community Partnership and Foundation Policy found in Attachment 1 is hereby approved.


Upon motion of Council Member Williams, seconded by Vice Mayor Romero, and on the following roll call vote:

AYES: Council Members Schwartz, Romero, Williams, Mayor Settle

NOES: None

ABSENT: Council Member Roalman

the foregoing resolution was adopted this 20 day of October, 1998.



Mayor Allen Settle

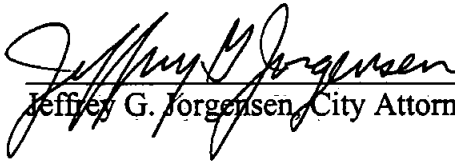
ATTEST:



Lee Price, City Clerk

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APPROVED AS TO FORM:



Jeffrey G. Jorgensen, City Attorney