Service Organizations Funding Management Process Addendum
Service Organization Sub-Committee: Jim Walker, Biju Mathew, Don Carroll
April 23, 2024

Background
With the charge being to recommend proposed changes to Council's existing service organization guidance (dated 2016), here are the items to be addressed:

1. Criteria for which service organization (SO) needs to have a formal presentation of their application to Council
2. Monitoring requirements for each SO after the grant has been awarded
   a. Quality of financial statements submitted (audited vs Form 990)
   b. Frequency of financial statements
   c. Frequency of quarterly reports
   d. Allowing the initial grant application package to suffice for the length of the grant
   e. Removing the requirement to keep grant funds in a separate account
   f. Expenditure summary of items funded by City grant

Recommendations
Below are the concerns of the subcommittee along with the recommendations on each of the items and associated rationale.

1. Criteria for presentations: The initial application package will have sufficient information for existing SO to justify the request and will be reviewed by Council. For prudence, new requests or large material increases should be presented to Council.
   a. Any presentation should be succinct and limited to 10 minutes.
   b. Council reserves the right to request a presentation on any application.

New/Existing SO	Amount of Request	Inc/Decr Request	Presentation
new	any	n/a	yes
existing	any	equal or decrease	no
existing	$\leq$ $20,000	increase	no
existing	> $20,000	increase < 50%	no
existing	> $20,000	increase > 50%	yes

2. Monitoring requirements after a grant is awarded:
   a. An audited annual financial statement is requested, if available. In the absence of an audited statement, the Form 990 submitted to the IRS will be sufficient. The larger SO will already have an audited statement but smaller SO cannot afford the expense of an audit. They do have to certify to the IRS their financial activity and position which will be sufficient.
   b. No financial information required after the awarding of a standard grant used for normal operating expenses of the SO. These are one-year contracts, and a fresh contract is executed each year. The interim financial information is not helpful for standard operating expense grants and additional burden for the SO and city staff. In the case a portion of a grant is for a specific purpose/capital expenditure/etc. (non-

normal operating expense), the contract can require (if deemed necessary by Council) that portion of the grant to be paid only after the specific expense is incurred and sufficient receipts are presented to the city for reimbursement.

c. Quarterly status reports not required. For grants awarded for normal operating expenses, quarterly status reports are not helpful and additional burden for the SO and city staff. Again, the exception would be for specific purpose grants as prescribed in item (b) above.

d. Initial application package in vast majority of cases should suffice for the length of the one-year contract. A blanket clause can be included in the contract that reserves the City's right to request and receive any supporting financial information during the term of the contract. This will alleviate excess burden on the SO and city staff for information that is not helpful. Reserving the right to request information at any time will cover the city in the rare case a specific circumstance requires additional due diligence.

e. Remove requirement for city funds to be held in a separate deposit account. Adds additional burden and expense on the SO (especially smaller SO), is difficult to enforce and does not provide material risk mitigation for the city.

f. Included in the annual grant application package will be a summary of how the SO expended the previous year's grant funds. The summary will be notarized by an appropriate representative of the SO. This summary will provide documentation to the city of how the SO utilized the previous year's grant funds. This will allow Council additional information pertaining to previous year's grant in consideration of the new request.

The justification for the recommendations are:

1. the city receives a thorough initial application package
2. the contracts are all one year in length
3. some of the existing requirements place additional burden on the SO and city staff
4. interim information currently collected is not helpful
5. the city reserves the right to request information in the interim if warranted

Service Organizations Funding Management Process
Service Organization Sub-Committee: Marvin Franklin, Wes Mays, Nancy Yingling
August 30, 2016

Background
The funding process in recent years has been largely guided by the attached materials ("Missions and Funding Framework"), created to provide both Council and Staff with increased clarity and funding discipline regarding these organizations and their role with respect to our various community missions.

The material contains:
1) Community Mission Statements
2) Service Organizations funding framework in four specific quadrants, characterized by mission: Critical Social Services, Arts & Culture, Partnerships, and Special Interests (the "4th Quadrant")

The 4th quadrant was designed to be a "gauntlet" of sorts where Council could discuss, preliminarily vet and ultimately allow/disallow new applicant participation in the process for budget consideration. At the time, it was thought that while new groups would apply annually, they would be vetted before being allowed to move forward in the process. The objective was to stay consistent with our Missions, firmly discourage "program creep" and reduce time waste.

The above referenced ad hoc committee was organized to recommend to Council approaches to improve our process for evaluating new service organization applicants and provide staff with guidance and support going forward.

The Process Problem and Associated Issues

First: Council has largely failed to implement the "4th quadrant" discipline originally intended. This has resulted in various groups seeking funding which either: a) wastes time, b) offer services which are not consistent with the mission, c) fall short of meaningful community impact or are otherwise illogical, or any combination of the aforementioned.

Second: Without sufficient guidance, staff has had no choice but to take all applications and allow them to go through the process.

Third: The subject of Service Organizations and fundings would seem to represent an appropriate opportunity to discuss the issue of Council "self-policing" and internal/external influences on decision-making.

Recommendations and Areas of Discussion

Preliminary Review:
It is recommended that any new applicant (not previously funded) would be preliminarily reviewed at a work session scheduled by staff to determine whether the applicant should be considered

during our Annual Budget Meeting regarding Service Organization fundings. If positive interest is shown by Council, then the applicant would be scheduled to present at the Budget meeting. There is no guarantee, however, that such group would ultimately be funded, only the permission to present. If necessary, a "go/no go" checklist containing fundamental threshold criteria (broader community service/benefit, degree of community enhancement, increased quality of life or imaging provided and so on) could easily be created as a guide for the preliminary review.

Organizations seeking funding outside the spirit of our Service Organization Mission Statements should be discouraged. These would include, but not be limited to, funding of scholarships or grants of any kind, funding viewed as being politically preferred, funding viewed as "buying" community influence or support, funding that negatively impacts our community image, funding to those representing a narrow community segment, as opposed to broad, or funding targeted toward a sole individual.

Applicants should be made aware that high levels of prudence, selectivity and cost/benefit evaluation by Council are intended to stay consistent with our Mission Framework and discourage "program creep."

Empower Staff:
It is recommended that previously approved Service Organizations with funding levels of $10,000 or less would not be required to present during the Annual Budget meeting. Those groups would be considered "recurring," added to the budgeted numbers by the City Manager, and be consistent with prior year funding levels. In the event that any of the approved organizations seek an increase over prior year funding levels, then such organization would need to present their request to Council during the Annual Budget Meeting. If such increase is a one-time request, then funding would ultimately revert back to funding levels prior to the one-time increase.

It would be staff's responsibility to inform Council of anything that might cause Council to reconsider funding the approved organizations (mission issues, things harmful to our community image, service impact on our community, financial issues, etc.).

Discussion Regarding Influence and Self-Policing:
In discussing our decision-making process, the committee noted that Council members have done a good job of recusing themselves from situations that may involve conflicts of interests. The sub-committee believes that it is appropriate to discuss the Council's involvement with service organizations and the impact that it can have on Council discussions, decision making, and staff. Questions:

1. To what extent are Council members and staff involved with the service organization? Volunteers, Board members, Members, Donors, etc.
2. Should those activities be revealed to Council and staff?
3. Which areas of our involvement lend themselves to some level of scrutiny and individual restraint?
4. Should any of us recuse ourselves from discussions and/or voting regarding the funding of organizations in which we are involved?

Discussion
MISSIONS AND FUNDING FRAMEWORK

I. Critical Social Service Needs

"Our residents, on occasion, experience significant challenges as victims of crime, economic hardship, physical frailties or emergencies. Local agencies meet these needs more efficiently and more effectively than the City of Coppell otherwise could."

II. Arts & Culture

"Cultural and arts enhance the quality of life in Coppell and help establish a strong sense of community. The City of Coppell prefers to become a sponsor for performances and arts groups through financial and in-kind support."

III. Partnerships

"Partnering with school, civic, and community organizations enable the city to maximize its services and programs while minimizing costs. The City of Coppell prefers partnering opportunities as an effective approach to achieving multiple objectives contained within its longer term strategic plan, currently Coppell 2030."

IV. Special Interests

"Funding requests to address the needs of narrower segment of the Coppell community will be considered occasionally. The City of Coppell recognizes that these segments will require higher levels of prudence, selectivity, and cost/benefit evaluation."

Funding Needs	Funding Wants
Critical Social Service Needs: Family Place Metrocrest Services (merged with Senior Adult Services) Children's Advocacy Center Christian Community Action Metrocrest Family Services Coppell Family YMCA Metrocrest Community Clinic	**Arts & Culture:** Coppell Community Chorale Ballet Ensemble of Texas ~~Texas Creative Arts~~ Coppell Historical Society Theater Coppell* Old Coppell Theater Site Waggin' Tail Dog Park Coppell Special Olympics Coppell High School Band
<u>Benefit:</u> Meets community needs that otherwise would either 1) have detrimental impact on the Community or 2) would force the City to render some service level that it either cannot or would rather not provide. <u>Capitalization:</u> Capital <u>Mechanism:</u> Capital Allocation	<u>Benefit:</u> Amenities for special interests, sponsorship/branding opportunities, community spirit <u>Capitalization:</u> Capital, Sponsorships <u>Mechanism:</u> Capital Allocation, Sponsorships, Facilities/Land

Hybrid: Funding Needs/Wants	**Funding Wants/Needs**
<u>Partnerships:</u> Coppell Chamber of Commerce CISD Economic Development Projects/Programs Sports Association Health & Wellness Initiatives Coppell Nature Park* Old Coppell/Main Street*	<u>Special Interests:</u> ~~Coppell Copperheads Baseball*~~ ~~Launchability (Special Care & Career Services)~~ ~~Texas Scottish Rite Hospital for Children~~ ~~The Warren Center~~ ~~Jha'Kyric Nixon Scholarship Fund~~
<u>Benefit:</u> Revenues, Jobs, Economic Prosperity, Community Welfare and wellness <u>Capitalization:</u> Capital, Matching Funds, Bonds, Incentives/Goals <u>Mechanism:</u> Capital Allocation, Contractual, Infrastructure, Credit Enhancement <u>Examples:</u> Hard Eight, Container Store, Old Coppell, Artificial Turf Co-Funding*, Kid Country*, Biodiversity Center*	<u>Benefit:</u> Amenities for Special Interests, Sponsorship/Branding Opportunities <u>Capitalization:</u> Capital, Matching Funds, Bonds <u>Mechanism:</u> Capital Allocation, Infrastructure, Sponsorship

*Matched Funding/Land or Facilities Contribution