



## ADMINISTRATIVE SERVICES DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: July 6, 2023

#### Subject

Consider the adoption of City Council Grant Policy.

#### Recommended Action

Adopt Resolution No. 23-XXX approving the City Council Grant Policy

#### Reasons for Recommendation

A grant is an external funding source that is awarded for a specific purpose, is valid within a defined timeframe, and contains contractual obligations for the City. The method of grant disbursement is determined by the granting agency and the use of the funds is generally subject to audit by the granting agency.

Currently, the City does not have a policy on grants management. City Council has inquired in the past about the process for applying for grants. As part of the pilot program to centralize grants in Administrative Services, staff thought it prudent to develop a policy and procedure for the approval, application, and tracking of grants in the City. Therefore, in an effort to establish an effective and coordinated approach, staff researched and developed a proposed Grant Policy (Attachment A) for Council consideration. To assist with developing this policy, staff researched related policies by reaching out to various neighboring agencies, posting a discussion item on the California State Municipal Finance Officers (CSMFO) discussion board, and conducting further online searches for sample policies. The policy outlines City Council and City Manager approval authority, as well as grant reporting requirements by City Staff (Attachment B).

The proposed policy directs staff to affirmatively seek grant opportunities to assist in the funding of City projects and programs. Grants often require City commitments, such as matching funds, future maintenance, and replacement costs or the continuation of the service or program established by the grant. In addition, grant applications may increase City staff workload due to application, monitoring, and reporting requirements. Grant opportunities must be reviewed carefully for impact on the City's resources and consistency with City policy and procedures.

The City Manager or their designee must approve the submission of a grant application. Additionally, Council approval must be sought if a granting agency requires governing body approval before applying for a grant.

If a grant is awarded, Council approval is required for the acceptance of any grant if any of the following criteria apply:

- Funding for the project is not already approved in the amended operating or capital budgets.
- Funds will be used to purchase or lease real property.
- The City acts as fiscal agent for another agency.
- Appropriation of additional funds to serve as matching funds is required.

Additionally, Council approval is required before accepting a grant if a granting agency requires governing body approval to accept a grant. The City Manager may approve the acceptance of grants that do not meet the above criteria.

Of the four surveyed agencies, Milpitas and Sunnyvale require City Council approval to accept any grant in an amount in excess of \$100,000. The two other agencies (Palo Alto and Lyons) have City Manager authority limits focused on non-monetary criteria similar to those in the proposed policy.

Reporting to Council will occur as part of the quarterly financial reports.

To ensure that the draft Policy encapsulates industry's best practices, Moss Adams, the City's internal auditor, has also reviewed the policy. The auditor's recommendations have been incorporated into the policy. Those recommendations included mostly format changes and clarifying language on how the policy applies to City Council. The auditor confirmed that the proposed policy meets these standards.

Sustainability Impact

No sustainability impact.

Fiscal Impact

Successful pursuit of grant opportunities reduces the need for funds from other funding sources.

California Environmental Quality Act

Not applicable.

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Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – City Council Grant Policy

B - Grant Authority and Reporting Matrix

C – Draft Resolution