




EL DORADO COUNTY
CHIEF ADMINISTRATIVE OFFICE

MEMO

Date: September 13, 2017

To: Honorable, Board of Supervisors

From: Don Ashton 
Chief Administrative Officer

Subject: Community Funding Requests

Background:

Policy 10.1.6.4 of the Economic Development Element of the County's General Plan specifies that "The majority of transient occupancy tax (TOT) generated revenue shall be directed toward the promotion of tourism, entertainment, business, and leisure travel in El Dorado County." For budget purposes, the "majority" of TOT has been construed to mean 51% of funds, although this figure has been adjusted upward by the Board in prior fiscal years.

To accomplish the goals of the Policy, the County has entered into agreements with various organizations over the years that act on the County's behalf to promote tourism, entertainment, business, and leisure travel.

On June 27, 2017 (Legistar File ID 17-0584), the Board approved six two-year Funding Agreements for the issuance of TOT funding to promote tourism, entertainment, business, and leisure travel in the County, totaling \$691,750 in Fiscal Year (FY) 2017/18 and \$691,750 in FY 2018/19, for a total two-year commitment of \$1,383,500, with the following organizations:

1. \$230,919 in Fiscal Year 2017/18 and \$230,919 in Fiscal Year 2018/19 with the El Dorado County Chamber of Commerce - El Dorado Visitors Authority;
2. \$140,750 in FY 2017/18 and \$140,750 in FY 2018/19 with the El Dorado County Chamber of Commerce - El Dorado Film Commission;
3. \$120,320 in FY 2017/18 and \$120,320 in FY 2018/19 with the El Dorado Hills Chamber of Commerce - California Welcome Center;
4. \$95,811 in FY 2017/18 and \$95,811 in FY 2018/19 with the El Dorado Arts Council;
5. \$78,950 in FY 2017/18 and \$78,950 in FY 2018/19 with the Lake Tahoe South Shore Chamber of Commerce; and
6. \$25,000 in FY 2017/18 and \$25,000 in FY 2018/19 with the Tahoe Prosperity Center.

In addition to these larger service agreements, the Board has authorized funds in various formats, such as micro-grants and cultural and community development grants, referred to as "Tom Sawyer" grants, to smaller organizations over the years. The last two such programs occurred in FY 2013/14 and 2014/15, and were referred to as the Cultural and Community Development Grant Program.

The FY 2013/14 Cultural and Community Development Grant Program, including eligibility criteria and Program Guidelines, was approved by the Board on July 16, 2013 (Legistar File ID

13-0863). The stated purpose of the program was to provide funds to private non-profit and public organizations whose purpose is to promote cultural activities, historical preservation activities, promotional activities that enhance tourism and industry, and/or local community events that encourage a sense of community.

The FY 2013/14 grant application period was opened on July 19, 2013 and closed on August 16, 2013. Twenty-six (26) applications were received. Staff completed an initial review of the applications to determine the applicants' eligibility as outlined in Section II of the Cultural and Community Development Grant Program Guidelines. All applications were then provided to a two-member subcommittee of the Board, comprised of Supervisors Mikulaco and Veerkamp, for review and recommendation. Of the 26 applications received, 19 were selected for award, for a total amount of \$79,570 (Legistar File ID 13-1229).

The FY 2014/15 Cultural and Community Development Grant Program, including eligibility criteria and Program Guidelines, was approved by the Board on September 30, 2014 (Legistar File ID 10-1057). The stated purpose of the Program was to "encourage tourism, agriculture, and economic development in the county by supporting a series of promotional, cultural, and community activities. . . .that encourage tourism and help increase county TOT revenue, programs of cultural benefit to the residents of the county and projects that facilitate community identification."

The FY 2014/15 grant application period was opened on October 22, 2014, and closed on November 21, 2014. Eighteen applications were received. Staff completed an initial review of the applications to determine the applicants' eligibility as outlined in Section II of the Cultural and Community Development Grant Program Guidelines. Applications were then reviewed by a four-member committee comprised of staff, two members of the Community and Economic Development Advisory Committee and a member of the community. Lastly, the applications were reviewed by a two-member subcommittee of the Board of Supervisors, comprised of Supervisors Frentzen and Veerkamp. Of the 18 applications received, eight were selected for award, for a total of \$35,750.

During the June 20, 2017 Recommended Budget discussion (Legistar File ID 17-0406), it was noted that four Community Funding Requests had been received, but that funding had not been allocated, from the following groups:

1. Motherlode Century – no dollar amount specified
2. Slide the City Event – requesting \$35,000
3. Placerville Aquatic Center – requesting \$20,000; and
4. Lake Tahoe Bike Coalition – requesting \$5,000.

In addition, on July 12, 2017 the El Dorado County Fish and Game Committee submitted a request for funding in the amount of \$15,000 for continuing and future projects including: a fish stocking program for 5 youth and community derbies; public information projects; law enforcement support (emphasizing local poaching activity); improve and increase wildlife resources (Boy Scouts, nesting boxes, invasive aqua fauna, and fish surveys); administration expenses; and local biological studies (Crystal Basin Pacific Deer Herd). This has been added to

the Fish and Game Committee budget as a transfer from the general fund; however, still needs your Board's concurrence and approval.

In an effort to address such requests, the Board expressed interest in reestablishing a process or grant-making opportunity similar to a "Tom Sawyer" program, in addition to the larger service agreements, that would define a process and provide a discretionary funding source for "Community Funding Requests" that have an economic benefit to the County.

Staff have identified four options for consideration:

Option 1 – Reinstatement of the Cultural and Community Development Grant Program used in FY 2013/14 and 2014/15, as described above. The benefit of this option is that it is an established program that would be easy to replicate. Disadvantages include an intensive, multi-tiered review process, and an excessive administrative process that is staff-time intensive;

Option 2 – Implement a revised version of the Cultural and Community Development Grant Program that provides a not-to-exceed funding amount for both the Program (e.g., \$50,000 program cap) and recipients (e.g., \$10,000 recipient cap). The benefits and disadvantages of this option would be the same as Option 1, with the addition of having a funding amount cap;

Option 3 – Allocate in the Recommended Budget a defined amount funding (e.g., \$10,000) for each Board member who would have the discretion to identify recipients of said funds. Recipients of such funds would be decided at a Board meeting. In addition, a provision could be added that would allow for the pooling of funds among Board members. The benefits of this option include a streamlined process, increased Board discretion, and less staff time. Disadvantages include a lack of certainty in available funding and the lack of a defined process that has a beginning and end date for application submittals; or

Option 4 – The Board can designate by Policy that, at each budget cycle, a defined amount funding (e.g., \$50,000) be allocated for "Community Funding Requests." The Board would then make a decision as to which "Community Funding Requests" receive(s) funding during the Budget development process. The benefits include a streamlined process, more discretion, less staff time, more certainty in available funding, and a defined period as to when funds would be awarded to recipients. Disadvantages include having an additional budget policy that requires a commitment of funds on an annual basis.

Staff Recommendation:

Staff recommends **Option 4** as it would provide the Board with the greatest level of certainty and flexibility in funding, require the least amount of staff time, provide a defined timeline (Budget

Development), and Budget consideration for decision by the Board for when Community groups could request funds.

Upon direction from the Board, Staff can develop specific procedures for the preferred option.

Regardless of which option the Board selects the following procedures and guidelines are recommended:

1. Funding for “Community Funding Requests” should be contingent upon sufficient TOT funding, which can be defined in the Board’s Budget Policy;
2. If TOT funds are the identified funding source, the “Community Event” must have an expressed nexus to the goals of General Plan Policy 10.1.6.4;
3. A simple application that includes types and units of service and deliverables should be developed, which would allow for confirmation of nexus;
4. The County would enter into a Basic Agreement of Public Benefit with the selected Association(s);
5. Recipients awarded funds under a Program in previous years, shall be required to expend all such funds and submit the reports as specified in the previous agreement prior to disbursement of any additional funds;
6. The following will be required prior to disbursement of funds:
 - a. a written project budget prior to funding;
 - b. commitment of match funds if included in the project budget;
 - c. a detailed accounting of the use of funds at the first of (a) conclusion of the Project or (b) end of the contract Term; and
 - d. for recipients whose total annual revenues exceed \$25,000, the following additional documentation is required:
 - i. IRS Form 990, Return of Organization Exempt from Income Tax;
 - ii. FTB Form 199, Exempt Organization Annual Information Return;
 - iii. Annual Registration Renewal Fee Report to Attorney General of California;
 - iv. Nonprofit board's current adopted annual budget;
 - v. Latest annual financial report presented to the nonprofit board;
 - vi. Latest YTD financial report presented to the nonprofit board.
7. As a general rule, the funding should be used for direct costs such as materials, supplies, etc., as opposed to administrative or program staff costs;
8. All funding is subject to the recipient’s ability to comply with the requirements as well as any applicable County policy, ordinance or permitting requirements. When appropriate, the agreement should include tracking or reporting requirements that assist the County in measuring the success of the event, project or program being funded.