

R. 79-795

RESOLUTION NO. 222451

DEC 19 1978

RESOLUTION AMENDING COUNCIL POLICY NO.  
100-3 REGARDING FUNDING OF PRIVATE OR-  
GANIZATIONS FOR OPERATIONAL EXPENSES OR  
SPONSORSHIP OF SPECIAL EVENTS.

BE IT RESOLVED, by the Council of The City of San Diego,  
as follows:

That Council Policy No. 100-3 regarding FUNDING OF  
PRIVATE ORGANIZATIONS FOR OPERATIONAL EXPENSES OR SPONSOR-  
SHIP OF SPECIAL EVENTS be and it is hereby amended as set  
forth in the Council Policy on file in the office of the  
City Clerk as Document No. 765250.

BE IT FURTHER RESOLVED, that the City Clerk is hereby  
instructed to add the aforesaid to the Council Policy Manual.

BE IT FURTHER RESOLVED, that Resolution No. 220777,  
adopted May 1, 1978, is hereby rescinded.

APPROVED: JOHN W. WITT, City Attorney

By Stuart H. Swett  
Stuart H. Swett  
Chief Deputy City Attorney

SHS:rc:011.1  
10/24/78  
Or. Dept.: Financial Management

MICROFILMED

02065

FUNDING OF PRIVATE ORGANIZATIONS FOR  
OPERATIONAL EXPENSES OR SPONSORSHIP OF  
SPECIAL EVENTS

100-3

BACKGROUND

Any package of community services includes elements which cannot be provided through governmental channels either because of a lack of resources or because government may not have the necessary expertise to provide the service. Such services, if they are to be offered, must be provided by private organizations with private funding. In areas where the public interest is sufficiently broad, local government can improve its level of service to the community by assisting such efforts financially.

In San Diego, the City government assists many private organizations. The pattern of support has developed over the years and is varied depending upon the nature of the service being supported. In some cases, practically full support is required; in other cases a modest contribution is all that is necessary to assist a private organization to provide a well-rounded program. In the ever-growing complexity of community functions, purposes and affairs, some guidelines are needed to assist the Council in receiving and acting upon requests for funding by private organizations.

City funding of private organizations has been in the form of allocations from the General Fund, or from the Transient Occupancy Tax Fund. The Transient Occupancy Tax Fund was established in 1964 for the primary purpose of promoting the City of San Diego. Of the revenues raised from the 6% room tax, 2/3 is placed in Fund 223 for City promotion; 1/6 is placed in the General Fund 100 to meet expenses incurred by the City as a result of tourism; and 1/6 is placed in Fund 224 to be used for such purpose(s) as the Council may direct. The use of Fund 224 monies may include, but is not limited to, promotion of the City.

PURPOSE

The purpose of this policy is to provide a set of uniform guidelines, standards, and procedures governing the application for, and granting of, funds to private organizations for the purpose of supporting their ongoing operational expenses and/or their sponsorship of special events. The guidelines and standards will assist the City Council in its consideration of requests for funding submitted by private organizations.

DOCUMENT NO. 765250  
FILED DEC 27 1978  
OFFICE OF THE CITY CLERK  
SAN DIEGO, CALIFORNIA

222451 02066

MICROFILMED

POLICY

A. General

1. City funding support for private organization operational expenses and for special events will be established so as to contribute to a balance of community cultural, recreational, and promotional programs designed to enhance the well-being of the community.
2. The functions or services to be provided by a private organization must be of such nature that the interests of the City are better served by an agreement with a private organization than by performance of the services or functions by the City.
3. Special event funding will support single events, although the events may extend for a period of several days. Such events must be open to the public and be free of charge. Donations, however, are not prohibited.
4. It is the policy of the City to encourage similar organizations to operate in a coordinated and cooperative manner. If the City funds an "umbrella" organization for federated support of similar activities, then the City will not independently fund other organizations which should properly be part of the "umbrella" organization.
5. The City will only provide funding support to a legally constituted nonprofit corporation completely directing and in complete control of its own affairs through its own officers or members. Support for special events must also be directed to a sponsoring nonprofit corporation. It is the policy of the City to fund local community organizations only. A representative of the City designated by the City Manager shall conduct liaison with the corporation and shall be permitted to attend meetings of the board of directors of such organization. The City's representative shall be allowed to participate in meetings and discussions relating to matters of City interest. Advance notice of the time and place of such meetings shall be provided to the designated representative of the City.
6. The City will not provide funding support to a private organization for the conduct of any religious or political activity.
7. The City will only provide funding support to a private organization that, in the conduct of its activities and affairs, adheres to the objectives of the City's Affirmative Action Program. The organization must not discriminate against any person because of sex, race, color, creed, or national origin.

MICROFILMED  
222451 02067

8. The City Council retains the prerogative to waive any policy or requirement herein contained. The Council may also impose such other conditions on City support to private organizations as it deems appropriate.

B. Funding

1. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used to support capital drives or build up reserves.
2. Funding of special events will be predicated on a 50% 1:1 City:other match of funds (dollars) guaranteed by the sponsoring organization to be secured from sources other than the City. Funding of an operating program will be predicated on a minimum 25% 3:1 City:other match of funds (dollars) guaranteed by the recipient organization to be obtained from sources other than the City.
3. No City funds may be used for purchase of awards or prizes to be given at an event or in connection with any competition or drawing held at or as a result of the event.
4. Funding for private organization operational expenses and for sponsorship of special events may be allocated from the City's General Fund or from Transient Occupancy Tax Fund 223 or 224, except that, in order to qualify for 223 funding, the organizational activities or the special event must be promotional in nature. "Promotion" is defined as a program designated to favorably publicize the City of San Diego; such publicity having as its principal audience persons residing outside the San Diego metropolitan area.
5. It is the Council's policy not to fund sports or athletic events, unless they are of national or international significance, are held in San Diego, and are considered to have substantial promotional value to the City.
6. It is the Council's policy not to subsidize participation in events held outside the City of San Diego, by individuals, groups or teams, unless there is some unusual, compelling reason why substantial promotional value will accrue to the City because of such participation.

C. Requests for Funds

1. Requests by private organizations for operational expense funding shall be submitted by December 15 of each year for the fiscal year to follow. Each request must be accompanied

R  
E  
V.  
(1)

MICROFILMED

222451 02068

by the following:

- a. A copy of a resolution of the board of directors or other governing body of the organization certified by its secretary authorizing the application by the organization for financial assistance and the empowering of a specified individual to execute the agreement on behalf of the organization.
  - b. A certificate executed by the secretary of the organization evidencing the names of all persons currently holding office in the organization, together with the terms of such office.
  - c. A statement outlining the proposed program of the organization for the fiscal year for which support is being requested.
  - d. A detailed operating budget showing the expected source of revenues for operations and the nature of all proposed expenditures.
2. A request for special event funding may be submitted at any time, however, when feasible the submission should meet the schedule described in paragraph C. 1. above.
  3. Special event request must be accompanied by the same documentation outlined in paragraph C. 1. above, except that financial data may be confined to the special event. A disclosure of the full-year fiscal status of the sponsoring organization will not normally be required.
  4. Initial requests for funding must, additionally, be accompanied by documents which evidence the existence of the organization as a legal entity. Such documents shall include:
    - a. A certificate executed by the Secretary of State of the State of California certifying to the filing in his office of the Articles of Incorporation.
    - b. A true copy of the Articles of Incorporation.
    - c. A certificate that the corporation is in good standing and authorized to transact business within the State of California.
    - d. A copy of the organization bylaws certified by the secretary.
    - e. Such other records, documents, or papers as may be requested by the City to confirm the organization's continuing existence as a legal nonprofit entity.

MICROFILMED

02069

222451

D. Evaluation of Requests

All requests for support by private organizations will be referred to the City Manager for analysis and subsequent recommendations to the City Council. All requests will be reviewed and evaluated in the light of the criteria cited in paragraph A. 1. above.

E. Agreements

1. No expenditure may be made out of any appropriation until a written agreement setting out the terms and obligations of the parties has been consummated. The agreement will specify in detail the services or functions to be performed, the nature of the payment or reimbursement schedule, and the financial reporting requirements.
2. All agreements will provide that the City may withhold funds from the contracting organization and terminate its entire obligation upon notice to the organization if the organization violates any of the terms of the agreement, or for other good cause shown not related to a violation of the terms of the agreement. The City Manager shall thereafter advise the City Council of the notification of termination made to the organization.
3. All existing agreements which do not conform to the provisions of this policy shall be revised to so conform as soon as is legally feasible after the effective date of this policy.

F. Financial Disclosure

1. ~~An organization receiving operational expense funding of \$10,000 or more shall provide the Contract Administrator by August 31 of each year for organizations receiving operational expense funding, or within sixty (60) days following the event for organizations receiving event funding duly certified copies of true, accurate, and complete documents evidencing the financial status of the organization's last complete fiscal year for organizations receiving operational expense funding, or of all funds expended and received by the event for organizations receiving event funding. Such documents shall include the following:~~
  - a. A budget estimate
  - b. A profit and loss or operating statement audited by a certified public accountant.
  - c. A balance sheet audited by a certified public accountant.

R  
E  
V.  
(2)

*see revised "F"*

MICROFILMED

22245102070

2. ~~An organization receiving special event funding of less than \$10,000 shall provide the Contract Administrator, within sixty (60) days following the event, or by August 31 of each year for organizations receiving operational expense funding, a final accounting of all funds expended and received by the event or of the financial status of the organization's last complete fiscal year for organizations receiving operational expense funding.~~
3. An organization receiving funding support shall:
  - a. Permit the City to inspect all books and records, and to perform or require audits the City reasonably desires.
  - b. Obtain, unless excused by the Auditor and Comptroller, an audit by a certified public accountant upon the resignation, retirement or discharge of its executive director or other managing agent, or a majority change in the membership of the board of directors. A copy of such audit shall be filed with the City before any further City funds are released to the organization.
4. The requirements stipulated herein under paragraph F. Financial Disclosure shall be included in all agreements consummated under purview of this policy.

02071

MICROFILMED

222451

(REVISED)

F. Financial Disclosure

Financial disclosure information shall be required of all funding recipients. Organizations receiving operational expense funding shall provide the Contract Administrator by August 31 of each year copies of true, accurate and complete financial disclosure documentation evidencing the financial status of the organization's last complete fiscal year. Organizations receiving event funding shall provide the Contract Administrator by sixty (60) days following the event copies of true, accurate and complete financial disclosure information with respect to all funds expended and received by the event. Such documents shall include the following:

- a. A budget estimate
- b. A profit and loss or operating statement
- c. A balance sheet

Financial disclosure information of organizations receiving funding of \$10,000 or more must be audited by a certified public accountant.

\* This replaces Section F paragraphs 1 and 2 of the 05/01/78 policy.

02072  
MICROFILMED

222451



Explanatory Notes to Proposed Changes to Council Policy 100-3

1. Clarification of section B.2. of the policy related to matching funds requirements. The current language in this section has caused some confusion, and we propose to modify it.
2. Modification of sections F.1 and F.2 of the policy related to the extent of financial disclosure required of organizations receiving operational expense funding vs. those receiving special event funding. Currently, organizations receiving operational expense funding, regardless of the amount of the funding, are required to submit a budget estimate, a certified public accountant-audited profit and loss statement, and a certified public accountant-audited balance sheet. Organizations receiving special event funding, regardless of the amount of the funding, are required only to submit a "final accounting" of all funds expended and received by the event. Thus, the Southeast Community Theater, which received \$5,275 operational funding in Fiscal 1978, is required to withstand the expense of a certified public accountant audit, while the Andy Williams San Diego Open, which received \$106,500 special event funding in Fiscal 1978, is only required to submit an unaudited final accounting of all funds expended and received by the event. Under the amended policy, operations and events receiving \$10,000 or more City funding would be required to submit a certified public accountant audit, those receiving less than \$10,000 would be required to submit only an accounting.

MICROFILMED

02073

222451

Passed and adopted by the Council of The City of San Diego on DEC 19 1978,  
 by the following vote:

Councilmen	Yeas	Nays	Excused	Absent
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maureen F. O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Lowery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fred Schnaubelt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Gade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Larry Stirling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jess D. Haro	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

AUTHENTICATED BY:

PETE WILSON

Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By E. W. Cook, Deputy.

(Seal)

Office of the City Clerk, San Diego, California	
Resolution Number	222451
Adopted	DEC 19 1978

RECEIVED  
CITY CLERK'S OFFICE  
1978 NOV -3 AM 8: 20  
SAN DIEGO, CALIF.

7-11-78

TO: [Illegible]

2074

150

152