MINUTES

COUNCIL FINANCE, HUMAN RESOURCES and CITIZEN APPOINTMENT COMMITTEE

Monday, October 28, 2024 – 11:00 AM
City Hall Council Chambers

Members Present:	Lauren Wise, Chair, Council Member Gary Daniel, Vice-Chair, Council Member Susan Miller, Citizen Member
Staff Present:	Wilson Hooper, City Manager Dean Luebbe, Assistant City Manager/Finance Director Becky McCann, Communications Coordinator Denise Hodsdon, City Clerk
Guests:	None

A. Welcome & Call to Order

Committee Chair Lauren Wise welcomed everyone and called the meeting to order at 11:00 a.m.

B. Certification of Quorum

Quorum was certified by City Clerk Denise Hodsdon.

C. Approval of Agenda

Motion by Ms. Miller, seconded by Mr. Daniel to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes of September 17, 2024 Meeting

Motion by Mr. Daniel seconded by Ms. Miller to approve the minutes of the September 17, 2024 meeting as presented. The motion carried unanimously.

E. Non-Profit Funding Application Criteria

Mr. Hooper noted that Staff incorporated the committee's feedback from the previous discussion into this latest draft of the Nonprofit Funding Policy (copy attached). The highlights of the updated draft are:

- Non-profit contributions must fund something that the City is legally permitted to do and that supports Council's priorities.
- Proposals will be reviewed by this committee for recommendation prior to taking to full Council.
- For the purposes of budgeting, staff will use a 1% rule of thumb.

Mr. Hooper noted that the proposal now includes a process for moving a non-profit recipient to vendor status, such as Heart of Brevard, a vendor that we have a contract with. If this is adopted, they would be moved to vendor status and their funding won't count toward the 1% rule of thumb, freeing up capacity for new non-profits to receive funding.

During discussion, Ms. Miller noted that Section 3.1 included "governmental entity" and suggested that be removed if there would never be a governmental entity that would get funding under the 1% nonprofit funding. She also asked if we needed a specific exclusionary statement for religious organizations or private schools. Mr. Hooper noted that municipalities are now permitted to financially contribute to educational institutions. There was consensus to add an exclusion for educational institutions.

Mr. Daniel felt that the language in Section 2.2, specifically "the City's strategic objectives" and "delivery of needed services that the City does not provide" seems self-serving. He feels that this is more a community directive effort, and the City is doing this for the community at large. He feels this language seems to potentially limit the community impact that we might have. Mr. Hooper explained that this is intended to ensure we only get applications from folks that provide services in lieu of the City providing those services, and our strategic objectives and key priorities are the proxy for that. He suggested amending that language to say something such as "demonstratively contribute to meeting the city's community outreach and providing community benefit".

Mr. Hooper summarized the amendments:

- Amend language in Section 2.2.1 from city-centric to community centric
- Add an exclusionary statement re educational institutions
- Fix a couple of typos

Mr. Daniel moved, seconded by Ms. Miller to refer this to full Council with those amendments. The motion carried unanimously.

F. Public Comment – None.

G. Set Date for Next Meeting

Due to the upcoming holidays, the Committee canceled the November regular meeting

and scheduled the December regular meeting for Monday, December 16, 2024 at 11:00 a.m.

H. Adjourn

There being no further business, the meeting was adjourned at 11:44 AM.

X

Lauren Wise
Chair, Council Member

Minutes Approved: 12/16/2024

X Denise Hodsdon

Denise Hodsdon
City Clerk

1.0 Purpose

To set parameters and establish guidelines for the funding of nonprofit organizations by the City and to ensure transparency, accountability, consistency, and adherence to best practices. This policy also establishes eligibility criteria for nonprofit organizations and the required public process for consideration and allocation of funding by City Council.

2.0 Policy

2.1 The City of Brevard recognizes that nonprofit organizations serve an important role in improving the quality of life for our community by delivering services to our citizens in a cost effective manner through the use of partnerships.

2.2 The City is committed to providing financial assistance to those nonprofit agencies which assist the City in carrying out its mission, and:

- 2.2.1 Demonstrably contribute to meeting the City's **strategic objectives** and are consistent with key priorities; and
- 2.2.2 Support the delivery of needed services that the City does not provide or that can more effectively or efficiently deliver those services; or
- 2.2.3 Provide programs or services that enhance a City function or service; or
- 2.2.4 Address a documented need for the nonprofit organizations program or service.

3.0 Nonprofit Organization Eligibility Criteria

It shall be the policy of the City of Brevard to consider providing assistance to nonprofit organizations meeting the criteria below.

3.1 Nonprofit organizations and their respective program(s) must be nonprofit or a governmental entity, as defined by the Internal Revenue Service.

3.2 Nonprofit organizations must be incorporated and must not have had their revenue suspended by the North Carolina Secretary of State or have overdue federal, state or local taxes.

3.3 All agencies that apply for funding must have been in operation for at least two years of the application deadline. The City does not fund start-up agencies.

3.4 Eligible nonprofit organizations must have a governing board and submit a current board roster.

3.5 Organization program(s)/services(s) must be available to all City of Brevard and Transylvania County residents who meet the eligibility requirements of the organization/program. Program(s)/services(s) offered by the organization must comply with all state and federal statutes related to protection from discriminatory actions.

3.6 Nonprofit organizations must provide a disclosure of any potential conflicts of interest.

3.7 Nonprofit organizations shall adhere to accountability standards set by City Council and as required by law, including complying with all financial and performance measurement requirements and reporting, and terms of contracts and/or memorandum of understanding, including meeting all deadlines. Compliance with the standards is a criterion for funding. Funds will not be released until, and unless, all financial, performance, contract or memorandum terms, and deadlines are met.

3.8 A nonprofit organization must meet all eligibility requirements on its own, and may not use a funding agent or other third party arrangement to meet eligibility requirements.

3.9 Upon receiving funding for at least three (3) consecutive years, a program may be considered for vendor status through an evaluation process by staff. If it is determined that the program will not be recommended for vendor status, the program remains eligible to apply for funding through the non-City organization process.

3.10 The first year of funding after a program is in vendor status will be recommended at the level of funding equivalent to the last year of non-City organization funding and subject to approval by the Board of City Commissioners. The partnering department will negotiate funding levels as part of the budget cycle in

subsequent years.

4.0 Funding Application Procedure

4.1 All nonprofit funding requests must be evaluated, discussed, and funding awarded and/or appropriated by City Council in a public meeting, either as part of the annual budget deliberation and adoption process, or as an agenda item at a regular or special board meeting.

4.2 Funding requests must be made in writing. Nonprofit organizations must complete a nonprofit funding application, and provide all required documentation by the advertised deadline.

4.2.1 Nonprofit funding applications will be available on the City of Brevard website, and notices will be emailed to all previous years applicants. Completed applications should be submitted to the Finance Department.

4.2.2 Incomplete applications will not be considered for funding.

4.3 The Finance/Human Resources and Appointments Committee will review all applications and make nonprofit funding recommendations. The City Manager will present these recommendations annually in the Recommended Budget to City Council.

4.4 City Council will approve final funding for all nonprofit organizations.

4.4.1 Applicants will be notified within one (1) week of budget adoption.

4.4.2 As a general guideline, total nonprofit contributions should not exceed 1% of the General Fund adopted budget from the previous fiscal year, less debt related expenditures. No single nonprofit organization shall receive over 25% of the total nonprofit contributions budgeted by the City.

4.5 An organization awarded funds must accept the funds by the completion of a contract agreement which must be signed by the organization director and City Manager (or designee). The contractual agreement and other contract requirements must be signed by the organization and received by the Finance Department no later than 30 days after the date the contract is received by the organization. Failure to comply with this date will result in funding awards being withdrawn.

4.5.1 No major changes can occur after contract signing, either in activities, financing or use of funds, without requesting and receiving approval in writing from the City of Brevard.

5.0 Reporting and Monitoring

5.1 Relating to the organization's scope of services, all agencies approved for funding will be required to submit a programmatic mid-year report by January 15 and a year-end report by July 15.

5.1.1 The report must indicate the extent to which City funds have been spent and goals and objectives are being achieved and/or have been achieved.

5.1.2 If performance is not at the expected level, the organization must submit an explanation for the deviation and describe actions it will take to remedy the situation.

5.2 Annual Organization Financial Reporting

5.2.1 Any nonprofit organization that receives $25,000 or more of funding must submit a financial audit at its own expense. The audit must be conducted by a certified public accountant. Additional information may be requested if required to understand the financial statements of the organization.

5.2.2 A nonprofit organization receiving less than $25,000 must submit compiled financial statements that have been prepared by an accounting professional and approved by the organization's governing board. Additional information may be requested if required to understand the financial statements of the organization.

5.2.3 Any related-party transactions must be identified, and a detailed explanation provided. A related-party transaction could include, but is not limited to, an arrangement between a key member of management, a close family member of key management staff, a parent or subsidiary company, or a member of the managing board..

5.3 Nonprofit organizations requesting funding may be subject to a program evaluation. Program evaluations can include:

5.3.1 Reviewing current financial relationship with City of Brevard;

5.3.2 Organization background and partnership history (if applicable);

5.3.3 Assessing achievement of the City's goals and alignment with the City of Brevard's strategic objectives;
5.3.4 Performance measurement evaluation and customer evaluation;
5.3.5 Cost/benefit analysis and benchmarking; and
5.3.6 Identification of program challenges.