



COUNCIL POLICY

COMMUNITY GRANTS POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing police, fire protection, public works, harbor, recreation, and community development services. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. Historically, the City Council has annually awarded community grants to contribute towards the funding of programs conducted by non-profit organizations that actively enhance the quality of life for Morro Bay residents.

Purpose

The purpose of this policy is to provide guidance on the award allocation of City discretionary money funds, allocated to be awarded by the City Council. Annually, and subject to available funds, the City budget includes a set aside amount of discretionary funds available for the City Council to make monetary grants to community non-profits for community benefits, or to organizations and agencies that provide services to Morro Bay residents as outlined under eligibility requirements below, which includes Community and Social services, Cultural Arts, or Projects.

Policy

1. Non-profit organizations must file a City application for the community grants funding program in accordance with the City's timeline for grant applications, which may vary from year to year. Notification of open grant period will be provided on the City's website. Applications are submitted to the Finance Department Director and forms are available on the City's website or at City Hall. Application format and requested information is provided as Attachment 1.
2. Public funds shall be made available only when the funds are to be expended for a community program or service that will directly benefit the community and residents of Morro Bay.
3. An organization shall not be eligible for funding if they have failed to meet any of the post-award funding application requirements from the prior fiscal year.
- ~~4. Funds will not be allocated to the following organizations and activities (so as to maintain local government impartiality towards political campaigns, religious activities and fundraising endeavors):~~
 - ~~a. Political action committees, political candidates, political campaigns, or partisan political activity;~~
 - ~~b. Any organization conducting, promoting or denigrating religious activity;~~
- ~~5.4. To support an organization's fundraising event or activity~~ Funds must be consistent

with applicable federal and state laws regarding limitations on use of public funds. Public funds shall not be used for the following:

- a. Religious Purposes. Grant funds shall not be used to conduct religious services or ceremonies. A grantee shall not spend any portion of the grant to inhibit or promote religion, nor to convey a religious message.
- b. Political Purposes. Grant funds shall not be used for political purposes, such as political advocacy efforts whether for or against a political candidate, ballot measure, or bill.

6.5. Funds requested from membership based adult organizations will not be considered if the funds requested are to be used to directly benefit its members and not the community at large.

7.6. Requests for funding will be considered by the City Council only during the periods determined in this Council Policy and if submitted on the appropriate City application form.

7. Funding of a program will not constitute a precedent for contributions in subsequent years.

8. The funding pool for Community Grants is limited. To maximize community impact, funding decisions prioritize distributing awards across multiple applicants. While no strict maximum is set, requests above \$10,000 are unlikely to be funded in full. Applicants are encouraged to request only the amount necessary to complete their proposed project. In recent years, most awarded grants have amounts ranged between \$1,000 - \$6,000

Eligibility

To be eligible for award of a community grant, agencies must:

1. Submit ~~a separate, only one~~ completed application form ~~for each project per fiscal year~~ (see Attachment 1).
2. Be ~~a registered incorporated as a~~ tax-exempt nonprofit corporation (IRS 501-C) at the time of application. ~~and/or exist as another government entity.~~

~~Demonstrate the managerial and financial capability to receive and expend grant funds.~~
3. Assure compliance with all applicable local, state, and federal laws including but not limited to non-discrimination requirements.

Programs for which funding is requested must qualify under one of the categories below:

1. **Community and Social Services:** Funding for programs and services that address identified community needs or problems (as stated in the City's General Plan, action plan, adopted Council Goals, or other policies) and provide community benefit to a high percentage of Morro Bay residents. These may include, but are not limited to, the following:
 - a. Crisis Intervention Services and/or Centers
 - b. Youth Services and Athletics
 - c. Active Adult service agencies
 - ~~d. Health and Safety~~
 - ~~e. Youth-Serving Agencies~~
 - ~~f.d. Low-income or other s~~ Social service agencies and programs.
 - ~~g. Bilingual service agencies~~

- ~~h. Low income service agencies~~
- ~~i. Homelessness~~
- ~~j. Economic Development~~

2. Cultural Arts, including but not limited to:

- a. Museum, including artistic, historical or scientific display or education
- b. Performing Arts, including music and theater arts
- c. Fine and Visual Arts

3. Project: Funding for one-time projects designed to address a significant community need or problem. ~~City funding shall be limited to a specific time frame, usually not more than one year.~~ The Project or Program must take place in Morro Bay and be completed within the fiscal year for which funding has been allocated by the City Council.

Funding Request

All applications must submit a completed City application (Attachment 1) and the following attachments ~~unless already on file with the City:~~

- 1. Names/addresses of current Board of Directors
- 2. Board approved current operating budget

Evaluation Criteria

All applications will be submitted to the ~~Department of Finance~~ Department, C/O of the ~~Director of Finance~~ Director, for Council consideration. ~~The Department of Finance Director will evaluate applications for consistency with Policy requirements and will~~ forward all qualifying applications to the City Council for review and consideration. ~~In the Council's sole discretion, an otherwise qualified applicant (who is unable, pursuant to an articulated justification consistent with promotion of City's needs, to reasonably meet application requirements) may be granted an exception by the City Council from one or more application requirements.~~ In its evaluation, the City Council shall consider and evaluate the following criteria and rank applications using the Scoring Rubric provided as Attachment 2:

- 1. ~~The~~ The non-profit status of the organization;~~;~~
- 2. ~~The~~ The number of citizens within the community that will benefit directly by the expenditure as well as the ratio of Morro Bay residents served to the total number of individuals served;~~;~~
- 3. ~~A~~ aAdherence to stated policies of the City of Morro Bay;~~;~~
- 4. ~~W~~ wWhether or not a public need will go unmet without the contribution;~~;~~
- 5. ~~The~~ The degree to which the cause has been recognized as a contribution to the community;~~;~~
- 6. ~~W~~ wWhether or not the contribution could expose the City to liability;~~;~~ and
- 7. ~~The~~ The amount of the request;~~;~~
- ~~8. The degree to which the members of the organization have engaged in fundraising activities; and.~~

~~9. Whether or not the organization has applied for funding from other San Luis Obispo County cities.~~

~~After review, the City Council shall make award to approve, deny or modify the funding request at a Special or Regular Meeting and direct staff to include the awarded amounts in the upcoming proposed operating budget for adoption. Applications will be reviewed by the City Council during the April Council meetings for inclusion in the draft proposed budget. At the time of consideration and evaluation, staff will advise Council of available funding amount to be awarded.~~

Post-Award Funding Application Requirements

Following award of community grant funds, the recipients will be asked to sign a City Grant Agreement (Attachment 23) stipulating the following conditions:

1. Carry adequate liability insurance naming the City of Morro Bay as additional insured as may be required by the City.
2. Not discriminate in employment or in clients served because of race, religion, national origin, sexual orientation, or gendersex.
3. ~~Be accountable for revenue and expenditures through standard bookkeeping procedures. An annual audit or review at the applicant's expense may be required, with the results available to the City of Morro Bay upon request.~~ Record-keeping requirements of grant recipients include copies of all invoices, receipts, and expenditures of grant funds with supporting documentation showing the expenditures were used directly for the grant project as proposed.
4. Provide access to periodic reviews by City staff and City Council for purposes of monitoring the program should the City wish to do so.
5. Grant funds must be spent by June 30th of the fiscal year in which they were awarded, regardless of the date of receipt of the grant funds. Grant funds awarded that remain unspent by June 30th must be returned to the City.
- 5-6. The funded applicant shall provide the City with a year-end report, including a full financial accounting and narrative report (Attachment 34).

The end-of-the-year report shall be in writing and submitted by July 31st following the close of the fiscal year in which the funds were awarded. within 60 30 days after the one-year grant period. This report must include a complete financial statement detailing all expenditures of City monies for the program(s) covered under the grant and a narrative report on the project or program and its significance. The financial and narrative report should compare actual expenditures and accomplishments with the budget and objectives cited in the original proposal.

Failure to comply with the reporting requirements by the stipulated dates may lead to termination of the grant agreement and funds being returned to the discretion of the City Council. Failure to comply with reporting requirements will also automatically exclude an agency from eligibility to receive community grant funding from the City for the following two fiscal years

- 6-7. Funded applicants must return to the City any unexpended funds at the end of the one-year period, or whenever the City reasonably determines that the applicant has not performed in accordance with the approved program proposal.

7.8. Any funds returned in accordance with this policy shall be returned to the fund from which they were allocated ~~from~~.

8.9. City ~~funds~~moneys shall be used only for the purpose and program(s) duly authorized and in accordance with the approved application budget. Any deviation from the approved program proposal may be made only with the City's prior written approval which requires Council authority. If moneys are used outside the approved program proposal without prior written approval from the City, funds must be returned immediately to the City.