



## Council Committee Memorandum

**TO:** Joint Committee  
**FROM:** Tim Murray, City Administrator  
**MEETING DATE:** April 30, 2019  
**SUBJECT:** Funding for Non-Profit Organizations

---

### Discussion:

The City has a long practice of providing funding to a number of non-profit (civic) organizations. There is not a detailed policy in place regarding the selection, amounts, etc. for these organizations. Staff annually takes requests for the current recipients, while also fielding inquiries from other organizations about being considered for such funding.

Staff has prepared an initial draft of a policy, should the Council choose to develop and adopt such a document. The presentation to be given will go over the history of the civic organization funding, outlining the amounts allocated annually, as well as one time capital improvement funding provided.

### Attachments:

- Draft Policy
- Civic Organization Funding History
- Franchise Fee History

## City of Faribault

### Policy and Procedures for Non-Profit Organization (NPO) Funding

#### 1. **PURPOSE:**

To establish a policy and procedure that ensures an accountable and consistent process for submitting, reviewing, and approving nonprofit agency funding requests. The City of Faribault has no statutory or other legal requirements to fund NPOs. However, the City Council may consider providing funding to NPOs that provide facilities, services, and/or community events the City does not provide, or if the NPO agency can deliver the service at a reduced cost or in a more expedient or efficient manner or to better the community. Approved requests will be funded for one year only. All NPOs must apply annually for consideration. This policy is subject to the availability and allocation of funds by the City Council as part of the annual budget process.

#### 2. **BACKGROUND**

It has been the practice of the City of Faribault to allocate limited grant funding from the city's General Fund (101), represented as a percentage of the franchise fees collected from the cable television utilities, to support a variety of highly successful and well-attended community-based programs and activities conducted by charitable/non-profit organizations.

Consideration and priority will be given to NPOs falling in one of the following categories:

- Arts & Culture
- Community Well Being
- Natural Resources/Environmental
- Recreation

It is important to limit the use of the general fund as it is the primary source of revenue for primary City operations, including public safety. A maximum overall amount of \$ \_\_\_\_\_ or maximum overall \_\_\_\_\_% of the previous year's collected cable television franchise fees or maximum overall \_\_\_\_\_% of the proposed general fund budget revenue (excluding the use of reserves) will be considered available to provide support for grant requests and other similar budget allocations for organizational support.

In order to ensure that a uniform process is followed in the appropriation of city general funds or in-kind city support requests that are annually submitted to the city, the following guidelines will be followed.

#### 3. **ELIGIBILITY:**

- A. Only one application will be allowed per NPO per fiscal year.
- B. NPO must provide a mission statement along with goals and objectives, as well as an organizational chart.

- C. NPO must provide financial and budget documents.
- D. Startup NPO's will be considered for funding, but must submit a budget and a plan of operation.

The NPO Funding Policy has been established by the City Council to provide guidelines to non-profit organizations that are seeking financial assistance or in-kind assistance with the following:

- A. Grant sponsorship funding for established community events or festivals.
- B. Funding towards event partnerships between the city and/or organizations.
- C. Funding to maintain and/or operate private structures, other governmental or property that are used to the benefit of the community as a whole.
- D. Requests for in-kind support through the use of city equipment, structures, assets, public space, services and staffing.
- E. One time start-up funding for a new community program, service, event or festival (support will be limited to funding/in-kind support not to exceed \$10,000).

#### **4. PROCEDURES**

##### **A. Application Process**

1. A public notice announcing the request for application will be made on the City of Faribault's website ([www.ci.faribault.mn.us](http://www.ci.faribault.mn.us)) and in the local newspaper by the last week in July of each year to coincide with the annual budget process for the upcoming fiscal year.
2. The application form will be available digitally on the City's website, and physically in the City Administrator's office.
3. Application are due back to the City Administrator's Office by the last working day in August. The address is 208 1<sup>st</sup> Avenue NW, Faribault, MN 55021.
4. Applications received after the deadline will not be considered for inclusion in the annual budget for funding as part of the budget process.
5. Applications that are incomplete will be deemed ineligible for funding and will be returned to the organization with an explanation of rejection.
6. Annual budget, board roster and a non-discrimination statement must be submitted with application.
7. Annual audit or financial review, in a form and substance acceptable to the City for prior year must be submitted with application.
8. All other funding sources for prior year must be included with application.
9. Submission of a complete application is no assurance of funding.

##### **B. Application Information**

1. Application must state community need for organization's services and NPO must provide a service that meets the description in the policy statement above.
2. Application must state outcome based goals and outline a plan to meet stated goals.
3. NPO must demonstrate diversity of funding sources.

4. NPO must demonstrate financial stability.

C. Review Process

1. Eligible application will be reviewed by the Finance Committee.
2. Completed applications will be provided to the Finance Committee as part of the annual budget process.
3. The NPO's that are selected for funding consideration must make presentations to the Finance Committee at a work session.
4. The Finance Committee will be responsible for recommending the funding amount for each NPO chosen to receive funding.
5. The City Council will review the Finance Committee recommendation and determine which NPOs will receive funding.
6. Letters will be sent to the NPO applicants notifying them of the outcome of their requests no later than September 30<sup>th</sup>.
7. NPOs that are awarded funding will be sent a memorandum of understanding which must be completed and returned in a timely manner.

D. Accountability

1. A financial report in form and substance satisfactory to the City must be submitted by the NPOs at the end of the funding period, December 31<sup>st</sup>.
2. An annual program performance report which will include the use of the City's funds and the accomplishments of the program must be submitted by the NPO at the end of the funding period, December 31<sup>st</sup>.
3. Failure to comply with any of the above requirements will result in suspension of current funding and /or elimination of future funding.

THIS POLICY SPECIFICALLY REPEALS AND REPLACES PRIOR CITY POLICIES OR PROCEDURES RELATIVE TO NONPROFIT ORGANIZATION FUNDING POLICY.

Approved:

\_\_\_\_\_  
Kevin Voracek, Mayor

\_\_\_\_\_  
Tim Murray, City Administrator

\_\_\_\_\_, 2019

## City of Faribault Nonprofits Organization Funding History

### **Faribault Area Senior Center**

Started in 1993 (constructed on west end of Faribault Community Center)

Initial City Capital Contribution (1993): \$200,000 + site work (parking lot, utilities, etc.)

Annual Operating Contributions: \$15,000 in 1993

|

\$42,000 in 2017 (max.)

|

\$39,500 in 2019

Expansion City Capital Contribution: \$152,000 in 2016/2017 (site work estimate)

### **Faribault Community Television (FCTV)**

Started in 1999

Annual Operating Contributions: \$ 2,000 – 1999

\$10,000 – 2000

\$25,000 – 2001

|

\$40,000 – 2007

|

\$48,000 - 2014

Starting in 2015, went to a fixed percentage of Cable TV franchise fee revenues for City

\$51,430 – 2015 (21.5%)

\$55,200 – 2016 (22.5%)

|

\$59,217 – 2018 (22.5%) (max.)

\$59,128 – 2019 (22.5%)

### **Paradise Center for the Arts (PCA)**

Started initially in 1999 with annual contributions to the Faribault Arts Center

Annual Operating Contributions: \$3,000 – 1999 to 2000

\$4,000 – 2001 to 2005

\$6,000 – 2006 (final year—then went to PCA)

Initial City Capital Contributions: \$100,000 in 2005

\$100,000 in 2006

\$ 50,000 in 2007

Annual Operation Contributions: \$7,500 – 2007 to 2010

\$5,000 – 2011 to 2014

\$4,000 – 2015

\$3,000 – 2016 to 2017

\$2,000 – 2018

\$3,000 – 2019

Capital Campaign Contributions \$5,000 – 2015 to 2017

\$10,000 – 2018 to 2019



**CITY OF FARIBAULT  
CIVIC ORGANIZATION FUNDING HISTORY**

Organization	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
<b>Senior Center</b> Initial Capital Contribution in 1993 Expansion Capital Contribution in 2017 Numerous Property Acquisitions/Demos	15,000 200,000	15,000	15,000	?	?	?	20,000	20,000	21,000 Flower basket watering	22,500	27,050 3,500	27,050 3,500	30,050 3,500	31,000 4,000	35,000 4,000	36,000 4,000	37,000 4,000	37,000 4,000	37,000 2,000	39,000 phased out separate payment	39,000	39,000	40,000	41,200	42,000	39,500	39,500	
																								152,000				
<b>FCTV</b> *Set at a percentage of total cable franchise fees from prior year beginning in 2015	n/a	n/a	n/a	n/a	n/a	n/a	2,000	10,000	25,000	26,500	27,300	27,300	30,000	33,000	40,000	43,000	45,000	45,000	45,000	45,000	45,000	48,000	51,430 21.5%	55,200 22.5%	56,493 22.5%	59,217 22.5%	59,128 22.5%	
<b>Faribault Arts Center</b>							3,000	3,000	4,000	4,000	4,000	4,000	4,000	6,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
<b>Paradise Center - Operating</b> <b>Paradise Center - Capital Campaign</b> Initial Capital Contribution	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,500	7,500	7,500	7,500	5,000	5,000	5,000	5,000	5,000	4,000	3,000	3,000	2,000	3,000
													100,000	100,000	50,000								5,000	5,000	5,000	10,000	10,000	
																							9,000	8,000	8,000	12,000	13,000	
<b>Heritage Days (Faribault Festivals)</b> - Teen Activities							3,000	?	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,500	4,500	4,500	5,000	
																				1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
																							4,500	6,000	6,000	6,000	6,500	
<b>Faribault Diversity Coalition</b>		n/a	n/a	n/a	n/a	n/a	n/a	n/a	Free Lease 24 W Division	2,500	?	2,500	5,000	7,000	7,000	7,500	7,500											
<b>Rice County Historical Society</b>		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,000	10,000	10,000	10,000	10,000	7,500	7,500	7,500	7,500	7,500	8,500	9,500	10,500	12,000	12,500	
	15,000	15,000	15,000	0	0	0	28,000	33,000	53,000	56,000	67,350	64,850	73,050	82,000	96,500	100,500	104,000	104,000	93,500	93,500	93,500	96,500	104,930	110,400	112,494	116,717	118,128	

**CITY OF FARIBAULT**

**RESOLUTION #2018-269  
APPROVE 2019 FRANCHISE FEES DISTRIBUTION**

**WHEREAS**, the City of Faribault receives franchise fees from cable television, electric, and natural gas utility companies for the use of public right-of-way; and

**WHEREAS**, franchise fees may be distributed among multiple funds for various public purposes as approved by the City Council.

**NOW, THEREFORE, BE IT RESOLVED**, that the franchise fees shall be distributed as listed below, effective beginning January 1, 2019.

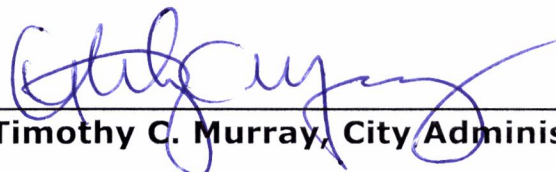
Franchise Fees Distribution	General Fund	Debt Service Funds	Street Improvements (401)	Park Improvements (404)	Public Facilities (437)	Economic Development (240)
Cable TV	100%	\$0	\$0	\$0	\$0	\$0
Water & Sewer	\$125,000	\$25,000	\$62,500	\$0	\$37,500	\$0
Gas & Electric	\$355,000	\$51,500	\$100,000	\$167,800+/-	\$112,000	\$50,000

**Date Adopted:** December 11, 2018

**Faribault City Council**

  
\_\_\_\_\_  
**Kevin F. Voracek, Mayor**

**ATTEST:**

  
\_\_\_\_\_  
**Timothy C. Murray, City Administrator**



**CITY OF FARIBAULT -- FRANCHISE FEE HISTORY**

REVENUE	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (Est.)	Proposed 2019 (Est.)	Proposed 2020 (Est.)	
Cable Television (100% general fund)	\$173,966.29	\$175,320.42	\$191,339.78	\$204,414.40	\$215,192.87	\$217,139.38	\$221,315.83	\$239,210.53	\$250,909.41	\$251,082.40	\$263,188.57	\$262,790.93	\$262,790.93	\$262,790.93	\$262,790.93	
Gas & Electric (split below)	\$622,616.23	\$673,594.35	\$682,905.36	\$677,663.33	\$667,951.97	\$693,599.42	\$688,055.90	\$690,778.58	\$692,013.74	\$691,419.97	\$743,388.84	\$760,311.37	\$760,311.37	\$836,311.37	\$919,311.37	
Water & Sewer (same split as G & E thru 2017) (4% of revenue from charges collected thru 2017)	\$223,980.00	\$236,305.00	\$242,896.00	\$249,973.00	\$309,506.00	\$300,000.00	\$312,920.00	\$316,052.00	\$283,857.36	\$283,858.08	\$283,858.08	\$283,858.08				
Water (changed to fixed amount transfer in 2018)													\$78,858.00	\$78,858.00	\$78,858.00	
Sewer (changed to fixed amount transfer in 2018)													\$171,142.00	\$171,142.00	\$171,142.00	
<b>TOTAL</b>	<b>\$846,596.23</b>	<b>\$909,899.35</b>	<b>\$925,801.36</b>	<b>\$927,636.33</b>	<b>\$977,457.97</b>	<b>\$993,599.42</b>	<b>\$1,222,291.73</b>	<b>\$1,246,041.11</b>	<b>\$1,226,780.51</b>	<b>\$1,226,360.45</b>	<b>\$1,290,435.49</b>	<b>\$1,306,960.38</b>	<b>\$1,273,102.30</b>	<b>\$1,349,102.30</b>	<b>\$1,432,102.30</b>	
<b>DESIGNATIONS (Gas &amp; Electric)</b>																
General Fund - 101	\$155,654.06	25% \$168,398.59	25% \$170,726.34	25% \$304,948.49	45% \$333,975.99	50% \$346,799.71	50% \$344,027.95	50% \$345,389.29	50% \$346,006.87	50% \$345,734.99	50% \$371,694.42	50% \$380,155.69	50% \$355,000.00	flat \$355,000.00	flat \$355,000.00	flat \$355,000.00
Street Improvement Fund - 401	\$311,308.12	50% \$168,398.59	25% \$170,726.33	25% \$169,415.83	25% \$166,987.99	25% \$173,399.84	25% \$172,013.98	25% \$172,694.65	25% \$173,003.44	25% \$172,842.50	25% \$185,847.21	25% \$190,077.84	25% \$100,000.00	flat \$100,000.00	flat \$100,000.00	
Public Facility Projects - 437										\$103,745.48	15% \$111,508.33	15% \$114,046.71	15% \$112,000.00	flat \$112,000.00	flat \$112,000.00	
Public Works Bond - 344 (old 344)	\$155,654.05	25% \$168,398.59	25% \$170,726.34	25% \$203,299.01	30% \$166,987.99	25% \$173,399.87	25% \$172,013.98	25% \$172,694.65	25% \$173,003.44	25% \$69,097.00	10% \$74,338.88	10% \$76,031.14	10% \$51,500.00	flat \$51,500.00	flat \$51,500.00	
Economic Development Projects (240)							\$0.00	0% \$0.00	0% \$0.00	0% \$0.00	0% \$0.00	0% \$0.00	0% \$141,811.37	remainder \$50,000.00	\$100,000.00	
Park Improvements Fund (404)														\$167,811.37	\$200,811.37	
<b>TOTAL</b>	<b>\$622,616.23</b>	<b>\$673,594.36</b>	<b>\$682,905.36</b>	<b>\$677,663.33</b>	<b>\$667,951.97</b>	<b>\$693,599.42</b>	<b>\$688,055.90</b>	<b>\$690,778.58</b>	<b>\$692,013.74</b>	<b>\$691,419.97</b>	<b>\$743,388.84</b>	<b>\$760,311.37</b>	<b>\$760,311.37</b>	<b>\$836,311.37</b>	<b>\$919,311.37</b>	
<b>DESIGNATIONS (Water &amp; Sewer)</b>																
General Fund - 101	\$155,654.06	25% \$168,398.59	25% \$170,726.34	25% \$304,948.49	45% \$333,975.99	50% \$346,799.71	50% \$86,006.99	50% \$86,347.32	50% \$86,501.72	50% \$345,734.99	50% \$92,923.61	50% \$95,038.92	50% \$125,000.00	flat \$125,000.00	flat \$125,000.00	flat \$125,000.00
Street Improvement Fund - 401	\$311,308.12	50% \$168,398.59	25% \$170,726.33	25% \$169,415.83	25% \$166,987.99	25% \$173,399.84	25% \$43,003.49	25% \$43,173.66	25% \$43,250.86	25% \$172,842.50	25% \$46,461.80	25% \$47,519.46	25% \$62,500.00	flat \$62,500.00	flat \$62,500.00	
Public Works Bond - 344 (old 344)	\$155,654.05	25% \$168,398.59	25% \$170,726.34	25% \$203,299.01	30% \$166,987.99	25% \$173,399.87	25% \$43,003.49	25% \$43,173.66	25% \$43,250.86	25% \$69,097.00	10% \$18,584.72	10% \$19,007.78	10% \$25,000.00	flat \$25,000.00	flat \$25,000.00	
Public Facility Projects - 437										\$103,745.48	15% \$27,877.08	15% \$28,511.68	15% \$37,500.00	flat \$37,500.00	flat \$37,500.00	
Park Improvements Fund (404)																
<b>TOTAL</b>	<b>\$622,616.23</b>	<b>\$673,594.36</b>	<b>\$682,905.36</b>	<b>\$677,663.33</b>	<b>\$667,951.97</b>	<b>\$693,599.42</b>	<b>\$172,013.98</b>	<b>\$172,694.65</b>	<b>\$173,003.44</b>	<b>\$691,419.97</b>	<b>\$185,847.21</b>	<b>\$190,077.84</b>	<b>\$250,000.00</b>	<b>\$250,000.00</b>	<b>\$250,000.00</b>	
<b>DESIGNATIONS (Overall)</b>																
General Fund - 101	\$385,616.35	\$402,795.25	\$422,790.12	\$621,850.74	\$703,921.86	\$713,939.09	\$721,803.78	\$742,625.82	\$738,845.25	\$743,419.39	\$743,419.39	\$784,875.41	\$742,790.93	\$742,790.93	\$742,790.93	
Street Improvement Fund - 401	\$423,296.12	\$227,474.84	\$231,450.33	\$231,909.08	\$244,364.49	\$248,399.84	\$250,243.98	\$251,707.65	\$243,967.95	\$243,617.62	\$243,617.62	\$261,042.36	\$162,500.00	\$162,500.00	\$162,500.00	
Public Works Bond - 344 (342)	\$211,650.05	\$227,474.84	\$231,450.34	\$278,290.91	\$244,364.49	\$248,399.87	\$250,243.98	\$251,707.65	\$243,967.95	\$97,447.00	\$97,447.00	\$104,416.90	\$76,500.00	\$76,500.00	\$76,500.00	
Public Facility Projects - 437										\$146,170.84	\$146,170.84	\$156,625.71	\$149,500.00	\$149,500.00	\$149,500.00	
TH 60 Project Fund - 451(328)	\$0.00	\$227,484.84	\$231,450.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Economic Development Projects (240)													\$141,811.37	\$50,000.00	\$100,000.00	
Park Improvements Fund (404)														\$167,811.37	\$200,811.37	
<b>TOTAL</b>	<b>\$1,020,562.52</b>	<b>\$1,085,229.77</b>	<b>\$1,117,141.14</b>	<b>\$1,132,050.73</b>	<b>\$1,192,650.84</b>	<b>\$1,210,738.80</b>	<b>\$1,222,291.73</b>	<b>\$1,246,041.11</b>	<b>\$1,226,781.15</b>	<b>\$1,230,654.85</b>	<b>\$1,230,654.85</b>	<b>\$1,306,960.38</b>	<b>\$1,273,102.30</b>	<b>\$1,349,102.30</b>	<b>\$1,432,102.30</b>	
													Estimated amount of additional revenue due to adocted fee increases	\$76,000.00	\$159,000.00	

**NOTES:**  
Ordinances 2005-20 and 2005-21 established the electric and gas franchise fees effective January 1, 2006.  
Hickory Tech was granted a cable television franchise in 2006.