

AGENDA ITEM SUMMARY

March 21, 2017

City Council

STAFF

Nalo Johnson, Grants Development Specialist
Mike Beckstead, Chief Financial Officer

SUBJECT

Resolution 2017-032 Approving an Agreement Between the City of Fort Collins and the Community Foundation of Northern Colorado Concerning the Creation of the City of Fort Collins Foundation Fund.

EXECUTIVE SUMMARY

The purpose of this item is to consider a resolution that would approve an agreement with Community Foundation of Northern Colorado for the creation of a City of Fort Collins Foundation Fund to be held and administered by the Community Foundation of Northern Colorado.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

In consideration of innovative strategies to fund City-related initiatives, an investigation into establishing a City Foundation was undertaken in the past year. The investigation concluded that there are no existing models where a municipal foundation has been created to explicitly fund City-sanctioned projects. Donor options were presented to the Council Finance Committee in October 2016, which recommended that the City move forward with establishing a City of Fort Collins Foundation Fund (City Fund) at the Community Foundation of Northern Colorado (Community Foundation).

A City Fund operational update was presented to the Council Finance Committee in January 2017 which recommended establishing the City Fund at the Community Foundation as a “designated fund” in support of the stated purpose: “Allow residents an opportunity to support initiatives for the City of Fort Collins to provide world-class services through operational excellence and a culture of innovation.” The operational recommendation was presented to Council at the February 28, 2017, work session, which recommended staff should move forward with presenting Council a resolution to establish the City Fund.

The City Fund will encompass both project-specific funds as well as an “unrestricted funds” bucket to be granted to applying departments at the discretion of the City Fund Advisory Committee. Councilmembers provided recommendation guidelines as to projects of interest to the City such as: capital funding; non-capital funding opportunities; and no ongoing funding requests. Councilmembers also recommended that the City Fund be used as a source of matching dollars for grant funding, attune to equity and inclusion, and that Council has the final decision as to the acceptance of fund donations.

An Advisory Committee for the City Fund will be created under the auspices of the Community Foundation and it will consist of community members who are philanthropic-minded and committed to sustaining a vibrant, healthy community including a commitment to equity and inclusion within the community. These community members will be selected by the Community Foundation with initial input on their selection from the City Council. The Advisory Committee will be responsible for working with the Community Foundation's Board of

Trustees and staff related to fundraising activities and concerning the administration and use of the donations made to the City Fund. However, City Council and City staff may support the Advisory Committee through offering project recommendations and supporting fundraising efforts.

To provide for the creation of the City Fund, attached as Exhibit "A" of the Resolution is an Agreement between the City and the Community Foundation. The Resolution authorizes the City Manager to enter into this MOU on the City's behalf.

Success for the City Fund may be defined as:

- a way in which to enhance City projects
- access to a non-profit arm to receive and administer grant funds
- an option for those who do not want to give directly to the City

The City Fund's measures for success may include:

- donor participation rates
- ability to meet fundraising goals
- alignment between City Fund priorities and the City's triple bottom line approach

CITY FINANCIAL IMPACTS

The creation of a City Fund will function as an "enabling component", seeking to enhance City projects and initiatives that may not necessarily be funded by the City budget. Success of the City Fund stands to benefit the City as a potential resource for additional revenue.

PUBLIC OUTREACH

Informal interviews were held with current City donors and local development staff to inform the operational recommendation.

ATTACHMENTS

1. Work Session Summary, February 28, 2017 (PDF)



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fcgov.com

MEMORANDUM

Date: March 3, 2017

To: Mayor Troxell and City Councilmembers

Through: Darin Atteberry, City Manager 

From: Nalo Johnson, Grants Development Specialist
Mike Beckstead, CFO

Re: February 28, 2017 Work Session Summary – City Foundation Creation

Introduction

This work session item provided an operational recommendation to establish the City of Fort Collins Foundation as a fund at the Community Foundation of Northern Colorado.

Stakeholders

All Councilmembers were present for the discussion.

Project Details

Support was expressed to bring forward a resolution to establish the City Fund. Councilmembers requested guidelines as to project types, including:

- no on-going funding requests;
- capital funding; and
- non-capital funding such as:
 - scholarships to attend City programming
 - youth STEM programming
 - sending a youth delegation to the National League of Cities
 - support for organizational performance initiatives.

Councilmembers recommended the fund be utilized to leverage grant funding opportunities and attune to equity and inclusion. Councilmembers also requested the fund agreement include language identifying Council has the final decision on donation acceptance from the City Fund.

Next Steps

Staff will work with the City Attorney's Office to draft a resolution.

Conclusion

A resolution to establish the City of Fort Collins Foundation as a fund under the Community Foundation of Northern Colorado, incorporating Councilmembers' considerations, will be presented to Council at the March 21st regular meeting.

RESOLUTION 2017-032
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROVING AN AGREEMENT BETWEEN THE CITY OF FORT COLLINS AND THE
COMMUNITY FOUNDATION OF NORTHERN COLORADO CONCERNING THE
CREATION OF THE CITY OF FORT COLLINS FOUNDATION FUND

WHEREAS, the City Council wishes to facilitate a funding mechanism that would allow individuals and private companies to help fund certain City projects and initiatives with their private and tax-deductible contributions in support of the City's mission of providing world-class services through operational excellence and a culture of innovation as an alternative to a direct donation to the City; and

WHEREAS, the Community Foundation of Northern Colorado (the "Community Foundation") is a tax-exempt community foundation that has served charitable causes and organizations in Fort Collins and other communities in Northern Colorado since it was established in 1975 by receiving, administering and disbursing contributions for their benefit;

WHEREAS, the Foundation currently has over \$98 million in assets that it administers for these causes and organizations; and

WHEREAS, the Foundation is interested in establishing a City of Fort Collins Foundation Fund (the "Fund") to which individuals and private companies can make their private and tax-deductible contributions to be used to benefit City projects and activities; and

WHEREAS, it is the City's wish that the City projects and activities to be funded with grants from the Fund be City capital projects and operational activities needing additional one-time funding, such as matching funds required for another grant being received by the City, and not for on-going funding needs; and

WHEREAS, to accomplish this, attached as Exhibit "A" is an Agreement to set out the mutual expectations for the terms and conditions under which the Fund will be administered and the manner in which its funds may be used for future City projects and activities (the "Agreement"); and

WHEREAS, the Agreement provides that the Foundation will establish an "Advisory Committee," the members of which will be selected by the Foundation with initial input from the City Council, and the members of Advisory Committee are to be philanthropic-minded, committed to sustaining a vibrant and healthy community, and committed to equity and inclusion within the community; and

WHEREAS, the role of the Advisory Committee will be to work with the Foundation to coordinate fundraising activities for the Fund and to serve as a liaison with the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes any and all determinations and findings contained in the recitals set forth above.

Section 2. That Agreement is hereby approved and the City Manager is authorized to enter into the Agreement on the City's behalf.

Section 3. That the City Manager is hereby authorized to execute the Agreement substantially in the form attached hereto as Exhibit "A", together with such modifications and additions as the City Manager, in consultation with the City Attorney, determines necessary and appropriate to protect the interests of the City or further the purposes of this Resolution, as set forth above.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 21st day of March, A.D. 2017.

Mayor

ATTEST:

City Clerk

Agreement between the City of Fort Collins and the Community Foundation of Northern Colorado Concerning the Creation of the City of Fort Collins Foundation Fund

THIS AGREEMENT is made and entered into this __ day of March, 2017, by and between the Community Foundation of Northern Colorado (the "Foundation") and the City of Fort Collins, Colorado (the "City").

WHEREAS, the Foundation is a tax-exempt foundation, established and operating as a community foundation and the City is a Colorado home rule municipality; and

WHEREAS, the City wishes to enter into this Agreement in order to provide a funding mechanism that would allow citizens and private companies the opportunity to help fund certain City projects and initiatives with their private and tax-deductible contributions in support of the City's mission of providing world-class services through operational excellence and a culture of innovation, as an alternative to making a direct donation to the City; and

WHEREAS, it is the City's wish that the City projects and activities to be funded with grants from the Fund be City capital projects and operational activities needing additional one-time funding, such as matching funds required for another grant being received by the City, and not for on-going funding needs; and

WHEREAS, to accomplish this, the City and the Foundation are entering into the Agreement to provide for the establishment of a special fund that will be maintained and operated by the Foundation in accordance with its Articles of Incorporation and Bylaws and this Agreement.

NOW, THEREFORE, the Foundation and the City agree:

1. **Overview:** The Foundation shall establish the City of Fort Collins Foundation Fund (the "Fund"). The Foundation shall maintain a separate accounting for the Fund that shall be increased with contributions and income to the Fund, and decreased with grants, expenses and disbursements from the Fund. The Fund is not a trust or a separate legal entity of any kind.
2. **Contributions:** The Foundation shall receive, commingle, invest and reinvest the contributions to the Fund and any proceeds from the sale of the contributed property as a part of the general funds and investments of the Foundation.
3. **Distributions:** The organization designated to receive grants from the Fund is the City. Except as permitted in this Agreement, monies from the Fund shall only be disbursed for City projects or activities. However, if the City ceases to exist, disbursements may be made as determined by the Board of Trustees of the Foundation, at its discretion, to an organization or cause as similar as practicable to typically City projects and activities. The Fund is not currently endowed, so it will not be subject to a spending policy.
4. **Advisory Committee:** The Foundation will establish and appoint, with initial input from the Fort Collins City Council, the members of an Advisory Committee for the Fund. The

Advisory Committee will be made up of philanthropic-minded citizens from the Fort Collins community who are committed to sustaining a vibrant, healthy community including a commitment to equity and inclusion within the community. The role of the Advisory Committee will be to work with the Foundation to coordinate fundraising activities for the Fund and to serve as a liaison with the City.

5. **Governance:** The Board of Trustees of the Foundation has expressed its general intention to make grants from the Fund in accordance with the specific designations of donors related to various City projects. . However, as required by the Internal Revenue Code and Regulations, the Fund shall only be used in furtherance of the Foundation's charitable purposes. The Foundation shall retain ultimate authority and control over the investment, expenditure, distribution and grants of principal and income from the Fund. The Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specific City project or activity if in the sole judgment of the Foundation's Board of Trustees (without the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable purposes for which the Fund is being created.

6. **Charitable Purposes:** Funds and assets of the Foundation may only be used for the "charitable purposes" described in the Articles of Incorporation of the Foundation as educational, scientific, literary, public or other purposes permitted to be carried on by organizations described in Sections 170(c)(1) and 170(c)(2) of the Internal Revenue Code of 1954, as amended, and corresponding provisions of future revenue laws.

7. **City Council Acceptance of Grants:** The Foundation acknowledges and agrees that the decision of whether the City accepts any grant from the Fund is subject to the Fort Collins City Council's sole discretion.

8. **Administrative Provisions:** The Foundation will hold and administer the Fund in accordance with the terms of this Agreement and all procedures, rules and regulations of the Foundation; including future amendments thereto (all of which provisions and amendments are incorporated by reference). The Foundation will charge a 1% fee on all incoming gifts as a share of the Foundation's operating and administrative expenses for the Fund.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMMUNITY FOUNDATION OF NORTHERN COLORADO:

By _____
Ray Caraway, President

CITY OF FORT COLLINS, COLORADO:

By _____
Darin A. Atteberry, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Deputy City Attorney