



*City of Arts & Innovation*

# Budget Engagement Commission

**TO: HONORABLE COMMISSIONERS** **DATE: JUNE 12, 2025**

**FROM: FINANCE DEPARTMENT** **WARDS: ALL**

**SUBJECT: DISCUSS THE FORMATION OF A NONPROFIT FUNDING FRAMEWORK AD-HOC COMMITTEE**

## **ISSUE:**

Discuss the formation, purpose, and scope of a Nonprofit Funding Framework Ad-Hoc Committee composed of members from the Budget Engagement Commission to explore a framework for monetary support to local nonprofit organizations.

## **RECOMMENDATIONS:**

That the Budget Engagement Commission:

1. Discuss and vote to form a temporary Nonprofit Funding Framework Ad-Hoc Committee, composed of less than a quorum of Commission members, for the purpose of exploring funding strategies for municipal support to local nonprofit organizations;
2. Determine the scope of work for the Nonprofit Funding Framework Ad-Hoc Committee, including key areas of focus to guide its exploration and recommendations;
3. Determine the number of members to serve on the Committee, not to exceed a total of nine;
4. Establish the duration of the Committee;
5. Determine the Committee's meeting schedule and logistical details;
6. Determine how the Committee will provide updates to the Budget Engagement Commission; and
7. Set a date by which the Committee will provide a final report of findings and recommendations to the Budget Engagement Commission for consideration of a recommendation to City Council.

## **BACKGROUND:**

On May 8, 2025, the Budget Engagement Commission (BEC) received a report on the City's current support for nonprofit agencies. Following the presentation, the Commission discussed the possibility of expanding support beyond the City's existing investments. With a vote of 8 Ayes and 3 Noes, the Commission voted to agendize an item to consider the formation of an ad-hoc committee to further explore monetary support for nonprofit agencies.

## **DISCUSSION:**

The BEC is considering the formation of an ad-hoc committee to explore monetary support for nonprofit organizations. The following section outlines the legal framework for such a committee and its alignment with the BEC's advisory role.

### **Ad-Hoc Committee Overview and Legal Context**

In accordance with the Brown Act, ad-hoc committees are temporary advisory bodies created by a legislative body for the purpose of accomplishing a narrowly defined task or study. To remain exempt from Brown Act open meeting requirements, ad-hoc committees must meet the following conditions:

- Composed of less than a quorum of the parent body;
- Temporary in nature, dissolving upon completion of their charge;
- Created for a specific purpose, not for ongoing or standing oversight; and
- Advisory only, with no independent authority to take action on behalf of the City.

Because of these characteristics, ad-hoc committees offer boards and commissions a flexible tool for exploring policy and funding topics in more depth, without triggering the formal notice, agenda, and public access requirements that apply to standing committees. Any recommendations developed by an ad-hoc committee must be returned to the parent body for discussion and potential action. The ad-hoc committee's specific purpose must fall within the statutorily defined purpose and function of the BEC.

### **Budget Engagement Commission's Role**

The Commission plays a key role in promoting transparency and helping residents better understand how City resources are allocated.

As defined in Riverside Municipal Code (RMC) Section 2.90.020 – Purpose and function- the Budget Engagement Commission's purpose:

...is to advise the City Council on spending and policy priorities based on the information received through quarterly financial and performance reports, including revenues from transaction and use tax, to work with City staff to maximize public engagement on municipal budgetary issues and to provide input on performance measures and reporting programs. The Commission's advice shall in no way conflict with or supersede the powers of the Council or the budgetary and advisory powers of the City Charter created Boards and Commissions.

RMC Section 2.90.040 – Meetings, rules and procedures - provides additional insight into the role and function of the Budget Engagement Commission:

The Budget and Engagement Commission will meet quarterly, or as often as needed, to review financial and performance reports before they are presented to the City Council. In addition, upon formation, Commission will review and provide input on Citywide performance indicators recommended by City staff based on strategic priorities.

The formation of an ad-hoc committee offers an opportunity to explore funding approaches that align with the City's strategic goals and fiscal realities. So long as the ad-hoc committee is defined for a specific purpose within the budgetary and advisory powers of the City Charter created BEC, the Nonprofit Funding Framework Ad-Hoc Committee can play an important role in shaping recommendations related to funding structures, guiding principles, and strategic alignment for future nonprofit support.

#### Applicability of RMC Conflict of Interest Provisions:

The formation of any BEC ad-hoc committee should be created in a manner consistent with RMC Section 2.90.050 – Conflict of interest:

A member of the Budget Engagement Commission may not make, participate in making, or attempt to influence a governmental decision if it is reasonably foreseeable that the decision could have a material financial effect on that member, the member's immediate family, or any of his or her financial interests. A member of the Commission is prohibited from entering into any contract with the City. Further, a member shall not use its position to direct, supervise, or order City staff on any matter that may be considered by the Commission.

#### Purpose and Focus of the Nonprofit Funding Framework Ad-Hoc Committee

If formed, the Nonprofit Funding Framework Ad-Hoc Committee would provide the BEC with an opportunity to take a closer look at how the City might structure future monetary support for nonprofit organizations. The Committee would be able to explore options that align with the City's strategic priorities, reflect fiscal realities, and promote transparency in how potential funding is allocated.

The BEC will define the scope of the Committee, ensuring it aligns with the BEC's purview as outlined in the RMC. To help facilitate that discussion, City staff have identified several example focus areas that reflect the BEC's advisory role. These are offered as potential scope elements the BEC may wish to consider when defining the Committee's charge, along with how each aligns with the BEC's authorized functions.

Scope	Alignment with BEC Role
Considering the strengths and limitations of existing City programs that support nonprofits.	Supports the BEC's role in reviewing the performance of current programs
Making recommendations related to a funding category for nonprofit support.	Aligned with the BEC's advisory role on spending and policy priorities
Identifying potential funding strategies for nonprofit support, including the reallocation of existing resources or other options that maintain a balanced budget and long-term fiscal sustainability.	Directly supports spending recommendations and fiscal responsibility
Recommending eligibility guidelines and funding conditions that could be used to inform how nonprofit allocations are made, such as intended use of funds, alignment with City priorities, application or reporting requirements, and accountability measures.	Aligns with the BEC's advisory role on spending priorities, promotes transparency, and supports responsible fiscal policy

These potential scope areas are intended to help guide the BEC's discussion and ensure that any committee recommendations remain aligned with the BEC's purpose under the Municipal Code.

### **STRATEGIC PLAN ALIGNMENT:**

This report and the recommendations contained herein align with the following Strategic Priorities and Goals in Envision Riverside 2025:

#### **Strategic Priority 2: Community Well-Being**

- Goal 2.2 – Collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness.
- Goal 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.
- Goal 2.5 – Foster relationships between community members, partner organizations, and public safety professionals to define, prioritize, and address community safety and social service needs.

#### **Strategic Priority 5: High Performing Government**

- Goal 5.3 – Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.
- Goal 5.4 – Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

This item aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – This item reinforces public trust by ensuring the BEC’s work is transparent, guided by a clearly defined scope, and focused on responsible use of public funds. The formation of an ad-hoc committee provides a transparent, participatory forum for exploring how City resources might support nonprofit partners.
2. **Equity** – By considering a structured approach to nonprofit funding, the BEC can help ensure that future allocations reflect the diverse needs of Riverside’s communities. Recommending clear, consistent guidelines promotes fairness and improves access to support for a broad range of nonprofit organizations.
3. **Fiscal Responsibility** – By identifying funding strategies and allocation frameworks, the BEC reinforces its role in promoting responsible stewardship of public funds.
4. **Innovation** – This initiative encourages the exploration of new policy models and funding approaches that may differ from existing practices. It creates space for discussing how Riverside might tailor such strategies to fit local needs and budgetary realities.
5. **Sustainability and Resiliency** – By strengthening how the City thinks about funding partnerships with nonprofit organizations, this work supports community resilience and long-term service delivery. A well-considered framework can improve consistency, transparency, and accountability in how public dollars are invested in community impact.

#### **FISCAL IMPACT:**

There is no direct fiscal impact associated with this report.

The proposed Nonprofit Funding Framework Ad-Hoc Committee would be advisory only and would operate without a dedicated budget. While its recommendations may involve funding strategies or a potential allocation category for nonprofit organizations, any future funding decisions would require separate consideration and approval by the City Council.

In alignment with the City’s most recent financial update (FY 2024/25 Second Quarter Report), and the FY 2025/26 Proposed Amended Budget, staff advise against any new unallocated spending at this time. As such, the Committee is encouraged to focus on funding strategies that maintain a balanced budget and support the City’s long-term fiscal sustainability

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#### **Attachments**

1. Presentation