



Financial Performance and Budget Committee Memorandum

City of Arts & Innovation

TO: FINANCIAL PERFORMANCE AND BUDGET COMMITTEE **DATE: JULY 8, 2022**

FROM: OFFICE OF THE CITY MANAGER **WARDS: ALL**

SUBJECT: REVISED CITYWIDE GRANT ADMINISTRATION POLICY

ISSUE:

Receive and file a report on the City's revised Grants Administration Policy 1.006.00.

RECOMMENDATIONS:

That the Committee receive and file a report on the City's revised Grant Administration Policy 1.006.00.

LEGISLATIVE HISTORY:

As part of the City's general administrative policies issued by the Office of the City Manager, the Grants Administration Policy 1.006.00 ("Policy") offers guidelines to City staff for applying for external funding opportunities; covering application approvals, budget and finance requests, receipt of funding, administration, and reporting. This Policy was last updated in 2018.

DISCUSSION:

Under the *Envision Riverside 2025 Strategic Plan*, the City Council has emphasized the need for the City to expand revenue generation. The updated Policy makes several updates that align with the need to increase the ability of City departments to easily submit grant applications. The Policy makes all grant applications up to \$50,000 subject to department head approval. Grants between \$50,000 and \$1 million will require approval from the City Manager's Office. All grants over \$1 million will require City Council preapproval. All awarded grants will be required to seek City Council approval to receive funding, seek contractual approvals, and make funding appropriations. The new policy also imposes an overhead rate for grants over \$50,000 that would pay for indirect grant related services currently supported by the General Fund. Current discussions have the initial overhead number at the federally allowed *de minimis* 10% rate. The Finance Department in consultation with the City Manager's Office will set the overhead rate and adjust as needed.

New Grants Policy changes include:

1. Authorize Department heads to approve grant applications up to \$50,000;
 - a. If grants are awarded, City Council would approve receipt of funds, contracts, financial appropriations, etc.
2. Grant applications between \$50,000 and \$1 million applications may be submitted with City Manager's Office consent. Allows for a streamlined process whereby larger grants can be submitted with internal approvals.
 - a. If grants are awarded, City Council would approve receipt of funds, contracts, financial appropriations, etc.
3. All grant applications above \$1 million will require City Council pre-approval.
4. Where allowed, impose an overhead cost rate on grants over \$50,000.
 - a. Initial rate may be 10%, as defined by 2 CFR § 200.414(f). An overhead rate assists the City to backfill administrative changes generated in the grant, legal, and finance processes that are not covered by direct grant administration and/or project costs. These funds would be allocated by the Finance Department as needed.

Grant applications that require a Resolution will require preapproval from the City Council. All grants will be entered into the City's Grants Management database, and reported to the City Manager's Office annually.

The Policy specifies new policies for access to online secure grant systems and offers tools for access to outside systems, including two factor security authentication.

The Policy reflects changes first suggested by an internal grants working group in 2019, which consisted of representatives from the City Manager's Office, Fire Department, and Museum.

STRATEGIC PLAN ALIGNMENT:

This staff report contributes to **Strategic Priority No. 5 – High Performing Government** and **Strategic Priority No. 6 – Infrastructure, Mobility, and Connectivity**, and the following goals:

1. **Goal 5.4:** Achieving and maintaining financial health by maximizing grant opportunities.
2. **Goal 6.3:** Accesses new funding opportunities that develop and maintain infrastructure and programs.

This item contributes to each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The Grants Administration policy sets a viable standard for all City departments to maximize grant activity in a way that maintains accountability and legislative practices.
2. **Fiscal Responsibility** – Maximizing grant activity is a way to sustain the municipal budget by utilizing external sources of capital.
3. **Innovation** – Grant writing allows City departments to respond adaptably to issues by completing projects and/or programs that might not be completed via the General Fund.

4. **Sustainability & Resiliency** – Good grant writing sustains the City's financial present, while also tackling projects and programs that can position the City for future growth.

FISCAL IMPACT:

There is no impact to the General Fund. Funded grants are utilized for specific projects and activities on a City-wide basis. Overhead cost allocations will be allocated by the Finance Department on an as-needed basis.

Prepared by: Jeff McLaughlin, Grants Administrator
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Draft Grants Administration Policy 1.006.00
2. Presentation