



City of Arts & Innovation

Budget Engagement Commission

TO: HONORABLE COMMISSIONERS

DATE: JULY 10, 2025

FROM: FINANCE DEPARTMENT

WARDS: ALL

SUBJECT: DISCUSS THE AD-HOC COMMITTEE MEETING DEBRIEF

ISSUE:

Discuss the Ad-Hoc Committee report regarding the possibility of adding a line item to the City budget for the funding of nonprofit organizations.

RECOMMENDATIONS:

That the Budget Engagement Commission:

1. Discuss the report submitted by the Ad-Hoc Committee regarding the possibility of adding a line item to the City budget for the funding of nonprofit organizations.
2. Discuss whether to submit a referral to the Finance Committee regarding the recommendation to add a line item to the City budget for the funding of nonprofits.

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 7 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.

On June 12, 2025, it was moved by Vice Chair Vandenberg and seconded by Hutchins that the Budget Engagement Commission; (1) create an Ad hoc committee for the term of 30 days to meet one time before the next Budget Engagement Commission meeting; (2) to discuss the possibility of adding a line item for the funding of nonprofits; (3) agendize the discussion from the Ad Hoc committee meeting to the July Budget Engagement Commission meeting of the creation on a budget line item.

DISCUSSION:

The Ad-Hoc Committee will present their report and the related outcomes of their meeting. The section below outlines the legal framework governing such a committee and how it aligns with the

BEC's advisory function.

Budget Engagement Commission's Role

As defined in Riverside Municipal Code (RMC) Section 2.90.020 – Purpose and function, the Budget Engagement Commission is an advisory body charged with:

- Providing recommendations to the City Council on spending and policy priorities;
- Reviewing quarterly financial and performance reports, including revenues from the City's transaction and use tax;
- Supporting public engagement on budgetary issues; and
- Offering input on performance measures and reporting programs.

The RMC Section further states: *"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."*

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

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
Reviewing examples of how other jurisdictions fund nonprofit partnerships.	Informational only; intended to support committee discussion and brainstorming
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 funding allocations 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 that the City define 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 evaluating how other cities support nonprofits and 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 is advisory only and operates without a dedicated budget. While its recommendations may involve funding strategies or potential allocations to 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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