



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Execute Standard Agreements and Any Necessary Related Documents with Lodi Community Foundation for Parks and Recreation Expendable and Endowment Funds

MEETING DATE: April 16, 2014

PREPARED BY: Parks, Recreation and Cultural Services Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute standard agreements and any necessary related documents with Lodi Community Foundation for Parks and Recreation expendable and endowment funds.

BACKGROUND INFORMATION: The increasing demand for park amenities and recreation programs, coupled with rising operating and capital costs, make it a challenge for the Parks, Recreation and Cultural Services Department (PRCS) to maintain current service levels. As a special revenue fund, PRCS recognizes the need to find additional sources of funds that cannot be obtained solely through fees and the annual General Fund transfer.

Foundations serving Hutchins Street Square, the Lodi Public Library and Police Department have raised and spent significant sums on various facility improvements and are valued City partners. Although the PRCS Department does receive donations, grants and sponsorships on occasion, there is no organized effort or method for the public to make tax-deductible donations to the Department to supplement ongoing operating and capital costs. Staff has explored creating an independent 501(c)(3) foundation to assist in this regard, but the proposed establishment of expendable and endowment funds through the Lodi Community Foundation (LCF) represents the simplest and lowest-cost method of accomplishing this.

The Lodi Community Foundation, established in 2005, operates as an affiliate of the Sacramento Regional Community Foundation, which has more than \$100 million under its control. The LCF currently has 18 funds dedicated for specific purposes, including the Save the Grape Bowl Fund and the Hutchins Street Square Foundation Endowment. Donations to a PRCS fund would be included with the Sacramento Foundation's investment portfolio, and the Foundation would be responsible for tax filings, record-keeping and services such as thank-you letters to donors. Annual fees are approximately 1.5 percent of assets.

Donations to the expendable fund could be used to supplement the Department's current needs, such as park repairs and deferred maintenance; special community-wide activities, such as musical performances in parks and other free events; and specific projects, such as a targeted park project. The head of the Save the Grape Bowl fund approves moving his fund to a proposed Parks and Recreation expendable fund as a designated sub-fund.

An endowment would be of little benefit in the short-term, as donations could not be withdrawn for Department needs. Over the long term, however, earnings from principle amounts would provide a source of funds for parks and recreation needs. LCF representatives have said an endowment is more likely to attract large donations such as bequests, as contributors have the assurance their funds will

APPROVED: _____


Steve Schwabauer, Interim City Manager

provide a long-term benefit. Similarly to the Save the Grape Bowl Fund, the LCF favors shifting the LCF's All-Veterans Plaza fund from a stand-alone fund to one within the proposed Parks and Recreation endowment fund for easier management, as the organization that established and provided oversight to the Plaza endowment fund dissolved in 2008. Earnings from the All-Veterans Plaza endowment fund are available to the City to offset the cost of repairs to the plaza's features.

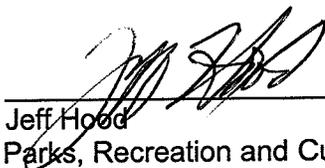
The Lodi Community Foundation requires an initial contribution of \$5,000 to start a new fund. On April 1, 2014, the Recreation Commission voted unanimously (4-0) to divide the full amount (\$13,589.84) held in a Recreation Commission trust account as seed money for expendable and endowment funds, resulting in \$6,794.92 for each fund. The trust funds have been held by the City for Recreation Commission use for decades and staff is unable to determine the source or intended use of the funds.

Following creation of the funds, the PRCS Director, the Park Superintendent and the Recreation Superintendent would have the authority to request fund proceeds following approval from the Recreation Commission, which would serve as the advisory board for expenditures of unrestricted funds. In some cases, City Council approval would be needed if the amount exceeds the City Manager's signature authority (currently \$20,000).

The attached resolution gives the City Manager the authority to execute standard agreements and any necessary related documents with the Lodi Community Foundation to create expendable and endowment funds, authorizes the use of the Recreation Commission trust funds to establish the accounts, names the Recreation Commission as the advisory board for expenditures up to the City Manager's authority, and allows for the authorized representatives of the Save the Grape Bowl and All-Veterans Plaza funds to place their accounts within the appropriate Parks and Recreation fund.

FISCAL IMPACT: Taking this step could lead to additional funds available for park maintenance, repairs, capital projects and recreational opportunities for the community.

FUNDING AVAILABLE: Not applicable.



Jeff Hood
Parks, Recreation and Cultural Services Director

RESOLUTION NO. 2014-56

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE
AGREEMENTS WITH LODI COMMUNITY FOUNDATION
FOR PARKS AND RECREATION EXPENDABLE AND
ENDOWMENT FUNDS

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WHEREAS, the increasing demand for park amenities and recreation programs, coupled with rising operating and capital costs, make it a challenge for the Parks, Recreation and Cultural Services Department to maintain current service levels; and

WHEREAS, the Department recognizes the need to find additional sources of funds other than fees and tax revenue; and

WHEREAS, the Lodi Community Foundation provides a simple, low-cost framework for the Department to generate public donations; and

WHEREAS, creation of a designated expendable fund through the Lodi Community Foundation can serve to generate funds for specific community projects or to supplement current programs and services; and

WHEREAS, creation of an endowment fund would eventually serve as a long-term source of supplemental revenue for the Department; and

WHEREAS, the Lodi Parks and Recreation Commission serves as the City Council's advisory board for parks and recreation matters, has \$13,589.84 in an undesignated trust account, and on April 1, 2014, voted unanimously (4-0) in favor of creating Parks and Recreation expendable and endowment funds through the Lodi Community Foundation and using the entire amount in its trust account, divided evenly between the two funds as seed money.

THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi that:

- The City Manager execute the necessary agreements for a Parks and Recreation designated expendable fund and a Parks and Recreation endowment fund within the Lodi Community Foundation;
- The \$13,589.84 in the Recreation Commission trust account be divided equally between the two funds;
- The Recreation Commission serve as the advisory board for expenditure of amounts up to the City Manager's signature authority;
- The City Manager, the Parks, Recreation and Cultural Services Director, the Park Superintendent and Recreation Superintendent have authority to request expendable fund monies, or endowment fund earnings, following approval of the Recreation Commission for amounts up to the City Manager's signature authority, or following approval of the City Council for amounts in excess of that authority;

- The authorized representatives of the Save the Grape Bowl Fund (expendable) and the All-Veterans Plaza Fund (endowment) be allowed to move their existing Lodi Community Foundation funds as sub-funds within the newly created Parks and Recreation expendable and endowment funds.

Dated: April 16, 2014

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I hereby certify that Resolution No. 2014-56 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 16, 2014, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Mounce, Nakanishi,
and Mayor Katzakian

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL-OLSON
City Clerk