

RESOLUTION NO. 74082

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE POLICY ON EMERGENCY FINANCIAL ASSISTANCE TO NON-PROFIT ORGANIZATIONS

WHEREAS, the City of San Jose (“City”) currently provides grant funding to a variety of non-profit and community based organizations providing services to the San José community; and

WHEREAS, in the last few years, several non-profit organizations have experienced difficult financial conditions and have approached the City with requests for additional funding; and

WHEREAS, no formal policy currently exists regarding emergency financial assistance to non-profit organizations; and

WHEREAS, the City desires to establish criteria for non-profit eligibility for consideration and procedures and requirements for the application and evaluation process regarding emergency financial assistance;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The procedures, as may be amended, to establish criteria for non-profit eligibility for consideration and procedures and requirements for the application and evaluation process regarding emergency financial assistance as specified in Attachment 1 of this Resolution, entitled “Emergency Financial Assistance to Non-Profit Organizations,” is hereby adopted as the City’s policy.

ADOPTED this 30th day of October, 2007, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE,
LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS;
REED

NOES: NONE

ABSENT: NONE

DISQUALIFIED: NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk

COUNCIL POLICY

TITLE EMERGENCY FINANCIAL ASSISTANCE TO NON-PROFIT ORGANIZATIONS	PAGE 1 OF 3	POLICY NUMBER
	EFFECTIVE DATE	REVISED DATE
APPROVED BY		

BACKGROUND

Non-profit organizations provide a valuable partnership with the City to provide a variety of programs and services to the San José community. On occasion, a non-profit organization that provides these services may find itself approaching the City due to a difficult financial condition where an infusion of funding will sustain the organization's operation until the difficult condition can be reversed or remedied.

PURPOSE

To establish the policy of the City concerning providing emergency financial assistance to existing partner non-profit organizations that provide benefit to the residents of San José where the non-profit organization has demonstrated a compelling need for supplemental funding.

POLICY

It is the policy of the City of San José that only organizations meeting all of the following criteria are eligible for consideration for emergency financial assistance. The organization must:

- 1) Have a current grant agreement or contract for services with the City to provide one or more services as identified in City Council Policy (Grants to Outside Entities);
- 2) Have a valid and current status as a non-profit organization (501(c)(3)) and are in good standing with all applicable State and federal agencies;
- 3) Have a financial condition that puts at risk the organization's ability to continue providing services as required by the agreement or contract;
- 4) Have been working with, and continue to work with City staff to develop a plan of action to remedy the difficult financial condition;

- 5) Have a credible recovery plan and credible business plan for stabilization, as determined by City staff, that addresses the root causes of the difficult financial condition; and
- 6) Have not received emergency financial assistance from the City within the three years prior to the date of application.

The City reserves the right to not consider a request for emergency financial assistance for any reason, even if the applicant organization meets all of the criteria for eligibility described above. Reasons that the City would not consider a request include, but are not limited to, a plan to deliver the service with City staff, a plan to discontinue the service(s) due to declining priority, or other reasons.

The City does not have a dedicated funding source for providing emergency financial assistance. Therefore, any City consideration of a request and possible subsequent recommendation for award of funding (depending on the results of an analysis) for emergency financial assistance is contingent upon City Council identifying and appropriating funds. Nothing herein obligates the City Council to appropriate such funding.

PROCEDURE

The following procedural steps shall be followed:

- 1) The non-profit organization shall complete a Non-Profit Organization Application for Emergency Financial Assistance (NPOAEFA) including all required attachments;
- 2) The non-profit organization shall submit the NPOAEFA to the City Manager;
- 3) The City Manager shall notify the Mayor, City Council and appropriate policy body (commission, task force, etc.) that a NPOAEFA has been received and the organization's name and purpose;
- 4) The City Manager shall assign staff and appropriate resources to review the application;
- 5) The City Manager shall make a recommendation to the Mayor and City Council regarding possible action(s) on the NPOAEFA based on the staff review.

The City Manager and staff shall evaluate the following considerations prior to recommending action on an emergency financial assistance request:

- 1) The nature of the difficult financial condition, steps taken to date to resolve the condition, and the ability of the organization and its board of directors to correct or resolve the condition;
- 2) The financial condition of the organization including prior to the onset of the financial difficulty;
- 3) The outcome and recommendations of any audits performed, if available;
- 4) Projected financial condition of the organization with and without the emergency assistance of the City;

- 5) Availability of other (non-City) sources of financial assistance to the organization and the level of commitment from those sources;
- 6) The level of priority of the service(s) that the organization provides and the resulting impacts if the organization were to cease providing the service(s);
- 7) Prior history of the organization in meeting the performance objectives on City grant agreements and any relevant correspondence between the organization and the City;
- 8) Responsibility of the organization with respect to operating or maintaining City-owned facilities or equipment;
- 9) The availability of other non-profit organizations to provide the service(s) provided by the applicant organization, if it ceased provided the service(s), and the expected timeline for transition of services;
- 10) The presence of conditions in the organization's structure, the community and/or the local economy that make the long-term viability of the organization realistic;
- 11) The presence of a realistic and viable recovery plan;
- 12) The presence of a plan for regular monitoring of the organization's financial status assuming the City provides the emergency financial assistance; and
- 13) Any other factor deemed by the City Manager to be relevant to the analysis.

The City Manager shall consider the following items concurrent with any recommendation to the Mayor and City Council for emergency financial assistance:

- 1) Type of assistance recommended for award, i.e. grant, loan, line of credit, or other vehicle, including terms;
- 2) Plan for the ongoing monitoring of the program performance and financial condition of the organization; and
- 3) Contingent requirements (payments linked to performance milestones).

TIMING OF SUBMISSIONS

Ad-hoc requests for emergency financial assistance may be accepted from organizations at any time throughout the year. If, after evaluation and analysis, the City Manager recommends to the City Council an award of emergency financial assistance, the recommendation shall also be accompanied by a recommendation on the source of funding for the award.

If a consideration of emergency financial assistance is to be incorporated into the regular annual budget cycle, the NPOAEFA shall be received by the City Manager sufficiently in advance of the release of the City Manager's Proposed Budget to complete a thorough analysis of the request including the aforementioned considerations. The time required for analysis will vary depending on the complexity of the scenario; however, the minimum time required shall not be less than 30 calendar days.