

INTEROFFICE MEMORANDUM

June 02, 2014

MEMO TO: Ruffin Hall
City Manager

FROM: Catherine Clark, Grants Manager

SUBJECT: Budget Note 01 – Human Service Agency Funding

At the July 16, 2013 meeting, City Council received a request from the Human Relations Commission to increase funding for Human Service grants by \$500,000 over the next several fiscal years. Council referred the request to budget work session. At the November 5, 2013 meeting, Council Member Baldwin asked for a budget note on funding for the Human Services grant process. Minutes from both meetings are attached.

FY15 Proposed Budget for Human Service Agencies

Human service appropriations are funded at \$1,261,000 in the FY15 proposed budget, a 2% increase over FY14. Funding includes:

- 1) \$500,000 in grants awarded by the Human Relations Commission (HRC), and
- 2) \$761,000 in General Fund support for grants given outside of the HRC competitive process or as a supplement to HRC grants for agencies historically supported by City Council.

In FY15, the \$761,000 in General Fund support is allocated to CASA (\$84,000), Legal Aid (\$45,000), Healing Place (\$100,000), Tammy Lynn Center (\$95,000), Interact (\$50,000), Interfaith Food Shuttle (\$95,000), DHIC (\$108,000), Homeless Support Circles (\$44,000), Passage Home (\$90,000), and the fourth of a five year commitment to Boys & Girls Club (\$50,000.)

Funding Options

Should Council wish to consider the request for additional funding from the Human Relations Commission, the following proposed funding could be reallocated for that purpose:

- \$469,000 of General Fund support provided to agencies meeting the HRC criteria and/or partially funded through HRC awards. These agencies and corresponding amounts are Community Alternatives for Supportive Abodes (CASA) (\$84,000), Legal Aid (\$45,000), Healing Place (\$100,000), Tammy Lynn Center (\$95,000), Interact (\$50,000), and Interfaith Food Shuttle (\$95,000).
- An additional \$50,000 will be available in FY17 when the Boys & Girls Club commitment is fulfilled.

Option for Staff Review & Recommendations

Staff are prepared to evaluate the city's nonprofit funding program and provide Council with options for the FY16 funding process at a future work session. Areas that Council may wish staff to review include:

- Opportunities to create comprehensive competitive processes open to a broader range of nonprofits serving Raleigh citizens. Current processes accommodate only arts and select human service providers. Other requests came to the city through a variety of other methods.
- The use of clear selection criteria that evaluate a grant project on its alignment with the city's strategic goals and city services, support for the nonprofit's mission, impact on the community, and provision of outcome-based performance measures.
- Methods for broad and early communication of all funding opportunities, application processes, selection criteria, and expectations for reporting and performance during and after the award period.
- Options to annually increase the funding stream for non-arts competitive processes, allowing them to grow as the city grows.
- Opportunities for communication with City Council on funding recommendations, with a focus on alignment with the city's strategic goals, community impacts and performance outcomes.

REPORT AND RECOMMENDATION OF THE HUMAN RELATIONS COMMISSION

HUMAN RELATIONS COMMISSION – WORK PLAN APPROVED; ADMINISTRATION TO SUBMIT BUDGET NOTE

The Commission serves as an advisor to the City Council in the area of human services and human rights, promotes activities that build inclusiveness within the city, and advances human dignity, equal opportunity, and harmony among citizens. The 2013-14 work plan sets forth the continuation of annual events such as the Mayor's Unity Day, the Human Relations Awards Banquet, the recommendation of human service agencies for grant awards, and identifies new opportunities for outreach by the Commission.

Recommendation: Approve the annual work plan.

Council members received the following report in their agenda packet:

City of Raleigh Human Relations Commission 2013/2014 Work Plan

The City Of Raleigh's Human Relations Commission (RHRC) serves as an advisor to the City Council In the area of human services and human rights. Human relations shall mean those activities which promote human dignity, equal opportunity and harmony among the many different citizens who make up the population of the *City*. This definition *shall* include those activities and programs classified as promoting the general wellbeing of citizens without regard to race, color, creed, gender, age, sexual orientation, or national origin in their daily activities.

The Commission's work plan for 2013-2014 sets forth the continuation of annual events, such as the Mayor's Unity Day, the Human Relations Awards Banquet, the recommending of human service agencies for grant awards, and spells out opportunities for outreach by the Commission,

The Commission: Past and Present

At its inception, the Human Relations Commission was charged with evaluating human services and human relations within the city and making recommendations to the City Council in areas where its action was required. Initially, these responsibilities carried with them the authority to receive complaints from citizens and to attempt to reconcile disputes within the community.

While the authority to mediate or reconcile complaints from citizens has been removed from the Commission, the supporting language for the Commission confirms an authority to make recommendations to the City Council in the area of human services and human relations. To that end, the Commission will invite speakers to make presentations on issues generally involving questions of diversity and human dignity at its meetings and will make recommendations to the Council for their consideration.

Structure of the Commission

The Commission is staffed by the Raleigh's Community Services Department. While some support is provided from a number of employees, only one employee is assigned specifically as the staff unison for the Commission. This employee also has a number of other job responsibilities, including the overseeing of other programs not related to the Commission's work. The Commission had successfully requested that the City Council create a Human Relations Program Manager. Unfortunately, due to the requirement that the city's budget be cut, this position, which was vacant at the time, was eliminated. Without additional staff support, the Commission is limited in the projects in which it can participate.

The Commission is organized into a number of standing committees. The following provides a description, by Committee, of the work in which the Commission proposes to be engaged,

Administration

Commission Planning Retreat

Commission members met for an extended meeting in April to plan activities for the coming year. The planning meeting was held from 5:30 pm to 8 pm at The Walnut Creek Wetlands Center Technology Center at the time of the monthly meeting;

Conferences/Workshops

Throughout the year, several conferences and workshops are organized around issues of human relations and cultural diversity. For example, the North Carolina Human Relations Commission organizes an annual conference that addresses some of these topics. Select members of Raleigh's Commission may plan to attend up to two of these workshops throughout the year. Information gathered will be shared with the full Commission for the purposes of education and training, and forwarding the mission of the Commission.

By-Laws Committee

Reviews the Bylaws that establish the structure, function and operations of the RHRC. Bylaw changes *must be approved* by the City Council.

Communications Committee

The Commission will continue to review and update its communication methods and explore new opportunities for outreach. A strong communications plan backed up with excellent execution is critical to enhancing communications in two critical areas: (1) Inbound – we need to be able to increasingly open up communications channels in multiple diverse ways to make it as easy as possible for the full diversity within the city of Raleigh to provide us their feedback on the city of Raleigh. And (2) we need to more effectively communicate out using multiple channels the work that we are doing, resources available from the city to assist residents and the ways that city residents can provide us feedback.

In terms of the specific communications tactics to use, the Commission will:

- Strengthen its existing website and evaluate current marketing materials that are used to promote the RNRC.
- Seek out new ways of gaining valuable input and feedback from the residents of Raleigh through, but not limited to, the usage of surveys and social networking sites. One focus should be a small scale survey to get more youth input
- Strategically explore new ways of communicating with various groups across the city so via communications we can promote a progressive approach to the unification of Raleigh's diverse population.
- Create an Annual Report highlighting the year's accomplishments and activities.

Community Relations & Celebrations Committee

Sponsorships

In an effort to promote and celebrate all citizens of Raleigh the Commission and its members will actively participate in local cultural events that may include, but are not limited to: Viva Raleigh, the Raleigh-Apex NAACP Banquet, the City of Raleigh's International Festival, La Fiesta del Pueblo, the Greek Festival, the Islamic Festival, and the Martin Luther King Jr. breakfast and

events. Where appropriate, the Commission will sponsor events or setup tables in order to promote outreach.

Human Relations Awards Banquet

Every year, in February, the Commission hosts a banquet at which awards are presented to members of our community who have made outstanding contributions in the area of building human dignity and harmony in our city. Individuals from diverse backgrounds, including students, are invited to participate in the banquet program. Awards are presented to an individual, business entity, non-profit organization and a youth. The 2014 year will mark the 25th Anniversary of the Human Relations Awards Banquet.

Human Relations Diversity Forum (Mayor's Unity Day)

The purpose of the Mayor's Unity Day is to celebrate the human diversity of the Triangle. This breakfast is to create opportunities to learn about the diversity of the Triangle area, promote dialogue among all its citizens, share insights, experiences and lessons learned and build a community that is open and inviting to all people.

Grants Committee

Human Services Grants

In 1989, the City Council charged the Commission with reviewing requests for human services funding and making recommendations to the Council. The City Council then budgeted \$500,000 to be awarded to human service agencies through this process. Since this time, the population of Raleigh has increased by 54% (data obtained from Raleigh-nc.org) and grant requests exceed the budgeted amount by approximately 1.4 million dollars.

Based on the growth in Raleigh, the Commission will seek an increase in the budgeted amount to be distributed through the grants review process during the next fiscal years.

The targeted service recipients are elderly, youth, handicapped, substance abusers and the homeless. The Commission appoints a subcommittee in January consisting of five commission members, one member of the Substance Abuse Advisory Commission, one representative from Wake County Human Services, one representative of a nonprofit community, and one representative of Triangle United Way. The subcommittee completes its review and presents the recommendations to the full Commission at its meeting in March. The full Commission forwards their recommendations to the Council before the budget deliberation process.

The Commission uses fair and equitable criteria and performance measurement standards to determine grant allocation in a way that maximizes outcomes and objectivity.

In order to better understand the services provided by the human service agencies who receive grants from the City of Raleigh and in an effort to monitor their work, members of the Commission will seek to make site visits to various agencies.

Nominating Committee

Responsible for presenting a slate of candidates for officers of the RHRC to be voted on annually.

Public Safety Committee

The stated goal of the 2013/2014 Public Safety Committee is to collaborate with the Police/Fire departments, for the purpose of supporting outreach, educational and activity-driven events. In addition, the Committee will seek ways to promote and support community policing across the city. The committee will continue its efforts to encourage participation at commission meetings to provide periodic updates to the Commission pertaining to criminal activity and crime hands within the city.

Diversity Relations Committee

Community Dialogues

The Raleigh Human Relations Commission will continue a series of community dialogues to educate members of the public about the ways Raleigh is changing, to encourage dialogue between diverse residents and to gather recommendations to be presented to the City Council as to how the City can better build an inclusive community.

The objectives of the forums are to bring the diverse citizenry of Raleigh together to share ideas, educate one another, and provide input on how to enhance understanding of different cultures and improve human relations in the City.

The Commission seeks to continue with the dialogues and incorporate the major issues the City is dealing with in the arena of human relations.

Chair Michael Leach highlighted the items in the report particularly the Communications Committee and the Human Services grants process. He talked about the fact that the Council budgeted \$500,000 each year and since that started the population has increased by some 54%. They would like to ask the Council to increase the amount by \$500,000 over the next fiscal years. He talked about the community dialogues.

Mr. Leach expressed appreciation to Marionna Poke-Stewart and talked about the outstanding services she has provided through the years. They also acknowledged and thanked Council Member Weeks, the liaison to the Commission.

Various Council members expressed appreciation to the Board for all of their fine work. Ms. Baldwin pointed out the money for the Human Services grants has not increased over the years. She suggested that the Council receive a budget note for next year for consideration and moved approval of the report as outlined. Her motion was seconded by Mr. Weeks and put to a vote which passed unanimously. The Mayor ruled the motion adopted on a 8-0 vote.

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Council Minutes 11/5/13

GRANT APPROPRIATIONS – OVERSIGHT – APPROVED; ITEM HELD AT THE TABLE FOR REPORT; **BUDGET NOTE REQUESTED**

Assistant City Manager Howe made the following presentation.

Agency Appropriations

Changes and Strategy for Continuing Oversight

Purpose of the Agency Grant Program

- Leverage the expertise and fund-raising ability of local non-profit agencies
- Perform services for citizens that would otherwise:
 - Be the direct responsibility of City government; or
 - Not be available at all to the community
- Agency appropriations are offered in these categories:
 - Arts (administered by Arts Commission)
 - Human Services (administered by Human Relations Commission)
 - Economic Development Fund (administered by City Planning)
 - “Other” (administered by various divisions)

Types of funding currently

- Traditional grants for specific services or programs (often recurring year-over-year)
- Appropriations for ongoing general services (recurring annual agreements)
- One-time appropriations (sometimes under a limited contract term) or small appropriations (<\$5000)
- “Other” category (wide variety of miscellaneous programs administered by staff)

Current administrative policy

- Specific contracts with each agency, including deliverables
- Annual on-site inspections by City staff
- Payments made by reimbursement of documented expenditures
- Annual audit report for all agencies with grants > \$25,000
- Annual operating budget submittal and financial information form required for grants <\$25,000
- Financial information forms and cash position statements required for all grants
- Quarterly reports are required

Change strategy for agency appropriations

- Internal Process changes
- Budget changes
- Agency Expectations changes

Internal process strategy

- Grants Committee staff now coordinates activities of departments that provide oversight for agency appropriations
- Internal Audit function now directly reports to City Manager
- IRS Form 990 review each year for all agencies (non-profit status)
- City review of agency audits to result in "flagging" system

Budget strategy

- Move non-profits in the "Other" category into the Human Services or Arts grant process
- Agency funding not awarded through a grant process will be in a donation category
- Add affordable housing as a criteria of the Human Services grant process and add a knowledgeable member to the selection committee
- Where City funds represent a majority of agency's total revenue:
 - Make these functions departmental responsibilities managed by City staff under this General Funds, or
 - Develop a 1-3 year plan with the agency to reduce City contributions to 25% or less
- Remove dues, donations and annual membership payments from the category of "agency appropriations."

Donations

- One-time, often mid-year funding request
- Not audited – end-of-year report required
- Drawn from a contingency line item – not pre-budgeted
- Requires recipient agency to re-apply under the traditional grant program in subsequent years

Agency Expectations

- All grants contracts will be re-written, focusing on measurable outcomes, not just workload measures
- Cooperative agreement contracts will be written with certain agencies (DRA, HSCS Chamber)

- Flagging” system will identify potential problems, make commissions and agencies aware, and if not addressed will disqualify some agencies from grant process
- Remove dues annual membership payments and small donations from the category of “agency appropriations”
- IRS Form 990 filing will be required to be submitted annually

Requested City Council action

- Acknowledge administrative strategy – authorize staff to implement remainder of the strategy

Mayor McFarlane indicated as she understands the housing component will be a part of the Human Relations or Human Service grant process. She stated she has no problem with that but she would like to get a report on the make up of the Human Relations Commission including information on its initial charter and how they handle the grants process now. She stated we are asking them to oversee a whole lot more money and we just need to make sure we have an understanding of the process and we need to make sure we have the expertise to address those issues. She stated in addition she would question if the other groups will be informed of the changes being recommended. Mr. Howe pointed out they will explaining the process to all and as we interact a lot of the groups will be getting good news in that what is being given to them is considered dues, etc. They are being informed that they may have to go through different steps or less steps.

Mr. Weeks talked about one to three year plan for appropriations to various agencies to be limited to 25% or less of their budget. He talked about the number of applications, the oversight, etc. and stated no one has mentioned additional staff in the Human Services Department. We are talking about a lot of additional work. Mr. Howe pointed out the Human Services would basically just have two additional grants. He talked about the staff keeping the staff the same may be some reorganization that has already occurred by putting the audit staff in the Manager’s Office, agency expectations, the grants process, and how it will be addressed by Human Services. The need to measure outcome and the process that would be followed was talked about.

Ms. Baldwin asked about the difference in how Human Services and the Arts grants are handled, the process for applications, etc. Mr. Weeks again expressed concern in that we are asking the Human Services and Human Relations Commission to take on a new role. The amount of money given to Arts and Human Services was talked about with Ms. Baldwin suggesting that we have a **budget note** to consider increasing funding to the Human Resources Grants as it is at the same level that was set some 20 years ago. After brief discussion, by consensus it was agreed to approve the concept but keep the item at the table and get a report back on the Human Relations Commission’s make up grant process, etc. Staff was also requested to do a **budget note** for next year.