

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	July 16, 2018
Action Required:	Approval
Presenter:	Mike Murphy, Assistant City Manager
Staff Contacts:	Mike Murphy, Assistant City Manager Kaki Dimock, Director, Department of Human Services Gretchen Ellis, Human Services Planner
Title:	Review of discretionary funding process for nonprofits

Background:

Since at least 1984, there has been a joint Charlottesville/Albemarle application process for local government funding for nonprofit organizations. The Agency Budget Review Team (ABRT) was created in 1991, in order to have a more objective process for reviewing applications. In 1999, the City, County, and United Way began to use Outcome Measurement as part of the application process and hired a consultant to provide training and technical assistance to applicant organizations for two years. In 2006, ABRT adopted the use of an objective rating tool.

During the recession, in July, 2010, the ABRT, in consultation with the City Manager's and County Executive's Offices, recommended that the localities undertake a comprehensive review of the annual funding process for outside community agencies. The purpose of this review was to provide the framework that would allow the localities to establish a process for determining priorities for local government funding, enabling the localities to maximize results, especially during difficult financial times. As a result, City Council and the Board of Supervisors identified funding priorities, including physical and mental health, safety and basic needs, and child development and academic success. In addition to these funding priorities City Council also asked that the ABRT consider outreach to, and effective engagement of, underserved populations, as a condition of funding. During this review process ABRT applications were not accepted for FY 12, and the FY 12 funding to the outside agencies was "frozen" at the same amount the agencies received for their FY11 allocation.

Beginning with the FY17 process, ABRT priorities were directly aligned with the localities' strategic plans and funding applicants were asked to self-identify outcomes that demonstrated progress toward goals and objectives. The degree of alignment with the localities' strategic plan goals/objectives and related outcomes is a key factor in the overall rating of each application. During the summer of 2017 (prior to the release of the FY19 application) staff held a series of meetings with applicants to align the localities' strategies and identify a set of common outcomes and metrics. All prior applicants were invited to attend and representatives from 42 organizations participated.

Following the FY 19 budget adoption, City Council suggested a comprehensive review of the process for funding external organizations.

Since the current process is a joint City-County process (partially funded by Albemarle County), staff has shared this information with staff at Albemarle County. They plan to present information about the proposed comprehensive review to the Board of Supervisors on August 1.

Discussion:

A comprehensive review of the process for funding external organizations is expected to take about ten months. The Charlottesville Department of Human Services will manage the review in collaboration with the Charlottesville Office of Budget and Performance Management and the Albemarle Office of Management and Budget (if the County chooses to participate). A consultant will be hired for data analysis and public engagement.

A steering committee will oversee the review process. Members of the steering committee will include staff from the offices of the City Manager and County Executive (if applicable), members of the ABRT, representatives from community organizations which apply for funding, and the contracted researcher. The review plan will incorporate the following:

- Identification of best practices
- Review of practices in peer communities
- An anonymous survey of all applicant organizations (a similar survey of ABRT members has been completed)
- Structured interviews with City Council and Board of Supervisors members (if applicable)
- Key stakeholder interviews
- One or more public hearings
- Presentations to the community
- Final report and recommendations to the City Council and Board of Supervisors (if applicable)

The review project will begin in July, 2018 and conclude by May, 2019. While the review process is underway, staff recommends forgoing an application process for FY20 for ABRT-reviewed external organizations and maintaining funding for currently funded organizations at the FY19 level. These organizations will be required to submit brief progress reports.

Alignment with City Council's Vision and Strategic Plan:

The proposed review supports City Council's vision to have a Smart, Citizen-Focused Government. It also supports Goal 5 of the Strategic Plan to be a well-managed and responsive organization and objective 5.1 to integrate effective business and strong fiscal policies.

Community Engagement:

The proposed review will engage the community through participation in the Steering Committee, an anonymous survey, structured interviews, a public hearing and community presentations.

Budgetary Impact:

This has no impact on the General Fund other than FY20 ABRT funding obligations. The consultant will be paid using funds from the Department of Human Services.

Recommendation:

Staff recommends that Council authorize the review process. Staff also recommends that the City forgo an application process for FY20 for discretionary external organizations and maintain funding for currently funded organizations at the FY19 level.

This recommendation only applies to organizations that are reviewed under the Agency Budget Review Team process. Contractual organizations will still be required to submit full applications to be reviewed by the Budget office.

Alternatives:

The City could continue with the current Agency Budget Review Team process.