DATE: MARCH 19, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES HARTMANN, CITY MANAGER

SUBJECT: CONSIDERATION OF EVALUATION CRITERIA FOR CAPITAL GRANTS TO NON-PROFIT ORGANIZATIONS

ISSUE: Consideration of evaluation criteria to be used in determining future capital grant proposals from non-profit organizations.

RECOMMENDATION: That City Council consider adopting the recommended criteria listed on page three of this report for determining whether to approve future capital grant requests (in lieu of a fee waiver) for non-profit organizations to become effective, only if Council funds such grants as a budget priority in the FY 2010 budget.

BACKGROUND: At the February 10, 2009 legislative meeting, City Council considered a request from the Boys & Girls Club to waive $20,000 in permit fees associated with the renovation of their Alexandria facility located at 401 North Payne Street. City Council instead provisionally approved, subject to a proposed policy being brought forward by staff for Council consideration, a $5,000 capital grant to the Boys and Girls Club from contingent reserves to offset a portion of their permit fees. In addition, City Council requested recommendations to be developed by staff on a set of criteria to guide decisions on future similar requests from non-profit organizations.

Staff conducted a survey of 10 regional jurisdictions, including localities in Virginia, Maryland, and the District of Columbia.

Seven jurisdictions responded to this request for information, including Arlington County, the District of Columbia, Fairfax County, Fairfax City, the City of Manassas, Montgomery County, and Prince William County. In general, permit fees are only waived by the jurisdiction’s legislative body, and this is done only in limited circumstances.
Arlington County does not waive permit fees in any of the cases listed above. Even permit fees for County-owned buildings must be budgeted and paid for by the County.

The District of Columbia has not waived fees for charitable organizations.

Fairfax County requires all non-profits to pay permit fees. Fees can be waived by the Board of Supervisors, but this was seldom done in the past and will not be done in the future as the Land Development Services account (budgeted annually in the amount of $75,000 and used when the Board of Supervisors waived or reduced fees), has been eliminated with the 2010 budget. There is no "appeal process" for requesting that fees be waived.

Fairfax City does not waive building permit fees for nonprofit organizations, except for temporary structures, such as Christmas Tree Stands. Both the City Manager and the Building Official have the right to waive building permit fees. However, this does not happen often. Fairfax City does waive Fire Prevention Code Permit Fees (FPPs) for bonfires and places of assembly for churches, scouts, and other non-profits (i.e., Henry Lodge).

The City of Manassas does not automatically waive fees for non-profit organizations. The permitting office cannot waive these fees and there is no formal appeal process. However, a non-profit organization could approach City Council with their request. The only non-profits automatically exempt from permit fees are other City agencies such as the school system.

Montgomery County does not waive permit fees in any of the cases listed above.

Prince William County - The Board of Supervisors has exempted by resolution the following two nonprofit organizations: Habitat for Humanity and Mend-A-House. However, there are no specific criteria to apply on behalf of the board when fee exemptions or waivers are requested.

**DISCUSSION:** If City Council determines that it wishes to provide such capital grants (in lieu of fee waivers) to non-profit organizations to offset building and trade permits, City staff recommends that the applicant meet the following recommended criteria:

1. The organization must be a non-profit 501c3 organization qualifying under the Internal Revenue Service;
2. The organization’s project must further the health, safety, and/or welfare of City residents;
3. The applicant must demonstrate financial hardship or need (i.e., without grant, the project would be significantly curtailed in scope or postponed);
4. The applicant must show that it has taken all practicable action to raise funding for the renovation or building project;
5. The applicant’s capital project may not otherwise involve the use of funds granted and/or loaned by the City; and
6. No more than 25% of the cost of the building or trade permits or other permit fees associated with City approval of the project can be granted. In no case shall more than $5,000 be granted for a single project.

If Council wishes to adopt a capital grants policy to address building fees, then staff would come back to Council with a revision to City Code Section 8-1-29, which currently allows non-profits and other “person or entity” to request a fee waiver directly from Council.

It should be noted that staff is interpreting Council’s February 10 action, which made the grant on a “provisional” basis “until City staff has the chance to come forward” with a proposed policy, as meaning that now that staff has come forward with a proposed policy that the “provisional” nature of the $5,000 grant award to the Boys and girls Club has been satisfied, and that the $5,000 may now be released by staff without any further Council action.

**FISCAL IMPACT:** The adoption of this policy will likely result in more non-profit organizations to apply for capital grants (in lieu of fee waivers) from the City. This could potentially have a significant fiscal impact, if not limited by a specific budget amount.

The total cost of such grants, if provided, should be limited by City Council appropriating a sum for such grants annually to the Non-Departmental budget. This sum would be available on a first come first serve basis until exhausted. Decisions on the eligibility for such grants would be made by a staff committee appointed by the City Manager, and be guided according to Council approved criteria. If one or more members of City Council wishes to fund such a program for FY 2010, an “add” of more than $50,000 needs to be requested to be placed on the add/delete list by April 6, 2009. If Council wishes to set a lower dollar budget amount for this program, then the normal add/delete timing would apply.

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