

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: FEBRUARY 1, 2010 CMR:124:10

REPORT TYPE: INFORMATIONAL

SUBJECT: Report on Surplus Property Donated to Nonprofit Organizations and Contributions to the City from Those Nonprofit Organizations

RECOMMENDATION

This is an informational report, and no Council action is required.

DISCUSSION

On October 6, 2008, Council adopted an ordinance amending Section 2.31.010 of Chapter 2.31 to Title 2 of the Palo Alto Municipal Code, to allow the donation of unusable or obsolete City property and equipment to nonprofit organizations supporting the city's programs.

The ordinance specified that the city's donation of surplus property "shall be contingent on a written agreement that any profits from the sale of such items shall be used for the purchase of equipment, books or capital expenses related to the program supported by the nonprofit organization."

It also specified that the City Manager "shall identify all property donated to nonprofit agencies pursuant [to the ordinance, and] in January of each year, the city manager shall provide a report to the city council that includes an inventory of the items donated by the City and all contributions made to the City from nonprofit organizations that have received surplus city property."

This report is the first annual report as required by the ordinance.

The following table summarizes donations given to the nonprofit organizations and gifts received from them.

SURPLUS PROPERTY DONATED BY THE CITY OF PALO ALTO TO NONPROFIT ORGANIZATIONS

Date	Title of Organization (public body, charitable, civic or nonprofit)	Items donated by City to Organization	Commercial Value of Items Donated to Organization	Receipts Collected by Organization	Goods Provided to City from Organization	Commercial Value of Items Donated from Organization
3/7/2009	Friends of Palo Alto Children's Theatre	Unusable clothing and costumes from theatre productions. No available storage.	\$ 500			
6/5/2009	Friends of Palo Alto Children's Theatre				2 Pyle-Pro XLR M/F Cable Snakes	\$ 110
6/5/2009	Friends of Palo Alto Children's Theatre				3 Bose Freespace 51 (Pair) Speak	\$ 1,347
6/5/2009	Friends of Palo Alto Children's Theatre				2 Milos 2m Truss	\$ 337
6/5/2009	Friends of Palo Alto Children's Theatre				2 Milos 1.5m Truss	\$ 300
6/5/2009	Friends of Palo Alto Children's Theatre				Shipping on above	\$ 83
6/6/2009	Friends of Palo Alto Children's Theatre				2 Milos Base Plate Trio	\$ 290
					Shipping on above	\$ 20
6/12/2009	Friends of Palo Alto Children's Theatre				15b Sennheiser ew300 Wireless Mic	\$ 13,989
8/5/2009	Friends of Palo Alto Children's Theatre	Unusable clothing and costumes from theatre productions. No available storage.	\$ 5,268			
8/19/2009	Friends of Palo Alto Children's Theatre	Unusable clothing and costumes from theatre productions. No available storage.		\$ 5,768		
8/25/2009	Friends of Palo Alto Children's Theatre				Hardwood floor & installation	\$ 7,447
9/2/2009	Friends of Palo Alto Children's Theatre				1/4" Clear mirror wall & installation	\$ 2,400
10/5/2009	Friends of Palo Alto Children's Theatre					
11/10/2009	Friends of Palo Alto Children's Theatre				10 Strand Fresnelite 6"	\$ 3,490
11/10/2009	Friends of Palo Alto Children's Theatre				2 Strand Fresnelite 6"	\$ 698
11/10/2009	Friends of Palo Alto Children's Theatre				12 ETC Twistlock Connector	\$ 299
11/10/2009	Friends of Palo Alto Children's Theatre				Shipping on above	\$ 126
TOTAL			\$ 5,768	\$ 5,768		\$ 30,936

The City's policy and procedures 1-18, Attachment B, requires annual reports to the City Council regarding gifts that have been accepted on behalf of the City. That report for FY 2007-08 was presented to Council on April 6, 2009 (See Attachment A).

Given the overlapping information required in the two reports, starting in 2011, staff will combine the two reports and present to Council early in the year. For 2010, however, the reports will be made separately. Please note that the other report, to be presented in spring 2010, details gifts the City received from the Friends of the Palo Alto Library. Therefore those items are not included in the summary above.

RESOURCE IMPACT

This report reflects donations from and gifts to the City as quantified above.

POLICY IMPLICATIONS

The recommendation is consistent with current City policies.

ENVIRONMENTAL REVIEW

This is not a project under the California Environmental Quality Act (CEQA)

ATTACHMENT

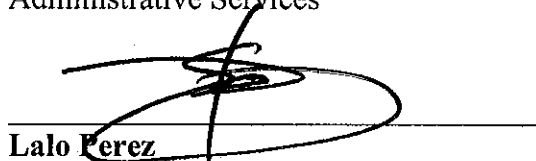
Attachment A: CMR 179:09, "Fiscal Year 2008 Gifts to the City"

PREPARED BY:



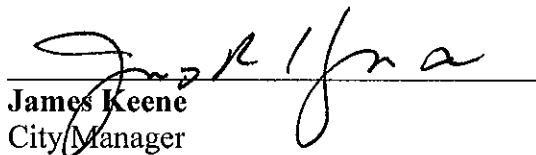
Nancy Nagel
Senior Financial Analyst
Administrative Services

DEPARTMENT HEAD:



Lalo Perez
Director of Administrative Services

CITY MANAGER APPROVAL:



James Keene
City Manager



City of Palo Alto City Manager's Report

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

**DEPARTMENT: ADMINISTRATIVE
SERVICES**

DATE: APRIL 6, 2009

CMR: 179:09

REPORT TYPE: INFORMATIONAL REPORT

SUBJECT: Fiscal Year 2008 Gifts to the City

This is an informational report and no Council action is required.

DISCUSSION

The City of Palo Alto's policy and procedures 1-18, Attachment B, requires annual reports to the City Council regarding the gifts that have been accepted on behalf of the City.

In compliance with the policy and procedures, Attachment A lists all of the significant gifts (over \$5,000) received during Fiscal Year 2008. All gifts had a designated purpose as stated under the "Use of Gift" column. Staff monitors designated restrictions to comply with the Donor's request. Prior to 2009, reports were posted on the City website. This is the first year in which this information is being directly provided as an information report to the Council.

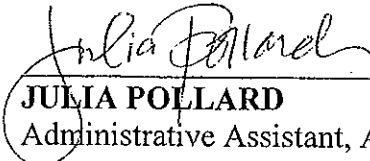
In addition, in mid 2008 the Fair Political Practices Commission (FPPC) adopted new regulations requiring disclosure of payments, gifts, and similar transfers to public agencies. Gifts required to be disclosed pursuant to this regulation are now also reported on the new FPPC Form 801, and that gift information is now posted to the City Clerk's web page as required by the FPPC. Staff is currently finalizing an update to Policy 1-18 to add text describing the Form 801 requirement.

Annual reports of gifts will continue to be provided to the Council, and Form 801 information will be available on the Clerk's website throughout the year as gifts are received.

ATTACHMENTS

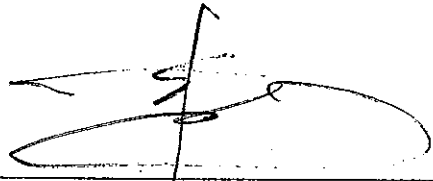
Attachment A: Significant Gifts Received by the City – Fiscal Year 2008
Attachment B: Policy and Procedures 1-18

PREPARED BY:



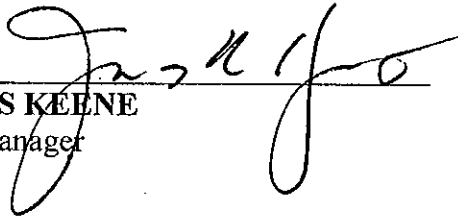
JULIA POLLARD
Administrative Assistant, Administrative Services

APPROVED BY:



LALO PEREZ
Director of Administrative Services

CITY MANAGER APPROVAL:



JAMES KEENE
City Manager

ATTACHMENT A

Significant Gifts Received by the City – Fiscal Year 2008

The City's administrative policies and procedures contain a provision that the Administrative Services Director periodically report to Council gifts that have been accepted on behalf of the City. In compliance with that policy, the accompanying chart provides a list of significant gifts (over \$5,000), received during fiscal year 2007-08. In most cases, the value of material gifts has been estimated and the chart does not include volunteer hours that are contributed to the City. A list of contributions of amounts less than \$5,000 is available in the Administrative Services Department.

DONOR	DESCRIPTION OF GIFT	USE OF GIFT
Anonymous Donors	\$13,744	Animal Services
Mr. Frank Niccoli	\$46,500 (materials, labor in-kind contributions)	Heritage Park Playground
Fred S. and Moya M. Eyerly	\$685,000	-To recognize the outstanding achievements of the Utilities Department -Avenidas -Gamble Garden Center
Art Center Foundation	\$18,000	Children's Fine Arts
Friends of the Palo Alto Library	\$ 29,023	Programs (children, teens, adults) – all libraries
Friends of the Palo Alto Library	\$ 10,380	Electronic books
Friends of the Palo Alto Library	\$ 9,994	DVD collection
Friends of the Palo Alto Library	\$ 44,320	Library books
Friends of the Palo Alto Library	\$ 9,984	New service desk, Downtown Library
Friends of the Palo Alto Library	\$ 8,423	Cable Co-op Grant – online databases
Friends of the Palo Alto Library	\$ 8,226	Cable Co-op Grant – public use equipment, supplies & repairs
Friends of the Palo Alto Library	\$ 8,423	Cable Co-op Grant – subscription to online resources
Palo Alto Library Foundation	\$337,494	Furniture, fixtures, equipment, art work for the Children's Library

ATTACHMENT B

POLICY AND PROCEDURES 1-18

Revised: February 2008

Effective: December 1, 1989

GIFTS TO THE CITY

POLICY STATEMENT

The purpose of this policy is to:

- establish uniform procedures for the receipt of gifts to the City of Palo Alto;
- emphasize the importance of encouraging gifts, in the form of cash or cash equivalent, material objects, services and real property, to the City;
- cultivate and maintain an environment where residents and businesses want to contribute to the City's programs and facilities;
- promptly acknowledge and express appreciation for the gifts; and,
- assure the gifts are properly inventoried.

It is essential that gifts be reviewed carefully for impact on the City's resources and for consistency with City policies and procedures concerning cash handling and inventory.

Applicability of this Policy

The procedures stated here apply to gifts offered or given to the City, gifts actively solicited by the City, and gifts from community groups that support various City operations (e.g. Friends of the Library, the Recreation Foundation, etc.). They do not apply to minor individual contributions which will be quickly consumed in a City-sponsored event, work contributed by individual volunteers, sponsorship of a City activity, or donations of advertising, publicity, graphics, etc. in exchange for City acknowledgment. The procedures are consistent with those applicable to grants and other funding requests (see Policy and Procedures 1-12).

City employees are prohibited from accepting personal gifts (see Section 1301, Merit System Rules and Regulations). Gifts to elected and appointed City officials and "designated" City employees (see Palo Alto Municipal Code, Chapter 2.09) are also regulated by the State of California Fair Political Practices Commission.

PROCEDURES

Department heads are authorized to accept gifts tendered by cash or cash equivalents or by electronic funds transfers (e.g., ACH transfer or credit card payment) on behalf of the City. Implementation of this policy is the responsibility of the department head.

POLICY AND PROCEDURES 1-18

Revised: February 2008

Effective: December 1, 1989

Thresholds for implementation of the procedures vary with the category of the gift, as shown in the following matrix.

VALUE OF GIFT		
Gift Category	Less than \$5,000	\$5,000 or more
Cash or Cash Equivalent Cash, checks, money orders, traveler's checks, certified checks, cashier's checks, stocks, other securities	<ul style="list-style-type: none"> Upon receipt of cash or cash equivalent, department head sends acknowledgment letter to donor, with copy to Administrative Services Department (ASD) Director, indicating the account number where the deposit was made. The City's investment policy prohibits City purchase of stocks. This does not preclude the City's acceptance of a gift of stocks; however, the stock must be sold within a reasonable time conditioned upon the ASD Director's judgment that the cost of the sale will not exceed the value of the stock. 	
Material Gifts Objects of art, equipment, property (except real estate), other tangibles not defined as cash.	<ul style="list-style-type: none"> Upon receipt, department head sends acknowledgment letter to donor with copy to ASD Director. 	<ul style="list-style-type: none"> Upon receipt, department head sends acknowledgment letter to donor with copy to ASD Director providing documentation regarding value of gift for fixed assets accounting.
Services Skilled services performed by a business or professional firm.	<ul style="list-style-type: none"> Upon receipt of an offer to provide services, department head sends acknowledgment letter to donor. Department head sends copy to ASD Director. Department head evaluates services to determine impact upon the department's operating budget and/or the Capital Improvement Program. Potential liability exposure should be referred to the City's Risk Manager. 	
Real Property Privately owned land & / or land improvements.	<ul style="list-style-type: none"> All gifts require approval from the Real Estate Division of ASD and City Attorney's Office, and should be referred to the Real Estate Division. The Real Estate Division will submit a written recommendation to the City Council for acceptance or rejection of the gift. 	

The estimated value of a gift is based on the donor's estimate. The City will not independently assign a value to the gift unless it is cash.

POLICY AND PROCEDURES 1-18

Revised: February 2008

Effective: December 1, 1989

Gifts accepted by the City become the property of the City of Palo Alto and are to be used for public benefit. Unless a special agreement concerning the ultimate disposition of the gift is entered into at the time the gift is accepted, it is understood that the City has sole authority to determine the use, transfer, handling, or disposition of the gift.

Department heads should review material gifts to:

- determine what the estimated costs to the City will be for any related installation, maintenance, operation, storage or liability that may be incurred by acceptance of the object;
- ensure that the gift is properly documented, catalogued, and/or inventoried in the department and division records;
- prepare and install an appropriate sign or nameplate;
- ensure that the object will be satisfactorily maintained.

Acknowledgment of Gifts

The manner in which a gift is acknowledged must be appropriate to the nature of the gift and consistent with the donor's wishes.

1. Upon receipt of a gift and in a timely manner, the department head must send an acknowledgment letter, thanking the donor on behalf of the City of Palo Alto.
 - a. The letter should clearly identify the gift and confirm the placement of the object that has been given to the City, or the use to which the gift will be devoted.
 - b. Gifts to a governmental entity are treated similarly to charitable contributions for purposes of tax deductions. However, the donor will be responsible to the Internal Revenue Service and Franchise Tax Board for substantiating his or her own tax deduction. The City will not provide any tax services to donors.
 - c. Except for gifts of cash or cash equivalents, where the donor amount is apparent, no dollar amount should be stated in the letter. Instead, the letter should contain the following paragraph:

POLICY AND PROCEDURES 1-18

Revised: February 2008

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Your gift may be tax deductible. To determine the amount you may properly deduct for tax purposes, you should consult your tax preparer or tax attorney.

- d. The department head or his/her designee will sign the letter and forward a copy to the ASD Director.
 - e. For a particularly significant gift, recipient department head in consultation with the ASD Director may ask that a letter be prepared for the Mayor's signature.
2. The recipient department head, in consultation with the ASD Director, will determine if the gift warrants a public announcement and in what manner it should be made. The donor will be notified in advance of any announcement, and has the right to request anonymity.
 3. The ASD Director is responsible for:
 - a. maintaining a record of all gifts that are accepted, including a description of the gift, the donor's name and address, the date the gift was received, and the disposition of the gift.
 - a. reporting annually to the City Council regarding the gifts that have been accepted on behalf of the City.
 4. Each department should also maintain a record of all gifts that are accepted, which includes a description of the gift, the donor's name and address, the date the gift was received, and the disposition of the gift.

NOTE: Questions and/or clarification of this policy should be directed to the Administrative Services Department.