

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

**DEPARTMENT: ADMINISTRATIVE
SERVICES**

DATE: October 5, 2009

CMR: 373:09

REPORT TYPE: Information

SUBJECT: Fiscal Year 2009 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. The City's gift policy is intended to promptly acknowledge and express appreciation for gifts, assure that gifts are properly inventoried and to comply with the Political Reform Act and Fair Political Practices Commission (FPPC) gift regulations.

In compliance with the City's gift policy, Attachment A lists all of the significant gifts (over \$5,000) received during Fiscal Year 2009. 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.


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 2009

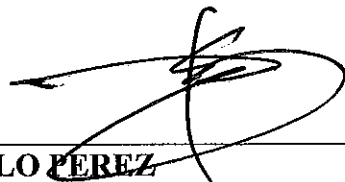
Attachment B: Policy and Procedures 1-18

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CITY MANAGER APPROVAL:



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ATTACHMENT A

SIGNIFICANT GIFTS RECEIVED BY THE CITY OF PALO ALTO
FOR THE PERIOD 08 - 09

| DATE | DONOR | DESCRIPTION OF GIFT | USE OF GIFT |
|-----------------|--|---------------------|--|
| 10/28/08 | Friends of the Palo Alto Library | \$67,000 | Matching funds for library collections (City contributed \$100,000) |
| 12/08 (approx.) | Friends of the Palo Alto Library | \$22,723 | Year subscription to leased DVDs (Friends paid vendor directly - money was not given to the City). DVDs are not permanent property of the Library as they will be returned to the vendor after a period of time. |
| 4/21/09 | Nobuaki Tomita | \$20,000 | One designed City of Palo Alto obi; One design of Crane obi |
| 6/1/09 | Board of Directors of the Friends of the Palo Alto Junior Museum and Zoo | \$55,815 | \$35,000 to fund the exhibit Clean Green Energy Machines \$20,815 to fund the Science Outreach Program at Willow Oaks |
| 06/09/09 | Friends of the Palo Alto Library | \$54,200 | 1st of 2-year pilot for LINK+ service (no tangible goods received; Friends made direct payment to vendor providing the service) |
| 7/08-6/09 | Palo Alto Art Center Foundation | \$93,593 | Support for Art Center exhibition program |
| 7/08-6/09 | Palo Alto Art Center Foundation | \$6160.19 | Support for Art Center Abramovitz program |
| 7/08-6/09 | Palo Alto Art Center Foundation | \$8984.60 | Support for Art Center studio program |
| 7/08-6/09 | Palo Alto Art Center Foundation | \$18,000 | Support for Art Center Children's Art Programs |
| Varies | Friends of the Palo Alto Library | \$31,621 | Support for youth and adult programs at all libraries (Friends paid performers and associated program supplies throughout the year) |
| Varies | Friends of the Palo Alto Library | \$17,562 | Subscriptions to online resources (Friends paid invoices directly throughout the year - money was not given to the City) |
| Varies | Friends of the Palo Alto Library | \$18,822 | Library books (Friends paid the invoices directly throughout the year - money was not given to the City). Books remain as part of the Library's collection. |
| Varies | Friends of the Palo Alto Library | \$21,677 | 15 Laptop computers and peripherals; 5 laser printers, print paper and toner - all for public Internet access at library branches per multi-year Cable Co-op Grant awarded to the Friends. Friends ordered all items and paid the invoices directly. |

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.

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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.

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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:

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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.