



**DATE:** November 16, 2022

**TO:** Council Budget and Finance Committee

**FROM:** City Manager

**SUBJECT:** Overview of Funds at the East Bay Community Foundation

## **RECOMMENDATION**

That the Committee receives the report on the East Bay Community Foundation (EBCF) and Hayward Community Foundation funds.

## **SUMMARY**

The purpose of this report is to provide an overview of the funds that the City currently holds with the East Bay Community Foundation (EBCF). In addition, this report provides an update on cannabis revenue and seeks feedback on the appropriation of that revenue towards the Hayward Community Foundation, consistent with prior Council direction.

## **BACKGROUND AND DISCUSSION**

### **Cannabis Revenue and the Proposed Hayward Community Foundation**

In November 2016, 60 percent of Hayward voters approved Measure EE, establishing a general tax of no more than 15 percent of gross receipts for all products associated with medical or adult use of cannabis. Council set the Measure EE tax rate at 6 percent of gross receipts in March 2018 and increased the tax rate to 7 percent in October 2019. At that time, Council authorized that the 7 percent tax rate would be allocated in a way to support community benefits. Council directed that one-seventh of the cannabis tax revenue collected would be set aside to build funding for future community benefits.

In FY 2022, the City of Hayward received \$842,860 from cannabis revenue, bringing the total amount of cannabis revenue collected to \$1,284,736 since the general tax was approved by the Hayward voters. There is currently one cannabis dispensary operating in Hayward.

In keeping with Council's direction, one-seventh of the FY 2022 cannabis tax collected will result in the allocation of \$120,409 to a separate fund (Hayward Community Foundation) designated to track those funds for future community benefit programming efforts. The

appropriation of FY 2022 cannabis tax revenue collected will be included in the FY 2023 mid-year budget. The total appropriation of \$120,409 for cannabis tax revenue was collected in FY 2022, bringing the total collected to \$183,534.

Council has also indicated support for waiting until \$1 million in cannabis-related funds are collected before dispersing funds from the Hayward Community Foundation. Staff plans to retain the funds in the City's accounts until \$1 million has accumulated to avoid paying annual administrative fees through EBCF or any other foundation. Until then, staff will continue to assess its partnership with EBCF to evaluate if it is the right organizational fit for this purpose.

### **Existing Funds at EBCF**

*Stack Center Capital Campaign Fund:* In June 2021, the City partnered with EBCF to set up a fund to raise money for the Stack Youth and Family Center construction. So far, the fund has received \$3,193 from 32 donors. Funds were primarily received in the summer of 2021. Staff is working with a fundraising consultant for this project, and anticipates restarting the fundraising outreach to community members again in the next couple of months. Staff is continuing to work with EBCF to ensure that thank you letters are sent to donors.

### **Leadership Changes at EBCF**

Last month, the Board of Directors at EBCF announced that Brandi Howard will join the Foundation as their new CEO on November 14, 2022. For the past year, the Foundation has had an interim CEO. Staff will meet with Ms. Howard in December or January to discuss the Foundation's capacity to meet Hayward's needs.

### **NEXT STEPS**

Depending on the direction from this Committee, staff plans to take the following steps:

1. Bring an appropriation at mid-year to set aside \$120,409 of the FY 2022 cannabis revenue in a separate City fund for future distribution to the Hayward Community Foundation or other appropriate community benefit mechanism once the \$1 million threshold has been reached.
2. Continue to assess the partnership with EBCF to evaluate if it is the right organizational fit for the management of the Hayward Community Foundation funds.

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*Recommended by:* Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'McAdoo', with a long horizontal stroke extending to the right.

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Kelly McAdoo, City Manager