



DATE: September 15, 2021

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 overview of funds at the East Bay Community Foundation and provides feedback.

SUMMARY

The purpose of this report is to provide an overview of the funds that the City currently has at East Bay Community Foundation (EBCF) and to seek feedback on spending down the remainder of the money in COVID-19 Relief Funds. In addition, this report provides an update on cannabis revenue and seeks feedback on the appropriation of that revenue towards the Hayward Community Foundation.

BACKGROUND AND DISCUSSION

Existing Funds at EBCF

COVID-19 Relief Fund: The City rapidly established the Hayward Relief Fund during the first month of the declared COVID-19 pandemic in partnership with EBCF. Funds are collected by EBCF and managed by the City of Hayward. Relief funds may only be dispersed to a non-profit for the purpose of helping those hardest hit by the COVID-19 pandemic and resulting economic downturn.

Between April 2020 and August 2021, 247 donors gave \$527,552 to the Hayward Relief Fund. The majority of donations came in the first three months. EBCF accepts the donations online or through check. There is a 2% online processing fee charged for each donation. In addition, EBCF takes a 1% administrative fee on the total amount collected each year. In FY21, the fund received \$25,387 in donations, the administrative fee to EBCF was \$1,497, and the fund earned \$121 in interest.

Staff has been made aware that EBCF does not send donor communications, such as an end-of-year thank you, other than an initial email receipt. Staff now has the addresses for each of

the donors and will be working with Mayor Halliday to send thank you letters to all donors. In addition, the website has been updated with a thank you message (www.hayward-ca.gov/ReliefFund).

In May 2020, Council directed \$350,000 from the fund to be sent to La Familia Counseling to administer family support grants and \$40,000 to be sent to the Rotary Club of Hayward for small business resiliency grants. La Familia issued 650 \$500 cash grants to families in need and the Rotary Club issued eight \$5,000 grants to small businesses on the City's waiting list.

There is \$134,205 remaining in the Hayward Relief Fund. Staff is recommending that Council spend down that full amount and then close the fund. Staff has reviewed the highest areas of community need and existing funding sources based on the recent American Rescue Act Plan funding allocations and other State and County resources. Based on this analysis, staff is recommending that Council direct this money to South Hayward Parish to spend on food access, COVID-19 testing, and other basic needs for residents who have been hard hit over the past eighteen months. As the longest standing food pantry in Hayward, South Hayward Parish is well positioned to continue to provide food access services, particularly because the City's food distribution partnership with Chabot College ended in June 2020. Based on direction from this Committee, staff plans to bring this item to the full Council in October.

Stack Center Capital Campaign Fund: In June 2021, the City partnered again with EBCF to set up a fund to raise money for the Stack Youth and Family Center construction. So far, the fund has received \$2,938 from 31 donors. The fund has the same terms as the Hayward Relief Fund. EBCF's role is to collect and hold the money. The City and its partners will be responsible for sending thank you letters and following up with donors. One challenge thus far is that staff has been unable to receive the email addresses of the donors. Staff is working with EBCF to find a solution to this barrier.

Cannabis Revenue and the Proposed Hayward Community Foundation

In November 2016, 60% Hayward Voters approved Measure EE, establishing a general tax of no more than 15% of gross receipts for all products associated with medical or adult use of cannabis. Council set the Measure EE tax rate at 6% of gross receipts in March 2018 and increased it to 7% in October 2019.

In FY 2021, the City of Hayward received \$441,877 from cannabis revenue. There is currently one cannabis dispensary operating in Hayward.

During past discussions, Council has indicated its support for setting aside one seventh of this revenue source each year for the Hayward Community Foundation (this is equal to 1% of gross receipts). This totals \$63,125 for FY 2021. Staff plans to bring this appropriation with the mid-year budget, unless the Committee provides other direction.

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 the \$1 million has accumulated to avoid paying

annual administrative fees through EBCF. Until then, staff will continue to assess its partnership with EBCF to evaluate if it is the right organizational fit for this purpose.

Next Steps

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

1. Bring an item to Council in October to direct EBCF to send all remaining Hayward Relief Funds to South Hayward Parish to spend on food access, COVID-19 testing, and other basic needs for low-income residents. Staff will then close the Hayward Relief Fund.
2. Bring an appropriation at mid-year to set aside \$63,125 of the FY 2021 cannabis revenue in a separate City fund for future distribution to the Hayward Community Foundation once the \$1 million threshold has been reached.

Prepared by: Mary Thomas, Management Analyst

Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager