

## MEMO

August 18, 2010

**TO:** Mr. Tom Muehlenbeck, City Manager  
Mr. Frank Turner, Deputy City Manager

**FROM:** Tina M. Firgens, Planning Manager

**RE:** Heritage Preservation Grant Program FY 2010-11

Earlier this year, staff recommended that the Council consider several changes to the Heritage Preservation Grant program, including implementing a 1/3 match grant requirement for this program in order to encourage the grant recipients to seek alternate sources of funding and to become less dependent upon the city for financial support. Additionally, staff requested direction from the Council as to whether or not in kind donations including volunteer hours should be counted towards satisfying match grant requirements.

At the Council's budget workshop on Saturday, August 14, 2010, the Council discussed the 1/3 match grant requirement and was favorable to allowing in kind contributions (i.e. supplies, contractual services, and monetary donations) to count towards the grant recipients match. However, the Council requested that staff bring back additional information pertaining to volunteer hours and identifying the potential impacts to the grant recipients if volunteer hours were not counted toward the proposed 1/3 match grant requirement for this program. This memo also outlines a third option for Council's consideration that does not include a match requirement.

### Volunteer Hours Analysis:

Staff conducted a review of the 2009-10 grant recipients' projected year end total budget statements. Most of the grant recipients reported the number of volunteer hours that their agency anticipated receiving during the program year. Table 1 below is a summary of the grant recipients budgets including the amount of funding awarded by the city, amount of in kind and monetary donations received, the number of volunteer hours converted to a monetary value, and the results if volunteer hours were included in the match grant. Table 2 includes much of the same information noted in Table 1, except it includes results if volunteer hours were **not** included in the match grant. The value of the volunteer hour is in accordance with the value for the specific program year as determined per the Internal Revenue Service (example: \$20.25 per hour for 2010-11).

**Table 1 – Includes Volunteer Hours**

Grant Recipient	Program Year	Amount Awarded by City	Projected Fundraising, In-kind Donations, & Volunteer Hours (in value)	1/3 Match Grant Requirement	Results (Does agency meet 1/3 match requirement)	Projected Volunteer Hours (in value)
Heritage Farmstead Museum	2009-10	\$330,000	\$230,904	\$110,244.57	Yes	\$126,280
	2010-11	\$348,000	\$306,180	\$115,937.33	Yes	\$126,280
Plano African American Museum	2009-10	\$145,000	\$162,482	\$48,383.89	Yes	\$36,982
	2010-11	\$76,000	\$192,189	\$25,435.23	Yes	\$62,689
North TX Masons	2009-10	\$9,725	\$51,431	\$3,313.96	Yes	\$35,431
	2010-11	\$4,000	\$82,332	\$1,380.21	Yes	\$46,832
Plano Conservancy	2009-10	\$165,000	\$93,575	\$55,232.75	Yes	\$63,753
	2010-11	\$160,517	\$138,606	\$53,433.70	Yes	\$70,356
Rowlett Creek Cemetery	2009-10	\$11,448	\$22,285	\$3,755.83	Yes	\$3,752
	2010-11	\$3,000	\$17,484	\$985.86	Yes	\$1,984

**Table 2 – Excludes Volunteer Hours**

Grant Recipient	Program Year	Amount Awarded by City	Projected Fundraising & In-kind Donations, (excludes volunteer hours)	1/3 Match Grant Requirement	Results (Does agency meet 1/3 match requirement)
Heritage Farmstead Museum	2009-10	\$330,000	\$104,624	\$110,244.57	No
	2010-11	\$348,000	\$179,900	\$115,937.33	Yes
Plano African American Museum	2009-10	\$145,000	\$125,500	\$48,383.89	Yes
	2010-11	\$76,000	\$129,500	\$25,435.23	Yes
North TX Masons	2009-10	\$9,725	\$16,000	\$3,313.96	Yes
	2010-11	\$4,000	\$35,500	\$1,380.21	Yes
Plano Conservancy	2009-10	\$165,000	\$29,822	\$55,232.75	No
	2010-11	\$160,517	\$68,250	\$53,433.70	Yes
Rowlett Creek Cemetery	2009-10	\$11,448	\$18,533	\$3,755.83	Yes
	2010-11	\$3,000	\$15,500	\$985.86	Yes

Based upon the information above, if the Council were to have implemented the 1/3 match grant requirement for the 2009-10 grant year and allowed the volunteer service hours to count towards the match grant requirement, based upon projected information (not actual) all five grant recipients would have met the 1/3 match grant requirements. If volunteer hours were excluded from counting towards the match grant, the Heritage Farmstead and Plano Conservancy would not have met the 1/3 match grant requirements. Regarding the upcoming 2010-11 program year, again based upon projected information, all five agencies would be able to satisfy the 1/3 match grant requirement regardless if the agencies were allowed to count the volunteers hours.

As Council considers the match grant requirement, the time needed for the management of the 1/3 matching grant should be considered, especially if all of the grant recipients can easily meet the requirements. The tracking of volunteer hours needs to be done in such a way where it is manageable by staff and the grant recipients. Some of the agencies currently track their volunteer hours so they may or may not have to adjust their tracking systems. From a staff perspective, we are concerned about the potential for having to make interpretations regarding the hours being submitted.

#### Program Options:

Staff has identified three options for the Council's consideration pertaining to the 1/3 match grant requirement and to make the groups less reliant on city funding:

**Option 1:** Implement the 1/3 match grant requirement in 2010-11 and do **not** allow volunteer hours to count toward the match grant.

**Option 2:** Phased approach - Implement the 1/3 match grant requirement in 2010-11 and allow the volunteer hours to count towards the match grant (using the federal volunteer hour amount). The following program year (2011-12), continue the 1/3 match grant requirement except do not allow the volunteer hours to count towards the match grant.

**Option 3:** The city funds a certain percentage only of each of the agency's overall total budget (for example 75%), based upon the agency's most recently completed fiscal year's expenditures less ineligible expenses (as defined by the grant program) and volunteer hours, beginning in program year 2011-12. There would be no match grant requirement. Allocations would still be recommended by the Heritage Commission for operations and maintenance (O&M) expenses and specific projects/programs.

For Options 1 and 2, donated in kind services and supplies, as well as financial contributions, and revenues generated would all count toward the match grant requirement. Again, it is recommended that the tracking of volunteer hours if included in

the calculation be done in such a way where it is manageable by the agencies and city staff.

Option 1 is anticipated to potentially have the most negative impact financially on the groups that receive larger funding allocations should they not meet their fundraising goals, based upon staff's analysis of program years 2009-10 and 2010-11. Option 2 allows agencies the opportunity to better prepare financially for the new program requirements, to continue to adjust their budgets accordingly should they anticipate less revenue/income, and increase their fundraising efforts.

Option 3 is anticipated to have less of an administrative burden on the agencies and city staff pertaining to tracking volunteer hours, and removes staff from having to review and question the volunteer hours reported. This option is similar to what is done for the Cultural Affairs and Community Relations grant programs (i.e. Buffington Community Services Grant). The Cultural Affairs and BCSG grant programs limit funding to 25% and 50% respectively, of the overall total budget, based upon the agency's most recently completed fiscal year's expenditures less ineligible expenses (as defined by the grant program). Additionally, the BCSG grant program further limits the funding awarded so that a maximum of 50% of total BCSG funds received may be used for salaries, benefits, payroll taxes, or any combination thereof.

Should the Council be interested in implementing Option 3, Table 3 below illustrates the financial implications if a maximum funding cap is established based upon a certain percentage (i.e. 75% and 67%) of the overall budget total.

**Table 3 – Funding Cap Comparison**  
(Note: Projected budget totals exclude volunteer hours.)

Grant Recipient	Program Year	Projected Year End Budget Totals	75% of the Total Budget	67% of the Total Budget	Amount Awarded by City
Heritage Farmstead Museum	2009-10	\$434,624	\$325,968.00	\$291,198.08	\$330,000
	2010-11	\$512,430	\$384,322.50	\$343,328.10	\$348,000
Plano African American Museum	2009-10	\$270,500	\$202,875.00	\$181,235.00	\$145,000
	2010-11	\$205,500	\$154,125.00	\$137,685.00	\$76,000
North TX Masons	2009-10	\$24,130	\$18,097.50	\$16,167.10	\$9,725
	2010-11	\$39,500	\$29,625.00	\$26,465.00	\$4,000
Plano Conservancy	2009-10	\$225,622	\$169,216.50	\$151,166.74	\$165,000
	2010-11	\$228,767	\$171,575.25	\$153,273.89	\$160,517
Rowlett Creek Cemetery	2009-10	\$18,533	\$13,899.75	\$12,417.11	\$11,448
	2010-11	\$15,500	\$11,625.00	\$10,385.00	\$3,000

For program year 2009-10, one agency (Heritage Farmstead) would have received funding that exceeded the 75% funding cap, and two agencies (Heritage Farmstead and Plano Conservancy) would have received funding that exceeded the 67% funding cap. For program year 2010-11, none of the agencies would receive funding that exceeds the 75% funding cap, and two agencies (Heritage Farmstead and Plano Conservancy) would receive funding that exceeds the 67% funding cap.

While the figures noted in Table 3 are based on the agencies' budgets, in the future for consistent reporting amongst the agencies, Option 3 should be calculated based upon the agencies' IRS statements for the actual expenditures for the previous year. Staff recommends excluding the volunteer hours also for this option also.

Staff Recommendation:

Staff recommends the Council adopt program Option 3 given the benefits noted herein, as well as since precedence has been set with the Cultural Affairs and Community Relations grant programs. It is recommended that Option 3 be implemented beginning with program year 2011-12. This will allow the groups to better prepare for this program change given it is near the end of August and the program year begins October 1, and since this option has not been discussed with the groups nor the Heritage Commission.

Additionally, staff recommends the Council implement the program changes previously discussed at the budget workshop, beginning with program year 2010-11, as listed below:

- Place a cap on funding for salaries and operation at the 2009-10 level;
- New grant recipients may not receive funding for salaries and operations; and
- Require grant recipients to provide information from visitor sign-ins to demonstrate link to increased tourism.

Phyllis Jarrell, Director of Planning, and I will be present at the City Council meeting to address any questions regarding this item.