

MEMORANDUM

To: Montpelier City Council

From: Mayor John Hollar

Date: April 30, 2012

Re: Proposal for Outside Agency Funding

The question of how to fund outside agencies has presented the city with challenges for many years. I understand that the council has spent many hours addressing this issue.

In my view, there are many problems with the existing funding system, including:

- There were 27 funding items on this year's Town Meeting Day ballot for outside agencies.
- Voters do not have adequate information or time to evaluate each of these requests. Often voters are not aware of specific funding requests until they enter the voting booth.
- Voters do not have the opportunity or ability to weigh these proposals against other potential recipients of municipal funds.
- There is no process in place to audit the uses for which the appropriated funds are spent.

I am proposing that the council consider a new system that would create a more rational process for allocating municipal funds to non-profit organizations. Under this proposal, the city would create a separate fund, perhaps called the Montpelier Community Fund. This fund would be managed by a board of Montpelier residents that would be appointed by the council. In the first year, 2013, the city would appropriate to the fund the approximate amount that was placed on this year's ballot for outside agencies. (I believe this was about \$100,000). Citizens would be encouraged to make personal contributions to the fund.

The MCF board would solicit applications from non-profit organizations for grants from the fund. The council, or perhaps the MCF board, would set criteria for allocating grants. I would suggest that one consideration should be the amount the agency has received in the past from a ballot initiative.

The MCF board would be responsible for auditing the use of grant funds to ensure that they were used for the purposes for which they were approved.

Under our charter, non-profit entities would continue to have the right to place funding initiatives on the ballot. Non-profits may be less likely in the future to pursue ballot initiatives with the higher petition requirement. To ensure that the new MCF did not simply add a new mechanism to the existing process, I would propose the following:

- The MCF would only accept applications from organizations that agreed not to petition for funding through a ballot initiative for a period of two or three years;
- The council would communicate, either through the ballot or some other means, that funding is available through the Montpelier Community Fund and that the council does not recommend that the proposal be approved;
- The MCF would be reduced each year by the amount to which ballot items are approved.

I believe this process would be preferable to the current ballot initiative process in many ways:

- It would create a process by which funding requests are considered based on the overall amount that is available and the needs that are intended to be addressed.
- It would allow for an independent review of proposals to ensure that the funds are spent on appropriate purposes.
- It would allow for the subsequent review of grants to ensure that they were spent in a manner consistent with the application.
- It would relieve voters of making these decisions on an *ad hoc* basis through individual ballot items, which is not typically accompanied by adequate information to evaluate the requests.
- It would maintain the city's commitment to funding non-profit organizations.

I am submitting this proposal to you now in the hope that we can have a new system in place for the 2013 Town Meeting ballot. I would request the council's early consideration so that, if adopted, outside agencies could begin to plan for a new process for obtaining funding from the City of Montpelier.

Thank you for your consideration of this proposal.