

POLICY AND PROCEDURES 1-18

Revised: August 2008

Effective: December 1, 1989

GIFTS AND DONATIONS TO THE CITY OF PALO ALTO

POLICY STATEMENT

The purpose of this policy is to:

- establish uniform procedures for the receipt of gifts to the City of Palo Alto;
- 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;
- assure the gifts are properly inventoried, and
- comply with the Political Reform Act and Fair Political Practices Commission Regulations.

It is essential that gifts be properly reported and reviewed carefully for impact on the City's resources and for consistency with City policies and procedures concerning cash handling and inventory.

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.

Applicability of this Policy

The procedures stated in Section A 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).

The Fair Political Practices Commission has adopted requirements (2 Cal.Code Regs. § 18944.2) for reporting all gifts made to agencies. All monetary payments, loans, gifts, provisions of goods or services made without consideration from the

City in return, or other transfers to the City must be reported as provided in section B of this policy.

PROCEDURES

A. City Requirements for Accepting and Acknowledging Gifts

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.

Thresholds for implementation of the procedures vary with the category of the gift, as shown in the following matrix.

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. • If a donor has raised funds from other persons for the specific purpose of making a gift to the City, the Donor should be requested to provide the names and amounts given by all persons. 	
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.

<p>Services: Skilled services performed by a business or professional firm.</p>	<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.
<p>Real Property: Privately owned land &/or land improvements.</p>	<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.

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.

Gifts made to officials directly or for which the donor donates designates by name, class, or other title the official who may use the payment are not gifts to the City, but rather individual gifts that may be required to be reported on FPPC Form 700. Employees may not accept individual gifts.

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 consistent with the City's naming policy;
- 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. Within thirty (30) days of receipt of a gift, the department head must fill out the FPPC form 801 as described in section B of this policy and 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:

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.

b. 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.

B. Fair Political Practices Commission Requirements for Accepting and Reporting Gifts to the City

In addition to the requirements listed above, departments receiving gifts to the City must comply with the following additional requirements:

1. Gifts made to the City, controlled by the City, and used for official agency business must be reported by the City as Gifts to an Agency on FPPC form 801.
 - (a) Payments for travel, including transportation, lodging, and meals, made to the City for which the City Manager or designee solely determines and controls the City's use of the travel payment, are considered gifts to the City.
 - (b) Payments for travel, including transportation, lodging, and meals, are not gifts to the City but are considered personal gifts or income that the official or employee may be required to report on his or her FPPC Form 700 (1) if the donor designates by name, title, class, or otherwise, the official or employee who may use the payment, (2) if the agency head or designee has not preapproved the travel in writing by signing the Form 801 or other travel pre-approval in advance of the trip, and/or (3) to the extent that such payments exceed the City's reimbursement rates for travel, meals, lodging, and other actual and necessary expenses.
2. Within 15 calendar days of receiving a gift to the City, the head of the department receiving the gift shall fill out sections 1 through 3 of FPPC Form 801 and forward the completed form to the City Clerk. Form 801 is available at the Fair Political Practices Commission website online at <http://www.fppc.ca.gov/forms/801.pdf>
3. Within 30 days of the payment date stated in section 3 of the completed form, the City Clerk shall (1) submit the form to the City Manager or

his/her designee for review and signature approving acceptance of the gift, and (2) post a copy of the form on the City's website.

4. The City Clerk shall maintain a log of the forms and the forms for a period of not less than four years.

NOTE: Questions and/or clarification of this policy should be directed to the Administrative Services Department. Questions and/or clarification of the Form 801 reporting requirements should be directed to the City Clerk or City Attorney's Office.

ATTACHMENTS:

- A. FPPC Form 801 and Instructions