



City of Palo Alto

City Council Staff Report

(ID # 10497)

Report Type: Consent Calendar

Meeting Date: 8/19/2019

Summary Title: Changes to the Emerging Needs Fund Policy

Title: Approval of Changes to the Human Services Emerging Needs Fund Policy

From: City Manager

Lead Department: Community Services

Recommendation

Staff recommends that the City Council approve revisions to the Human Services Emerging Needs Fund Policy to broaden the application criteria to allow for greater utilization by nonprofit organizations.

Executive Summary

The Emerging Needs Fund, approved by City Council in 2017, provides funding to nonprofit organizations for emergency needs and critical/emerging needs in Palo Alto. Criteria for determining what constitutes an emergency need and a critical/emerging need are described in the discussion below and in the current policy. To date, four applications have been approved to assist with emergency and critical/emerging needs in the community. Staff has reviewed the policy governing the oversight and use of the fund and is recommending three changes to assist with greater utilization of the funding by nonprofit organizations serving the Palo Alto community. These changes are:

- 1) Timeframe: Agencies would be able to receive funding every two years instead of every three years as stated in the current policy; and
- 2) Eligibility: The critical/emerging needs funding category would be divided into two separate categories: critical needs and emerging needs, with different eligibility requirements; and
- 3) Prioritization: A ranked system would be used to prioritize funding requests by level of need, with top consideration given to emergency needs, then critical needs, and last, emerging needs. It is recommended that 20% of the total funding be earmarked for emergency needs.

The revised policy is included as Attachment A with the changes to the current policy indicated.

Background

City Council approved a \$50,000 funding allocation for the Human Services Emerging Needs Fund (HSENF) as part of the FY2017 budget. The purpose of the funding was to assist with emergency or critical/emerging needs of Human Services Resource Allocation Process (HSRAP) grantees outside of the biennial funding process as well as the needs of other nonprofits serving Palo Alto residents. Council directed staff to draft a policy to oversee this new funding program. A draft policy was reviewed by the Human Relations Commission (HRC) at their February <https://www.cityofpaloalto.org/civicax/filebank/documents/56501> & March 2017 meetings <https://www.cityofpaloalto.org/civicax/filebank/documents/57059> after which the Council approved the policy on March 27, 2017. <http://paloaltocityca.iqm2.com/Citizens/FileOpen.aspx?Type=15&ID=1565&Inline=True>

The fund has been operational for two years. Four grants have been awarded during this time for a total of \$24,025; two grants of \$10,000 (Counseling & Support Services for Youth, and Heart & Home Collaborative), and two others at \$2,150 (Ada's Café) and \$1,875 (Peninsula HealthCare Connections). At the end of each fiscal year, all unused funding is returned to the General Fund. Staff felt that a review of the current policy governing the use of the fund was in order to analyze how well the fund had been working and make any suggested changes for the future.

A revised policy was presented, discussed and unanimously approved by the HRC at their April 11, 2019 meeting.

<https://www.cityofpaloalto.org/civicax/filebank/documents/71326>

Discussion

During staff's review of the policy governing the HSENF and its actual use over the past two years, two key findings were uncovered:

1) *There is a continuing need for an Emergency Fund of this type in the community.* Two of the grant requests that have been received and funded over the past two years have been for emergency needs. Although the volume of requests received has not been high, the HSENF is the only local funding source that can assist nonprofits serving Palo Alto residents with emergency needs. The two grants given in this category include replacement of kitchen equipment crucial to the operations of Ada's Café and funding for an additional mental health therapist at Gunn High School after a student suicide in 2018.

2) *The qualification standards for the current application process should be changed to better align with level of Human Service Needs faced by local nonprofits.* The current application requires that applicants meet one the following high standards to be considered for funding under the "critical/emerging needs" category: "An urgent critical need that was not evident during the original HSRAP funding period" or "An urgent

existing critical need for which normal funding is no longer available and for which a demonstrated human consequence will occur if funding is not obtained.”

Staff is of the opinion that it is crucial to hold the bar high to qualify for funding under this category as to not encourage nonprofits to use the fund as a stopgap between HSRAP funding cycles. However, in staff’s review of the HSENF and in conversations with many nonprofits serving local residents, it was discovered that many local agencies have “emerging” needs which they feel are crucial to address, but they do not rise to the high bar set by the existing policy in which “a demonstrated human consequence will occur if funding is not obtained.” Therefore, this led staff and the HRC to separate “critical” and “emerging” needs in the proposed changes to the policy. A description of what qualifies as emergency, critical and emerging needs can be found below.

The following changes to the HSENF are recommended:

- 1) Time frame** – *It is recommended that agencies be able to receive funding every two years instead of every three years as stated in the current policy.*

When establishing the current policy, staff was concerned with possible over use of the fund. In practice, that has not been the case. In addition, for mid- to large-size nonprofits who have numerous programs addressing a myriad of needs, the three-year rule in practice did not allow for the fund to assist with crucial needs affecting clients in very different programs areas. Therefore, a change to a two year eligibility guideline seems more practical.

- 2) New Eligibility definitions under Emerging Needs** –*It is recommended that new language be approved under a newly-established and separate emerging needs funding category.*

In the current policy, critical and emerging needs are combined together in the same category with the same application criteria. Proposed new language and a separate funding category is recommended to allow applicants who do not meet the requirements of the currently combined Critical/Emerging Needs category to apply for funding.

Current Policy:

Emergency Needs:

- An unforeseen event that has or will significantly interrupt essential services such as a natural disaster, storm damage, theft, equipment failure or similar occurrence.
- A request that is time sensitive in nature and could not have been predicted or reasonably planned for.

Emerging/Critical needs:

- An emerging or critical need that was not evident during the original funding period. (HSRAP grantee)
- An existing critical need for which normal funding is no longer available and for which a demonstrated human consequence will occur if funding is not obtained. (All Applicants)

Proposed Policy:

Emergency Needs: No change from current policy

- An unforeseen event that has or will significantly interrupt essential services such as a natural disaster, storm damage, theft, equipment failure or similar such occurrence.
- A request that is time sensitive in nature and could not have been predicted or reasonably planned for.

Critical Needs: No change from emerging/critical needs category in current policy

- An urgent critical need that was not evident during the original HSRAP funding period. (HSRAP grantee)
- An urgent existing critical need for which normal funding is no longer available and for which a demonstrated human consequence will occur if funding is not obtained. (All Applicants)

Emerging Needs: New category

- A need that has not come up before or the approach to addressing the need is new, even though it may not rise to the level of an emergency or critical need.
- To develop or expand a program/service that will enhance the quality of life for vulnerable populations.

The new language under Emerging Needs allows applicants to:

- Submit a request for a need that was evident during the HSRAP application period, but was not approved for funding (usually due to limited amount of total funding available), yet is still worthwhile to help the clients they serve.
- The ability to explore/expand a program. The most frequent call that staff receives from nonprofits when inquiring about the current policy are for needs that do not meet any of the needs allowed in the current policy, but could meet the needs of a vulnerable population in the community

(homeless, children, disabled, seniors, etc.). In addition, there are small nonprofits that provide valuable services to the community, but they do not have the institutional capacity to fill out the HSRAP application. Staff and the HRC feel that it would be valuable to be able to allocate funding (outside of HSRAP) to causes that address the needs of vulnerable populations.

In the proposed prioritization of funding applications explained below, emerging needs would be the lowest priority considered for funding each quarterly application period.

3) Prioritization – *It is recommended that a ranked system be approved that prioritizes funding requests by level of need, with top consideration given to Emergency Needs, then Critical needs, and last, Emerging Needs. In addition, it is recommended that 20% of the total funding be earmarked for Emergency Needs.*

With the addition of an expanded definition for emerging needs, staff and the HRC felt that it was important to consider and prioritize funding requests in order of the level of need or impact on the clients and/or the agency. To ensure that there is always funding for emergency needs, 20% of the total budgeted amount would be reserved for this category. The proposed policy also allows the Community Services Department Director to have final discretion as to the final funding allotments.

Timeline

Upon approval of the policy, staff will promptly communicate the availability of the fund to nonprofit agencies serving the community.

Resource Impact

\$50,000 in funding was approved as part of the Fiscal 2020 Adopted Operating budget in the Non-Departmental section of the General Fund.

Policy Implications

The following areas of the Comprehensive Plan are pertinent to this report:

Program C1.16.2 Leverage available funding to pursue support of teen mental, physical, social and emotional health programs

Program C1.18.2 Support, promote and publicize the provision of comprehensive senior services in coordination with senior service providers. Comprehensive services include addressing senior nutrition, mental health and transportation.

Policy C-1.20 Leverage available funding to support the development of, and improved

access to, programs that address all types of developmental disabilities, including physical, sensory, cognitive or social/emotional needs.

Policy C-1.21 Support provision, funding or promotion of services for persons with disabilities through the Human Relations Commission, the Parks and Recreation Division, the Arts and Sciences Division and other City departments.

Policy C-1.22 Support and promote County, City, State and nonprofit services addressing the needs of the low-income and unhoused community especially in the areas of permanent supportive housing and temporary housing which addresses food, clothing, health care, mental health and transportation needs.

GOAL C-5 Sustain the health, well-being, recreation and safety of residents and visitors and improve the quality, quantity and affordability of social services for all community members, including children, youth, teens, seniors, the unhoused and people with disabilities.

Environmental Review

This program is not a project as defined by the California Environmental Quality Act (CEQA) and is not subject to CEQA review.

Attachments:

- Attachment A: Human Services Emerging Needs Fund Policy -DRAFT



ATTACHMENT A

Policy - City of Palo Alto Human Services Emerging Needs Fund Draft Revised Copy

Changes to current policy are indicated with a comment.

The City of Palo Alto traditionally allocates human services funding every two years through an application and selection process called the Human Services Resource Allocation Process (HSRAP.) This program funds human services organizations that provide services in a variety of areas as defined by a priority of needs established by staff and the Human Relations Commission. City Council gives final approval of these grant allocations.

The Emerging Needs Fund aims to assist nonprofit organizations serving Palo Alto residents with short-term and/or urgent funding to address emergency, critical or emerging human services need.

These grants are based on need and an agency may not receive funding more than once in a two year period. Grants can be awarded up to \$10,000. Due to limited funding, partial grants may be awarded. All grants are subject to the availability of funds.

Funding Categories

The Emerging Needs Fund assists nonprofits serving Palo Alto residents with short-term and/or urgent funding needs. Grant requests will be prioritized for funding in the order of need listed below, with at least 20% of total funding earmarked for Emergency Needs. **

1) Emergency Needs:

- An unforeseen event that has or will significantly interrupt essential services such as a natural disaster, fire, storm damage, theft, equipment failure or similar such occurrence.
- A request that is time sensitive in nature and could not have been predicted or reasonably planned for.

2) Critical Needs:

- An urgent critical need that was not evident during the original HSRAP funding period. (HSRAP grantees)
- An urgent existing critical need for which normal funding is no longer available and for which a demonstrated human consequence will occur if funding is not obtained. (All applicants)

3) Emerging Needs:

- A need that has not come up before or the approach to addressing the need is new, even though it may not rise to the level of an emergency or critical need.
- To develop or expand a program/service that will enhance the quality of life for vulnerable populations.

Commented [MV1]: Agencies would be able to receive funding every two years instead of every three years as stated in the current policy

Commented [MV2]: A ranked system would be used to prioritize funding requests by level of need with top consideration given to Emergency Needs, then Critical needs and lastly Emerging Needs. It is recommended that 20% of the total funding be earmarked for Emergency Needs

Commented [MV3]: In the current policy, Critical and Emerging Needs are combined together in the same category with the same application criteria. Proposed new language and a separate funding category is being proposed to allow applicants who do not meet the requirements of the currently combined Critical/Emerging Needs category to apply for funding.

** Community Services Department Director has final discretion as to funding earmarks.

Generally, Emerging Needs Grants are not awarded for:

- Sectarian or religious purposes
- Political purposes
- Paying expenses that should have been anticipated
- Fundraising and marketing expenses
- Training expenses unless directly tied to emergency or critical need
- Operating deficit or retroactive support (no more than one month after incurring expenses.)

Application Process

Emergency Needs:

An agency may initiate a request for Emergency Needs funding at any time by emailing the Manager of Human Services and providing a short, one paragraph explanation of the need. If the need potentially meets the criteria of the Emerging Needs Fund, the agency will be invited to submit an application. **Do not submit an application unless your agency has been invited to do so.** If you are invited to submit an application, please submit application information requested below.

Critical Needs & Emerging Needs:

Applications for and Critical Needs and Emerging Needs may be submitted on a quarterly basis on the following dates. The dates for 2019/20 are:

- September 6, 2019
- December 6, 2019
- March 6, 2020
- June 5, 2020

Please submit application information requested below.

Application:

An application consists of a written responses addressing the numbered items listed below and should be **no more than three pages in length TOTAL**. Please respond in question/answer format for each question. Up to four pages of supporting documentation may be attached to the application. Please include the following:

1. Brief history and mission of the organization.
2. Indicate whether you are requesting funding in order to address an emergency, critical or emerging need.
3. Explain how your application meets the fund's criteria.
4. The cause of the unanticipated or non-budgeted costs for which there are no other resources.
5. Why these needs have risen to the level of an urgent response.
6. How many Palo Alto clients are affected and how?
7. What needs to be done to address the need? Describe any services/programs you plan to offer?

8. How will you address these needs in the future?
9. Why these specific funds will only be needed once?
10. The past sources of the agency's resources and other options to cover the funding need and any other funders sought or already committed to addressing this need. Include in-kind and voluntary contributions and collaborative assistance as well as financial support.
11. A budget narrative including a simple itemized expense and income budget for addressing the request. Please indicate the time period covered. Be sure to show how City of Palo Alto funds will be used.
12. Supporting documentation for all requested reimbursements (i.e. repair bill, new piece of equipment) must accompany the request.

Application Submittal

Applications may be submitted in any of the following ways:

Email: mary.constantino@cityofpaloalto.org

Fax: 650-856-8756

Mail: Cubberley Community Center
4000 Middlefield Rd. #T2
Palo Alto, CA 94303

In person: a map of Cubberley Community Center has been provided with this application

Review & Selection Process

When reviewing Emerging Needs Grant applications we look for:

- Organizations that have the capacity to respond to the emergency, critical and/or emerging need and present a reasonable plan to address the need along with a sound financial plan
- Organizations and programs that meet a documented need of Palo Alto residents
- Organizations whose requests are in closest alignment with purpose of fund

Applications are reviewed by City staff and representatives from the Human Relations Commission. Staff in the Office of Human Services will oversee the grant process but will not sit on the Selection Committee. The selection process may include follow-up questions, clarification of material submitted, requests for additional information, and/or an interview process or as deemed appropriate by the Selection Committee.

The final decision is made by the City Manager or his designee.

Grant award & Reporting Requirements

All applicants will generally be informed via email regarding the status of their funding request within two weeks of submission. All successful requests will be funded within two weeks after receiving an "invoice" by the organization.

Reporting requirements involve the submission of a simple report that describes the following:

1. How the funds were spent.
2. How the Palo Alto clients of the affected program/service were impacted as a result of the grant.

3. Progress on plans to address this need on an ongoing basis (if applicable.) The report will be due one month after the funds have been expended or three months after the Emerging Needs grant is awarded, whichever is earlier.

Additional Information

If you have any questions about the application or the application process, please contact Minka van der Zwaag, Human Services Manager at 650-463-4953 or minka.vanderzwaag@cityofpalalto.org

Updated – June 25, 2019