

# DONATIONS AND SPONSORSHIP POLICY

## BACKGROUND

*Donations* are offered to the City of Hollywood (“City”) for general or specific purposes. Uniform criteria and procedures guide the review, acceptance, placement, and long-term maintenance of such *donations*, confirm that the City has relevant and adequate resources to administer *donations*, and ensure that the City appropriately acknowledges the generosity of the *donor*.

## PURPOSE

To provide guidelines for accepting *gifts* and *donations* in a responsible, transparent, and accountable manner that are consistent with the City’s Strategic Plan and in accordance with local codes and state statutes. Guidelines will offer sustainable management of site-appropriate facilities and amenities, so as not to detract from the visual aesthetics of the surrounding natural environment or place an undue burden on the City.

## SPECIFIC OBJECTIVES

1. To establish and guide relationships with *donors* who share the City’s commitment to providing a high-quality civic environment.
2. To enrich the City by responsibly and efficiently managing *donations*.
3. To generate revenue to fund new and existing facilities, projects, programs, and activities for the benefit of the City and its residents.
4. To work with private individuals, sponsors, businesses, and non-profit organizations whose missions support the City’s Strategic Plan.

## DEFINITIONS

For purposes of this Policy, defined terms appear in *italics*:

*Amenity* means an improvement located on City property that is less than the entire portion of a City property, such as a wall at a park, a plaza in front of a City building, a trail located along City property, an interior room or rooms in a building. A fully enclosed structure such as a City building with walls and roof (examples being a community center, stand-alone gym, warehouse, or stand-alone building housing a restroom) is more substantial than an *Amenity*, and City Commission approval is required before granting *naming rights*. An *Amenity* may include any of the following if located on City property: plazas that constitute only a portion of a larger parcel of City property, gazebos, archways, paths, athletic facilities that are not fully enclosed structures, playing fields, portions of aquatic facilities that are not enclosed structures or City buildings, picnic areas, tot lots, play structures, benches, trees, memorials, hard courts, and similar structures or elements.

*City Manager* means the chief executive officer of the City of Hollywood.

*Donation or Gift* means a monetary (cash) contribution, amenities, endowments, personal property, real property, financial securities, equipment, in-kind goods or services, or any other asset that the City has accepted and for which the *donor* has not received any property, goods or services in return. For purposes of this

Policy, the terms “*donation*” and “*gift*” shall be synonymous.

*Donor* means a person or other legal entity that proposes or provides a *donation* to the City.

*Fundraising* means any activity conducted with the intent of soliciting *donations*, *sponsorships*, or other financial contributions to the City or to a particular Department or activity of the City. Fundraising activities may include but are not limited to City grant proposals, City responses to solicitations issued by other agencies, foundations or funding agencies, endowment programs, adoption or pledge drives, and contacting individuals, companies, foundations, or other entities with the primary purpose of receiving financial or in-kind support for the City.

*In-Kind Contribution* means a contribution of an item, object, or service other than cash or real property, which would serve a useful purpose in the provision of City services which may or may not constitute a *sponsorship*.

*Naming Rights* means a type of sponsorship in which a third party purchases the exclusive right to place its name on a City-owned, leased or controlled real property or facility, either for a definite or indefinite period.

*Restricted Donation* means donations designated at the *donor's* request for a specific location or purpose.

*Sponsorship* means provision by a person or entity of financial support for an activity, City program, or City facility that requires the City to provide more than nominal recognition of financial support or *in-kind contribution*, which distinguishes a *sponsorship* from a *donation*. Financial assistance provided by a *Sponsor* may consist of cash, *in-kind contributions*, or some combination of both.

*Unrestricted Donation* means a donation to the City without any limitations being placed upon its use.

#### **GENERAL PRINCIPLES:**

1. *Donations* become the property of the City upon formal acceptance.
2. The *City Manager* is authorized to accept *donations* on behalf of the City, except that if the *donation* is real property or an interest in real property, the City Commission must approve and accept the *donation*. The *City Manager* is authorized to approve *sponsorships*, *donations* and/or *fundraising* programs and to issue requests for proposals to engage in similar *donation* or *sponsorship* solicitation activity.
3. The City has no obligation to accept any *donation* or *sponsorship* proposed by a *donor*. *Donations* that are not accepted by the City will be returned to the *donor*.
4. The City will comply with all applicable laws and regulations of the Internal Revenue Service regarding the acceptance of *donations*. The City does not provide legal, accounting, tax or other such advice to *donors*. Each *donor* is ultimately responsible for ensuring the *donor's* proposed *donation* meets and furthers the *donor's* charitable, financial, and estate planning goals. As such,

each *donor* is encouraged to meet with a professional advisor before making any *donation* to the City. The City cannot guarantee the tax deductibility of a *donation*, but may provide the *donor* with a letter of acknowledgment and a statement of the City's intended use.

5. The City must determine whether an expenditure of City funds, either a direct outlay of City funds or the use of City forces and materials, is associated with or required by acceptance of the *donation* prior to acceptance.
6. The *donation* must be used for official City business and not for political activities or other personal business.
7. The City encourages the acceptance of *donations* or *sponsorships* if the *donation* or *sponsorship* provides a significant enhancement to the City, enhances or reduces costs the City would incur in the absence of its acceptance, or if it otherwise benefits the City in a manner that provides a net savings to the City.

## **TYPES OF DONATIONS**

*Donations* may be received in the form of cash, financial securities, or real or personal property. *Donations* may be *Restricted* or *Unrestricted*. *Unrestricted donations* are preferable to *restricted donations*.

### **1. Donations of Trust and Perpetuity Funds**

*Donations* of trust and perpetuity funds shall be administered by the City when placed under its custody pursuant to all applicable laws. The *City Manager* shall have authorization to accept, appropriate, refund or expend a *donation* accepted by the City.

### **2. Donations of Publicly Traded Equity and Debt Securities**

*Donations* of publicly traded equity and debt securities, at the direction of the *City Manager*, will be evaluated by the City's Treasury Division prior to sale and render a recommendation as to whether to hold the security for a certain period or until term. If deemed advantageous at time of review, the security will be sold immediately. The sales proceeds are then transferred from the City's brokerage account to its depository bank account. Cash *donations* are available for budgeting and appropriation consistent with the City's budgeting process. The *City Manager* shall have authorization to accept, appropriate, refund or expend a *donation* accepted by the City.

### **3. Donations of Real Property**

- a. The *City Manager* shall evaluate the *donation* to determine that the *donation* is in the City's best interest and acceptance is consistent with applicable City laws, policies, ordinances, and resolutions.
- b. The *City Manager* will identify:
  - (1) The appraised value of the *donation*, and when applicable, may have an appraisal made by a licensed appraiser, and may have a title search conducted.
  - (2) Any expenditures or maintenance obligations associated with the *donation*.
  - (3) Potential liabilities associated with the *donation*, such as hazardous conditions or environmental concerns.

- (4) Whether the *donation* has any special restrictions, if those restrictions are acceptable to the City, and any recommendations for conditions of acceptance.
- (5) Whether there are any restrictions, conditions or reversionary interests accompanying the *donation*. Typically, the City will not accept a *donation* of real property with such conditions.
- c. The *City Manager* is responsible for administration of the *donation* of real property and in accordance with “General Principles, #2”, shall bring the donation of real property to the City Commission for consideration.

#### 4. **Donations of Cash, Intangible Property and Goods**

- a. The *City Manager* shall evaluate whether the *donation*:
  - (1) Is in the City’s best interest and is consistent with applicable City laws, policies, ordinances, and resolutions.
  - (2) Has any special restrictions and if restrictions are acceptable to the City.
  - (3) Obligates the City to make an immediate or initial City expenditure that has not been included in the approved City budget or Capital Improvement Program.
  - (4) Creates a new, one-time or an on-going general maintenance obligation.
- b. The *City Manager* shall have authorization to accept, appropriate, expend or refund a *donation* accepted by the City. The *City Manager* shall seek formal authorization from the City Commission to accept, appropriate, expend or refund a *donation* accepted by the City if the action exceeds the *City Manager’s* expenditure authority.
- c. The *City Manager* shall give notice of the City Commission’s decision to the *donor* following the City Commission’s determination to accept or reject a *donation*.

#### 5. **Donations and Sponsorship Uses**

- a. *Donations* or *sponsorships* may be used for public purposes, including without limitation the following:
  - (1) Property - Real and Personal
  - (2) Facilities (Initial build, renovation or expansion)
  - (3) Site *Amenities* – Shall include the *naming rights* of City facilities and seats within such facilities, called *sponsorships*.
  - (4) Programs – Examples include theatrical, cultural or musical performances, instructional classes, after school programs, camps, aquatics, athletics, fitness, boating, educational, interpretive or environmental education programs, memorial programs, or any other similar public park, cultural and recreational program.
- b. *Naming rights sponsorships* will not result in any loss of City jurisdiction or authority.
- c. The City shall have sole discretion on the number, type and sizes of signage or advertising placed on City property in association with the granting of a *naming right*. Full graphic designs must be submitted to and approved by the City prior to the installation of any advertising.
- d. The term of any *Naming Rights Agreement* shall be not less than five years and no more than ten (10) years. Upon expiration of the term, the *sponsor*

shall have the first right of refusal to enter into a new agreement and retain the *naming rights* of the City property under terms agreed to by both the City and the *sponsor*.

- e. The purchaser of a *Naming Rights sponsorship* must pay all costs associated with the production and maintenance of any signage placed on City property. The *naming rights sponsor* is also responsible for the costs of installing any electrical connections necessary to illuminate its approved signage. The City may require separate metering and payment by the *naming rights sponsor* to recover electric costs resulting from installed signage.
- f. Upon termination or expiration of a *naming rights* agreement, the *sponsor* may reach an agreement to leave its signage infrastructure in place, at which time the infrastructure becomes City property.

## 6. Accounting

Through direction of the *City Manager*, the City's Financial Services Department is responsible for providing for the deposit and financial administration of any *donation* to the City. The Financial Services Department will track the proposed use of any such *donation* and will maintain separate records of accounts showing receipts and disbursements. The *City Manager* may establish further rules and regulations for the accounting and administration of *donations* and *sponsorships*.

## 7. Limitations of Donations

- a. A *donation* to the City does not obligate the City to seek permission from a *donor* to amend, alter, modify, or change the appearance, continuance, discontinuance or operation of projects, programs, properties, facilities or operations.
- b. A *donation* to the City will not obligate the City to honor a perpetual or life-time *naming right* or similar consideration to a *donor*. The City does not guarantee permanency of any *donation*, *sponsorship*, *amenity*, *gift* or memorial.
- c. A *donation* to the City occurs with the understanding that items or facilities have a useful life. Once a *donation* or *amenity* is accepted, it becomes City property and the City may decide to maintain, replace or dispose of the item unless the *donation* is explicitly accepted by the City subject to mutually acceptable restrictions.

## 8. Donor Recognition

- a. The *City Manager* will recognize *donations* by a letter of appreciation to a *donor* confirming the date, amount and purpose of the *donation*.
- b. Consideration for a *naming rights* opportunity will follow the *Naming Policy* set by the City.

## STANDARDS FOR NEW DONATIONS

### 1. Purchase and Installation

The City will be responsible for the purchase and installation of all elements or *amenities* acquired through *donations* and *sponsorships*.

## 2. **Appearance and Aesthetics**

The City has an interest in ensuring the best appearance and aesthetic quality of public properties and facilities. The appearance should reflect the unique character of the City. The design and installation of any element will be completed in such a manner that will not substantially change the character of a property or facility, or its intended use.

## 3. **Maintenance**

Upon acceptance of a *donation* or *sponsorship*, the donated element becomes City property. Accordingly, the City will maintain the element until removal, relocation or elimination is desired or necessary.

## 4. **Repair**

The City has an interest in ensuring that all *donated* elements remain in good repair. In addition, the public has an interest in ensuring that the short- and long-term repair costs are reasonable. *Donated* elements must be of high quality to ensure a long life and be resistant to the elements, wear and tear, and acts of vandalism.

## 5. **Cost**

The City has an interest in ensuring that on-going maintenance costs do not negatively impact the resources available for maintenance of other City facilities. The City may assess, at the time of *donation*, a charge sufficient to cover anticipated ongoing maintenance of *donated* elements during an expected life expectancy.

## **RETURN OF DONATIONS**

1. The City is not required to return *donations*. If the terms of a *donation* specifically include a provision for return of a *donation* upon specified terms, the City may but is not required to return the *donation* or a portion of it.
2. The City may offer to return a *donation*, and if accepted, will return it.
3. In any event, *donors* should consult with their own tax advisors as to the taxability of *donations* in general and those made and subject to return specifically.

## **DISCLAIMERS**

1. Different forms of contributions to the City present different opportunities and challenges. Therefore, it is not possible to establish blanket guidelines to cover all types of *donation* or *sponsorship* activity that the City may decide to pursue.
2. The making of a *donation* or *sponsorship* to the City will not provide any extra consideration to the *donating* or *sponsoring* party in relation to any City procurement, any regulatory activities of the City, or other City business. No City employee or other City official is authorized to offer any such extra consideration to a *donating* party.
3. The City will maintain ethics in Fundraising activities. All *donations* or *sponsorships* must directly enhance the City's ability to provide goods or

services to the public or for another valid public purpose and may not be used for personal financial gain of any City employee.