

AGENDA  
ITEM

**15**



# **CITY COUNCIL**

## **AGENDA STAFF REPORT**

**DATE:** September 3<sup>rd</sup>, 2025  
**TO:** Mayor and City Council  
**APPROVED BY:** Benjamin Martinez, City Manager *Bm*  
**REVIEWED BY:** Karla Chaparro, Finance Director *KC*  
**PREPARED BY:** Benjamin Martinez, City Manager  
**SUBJECT:** Approval and Adoption of City Council Charitable Donation Policy

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**Recommendation:**

It is recommended that the City Council adopt and approve the City Council Charitable Donation Policy, which establishes guidelines and procedures for the allocation of annual charitable donation funds by individual Councilmembers to eligible non-profit organizations and school-affiliated clubs or organizations serving the residents of the City of Calexico ("City").

**Background:**

Staff was directed to prepare a formal policy that would authorize each City Councilmember to direct a set annual allocation of City funds to qualifying charitable organizations or non-profits and school-affiliated clubs or organizations that are located within the City or provide direct benefits to City residents. The purpose of the proposed policy is to create a structured and transparent process for making such donations, while ensuring compliance with Article XVI, Section 6 of the California Constitution, which prohibits the gift of public funds unless a clear public purpose is served.

**Discussion and Analysis:**

The proposed City Council Charitable Donation Policy outlines the process for City Councilmember directed donations in a way that balances flexibility and discretion of the City Councilmembers, with the need for fiscal oversight and legal compliance. Under the proposed policy, \$500 from the City's General Fund will be allocated to each City Councilmember, through the City Council's budget, for donation to one or more qualifying organizations. Eligible recipients must be either recognized non-profits in good standing or school-affiliated clubs and organizations that are formally recognized by their school or educational institution, and must be located in the City of Calexico or provide direct programs, services, or benefits to City residents.

Before any donation is approved, the City Council will be required to make findings that the donation serves a public purpose and provides a tangible benefit to the community and City residents. The policy incorporates certain transparency and accountability provisions, including public disclosure or all proposed and approved donations in City Council agendas and minutes.

To further protect public funds, the policy requires that City staff conduct due diligence before a donation is recommended for approval. This review will verify the organization's legal standing, financial stability, and operational capacity to fulfill the intended purpose of the donation. Once a donation is approved, the City will enter into a written Donation Agreement with the recipient that specifies the permitted use of the funds, establishes performance expectations, and includes certain reporting and auditing requirements. The agreement may also require periodic and final reports from the recipient organization to confirm that the funds have been used in accordance with the stated public purpose.

The adoption of this policy will ensure that City Councilmember directed charitable donations are made in a structured and transparent manner and that the donations fully comply with State law, while advancing the City's commitment to supporting community programs and services.

**Conclusion:**

Staff recommends approving and adopting the City Council Charitable Donation Policy. Adoption of the policy will provide a clear and transparent framework for allocating public funds to eligible charitable organizations and school-affiliated clubs or organizations that serve City residents. The policy will ensure transparency, legal compliance, and effective use of City and taxpayer resources while supporting important community programs.

**Fiscal Impact:**

Adoption of the policy will require an annual allocation of \$2,500 from the City's General Fund to the City Council's budget, to be distributed in equal portions to each Councilmember.

**Coordinated With:**

City Attorney's Office

**Attachments:**

1. City Council Charitable Donation Policy

ATTACHMENT 1

## CITY OF CALEXICO

### CITY COUNCIL CHARITABLE DONATION POLICY

#### A. PURPOSE AND POLICY STATEMENT

The purpose of this Policy is to establish a process by which members of the City Council of the City of Calexico (the "City") may direct donations of public funds to qualifying charitable organizations or non-profit corporations that serve City residents. This Policy is intended to promote and support programs, services, and activities that benefit the community, thereby serving a public purpose consistent with Article XVI, Section 6 of the California Constitution and other applicable laws.

The City Council finds that the donation of public funds under this Policy confers a direct and substantial public benefit to the residents of the City of Calexico, by supporting programs and services that address community needs, enhance quality of life, promote public welfare, and advance the general interests of the City.

#### B. ANNUAL ALLOCATION OF FUNDS

Each City Council member shall be allocated \$500.00 per fiscal year from the City's General Fund to donate to an eligible organization, as defined herein. This allocation shall be budgeted annually and administered by the Finance Director or his or her designee.

#### C. ELIGIBILITY REQUIREMENTS

1. Qualifications. An organization is eligible to receive funds pursuant to this Policy if it meets all of the following criteria:

(i) It is a non-profit entity recognized under Section 501 (c)(3) of the Internal Revenue Code, or other similar charitable classification recognized by State or Federal law; or it is a school, school club, or school-affiliated organization (including, but not limited to, student clubs, athletic teams, music programs, and academic enrichment programs such as AVID) that provides direct programs, services, or other benefits to City residents.

(ii) It is physically located within the City of Calexico or provides direct programs, services, or other benefits to City residents.

(iii) It is in good standing with the California Secretary of State or the California Attorney General's Registry of Charitable Trusts, or, in the case of a school-affiliated club or organization, is formally recognized by the school or educational institution with which it is affiliated.

2. Exclusions. Donations shall not be made to:

(i) Individuals.

(ii) For-profit entities.

(iii) Political campaigns, candidates, or committees.

(iv) Religious organizations where the funds will be used for sectarian purposes.

#### **D. TRANSPARENCY, ACCOUNTABILITY, AND DUE DILIGENCE**

1. Public Disclosure. All proposed donations under this Policy shall be disclosed in a publically available City Council agenda and staff report prior to City Council consideration. Approved donations shall be recorded in the meeting minutes and posted on the City's website.

2. Documentation. The staff report for each proposed donation shall include:

- (i) The name and description of the recipient organization;
- (ii) The amount of the proposed donation;
- (iii) A statement of the specific public purpose served;
- (iv) A summary of the due diligence findings as described in Section D.3 (Due Diligence Review) below.

3. Due Diligence Review. Prior to recommending a donation for City Council approval, City staff shall conduct a review to ensure that the proposed recipient organization:

- (i) Meets all the eligibility requirements of this Policy;
- (ii) Is a legitimate organization and is legally authorized to operate within the State.
- (iii) Is financially secure, based on its most recent IRS Form 990 or equivalent financial disclosure; or, in the case of a school-affiliated club or organization, is formally recognized and supervised by the school or educational institution with which it is affiliated.
- (iv) Has an established record of operation and success, and the capacity to accomplish its objectives;
- (v) Is not under any State or Federal investigation, suspension, or revocation that would impair its ability to fulfill the intended purpose of the donation.

#### **E. DONATION AGREEMENT AND TERMS**

1. Donation Agreement Required. Following City Council approval, the City shall enter into a written Donation Agreement with the recipient organization outlining the terms and conditions of the donation.

2. Donation Agreement Content. The Donation Agreement shall, at a minimum:

- (i) Specify the donation amount and the public purpose to be achieved;
- (ii) Identify how the funds are to be used;
- (iii) Establish any desired and/or required performance outcomes or milestones;

(iv) Set forth the City's right to monitor, audit, and request documentation on the use of the funds;

(v) Provide the City remedies in the event of non-performance, misapplication of funds, or material breach of the agreement by recipient organization.

3. Execution of Agreement. The Donation Agreement shall be signed by the authorized representative(s) of the recipient organization and the City Manager or his or her designee.

## **F. MONITORING AND REPORTING**

1. Periodic Monitoring. City staff shall, at the discretion and direction of the City Council, periodically monitor the recipient organization's compliance with the Donation Agreement and verify that donated funds are being used for the approved public purpose.

2. Periodic Reporting. At the City Council's discretion and direction, the Donation Agreement may require that the recipient organization submit periodic reports to the City which shall include the following:

(i) The use of the funds;

(ii) Progress towards performance goals and/or outcomes;

(iii) Other supporting documentation such as receipts, financial statements, or program reports.

3. Final Report. Within a specified period after the funds are expended, the recipient organization may be required to submit a final report summarizing the activities funded and demonstrating how the public purpose was achieved.

4. Non-Compliance. If a recipient organization fails to comply with the reporting requirements or is found to have used the funds in a matter inconsistent with the Donation Agreement, the City may take corrective action, which may include a demand for repayment of funds, termination of the Donation Agreement, or disqualification from any future funding opportunities.

## **G. FUNDING PROCESS**

1. Nomination. Each City Council member may nominate one or more eligible organizations to receive their allocated funds.

2. Timing. The City Council will endeavor to present and approve all annual donations at the same City Council meeting each year to allow for consolidated public findings and efficient administration. However, if a Council member is absent or otherwise unable to submit their recommendations at that meeting, the Council may designate a subsequent meeting for that purpose.

3. City Council Approval. Each proposed donation shall be placed on a City Council meeting agenda for consideration.

4. Findings. Before approving any donation, the City Council shall make the following findings:

- (i) That the donation serves a valid public purpose;
- (ii) The donation will result in a direct benefit to the residents of the City of Calexico;
- (iii) The recipient organization meets all the eligibility requirements of this Policy;
- (iv) The donation has undergone and passed the City's due diligence review process; and
- (v) The recipient organization will enter into a Donation Agreement with the City consistent with Section E Above.

#### **H. ADMINISTRATION AND REPORTING**

1. Recordkeeping. The Finance Director or his or her designee shall maintain a public record of all donations made pursuant to this Policy, including the recipient organization's name, amount of the donation, date of City Council approval, the stated public purpose, due diligence verification, and compliance with reporting requirements.

2. Unused Funds. Any portion of a City Council member's annual allocation not recommended and approved by the end of the fiscal year shall remain in the City's General Fund Reserve and not carried over.

3. Audit and Compliance. The City reserves the right to audit the use of the donated funds and to require repayment of any funds not used in accordance with the Donation Agreement or this Policy.

#### **I. POLICY REVIEW AND AMENDMENT**

The City Council may amend or repeal this Policy at any time. This Policy shall be reviewed periodically to ensure compliance with applicable laws and the City's fiscal and community goals and objectives.