CITY OF GUSTAVUS, ALASKA
RESOLUTION CY15-28

A RESOLUTION ESTABLISHING POLICY AND PROCEDURE CLARIFYING AND IMPLEMENTING PORTIONS OF CHAPTER 4.13, GUSTAVUS ENDOWMENT FUND

WHEREAS, in 2004, the City of Gustavus received from the National Park Service $963,000, in compensation for losses to the community of Gustavus due to closure of some fisheries in Glacier Bay National park, and

WHEREAS, the City created an Endowment Fund (Fund) to receive and manage this money in perpetuity for the citizens of Gustavus, and

WHEREAS, the City created Chapter 4.13 in the City Municipal code for the purposes of guiding the process of Fund management, and

WHEREAS, this chapter as written has been found to have certain deficiencies and incompleteness in the process of implementation and review, and

WHEREAS, in 2014 and 2015, the Council conducted a review and of Chapter 4.13, and

WHEREAS, in the process of this review, to supplement and clarify changes to Ordinance, the Council drafted a Policy and Procedure to guide the awarding of grants from earnings of the Fund, and

WHEREAS, formal action is necessary to establish new policy and procedure,

NOW THEREFORE BE IT RESOLVED, that the Gustavus City Council accepts the draft entitled "Policy and Procedure for Awarding Grants from the Endowment Fund Earnings", as presented with this Resolution to be final.

PASSED and **APPROVED** by a duly constituted quorum of the Gustavus City Council this 9th day of November, 2015, and effective upon adoption.

Mike Taylor

Mike Taylor, Mayor

LAEwing

Attest: Lori Ewing, City Clerk

CITY OF GUSTAVUS

POLICIES AND PROCEDURES

Title: Policy and Procedure for Awarding Grants from the Endowment Fund Earnings

POLICY:

It is the policy of the City of Gustavus to maintain the integrity and purchasing power of the Endowment Fund (Fund) equal to, or greater than, its original 2004 purchasing power through application of earnings first toward inflation proofing, and then to disperse extra earnings in the form of grants supporting qualified projects offering broad value to the community.

The City shall, at least annually, determine the inflation-adjusted value of the principal of the Fund, compare that value to the present market value of the Fund as invested, and provide opportunities to disperse available funding for community projects.

While earnings may be granted for projects being completed by City departments or functions, funding priority should be given to qualifying projects being conducted by Gustavus-based groups or individuals offering services that are outside those functions authorized for the City through code ordinance. Further, priority may be given to projects for which the Fund grant is leveraged to match grants from outside agencies. Fund grants shall not be made for operating expenses of the City or other organizations. Grants shall not be made to "for profit" enterprises, although a "non-profit" organization may contract with a "for profit" business for services, such as construction, in support of the Endowment-funded project.

The Mayor is accountable for assuring that steps in this procedure are completed and documented.

PROCEDURE:

The following steps shall be followed by the City Mayor or his/her designee:

1. Inflation-Adjusted Principal Value determination. By July 31st of each year, calculate the inflation-adjusted value as of June 30 of the original principal of the Fund, further adjusted as necessary per additions made over time to the principal, using the following steps applying the Anchorage Consumer Price Index (CPI) as posted in July for the first half of the calendar year by the Alaska Department of Labor at http://www.labor.alaska.gov/research/cpi/cpi.htm:

a) Determine the latest CPI index for Anchorage from the posted table.
b) Determine the multiplier value by dividing the current CPI index by the 2004 index value of 165.6 (Average value for first half of 2004).
c) Multiply the original value of the Fund ($963,000) by the multiplier determined in step b.
d) The result of the calculation in step c is the inflation-adjusted value of the original principal.

Example, calculation of inflation adjusted value as of June 30, 2015:

June 30, 2015 CPI = 217.111
Multiplier value = (217.111)/(165.6) = 1.311
Inflation-Adjusted Principal Value for July 1, 2015 is
($963,000)(1.311) = $1,262,000 (rounded to four significant figures). This process will be duplicated for any additions to the Fund principal, except that the CPI

Index for the year(s) of the addition(s) will be used in the calculation.

2. Present Market Value determination. Determine the present market value of the Fund as reported by the Fund manager for June 30 of the present year.

Example: The present market value of the fund for June 30, 2015 was $1,403,944.

3. Excess earnings determination. Calculate the excess earnings in the Fund, from which distributions may be made, by subtracting the inflation adjusted principal from the present market value of the Fund.

Example: The excess earnings available as of June 30, 2015 were:
$1,403,944 - $1,262,000 = $141,944

4. Available funding for fiscal year. Calculate the funding available as 3% of the average market value of the Fund at June 30 of the last five years.

Example: Three percent of the average annual market value for five years through June 30, 2015 is calculated as:

June 2015:	$1,403,944
June 2014:	$1,391,960
June 2013:	$1,265,225
June 2012:	$1,188,172
June 2011:	$1,161,681
Average:	$1,282,926
3% of Average:	$38,466

5. Grant funding availability determination. The maximum amount available for granting in the present year is 3% of Average Market Value *or* the present year Excess Earnings, whichever is less. If *un-awarded* grant funds from previous years remain available, they shall be added to the amount available in the present year.

Example for 2015. Three percent of the five-year Average Market Value is $38,466. The Excess Earnings amount is $141,944. The lesser of the two is $38,466. No un-awarded grant funds remain from previous years so $38,466 may be made available.

6. Announcement of grant application period. On September 1 of each year, or as early thereafter as possible, post an announcement to the Gustavus public of the availability of Endowment Fund Grants with the total amount available. The announcement shall include criteria for selection, an application procedure, project scoping document, and a deadline of October 31.

7. Transfer of new grant funds from Fund. On October 1, direct the City Treasurer to transfer the year's determined available new grant funding from the Endowment Fund to the Endowment Fund Grant checking account.

8. Grant application closing. On October 31 of each year, close the application period. Provide grant applications to the City Council for their review at the first work session of November. Public input will be solicited in the November public meeting.

9. Grant awards. Schedule Council selection and award of grant funding for the first General Meeting of December. In selecting grantees and determining awards the Council should consider the following criteria:

a) Discrete local project—not for organizational operating expense.
b) Broad community benefits and value.
c) Leverage of matched funds.
d) Addresses community needs outside the authorized functions of the City.
e) Carefully considered and planned project with high probability of success.
f) Apparent ability of organization to manage project.
g) Financial track record and stability of a person or organization.
h) Qualifying City department or local Gustavus group.

If the City does not receive any qualifying applications, or if the Council declines to grant to any of the year's applicants, the annual grant funds shall remain in the Fund grant checking account as available for future years. If grant awards do not total to the full amount available for that year, the un-awarded amounts shall be kept in the Fund grant checking account for availability in future years.

10. Award notices. Issue notice to grantees (if any) within one week after the first General Meeting in December, regarding selection with directions for receiving payments, reporting requirements, and a three-year deadline for the grant to be completed. Issue letters also to unsuccessful grant applicants notifying them of award decisions, and thanking them for their applications.

11. Payments. Payments to awardees will be made by transfer from the Endowment Fund checking account to the grantee for described, completed and invoiced work. Payments shall be made within one week of receipt of a properly completed invoice. Payments may be made in advance in special circumstances.

12. Annual and final reports. The grantee shall complete and submit a progress report at least annually by December 31 of each year, and a final report with the final payment request. The last 10% of the grant shall not be paid until a final report has been accepted.

13. Unused granted funds. Any unused funds from a closed grant shall be retained in the Fund grant checking account, and re-designated as available for future awards.

Mike Taylor 11/10/15

Signed Mayor of the City of Gustavus Date

Endowment Fund Grant Application Form

I. Project Title:

II. Organization:

Name of Organization:

Type of Organization:

Tax ID:

Address:

Phone:

Web page:

III. Principal Contact

Name:

Address:

Phone:

Email:

IV. Project Description

1. Synopsis (one paragraph)
2. Complete and attach a City of Gustavus Project Scoping Document (available from City Clerk)
3. Total estimated cost of project:
4. Amount requested from Endowment Fund Grant:
5. Matching funds available

Source	Amount
1.	
2.	
3.	

Signature

_____

Typed name: Date:

(expand to additional pages as needed)