Leveraged Funding Process Recommendation

Agenda

Background
Definition of Leveraged Support
Recommended Process
- Eligibility Criteria
- Categorization
- Application Process and Information
- Award Criteria and Recommendations to Council

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Background

The City of Cincinnati provides financial support to specific programs or for the general operations of organizations that perform a service benefiting Cincinnati residents.

- Organizations are expected to leverage funding from the City with additional financial resources – either raised from other governmental or private entities or as earned revenue from providing a service.

- Approved FY 2023 Budget Update includes $17.5 million in leveraged support funding in the following categories:
    - Neighborhood Support
    - Economic Development
    - Human Services and Violence Prevention

- No existing written criteria for what is considered "leveraged support".

Recommended Definition of "Leveraged Support"
Financial support from the City of Cincinnati to an external organization (i) as general operating support to fund their work in the City or (ii) as funding for a specific program aimed at addressing a public need in the City.

Does not include City funding of third parties to perform elements of City Operations—managing city-owned assets or programs.

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List of Programs or Services Considered City Operations = Not "Leveraged Support"

City Operations Programmatic Support and Recipients	Approved FY 2023 Budget Update
City Administered Programs	
Community Urban Agriculture	$20,000
Green Cincinnati Fund	$100,000
Needle Exchange Program	$150,000
Neighborhood Business Districts	$120,000
Neighborhood Community Councils	$425,000
Summer Youth Jobs Initiative	$1,250,000
Total City Administered Programs	**$2,065,000**
Contracts for City Assets & Programs	
3CDC (For Fountain Square)	$200,000
3CDC (Operating Support for Washington Park and Ziegler Park)	$375,000
Boots on the Ground Fund Pilot Program[1]	$150,000
City Human Services Fund (administered by United Way)	$7,976,930
Findlay Market Operating Budget Support[2]	$366,610
The Port (formerly Greater Cincinnati Redevelopment Authority/Port Authority of Greater Cincinnati)	$700,000
Women Helping Women Domestic Violence Enhanced Response Team (WHW DVERT)	$250,000
Total Contracts for City Assets & Programs	**$10,018,540**
Grand Total City Operations Programmatic Support and Recipients	**$12,083,540**

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Recommended Process:

1. Establish baseline eligibility criteria.
2. Re-categorize types of support to allow for more standardization, comparison, and tracking.
3. Create a simple application process to collect critical data.
4. Establish evaluation criteria and incorporate collected information into City Manager's Recommended Budget.

Eligibility Criteria

The City Administration recommends establishing minimum eligibility criteria and request parameters as follows:

- **The applicant must be an existing organization** that has at minimum three years of audited financial statements or federal tax returns and must not be debarred from contracting or subcontracting with the City.
    - Start-up organizations are not eligible to apply and should instead apply under the City's Boots on the Ground program.
    - Applications requesting funding for new programs of existing organizations are acceptable.
- **Applicants should not request more than $500,000 or less than $50,000.**
    - Only in extraordinary circumstances will an award be granted in excess of $500,000.
- **Applicants must be offering a service that directly benefits City residents** under one of the categories identified by the Administration.

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Categorization

Each new category is designed to show priorities within the community and how the City is addressing these needs.

1. **Arts**: Organizations that support artistry, creativity, and culture within Cincinnati.
2. **Economic Development and Neighborhood Support**: Organizations that invest in communities or specific neighborhoods within Cincinnati to develop the local economy or increase neighborhood vitality.
3. **Environment**: Organizations dedicated to addressing climate change and improving the local ecosystems in Cincinnati.
4. **Equity and Inclusion**: Organizations focused on combatting institutional discrimination, bolstering diversity, and uplifting all genders, sexual orientations, and races in economic pursuits.
5. **Homelessness and Eviction Prevention**: Organizations aimed at combatting the affordable housing crisis, providing tenant protections, maintaining homeownership and quality rentals, and preventing homelessness.
6. **Human Services and Violence Prevention**: Organizations aimed at improving public health, legal representation, and safety among Cincinnati residents.
7. **Workforce Programming and Poverty Reduction**: Organizations that assist residents in finding and maintaining gainful employment and reducing poverty.

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The following tables organize Approved FY 2023 Budget Update leveraged support recipients by the seven new categories:

External Leveraged Support Category and Recipients	Approved FY 2023 Budget Update
Arts	
Artswave Black and Brown Artists Fund[1,2]	$25,000
ArtWorks (Walnut Hills Creative Campus)[1]	$150,000
Film Commission	$56,250
Total Arts	**$231,250**
Economic Development and Neighborhood Support	
CincyTech	$250,000
Cintrifuse	$250,000
Cintrifuse Hackathon	$20,000
Homebase Cincinnati (formerly CDC Association of Greater Cincinnati)	$143,000
Invest in Neighborhoods	$50,000
Keep Cincinnati Beautiful	$475,000
Neighborhood Games	$10,000
Regional Economic Development Initiative (REDI)	$250,000
Total Economic Development and Neighborhood Support	**$1,448,000**
Environment	
Green Umbrella (formerly Greater Cincinnati Energy Alliance)	$87,000
Total Environment	**$87,000**

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Equity and Inclusion	
African American Chamber of Commerce[2]	$350,000
Chamber of Commerce - Immigration Center Partnership (COMPASS)	$50,000
Hillman Accelerator[2]	$125,000
Immigrant and Refugee Law Center	$50,000
MORTAR[2]	$90,000
The Urban League[1]	$100,000
Total Equity and Inclusion	**$765,000**
Homelessness and Eviction Prevention	
Bethany House	$100,000
Shelterhouse (formerly Strategies to End Homelessness (Winter Shelter))	$305,000
St. Vincent de Paul Society - Eviction Prevention Initiatives	$250,000
Total Homelessness Prevention and Poverty Reduction	**$655,000**
Human Services and Violence Prevention	
Center for Addiction Treatment	$87,500
Center for Closing the Health Gap	$750,000
Childcare Pilot Program	$1,000,000
The University of Cincinnati's Legal Access Program	$50,000
Total Human Services and Violence Prevention	**$1,887,500**
Workforce Programming and Poverty Reduction	
Cincinnati Works	$250,000
GeneroCity 513	$75,000
Total Workforce Programming and Poverty Reduction	**$325,000**
Grand Total External Leveraged Support	**$5,398,750**

[1] Denotes one-time funding

[2] Denotes partial one-time funding. African American Chamber of Commerce, ArtsWave Black and Brown Artists Fund, Hillman Accelerator, and MORTAR are each allocated $25,000 in one-time funding.

Application Process

The Administration recommends a new application process to increase transparency and performance among potential leveraged support partners.

- The application process will take place concurrently with the City's operating budget development process in the spring of each year with funding recommendations included in the City Manager's Recommended Budget.

- Organizations can apply either on an organizational basis or for a specific program.

- Organizations will be asked to select one of the seven leveraged support categories.

Application Process

Leveraged support applications will request the following information:

1. Organization Information (description, address, financial statements or tax return, etc.)
2. Leveraged Support Funding Request
   - Leveraged support funding received in most recent fiscal year
   - Leveraged support funding request for upcoming fiscal year
3. Revenue
   - Breakdown of amount and percentage of each revenue source to total revenue (per program or organization-wide)
   - Total revenue received from the City organization-wide
4. Expenses
   - Total expenses, on a per-program or organization-wide basis, categorized into program and supporting services
   - Itemized budget of expenses for use of City funding

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Application Process

5. Performance Metrics

- <u>Output Metrics</u>: Organizations must choose three output metrics, on either a programmatic or organization-wide basis

- <u>History of Performance</u>: Organizations must provide three years' past performance, based on the three selected output metrics to the extent available

- <u>Projected Performance with City Funds</u>: Organizations must provide annual goals for the requested City funds using the three selected output metrics

Recommended Awards

City Council appropriates all City funding; therefore, all leverage funding awards are subject to City Council approval. However, the Administration will make recommendations of awards to City Council in the City Manager's Recommended Budget. The City Manager will evaluate recommendations based on the following criteria:

1   Leverage

The extent that the City's funds are being leveraged by other public or private sources generated by the applicant. The higher the amount of City funding requested, the higher the expectation will be for leveraging.

2   Impact

The historic and projected impact of the applicant's services, the applicant's demonstrated capacity to timely and effectively deliver the services, and the efficiency in use of funds to maximize funding committed to program delivery.

3   Strategic Goal Alignment

The extent that the applicant's provided services align with the strategic goals of the City Administration and Elected Officials in addressing identified public needs or other gaps in services needed by City residents.

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Next Steps

The Administration intends to take the following next steps:

- An online form-based application is being developed

- Begin discussion about the application process in January 2023

  - Target to open application process: February 2023

  - Target to close application process: End of March 2023

Public engagement begins today and will continue at the next Committee meeting. The Administration will incorporate feedback received from the public and from Council in finalizing the process for FY24.

Questions?