

STAFF REPORTS

CITY COUNCIL
July 23, 2002

To: Mayor and City Council

From: George J. Rodericks, City Manager

SUBJECT: VILLA PARK COMMUNITY SERVICES FOUNDATION

BACKGROUND

At the June 18, 2002 Town Hall Meeting, the City Council directed staff to investigate the formation of a Community Services Foundation designed to service the recreational, cultural, and historical needs of the residents of the City of Villa Park.

The purposes of the Foundation would include providing safe recreational and other community activity opportunities for youth, adults, and seniors; coordinating the planning, preservation, and presentation of leisure, historical, music, and/or arts programs within the City; and coordinating the use and development of community resources to promote and support activities to advance the overall well-being and quality of life of persons in the City.

FINDINGS

The City Council directed the Mayor and Councilman Rich Freschi to work with the City Manager and City Attorney to develop Articles of Incorporation and Bylaws for the Villa Park Community Services Foundation. The Articles and Bylaws are attached.

The Foundation would be a nonprofit public benefit corporation organized with the City Council as the members of the Foundation. An initial 5-member Board of Directors would be nominated by the City Council to direct activities of the Foundation. Also serving on the Board of Directors would be the Mayor and the City Manager bringing the total to seven (7). The City Manager would serve as Secretary of the Foundation. With the exception of the Mayor and City Manager serving one-year terms, appointees to the Board of Directors would serve 2-year alternating terms.

Pursuant to the Bylaws, the City Council retains overall budgetary approval for funds expended by the Foundation. The Board of Directors is authorized to expend the budget pursuant to its overall budget appropriations by the City Council. In addition to all powers designated to the Board of Directors under the Bylaws, the Bylaws set the following duties and powers as exclusive to the City Council:

- Dissolution of the Foundation'
- Amending, repeal, or adopting articles of incorporation and bylaws;
- Electing and appointing Directors;
- Electing and appointing the Secretary; and
- Approval of the Budget.

Directors would have a wide range of duties and powers listed under Section 7.3 of the Bylaws. In addition to the powers so described, Directors, with the exception of the Mayor and Secretary, may be removed from the Board at any time, with or without cause, by a majority vote of all Directors on the Board. By virtue of this power resting with the Board of Directors, the City Council retains the power as well.

As a Council-appointed body, the Foundation would be subject to the Brown Act.

FISCAL IMPACT

If the City Council continues to move forward with the Foundation, there will be legal costs involved to record and file the necessary legal documents. At this time, most of these fees can be absorbed under the City's retainer with Rutan & Tucker. However, there will be fees outside of the retainer that will come for the Other Legal Services portion of the City's City Attorney Budget. The 2002/2003 Approved Budget contains \$5,000 in this category. Alternatively, the City Council can allocate startup money to the Foundation so that it can cover these costs.

It is anticipated that the Villa Park Community Services Foundation would take a role in the upcoming Santa and Boat Parades as a nonprofit organization assisting with the hosting of the events. The funds budgeted for these events would need to be directed to the Foundation as seed money to operate the events. No additional expenditure would be required beyond what has already been budgeted.

In addition to legal setup costs, it has been suggested that the City host an inaugural event for the Foundation to introduce the Foundation to the community and to later introduce the Board of Directors. There will be costs associated with hosting the event to include food and promotional materials.

Promotional materials for the Foundation will need to be created to inform the community about the Foundation and solicit membership. Community members, businesses, and corporation can join the Foundation based on a scale of membership categories.

To assist in funding the promotional materials and the inaugural event, the City Council can elect to direct a portion of the contingency toward the Foundation for startup costs or authorize a budget amendment from the City's unrestricted General Fund balance. Staff recommends that the City Council consider a budget amendment in the amount of \$7,500 for startup costs. These will include the above mentioned legal costs, as well as, costs for the inaugural event.

RECOMMENDATION

It is recommended that the City Council review and discuss the Articles of Incorporation and Bylaws of the Villa Park Community Services Foundation and if appropriate, direct the City Attorney to prepare the Articles of Incorporation and Bylaws for adoption.