




CITY OF MILPITAS

Revision	Date
Original	11/01/2003
1	10/18/2021

CITY ADMINISTRATIVE POLICY

Policy No: 4.3.1	DONATIONS AND SPONSORSHIPS	Effective Date: 10/18/2021
Revision No: 1	Policy Administrator: Finance	Next Review Due: As Needed
Related Policies and Procedures: SOP 26-2: Grants, Sponsorships, and Donations	Approved by: Steve McHarris, City Manager 	Date Approved: 10/18/2021

1. PURPOSE

- 1.1. This policy provides guidelines to 1) seek and receive sponsorships and donations in accordance with City policies, 2) manage sponsorships and donations, and 3) ensure conditions agreed to by the City and sponsor, and City and donor if applicable, are met.
- 1.2. Council approved Budget Guidelines authorize the City Manager to:
 - 1.2.1. accept donations up to \$100,000 or less, increase department revenues and appropriations accordingly and execute related agreements as long as departments do not require additional funding for ongoing maintenance costs or future replacement costs; and
 - 1.2.2. carry forward unspent appropriations that are authorized and funded by donations from prior fiscal year.
- 1.3. Council approved Budget Guidelines require the Finance Director to report as part of the Quarterly Financial Report the acceptance of any donations under the City Manager's budget authority.

2. POLICY

- 2.1. The City has no obligation to accept donations or enter into sponsorship arrangements, and will evaluate each instance in order to determine whether the offer is in the City's best interest and is compliant with applicable laws and policies.
- 2.2. The City shall acknowledge accepted donations of any value and express gratitude to the donor.
- 2.3. The City shall maintain the public trust and avoid any potential conflicts of interest when considering sponsorship offers and opportunities.
- 2.4. All sponsorship efforts require City Manager pre-approval.
- 2.5. Department Heads may authorize sponsorships when the sponsorship:
 - 2.5.1. is part of a planned program, project or event previously approved by the City Council as part of the annual budget adoption process;



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- 2.5.2. does not include naming rights;
 - 2.5.3. does not obligate the City for future one-time or ongoing expenses unless previously disclosed to the Council during a public meeting;
 - 2.5.4. does not require a sponsorship agreement as determined by the City Manager's Office in consultation with the City Attorney's Office; and
 - 2.5.5. has an estimated value no greater than \$10,000.
- 2.6. The City Manager may authorize sponsorships when the sponsorship:
- 2.6.1. is part of a planned program, project or event previously approved by the City Council;
 - 2.6.2. does not include naming rights;
 - 2.6.3. does not obligate the City for future one-time or ongoing expenses unless previously disclosed to the Council during a public meeting; and
 - 2.6.4. has an estimated value of no greater than \$100,000.
- 2.7. Any sponsorships for naming rights and/or with an estimated value in excess of \$100,000 require Council approval.
- 2.8. Departments shall monitor the appropriate expenditures of a sponsorship or donation in consultation with Finance.

3. DEFINITION(S)

- 3.1. Donations are a contribution of cash or other assets from an external source to the City with or without any restriction from the donor.
- 3.2. Donor is the person or legal entity that proposes or provides a donation to the City.
- 3.3. Sponsorships, monetary or in-kind, is a contribution to the City in exchange for the sponsor receiving a material benefit from the City.
- 3.4. Sponsor is a company, organization or individual who forms a sponsorship with the City or one of the City's departments.
- 3.5. Naming Rights is a form of sponsorship whereby a sponsor purchases the rights to name a building, structure, facility or event, or a portion thereof, typically for a defined period of time.
- 3.6. Sponsorship Agreement is a written agreement between the City and sponsor that specifies the terms and conditions of the sponsorship.

4. PROCEDURE(S)

4.1. Receipt of Sponsorships and Donations

- 4.1.1. All funds should be forwarded to Finance with any required backup documentation. Finance will assist the receiving department with setting up job cost numbers and appropriating the funds.



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- 4.1.2. If Council approval is required, the report that transmits the donation or sponsorship acceptance must clearly identify the following information:
- 4.1.2.1 Who is providing the sponsorship/donation,
 - 4.1.2.2 What matching funds are being requested, if any,
 - 4.1.2.3 Restrictions on the donation, if any, and
 - 4.1.2.4 Whether the sponsorship or donation will require any ongoing commitment for City funds, including maintenance and/or replacement costs.
- 4.2. Acknowledgement of Donation**
- 4.2.1. Donation up to and including \$10,000. Acknowledgement of a donation shall be in writing from the director(s) of the benefitting department(s).
 - 4.2.2. Donation between \$10,000 and up to and including \$100,000. Acknowledgement of a donation shall be in writing from the City Manager and director(s) of the benefitting department(s). The City Manager retains discretionary authority to determine the means of acknowledgement depending on individual circumstances (such as a letter from the Mayor or a Council proclamation).
 - 4.2.3. Donation in excess of \$100,000. Acknowledgement of a donation shall be during the City Council meeting when the Council approves the appropriation action for the donation.
- 4.3. Sponsorships and Sponsorship Agreements**
- 4.3.1. Departments shall seek City Manager approval to pursue sponsorships.
 - 4.3.2. The City Manager in consultation with the City Attorney will determine whether a sponsorship agreement is required.
 - 4.3.3. All sponsorship agreements must be reviewed for content and to form by the City Attorney and signed by the City Manager.
- 4.4. Sponsorship Opportunities**
- 4.4.1. **Naming Rights.** Sponsorships that include naming rights provide the opportunity to display a sponsor's name and/or logo on a City-owned building, structure, facility, or portion thereof.
 - 4.4.2. **Advertising in City Marketing Materials.** Marketing materials related to City classes, programs and events represent opportunities to include a sponsor's name and/or logo can appear in/on banners, scoreboards, printed programs, websites, and other media.
 - 4.4.3. **Other Marketing Materials.** Other marketing materials not listed above such as product placement or provision of equipment can be acceptable sponsorship opportunities.
 - 4.4.4. **Recognition.** Each public event, program, activity, facility, or structure for which a sponsorship relationship is established is unique. Therefore, level of recognition will vary in accordance with each situation.
- 4.5. Sponsorship Considerations, Restrictions and Reserved Rights**
- 4.5.1. Priority should be given to sponsorships that provide the greatest community benefit.
 - 4.5.2. Sponsorships must not result in any loss of City authority of control of its public facilities, events, or programs.
 - 4.5.3. Advertising or sponsor recognition cannot be incorporated on City uniforms unless the clothing is specifically designed for the event, has a specified timeframe, and does not require the use of City funds.



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- 4.5.4. All forms of advertising, including signage, must conform to City Codes and Regulations.
- 4.5.5. Sponsors cannot reproduce or distribute the City's logo or any other City trademark in any manner without express written consent of the City; reproduction or distribution must be limited to the specific event or program under consideration.
- 4.5.6. Sponsorship of a City class, program or event, or naming rights, must not result in any extra consideration to the sponsor in relation to any City procurement, regulatory activities of the City, or other City business.
- 4.5.7. Acceptance of a sponsorship does not imply the endorsement of any individual, entity or product by the City or City officials.
- 4.5.8. The City reserves the right to decline any sponsor or sponsorship proposal that:
 - 4.5.8.1 Does not reflect community values, societal norms, or ethical standards for good governance,
 - 4.5.8.2 Appears to be in direct competition with City services/products,
 - 4.5.8.3 May undermine the public confidence in the City's impartiality or interfere with the efficient delivery of City services or operations, or
 - 4.5.8.4 Could result in a conflict of interest or appearance of a conflict of interest.
- 4.5.9. The City reserves the right to reject any and all sponsors and sponsorship proposals.

4.6. Compliance with Laws and Ethical Standards

- 4.6.1. **Compliance with Laws.** The evaluation of sponsors and sponsorship proposals shall be conducted fairly and impartially, in compliance with all relevant federal, state, and local laws.
- 4.6.2. **Prohibition on Solicitation of Donations by Elected Officials.** With the exception of the solicitation of donations for charitable purposes and third-party political campaigns as enumerated in Municipal Code Section I-310-3.190, elected officials shall refrain from soliciting donations for any purpose.
- 4.6.3. **Conflicts of Interest.** All elected and appointed City officials must comply with and abide by established policies and laws governing avoidance and disclosure of conflicts of interest, prohibition on financial interest in contracts, and impartial decision-making as they may relate to donations and sponsorships, including:
 - 4.6.3.1 [Standard Operating Procedure 16-01, Code of Conduct for Public Officials](#);
 - 4.6.3.2 California Government Code Sections [1090](#) and [87100](#) et. seq; and
 - 4.6.3.3 Public official disclosure requirements associated with [Form 700, Statement of Economic Interests](#).

4.7. Budget Appropriations

- 4.7.1. After City Council's or City Manager's acceptance of a sponsorship or donation that requires a budget appropriation, the receiving department's budget will be increased by the sponsorship or donation amount in accordance with the Budget Guidelines approved annually as part of the adoption of the budget.
- 4.7.2. At fiscal year-end, if a sponsorship or donation is not completely expended, the receiving department shall request in writing an extension with the Director of Finance to re-appropriate unspent funds to the next fiscal year.



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4.8. Tracking Donation and Sponsorship Expenditures

- 4.8.1. Departments should consult with the Finance Department to ensure that appropriate revenue and expense accounts are set up.
- 4.8.2. If a sponsorship or donation requires the City to report the use of donated fund, the receiving department can request a job cost number from Finance to track the revenue and expenditures.
- 4.8.3. The receiving department must record the assigned job cost number on every expense or revenue transaction.
- 4.8.4. Finance will send a monthly job cost report to the receiving department for review.
- 4.8.5. The receiving department must notify Finance of any discrepancy found on the job cost report immediately.

4.9. Reporting Requirements for Donation and Sponsorship

- 4.9.1. Donations and sponsorships received that do not otherwise require Council acceptance/approval shall be reported to the City Council as part of the Quarterly Financial Status Report.
- 4.9.2. Additionally, department staff shall comply with any reporting requirements that are incorporated as part of any approved agreement with a donor or sponsor.

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Donation Check List

Donation funding typically requires attention to detail and scrupulous record keeping. The Finance Department is ready to assist you with financial record keeping and periodical reporting to ensure donation conditions are met. The financial records contain the information necessary for audits. A clean audit allows the City to retain the full donation amount. Please complete this form which identifies common donation conditions.

Donor: _____

Amount: _____

Initiating Department: _____

Donation Reference #: _____

Department Project Manager: _____

City Job Cost #: _____

Donor Information:

Name _____

Address _____

Contact _____

Phone # _____

Fax # _____

E-mail address _____

Donation Acceptance: These three criteria MUST be met

_____ No matching funds are required

_____ No additional funding for ongoing maintenance cost

_____ No additional funding for future replacement costs

_____ Under \$10k (**Department Head** Approval)

_____ Written Acknowledgement by Department Head

_____ Under \$100k (**City Manager** Approval)

_____ Written Acknowledgement by City Manager

Documentation forwarded to Accounting:

_____ Donation Application

Date _____

_____ Donation Award Letter

Date _____

_____ Donation Contract

Date _____

_____ Budget from Donor

Date _____

Donation Status:

_____ Application Accepted

Date _____

_____ Dept Head/CMO Approval

Date _____

_____ Council Approval, if required

Date _____

_____ Budget Appropriation/Budget Change Form

Date _____

Donation Type:

_____ Donation to finance City operations

_____ Donation to fund Capital Improvement Project _____ CIP number

_____ Donation to purchase fixed assets

How to handle proceeds from disposition of fixed assets? _____

_____ Donation other than cash _____

Donation Payment:

_____ Advance Payment

_____ Matching Donation What are the matching requirements? _____

_____ Other: _____

Other:

_____ Restrictions on use of the Donation? _____

_____ Special Reporting on the Donation? _____

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Sponsorship Check List

Sponsorship funding typically requires attention to detail and scrupulous record keeping. The Finance Department is ready to assist you with financial record keeping and periodical reporting to ensure Sponsorship conditions are met. The financial records contain the information necessary for audits. A clean audit allows the City to retain the full Sponsorship amount. Please complete this form which identifies common Sponsorship conditions.

Sponsor: _____

Amount: _____

Initiating Department: _____

Sponsorship Reference #: _____

Department Project Manager: _____

City Job Cost #: _____

Sponsor Information:

Name _____

Address _____

Contact _____

Phone # _____

Fax # _____

E-mail address _____

Sponsorship Acceptance:

Department Head Approval (Under \$10,000) or

City Manager Approval (Up to \$100,000):

_____ Department shall seek City Manager approval to pursue sponsorships

_____ Part of a planned program, project, or event previously approved by Council as part of the annual budget adoption process

_____ Does not include naming rights

_____ No additional funding for additional expenses unless previously disclosed to the Council during a public meeting

_____ City Manager in consultation of City Attorney, if Sponsorship Agreement is required

Sponsorship Type:

_____ Naming Rights

_____ Advertising in City Marketing Materials

_____ Recognition

_____ Other: _____

Council Approval (Over \$100,000):

(Council report must include the following information)

_____ Who is providing the sponsorship?

_____ What matching funds are being requested, if any

_____ Restrictions on the donation, if any

_____ Does the sponsorship require ongoing commitment for City's funds?

Documentation forwarded to Accounting:

_____ Sponsorship Application

_____ Date

_____ Sponsorship Award Letter

_____ Date

_____ Sponsorship Agreement

_____ Date

_____ Budget from Sponsor

_____ Date

Sponsorship Payment:

_____ Advance Payment (Fund Received in advance)

_____ Reimbursement Sponsorship

_____ Frequency to submit reimbursement?

_____ Matching Sponsorship

What are the matching requirements?

Sponsorship Status:

_____ CM approval to pursue Sponsorship

_____ Date

_____ CA and CM approved Sponsorship Agreement

_____ Date

_____ Sponsorship Accepted

_____ Date

_____ Council Approval (above \$100,000.00)

_____ Date

_____ Budget Appropriation/Budget Change Form

_____ Date

Other:

_____ Restrictions on the Sponsorship? _____

_____ Special Reporting on the Sponsorship? _____

City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From*		To*	
Check one:	Account	Amount	Account	Amount
Budget Appropriation				
Budget Transfer				

Check if City Council Approval required

Meeting Date _____

Requested by:	Department Head:	Date:
Reviewed by:	City Manager:	Date:
Date approved by City Council, if required:		Confirmed by: