



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3065

BREENE HARIMOTO
Councilmember District VIII
Chair, Committee on Transportation
Telephone: (808) 768-5008
Email: bharimoto@honolulu.gov

February 26, 2013

RECEIVED
CITY CLERK
C & C OF HONOLULU
2013 FEB 26 PM 3:03

Memorandum

To: All Councilmembers
Fr: Councilmember Breene Harimoto *BH*
Re: Proposed committee draft for Bill 4 (2013), CD1

Please find attached for your information proposed CD2 version of Bill 4 (2013), CD1 for the Budget Committee's consideration on Wednesday, February 27, 2013.

This CD2 version proposes the following changes:

1. Section 6-___.2.

Establishes that the grants monies can only be awarded to charitable non-profit organizations.

"Charitable non-profit organization" means an organization that can establish that it:

- (1) Is exempt (or would be qualified for an exemption) from federal income tax pursuant to Section 501 of the United States Internal Revenue Code; and
- (2) Is organized and operated exclusively for religious, charitable, scientific or educational purposes on a non-profit basis in which no part of the net earnings of the organization inures to the benefit of any private individuals.

2. Section 6-___.4(b) is amended to include the following language:

The council shall consider for funding only those projects for which applications have been submitted to the commission by January 20.

3. Section 6-___.4 (e) is deleted. This subsection requires that all monies for projects to be funded with grants in aid monies shall be distributed by the city to the grantees within 45 days of the beginning of the fiscal year.

4. Section 6-___.5 is amended to establish that:

- (1) The director of budget and fiscal services shall administer the fund. Procedures for the administration of the fund shall be established by the director by rule.

And

- (2) The director of community services shall administer the grants awarded from the grants in aid fund. Procedures for the administration and expenditure of grants awarded from the fund, including procedures for the soliciting and evaluating the grant applications, shall be established by the director by rule.

5. Section 6-___.6 is added to establish that:

The director of community services shall provide the council with an annual report within one month of the end of the fiscal year setting forth for each project funded with grants in aid monies:

- a. The amount budgeted for each project;
- b. The amount encumbered by the city for each project;
- c. The amount expended by the city for each project;
- d. Whether each project is in compliance with the terms of the grant award and, in the event of a project's failure to comply with the terms, the measures the city is taking to either assure the project's compliance or to recover the grant award monies.

6. Amend Section 3 to include the following new language:

However, for calendar year 2013 only, although the January 20th deadline does not apply to applications submitted to the commission, the council may only consider for funding those projects for which applications have been submitted to the commission.



A BILL FOR AN ORDINANCE

RELATING TO THE GRANTS IN AID FUND.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to create a fund to receive and expend monies to be used by the city to award grants in aid to federal income tax exempt non-profit organizations.

SECTION 2. Chapter 6, Revised Ordinances of Honolulu 1990, as amended, is amended by adding a new article to be appropriately designated by the revisor of ordinances and to read as follows:

"Article __. Grants in Aid Fund

Sec. 6-__.1 Creation.

There is hereby created and established a special fund to be known as the "Grants in Aid Fund" (hereinafter "fund").

Sec. 6-__.2 Purpose.

The purpose of the fund is to receive and expend monies to be used by the city to award grants in aid to charitable non-profit organizations that provide services to economically and/or socially disadvantaged populations or provide services for public benefit in the areas of the arts, culture, economic development or the environment pursuant to Section 9-205 of the Revised Charter of Honolulu.

"Charitable non-profit organization" means an organization that can establish that it:

- (1) Is exempt (or would be qualified for an exemption) from federal income tax pursuant to Section 501 of the United States Internal Revenue Code; and
- (2) Is organized and operated exclusively for religious, charitable, scientific or educational purposes on a non-profit basis in which no part of the net earnings of the organization inures to the benefit of any private individuals.



A BILL FOR AN ORDINANCE

Sec. 6-___.3 Deposit.

There shall be deposited into the fund a minimum of one-half of one percent of the estimated general fund revenues, plus any interest earned on deposits in the fund.

Sec. 6-___.4 Additional expenditure requirements.

- (a) There is established a grants in aid advisory commission which shall review applications for grants in aid monies and advise the city on projects to be funded with grant monies from the fund. The recommendations made by the grants in aid advisory commission regarding recommended expenditures from the fund shall be consistent with the priorities established by the council by resolution.
- (b) Applications for projects to be funded with grants in aid monies, including projects submitted by the city administration and by councilmembers to benefit their respective council districts, shall be submitted to the commission by January 20 of each year. The council shall only consider for the funding only those projects for which applications have been submitted to the commission by the January 20th deadline.
- (c) The commission shall annually submit a report setting forth its recommendations to the city council by March 4.
- (d) The council shall select the projects to be funded with grants in aid monies through the annual budget process and the selection of the projects must comply with the requirements set forth in the Charter.
- (e) At any given time, no more than five percent of the monies in the fund shall be used for administrative expenses.
- (f) Any balance remaining in the fund at the end of any fiscal year shall not lapse, but shall remain in the fund, accumulating from year to year. The monies in the fund shall not be used for any purposes except those listed in this article.

Sec. 6-___.5 Administration.

- (a) The director of budget and fiscal services shall administer the fund. Procedures for the administration of the fund shall be established by the director by rule.
- (b) The director of community services shall administer the grants awarded from the grants in aid fund. Procedures for the administration and expenditure of grants



A BILL FOR AN ORDINANCE

awarded from the fund, including procedures for the soliciting and evaluating the grant applications, shall be established by the director by rule.

Sec. 6-___6. Annual report.

The director of community services shall provide the council with an annual report within one month of the end of the fiscal year setting forth for each project funded with grants in aid monies:

- (a) The amount budgeted for each project;
- (b) The amount encumbered by the city for each project;
- (c) The amount expended by the city for each project;
- (d) Whether each project is in compliance with the terms of the grant award and, in the event of a project's failure to comply with the terms, the measures the city is taking to either assure the project's compliance or to recover the grant award monies."



A BILL FOR AN ORDINANCE

SECTION 3. This ordinance shall take effect upon approval, provided that, for calendar year 2013 only, the deadlines set forth in subsections 6-___.4(b) and 6-___.4(c) as provided in section 2 of this ordinance shall not apply. However, for calendar year 2013 only, although the January 20th deadline does not apply to applications submitted to the commission, the council may only consider for funding those projects for which applications have been submitted to the commission.

INTRODUCED BY:

Ernest Martin

Ann Kobayashi

DATE OF INTRODUCTION:

January 24, 2013
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20__.

KIRK CALDWELL, Mayor
City and County of Honolulu