



City of Dripping Springs

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Dripping Springs, Texas 78620

Agenda Item Report from: Laura Mueller – City Attorney

Council Meeting Date:	June 14, 2021
Agenda Item Wording:	Report on Founders Day Donations.
Agenda Item Requestor:	Laura Mueller, City Attorney

Summary/Background:

Founders Day Festival serves as a fundraising opportunity for the contributing non-profit organizations: The Cook-Off Club, Dripping Springs Lions Club, and St. Marin De Porres. The 2021 celebration has been cancelled leaving said organizations without the opportunity to raise money for the fiscal year. These organizations regularly serve the public, and therefore are requesting a \$4000 donation for each organization from the surplus funds from Founders Day.

A City can donate funds to a private entity if the expenditure of city funds services a valid municipal, public purpose. A gratuitous donation or gift by a city is prohibited by the Texas Constitution, art. III, §52, and art. XI, §3, which prohibits a city from donating funds to a private party for private purposes.

If the city decides that this grant of funds directly accomplishes a valid public purpose, the grant can be given to a private entity. The test established by the attorney general opinions is that the donation must go to a legitimate municipal purpose, the city must receive adequate consideration for its donation, and the arrangement must have sufficient controls to guarantee that city money is being used for a municipal public purpose. The general operation of a charitable operation is insufficient to meet this requirement.

The proposed agreement requires that the grantee provide both the public purpose for which the funds will be used and an accounting of how the money is spent.

Action

The Founders Day Commission supported donations to each of these groups. After this vote, the City Attorney requested additional information for the Donation Agreements so that this issue could be taken to City Council. The information related the public purpose of the donation and the contact information for those with authority from each group is needed. Then these donation agreements can be completed and provided to City Council at a future meeting. City Council will also need to look at a budget amendment if these items are approved.

Commission Recommendations:	Founders Day voted to approve the donations.
Actions by Other Jurisdictions/Entities:	N/A
Previous Action:	Founders Day voted to approve the donations.
Recommended P&Z Action:	Staff requests the information to complete the donation agreements so these can be brought to City Council.
Alternatives/Options:	N/A
Attachments:	Staff Report. Donation Agreement.
Related Documents at City Hall:	N/A
Public Notice Process:	N/A
Public Comments:	N/A
Next Step/Schedule:	Once approved, the donation agreements will be completed and the items taken to City Council for action.