



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78602

Submitted By: Maggie Peterson, Events & Programs Coordinator; Laura Mueller, City Attorney

Farmers Market Board March 8th, 2021
Meeting Date:

Agenda Item Wording: Discuss and consider recommending approval to City Council of using funds from Founders Day to donate \$4000 to each of the three contributing organizations within the Commission: The Cook-Off Club, The Dripping Springs Lions Club, and St. Martin de Porres.

Agenda Item Founders Day Commission Members
Requestor:

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.

Staff Recommendation: Approve the donation request

Attachments: Donation agreement, letter of use for the funds

Next Steps/Schedule: Donation agreement to City Council