

# **COMMUNITY and EXTERNAL ORGANIZATIONS FUNDING POLICY**

CITY OF URBANDALE, IOWA

Originally Adopted: October 18, 2011

Updates Adopted: September 2014, August 2016, October 2025

Last Reviewed: 2017, 2018, 2020, 2021, 2025

## **1. OVERVIEW:**

The City Council considers funding requests (November-December) from community and external organizations (“Organization”) when it develops the annual operating budget for the following fiscal year (July 1 through June 30). Any awards made under this policy are applicable for the fiscal year granted only and expires at the close of the fiscal year.

Funding for these agencies can come from Hotel Motel Tax Fund dollars or General Fund dollars, depending on the nature of the Organization and the purpose of the request. This policy addresses the City’s guidelines for each funding source separately, as each has separate criteria. All funding awarded must serve a public purpose, and if unused at the end of the award period will be forfeited and revert back to the governing City fund.

For funding to be considered from either revenue source, the Organization must meet one of the following base criteria:

1. Submit a request using the City’s Funding Request Form, as prescribed by this policy, and include all requested information outlined in the next section, by the deadline indicated on the funding request form, OR
2. Be part of an ongoing 28E intergovernmental agreement with the City’s which obligates a contribution to the Organization; these entities do not need to complete the Funding Request Form.

Any entity that is awarded funds will need to execute a formal 28E agreement with the City to outline the provisions of the grant and document the intended public purpose for use of City funds.

## **2. DOCUMENTATION REQUIREMENTS:**

All applicants must submit the following, along with their Funding Request Form:

1. Balance sheet/statement of cash position as of the most recently ended month.
2. Income statement/statement of cash flow for the most recently completed fiscal year or calendar year, which at minimum, must include one full year of activity. If fiscal year end is more than 6 months prior to deadline, also include income statement to date for current fiscal year.
3. For applicants that have received City funding in a prior year, a full accounting of use of prior funds is required. Detail records relating to use of funds must be retained by the entity to support subsequent applications, and if requested, must be provided to the City.
4. If applicants are submitting a project with a cost-share requirement, the entity must be able to show funding is available at the time of application, or the method to raise required funds is in process such that funds will be available for use during the award period.

Once application documents are submitted, unless additional information is requested by the City for clarification or review, changes cannot be made to the funding request or to the submitted projects.

### 3. HOTEL MOTEL TAX FUND GUIDELINES:

The Hotel-Motel tax is a locally imposed lodging tax that is collected by the State from within the corporate boundaries of the City and remitted to the City on a quarterly basis. Iowa law (423A.4) currently limits a City to a Hotel-Motel tax rate not to exceed 7%. On November 7, 1978, voters in the City of Urbandale approved the initial 5% locally imposed Hotel-Motel Tax, the maximum then allowed by the State. By Ordinance 85-1, passed January 2, 1985, the local lodging rate was amended to 7%, as allowed by the State.

Once received from the State, the City credits a portion of the derived tax revenue to the Hotel-Motel Fund and a portion to the General Fund according to the basic formula outlined below, and specifically defined in Section 5. The basic spending restriction formula is as follows:

- 1) Under State law (Chapter 423A), of the Hotel-Motel tax revenue remitted to the City, at least 50% must be spent for recreation, convention, cultural, or entertainment facilities.  
This includes:
  - A. Acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining related facilities, including parking lots at the facilities; or
  - B. Paying principal and interest on bonded debt for recreation, convention, cultural, or entertainment facilities; or
  - C. Promotion and encouragement of tourism and convention business in the City and surrounding areas.
- 2) Under State law (Chapter 423A), the remaining derived Hotel Motel tax revenue is credited to the General Fund of the City.
  - A. The City may spend the derived Hotel Motel revenue for any of its operations authorized by law within statutory limitations of City revenue derived from ad valorem taxes (property taxes).

State law (Chapter 423A) does not define a “qualified” Organization, however for purposes of the Hotel Motel Fund revenue funding requests, a “qualified” Organization shall be defined as:

- 1) The Organization is designated as an exempt/non-profit entity under the Internal Revenue Code or is an agency of a local government, AND
- 2) The Organization does not qualify for funding through BRAVO Greater Des Moines, OR
- 3) The City has a formal ongoing 28E agreement in place that requires funding.

Further, a “qualified” Organization’s request will be considered for funding from Hotel Motel tax revenue, if the activities or proposed project for the fiscal year meets the intent of State law for use of the Hotel Motel revenue. The basis of the intent is to support items that will bring in additional Hotel Motel taxes through additional lodging in Urbandale or the surrounding area(s). This intent includes:

- 1) The Organization’s operating purpose, or specific item requested for funding benefits recreation, convention, cultural, or entertainment facilities in Urbandale and the Greater

Des Moines area, or results in or promotes tourism or convention activities, either indirectly or directly.

- A. To be considered for funding, the items requested must fall into one or more of the categories below:
  - 1) Capital-related items: for purchase of fixed assets –motorized equipment, furniture, appliances, specialized equipment, etc. with a useful life of more than five years. Funding requests should not exceed 75% of the cost. Quotes with specific pricing should be included with the application.
  - 2) Special events/projects: to support operations or supplies needed to complete a specific non-routine project or to support a specific local event or a metro-wide event that generates lodging in Urbandale or the surrounding area(s).
  - 3) Debt service payments: to cover the debt payments related to permanent infrastructure (i.e.: land, buildings, pavement).
  - 4) Permanent Improvements: for projects at City-owned properties related to existing facilities or permanent fixtures. Funding requests should not exceed 50% of the cost of the project. Quotes with specific pricing and estimated timeline for completion should be included with the application. Routine maintenance is not an eligible project.
- B. If a funding request does not meet the above criteria, then it may be considered under the General Fund for funding, as outlined in the next section.

#### **4. GENERAL FUND GUIDELINES:**

As noted in the prior section, under State law (Chapter 423A), a portion of the City’s Hotel-Motel tax revenue is credited to the General Fund of the City. The City may spend the derived Hotel-Motel revenue for any of its operations authorized by law within statutory limitations of City revenue derived from ad valorem taxes (property taxes).

If the Organization’s request for funding does not meet the recreation, convention, cultural, entertainment or tourism criteria established in the previous section, and therefore does not qualify for use of Hotel-Motel funding, the request may be considered for funding from the General Fund.

Further, a “qualified” Organization’s request will be considered for funding from General Fund revenue, if:

- 1) The Organization’s operating purpose, or specific item requested for funding provides a direct benefit to the Urbandale community through economic development, volunteerism, and/or providing health/human services to the community.
  - A. To be considered for funding, the items requested must fall into one or more of the categories below:
    - 1) Special events/projects: to support operations or supplies needed to complete a specific non-routine project or to support operations or supplies needed to put on a specific event to be held in Urbandale.
    - 2) Economic development: to support operations or promotional activities designed specifically for Urbandale or that directly benefits Urbandale.

- 3) Human services programs: to support operations of a community program whose sole purpose is providing for the basic needs of Urbandale residents (i.e.: food, shelter, clothing, medical needs).
- B. If a funding request does not meet the above criteria, then it will not be considered for further funding.

## 5. FUNDING FORMULAS

The amount of funding available for distribution to qualified Agencies is contingent on the City Council first fulfilling its legal obligations under 28E agreements for use of Hotel-Motel proceeds.

### 1) City Obligated by 28E Agreements:

The City has 28E agreements that obligate the City to contribute Hotel Motel funding before funding other agencies. Those Agencies with an ongoing 28E agreement with the City are not required to complete the City's "Funding Request Form". These 28E agreements were established as a defined share of the 7% Hotel Motel tax. The 28E agreements in existence are:

#### A. **Greater Des Moines Convention and Visitors Bureau (CVB)**

- 1) This is a perpetual agreement that dates to 1985 to award 2/7<sup>ths</sup> of total Hotel Motel receipts. The 2/7<sup>ths</sup> was calculated off the Hotel-Motel total receipts and distributed to CVB as received. In Spring 2025, the agreement was amended to provide 25% of actual collections starting on July 1, 2025.

#### B. **Bravo Greater Des Moines, Inc.**

- 1) The first Bravo agreement was approved in 2005 for 2/7<sup>ths</sup>, net of deductions for other non-Bravo entities that the City has obligations to within Urbandale. In 2011, Bravo became a perpetual agreement similar to the CVB agreement. The 2/7<sup>ths</sup> was calculated off the Hotel-Motel total receipts and distributed to Bravo as received. In Spring 2025, the agreement was amended to provide 25% of actual collections starting on July 1, 2025.

C. The 50% spending requirement for recreation, convention, cultural, or entertainment facilities requirement of the Hotel-Motel tax (Chapter 423A) is met by the combined contributions of the above 28E agreements.

### 2) 55% of the Hotel-Motel to the General Fund:

To provide relief to the recreation-based programs paid out of the General Fund, 55% of the remaining Hotel Motel tax revenue (after CVB is allocated) is transferred to the General Fund.

3) Calculation Example:

The following table illustrates the calculation process based on an estimated \$1,000,000 in Hotel Motel Tax revenue.

Total Hotel-Motel Tax Revenue receipts	\$ 1,000,000
25% share of HM tax revenue to CVB per 28E	(\$ 250,000)
Sub-total for calculating General Fund allocation	\$ 750,000
55% transfer to General Fund	(\$ 412,500)
25% share of HM tax revenue to BRAVO per 28E	(\$ 250,000)
Total to remain in Hotel Motel Fund	\$ 87,500

**6. FUNDING PRIORITIES:**

This policy is designed to outline the qualification process for considering funding requests but acknowledges that the Hotel Motel revenue source is not unlimited, and as such, there will never be enough funding to satisfy all requests received. The City Council will not be able to fully fund all requests and reserves the right to fund some Agencies at a lower or higher amount than requested. Requests that include cost-sharing with other sources will be given priority, and the Council may establish an annual cap on total funding awarded. Past funding by the City Council to an Organization does not guarantee ongoing funding.

To help guide funding decisions, the City Council has developed the following priorities (from highest priority to lowest priority) to evaluate the funding requests received from Organizations:

- 1) 28E legal obligations
- 2) Special events/projects that directly bring in lodging stays to Urbandale
- 3) Economic development programs with direct Urbandale impact
- 4) Human services programs with direct Urbandale impact
- 5) Capital-related projects with direct Urbandale impact
- 6) All other requests

**7. APPEAL PROVISIONS:**

Under exceptional circumstances, if an entity misses the deadline for the submission of their application for funding, they may appeal to the City Manager for consideration of a late application. Any appeals will be forwarded to the City Council for review. Under no circumstances will a late application be considered if it is after the date of the City Council meeting when all applicants are required to give presentations.

## 8. GENERAL PROCESS TIMELINE:

Applicants should carefully consider and plan accordingly to ensure any submitted requests are able to be executed according to the following grant timeline. The City will not consider projects for funding that are already underway or start prior to 28E completion:

- November 1 – Applications are available on the City’s website [www.urbandale.org](http://www.urbandale.org)
- November 30 (adjusted for Thanksgiving Holiday as needed) – applications are due to Finance Director at City Hall by 5pm
- December – Presentation of request to City Council. These meetings occur at 5:30pm on first and third Tuesday of the month. Date subject to adjustment based on processing time.
- January – Council subcommittee will review all applications and generate recommendations for funding
- February – Recommendations for funding are incorporated into the City’s operating budget for consideration
- April 30 – City operating budget approved
- May – 28E documents outlining grant award sent to application contact person. Once executed, entity may proceed with awarded projects, however funding will not be paid out until July 1
- July 1 – awarded funds become eligible for payment
- June 30 – grant period expires, and any unspent grant funds are forfeited