
MEMORANDUM

To: Mayor Hunter and Members of the Assembly
Mark Gorman, Municipal Administrator

From: Jay Sweeney, Chief Financial and Administrative Officer

Date: March 22, 2017

Subject: Tier 2 Rasmuson Grant for Crescent Harbor Playground Renovation

Mayor Hunter and Members of the Assembly,

In conjunction with the accompanying Resolution and memorandum from Ms. Brandon, I wanted to provide some additional background information surrounding this agenda item.

As a surrogate for the various groups involved in the construction of the proposed Community Playground, the Municipality is proposing to apply for a Tier 2 Rasmuson Grant to provide resources for some of the costs of the project. It is important to point out that the Municipality, at this time, is not managing this project in its entirety, nor is it to be considered a comprehensive Municipal project. The involvement of the Municipality will be to administer the grants received in conjunction with the project; however, ultimate oversight of the project in its entirety will rest with 3rd parties until the time that legal ownership of the improvements is transferred to the Municipality. This should not be construed, however, to indicate that the Municipality will have no involvement with other aspects of the project; such involvement will be in accordance with a Memorandum of Agreement which defines responsibilities which will be developed once all grant conditions are understood.

The general concept for the grant for the Tier 2 Rasmuson grant being applied for is that the Municipality will either pass through to, or reimburse a 3rd party from, the proceeds of the grant. The specific relationship between the Municipality and 3rd party, in terms of processes and procedures, will be spelled out in either a sub-grant agreement or a Memorandum of Agreement (MOA), or possibly both.

If a tier 2 Rasmuson Grant is awarded to the City and Borough of Sitka in conjunction with the Community Playground project, the Municipality will be the official and legal grantee. This will require the Municipality to be the entity bearing the responsibility for complying with grant requirements, as set forth in the formal grant agreement. The Municipality may, subsequently, choose to enter into a sub-grant agreement and/or MOA with 3rd party and, in doing so, further bind that entity to compliance with grant requirements, but primary grant compliance will ultimately rest with the Municipality.

I have reviewed a Rasmuson grant agreement for another award (the William Stortz Gallery) and do not find its grant requirements to be onerous, but as the proposed grant has not been approved, we do not have a definitive agreement for the grant being applied for. Hence, there is a possibility that grant requirements may vary from the example I have reviewed.

If the grant being applied for is awarded with some matching requirement, the Municipality will need to expend its own funds first, then apply for reimbursement from the Rasmuson Foundation. On occasion, funds may be expended for which reimbursement is subsequently disallowed; this is a potential risk. In grants wherein a matching component is required and a 3rd party is expending the resources necessary to qualify for the match, reimbursement requests may possibly be disallowed for unallowable or improperly documented match by the 3rd party. It is not possible to tell how stringent the match requirements will be until an actual grant agreement is received.

As this grant is being received from a private source, there should not be any specific review under the Federal/State Single Audit. The accompanying sub-grant agreement and/or MOA, however, should clearly delineate how internal controls and procedures of the Municipality are applicable to the grant.

Once the project is completed, the Municipality will accept ownership of the improvements to Municipal real property and ongoing insurance, maintenance, and organizational responsibility for the improvements will pass to the Municipality.