

**TO:** City Council  
**FROM:** James L. App, City Manager  
**SUBJECT:** City Contribution for Disaster Relief  
**DATE:** March 4, 2008

---

**NEEDS:** For the City Council to consider disposition of an unused donation for Hurricane Katrina disaster relief.

**FACTS:**

1. In 2005 the City Council authorized a \$10,000 grant to aid in disaster relief for the victims of Hurricane Katrina.
2. The Food Bank Coalition of San Luis Obispo County was designated as the trustee of the disaster relief funds.
3. The Food Bank distributed news releases to alert those in need that funds were available for disaster relief/assistance.
4. Food Bank reported no requests to draw from the donated monies.
5. The \$10,000 remains on deposit at the Food Bank.
6. The Food bank has suggested three options for disposition of the funds (see attached letter).
7. Pursuant to the City Council's January 15 request for additional information regarding the suggested disposition options, an email communiqué from Mr. Carl Hansen, Executive Director of SLO Food Bank, is attached.

**ANALYSIS &**

**CONCLUSION:** Historically, the City has not offered grants/donations of this type. However, due to the unprecedented scope of the Katrina disaster, and because the City had received considerable assistance in responding to the earthquake disaster of 2003, the City Council determined to offer assistance.

Inasmuch as the assistance has not been deployed for the intended purpose, the Food Bank suggests three options for use:

- Authorize the Food Bank to use the \$10,000 as seed money for a local Disaster Fund.
- Authorize the Food Bank to use the \$10,000 to purchase food for existing Food Bank programs, specifically to provide hunger relief in Paso Robles.
- Return the money to the City.

The donated monies originate from discretionary sources (General Fund); therefore can be used for any legitimate government purpose or public benefit.

**POLICY**

**REFERENCE:** City Council's 2005 donation for Hurricane Katrina disaster relief.

**FISCAL**

**IMPACT:** Reallocation of \$10,000 committed in 2005 for disaster relief.

**OPTIONS:**

**A. City Council Authorize Reallocation of the \$10,000 to:**

1. Food Bank to establish a local Disaster Fund; or
2. Food Bank for existing food programs for hunger relief in Paso Robles; or
3. City's General Fund.

**B. Amend, Modify or Reject the Option Above.**

Attachments: 9/24/07 Food Bank Letter  
8/11/06 Food Bank Letter  
2/18/08 Food Bank Email

---

**From:** Carl Hansen [mailto:chansen@slofoodbank.org]  
**Sent:** Monday, February 18, 2008 3:24 PM  
**To:** Jim App  
**Subject:** RE: contact from Website

Hi Jim,

Thank you for inviting me to the Council meeting on March 4th in order to elaborate on options #1 and #2 of our proposal back in September of 2007. I hope an email will suffice, but please let me know if you need an official letter.

The first option - the creation of a "Disaster Fund." The local disaster fund at this time consists of the \$10,000 the City gave to the Food bank in 2005, the "Katrina Fund." It is held in a separate Bank Account, as you know. Since the intended need did not develop, the proposal is to expand it to a more general disaster fund that would hopefully grow over time with other contributions and be available in the event of a more local or regional disaster. The funds would help the Food Bank offset the additional costs for food, expenses, and equipment with such an occurrence. We would advertise the fund as something donors could contribute to, seek grants for it, and (funds permitting) try to build it internally through the transfer of reserves as part of our responsibility to be an important part of the response team among non-profits working with public officials. I would like disbursement of the fund to be at the discretion of the Food Bank Board, so as to not have much of a delay in a time of emergency needing to get wider authorization. (Having said all that, while I like the idea of such a fund, I also recognize that building it will be difficult because most donors/foundations want to see their money working rather than held in reserve. Secondly, it's not a lot of money to respond to any disaster that would trigger it. Finally, other monies would probably be released in the form of emergency funds. But it would be something, and it would be fast, and it would not require draining other resources needed on a daily basis.) We are all told that it's only a matter of time, and for the Food Bank to be ready when that time would be good for the community. It would enhance our ability to work as part of our county-wide network of community-based organizations (Voluntary Organizations Active in Disaster - VOAD).

The second option - use the \$10,000 in the operation of existing food programs - recognizes that many of our citizens are in disaster mode on a daily basis. We anticipate that 2008 will be a very difficult year financially for the Food Bank and that the need for our services will increase at the same time. The economy of our county has changed drastically, and more households in Paso Robles are not making ends meet and slipping into food insecurity. Many of our major donors have experienced diminished capacity to support our programs, including individuals, businesses, and the government. To be specific, we serve approximately 200 households in the

Paso/San Miguel/Shandon area twice monthly through the Sr. Brown Bag Program, which is only funded about 20% by Calif. Dept. of Aging money through the Area Agency on Aging. We serve a similar number of people in the same area through the USDA commodities program, which is funded to the extent of about 50%, but funding is declining every year while the need is growing. In addition, of course, we provide free or low-cost food to agencies such as Loaves and Fishes, the Salvation Army, and several church pantries to help those in need in the city. Loaves and Fishes serves 600 families monthly, and the Salvation Army in recent years has served 650 families with food only during the holidays. While I don't have specifics for Paso Robles, 10.4% of the county's population lives at or below the poverty level. I think that Paso Robles would be close to that average percentage. <http://quickfacts.census.gov/qfd/states/06/06001.html> The Food Bank is at the core of Paso Robles' ability to respond to these people's needs on a daily basis. We would use the \$10,000 during the course of this year to meet the growing demand due to an increasing number of people falling into or close to poverty as the overall economy declines. While I don't have up to the minute data, I'm sure you are keenly aware of those realities and can validate or challenge what we are experiencing in terms of increased need here and throughout the county. The \$10,000 would be a great help this year.

Our normal administrative overhead is about 9%. (Many food banks legally calculate overhead as a percentage of value of commodities. Ours would be 2% in that formula, which we will probably adopt this year.)

I do not envision the City being asked for or feeling obligated to contribute further to this fund in the future. However, most cities have some kind of outreach to CBOs as part of their annual recognition of the need and the contribution that these organizations make to the quality of life and economy. Paso Robles has been generous to us over the years, but as far as I know there is no annual grant application process in place.

Please call if you have any further questions. Carl

Carl R. Hansen  
Executive Director  
Food Bank Coalition of San Luis Obispo County  
P.O. Box 2070  
Paso Robles, CA 93446  
Phone: 805-238-4664  
Fax: 805-238-6956  
Cell: 805-235-2851

-----Original Message-----

**From:** Jim App [mailto:JApp@prcity.com]  
**Sent:** Wednesday, January 30, 2008 9:05 AM  
**To:** Carl Hansen  
**Subject:** RE: contact from Website

[In both proposals, how much of the \\$\\$ goes to admin/overhead?](#)

---

**From:** Jim App  
**Sent:** Wednesday, January 30, 2008 9:04 AM  
**To:** 'Carl Hansen'  
**Subject:** RE: contact from Website

Carl –

Re option to use \$10k as seed money for a local disaster relief fund – what is it? Is it already set up? Who else would contribute? What would it provide? How would monies be used/dispensed? Would requests for additional funds be expected in future years?

Re option to use \$10K to relieve hunger – what is the need (data please, especially in Paso Robles)? How many of those in need are currently not served, or not served adequately (please define underserved)? What other sources of income aid in addressing this need in PR? How would the \$10k be disbursed? How many might it help, for how long, and in what manner? Are future requests for additional money likely?

Jim