



## Legislation Text

**File #:** Ord 19-14, **Version:** 3

Amending Chapter 409 of the Saint Paul Legislative Code establishing additional criteria for applicants to the charitable gambling eligible recipients list established under Section 409.235.

### Section 1

WHEREAS, 79% of the students in Saint Paul Public schools are students of color, and 73% of all students qualify for free and reduced lunch; and

WHEREAS, in 2017, Black and Hispanic students graduated from Saint Paul Public Schools at rates 14% lower than white students, and American Indian students graduated at rates 31% lower than white students; and

WHEREAS, Saint Paul shows persistent gaps in outcomes among its white residents and residents of color in unemployment (8.9%), labor force participation (10.35%), income (\$24,560), and home ownership (33%); and

WHEREAS, youth programs benefit academic and social and emotional benefits through access to caring adults and mentors, keeping youth safe, and providing workforce skills; and

WHEREAS, access to youth program activities is negatively impacted by cost, cultural and language barriers, lack of transportation, and availability of activities tailored to the needs of youth from low-income families and communities of color; and

WHEREAS, barriers to access to high quality youth activities leads to unequal access to enrichment opportunities, mentoring, and social and academic benefits which exacerbates existing disparities; and

WHEREAS, the Metropolitan Council has identified census tracts where 40% or more of the residents have family or individual incomes that are less than 185% of the federal poverty threshold (areas of concentrated poverty or "ACP"), and further identifies where in such areas 50% or more of the residents are people of color ("ACP50"); and

WHEREAS, the Saint Paul City Council finds that the Charitable Gambling eligible recipients' list is an opportunity to increase availability of high quality youth programming targeted at reducing **the barriers to at-risk youth in ACP and ACP50 neighborhoods for youth in need**; now, therefore, be it

RESOLVED, that the Council of the City of Saint Paul does **hereby** ordain:

### Section 2

Section 409.235 of the Saint Paul Legislative Code is hereby amended to read as follows:

Sec. 409.235. - Contributions to eligible recipients.

(a) *Advisory board.* The mayor, with the advice and consent of the city council shall appoint a city-wide

Charitable Gambling Eligible Recipient advisory board whose membership shall consist of one (1) youth and one (1) adult representative from each of the city's council districts as well as four (4) at-large members to advise the city council on the eligible recipients of these funds. The advisory board shall by resolution adopt rules and regulations governing criteria for eligible applicants and appropriate uses for the funds, which rules shall, prior to becoming effective, be approved by the city council. These rules shall include all the provisions of this section.

(b a) *Eligible recipients list established.* There is hereby established a A list of recipients eligible for distribution of proceeds contributed by charitable gambling in on-sale liquor establishments as specified in this chapter, and in private clubs and other places as provided in section 402.10 of these chapters. ~~The list of eligible recipients shall will~~ be promulgated annually by resolution by the city council upon the advice and report of ~~the board~~ one employee designated by the Department of Safety and Inspections and one employee designated by the Department of Parks and Recreation. Such list may be amended from time to time by the city council to add or delete recipients. Such list ~~shall will~~ be maintained for public inspection in the office of the city clerk, and shall be mailed quarterly shall be distributed at least annually to all organizations conducting charitable gambling within the City of Saint Paul by the ~~Office of License, Inspections and Environmental Protection~~ Department of Safety and Inspections and posted and regularly updated on the City's website.

(c b) *Applicant qualifications for inclusion on list.* Applicants ~~shall will~~ be required to apply annually and ~~shall must~~ meet the following requirements in order to be included on the list:

(1) Applicants ~~for inclusion on the list~~ must be incorporated, nonprofit organizations formed solely for the purpose of serving Saint Paul youth, or having an incorporated, nonprofit organization, which provides programs for Saint Paul youth, as a fiscal agent. Booster clubs, which provide programs for youth, organized for a recreation center will be eligible, but organized clubs, activities and teams of public or private schools, will not be eligible. Evidence that an organization has been recognized by the IRS as exempt from taxation pursuant to 26 U.S.C. Section 501 or is using an organization so recognized as a fiscal agent shall be accepted as proof that it is a nonprofit organization, but such evidence is not the exclusive method of establishing nonprofit status.

(2) The majority of the organization's funding must be used for the benefit of the public in providing youth programs for youth twenty (20) and under, at least seventy-five (75) percent of whom are residents of the city. Additionally, the majority of the participants in the program applicants must demonstrate that they serve youth in need by showing that the majority of the participants in the program: (1) are must be residents of neighborhoods which have been identified as Areas of Concentrated Poverty where 40 percent or more of residents have family or individual incomes that are less than 185 percent of the federal poverty threshold ("ACP"), or neighborhoods which have been identified as an ACP where 50% or more of the residents are people of color ("ACP50"); or (2) are eligible for free- or reduced- price lunch; or (3) attend a Community Eligibility Provision (CEP) school, a non-pricing meal service option for schools and school districts in low-income areas; or (4) be a booster club organized for a recreation center located in an ACP or ACP50 area.

(3) Applicants must: address one or more of the barriers (cost, lack of transportation, language, and cultural) to access to high quality youth programming.

(4) The organization must state how its programs and activities will work to reduce one or more areas of disparity, including but not limited to educational opportunities, employment skills, financial skills, and access to mentoring for participants.

(24) ~~No other organization shall will~~ be eligible for inclusion on the list.

(dc) *Requirements for applications for inclusion on the list.*

(1) Each applicant for inclusion on the list ~~shall must~~ provide information a statement setting forth: 1) its stated purpose; 2) the geographic areas the organization, program, or activity serves; 3) the number

of participants served, ~~the percentage of those who are Saint Paul residents, areas served and the reason why funds are needed and the percentage that are from ACP or ACP50 neighborhoods; and how they meet the criteria for need;~~ 4) how the organization will work to reduce barriers ~~to~~ **of access to programming;** 5) **how its programs and activities work to reduce one or more areas of disparity (educational opportunities, employment skills, financial skills, access to mentoring, etc., for participants);** and ~~(6 5)~~ **identifying how it will measure results.**

(2) The submitting organization must provide at the time of application:

- a. Verification of nonprofit status and copy of organizational bylaws.
- b. List of current officers or directors.
- c. Letter verifying organization's approval of the proposal and, where necessary, letter verifying approval of the application and proposal by the board of the fiscal agent.
- ~~d. Previous year's budget and financial statement.~~ **d. Amount requested.**
- ~~e. Current balance sheet and income statement, if applicable~~
- ~~f.~~ **e.** Proposed budget (expenses and income) for the activity.
- ~~g.~~ **f.** Evidence that insurance, if needed, can be obtained by the organization.
- ~~h. Area served, number of participants served, and reasons why funds are needed.~~

~~The financial information must demonstrate that the majority of the organization's funding is used for the benefit of the public in providing youth programs for youth twenty (20) and under, at least seventy-five (75) percent of whom are residents of the city.~~

- (3) No organization operating charitable gambling in the State of Minnesota will be eligible for inclusion on the list.
- (4) An organization formed, incorporated, operated or managed by the members, officers or directors of any organization operating or conducting lawful gambling, or subject to the requirements for contributions under sections 409.22(1) or 402. 10 of the Legislative Code, or the ten (10) percent contribution requirement in this section, shall not be an eligible recipient.
- (5) An eligible recipient, as a condition to continuation on the list, may not engage in or operate charitable gambling nor use any contributions received as a result of its status as an eligible recipient for anything other than a lawful purpose. ~~Each recipient as a condition of receipt of contributions must execute the verified receipt and representations required above.~~
- (e) *Contributions required.* Organizations conducting charitable gambling within the City of Saint Paul shall, to meet requirements imposed by law, including, but not limited to, sections 402.10 and 409.22(14) of the Saint Paul Legislative Code, give ten (10) percent as required therein to one (1) or more eligible recipients on the list promulgated by the city council or to the Youth Program Fund established under section 409.23. **All such contributions must go only to eligible recipients on the list provided above.** An organization cannot contribute to any recipient not furnishing the verified receipt as provided.
- (f) *Affidavit.* Each eligible recipient shall annually, during the month of January, file an affidavit with the Youth Program Fund manager, ~~in which each officer of the recipient shall state stating that the contributions which it received during the previous calendar year have been expended for a lawful purpose and state the purpose, that all previous contributions, if any, have been expended for lawful purposes, that the calendar-year total of contributions received as a result of its status as an eligible recipient does not exceed the allowable amount under the ordinance, that it does not operate any gambling activities, and that no such contribution or any previous contribution will be or has been used for capital expenses, salaries or travel expenses except as may be allowed herein.~~
- (g) *Limitations on award and use of funds.* Funds may not be used for capital expenses, ~~except as may be~~

provided in administrative rules adopted by the advisory board permitting use of funds for purchase or maintenance of capital goods other than real property, nor for salaries or travel expenses, but may be expended for an individual or team representing the city or state in the state or national championship tournament in that sport or activity, or from the city where such individual or team has qualified for the state or national championship tournament in that sport or activity by competing in and winning the championship of a tournament in the city or state; provided, that travel expenses shall not be paid for any invitational tournament, qualifying tournament or other tournament. The term "championship tournament" means that such tournament is sanctioned as such by the governing body of that sport or activity. Funds may also be expended for reasonable bus rental for same-day trips for special events or activities.

- (h) Programs will be limited to **eight thousand dollars (\$8,000.00)** in contributions each year. **Organized athletic programs, regardless of sport, based at or primarily using the facilities or equipment of a particular recreational facility may be considered one (1) program at that facility.** In addition to the foregoing, an eligible organization may be allowed to receive an additional six thousand dollars (\$6,000.00) of contributions each year if the organization is located with, or primarily served youth located in, a Community Development Block Grant-eligible area or the organization can demonstrate that a majority of the youth directly benefited by the program come from families whose income is below the income standards which are used to measure Community Development Block Grant area eligibility.
- (i) *Contribution of checks through the **license division City.*** Notwithstanding any other provision of law to the contrary, an organization conducting charitable gambling shall make its contribution to an eligible recipient on the list by sending its check **for the amount to the license inspector payable to the City of Saint Paul and indicating the intended recipient.** The license inspector shall verify that the intended eligible recipient has complied with all requirements of this chapter and that the proposed contribution will not exceed the allowable limits, nor be in excess of **eight thousand dollars (\$8,000.00)** for that calendar year (as modified by the provisions of section (h) above concerning organizations in certain eligible areas or making certain demonstrations). If all requirements of law have been satisfied, the LIEP director **Director of Safety and Inspections** shall **forward disburse a check for** such contribution to the intended eligible recipient by mail.
- (j) *Alternate compliance.* Notwithstanding any provision of law to the contrary, any organization conducting charitable gambling within the City of Saint Paul may satisfy its obligations under paragraph (e) above and sections 402.10 and 409.22(14) of the Code to give ten (10) percent of its net profits to eligible recipients by, in lieu thereof, contributing such ten (10) percent to the Youth Program Fund established under section 409.23 of the Code.

### Section 3

This ordinance shall take effect and be in force thirty (30) days following its passage, approval and publication.