




## CHIEF ADMINISTRATIVE OFFICE

**DATE:** August 28, 2025

**TO:** Honorable Members of the Richmond City Council

**FROM:** Odie Donald II, Chief Administrative Officer 

**CC:** DCAO – Human Services, CoS, Senior Advisor, Mayor

**RE:** Changes to Non-Departmental Grant Process for FY27

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### Background

The purpose of this memorandum is to provide an update on the Administration's plans to restructure what has historically been known as the city's non-departmental grant process, for implementation in FY27. After careful review, including the consideration of recent audit findings and an assessment of alternative approaches, staff plans to enact an intermediary-based approach, utilizing established organizations serving as subject matter experts in core areas to competitively subgrant funds to improve grant outcomes while also reducing the administrative burden on city staff.

### Why We're Making This Change

Currently, the City directly administers grants to over 70 individual organizations, with city staff managing the funding cycle from application development on through the various stages of oversight. This process places significant burden on City resources and requires extensive subject matter expertise across diverse program areas.

The February 2025 City Auditor's report highlighted this challenge and based on those findings it is estimated the City would need to hire at least 5 additional staffers to adequately administer the project. This staff addition does not take into consideration the considerable time staff across Human Services, Budget, the City Attorney's Office, and CAO's office are required to spend on related administrative functions (e.g. developing application materials, processing applications, managing contracts, and conducting ongoing oversight).

### Next Steps

Staff is currently finalizing the plan to implement an intermediary organization model across four focus areas in alignment with four key pillars of the Mayor's Action Plan: Economic Mobility, Children and Education, Arts and Culture, and Health. This alignment will ensure investments mirror City priorities and make it easier to deliver and measure impact across a range of priority areas.



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### **How Will It Work?**

Rather than managing individual grants directly, the City will allocate funding to qualified intermediaries with specialized expertise in a specific service area. Through this process, the City will competitively identify expert intermediaries and develop clear agreements that outline focus areas, desired outcomes, and oversight mechanisms. These intermediary organizations will then manage the competitive grant application process and provide ongoing support to selected grantees. Through this process, current grantees would now be eligible to apply through this improved process.

This approach has been successfully piloted through the Health Equity Fund and Positive Youth Development Fund, which are both currently managed by intermediaries that are responsible for the full life cycle of the grant process. The pilot has demonstrated that this model delivers highly effective and equitable grant-making focused on quality outcomes, while also offering enhanced support to grantees.

The Administration plans to implement this process with the FY27 budget cycle with an anticipated public notification no later than October 1, 2025. Through this process, the Mayor's proposed budget will then include funding allocations to each focus area. Following Council's anticipated budget adoption in May, the Administration would execute agreements with those selected intermediary organizations, who would then release Request for Applications (RFAs) and make competitive subgrants. Through this process, intermediary organizations will determine subgrant awards by late summer.

### **Key Benefits**

This model offers several advantages including improved outcomes through specialized subject matter knowledge, reduced administrative burden, and strengthening the public trust by creating distance between political processes and grant decisions while preserving Council's budget authority.

While this process represents a significant shift, the Administration is laser focused on working closely with the Richmond City Council and external stakeholders to ensure thoughtful and successful implementation.

### **Next Steps**

To that end, administrative staff have begun conversations with Council staff to engage a consultant to support implementation of this process. The Administration eagerly anticipates embarking on this process in partnership with the Council to ensure an equitable, data-driven process while continuing to support the important work of local community organizations.

I look forward to your input, questions, and feedback as we move forward with this important work.