

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 5, 2013

CAO File No. 0220-01024-2735
Council File No. 13-0206
Council District: All

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Community Development Department Transmittal dated February 13, 2013; Referred to the Housing, Community and Economic Development Committee on February 15, 2013; Additional information received through February 28, 2013

Subject: **COMMUNITY DEVELOPMENT DEPARTMENT: 2013 COMMUNITY SERVICES BLOCK GRANT AWARD AND RELATED ACTIONS**

SUMMARY

The Community Development Department (CDD) requests authority to accept \$6,200,586 from the State of California Department of Community Services and Development (CSD) for the 2013 Community Services Block Grant (CSBG) program. The CDD also requests authority to execute CSBG Contract No. 13F-3022 and subsequent amendments with CSD for the period of January 1, 2013 through December 31, 2013. Of the \$6,200,586, \$1,672,784 is available for allocation by CSD. The CDD anticipates that the remaining \$4,527,802 will be allocated by March 31, 2013 or when the final federal budget is signed. We recommend approval for CDD to accept the 2013 CSBG award and execute the relevant documents with CSD, subject to the approval of the City Attorney as to form and legality.

The 2013 CSBG is pursuant to the City's Community Action Plan for 2012 and 2013 that was approved by Council and Mayor in June 2011 (Council File [C.F.] 11-0869). The CDD states that the CSBG program is currently operating under a continuing resolution. The proposed 2013 award is approximately \$1.1 million less than the 2012 award of \$7,316,982 (approximately 15 percent reduction). The CSBG grant may be subject for a further reduction of up to an additional \$1 million due to across-the-board cuts that are currently under consideration by the federal government (Sequestration). If reductions to the CSBG program should occur, our Office and CDD will either report back with revised recommendations or make the necessary adjustments to CSBG funding in the Fiscal Year 2013-14 Proposed Budget or in the 2013-14 Financial Status Reports.

This report includes recommendations for the proposed distribution of CSBG funds across program and administrative costs in support of CDD's FamilySource Program (FSP). This report also includes appropriations for FSP contracts that were approved in the Community Development Block Grant (CDBG) Consolidated Plan (CP) reports (C.F. 11-1593 [38th Program Year] and 12-1607 [39th Program Year]). Appropriations for FSP administrative costs (salaries, operating expenses and indirect costs) will be included in the CSBG Adopted Budget Schedule 13.

The Community Action Board (CAB) approved the 2013 CSBG award on December 13, 2012. The CAB is an advisory body comprised of elected community members and representatives from the public and

private sector nominated by the Council and Mayor. The CSD requires the approval of the CAB in matters regarding the expenditure of CSBG funds. The CDD submitted the grant agreement to the CSD by the February 15, 2013 deadline pending Council approval. Council approval is required for CDD to accept the grant and execute the grant agreement, supplemental documents and subsequent amendments.

BACKGROUND

Community Services Block Grant Program

The CSD administers the CSBG Program with funding from the U. S. Department of Health and Human Services. Funding is awarded on a calendar year basis to states and other jurisdictions based on a formula that is determined in part by poverty levels. States and other jurisdictions award CSBG funds through contracts with Community Action Agencies (CAA), as established under grant requirements. The CDD is the CAA for the City. The CDD utilizes CSBG in conjunction with CDBG funds to support the City's Community Action Program (which includes FSP) to deliver programs to low income City residents that help reduce the effects of poverty throughout the City.

The CSBG provides funding for a network of 21 FamilySource Centers (FSC): five are operated by the City and 16 are operated by service providers. Funding is also provided for a citywide program evaluator. Funding for the contracts is pursuant to a Request for Proposals issued for the operation of the FSCs in 2009. The services provided by the FSCs include, but are not limited to, information and referral, multi-benefit screening, coordination with other local service providers and comprehensive services to case-managed clients. Core services include financial literacy, education services, parenting classes, legal services, tutoring, mentoring, and youth leadership development. The authority to execute the 17 contracts was approved as part of the 39th Program Year CP report. The funding amount is pro-rated in increments of three months and nine months to align with the CP Program Year, which is based on an April 1 through March 30 calendar.

Expenditure Plan

The CDD proposes to expend \$4,654,027 for program costs and \$1,546,559 for administrative costs to implement the 2013 CSBG program for a total amount of \$6,200,586.

The CDD adjusted the proposed expenditures between program and administrative costs to mitigate the 15 percent 2013 CSBG reduction. In addition, \$400,000 was provided from CDBG for 16 FSC contracts in the 39th Program Year CP. As a result, each of the 16 FSC contracts (with funding from CDBG and CSBG) is reduced by \$26,031 (approximately three percent). Each contract amount is reduced from \$801,031 to \$775,000. The evaluator contract is reduced by \$48,000, from \$148,000 to \$100,000. Funding for administrative costs is reduced by \$301,910, from \$1,848,469 to \$1,546,559. The impact of the reductions has not been determined by CDD. It is likely that the number of clients served by the contractors could be up to three percent less than the 48,000 clients that is estimated to be served in the current year (38th Program Year).

Program Costs

The CDD proposes a total of \$4,654,027 from 2013 CSBG for 17 contracts and partial funding for eleven CDD employees that provide direct services at the City-operated FSCs. The Council has approved \$4,275,718 of this amount for contracts: \$1,371,936 in the current CP year, January 1, 2013 through March 31, 2013, (38th Program Year) and \$2,903,782 for the upcoming CP year, April 1, 2013 through December 31, 2013 (39th Program Year). This report requests approval for the remaining \$378,309 for CDD staffing costs, operating expenses and related costs for the five FSCs that are operated by the City.

Program costs totaling \$4,654,027 to implement the 2013 CSBG program are summarized as follows:

| Description | Funding Period | Amount |
|---|-----------------------------|--------------------|
| 16 FSC contracts | January 1 – March 31, 2013 | \$1,371,936 |
| 16 FSC contracts and one Evaluator contract | April 1 – December 31, 2013 | 2,903,782 |
| FSC Staff Direct Salary and Expenses | April 1 – December 31, 2013 | 278,804 |
| Related Costs (Cost Allocation Plan [CAP 33]) | April 1 – December 31, 2013 | 99,505 |
| | Total | \$4,654,027 |

Administrative Costs

Administrative costs totaling \$1,546,559 include funding for operating expenses, travel, consultant services and direct and indirect salary costs for 27 Full-Time Equivalents positions within CDD that provide administrative, technology and accounting support for FSPas follows:

| Description | Funding Period | Amount |
|-------------------------------|-------------------------------|--------------------|
| Direct Salary Costs | January 1 – December 31, 2013 | \$970,735 |
| Operating Expenses and Travel | January 1 – December 31, 2013 | 233,048 |
| Related Costs (CAP 33) | January 1 – December 31, 2013 | 342,776 |
| | Total | \$1,546,559 |

The CSBG regulations limit the amount allocated for administrative costs to a maximum of 12 percent of the total CSBG allocation including funding from leveraged resources. The total amount available for 2013 is approximately \$17,844,294: \$11,643,708 from CDBG and \$6,200,586 from CSBG. The CDD proposes to expend approximately nine percent (\$1.5 million) for administrative costs. Related costs are calculated using the current approved CAP as required by the grantor.

The recommendations in this report comply with the City’s Financial Policies in that funding is provided from ongoing grant funds, including direct salary costs and indirect salary costs. There is no additional impact on the General Fund for 2012-13 as estimated revenue for related costs is included in the 2012-13 Adopted Budget. Estimated revenue for related costs for 2013-14 will be included in the 2013-14 Adopted Budget. Additional information on the City’s Community Action Plan for 2012 and 2013 is provided in a transmittal from CDD, dated May 19, 2011 (C.F. 11-0869) and additional information on the 2013 CSBG program and funding is provided in a transmittal from CDD, dated February 13, 2013 (C.F. 13-0206). These reports are available on the City’s internet site at www.cityclerk.org, Council File Management System. The CSBG Contract Budget Summary is provided as an attachment to this report.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager, Community Development Department (CDD), or designee, to:
 - a. Accept on behalf of the City the 2013 Program Year (PY) Community Services Block Grant (CSBG) award from the California Department of Community Services and Development (CSD);

- b. Execute CSBG Contract No. 13F-3022 with CSD in an amount up to \$6,200,586, including the current allocation of \$1,672,784 with required supporting documentation, subject to City Attorney approval as to form and legality;
 - c. Execute any subsequent amendments to the CSBG contract, to the extent permitted under City ordinances, administrative procedures and directives, subject to City Attorney approval as to form and legality;
2. Approve an amount up to \$6,200,586 for the City's FamilySource Program for portions of the 2012-13 and 2013-14 Consolidated Plan program years for program and administrative expenses for the period of January 1, 2013 through December 31, 2013 as follows, and subject to final federal appropriations of 2013 CSBG funds:

| Description | Amount |
|---|--------------------|
| FamilySource Center and Program Evaluator contracts (\$4,275,718): | |
| Program Year 2012-13 (January 1 – March 31, 2013) | \$1,371,936 |
| Program Year 2013-14 (April 1 – December 31, 2013) | 2,903,782 |
| CDD Program Support – Direct and Related Costs (January 1 – December 31, 2013) | 378,309 |
| CDD Administrative Costs - Direct and Related Costs (January 1 – December 31, 2013) | 1,546,559 |
| Total | \$6,200,586 |

3. Authorize the Controller to establish a receivable from CSD for the amount of \$6,200,586 within the CSBG Fund No. 428 and authorize the Controller to establish new accounts for contractual services with the CSBG Fund 428 and appropriate \$4,275,718 as follows:

| Account No. | Title | Amount |
|--------------|---------------------|--------------------|
| 22J281 | FamilySource System | \$1,371,936 |
| 22J282 | FamilySource System | 2,903,782 |
| Total | | \$4,275,718 |

4. Authorize the General Manager, CDD, or designee, to prepare Controller instructions and/or make any necessary technical adjustments consistent with the Council action on this matter, subject to approval of the City Administrative Officer, and instruct the Controller to implement those instructions.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund. The recommendations comply with City Financial Policies in that funding for proposed expenditures for the City's FamilySource Program is available from Community Services Block Grant (CSBG) funds received from the U. S. Department of Health and Human Services as a pass through from the California Department of Community Services and Development. There are no General Funds supporting this activity.

MAS:BLT: 02130090

Attachment

State of California
 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
 CSBG Contract Budget Summary
 CSD 425.S (Rev.10/12)

Expenditure Reporting:
 Bi-Monthly
 Monthly

ATTACHMENT I CSBG CONTRACT BUDGET SUMMARY

| | | | |
|---|-----------------------------------|--|---|
| Contractor Name: City of Los Angeles, Community Development Department | | Contract Number: 13F-3022 | Contract Amount: \$6,200,586 |
| Prepared By: Mark Hoffman | | Contract Term: 01/01/2013-12-31-2013 | Amendment #: |
| Telephone #: 213-744-9018 | | Fax Number: 213-744-9037 | |
| Date: 2/5/2013 | | E-mail Address: Mark.Hoffman@lacity.org | |
| SECTION 10: ADMINISTRATIVE COSTS | | | |
| Line Item | | | CSBG Funds (rounded to the nearest dollar) |
| 1 | Salaries and Wages | | \$970,735 |
| 2 | Fringe Benefits | | \$342,776 |
| 3 | Operating Expenses | | \$183,729 |
| 4 | Equipment | | |
| 5 | Out-of-State Travel | | \$5,920 |
| 6 | Contract/Consultant Services | | \$43,399 |
| 7 | Other Costs | | |
| Subtotal Section 10: Administrative Costs (cannot exceed 12% of the total CSBG allocation in Section 80) | | | \$1,546,559 |
| SECTION 20: PROGRAM COSTS | | | |
| Line Item | | | CSBG Funds* (rounded to the nearest dollar) |
| 1 | Salaries and Wages | | \$278,804 |
| 2 | Fringe Benefits | | \$99,505 |
| 3 | Operating Expenses | | |
| 4 | Equipment | | |
| 5 | Out-of-State Travel | | |
| 6 | Subcontractor/Consultant Services | | \$4,275,718 |
| 7 | Other Costs | | |
| Subtotal Section 20: Program Costs | | | \$4,654,027 |
| SECTION 40: Total CSBG Budget Amount (Sum of Subtotal Sections 10 and 20) | | | \$6,200,586 |
| SECTION 70: Enter Other Agency Operating Funds Used to Support CSBG | | | \$11,643,708 |
| SECTION 80: Agency Total Operating Budget (Sum of Sections 40 and 70) | | | \$17,844,294 |
| SECTION 90: CSBG Funds Administrative Percent (Section 10 divided by Section 80) | | | 9% |