

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 16, 2015

CAO File No. 0130-00565-0043

Council File No. 13-0264

Council District:

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Mayor dated May 26, 2015

Subject: **ACCEPTANCE OF THE 2014-2015 MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA), BUSINESS CENTER PROGRAM GRANT FUNDS IN THE AMOUNT OF \$100,000 FOR THE PROGRAM YEAR FOUR EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015**

SUMMARY

In 2011, the Mayor's Office of Housing and Economic Development (Mayor's Office) and the University of Southern California Government and Civic Engagement (USC-GCE) were awarded a multi-year Minority Business Center (MBC) Program Grant from the U.S. Department of Commerce, Minority Business Development Agency (MBDA) effective over a five year period from April 1, 2011 through March 31, 2016. Under the Memorandum of Understanding agreement for the MBC Program Grant, USC-GCE is the primary recipient and the City is the sub-recipient; with both partners working together collaboratively to implement the Minority Business Center – Los Angeles (MBC-LA) program to stimulate business development, job creation and promotion of long-term growth and self-sufficiency of minority businesses in Los Angeles. The Mayor's Office requests retroactive approval to accept the 2014-2015 MBC Program Grant funds in the amount of \$100,000 for the 2015 Program Year Four (April 1, 2014 – March 31, 2015) and related actions to facilitate implementation of the MBC-LA program. This Office, with minor modifications as needed, is in agreement with the recommended actions requested by the Mayor's Office.

As in previous years, MBC-LA provides resources to the minority business community including technical assistance, strategic contract and procurement opportunities, business development consultation services and educational forums. USC-GCE serves as project lead and provides administrative oversight and coordination of service delivery while the City provides technical assistance services and procurement of government and private sector clients. Additionally, the City has responsibility for producing the annual MED Week Awards event. This event serves a two-fold purpose: 1) promote and acknowledge minority-owned business enterprise achievements, and 2) attract corporate sponsorships and contributions to support MBC-LA program services. MBC-LA achievements for Program Year Four includes securing \$308,869,619

in contracts, \$7,852,585 in financing, creating 283 new jobs and providing assistance to 121 clients.

Historically, staffing for the MBC-LA program is comprised of four to six positions. MBC-LA staffing for Program Year Four consists of four positions. Two of the positions (Mayoral Aide V and Mayoral Aide VI) allocate 100 percent of their time to the MBC-LA Program, two positions (Mayoral Aide V and Mayoral Aide III) allocate 50 percent of their time to the program. The Mayoral Aide III position is currently vacant. The latter two positions utilize the remaining balance of their time to other department activities. The entire \$100,000 sub-recipient award for Program Year Four will be utilized for direct salary costs. More specifically, MBC grant funds will be used to finance 63 percent of the two positions fully dedicated to the program (\$44,560 + \$55,440 = \$100,000). The portion of staff salary costs not paid by the grant for these staff totals \$107,914, and fulfills the non-federal cost share requirement for this grant.

The total program costs for the implementation of the MBC-LA is approximately \$346,978. Of this amount, \$100,000 is reimbursed by MBC grant funds. The balance of direct salary costs (\$107,914) and total fringe benefit costs (\$92,064) not paid by the grant are included in the Mayor's Office 2014-15 Adopted Budget so no additional appropriation is required at this time. The Mayor's Office has indicated that any surplus revenue derived from client fees and third party cash contributions will cover the operating expenses of supplies, travel and contractual services (\$47,000). Otherwise the General Fund will have to bear these costs. The MBC Grant Program Year Four cost breakdown is shown in the following chart:

Minority Business Center Grant - 2015 Program Year Four			
<u>Item Description</u>	<u>MBC Grant</u>	<u>General Fund</u>	<u>Total</u>
Salaries	\$100,000	\$107,914	\$207,914
Related Costs (Fringe)		92,064	92,064
Supplies*		6,000	6,000
Travel*		26,000	26,000
Contractual Services*		15,000	15,000
Total:	\$100,000	\$246,978	\$346,978

*Estimated operating costs anticipated to be reimbursed through client fees and sponsorship contributions.

The Mayor's Office is requesting retroactive acceptance of the 2015 sub-recipient award, acceptance of all program revenue generated through client fees and contributions, and related actions to address current year activities. Funding for the MBC-LA Program Year Four implementation is available through MBC grant monies, the Mayor's Office 2014-15 Adopted Budget funds, and projected program income. Should there be less than sufficient program income to finance projected operating expenses, the General Fund would have to bear the costs.

RECOMMENDATIONS

That the City Council:

1. Retroactively authorize the Mayor, or designee, to accept the 2015 Minority Business Development Agency (MBDA), Minority Business Center (MBC) Program Grant sub-recipient award from the University of Southern California Government and Civic Engagement (USC-GCE), in the amount of \$100,000, effective for the period of April 1, 2014 through March 31, 2015, subject to the review and approval of the City Attorney as to form;
2. Authorize the Mayor’s Office to accept all cash generated through client fees, donations and contributions collected in 2014-15 up to \$100,000 and appropriate to MBDA Minority Business Center Los Angeles Fund 575/100, Account L205 Program Income;
3. Authorize the Controller to:

a) Establish the following appropriation accounts within Fund 575/46 as follows:

Fund	Dept	Account	Account Name
575	46	46L146	Mayor Salaries
575	46	46L205	Program Income
575	46	46L213	Travel
575	46	46L304	Contractual Services
575	46	46L601	Supplies

- b) Establish a receivable for Program Year Four in the amount of \$100,000 within Fund 575/46;
- c) Increase appropriations in the amount of \$147,000 within Fund 575/46 as follows:

Fiscal Yr.	Account No.	Account Name	Amount
2015	46L146	Mayor Salaries	\$100,000
2015	46L213	Travel	26,000
2015	46L304	Contractual Services	15,000
2015	46L601	Supplies	6,000
Total:			<u>\$147,000</u>

- d) Upon receipt of MBDA Minority Business Center Program grant funds, transfer up to \$100,000 from Fund 575/46, Account 46L146 Mayor Salaries to Fund 100/46, Account 001020 Salaries Grant Reimbursed;
4. Instruct the Controller to expend and receive funds upon proper demand by the Mayor’s Office of Economic Development;
5. Authorize the Mayor’s Office to prepare Controller’s instructions for any necessary

technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

There may be a potential impact to the General Fund. Acceptance of the 2015 U.S. Department of Commerce, Minority Business Development Agency (MBDA), Minority Business Center (MBC) Program sub-recipient award of \$100,000 would provide partial support of the Minority Business Center – Los Angeles (MBC-LA) Program for Program Year Four. The 2015 Program Year Four total program cost is approximately \$346,978. Of that amount, \$100,000 in salary costs will be paid by the MBC Grant and the remaining balance of salary and all fringe benefits costs (\$199,978) are included in the Mayor's Office 2014-15 Adopted Budget. \$47,000 in estimated operating expenses (travel, supplies and contractual services) are anticipated to be financed by projected program income. However, should this income not be realized, there will be an impact to the General Fund.

MAS/ACA/CLF:02150120c