



ERIC GARCETTI
MAYOR

May 26, 2015

Honorable Members of the City Council
c/o City Clerk
200 North Spring Street, Room 395
Los Angeles, CA 90012

Re: Retroactive Acceptance of the Sub-Recipient Grant Award of \$100,000 from the U.S. Department of Commerce, Minority Business Development Agency (MBDA) to operate the Minority Business Center – Los Angeles (MBC-LA) for Program Year Four, effective April 1, 2014 through March 31, 2015

Honorable Members:

In 2011, the Mayor's Office of Housing and Economic Development and the University of Southern California Government and Civic Engagement (USC-GCE) were awarded a five-year Minority Business Center (MBC) Program Grant from the U.S. Department of Commerce, Minority Business Development Agency (MBDA) effective April 1, 2011 through March 31, 2016. Under the Memorandum of Understanding Agreement, USC-GCE is the primary recipient and the City is the sub-recipient. The sub-recipient award was \$500,000 or \$100,000 annually over the five year period. The Mayor's Office is requesting 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). The Mayor's Office also requests acceptance of all program revenues generated through client fees and third party contributions.

The mission of the Minority Business Center–Los Angeles (MBC-LA) is to provide minority-owned businesses with access to public and private sector contract and procurement opportunities, as well as access to business resources that will enhance their development and sustainability in the domestic and international marketplace. USC-GCE and the City work together collaboratively to implement the MBC-LA program to stimulate business development, job creation and promotion of the long-term growth and self-sufficiency of minority businesses in Los Angeles. MBC-LA program offers technical assistance, strategic contract and procurement opportunities, business development, consulting services and educational forums to minority business enterprises.

Additionally, the City is responsible for producing an annual Minority Enterprise Development (MED) Week Awards event. The exception for this year includes the City partnering with USC-GCE to host the 2015 MED Week Awards. This celebratory event serves two purposes: 1) honor minority business owners and their partners in the public and private sector who have assisted in making valuable contributions to the national and local economies and 2) attract corporate sponsorships and contributions from various sponsors such as business partners, banks and venture capital companies to support the program.

This year's program outcomes (April 1, 2014 – March 31, 2015) for the MBC-LA include securing \$308,869,619 in contracts and \$7,852,585 in financing, creating 283 new jobs, and serving 121 clients. Program income projected for Year 4 is \$50,000. For the Program Year 3, the Center secured \$114,683,986 in contract and \$11,982,842 in financing, created 364 new jobs and served 109 clients. Program income for Year 3 was \$44,575.

Historically, the staffing for MBC-LA program consisted of four to five people. However, the MBC-LA staffing for Program Year Four consists of four positions. Two of the positions (Mayoral Aide V & Mayoral Aide VI) allocates 100 percent of their time to the MBC-LA and the other positions (Mayoral Aide III and Mayoral Aide V) allocates 50 percent. The Mayoral Aide III position is currently vacant. 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 the staff salary costs not paid by the grant for these staff total \$107,914 and is subsidized by the Mayor's Office 2014-15 Adopted Budget as part of the City's non-federal cost share match requirement for this grant. The total matching amount for Program Year Four is \$107,914 as shown below:

MBDA Staff Salaries Allocation for Program Year Four		
MBDA Staff	MBDA Grant Fund	General Fund (Match)
Mayoral Aide III	\$ 0	\$ 7,238
Mayoral Aide V	0	41,676
Mayoral Aide V	44,560	26,440
Mayoral Aide VI	55,440	32,560
Salaries Total	\$ 100,000	\$ 107,914

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Mayor's Office to retroactively accept the 2014-15 Minority Business Development Agency (MBDA) Business Center Program Grant sub-allocation from the University of Southern California Government and Civic Engagement (USC-GCE) in the amount of \$100,000 for the Program Year Four, commencing April 1, 2014 to March 31, 2015;
2. AUTHORIZE the Mayor's Office to accept all cash generated through sponsorships, client fees and contributions up to \$100,000 and appropriate to Account 46L205 Program Income;

3. AUTHORIZE the Controller to:

- a. Establish the following appropriation accounts within the Minority Business Development MBDA/MBOC Fund 575/46 as follows:

<u>Fund No</u>	<u>Account No</u>	<u>Account Name</u>
575	46L146	Mayor Salaries
575	46L205	Program Income
575	46L213	Travel
575	46L304	Contractual
575	46L601	Supplies

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

<u>FY</u>	<u>Account No.</u>	<u>Account Title</u>	<u>Amount</u>
2015	46L146	Mayor -Salaries	\$ 100,000
2015	46L601	Supplies	6,000
2015	46L213	Travel	26,000
2015	46L304	Contractual	15,000
Total			\$ 147,000

- d. Reimburse the General Fund 100/46 for MBDA staff salaries on and as needed basis as follows:

FROM:

<u>Fund/Dept</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
575/46	46L146	Mayor- Salaries	\$ 100,000
Total			\$ 100,000

TO:

<u>Fund/Dept</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
100/46	001020	Salaries Grant Reimbursed	\$ 100,000
Total			\$ 100,000

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 is no additional impact to the General Fund relative to the retroactive acceptance of the 2014-15 MBDA Business Center Program Grant sub-allocation from USC-GCE. The Program

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Year Four total program cost is projected to be \$254,914. Of that amount, \$147,000 in salary costs and expenses will be reimbursed by the MBDA Grant, program income and contributions, with the balance of \$107,914 in salary costs funded by the Mayor's Office 2014-15 Adopted Budget.

	MBDA Grant	MBDA Program Income	General Fund	Total
Salaries	\$ 100,000		\$ 107,914	\$ 207,914
Expense Accounts				
Travel		\$ 26,000		26,000
Office Supplies		6,000		6,000
Contractual Services		15,000		15,000
Expense Accounts Total		\$ 47,000		47,000
Budget Total	\$ 100,000	\$ 47,000	\$ 107,914	\$ 254,914

Sincerely,



ERIC GARCETTI

Mayor

EG:ml

Attachment: Contractual Agreement with USC