

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: March 3, 2014

CAO File No. 0130-00565-0042

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 January 28, 2014



Subject: **ACCEPTANCE OF THE 2013-2014 MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA), BUSINESS CENTER PROGRAM GRANT FUNDS IN THE AMOUNT OF \$100,000 FOR THE PROGRAM YEAR THREE EFFECTIVE APRIL 1, 2013 THROUGH MARCH 31, 2014**

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### 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 is requesting retroactive approval to accept the 2013-2014 MBC Program Grant funds in the amount of \$100,000 for the 2014 Program Year Three (April 1, 2013 – March 31, 2014) 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 Minority Enterprise Development 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.

Historically, staffing for the MBC-LA program is comprised of four to six positions. MBC-LA staffing for Program Year Three consists of five 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, and the Mayoral Aide VIII, which is currently vacant, allocates 10 percent. The last three positions utilize the remaining balance of their time to other department activities. The entire \$100,000 sub-recipient award for Program Year Three will be utilized for direct salary costs. More specifically, MBC grant funds will be used to finance 67 percent of the two positions fully dedicated to the program (\$43,746 + \$54,503 = \$98,249) and 10 percent of the Mayoral Aide VIII position (\$1,751). The portion of staff salary costs not paid by the grant for these staff totals \$134,988, and fulfills the non-federal cost share requirement for this grant.

The total program costs for the implementation of the MBC-LA is approximately \$374,637. Of this amount, \$100,000 is reimbursed by MBC grant funds. The balance of direct salary costs (\$134,988) and total fringe benefit costs (\$105,439) not paid by the grant are included in the Mayor's Office 2013-14 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 (\$34,210). Otherwise the General Fund will have to bear these costs. The MBC Grant Program Year Three cost breakdown is shown in the following chart:

<b>Minority Business Center Grant - 2014 Program Year Three</b>			
<u>Item Description</u>	<u>MBC Grant</u>	<u>General Fund</u>	<u>Total</u>
Salaries	\$100,000	\$134,988	\$234,988
Related Costs (Fringe)		105,439	105,439
Supplies*		2,000	2,000
Travel*		26,210	26,210
Contractual Services*		6,000	6,000
Total:	\$100,000	\$274,637	\$374,637

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

The Mayor's Office is requesting retroactive acceptance of the 2014 sub-recipient award, acceptance of all program revenue generated through client fees and contributions, transfer of prior year uncommitted balances, and related actions to address current year activities. Funding for the MBC-LA Program Year Three implementation is available through MBC grant monies, the Mayor's Office 2013-14 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 2014 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, 2013 through March 31, 2014, 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 2013-14 up to \$200,000 and appropriate to MBDA Minority Business Center Los Angeles Fund 575/100, Account K205 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	46K146	Mayor Salaries
575	46	46K205	Program Income
575	46	46K213	Travel
575	46	46K304	Contractual Services
575	46	46K601	Supplies

- b) Establish a receivable for Program Year Three in the amount of \$100,000 within Fund 575/46;
- c) Increase appropriations in the amount of \$134,210 within Fund 575/46 as follows:

Fiscal Yr.	Account No.	Account Name	Amount
2014	46K146	Mayor Salaries	\$100,000
2014	46K213	Travel	26,210
2014	46K304	Contractual Services	6,000
2014	46K601	Supplies	2,000
Total:			\$134,210

- d) Upon receipt of MBDA Minority Business Center Program grant funds, transfer up to \$100,000 from Fund 575/46, Account 46K146 Mayor Salaries to Fund 100/46, Account 001020 Salaries Grant Reimbursed;
- e) Transfer uncommitted balances from prior years within Fund 575/46 as follows:

Fiscal Year	From: Account No.	Account Name	To: Account No.	Account Name	Amount
2013	46J213	Travel	46K213	Travel	\$14,061.13
2013	46J601	Supplies	46K601	Supplies	1,228.04

2013	46J304	Contractual Svcs	46K304	Contractual Svcs	6,611.66
2013	46J205	Program Income	46K205	Program Income	1,903.44
2010	46F205	Program Income	46K205	Program Income	1,022.91
				Total:	\$24,827.18

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 2014 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 Three. The 2014 Program Year Three total program cost is approximately \$374,367. 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 (\$240,427) are included in the Mayor's Office 2013-14 Adopted Budget. \$34,210 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.

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