

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 14, 2015

CAO File No. 0220-00540-1159

Council File No. 15-0635

Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated November 24, 2015; Received by the City Administrative Officer on November 25, 2015

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCID) REQUEST FOR APPROVAL OF THE 2016 COMMUNITY SERVICES BLOCK GRANT (CSBG) AWARD AND RELATED ACTIONS**

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to accept the 2016 Community Services Block Grant (CSBG) award from the California Department of Community Services and Development (CSD), in an initial amount not to exceed \$1,640,694. The HCID anticipates that the remainder of the award (\$4,526,698) will be allocated by the second quarter of Federal Fiscal Year (FFY) 2016, for a total award amount of \$6,167,392. Additionally, HCID requests authority to execute the CSBG Contract No. 16F-5022 and subsequent amendments with CSD for the program year (January 1, 2016 through December 31, 2016). This report includes recommendations for the proposed distribution of CSBG funds across program and administrative costs in support of the City's FamilySource Center System (FSCS). This Office concurs with HCID's recommendations.

The CSD has notified the City that it anticipates the 2016 CSBG award will be consistent with the 2015 award and projects a modest increase in funding of \$54,816 (0.9 percent). The Community Action Board (CAB) approved the acceptance of the 2016 CSBG contract on November 17, 2015. The CAB is a 15-member advisory board comprised of elected community members and representatives appointed by the Mayor and Council. The CAB advises the Mayor and Council on issues related to CSBG and oversees programs funded by CSBG. The executed agreement with CSD is due to the State by December 21, 2015.

BACKGROUND

On an annual basis, the U.S. Department of Health and Human Services allocates funding to states and other jurisdictions based on a formula determined in part by poverty levels. The CSD administers the CSBG Program for the State of California and awards CSBG funds through contracts with Community Action Agencies (CAA) pursuant to the grant requirements. The HCID is the designated CAA for the City and administers the CSBG grant on behalf of the City.

The HCID utilizes funds from both CSBG and CDBG to support the City's Community Action Program (including FSCS) to deliver programs to low income City residents that help reduce the effects of poverty throughout the City. The CSBG will fund a network FamilySource Centers (FSC) operated through contracts with non-profit Community Based Development Organizations (CBDOs). The current FSC contractors were selected through a Request for Proposals (RFP) issued in 2009. The HCID released an RFP on July 27, 2015 to solicit proposals from eligible nonprofit organizations to serve as an FSC operator for the period from April 1, 2016 through March 31, 2017, with four additional one-year renewal options (C.F. 15-0697). The services provided by the FSCs include, but are not limited to: pre-employment and employment support, parenting classes, financial literacy, adult education, computer literacy, mentoring, youth leadership, and college access programs.

Expenditure Plan

The HCID states that prior Council actions authorized the use of \$1,640,694 of 2016 CSBG funds to support the FSCS through March 31, 2016 (C.F. 14-1382). Additionally, HCID states that contract authorities and a funding matrix for the FSCS for April 1, 2016 through March 31, 2017 will be submitted as part of the City's 42nd Year (2016-17) Housing and Community Development Action Plan.

The HCID proposed to expend \$4,707,000 in CSBG funds for program costs for the FSCS and \$1,460,392 for HCID administrative costs to implement the 2016 CSBG program for a total amount of \$6,167,392.

Administrative Costs

The CSBG regulations limit the administrative expenses to 12 percent of the operating funds of the City's Community Action Program. The HCID's recommendation is to use 91.6 percent of funding for direct services and program delivery costs. Administrative costs will account for the remaining 9.4 percent and includes funding for salaries and wages, operating expenses, and consultant services as follows:

Summary of Proposed 2016 CSBG Administrative Costs

Description	Amount
Direct Salary Costs	\$ 898,095
Fringe Benefits	341,276
Operating Expenses	114,181
Contractual Services	10,744
Related Costs (CAP 37)	96,096
TOTAL	\$ 1,460,392

RECOMMENDATIONS

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

1. Authorize the General Manager, Housing and Community Investment Department (HCID), or designee, to:
 - a. Execute and return to the State of California Department of Community Services and Development (CSD) the signed Community Services Block Grant (CSBG) Contract No. 16F-5022 attached to the HCID transmittal dated November 24, 2015, in an amount not to exceed \$1,640,694, with supporting documentation, subject to the approval of the City Attorney as to form and legality;
 - b. Execute any subsequent amendments to the CSBG contract, subject to the approval of the City Attorney as to form and legality;
 - c. Prepare Controller's instructions and any necessary technical corrections consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions;
2. Approve the use of an anticipated \$6,167,392 in 2016 CSBG funds to operate the FamilySource Center System for the period January 1, 2016 through December 31, 2016 as follows, subject to the final appropriations of 2016 CSBG funds from CSD:

Program Costs		
FamilySource Center System (1/1/2016 – 3/31/2016)	\$	1,201,750
FamilySource Center System (4/1/2016 – 12/31/2016)		3,505,250
Subtotal	\$	4,707,000
 Administrative Costs		
		1,460,392
TOTAL	\$	6,167,392

3. Authorize the Controller to:
 - a. Establish new accounts within the Community Services Block Grant Fund No. 428, and appropriate as follows:

Account	Name	Amount
43M261	Family Source System January-March	\$ 1,201,750
43M262	Family Source System April-December	3,505,250
TOTAL		\$ 4,707,000

- b. Establish a receivable from CSD in the amount of \$6,167,392 within Community Services Block Grant Fund No. 428.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations of this report comply with the City's Financial Policies in that they provide for the acceptance of the 2016 Community Services Block Grant, which will fund the expenses incurred by the FamilySource Center System.

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