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PUBLIC SAFETY COMMITTEE REPORT relative to the 2017 Proposition 47 Grant Program Reserve Fund Loan to support Project imPACT.

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

1. APPROVE a Reserve Fund advance in the amount of \$400,000; and, AUTHORIZE the Controller to transfer said amount from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Proposition 47 Grant Fund No. 59S/46, Account No. 46P304, with the Reserve Fund advance to be reimbursed upon receipt of grant funds from the California Board of State and Community Corrections (BSCC).
2. REQUEST the Mayor, or designee, to submit grant reimbursement invoices to the grantor on a monthly basis to ensure timely repayment of the Reserve Fund advance.
3. REQUEST the Mayor, or designee, to provide a repayment status report on the Reserve Fund advance prior to consideration of any subsequent requests for Reserve Fund advances associated with the Proposition 47 Grant.
4. AUTHORIZE the Mayor, or designee, to prepare Controller instructions and/or make technical adjustments that may be required to implement the actions approved by the Mayor and Council on this matter, subject to the approval of the City Administrative Officer (CAO); and, AUTHORIZE the Controller to implement the instructions.

Fiscal Impact Statement: The CAO reports that the proposed Reserve Fund loan of \$400,000 will be used to address a cash flow issue and will be repaid by the Mayor's Office upon reimbursement of Proposition 47 grant funds from the BSCC. The City's Financial Policies require that the City pursue federal, state and private grants but strictly limit financial support of these programs to avoid for commitments that continue beyond available funding. Although these costs are fully reimbursable by the grant, deferring full repayment until the following fiscal year will result in a negative impact to the General Fund. In order to mitigate the financial burden to the City, the CAO recommends that consideration of any subsequent Reserve Fund requests be contingent upon a review of the repayment status of the current loan. The above recommendations comply with City Financial Policies in that the proposed funding is balanced against established revenue approved by Council actions and from Federal and State grant receipts. All funding is subject to the availability of grant funds and determinations by Mayor and Council.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on May 9, 2018, your Public Safety Committee considered a Communication from the Mayor and CAO report relative to the 2017 Proposition 47 Grant Program Reserve Fund Loan to support Project imPACT. The CAO reports that the Mayor's Office is requesting approval of a Reserve Fund advance in the amount of \$400,000 in order to facilitate cash flow and immediate disbursement to service providers contracted to implement Project imPACT under the 2017 Proposition 47 Program/Safe Neighborhoods and Schools Act (Proposition 47)

Grant. BSCC administers the Proposition 47 Grant on a reimbursement basis only, requiring grant recipients to front-fund expenditures prior to submitting requests for reimbursement. The Mayor's Office has indicated that they plan to submit requests for reimbursement on a monthly basis (as allowed by the grantor) to facilitate repayment of the Reserve Fund advance, with full repayment anticipated by the end of the calendar year. Additionally, the Mayor's Office also plans to request a \$400,000 Reserve Fund advance at the start of each subsequent calendar year (January 2019 and January 2020) during the grant performance period. It should be noted that the request and the projected repayment fall into two different fiscal years, resulting in a negative impact to the General Fund. Recognizing the necessity to expedite Project imPACT implementation, this Office agrees that a Reserve Fund advance is requisite to contractors' accomplishing timely program service delivery within the grant performance period. Furthermore, the CAO recommends that the Mayor's Office provide a repayment status report on the Reserve Fund advance prior to consideration of any subsequent requests. After an opportunity for public comment was held, the Committee moved to approve the recommendations presented in the CAO transmittal, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

PUBLIC SAFETY COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
ENGLANDER:	YES
O'FARRELL:	YES
BUSCAINO:	YES
RYU:	YES
RODRIGUEZ:	ABSENT

ME
5/9/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-