

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 13, 2018

CAO File No. 0220-05426-0001
Council File No. 17-0758
Council District:

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Transmittal from the Mayor dated February 23, 2018; Additional information provided through April 6, 2018

Subject: **RESERVE FUND LOAN REQUEST – 2017 PROPOSITION 47 GRANT PROGRAM/SAFE NEIGHBORHOODS AND SCHOOLS ACT TO SUPPORT PROJECT IMPACT**

RECOMMENDATIONS

That the Council:

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 100, Department 58 and appropriate therefrom to the Proposition 47 Grant Fund 59S, Department 46, Account 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 that the Mayor, or designee, submit grant reimbursement invoices to the grantor on a monthly basis to ensure timely repayment of the Reserve Fund advance;
3. Request that the Mayor, or designee, 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; and
4. Authorize the Mayor, or designee, 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 and authorize the Controller to implement the instructions.

SUMMARY

The Mayor's Office requests 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, this Office recommends that the Mayor's Office provide a repayment status report on the Reserve Fund advance prior to consideration of any subsequent requests.

Background

In June 2017, the City was awarded a \$5.9 million Proposition 47 Grant from the California Board of State and Community Corrections (BSCC) to implement Project imPACT over a three-year performance period from June 16, 2017 through August 15, 2020. In 2014, Proposition 47 was approved by California voters to allow persons serving felony sentences for certain crimes petition the court for a sentence reduction to misdemeanor status. Additionally, those individuals who have completed low-level felony sentences can request that the sentencing court designate the conviction as a misdemeanor. The resultant savings from reduced incarceration costs are to be invested in mental health and drug treatment, prevention, support programs in K-12 schools and victim services. The BSCC established the Proposition 47 Grant Program to disburse funds to public agencies for the delivery of mental health and substance abuse treatment services and diversionary programs, with particular emphasis on reducing recidivism to persons that are covered by this measure. A related measure expanded grant program priorities to include community-based supportive services such as job skills training, case management and civil legal services.

The purpose of Project imPACT is to assist formerly incarcerated individuals with employment services augmented with behavioral health, legal and peer-based support services. The goal of this holistic approach is to improve participant success rates for obtaining and retaining employment. Project imPACT will utilize a team-based, multidisciplinary service model comprised of a peer navigator, attorney and therapist to provide services and support to formerly incarcerated participants enrolled in the program. In September 2017, the Mayor's Office issued a formal competitive bid process through four Request for Proposals (RFPs) to select contractors to provide employment, legal, behavioral health and data evaluation services in four designated hubs: Downtown Los Angeles, San Fernando Valley, South Los Angeles and Watts. On September 8, 2017, the RFP was released to potential applicants on the City's Business Assistance Virtual Network (LA BAVN) and other applicable venues for distribution. Additional support and information was provided through a mandatory pre-Proposers' Conference (September 19, 2017), Business Inclusion Outreach (October 3, 2017) and Technical Assistance Guidance.

A total of 29 proposals for employment (15 responses), behavioral health (6 response), legal services (5 responses) and data evaluation services (3 responses) were received by the October 19th deadline. The applications were duly reviewed and scored according to the City’s standard competitive bid review procedures. Multiple review panels of were convened to evaluate, score and rank the applications. Each panel was comprised of representatives from various disciplines including employment and job development, legal, behavioral health and program evaluation. Reviewers assigned scores to each application and the average of all panelist scores was calculated to determine the application’s final score.

To date, a total of nine contractors have been selected to provide employment and wrap around services in the four Project imPACT hubs:

Type of Service	Hub Location	Service Provider Name
Employment	Downtown Los Angeles	Center for Employment Opportunities
	South Los Angeles	Friends Outside
	Watts	Watts Labor Community Action Committee
	San Fernando Valley	Youth Policy Institute (YPI)
Behavioral Health	ALL	AMAAD Institute
		Homeless Healthcare Los Angeles
Legal	ALL	Legal Aid Foundation of Los Angeles
		Neighborhood Legal Services Los Angeles
Data Evaluation	ALL	RAND Corporation

The performance period for the proposed contracts is approximately 30.5 months, retroactively effective from February 1, 2018 through August 15, 2020. Additionally, the procurement process for contractor selection of support network and cognitive behavior training (CBT) of service provider staff is currently underway. The procurement process for trauma-informed care training and rehabilitative art services has not yet been determined.

FISCAL IMPACT STATEMENT

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, this Office recommends that consideration of any subsequent Reserve Fund requests be contingent upon a review of the repayment status of the current loan. The recommendations in this report 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.