

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 28, 2018

CAO File No. 0220-00540-1271

Council File No. 18-0106

Council District: Citywide

To: The Mayor
The Council

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

Reference: Chief Legislative Analyst transmittal dated March 27, 2018

Subject: **44TH PROGRAM YEAR (PY) OF THE HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN – FIRST YEAR ACTION PLAN (2018-2019)**

FISCAL IMPACT STATEMENT

The PY 44 Community Development Block Grant (CDBG) will provide approximately \$28 million to support positions (direct salaries: \$13.8 million; expenses including contracts: \$5.7 million; and related cost reimbursement: \$8.5 million). For PY 44, our Office has calculated total related costs to be approximately \$9.5 million. Of this amount, approximately \$8.5 million can be funded with CDBG dollars. This results in a balance of approximately \$1 million in related costs that may be considered by the Council and Mayor to be potentially funded with a General Fund allocation. For reference, the previous year's PY 43 fiscal impact was estimated at \$900,000 in related costs paid by the General Fund. The City's Financial Policies state that the City will pursue program grants, but will limit financial support of these programs to avoid commitments beyond available funding.

It should be noted that Cost Allocation Plan (CAP) 40 is the plan used to calculate related costs for 2018-19, and in many cases, CAP 40 is higher than CAP 39, the rate used to calculate related costs in PY 43. This may result in a lower proportion of departmental funds available to pay for direct costs such as salaries and expenses. It is a policy decision regarding how and at what level the City will contribute City resources, specifically the General Fund, to leverage CDBG grant program activities.

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