

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

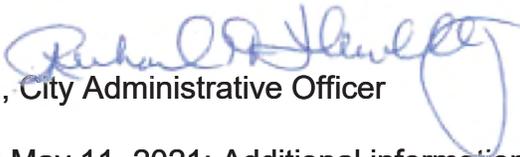
Date: June 7, 2021

CAO File No. 0220-05426-0004

Council File No. 20-0021

Council District:

To: The Mayor
The Council

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

Reference: Mayor Transmittal dated May 11, 2021; Additional information provided through May 26, 2021

Subject: **PROPOSITION 47 COHORT 2 GRANT PROJECT imPACT – RESERVE FUND LOAN REQUEST**

RECOMMENDATION

That the Council:

1. Approve a Reserve Fund advance in the amount of \$950,000 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 Project imPACT Cohort 2 Grant Fund 63L, Department 46, Account 46T304, 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 \$950,000 in order to facilitate cash flow and immediate disbursement to service providers contracted to implement Project imPACT under the 2019 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 grant performance period in 2023. Although the repayment schedule on this multi-year grant program will be a lengthy process, the Mayor's Office has successfully repaid prior Reserve Fund Advances. Due to the number of contractors involved in Project imPACT implementation, this Office recommends that the Reserve Fund advance of \$950,000 be approved. The Mayor's Office will seek reimbursements from the grantor in a timely manner and provide a periodic report on the status of repayment.

Background

Established 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 California Board of State and Community Corrections (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 utilizes 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 June 2017, the City was awarded a \$5.9 million Proposition 47 Cohort I Grant from the BSCC to implement Project imPACT over a three-year performance period from June 16, 2017 through August 15, 2020. The performance period was later extended from August 16, 2020 – September 30, 2021. On January 18, 2019, the BSCC issued a Proposition 47 Grant Program Request for Proposals in which the City submitted its application by the March 18, 2019 due date. On June 13, 2019, the City was awarded a \$5.99 grant to implement Project imPACT Cohort 2 over a forty-five (45) month performance period from August 15, 2019 through May 15, 2023. The Project imPACT Cohort 2 grant award is continuing to build upon the progress made from the initial grant but includes an additional program enhancement of housing support services for both Cohort 1 and Cohort 2 participants (Fellows).

FISCAL IMPACT STATEMENT

The proposed Reserve Fund advance of \$950,000 will be used to address a cash flow issue for service providers and is anticipated to be repaid by the end of the performance period in May, 2023. Although the majority of program costs are fully reimbursed by the grant, any substantial delay in the repayment of the Reserve Fund advance may result in a negative impact to the General Fund. In order to mitigate the financial burden to the City, this Office recommends that the Mayor's Office request reimbursement on a monthly basis (as allowed by the grantor) to ensure repayment of the Reserve Fund advance in a timely manner.

FINANCIAL POLICIES STATEMENT

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 commitments that continue beyond available funding. 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