

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 17, 2020

CAO File No. 0220-05776-0000

Council File No. 20-1003

Council District: 8

To: Council

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

Reference: Budget and Finance Committee Report Relative to the Identification and Contract Authority of Funds to Augment Services for the Prison to Employment Reentry Program in Council District 8, submitted on August 24, 2020

Subject: **REQUEST TO IDENTIFY \$150,000 IN FUNDING TO ASSIST INDIVIDUALS ON EARLY RELEASE IN COUNCIL DISTRICT 8 DUE TO THE CORONAVIRUS PANDEMIC**

RECOMMENDATION

That the Council note and file this Report.

SUMMARY

On September 2, 2020, the Council instructed the City Administrative Officer to identify funding in the amount of \$150,000 to augment services for the Prison to Employment Reentry Program (C.F. 20-1003). The Council also instructed the Economic and Workforce Development Department (EWDD) to negotiate and execute an amendment to Contract No. C-135288 with the Coalition for Responsible Community Development (a current contract WorkSource Center) to add \$150,000 in funding for subrecipients in areas of Council District (CD) 8 affected by the early release of prisoners due to the coronavirus pandemic, subject to review and approval of the City Attorney and compliance with the City's contracting requirements. This Office reviewed possible sources of funds for this purpose, with the perspective of mitigating any negative impact on the General Fund in light of the City's current financial crisis. This report discusses possible funding options and recommends that the Council receive and file this Report.

A key potential funding source that was evaluated is the Community Development Block Grant Coronavirus (CDBG-CV) funds received by the City through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. Staff at the Housing and Community Investment Department have indicated that CDBG-CV funds are potentially eligible for the request from CD 8. Factors which require additional review include City funding priorities for the CDBG-CV funds, ability of the subrecipients to conform to federal grant reporting and other requirements, and possible additional resources required of EWDD and the City contractor. Council funding priorities for the CDBG-CV funds have not yet been developed.

With regard to the use of current workforce development grants, the EWDD states that they have been fully allocated and are not available for new expenditures. Public workforce grants, including the Prison to Employment Reentry Program grant from the State of California, have specific requirements, program designs and goals which may render them ineligible based on the information provided for this request. As for the use of the Coronavirus Relief Funds (CRF) received through the CARES Act, an initial review by our Office indicates that the assistance requested for funding would not qualify. Other funding sources that may be considered are Council discretionary funds which, if available, may offer more flexibility for this purpose. Lastly, it should be noted that the Council and Mayor have set aside \$90 million in former Los Angeles Police Department funds in the Unappropriated Balance for disadvantaged communities among other potential uses (C.F. 20-0600). A separate joint report from the Chief Legislative Analyst and the City Administrative Officer is pending regarding the use of these funds.

Due to the City's ongoing fiscal crisis and lower than budgeted revenues stemming from the coronavirus pandemic, our Office advises against the use of General Fund reserves for unbudgeted expenditures. In addition to the furloughs for employees of most City Departments, the report from our Office to the Budget and Finance Committee dated September 11, 2020 regarding the status of City finances (C.F. 20-0948) states that additional austerity measures will be required for the City to be able to meet its current 2020-21 Budget, including possible layoffs. Revenues are anticipated to be drastically lower than the 2020-21 Budget which all but ensures that current City programs will need to have their funding considered for reduction or elimination. Any new requests for funding from the General Fund should be made as part of the 2021-22 budget development process so they can be evaluated along with the City's comprehensive funding priorities. Should the Council make a policy decision to approve the requested funding, our Office finds that the use of Council discretionary funds, if available, would be most feasible for immediate use. Alternatively, Council may choose to include consideration of this request in the pending development of funding priorities for the CDBG-CV funds received by the City through the CARES Act.

FISCAL IMPACT STATEMENT

Approval to note and file this Report will have no impact on the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendation in this Report complies with the City Financial Policies.