
DATE ISSUED: July 20, 2001

REPORT NO. 01-153

ATTENTION: Rules, Finance and Intergovernmental Relations Committee
Agenda of July 25, 2001

SUBJECT: Social Services Program Funding Allocation Process Reform

SUMMARY

Issue(s) -

- 1) Should the City Council direct the City Manager to form a task force consisting of representatives from nonprofit organizations, City Council and Manager staff members to recommend options of social service allocation program process reform consistent with City Council priorities?
- 2) Should the City Council direct the City Manager to conduct public meetings for current and potential social service providers to provide input on the allocation process?
- 3) Should the City Council direct the City Manager to return to the Committee with these options by October 2001?

Manager's Recommendation(s) -

- 1) Direct the City Manager to form a task force consisting of representatives from nonprofit organizations, City Council and Manager staff members to recommend options of social service allocation program process reform consistent with City Council priorities.
- 2) Direct the City Manager to conduct public meetings for current and potential social service providers to provide input on the allocation process.
- 3) Direct the City Manager to return to the Committee with these options by October 2001.

Other Recommendations - None.

Fiscal Impact - None with this action.

BACKGROUND

Each year since 1974, the federal government has provided Community Development Block

Grant Funds (CDBG) to the City to benefit low and moderate income citizens. Grant provisions allow up to 15% of those funds to pay for non-bricks and mortar activities (i.e. operating costs). The City's practice has been to use the maximum amount (15%) of CDBG funds allowed for social services, supplemented with city general funds, to create a pool of funds for social service activities. In Fiscal Years 2001 and 2002, approximately \$5 million was available for social service activities.

The current social service allocation process begins with an application period that opens the first week in December with completed applications due to the City by the last week of January. The applications are initially reviewed by Community Services Division staff for eligibility. All eligible applications are then reproduced and forwarded to the offices of the Mayor and City Council for review and funding consideration. A public hearing is held in April and all applicants are invited to testify before the City Council on behalf of their funding requests. The Mayor and City Council make final funding decisions based on a review of the applications and public testimony during a subsequent City Council meeting.

At the May 15, 2001 City Council meeting, Fiscal Year 2002 social service allocations were approved. During City Council discussion, several issues, questions and concerns were raised regarding the current process. As a result, the City Manager was directed to review the process and return to Rules, Finance and Intergovernmental Relations Committee with a plan of action to address the issues and concerns. This report responds to that direction.

DISCUSSION

In preparation for this meeting, staff reviewed the social service allocation process of the County of San Diego and the City of Phoenix. Grant funding processes of the City's Arts & Culture Commission and the United Way of San Diego County were also reviewed. In addition, input regarding priority levels of potential suggestions and funding categories was requested from the Mayor and City Council.

Based on the information gathered, staff is recommending that a task force consisting of representatives from nonprofit organizations, City Council offices, and City staff be formed to recommend reform options for City Council consideration. As the United Way of San Diego has experience with awarding grants to nonprofit organizations at similar level of total funding (@\$3 to \$4 million), it is also recommended that Jerry Sanders, President/CEO, United Way be appointed as Chair of the task force.

The task force would utilize the input obtained from the Mayor and City Council, current and potential service providers, materials gathered by staff and their experience to formulate potential options. It is anticipated that staff would return to Rules, Finance and Intergovernmental Relations Committee by October 2001 in order to ensure the Mayor and City Council can make decisions prior to the Fiscal Year 2003 allocation process.

ALTERNATIVE(S):

None.

Respectfully submitted,

Debra Fischle-Faulk
Community Services Deputy Director

Concur: Hank Cunningham, Director
Community and Economic Development

Approved: Bruce A. Herring
Deputy City Manager

HERRING/DFF/ELL