

R-28

May 24, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP ED22-023 and award a contract to Fund for Guaranteed Income, of El Segundo, CA, to implement and administer the Long Beach Guaranteed Income Pilot Program, in a total amount not to exceed \$460,915 for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary subsequent amendments. (Citywide)

DISCUSSION

Long Beach Recovery Act

On March 16, 2021, the City Council adopted the Long Beach Recovery Act (LB Recovery Act) becoming one of the first major cities to approve COVID-19 recovery programs made possible through the federal American Rescue Plan Act (ARPA) and other federal and State funding sources. Additional adjustments to the LB Recovery Act were made as part of the Adopted FY 22 Budget and periodic adjustments will be brought to the City Council as needed. Additional information about the LB Recovery Act is available on the City of Long Beach (City) website. As part of the Long Beach Recovery Act, under the category of Economic Recovery, approximately \$2 million was allocated to the Long Beach Guaranteed Income Pilot ("Pilot") to address financial hardship that has been created by COVID-19.

About Guaranteed Income Programs

Guaranteed Income (GI) is an innovative approach to supporting people in a rapidly changing economy by providing a minimum amount of income to supplement the basic costs of living with the goal of reducing poverty. GI programs typically provide regular, unconditional direct payments to individuals or entire households that help offset basic living expenses like housing, food, healthcare, and transportation. GI enables individuals to work and care for their families without falling into poverty or losing their jobs, creating financial security for individuals and households.

A common overarching theme of GI programs are to lift working people and their families out of poverty over time and start to reduce economic inequalities that exist in communities where people live and work together but some cannot afford the basic cost of living. These supplemental payments can also take the cost burden off local small business owners, who cannot afford to pay workers more to live in high-cost areas like Long Beach or Southern

California. GI programs can also provide the added benefit of stimulating the local economy by boosting access to discretionary spending for goods and services in the surrounding community.

Within the state of California, there has been much success with similar GI Pilots. The Compton Pledge's documented participants have used allocated GI funds to buy groceries, pay for rent, and start small businesses. Three participants have even used the GI to start nonprofits that are now serving the community. The Stockton Economic Empowerment Demonstration (SEED) Pilot found that recipients of GI were healthier, showed less depression and anxiety, and attained enhanced wellbeing.

Long Beach Guaranteed Income Pilot

In April 2021, a Community Working Group, composed of eight representatives selected for their extensive background in the Long Beach community, was convened to make recommendations for a potential GI program in Long Beach. The Working Group began its review of more than two dozen GI pilot programs from other municipalities that have either launched or are in planning stages for their own GI programs. Over a series of meetings, the Working Group members reviewed and discussed detailed analysis of GI program studies, research questions, participant selection criteria, control and treatment groups, outreach and marketing, self-application, and income distribution processes.

After extensive review of Long Beach-specific research, the Working Group identified Key Performance Indicators (KPI) to focus the development of recommendations for a Long Beach GI pilot program. The following provides a summary of the KPI recommended by the Working Group for City Council consideration:

- **COVID-19 Impacts:** Data provided by the Department of Health and Human Services showed the highest concentration of COVID-19 cases occurring in the five Zip Codes of 90804, 90805, 90806, 90810, and 90813.
- **Median Household Income:** Though the Median Family Income in Long Beach exceeds \$85,000, all household incomes in the targeted Zip Codes fall well below that, with income in 90813 being less than half of the citywide median.
- **Impact:** More than half of all families residing in Long Beach live within the five Zip Codes most impacted by COVID-19. The Working Group then turned to looking at the number and percentage of families in poverty.
- **Poverty:** According to the analysis, 80 percent of all Long Beach households living in poverty reside within the five identified Zip Codes. The highest concentration of poverty is found within 90813 - as close to one out of every four families fall within the United States Department of Health and Human Services Federal Poverty Level Guidelines.

Based on the recommendations of the Working Group and other considerations, such as funding availability, the Pilot program will include the following key elements:

- **Direct Payments:** The initial allocation funded by the LB Recovery Act will provide up to 250 participants with \$500 per month for 12 months.

- **Participants:** Program participants will be Single Headed Households with incomes below the poverty line.
- **Geographic Focus:** Direct payments will focus on the highest concentrated area of family poverty within the targeted five Zip Codes, which is in 90813. This will allow for the greatest potential for community impact and will provide documentable results that can be included within the national study and research currently underway throughout the United States. According to departmental analysis based on available US Census data, there are 58,380 residents of the 90813 Zip Code with 65 percent identifying as Hispanic or Latinx, 11.5 percent Black or African-American, 12.5 percent as Asian, 0.4 percent as Native Hawaiian and other Pacific Islander, and 0.2 percent as American Indian or Alaska Native. According to the California Hard-to-Count Index, 72 percent of all residents live within a multi-unit structure, 87.8 percent live in housing units that are renter-occupied, 46.5 percent have income below 150 percent of the poverty line, and 41.9 percent of those aged 25 and older are not high school graduates.
- **Support Services:** In addition to the direct cash assistance program, participants will receive the offer of additional services including digital technology packages, assistance with accessing childcare, job placement and job training access, financial benefits counseling, and other identified support services to expand upon the GI payments.
- **Reporting:** Consistent with other pilot programs, no additional reporting will be required for participants beyond the completion of a monthly survey. In addition to the treatment group there will be a yet-to-be-determined number of participants who will be included in the control group.
- **Incentives:** The control group will also be incentivized to complete a monthly survey but will not receive the direct cash payments.

The goal of the City's Guaranteed Income Pilot (Pilot) is to increase the monthly income of the City's most vulnerable residents with the highest unemployment, highest rates of violence and whom have had the greatest continued impact from COVID-19. In two years or less, the Pilot will distribute \$1.5 million in direct cash assistance in the form of GI to 250 families living at or below the poverty line in the 90813 Zip Code. Each participating household will receive \$500 a month for a period of twelve (12) months, with access to multiple payment options. Each participating household will have access to expert financial benefits counseling to ensure that zero impact will be had on any local, county, State or Federal public benefits. Using data collected as part of the Pilot, the City hopes to contribute to the discourse around local, regional and national GI policy and its efficacy, and seeks to identify additional matching funds for program expansion. If additional matching funds are secured, the Pilot may be expanded to serve additional cohort participants in other high-need Zip Codes.

City Council approval is requested to enter into a contract with Fund for Guaranteed Income (F4GI) to administer the Pilot. F4GI shall provide for the administration of the Pilot including, but not limited to: creating and operating a digital payment solution to pay Pilot participants, creating and maintaining a Pilot website/portal, providing financial counseling services and identifying potential funding for the expansion and/or sustainment of the program.

As a part of the Pilot, the City will also contract with a Pilot Research and Evaluation Partner to design the Pilot, engage the community, identify pilot participants and evaluate the program. The Research and Evaluation Partner will be selected through a separate process. F4GI will be required to collaborate with the City's selected Pilot Research and Evaluation vendor throughout the Pilot to conform with the Pilot design and to ensure appropriate data collection and information sharing in support of the overall evaluation of the program.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on February 17, 2022, and 1,302 potential proposers specializing in technology and infrastructure were notified of the RFP opportunity. Of those proposers, 47 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 39 local, minority-owned, and women-owned business groups. Additionally, the City engaged in additional outreach via Facebook, Twitter and Instagram, and translated in Spanish, Khmer, and Tagalog. The opportunity was also advertised in the Go Long Beach Newsletter, City of Long Beach Equity Newsletter, and Economic Development Newsletter. There were five proposals received on March 7, 2022. Of those five proposers, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach vendors (Local). The selection committee determined that F4GI, of El Segundo, CA, was the most qualified firm to provide the services.

F4GI was selected due to the organization's demonstrated expertise in comparable GI programs, their conformance with the RFP, proven fundraising capabilities, comprehensive proposal, and the reasonableness of cost.

Local Business Outreach

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download RFP specifications. Through outreach, 151 Long Beach vendors were notified to submit proposals, of which 11 downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Lauren Misajon on May 4, 2022, Purchasing Agent Michelle Wilson May 6, 2022, and by Budget Manager Grace H. Yoon on May 5, 2022.

TIMING CONSIDERATIONS

City Council action to concurrently adopt Specifications No. RFP ED22-023 and award a contract concurrently is requested on May 24, 2022 to ensure the contract is in place expeditiously for the administration of the City's Pilot.

EQUITY LENS

The City has incorporated the Equity Toolkit in this recommendation, as requested by the City Council on April 21, 2020. F4GI will embed an equity lens to address the unique needs of diverse and low-income households in the 90813 Zip Code and ensure equitable distribution of resources. To accomplish this, the vendor will work with City staff to create marketing materials in digital and print format, translate materials into multiple languages, distribute materials, coordinate outreach, and application assistance. Program data will be tracked by the Program Administrator and be reported as a part of the LB Recovery Act throughout the program's implementation. The strategies developed will create equitable economic opportunities for residents, workers, and businesses in Long Beach for sustained economic recovery. These best practices will enable the City to advance its equity goals for LB Recovery Act programs.

FISCAL IMPACT

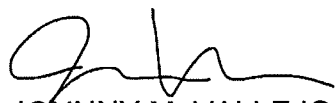
The LB Recovery Act has identified \$2 million for the Pilot program. The total amount of the contract will not exceed \$460,915 for a period of two years. Sufficient funding for the contract is currently budgeted in the General Fund Group in the Economic Development Department. For administrative efficiency and for reporting and auditing purposes, the funding source for this program is the General Fund based on funds made available as a result of the City's approach to using the majority of federal APRA funds to maintain existing City services in compliance with the U.S Department of Treasury's Final Rule, thereby freeing up General Fund monies for the LB Recovery Act programs.

This recommendation has a moderate staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The award of this contract will provide continued support to our local economy by helping to alleviate the financial hardships exacerbated by COVID-19.

SUGGESTED ACTION:

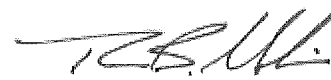
Approve recommendation.

Respectfully submitted,



JOHNNY M. VALLEJO
ACTING DIRECTOR
ECONOMIC DEVELOPMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER