

August 8, 2023

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an amendment to the Memorandum of Understanding with the Long Beach Community Foundation to allow for administrative fees ranging between 1.25 percent and 5 percent for the distribution of Long Beach Disaster Relief Funds. (Citywide)

DISCUSSION

On January 16, 2018, City Council authorized the City Manager to enter into a Memorandum of Understanding (MOU) with the Long Beach Community Foundation (LBCF) to administer and distribute funds donated to the Long Beach Disaster Relief Fund (LBDRF). At that time, the administrative fee for services was set at 1.25 percent.

The LBCF has administered charitable funds and fostered philanthropy to benefit the City of Long Beach (City), non-profit organizations, and educational institutions for over 27 years. Their 200 charitable funds, totaling \$65 million, have created and sustained critical services offered by hundreds of Long Beach organizations, including the Long Beach Library Foundation, YMCA of Greater Long Beach, Long Beach Day Nursery, Long Beach City College, and California State University Long Beach.

During the COVID-19 pandemic, the LBCF was charged with collecting donations, vetting non-profits and ensuring funds were used in the manner prescribed. Disaster relief funds totaled \$1.4 million and were distributed to 171 non-profit organizations. The breadth of these efforts was not contemplated when the MOU was established. The administrative fee of 1.25 percent was not sufficient to cover the required staffing and resources expended during the pandemic.

At this time, the LBCF is requesting an amendment to the current MOU to provide for an administrative fee commiserate with the staff effort required, based on varying levels of work determined by the nature of the disaster. LBCF is not requesting a retroactive payment of administrative fees.

The LBCF is proposing an amendment to the existing MOU to include a tiered fee range between 1.25 and 5 percent for a disaster depending on the level of effort required to collect and distribute disaster relief funds. The stated amendment is as follows with italicized area indicating the change to the existing MOU:

The LBCF charges a foundation support fee of 1.25 percent to cover general operating costs including: fund establishment, fund administration, due diligence procedures, and verification of non-profit organizations.

For an emergency requiring a rapid, upfront distribution of funds and more in-depth verification of non-profit organizations, similar to the COVID-19 pandemic, the support fee may range between 3 percent and 5 percent. The exact fee will be based on the method of fund administration and will be determined by the City Manager with input from the LBCF.

In addition, an LBCF investment fee of 15 basis points (0.15 percent) of the average fair market value of the fund's assets will be charged to cover the cost of internal investment accounting and management.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on May 17, 2023 and by Budget Management Officer Nader Kaamouh on June 22, 2023.

TIMING CONSIDERATIONS

City Council action is requested on August 8, 2023, to ensure prompt amendment of the MOU with the LBCF, and to ensure the continued ability of the LBCF to provide services to residents in need.

FISCAL IMPACT

This recommendation has no fiscal or staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



REGINALD I. HARRISON
DIRECTOR, DISASTER PREPAREDNESS
AND EMERGENCY COMMUNICATIONS

APPROVED:



THOMAS B. MODICA
CITY MANAGER