



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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December 11, 2018

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all agreements necessary, and any subsequent amendments, with the Long Beach Community Foundation, a California nonprofit corporation, to establish and administer the Mayor's Fund to End Homelessness;

Transfer the balance in the Mayor's Fund-Homeless Trust (EX 440) to the Long Beach Community Foundation Mayor's Fund to End Homelessness; and,

Authorize the Health and Human Services Department to receive and expend funds from the Long Beach Community Foundation for Homeless Services Division programming. (Citywide)

DISCUSSION

On September 14, 1990, the City Council approved an ordinance establishing the Mayor's Fund for the Homeless (Mayor's Fund). The Mayor's Fund is considered a discretionary fund, which is allocated to activities that are either not currently funded by Continuum of Care dollars, or are under-funded to meet the presenting need. Since January 1992, a solicitation envelope for the Mayor's Fund has been included in the City of Long Beach (City) utility bill during the holiday season at the end of each year. There is also a donation link on the City's website where community members can make donations year-round. Annually, the Mayor's Fund receives an average of \$25,000 in contributions. Under the City's current administration of the fund, donations are not tax deductible.

The Department of Health and Human Services (Health Department) is requesting to transfer management and administration of the Mayor's Fund to the Long Beach Community Foundation (LBCF). Once transferred, the fund will be named the "Mayor's Fund to End Homelessness."

The LBCF has been administering charitable funds and fostering philanthropy to benefit the City, local nonprofits, and educational institutions for more than 20 years. Their 150 charitable funds, totaling \$35 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.

The LBCF has agreed to work with the Health Department to administer the Mayor's Fund. In partnership with the Homeless Services Advisory Committee (HSAC) and Health Department staff, the LBCF would administer the Mayor's Fund on a year-round basis providing residents, businesses, foundations, and other funding sources with the opportunity to make donations by cash, check, or credit card. Following the transfer, all donations will be sent directly to the LBCF and will include donations collected from current practices such as the holiday envelopes and the City's website. LBCF will provide donors and funders with a receipt for their contributions that indicates that they are a 501(c)(3). The receipt can be used for tax purposes, if applicable. In addition, the LBCF will carefully select and manage investment options, which is anticipated to result in additional revenue to the fund. Awards for community granting will go directly to sub recipients from the LBCF. Awards to the City will go directly from LBCF to the City's Homeless Services Division for programming.

The LBCF charges a quarterly foundation support fee based on fund balance, which totals between 1 to 1.5 percent annually, to cover general operating costs, including: fund establishment, fund administration, due diligence procedures, and verification of nonprofit organizations. Fees are negotiated based on donation volume. In addition, a LBCF annual investment fee of 15 basis points (0.15 percent) will be prorated and charged quarterly based on the average fair market value of the fund's assets to cover the cost of internal investment accounting and management. Fees will be paid directly from revenues and investment earnings in the fund.

The LBCF is expected to comply with state and federal regulations as they relate to grants or contributions. The City will be responsible for finalizing required agreements with the LBCF to establish the Mayor's Fund to End Homelessness. Following the transfer, the City will no longer be responsible for implementation or management of the Mayor's Fund.

This matter was reviewed by Deputy City Attorney Linda T. Vu on November 20, 2018 and by Revenue Management Officer Geraldine Alejo on November 27, 2018.

TIMING CONSIDERATIONS

City Council action is requested on December 11, 2018, to ensure prompt completion of the agreement with the LBCF, and to begin collecting additional funds to provide critically needed services to Long Beach residents.

FISCAL IMPACT

The current balance in the Mayor's Fund is \$142,694. This amount will be transferred to the LBCF, who will administer the Mayor's Fund to End Homelessness. Sufficient appropriation exists in the Health Fund (SR130) in the Health and Human Services Department (HE) to support the transfer to LBCF, offset from revenues from the Mayor's Fund-Homeless Trust (EX 440).

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Additional funding to address the City's homeless service issues may be made available through the agreement; however, it cannot be quantified at this time and will depend on LBCF's investment, marketing and promotional results. If needed, should the City receive funding from the LBCF's Mayor's Fund to End Homelessness, the Department will return to the City Council with a request for budget appropriation. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KELLY COLOPY
DIRECTOR
HEALTH AND HUMAN SERVICES

APPROVED:


PATRICK H. WEST
CITY MANAGER