



Memorandum

**TO: Making Government Work Better
Committee**

FROM: Mark Linder

SUBJECT: SEE BELOW

DATE: November 9, 2006

APPROVED:

Ray Wines

DATE:

11/9/06

SUBJECT: Status report to the Making Government Work Better Committee on Grants Management Activities and Healthy Neighborhood Venture Fund (HNVF) 2006-2007 contracts.

BACKGROUND

This memorandum is in response to the Making Government Work Better (MGWB) Committee's request for a status report on staff efforts regarding grants management activities, including contract streamlining and progress on Healthy Neighborhood Venture Fund (HNVF) 2006-2007 contracts.

ANALYSIS

Since staff's last report to the Making Government Work Better Committee on October 19, 2006, staff has taken several steps to execute HNVF contracts in a timely manner and explore options to streamline the City's contracts process. These efforts include adding resources, including two permanent and three temporary positions to the HNVF team to expedite the contract process, and created a subcommittee, the Grants Streamlining Subcommittee to the Grants Management Task Force.

Streamlining Contracts

On October 30, 2006 the Grants Streamlining Subcommittee met to discuss ways to improve and streamline the contracts process. City staff has also had subsequent meetings with grants staff from the County of Santa Clara and the Silicon Valley Council of Nonprofits. City staff is currently analyzing the feasibility of the following options and has received feedback from some agencies on the possible impacts these options might have on the nonprofit organizations. These options are a result of the City and its stakeholders' initial efforts at addressing some of the key issues affecting contracts, including negotiation of scope of services and City resources.

Listed below are these options:

OPTION 1: Change Contract Cycle to Start in September/October

Currently HNVF funding is approved during the last Council meeting in June. The HNVF contract period begins July 1 creating a situation where all agencies begin to provide services prior to having a contract in place. In the current year this translated into 69 HNVF contracts beginning their grant services period without a contract in place.

This option, similar to Bringing Everyone Strengths Together (B.E.S.T) contract cycle, would allow the City to negotiate HNVF contracts during the summer months after the City's fiscal years budget process has been completed. In the first year of implementation this option would require extended contract terms and funding to cover the two to three-month gap period during contract negotiations from July through September/October.

It is estimated by using HNVF 2006-07 current funding levels, funding of approximately \$500,000 would be required to cover each additional month of a contract extension. This equates to \$1M to \$1.5M in additional funding to cover the two/three month extension. This funding could come from the existing HNVF fund balance.

With this option the contract period would run from September/October through the following 12-month period. This would give HNVF staff two/three months to negotiate contracts after funding is approved and before the contract period begins, thus eliminating agencies operating without contracts and funding.

OPTION 2: Start Contract Negotiations in May with July execution of Contracts.

This option would have contract negotiations starting in May with all contracts to be executed by July 1, with the understanding that funding is contingent upon Council approval in June. This option would be difficult for the City primarily because this is already one of the busiest periods in the year for City grants and Budget staff. During the May through July months, City staff is working on key activities such as the City's upcoming budget, closing out current contracts, and preparing for the upcoming funding period, along with day-to-day responsibilities (i.e. following up on grant monitoring issues, providing technical assistance, conducting site visits, processing payments, and preparing for future years grants cycle). Staff resources are insufficient to add on the labor-intensive task of contract negotiations in this time period.

OPTION 3: Long Term Solutions

The Administration recognizes the seriousness of the delays in contract processing and is aware that no one solution is going to meet everyone's needs and expectations. However, the City is committed to finding the best solution for the Administration and the majority of its partner agencies through a fair and open process. Some long term solutions the City is currently exploring include changing the application cycle from one year to a two or three year funding

cycle, increasing the minimum grant funding amount, and combining all contracts for a specific agency into one master grant agreement modeled after the County's program.

These proposals require more research and analysis and will be presented in the spring to the HNVF Committee for review, discussion, refinement and future recommendation.

Status on 2006-2007 HNVF Contracts

As of November 7, 2006, 23 of the 69 HNVF contracts have been fully executed. Of the 46 that have not yet been executed, 26 are in contract development and negotiations, six are being prepared for agency signature, seven are with the agencies for signatures and seven have been signed and are being prepared for execution.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**
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Staff met with the Silicon Valley Council of Nonprofits to discuss possible options and impacts to the Agencies and City.

COORDINATION

This memorandum was coordinated with the Parks, Recreation and Neighborhood Services, City Housing and Finance Departments, the Office of Cultural Arts and the Attorney's Office.

CEQA

Not a project.


MARK LINDER
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For questions, please contact Mark Linder, Deputy City Manager at 408-535-8180.