



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Community Services

Meeting Date: October 16, 2023

Report #:2309-2038

TITLE

Approve Additional Funding for the Human Services Resource Allocation Process for Ada's Cafe and Approve a Budget Amendment in the General Fund. CEQA Status – Not A Project.

RECOMMENDATION

Staff recommends the City Council to

- 1) Amend the Fiscal Year 2024 Budget Appropriation for the General Fund (requires 2/3 approval) by:
 - a. Increasing the Community Services Department Contract Services expense appropriation by \$45,000 for the Human Services Resources Allocation Process (HSRAP); and,
 - b. Decreasing the Budget Stabilization Reserve by \$45,000.
- 2) Direct the City manager to execute an agreement implementing additional funding of \$45,000 for FY 2024-25 HSRAP recipient, Ada's Cafe.

EXECUTIVE SUMMARY

Approval of this will increase the HSRAP grant award to Ada's Cafe in the amount of \$45,000 for a total grant of \$57,442 for the FY 2024-25 HSRAP process and decreases the Budget Stabilization Reserve in alignment with Council direction received September 11, 2023. On September 11, 2023, the Human Relations Commission (HRC) presented to Council its recommendation for the distribution of \$200,000 in additional funding for the Human Services Resource Allocation Process (HSRAP) as approved for Fiscal Years 2024 and 2025.¹ The recommendation

¹ September 11, 2023, City Council Meeting, Item 9 Accept the Human Relation Commission's Recommended Contingency Plan for the Distribution of \$200,000 in Additional Funding for the FY2024-25 Human Services Resource Allocation Process Recipients. Staff Report #:2307-1736.

<https://portal.laserfiche.com/Portal/DocView.aspx?id=67656&repo=r-704298fc>

would provide funding to twenty-two (22) human services providers serving Palo Alto residents for the period July 1, 2023 – June 30, 2025. During the discussion time for this agenda item, the Council voiced its concern that one of the grantees, Ada’s Cafe, was not being funded to the same level that other applicants were and recommended additional funding in the amount of \$45,000 from the Budget Stabilization Reserve for Ada’s Cafe.

BACKGROUND

The Proposed Fiscal Year (FY) 2024 Operating Budget included \$651,035 in HSRAP funding recommendations from the HRC to 22 human services organizations.² During budget deliberations, the Council approved an additional allocation of \$200,000 for HSRAP. This included \$50,000 in supplemental funding presented in the Proposed FY24 budget and an additional \$150,000 proposed by Council during deliberations; for a total funding investment of \$851,035 for FY 2024.

The Council was aware that the HRC had already created a contingency plan in the event that additional HSRAP funding was added during budget deliberations, but since the funding allocation spreadsheet was not presented for their consideration, Council requested that it come before them at a later date for approval and this occurred on September 11, 2023.

HRC Chair Kaloma Smith presented the HSRAP funding contingency plan for the distribution of the additional \$200,000. A rigorous review and consideration process was followed based on established evaluation criteria for both the initial HRC review of HSRAP applications and the contingency plan. Following a stated process is crucial according to Chair Smith, as all the applicants are beloved nonprofits who provide vital services to the community.

ANALYSIS

During the Council discussion on the contingency plan, Council members expressed concern with the funding recommendation for Ada’s Cafe. It was stated that while most applicants were receiving an average of 76% of their requested amount, the proposed allocation to Ada’s Cafe was much lower. Council members expressed a desire to provide additional funding to Ada’s Cafe and further discussion centered on options on how to do so, landing on an allocation from the Budget Stabilization Reserve, see motion below:

Motion: Accept the HRC’s recommended contingency plan for the distribution of \$200,000 in additional fund for FY24-25 HSRAP recipients and direct the City Manager to execute agreements implementing such funding, and direct staff to return on consent

² City of Palo Alto Proposed Operating Budget Fiscal Year 2024, CSD Human Service Contracts: Human Services Resource Allocation Process Contracts, Pages 222-223.

https://www.cityofpaloalto.org/files/assets/public/v/1/administrative-services/city-budgets/fy-2024-city-budget/proposed/city-of-palo-alto-proposed-operating-budget_final.pdf

with an allocation from the BSR of an additional \$45,000 for Ada's Cafe to be administered consistent with HSRAP Standards. (6-1)³

In total, this would result in a grant to Ada's Café in the amount of \$57,442, with all funding provided and administered consistent with the HSRAP standards.

FISCAL/RESOURCE IMPACT

Funding in the amount of \$45,000 from the Budget Stabilization Reserve will be shifted to the Community Services Department budget to increase HSRAP funding and specifically fund recipient Ada's Cafe. This will bring the total HSRAP funding in FY 2024 to \$896,035. An additional \$50,000 also remains in the HSRAP Contingency to fund emergency or critical Human Services needs that may come up in FY 2024.

This action will leave approximately \$53.7 million in the Budget Stabilization Reserve (BSR) or 19.9% of the FY 2024 Adopted Operating Budget, which is slightly below the 20.0% level recommended to be maintained in FY 2024 for continued economic uncertainty, and above the 18.5% amount of \$49.9 million

STAKEHOLDER ENGAGEMENT

The HSRAP contingency plan was discussed at the April 27, 2023 meeting of the Human Relations Commission. Meeting information was both publicly noticed and sent out to all HSRAP funding applicants. The Council consideration of the contingency plan on September 11, 2023, was also publicly noticed and sent out to all HSRAP funding recipients.

ENVIRONMENTAL REVIEW

Approval of this action is not a project under the California Environmental Quality Act (CEQA) per CEQA Guidelines 15061(b)(3).

APPROVED BY:

Kristen O'Kane, Community Services Director

³ September 11, 2023, City Council Meeting Action Minutes, Item 9.
<https://portal.laserfiche.com/Portal/DocView.aspx?id=67685&repo=r-704298fc>