



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

August 1, 1985
FA: 85369: BM: KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Loan Agreement with the Sacramento Local Conservation Corps

CITY MANAGER'S OFFICE
RECEIVED
AUG 2 1985

SUMMARY

The attached report recommends that the City Council approve a new loan of \$15,000 to the Sacramento Local Conservation Corps and extend the repayment date of the existing loan to June 30, 1986.

RECOMMENDATION

It is recommended that the Budget and Finance Committee approve and forward to the full Council the attached report and resolution.

Respectfully submitted,

BETTY MASUOKA
Budget Officer

RECOMMENDATION APPROVED:

SOLON WISHAM, JR.
Assistant City Manager

All Districts
August 13, 1985



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

August 1, 1985
FA:85367:BM:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

JACK R. CRIST
Director of Finance

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Loan Agreement with the Sacramento Local Conservation Corps

SUMMARY

This report recommends that the City Council approve the attached request (see Exhibit A) from the Sacramento Local Conservation Corps (SLCC) to approve a new loan of \$15,000 and to extend the repayment date of their current loan from June 30, 1985 to June 30, 1986.

BACKGROUND

Attached is a letter and proposal justification from the SLCC which provides the basis and background of their request.

FINANCIAL

Funding for the requested loan would be provided by the General Fund Administrative Contingency.

RECOMMENDATION

It is recommended that the Council adopt the attached resolution authorizing the City Manager to execute a new loan agreement with the SLCC

for \$15,000 and to amend the current loan agreement to extend the repayment date from June 30, 1985 to June 30, 1986. The new loan agreement and existing loan amendment are attached as Exhibit B.

Respectfully submitted,

Betty Masuoka

BETTY MASUOKA
Budget Officer

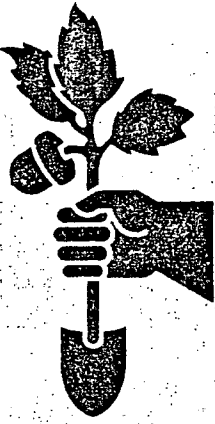
RECOMMENDATION APPROVED:

Walter J. Slipe

For: WALTER J. SLIPE
City Manager

Attachment

All Districts
August 20, 1985



Sacramento Local Conservation Corps

Cosumnes River College
3401 Center Parkway
Sacramento, CA 95823
(916) 423-3139

June 20, 1985

Honorable Anne Rudin, Mayor
City Hall
915 I Street, Room 205
Sacramento, CA 95814

Dear Mayor Rudin:

The Sacramento Local Conservation Corps respectfully requests an extension of the current \$15,000 no-interest loan from the City. The new terms of said loan would be: (a) no interest, and (b) repayment due upon the completion of the 1985-1986 fiscal year audit by the California Conservation Corps. The Sacramento Local Conservation Corps further requests an additional loan of \$15,000 under the same terms.

Since January 1, 1985, the Sacramento Local Conservation Corps has operated as a provider of public service conservation work in the greater Sacramento area. In addition to performing valuable conservation work for the City of Sacramento, the Sacramento Local Conservation Corps operates as a nonprofit corporation for the purpose of target-employing low income, minority youth, and high school dropouts, aged 18-23 years of age. This population is seen by youth and justice experts as having a high potential for criminal behavior, resignation to the welfare system, or a lifetime of periodic employment at the lowest wage levels.

The SLCC will direct its activities toward the end of taking youth off the streets in a structured program to provide said youth with basic job responsibility and discipline. The SLCC as such becomes a preventive program in the reduction of crime.

We are a jobs training, education and work program. Corpsmembers will perform hard, physical labor for a minimum of 32 hours a week at minimum wage. They will perform what is referred to as Public Service Conservation Work, which consists of stream clearance, tree planting, public park development, landscaping, trail construction, historical restoration, etc. We may also respond to natural disasters such as floods and wildland fires. Corpsmembers who survive our program of "hard work, low pay, and miserable conditions" will

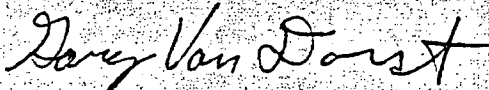
Rudin Letter
Page two

have the work ethic inculcated within them. They will further be required to attend a fifth day of educational programming in the areas of G.E.D. Preparation, Literacy Coursework, Career Development (i.e. resume writing, portfolio organization), and Conservation Awareness.

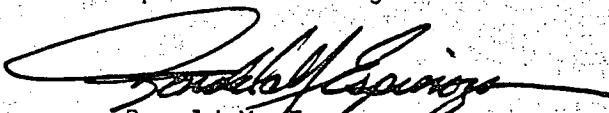
In addition to that support already provided the SLCC by the City and County of Sacramento, many corporations such as Chevron USA, Bank of America, Pacific Bell, and Wismer and Becker Contracting Engineers have already contributed significant support to our organization.

The Sacramento Local Conservation Corps appreciates the concern and support already in evidence by the business community, by the City Council, and many officials in County government. We hope that the City's continued support will be reified by the SLCC's activities as a provider of services that will have widespread community impact. If you desire any further information, please feel free to contact us.

Sincerely,



Gary Van Dorst
Operations Manager



Ronald M. Espinoza
Executive Director



Sacramento Local Conservation Corps

PROPOSAL JUSTIFICATION

You will note from the attached projected Budget for fiscal year 1985-1986, that the Sacramento Local Conservation Corps will need to raise approximately \$157,000 based on the premise that the State will continue to fund us at our present level. It should additionally be stated that the attached budget contains no figure to cover contingencies (i.e. no emergency monies) and no cash reserve, for the purpose of covering our operations expenses for one month. It could easily be argued that the maintenance of such a reserve is a sound business practice. It should also be understood that the SLCC bills the State in arrears and that the State retains or withholds 10% of all monies invoiced to the State on a bimonthly basis, a fact which progressively exacerbates our cash flow problem.

The Sacramento Local Conservation Corps projects approximately \$75,000 to \$145,000 in project reimbursement for this next year. However, this will still leave a shortfall of \$40,000 to \$105,000. The SLCC continues to investigate other means of raising monies (e.g. foundation grants, direct mail contributions, etc.). However, none of these means of raising funds is assured and none of these means of raising funds will offset the possible shortfall for July 1986.

It is more than likely that the SLCC will find itself without funding for a period of time at the beginning of this next fiscal year. Assuming that those budget items assuring us of continued State funding at our present level pass by July 1, there could still be a delay in said funds being available to us right away. This would certainly necessitate the need to have one month's worth of operating expenses in order to avert a possible shut-down and lay off of personnel. Although passage of the above-mentioned budget items would be retroactive to July 1, such an interruption of our services would be costly and delterious to the overall program.

The Sacramento Local Conservation Corps does not request a loan of \$15,000 from the City of Sacramento without having earned such a request. Since our inception on January 1, 1985, the Sacramento Local Conservation Corps has performed 5611 hours of non-reimbursed project work for the City of Sacramento, as of June 1, 1985. Since our start-up necessarily involved some delay, with respect to placing a full complement of personnel in the field, it is fair to project an increase in the number of non-reimbursed hours provided the City over the course of a year. Indeed, 5611 hours at the normal reimbursement rate of \$6.51 per manhour comes to a total of \$36,527.61 worth of free labor provided the City. This labor multiplied by

two plus an adjustment for our start-up would more than reimburse the City for the amount of our loan request. It should additionally be emphasized that the City is reimbursed far more than the possible savings or dollar amount of conservation work provided it. The SLCC provides many intangible but valuable services to the City inasmuch as we are a program of youth employment training.

Further, the SLCC has performed a total of 1,378 non-reimbursed man-hours within the confines of the City of Sacramento, as of June 1, 1985. These project services have been performed for Los Rios Community College District, the Sacramento Safety Center, and such nonprofit organizations as the Sacramento Tree Foundation, Stanford Settlement House, and the Sacramento Science Center and Junior Museum. All total, this labor would be worth \$8,970.78 at the normal reimbursement rate of \$6.51 per manhour.

The Sacramento Local Conservation Corps has determined that there is at least several years worth of valuable conservation work to be performed in the greater Sacramento area; all of this work would additionally satisfy the criteria set forth by the Public Resources Code of the State of California. The SLCC has also determined, based on figures provided by the U.S. Census Bureau and the Employment Development Department, that there are 1500 plus youth, aged 18-23 just in the major targeted areas of recruitment, accessible to us at any given time.

We believe that we will be unable to carry out our objectives as a significant provider of youth training and employment services in conjunction with public service conservation work without the aforementioned loan request. Such a request is necessary for overcoming our cash flow problem, and possible lack of funding at the beginning of this upcoming fiscal year.

Sacramento Local Conservation Corps

FY 1985-86
BUDGET-SUMMARY

EXPENDITURES

I.	<u>Salaries</u>	
	A. Administrative Staff	143,604.00
	B. Supervisory Staff	59,700.00
	C. Corpsmember Stipends	270,800.00
	Total	<u>474,104.00</u>
II.	<u>Benefits</u>	
	A. Administrative Staff	18,960.94
	B. Supervisory Staff	15,516.25
	C. Corpsmembers	91,050.09
	Total	<u>125,527.28</u>
III.	<u>Operating Expenses</u>	
	A. Administrative Overhead	51,100.00
	B. Operating Equipment	10,300.00
	C. Transportation	55,500.00
	Total	<u>116,900.00</u>
IV.	<u>Academic Expenses</u>	12,000.00
	Total	<u>12,000.00</u>
	Total Expenses	<u>728,531.28</u>

REVENUES

I.	<u>State Grant (CCC)</u>	571,740.80
II.	<u>Project Reimbursement</u>	145,000.00
III.	<u>Other Grants</u>	10,890.48
IV.	<u>Interest Income</u>	900.00
	Total Revenue	<u>728,531.28</u>

6/18/85

PROJECT BUDGET

SALARIES

A. Administrative Staff	
1. Executive Director \$3000/month x 12 months	\$36000
2. Operations Manager \$2275/month x 12 months	\$27300
3. Field Work Coordinator \$2200/month x 12 months	\$26400
4. Education/Training Coordinator \$1850/month x 12 months	\$22200
5. Administrative Assistant \$1150/month x 12 months	\$13800
6. Business Services Officer (Contract Employee) \$1492/month x 12 months	<u>\$17904</u>
TOTAL PART A	<u>\$143604</u>
B. Supervisory Staff	
1. Field Supervisor (1) \$1075/month x 12 months	12900
2. Field Supervisor (3) \$900/month x 12 months	32400
3. Landscape Supervisor \$1200/mo x 12 mos	<u>14400</u>
TOTAL PART B	<u>59700</u>
C. Corpsmembers at \$3.35 an hour x 200 work days x 50 corpsmembers	\$268000
Crew Leaders at 15% increase x 100 work days x 5 Crew Leaders	2000
Specialist at 15% increase x 200 work days	<u>800</u>
TOTAL PART C	<u>270800</u>
TOTAL SALARIES	<u><u>474104</u></u>

6/10/85

III. OPERATING EXPENSES

A. Administrative Overhead	
1. Insurance	
a. Liability	\$ 3500
b. Errors and Omissions	\$ 2500
2. Legal	\$ 7500
3. Accounting, Bookkeeping, Payroll	\$ 5500
5. Taxes, Licenses	\$ 250
6. Duplication	\$ 4200
7. Office Machines, Equipment, Servicing	\$ 1000
8. Stationary and Supplies	\$ 3600
9. Telephone	\$ 5700
10. Postage/Delivery	\$ 750
11. Rent/Cosumnes River College	\$12000
12. Recruitment/Publicity	\$ 1400
13. Annual Audit and Tax Returns	\$ 2000
14. Per diem	<u>1200</u>

TOTAL ADMINISTRATIVE OVERHEAD 51100

B. Operating Equipment	
1. Equipment purchase: Over \$500	\$ 1500
2. Equipment purchase: Under \$500	\$ 1000
3. Equipment rental	\$ 800
4. Tools (new purchases)	\$ 6000
5. Repairs & Maintenance & Replacement Tools/Equipment	<u>\$ 1000</u>

TOTAL OPERATING EQUIPMENT \$10300

C. Transportation	
1. Vehicles (includes repair & maintenance)	
a. 5 vans	\$32000
b. Owned vehicles	\$ 2000
2. Vehicle Insurance	\$13000
3. Gasoline and Oil	<u>\$ 8500</u>

TOTAL TRANSPORTATION \$55500

IV. ACADEMIC EXPENSES

A. Contractural instruction, books, journals, and all other related academic expenses	\$12000
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TOTAL ACADEMIC EXPENSES \$12000

TOTAL PROPOSED BUDGET FOR PROJECT 728,531.28

II. BENEFITS

A.	FICA at 7.05%	
	1. Administrative Staff	\$ 8861.85
	2. Supervisory Staff	4208.85
	3. Corpsmembers	19029.71
B.	Life Insurance (.35 per \$1000)	
	1. Administrative Staff	\$ 87.50
	2. Supervisory Staff	\$ 87.50
	3. Corpsmembers	\$ 275.00
C.	State Unemployment Insurance at 3.5%	
	1. Administrative Staff	\$ 4399.50
	2. Supervisory Staff	2089.50
	3. Corpsmembers	9447.38
D.	Federal Unemployment Insurance	
	1. Administrative Staff \$56 x 5 x 2	\$ 560.00
	2. Supervisory Staff \$56 x 5 x 2	\$ 560.00
	3. Corpsmembers	2160.00
E.	Health Insurance at \$63.24 per person	
	1. Administrative Staff	\$ 3794.40
	2. Supervisory Staff	\$ 3794.40
	3. Corpsmembers	\$37944.00
F.	Workers' Compensation	
	1. Administrative Staff at 1.49%	\$ 1184.55
	2. Clerical Staff at .53%	\$ 73.14
	3. Supervisory Staff at 8.0%	4776.00
	4. Corpsmembers at 8.0%	21594.00
	<u>SUBTOTALS</u>	
	1. Administrative and Clerical Staff	\$ 18960.94
	2. Supervisory Staff	15516.25
	3. Corpsmembers	91050.09
	TOTAL BENEFITS	<u>125527.28</u>

PROMISSORY NOTE

Amount Loaned by City: \$15,000.00
Sacramento, California _____, 1985.

On June 30, 1986, for value received, the Sacramento Local Conservation Corps, Inc. promises to pay to the order of the City of Sacramento Fifteen Thousand Dollars (\$15,000.00), payable in lawful money of the United States of America.

Should the payment not be made on or before June 30, 1986, then interest shall accrue on any unpaid amount at the rate of twelve percent (12%) per annum.

If suit is brought on this note to enforce payment, Sacramento Local Conservation Corps, Inc. promises to pay costs of suit, including such reasonable attorneys' fees as may be fixed by the court.

SACRAMENTO LOCAL CONSERVATION
CORPS, INC.

By: _____

Its _____

EXTENSION OF PROMISSORY NOTE

The payment date of that certain promissory note dated February 1, 1985 (City Agreement No. 84138), a copy of which is attached hereto and incorporated herein by reference, is hereby extended from June 30, 1985, to June 30, 1986. All other terms and conditions of said note shall remain in full force and effect.

DATED: July _____, 1985.

CITY OF SACRAMENTO

By: _____

PROMISSORY NOTE

Amount loaned by City: \$15,000.00
Sacramento, California 2/1, 1985

On June 30, 1985, for value received, the Sacramento Local Conservation Corps, Inc. promises to pay to the order of the City of Sacramento fifteen thousand dollars. (\$15,000.00), payable in lawful money of the United States of America.

Should the payment not be made on or before June 30, 1985, then interest shall accrue on any unpaid amount at the rate of twelve percent (12%) per annum.

If suit is brought on this note to enforce payment, Sacramento Local Conservation Corps, Inc. promises to pay costs of suit, including such reasonable attorneys' fees as may be fixed by the Court.

SACRAMENTO LOCAL CONSERVATION
CORPS, INC.

BY [Signature]

Its PRESIDENT, SACRAMENTO
LOCAL CONSERVATION CORP.

City Agreement No. 84138

City Agreement No. 84138