



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2019-01029

July 23, 2019

Consent Item 09

Title: Predevelopment Grant Agreement for the La Familia Economic Development Opportunity Center

Location: District 5

Recommendation: Pass a Motion authorizing the City Manager or the City Manager's designee to execute a Predevelopment Grant Agreement for an Economic Development Opportunity Center with La Familia Counseling Center, Inc. and Sierra Health Foundation: Center for Health Program Management for an amount not-to-exceed \$350,000.

Contact: Michael Jasso, Assistant City Manager, (916) 808-1380, Office of the City Manager; Melissa Anguiano, Economic Development Manager, (916) 808-5864, Office of Innovation and Economic Development

Presenter: None

Attachments:

1-Description/Analysis

2-Predevelopment Grant Agreement

Description/Analysis

Issue Detail: On February 5, 2019, the City Council approved the Fiscal Year (FY) 2018/19 Midyear Budget Report. The report included funding priorities directly aligned with youth programming and investment, neighborhood inclusive economic development, and projects with clear citywide impact. Amongst the priorities was an allocation of a \$350,000 predevelopment grant for the La Familia Economic Development Opportunity Center.

The grantee, La Familia Counseling Center, Inc. (La Familia), currently operates the Maple Neighborhood Center at 3301 37th Ave, Sacramento, CA 95824, under an agreement with the Sacramento Unified School District. The Maple Neighborhood Center offers a host of unique programs and direct services programs at the Maple Neighborhood Center to meet the needs of Sacramento's diverse community. La Familia is planning to expand its services with the development of an Economic Development Opportunity Center (Opportunity Center) adjacent to the Maple Neighborhood Center. La Familia intends to address economic development and support community, youth, and young adults through workforce development, job training, skill development and small business and entrepreneurial services.

Under this grant agreement, The Sierra Health Foundation: Center for Health Program Management (The Center), will serve as La Familia's fiscal agent and project administrator, providing capacity building to support reporting and evaluation requirements. The Center is uniquely qualified to function as project administrator by leveraging the relationships and operational infrastructure of the Sierra Health Foundation, including over 30 years of grant making experience.

This grant will support predevelopment work for the Opportunity Center, such as deposits on land acquisition, hiring consultants, environmental studies, architectural drawings, a land survey, city permits and other necessary predevelopment expenses to support the buildout of the Opportunity Center.

Policy Considerations: As noted in the FY2018/19 Midyear Budget Report, funding these initiatives are directly aligned with youth programming and investment, neighborhood inclusive economic development, and projects with clear Citywide impact.

Economic Impacts: Ensuring economic and community development opportunities exist for all can result in greater economic growth for the residents, businesses, and youth of Sacramento.

Environmental Considerations: This grant agreement would provide funds for initial investigation of site conditions and other circumstances that may affect project feasibility.

Approval of the grant agreement is not a project under the California Environmental Quality Act (CEQA) because it does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Section 15378(b)(4) of the CEQA Guidelines (Cal. Code Regs., tit. 14, §15000 et seq.), and is, therefore, not subject to CEQA pursuant to Section 15060(c)(3) of the CEQA Guidelines. Any proposed project would be subject to appropriate CEQA review.

Sustainability: None

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The City Council has made it clear, through multiple actions, its commitment to prioritize and implement strategies, programs and projects that increase inclusive community and economic capacities throughout our City. To achieve this, the City must focus its support and investments to strengthen our people, business, and place capacities.

The Opportunity Center will allow La Familia to expand employment training and educational programs, build shared workspaces, offer commercial kitchen space, and other programs that attract investment, create jobs, and foster economic resiliency and prosperity in this community.

Financial Considerations: There is sufficient funding available in the Youth and Family Investments (I02001800) project to fund this predevelopment grant agreement with La Familia and The Center. Funding for this initiative was approved in the FY2018/19 Midyear Budget Report.

Local Business Enterprise (LBE): Not applicable.

Predevelopment Grant Agreement

This predevelopment grant agreement, dated July 23, 2019, for purposes of identification, is between the CITY OF SACRAMENTO, a California municipal corporation (the “**City**”), LA FAMILIA COUNSELING CENTER, INC., a California non-profit public benefit corporation (the “**Grantee**”), and SIERRA HEALTH FOUNDATION: CENTER FOR HEALTH PROGRAM MANAGEMENT, a California non-profit public benefit corporation (the “**Project Administrator**”).

Background

The Grantee operates the Maple Neighborhood Center at 3301 37th Ave, Sacramento, CA 95824 (the “**Maple Neighborhood Center**”) under an agreement with the Sacramento Unified School District. The Grantee offers a host of unique programs and direct services programs at the Maple Neighborhood Center to meet the needs of Sacramento’s diverse community. Specific programs include mental health counseling services for children and youth ages 0 to 21 and their families, access to a computer lab and computer basics courses, parenting and leadership classes, and a range of ongoing and annual events for community members of all ages. The Grantee is planning to expand its services and is in escrow to purchase seven parcels adjacent to the Maple Neighborhood Center at Franklin Boulevard and 37th and 38th Avenues (Assessor Parcel Numbers: 025-0231-011, 012, 015, 016, 017, 018, and 032).

The Grantee intends to build an Economic Development Opportunity Center (the “**Opportunity Center**”) on the seven parcels that will address economic development and support community, youth, and young adults through workforce development, job training, skill development and small business and entrepreneurial services. The Grantee intends to use the funds provided under this agreement for predevelopment work, such as deposits on land acquisition, hiring consultants, environmental studies, architectural drawings, a land survey, city permits and other necessary expenses to support the buildout of the Opportunity Center. The Opportunity Center will allow the Grantee to expand employment training and educational programs, build shared workspaces, offer commercial kitchen space, and other programs that attract investment, create jobs, and foster economic resiliency and prosperity in this community.

The Project Administrator, Sierra Health Foundation: Center for Health Program Management (the “**Center**”) was founded by Sierra Health Foundation in 2012 as an independent 501(c)(3) nonprofit organization. The Center pursues the promise of equity for all by pursuing social, racial and economic inclusion in communities across California. Leveraging relationships, operational infrastructure, and funding from the Sierra Health Foundation, the Center incorporates learning communities into each of its initiatives to strengthen participating organizations’ capacity.

The Center draws upon Sierra Health Foundation’s more than 30 years’ experience as a grant maker in the social determinants of health field, by tapping into the Sierra Health Foundation’s administration, and finance infrastructure. Since its founding in 2012, the Center has been able to cost effectively manage over 192 grants and contracts representing more than

\$58 million dollars of investments from governmental and non-governmental entities. These experiences and background render. The Center is uniquely qualified to function as the project administrator for this agreement.

The Grantee and Project Administrator intend to enter into a memorandum of understanding that identifies their rights and responsibilities regarding implementing the project to be funded under this agreement (the “**Project MOU**”).

With these background facts in mind, the City, Grantee, and Project Administrator agree as follows:

- 1. Term.** This agreement takes effect as described in section 9 and terminates on June 30, 2020, subject to early termination under section 7.
- 2. Joint and Several Responsibility.** The Grantee and Project Administrator are jointly and severally responsible for the Grantee’s and the Project Administrator’s obligations under this agreement.
- 3. Disbursement of Funds.**
 - (a) The City shall disburse to the Project Administrator a sum of \$350,000. The disbursement of the funds is to be made in two disbursements during the term of this agreement: the first disbursement of \$280,000 is to be made within 30 days after (i) Grantee submits evidence of insurance required under section 11 and (ii) the City approves the budget submitted by the Grantee under subsection (b), but no earlier than 30 days after the effective date of this agreement; the second disbursement of \$70,000 is to be made within 30 days after Grantee submits the mid-term progress report required under section 7(c).
 - (b) The Project Administrator shall transfer the funds to the Grantee, according to the Project MOU, to be used as provided in attachment 1 (“**Authorized Uses**”) in accordance with the budget submitted by the Grantee and approved by the City (the “**Approved Budget**”). The Grantee shall submit a proposed budget for the City’s approval within 30 days after the effective date of this agreement. The City will determine in its sole discretion whether to approve the budget.
 - (i) As used in this subsection (b), “sole discretion” means that the City may determine whether to approve the budget based solely on its own assessment of the City’s interests and without considering how its decision affects the Grantee or Project Administrator.
 - (ii) The Approved Budget will be deemed incorporated into this agreement and made part of it.

(iii) The Project Administrator shall provide the City with a fully-executed copy of the Project MOU no later than 30 days after the effective date of this agreement.

5. Services and Budget. The Grantee may expend the funds received under this agreement solely for Authorized Uses in accordance with the Approved Budget. The Grantee's use, receipt, and expenditure of funds received under this agreement are subject to the following additional conditions:

- (a) The Grantee may expend the funds only for Authorized Uses during the period between the effective date of this agreement and June 30, 2020.
- (b) The Grantee shall not use the funds to pay for services that would otherwise be paid for with other public funds (e.g., cannot use funds under this agreement to pay for services being provided through another City grant).
- (c) Within 60 calendar days after the termination of this agreement, the Grantee shall return all unexpended funds to the City by check payable to the City and delivered to the City at the address shown in section 8.

This section 4 will survive the termination of this agreement.

6. Monitoring and Supervision. The Project Administrator shall monitor and supervise the Grantee's performance under this agreement.

7. Separate Accounts. The Grantee shall keep all funds received under this agreement separate from all other funds under its control.

8. Books and Records. As required by the City's Accounting Manager (the "Accounting Manager"), the Grantee shall keep appropriate books, records, and accounts in connection with the funds received and activities performed under this agreement.

- (a) During the term of this agreement, and for one year after the term expires or terminates, the Grantee shall maintain detailed records pertaining to performance of this agreement sufficient to provide the basis for an unqualified opinion by an independent auditor, including records concerning budgeting, expenditures, subcontracts, insurance, permits, administrative expenses, and overhead.
- (b) The Grantee shall make its books, records, and accounts (both those that relate to this agreement and those that do not) available to the Accounting Manager at all reasonable times so that the Accounting Manager may audit them to determine whether the Grantee has complied with this agreement. If the City requests, the Grantee shall obtain and provide to the City, at the Grantee's sole cost, an independent financial audit of the Grantee's use of the funds received under this

agreement for any or all years that the Grantee provided services under this agreement.

- (c) No later than January 15, 2020, the Grantee shall provide the City with a mid-term progress report of all expenditures made between the effective date of this agreement and December 30, 2019. And no later than ten days before the termination of this agreement, the Grantee shall provide the City with a final report of all expenditures made during the term of this agreement. Each report must include a detailed statement explaining how the Grantee used the funds for Authorized Uses and any other information that the City may request. The Grantee shall attach to each report a certification that the funds received under this agreement were used only for Authorized Uses and in accordance with Section 13. The Grantee's failure to provide each report and certification as required may result in the Grantee being barred from receiving City grant funding in future years.
- (d) Upon demand by the City, given in accordance with section 9, the Grantee shall reimburse the City for all funds received under this agreement that the Accounting Manager or an independent auditor determines were expended (i) for activities other than Authorized Uses or (ii) contrary to any of the provisions of section 4(a) – (b), with reimbursement to be by check payable to the City and delivered to the City at the address shown in section 8.

This section 6 survives termination of this agreement.

7. Termination. The City may terminate this agreement if the City Manager determines that:

- (a) Grantee has failed to provide the City with the proposed budget and a copy of the fully-executed Project MOU within 30 days after the effective date of this agreement (see section 3);
- (c) Grantee has improperly used the funds (see section 4);
- (c) Grantee has failed to submit a report and certification on time and in proper form (see section 6);
- (d) Grantee has made (with or without knowledge) any material misrepresentation of any nature with respect to any information or statements furnished to City in connection with this agreement;
- (e) There is pending litigation with respect to the performance by Grantee of any of its duties or obligations under this agreement that may materially jeopardize or adversely affect its ability to use the funds for Authorized Uses;
- (f) Grantee has failed to perform, or has performed unsatisfactorily, any term of this agreement; or

(g) Grantee has expended the entirety of the Approved Budget and submitted a final report in accordance with section 6(c) that, in the aggregate, account for all funds dispersed under this agreement.

- 8. Notices.** Any notice, request, report, or demand under this agreement must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this section 8 to the persons identified below or their successors. A mailed notice, application, request, report, or demand will be effective or will be considered to have been given on the third calendar day after it is deposited in the United States Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice, application, request, report, or demand sent in any other manner will be effective or will be considered properly given when actually delivered. Any party may change its address for these purposes by giving written notice of the change to the other party in the manner provided in this section.

If to the City:

City of Sacramento,
Office of the City Manager
915 I Street, 5th Floor
Sacramento, California 95814
Attention: Michael Jasso

If to the Grantee:

La Familia Counseling Center, Inc.
5523 34th Street
Sacramento, CA 95820
Email Address: rachelr@lafcc.org
Attention: Rachel Rios

If to the Project Administrator:

Sierra Health Foundation: Center for Health Program Management
1321 Garden Hwy.
Sacramento, CA 95833
Email Address: rdana@sierrahealth.org
Attention: Richard Dana

- 9. Effective Date.** This agreement is effective on the date that all parties have signed it, as indicated by the dates in the signature blocks below.
- 10. Indemnity.** Grantee and Project Administrator shall defend, hold harmless and indemnify the City, its officers and employees, and each and every one of them, from and against

any and all actions, damages, costs, liabilities, claims, demands, losses, judgments, penalties, costs and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by the City's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (collectively, "**Liabilities**"), including Liabilities arising from personal injury or death, damage to personal, real or intellectual property or the environment, contractual or other economic damages, or regulatory penalties, arising out of or in any way related to this agreement, whether or not (i) such Liabilities are caused in part by a party indemnified hereunder or (ii) such Liabilities are litigated, settled or reduced to judgment, except that the foregoing indemnity does not apply to liability for any damage or expense for death or bodily injury to persons or damage to property to the extent arising from the sole negligence or willful misconduct of the City, its agents, servants, or independent contractors who are directly responsible to City, except when such agents, servants, or independent contractors are under the direct supervision and control of Grantee or Project Administrator. The provisions of this section 10 will survive the termination of this agreement.

11. Insurance. During the term of this agreement, Grantee shall maintain insurance coverage as follows:

- (a) Commercial General Liability Insurance providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage, and personal injury, arising out of activities performed by or on behalf of Grantee, its subcontractors, products and completed operations of Grantee, its subcontractors, and premises owned, leased, or used by Grantee, its subcontractors, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy must provide contractual liability and products and completed operations coverage for the term of the policy. The policy must not include an exclusion for sexual abuse, physical abuse, or molestation.
- (b) The minimum limits of insurance required by section 11(a) may be satisfied by a combination of primary and umbrella or excess insurance coverage; provided that any umbrella or excess insurance must contain, or be endorsed to contain, a provision that it applies on a primary basis for the benefit of the City, and any insurance or self-insurance maintained by the City, its officials, employees, or volunteers is in excess of such umbrella or excess coverage and does not contribute with it.
- (c) The City, its officials, employees, and volunteers must be covered by policy terms or endorsement as additional insureds as respects general liability arising out of: activities performed by or on behalf of Grantee and its subcontractors; products and completed operations of Grantee and its subcontractors; and premises owned, leased, or used by Grantee and its subcontractors.
- (d) The policies must contain, or be endorsed to contain, the following provisions:

- (1) Grantee's insurance coverage, including excess insurance, is primary insurance as respects the City, its officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officials, employees, or volunteers is in excess of Grantee's insurance and does not contribute with it
 - (2) Any failure to comply with reporting provisions of the policies does not affect coverage provided to the City, its officials, employees, or volunteers.
 - (3) Coverage must state that Grantee's insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (e) Grantee shall provide the City with 30 days' written notice of cancellation or material change in the policy language or terms.
- (f) Insurance must be placed with insurers with a Bests' rating of not less than A:VI. Self-insured retentions, policy terms, or other variations that do not comply with the requirements of this section 11 must be declared to and approved by the City in writing prior to execution of this agreement.
- (g) Grantee shall furnish the City with certificates and required endorsements evidencing the insurance required. The certificates and endorsements must be forwarded to the City representative named in section 8. Copies of policies must be delivered to the City on demand. Certificates of insurance must be signed by an authorized representative of the insurance carrier.
- (h) For all insurance policy renewals during the term of this agreement, Grantee shall send insurance certificates reflecting the policy renewals directly to:
- City of Sacramento
c/o EXIGIS LLC
P.O. Box 4668 ECM- #35050
New York, NY 10168-4668
Insurance certificates also may be faxed to (888) 355-3599, or e-mailed to:
certificates-sacramento@riskworks.com
- (i) The City may withdraw its offer of contract or terminate this agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this agreement. The City may withhold payments to Grantee or terminate the agreement if the insurance is canceled or Grantee otherwise ceases to be insured as required by this section 11.
- (j) Any available insurance proceeds in excess of the specified minimum limits and coverages must be made available to the City.

(k) Grantee's liability to the City is not in any way be limited to or affected by the amount of insurance coverage required or carried by Grantee in connection with this agreement.

12. Conflicts of Interest. Grantee, its officers, directors, employees, agents, and subcontractors shall not have or acquire any interest, directly or indirectly, that creates an actual or apparent conflict with the interests of the City or that in any way hinders Grantee's performance this agreement.

13. Prevailing Wages. The parties acknowledge that because the City is providing funds to pay for work in the design and preconstruction phases of the Project, the Project is subject to the prevailing wage requirements contained in section 1720 et seq. of the California Labor Code. Grantee shall require its contractor and subcontractors to adhere to prevailing wage requirements in California Labor Code section 1720 et seq., including the following requirements: contracts between the contractor and subcontractors must include provisions requiring the payment of prevailing wage; the contractor shall monitor subcontractors' payment of prevailing wage by periodically reviewing certified payroll records and diligently taking corrective action if the subcontractors fail to pay prevailing wage; contractor and subcontractors shall maintain certified payroll records and time records. The contractor to whom a contract is awarded, and any subcontractor under him, shall not pay less than the specified prevailing wage; contractor and subcontractors are subject to penalties for violations of prevailing wage provisions. Grantee shall indemnify, hold harmless, and defend the City from all additional wages, benefits, fees, damages, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from Grantee's or its general contractor's improper application of California's prevailing wage laws to the Project.

14. Miscellaneous.

(a) *Assignment.* The Grantee may not assign or otherwise transfer this agreement or any interest in it without the City's written consent, which the City may grant or deny in its sole discretion. An assignment or other transfer made contrary to this section 14(a) is void.

(b) *Successors and Assigns.* This agreement binds and inures to the benefit of the successors and assigns of the parties. This section 14(b) does not constitute the City's consent to any assignment of this agreement or any interest in this agreement.

(c) *Interpretation.* This agreement is to be interpreted and applied in accordance with California law. Attachments 1 and 2 are part of this agreement.

(d) *Waiver of Breach.* A party's failure to insist on strict performance of this agreement or to exercise any right or remedy upon the other party's breach of this agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of the other party's breach of any term or provision in this agreement is not a

continuing waiver or a waiver of any subsequent breach of the same or any other term or provision. A waiver is binding only if set forth in writing and signed by the waiving party.

- (e) *Severability.* If a court with jurisdiction rules that any nonmaterial part of this agreement is invalid, unenforceable, or contrary to law or public policy, then the rest of this agreement remains valid and fully enforceable.
- (f) *Counterparts.* The parties may sign this agreement in counterparts, each of which is considered an original, but all of which constitute the same agreement. Facsimiles, pdfs, and photocopies of signature pages of the agreement have the same binding effect as originals.
- (g) *Time of Essence.* Time is of the essence in performing this agreement.
- (h) *Integration and Modification.* This agreement sets forth the parties' entire understanding regarding the matters set forth above and is intended to be their final, complete, and exclusive expression of those matters. It supersedes all prior or contemporaneous agreements, representations, and negotiations—written, oral, express, or implied—and may be modified only by another written agreement signed by both parties.

CITY OF SACRAMENTO,
a California municipal corporation

By: _____
Michael Jasso, Assistant City Manager

Dated: _____, 2019

Attest
Sacramento City Clerk

By: _____
Deputy City Clerk

Approved as to Form
Sacramento City Attorney

By: _____
Michael Sparks
Senior Deputy City Attorney

LA FAMILIA COUNSELING CENTER, INC.
a California non-profit public benefit
corporation

By: _____
Rachel Rios, Executive Director

Dated: 6-27, 2019

**SIERRA HEALTH FOUNDATION: CENTER FOR
HEALTH PROGRAM MANAGEMENT,**
a California non-profit public benefit
corporation

By: _____
Chet Hewitt, CEO

Dated: 6/28, 2019

Attachment 1 Authorized Uses

Authorized Uses of the Grant Funds

The Grantee shall use the funds provided by the City under this agreement solely for the following:

1. Deposits for land acquisition;
2. Pre-development and project management consultants;
3. Architectural services;
4. Construction drawings and cost estimates;
5. Inspection and land surveying work;
6. Environmental, soil, and other engineering studies or reports;
7. Obtaining governmental approvals necessary for development; and
8. Market and feasibility studies.

Unauthorized Use of Grant Funds

The Grantee shall not use any of the funds provided by the City under this agreement for any of the following:

1. Projects restricted to private or exclusive participation, including restriction of access to programs on the basis of sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation;
2. Fundraising activities;
3. Capital campaigns or endowments;
4. Consultation or facilitation related to capital projects;
5. General operating expenses that are not specific to the project;
6. Costs associated with proposal or grant application preparation;
7. Costs incurred or obligated outside of the grant period; or
8. Costs for lobbying.

Attachment 2
Budget