

## **LEGISLATIVE DIGEST**

[Administrative Code - Preparation of the City Budget and City Policy Regarding Multi-Year Grants]

**Ordinance amending the Administrative Code to require the Controller to prepare an initial base budget to guide each City agency in preparation of its proposed two-year budget; to provide that these base budgets must include anticipated cost increases in agreements with nonprofit organizations to reflect inflation; and to adopt a City policy that departments will enter into multi-year grants when the need for a grant program will extend beyond a single year.**

### Existing Law

Chapter 3 of the Administrative Code address the budget process and procedures. Chapter 21G governs the procurement and award of grants. Neither account for cost of living or other service costs relating to inflation in multiple years. The desired term length of grants is not addressed.

### Amendments to Current Law

The Controller will now assist departments in two-year base budget development by anticipating cost increases relating to agreements with nonprofit for services in subsequent years. The City policy is now that grant agreement durations will be for multiple years when the anticipated need will exceed a one-year period. Departments issuing grants will consider inflation costs in developing and negotiating the grant plans.

### Background Information

Historically many city grants have been issued on a year to year basis, despite the services being reoccurring and the awards made to the same grantees. City contracts are often awarded on a multiple year basis in order to better plan and budget for both parties. The City's Minimum Compensation Ordinance and other inflation related costs affect grants, and neither the City nor the grantees are as prepared as they could be. This legislation assists the departments in receiving more information about expected costs and anticipates better long term planning. To increase stability, grants will be awarded on a multiple year basis, and grantees will be notified of anticipated renewals or extensions earlier, increasing transparency. These changes also align with statewide efforts to extend and stabilize grants terms as well as account for inflation.