MEMORANDUM

TO: AGING AND ADULT SERVICES COMMISSION
THROUGH: SHIREEN MCSPADDEN, EXECUTIVE DIRECTOR
FROM: CINDY KAUFFMAN, DEPUTY DIRECTOR
       JOHN TSUTAKAWA, DIRECTOR OF CONTRACTS
DATE: NOVEMBER 1, 2017
SUBJECT: COST OF DOING BUSINESS INCREASE FOR NON-PROFIT SERVICE PROVIDERS

GRANT TERM: 7/1/2017 – 6/30/2019
GRANT AMOUNT: $4,291,311
ANNUAL AMOUNT: FY 17/18 FY18/19
$1,418,615 $2,872,696

Funding Source

<table>
<thead>
<tr>
<th></th>
<th>County</th>
<th>Dignity</th>
<th>State</th>
<th>Federal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUNDING:</td>
<td>$1,400,981</td>
<td>$2,890,330</td>
<td></td>
<td></td>
<td>$4,291,311</td>
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<tr>
<td>PERCENTAGE:</td>
<td>33%</td>
<td>67%</td>
<td></td>
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<td>100%</td>
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The Department of Aging and Adult Services (DAAS) requests authorization to modify the grant agreements with non-profit service providers for the period of July 1, 2017 through June 30, 2019, in an aggregate amount not to exceed $4,291,311. The purpose of the increase is to help compensate the non-profit service providers for the increased costs associated with providing services on behalf of the department.

Background
The City has approved a Cost of Doing Business (CODB) increase to non-profit organizations currently under contract with the City. A 2.5% cost of doing business increase will be applied to the Fiscal Year (FY) 17/18 grant amounts. A compounded 2.5% CODB increase will then be applied to the FY 18/19 grant amounts. The CODB will be applied to all current grant...
agreements that were executed prior to FY 17/18, as well as new grant agreements for ongoing programs with incumbent providers that were executed during FY 17/18.

The CODB funds will be applied to the following costs contained in the budgets of each grant agreement:

- Salaries and associated benefits
- Operational costs excluding direct client assistance dollars, capital equipment, or capital improvement costs funded by the department.
- Indirect Costs
- General funds and leveraged state and federal funds.

The CODB will not be applied to pass-through funds, new programs, or add-backs that were made effective during FY 17/18.

Contracts staff will be working with each provider in implementing this CODB increase into the contract budgets over the next few weeks. The service providers will allocate the Cost of Doing Business increase subject to final approval by the Department.

**Funding**

This CODB increase will be funded by County General Funds and Dignity Fund.