

ITEM #: 23
 DATE: 06-09-26
 DEPT: CMO

COUNCIL ACTION FORM

SUBJECT: REQUEST TO MODIFY FY 2025/26 ASSET ALLOCATION TO YOUTH&NBSP;AND SHELTER SERVICES

BACKGROUND:

Youth and Shelter Services (YSS) has submitted a reallocation request to the City to modify its FY 2025/26 Analysis of Social Services Evaluation Team (ASSET) funding allocation by transferring funds among several services (outlined in the table below). Their reallocation letter is attached and provides further details regarding their request. Also attached is their current FY 2025/26 contract.

If the reallocation request is approved, the table below summarizes the reallocation request:

Service	Original Allocation	Change	Revised Allocation
Outpatient Mental Health Treatment	\$55,752	- \$48,000	\$7,752
Outpatient Substance Abuse Treatment	\$8,000	\$10,000	\$18,000
Service Coordination	\$11,332*	-\$11,332*	\$0
Transitional Living	\$30,000	+\$49,332	\$79,332
TOTAL	\$105,084	\$0	\$105,084

* The YSS request letter transposed the dollar amount. The correct amount available is \$11,332 used in the table above.

YSS provides other human services under this ASSET contract that will not be impacted by the reallocation request. Those services are listed below:

Service	Allocation
Community Youth Development	\$23,000
Mentoring	\$63,000
Employment Assistance for Youth	\$5,253
Out of School Program	\$13,270
Public Education and Awareness	\$15,286
TOTAL	\$119,809

If the reallocation request is approved, the City's total purchase amount agreement with YSS for human services remains unchanged at \$244,893. None of the cost-per-unit rates will change for any of the services.

ALTERNATIVES:

1. Approve the request from YSS to transfer:
 - a. \$38,000 from outpatient mental health services to transitional living;
 - b. \$10,000 from outpatient mental health services to outpatient substance abuse treatment; and
 - c. \$11,332 from service coordination to transitional living
2. Deny the request.
3. Refer to staff for more information.

CITY MANAGER'S RECOMMENDED ACTION:

This is the second consecutive year of a significant (over \$50,000) reallocation request from YSS. As such, staff is concerned about the accuracy of agency's budget projections and projected service utilization for the ASSET process. Over the past months, staff has worked closely with the YSS leadership team to carefully evaluate the requests and to better understand their explanation and operations.

It should be noted that the biggest factor in the reallocation request is the change in YSS' mental health services. At the start of this fiscal year, YSS made a strategic pivot in the compensation structure of their mental health outpatient program, moving to utilizing licensed therapists on a contract basis based on need rather than solely employing full-time therapists. This has led to a more financially sustainable approach for the organization, reducing the need for ASSET funding to cover uninsured patients.

Staff believes that YSS' request letter acknowledges the concerns of City staff. Furthermore, staff believes the services where funding is being reallocated towards meet higher priority areas for the City. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1 as stated above.

ATTACHMENT(S):

[Reallocation Request - YSS.pdf](#)
[FY 2025/26 ASSET Contract - YSS.pdf](#)