



CITY COUNCIL STAFF REPORT

ITEM NO. 6.5

DATE: September 8, 2025

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Introduce an ordinance amending Title 3, Chapter 3.45 Social Opportunity Endowment Fund (SOE) sections 3.45.020 *Purpose of the Fund* and 3.45.040 *Administration and Organization of Fund* in the Livermore Municipal Code.

RECOMMENDED ACTION

Staff recommends the City Council **introduce an ordinance**, and waive the first reading, amending Title 3, Chapter 3.45 Social Opportunity Endowment Fund sections 3.45.020 *Purpose of the Fund* and 3.45.040 *Administration and Organization of Fund* in the Livermore Municipal Code.

DECISION TYPE

Legislative

SUMMARY

Staff recommends the City Council introduce amendments to the Livermore Municipal Code Chapter 3.45 Social Opportunity Endowment Fund (SOE) sections 3.45.020 Purpose of the Fund to amend language allowing only the interest earnings of the fund to be spent, and 3.45.040 Administration and Organization of Fund to ensure the long-term sustainability of the SOE fund.

The amendments include increasing the fiscal year spending limit from \$80,000 to \$150,000 with a 3% annual increase and striking language linking the SOE to the portions of the City's Community Development Block Grant (CDBG) entitlement program as outlined in the Ordinance.

DISCUSSION

As a result of the 2002 Human Services Needs Assessment that identified the need for additional human services, the Social Opportunity Endowment Fund (SOE) was established by City Council in 2006 (Municipal code section 3.45; Reso #2006-38; Ordinance No. 1790) to provide a long-term, stable funding source for the delivery of quality human services to low-income city residents.

In 2006, Shea Homes initially capitalized the SOE through a Development Agreement (114-97) contribution for Tract 7610. The City received \$956,000 in revenue plus approximately \$94,193 in interest earned over the life of the fund, which was fully expended between FY2006-07 to FY2022-23. The SOE expenditures from FY 2006-07 through FY 2022-23 complied with the existing ordinance and provided critical local funding to serve low-income Livermore residents through a variety of services that included food programs, counseling, dental, behavioral health, and homeless services.

Following depletion of the SOE, staff negotiated, and Council approved two additional contributions through Development Agreements from the Isabel Crossing and Arroyo Vista developments totaling \$1,800,000. Currently, staff are negotiating an additional \$1,200,000 contribution to the SOE, for a total of \$3,000,000 and plans to continue recapitalizing the fund over time to maintain the long-term sustainability of the SOE.

The Cities of Livermore, Pleasanton, and Dublin commissioned the 2024 Tri-Valley Human Services Needs Assessment which identified the need for enhanced services in community service areas including access to health and mental health services, substance use disorder treatment, counseling, and homeless services.

Due to the growing need for services in the community, staff are recommending the SOE ordinance be amended to increase annual spending levels to account for inflation and the increased cost of providing services. The current SOE ordinance, which was adopted in 2006, allows up to \$80,000 to be spent annually on human services programs, however the Bureau of Labor Statistics Consumer Price Index (CPI) estimates \$80,000 in 2006, is equivalent to \$130,000 in 2025.

Based on the commitment of current contributions to the SOE and what is expected to be secured through development agreements, staff developed a 20-Year Expenditure Plan for an initial \$3,000,000 in funds over the next 20-years assuming no additional contributions. The 20-Year Expenditure Plan assumes a \$150,000 first-year allocation, with 4% annual interest earned, and a 3% annual increase for future allocations. The 4% annual interest assumption reflects the approximate current yield on the City's investment portfolio.

A true endowment would only use interest earned to fund priority services for low-income individuals and families in Livermore. The recommended amendments provide language to clarify the SOE is intended to be similar to an endowment where the balance of the fund is grown so the interest earnings will primarily provide a stable source of revenue in addition to slowly drawing down the principal to support the delivery of human services in the city. Staff will continue to seek out additional opportunities to capitalize the fund further to move closer to the aspirational goal of operating as an endowment.

FISCAL AND ADMINISTRATIVE IMPACTS

Housing and Human Services staff will manage the disbursement of the SOE funds through the annual Human Services Commission grants process. The Finance Division manages the investment of the SOE funds.

COMMUNITY PILLAR

1. A Safe Community That Thrives

GOAL

8. Expand and improve access to human services

ATTACHMENTS

1. Ordinance

2. Exhibit A - Chapter 3.45 Social Opportunity Endowment Fund

Prepared by: Josh Thurman
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Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director