

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 30, 2025

CAO File No. 0130-02087-0002

Council File No. 19-0317-S2

Council District: Citywide

To: The City Council

From: *for* Matthew W. Szabo, City Administrative Officer *Yplenda Chavez*

Reference: Transmittal from the Mayor dated July 9, 2025; Additional information received on July 29, 2025

Subject: **ACCEPTANCE OF A \$10.13 MILLION GRANT AWARD FROM THE CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE NEW ROADS TO SECOND CHANCES PROGRAM**

RECOMMENDATIONS

That the City Council:

1. Note and file the Mayor's transmittal dated July 9, 2025;
2. Authorize the Mayor or designee to:
 - a. Accept up to \$10,131,480 in funding from the California Department of Transportation (Caltrans) and execute Cooperative Agreement 56A0841 with Caltrans to implement the New Roads to Second Chances (New Roads) Program from July 1, 2025 through June 30, 2028 and submit any other necessary documents and agreements relative to the implementation of this program, subject to review and approval of the City Attorney as to form;
 - b. Negotiate and execute a contract with Chrysalis Enterprises to provide transitional employment services for the New Roads Program from July 1, 2025 to June 30, 2028, in an amount not to exceed \$9,821,376, subject to the availability of funds, compliance with the City's contracting requirements, and approval of the City Attorney as to form and legality;
3. Approve the New Roads Program budget and authorize the Mayor's Office of Community Safety to expend the funds in accordance with the approved budget as follows:

Category	Amount
Salaries	\$ 201,575.67
Fringe Benefits	108,528.33
Contracts	9,821,376.00
Total	\$ 10,131,480.00

4. Request the Controller to:

- a. Establish a new interest-bearing fund entitled 2025 Caltrans New Roads to Second Chances Fund No. XXX/46, for the receipt and disbursement of funds from Caltrans, to be administered by the Mayor's Office;
- b. Establish new appropriation accounts as follows:

Account No.	Account Name	Amount
46C146	Mayor	\$ 201,575.67
46C299	Reimbursement of General Fund Costs	108,528.33
46C304	Contractual Services	9,821,376.00
Total		\$ 10,131,480.00

- c. Increase appropriations in the amount of \$201,575.67 in the Mayor's Fund 100/46, Account No. 001020, Grant Reimbursed for the reimbursement of grant-funded salary costs; and
 - d. Transfer up to \$108,528.33 from the 2025 Caltrans New Roads to Second Chances Fund No. XXX/46, Account No. 46C299 to the Mayor's Fund No. 100/46, Revenue Source Code 5346 for the reimbursement of grant-funded fringe benefits; and
5. Authorize the Mayor, or designee, to prepare Controller instructions and/or make technical adjustments as necessary to implement the actions approved by the Mayor and City Council, subject to the approval of the City Administrative Officer, and request the Controller to implement the instructions.

SUMMARY

The Mayor's Office of Community Safety (MOCS) requests to accept a \$10.13 million award from the California Department of Transportation (Caltrans) to implement the New Roads to Second Chances (New Roads) Program from July 1, 2025 through June 30, 2028. The New Roads Program is a transitional employment services and litter abatement program for parolees and probationers within the Caltrans Right of Way (Caltrans District 7 – LA/Ventura Counties) 60-mile radius. Additionally, MOCS requests authority to execute a cooperative agreement with Caltrans, negotiate and execute a contract with Chrysalis Enterprises (Chrysalis) to implement the transitional employment services program, and other related actions to implement the New Roads to Second Chances Program. There is no match requirement.

On June 30, 2022, the City Council approved the acceptance of a \$10.17 million award from Caltrans to implement the New Roads to Second Chances Program to provide transitional employment services to formerly incarcerated Los Angeles area residents from July 1, 2022 through June 30, 2025.

In November 2024, MOCS submitted a proposal to continue the New Roads Program with Caltrans. On December 3, 2024, MOCS was notified of the new funding award of \$10.13 million to continue funding six transitional employment work crews performing litter abatement services through a partnership with Chrysalis from July 1, 2025 through June 30, 2028.

Each of the six New Roads work crews consists of six to eight formerly incarcerated individuals currently on probation or parole. Participants work two to four eight-hour shifts per week performing litter abatement and maintenance work for up to 90 paid working days and are compensated at the prevailing minimum wage. They also receive permanent job services, such as educational and professional training opportunities, job readiness assessments, and interview opportunities. Once regular employment is obtained, the contractor provides job retention services conducting regular check-ins with participants to address any issues that may arise. If the regular employment is ended and the individual has not used up the allotted 90 days, they may re-enter the program and participate until the allotted 90 days is fully exhausted.

Of the total \$10.13 million Caltrans funding, \$9.82 million is allocated for a contract with Chrysalis, and \$0.31 million is allocated to salaries and fringe benefits. MOCS has one Deputy Director of Finance and one Accountant overseeing the management and administration of the New Roads Program. Both positions are funded in the 2025-26 Adopted Budget, and the Caltrans award will reimburse a portion of their salaries and fringe benefits costs.

Item	Year 1	Year 2	Year 3	Total
Salaries and Fringe Benefits	\$ 103,806	\$ 102,930	\$ 103,368	\$ 310,104
Contractual Services	3,287,664	3,259,920	3,273,792	9,821,376
Total	\$ 3,391,470	\$ 3,362,850	\$ 3,377,160	\$ 10,131,480

According to the City Attorney, because the grant funding was awarded to the City with Chrysalis as its program partner, a sole-source authorization is not required. Chrysalis has the knowledge and experience in employment services with the client population and has been a long-time City partner on the New Roads Program. The program will continue to serve 400 formerly incarcerated individuals through the new performance period.

FISCAL IMPACT STATEMENT

The proposed grant activities will be funded by the \$10.13 million grant from the California Department of Transportation, which includes contractual services and grant management and administration costs. The 2025-26 Adopted Budget includes funding for one Deputy Director of

Finance and one Accountant, and the grant will reimburse a portion of these costs. There is no additional impact to the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are in compliance with the City's Financial Policies in that all grant funds will be utilized for grant-eligible activities.

MWS:JLJ:02260010