

DATE: 6/15/99 AGENDA ITEM # \_\_\_\_\_  
( ) APPROVED ( ) DENIED  
( ) CONTINUED TO \_\_\_\_\_

TO: James L. App, City Manager

FROM: Bob Lata, Community Development Director *BL*

SUBJECT: Cooperation Agreement with County Regarding CDBG, HOME and Emergency Shelter Grant (ESG) Programs

DATE: June 15, 1999

Needs: For the City Council to consider a Cooperation Agreement to continue to defer its entitlement status for Community Development Block Grant (CDBG) funds in order to enable San Luis Obispo County to qualify as an "urban county". This agreement also covers the federal Home Investment Partnership Act (HOME) and Emergency Shelter Grant (ESG) funds, to which the City is not entitled, but to which an urban county is entitled.

- Facts:
1. In July 1993 and in July 1996, the City entered into three-year cooperation agreements with the County regarding CDBG, HOME and ESG funds. In order to continue the urban county relationship, which enables the City to periodically receive additional CDBG funds from the Special Urban Projects Fund and to have "non-competitive" access to HOME and ESG funds, the cooperation agreement needs to be renewed.
  2. Staff from the other "metropolitan" cities (those with CDBG entitlements) of Atascadero and San Luis Obispo have indicated that their cities support the continuation of the urban county relationship, subject to retention of the Special Urban Projects Fund.
  3. **The attached draft cooperation agreement does not contain any substantive changes from the 1993 and 1996 agreement in terms of: (a) the allocation of CDBG funds to the City; (b) the City's autonomy over use of its allocation of its CDBG funds; (c) the amount of funds to be allocated to the Special Urban Projects Fund; or (d) the agreement to cooperate with the County regarding allocation of HOME and ESG funds. Under the new (1999) agreement, the City would have the same rights and privileges as under the 1993 and 1996 agreements.**
  4. The federal Department of Housing and Urban Development (HUD) has notified the County that the deadline for submitting the 1996 Cooperation Agreement is July 16, 1999. County staff has requested that copies of the executed cooperation agreements from all of the participating cities be submitted to the County by July 8, 1999.
  5. The Special Urban Projects Fund is a portion (15%) of the Urban County's annual CDBG allocation that is open for use in/allocation to any participating community. The 15% was established as the amount of additional CDBG funds made available to the Urban County because the cities of Paso Robles, San Luis Obispo and Atascadero waived their individual entitlements.
  6. Allocations of Special Urban Projects Fund are made by the Board of Supervisors based on three criteria:

- a. Greatest Benefit:
  - (1) To more than one jurisdiction (e.g. women's shelter in Atascadero serves Paso Robles; San Luis Obispo's homeless shelter services the entire county); and/or
  - (2) To numbers of low and very low income persons;
- b. "But for" extra funds available through the SUP Fund, a certain proposed project (by a given jurisdiction) would not be feasible;
- c. Direct benefit to high need/high risk groups such as very low incomes, handicapped, youth recreation/gang prevention.

7. Attached is a summary of allocations from the Special Urban Projects Fund since 1994.

Analysis and

Conclusion:

The Cooperation Agreement provides that, even though the City would defer its entitlement to an urban county, the City will receive the same share of federal CDBG funds (about \$285,000) than it would otherwise receive had it not so deferred. Additionally, the City will have the opportunity to compete for an extra \$150,000 via the Special Urban Projects Fund.

Further, under the Cooperation Agreement, the County will continue to assume much of the administrative work, including, but not limited to: preparation of the required Consolidated Plan and related Citizen Participation and Fair Housing Plans; provision of technical assistance to low income groups; filing of detailed performance reports; and preparation and coordination of environmental notices. This administrative work saves a significant amount of City staff time.

Policy

Reference:

Federal CDBG, HOME and ESG Program regulations

Fiscal

Impact:

None: the City's staffing of the CDBG Program is covered by CDBG administrative funds and the Redevelopment Low and Moderate Income Housing Fund. The City's Housing Program does not use and money from the General Fund.

Options:

- a. Adopt the attached resolution approving the draft 1999 Cooperation Agreement.
- b. Amend, modify or reject Option "a".

Attachments:

1. Resolution Approving Cooperation Agreement
2. Draft Cooperation Agreement
3. Special Urban Projects Fund Summary
4. Letter from County Administrative Officer, dated May 7, 1999

RESOLUTION NO. 99-

A RESOLUTION OF THE CITY COUNCIL OF EL PASO DE ROBLES, CALIFORNIA,  
APPROVING A COOPERATION AGREEMENT BETWEEN THE CITY AND COUNTY OF  
SAN LUIS OBISPO TO ESTABLISH JOINT PARTICIPATION IN THE FEDERAL  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT  
PARTNERSHIPS (HOME) AND EMERGENCY SHELTER GRANT (ESG) PROGRAMS

WHEREAS, the County of San Luis Obispo ("County"), a political subdivision of the State of California, and the City of El Paso de Robles ("City"), a municipal corporation, desire to participate in the Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) programs administered by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, said programs will promote the public health, safety and welfare by providing grant funds to be used by the City and County ("parties") to improve housing opportunities for low- and moderate-income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities or services; and

WHEREAS, to qualify for CDBG funds under HUD eligibility guidelines, the County must have a population of at least 200,000 persons; and

WHEREAS, the City, as part of the federally designated "San Luis Obispo - Atascadero - Paso Robles Metropolitan Area", wishes to defer its entitlement status to the County for the mutual benefit of both jurisdictions; and

WHEREAS, HUD requires that the parties enter into a cooperation agreement to define their rights and obligations as a prerequisite of participation in the CDBG program;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso De Robles as follows:

SECTION 1. Findings.

1. The proposed Cooperation Agreement is consistent with the General Plan and with City and County policies encouraging cooperation between agencies on issues of regional significance such as affordable housing and public services.
2. The proposed Cooperation Agreement will promote the public health, safety and welfare by enabling the City and County to participate in the U.S. Department of Housing and Urban Development's CDBG, HOME and ESG Programs under an "urban county" entitlement; thus making available funds for a variety of housing, economic development, and public services programs not otherwise available.
3. The Parties intend to adopt a Memorandum of Understanding which will establish administrative policies and procedures, performance standards, and guidelines for block grant program implementation by the County and participating cities.

4. The proposed Cooperation Agreement is not a "project" for purposes of compliance with the provisions of the California Environmental Quality Act and the City's Environmental Guidelines.

SECTION 2. Authorization to enter into Cooperation Agreement.

Pursuant to Federal Regulations 24 CFR 570.501(b), et. seq., the City Council hereby authorizes the Mayor to enter into a cooperation agreement, in essentially the form and content of Exhibit "A", with the County to enable joint participation in the Community Development Block Grant (CDBG), Home Investment Partnership Act (HOME) and Emergency Shelter Grant (ESG) programs administered by the U.S. Department of Housing and Urban Development (HUD).

SECTION 3. City Manager authorized to act for City.

The City Manager is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, on-going operation of the CDBG, HOME and ESG Programs, and other activities necessary to carry out the intent of the agreement.

SECTION 4. Public Notice.

A summary copy of this resolution, together with the ayes and noes, shall be published at least once in full, within 10 days after its adoption, in a newspaper published and circulated in the City. A copy of the full text of this resolution shall be on file in the office of the City Clerk and shall be available to any interested member of the public.

PASSED AND ADOPTED THIS 15th day of June, 1999 by the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
MAYOR DUANE J. PICANCO

ATTEST:

\_\_\_\_\_  
CINDY PILG, DEPUTY CITY CLERK

ED\CDBG\COOPERATION AGREEMENTS\99\RESO

**A COOPERATION AGREEMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO  
AND THE CITY OF EL PASO DE ROBLES FOR JOINT PARTICIPATION IN  
THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
THE HOME INVESTMENT PARTNERSHIPS PROGRAM  
AND THE EMERGENCY SHELTER GRANT PROGRAM  
FOR FISCAL YEARS 2000 THROUGH 2003**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1999, by and between the County of San Luis Obispo, a political subdivision of the State of California, hereinafter called "County"; and the City of El Paso de Robles, a municipal corporation of the State of California, located in the County of San Luis Obispo, hereinafter called "City"; jointly referred to as "Parties."

**WITNESSETH:**

**WHEREAS**, In 1974, the U. S. Congress enacted and the President signed a law entitled, The Housing and Community Development Act of 1974, herein called the "Act". Said Act is omnibus legislation relating to federal involvement in a wide range of housing and community development activities and contains eight separate titles;

**WHEREAS**, Title I of the Act is entitled "Community Development" and consolidates several existing categorical programs for housing and community development into new programs for such housing and development under block financial grants. The primary objectives of Title I are the improvement and development of metropolitan cities and urban counties or communities by providing financial assistance annually for area-wide plans and for housing, public services and public works programs;

**WHEREAS**, the City of El Paso de Robles has been designated as an entitlement city by the U.S. Department of Housing and Urban Development (HUD), and it has been determined that the City is eligible to receive Community Development Block Grant (CDBG or "program") funds under HUD guidelines;

**WHEREAS**, The County of San Luis Obispo has requested of HUD that the County be designated as an "urban county", and County has been informed

preliminarily, subject to final determination, that it will qualify as an urban county and be eligible to receive program funds provided that the County's entitled cities defer their entitlement to County to enable both the County and the entitlement cities to jointly participate in the program;

**WHEREAS,** The City desires to participate jointly with the County in said program, and is willing to defer its entitlement to the County under the terms of this Agreement;

**WHEREAS,** The Housing and Community Development Block Grant Regulations issued pursuant to the Act provide that qualified urban counties must submit an application to the Department of Housing and Urban Development for funds, and that cities and smaller communities within the metropolitan area not qualifying as metropolitan cities may join the County in said application and thereby become a part of a more comprehensive county effort;

**WHEREAS,** As the urban county Applicant, the County must take responsibility and assume all obligations of an applicant under federal statutes, including: the analysis of needs, the setting of objectives, the development of community development and housing assistance plans, the consolidated plan, and the assurances or certifications;

**WHEREAS,** By executing this agreement, the Parties hereby give notice of their intention to participate in an Urban County Community Development Block Grant program.

**NOW THEREFORE,** in consideration of the mutual promises, recitals and other provisions hereof, the parties agree as follows:

## **SECTION I. General.**

**A. Responsible Officers.** The Administrator of the County of San Luis Obispo ("Administrator") is hereby authorized to act as applicant for the Community Development Block Grant Program and to administer block grant funding and activities

under the program. The City Administrative Officer ("CAO") is hereby authorized to act as the responsible officer of the City under the program.

**B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible grant programs or projects, including but not limited to community renewal and lower income housing assistance activities, specifically urban renewal and publicly assisted housing; public services; and economic development.

**C. Term of Agreement.** The term of this Agreement shall be for a period of three (3) years commencing on the date specified below and extending through federal fiscal years 1999, 2000, and 2001. The Agreement remains in effect until the CDBG and HOME Investment Partnerships (HOME) Program funds and income received with respect to the three-year qualification period are expended and the funded activities are completed. The Parties may not terminate or withdraw from the Agreement while the Agreement remains in effect.

**D. Scope of Agreement.** This Agreement covers the following formula funding programs administered by HUD where the County is awarded and accepts funding directly from HUD: the CDBG Entitlement Program, the HOME Program, the Emergency Shelter Grant (ESG) Program, and the Housing Opportunities for Persons With AIDS (HOPWA) Program.

## **SECTION II. Preparation and Submittal of CDBG Funding Applications.**

**A. Inclusion of City as Applicant.** Parties agree that City shall be included in the application the County shall submit to the Department of Housing and Urban Development for Title I Housing and Community Development Block funds under the above recited Act.

**B. Consolidated Plan.** City shall assist the County by preparing a community development plan, for the period of this Agreement, which identifies community development and housing needs, projects and programs for the City; and specifies both short- and long-term City objectives, consistent with requirements of the Act. County

agrees to: (1) include the City plan in the program application, and (2) include City's desired housing and community development objectives, policies, programs, projects and plans as submitted by City in the County's consolidated plan.

**C. Application Submittal.** County agrees to commit sufficient resources to completing and submitting the Consolidated Plan and supporting documents to HUD in time for the Parties to be eligible to receive funding beginning July 1, 2000, and to hold public hearings as required to meet HUD requirements.

**D. County Responsibility.** Parties agree that the County shall, as applicant, be responsible for holding public hearings and preparing and submitting the CDBG funding application and supporting materials in a timely and thorough manner, as required by the Act and the federal regulations established by HUD to secure entitlement grant funding beginning July 1, 2000.

**E. Grant Eligibility.** In executing this Agreement, the Parties understand that they shall not be eligible to apply for grants under the Small Cities or State CDBG Programs for appropriations for fiscal years during the period in which the Parties are participating in the Urban County CDBG entitlement program; and further, the City shall not be eligible to participate in the HOME, ESG or HOPWA programs except through the urban county, unless the urban county does not qualify for or declines to accept formula allocations under these programs.

### **SECTION III. Program Administration.**

**A. Program Authorization.** County Administrator is hereby authorized to carry out activities which will be funded from the annual CDBG, HOME, ESG and HOPWA programs from federal fiscal year 1999, 2000, and 2001 appropriations and from any program income generated from the expenditure of such funds.

**B. Responsibilities of Parties.** Parties agree that the County shall be the governmental entity required to execute any grant agreement received pursuant to the CDBG, HOME, ESG and HOPWA applications, and that County shall thereby become



legally liable and responsible thereunder for the proper performance of the plan and CDBG, HOME, ESG and HOPWA urban county programs. City agrees to act in good faith and with due diligence in performance of City obligations and responsibilities under this Agreement and under all subrecipient agreements. City further agrees that it shall fully cooperate with the County in all things required and appropriate to comply with the provisions of any Grant Agreement received by the County pursuant to the Act and its Regulations.

**C. City Assistance.** City agrees to undertake, conduct, perform or assist the County in performing the essential community development and housing assistance activities identified in the City's community development plan. Pursuant to the Act and pursuant to 24 CFR 570.501 (b), the City is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement with the County as set forth in 24 CFR 570.503.

#### **SECTION IV. Use of Program Funds.**

**A. Allocation of CDBG funds.** All funds received by County pursuant to this Agreement shall be identified and allocated, as described below, to the specific projects or activities set out in the application, and such allocated amounts shall be expended exclusively for such projects or activities; provided, however, that a different distribution may be made when required by HUD to comply with Title I of the Housing and Community Development Act of 1974, as amended.

**1) Metropolitan Cities' Allocation.** Parties agree that County shall "pass through" the allocated CDBG funds to City as subrecipient within 30 days of written request by City to fund specific projects or programs, up to a total amount equal to that to which City would have been entitled had it applied separately as a "metropolitan city", using HUD allocation formulas as applied by County, and that no "administrative" fee or other fees will be deducted by County to meet its obligations under the terms of this agreement. Further, with respect to such

"pass through" funds, County agrees to fully cooperate and assist City in implementing City projects and activities.

**2) Non-Metropolitan Cities' Allocation.** County agrees to allocate a portion of CDBG program funds to the non-Metropolitan, incorporated cities participating in the program. The amount of allocation per city shall be equal to that which the urban county formula award from HUD increases as a result of the HUD allocation formulas as applied by County.

**3) Special Urban Projects Fund.** It is further agreed that County shall set aside a portion of CDBG funds as a Special Urban Projects Fund, available to all participating incorporated cities and the County in San Luis Obispo County on a competitive basis. Amount of the Fund shall equal fifteen (15) percent of the urban county formula CDBG funding after deducting the allocations for cities as described in paragraphs 1 and 2 above. The Special Urban Projects Fund shall be awarded annually by the County Board of Supervisors, following criteria developed jointly by County and the cities participating in the program.

**4) County allocation.** City agrees that urban county formula CDBG funds remaining after deducting allocations for cities and the Special Urban Projects Fund comprise the County allocation.

**B. Administrative and Public Services Costs.** County hereby acknowledges that City, as subrecipient, incurs certain administrative costs in preparing housing and economic development plans, program planning, management and accounting, professional support services, and other reasonable and necessary expenses to carry out City's plan; and further, County agrees that after "pass through" of CDBG program funds to City, County shall not use its remaining balance of funds in any way that would limit City's ability to use its CDBG funds to the maximum extent allowed by HUD for administrative, public service, or program purposes.

**C. Income Generated.** City shall notify the County of any income generated by the expenditure of CDBG funds received by the City. Such program income may be

retained by City subject to the provisions of this Agreement, the Act and its Regulations. Any program income retained must only be used for eligible activities in accordance with all CDBG requirements as then apply.

**D. Use of Program Income.** County shall monitor the use of any program income, requiring appropriate record-keeping and reporting by the City as may be needed for this purpose, and shall report the use of such program income to HUD. In the event of close-out, all program income on hand or received by the City from urban county activities subsequent to the close-out or change of status shall be paid to the County. In the event that the City withdraws from the urban county to become an entitlement grantee, all program income on hand or received by the City from urban county activities shall be retained by the City to be used as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

**E. Change in Use of Property.** City shall notify the County of any modification or change in the use of real property acquired or improved in whole or in part using CDBG funds that is within the control of the City, from that use planned at the time of acquisition or improvement including disposition. Such notification shall be made within thirty (30) days of such change of use.

**F. Reimbursement Upon Sale or Transfer.** City shall reimburse the County in an amount equal to the current fair market value, less any portion thereof attributable to expenditures of non-CDBG funds, of property acquired or improved with CDBG funds that is sold or transferred for a use which does not qualify under the Regulations. City shall inform the County of such program income within thirty (30) days if the income results from the sale or change of use of property acquired or improved with CDBG funds.

**G. Fair Housing Implementation.** Parties agree that no urban county funding shall be allocated or expended for activities in or in support of any cooperating unit of general local government that does not affirmatively further fair housing within its

own jurisdiction or that impedes the County's actions to comply with its fair housing certification.

**H. Conflict Resolution.** In the event of disagreement or objections by City or County as to the allocation, disbursement, use, or reimbursement of CDBG funds, the Parties agree to accept HUD's binding arbitration and written determination as to the appropriate resolution or disposition of funds.

**SECTION V. Amendment or Extension of Agreement.**

**A. Subrecipient Agreement.** For each fiscal year during the term of this Agreement, County and City shall enter into a Subrecipient Agreement, prepared jointly by County and City, that will list the project(s) City will undertake with its CDBG entitlement funds during that program year. Said agreement will set forth the project changes, time schedule for completion of the project(s), and additional funding sources, if any. If substantial compliance with the completion schedule cannot be met by the City due to unforeseen or uncontrollable circumstances, the City may extend the schedule for project completion, as allowed by federal regulations.

**B. Amendments.** Parties agree that a fully executed amendment or amendments to this Agreement may be entered into at any time if required or necessary to implement the plans contemplated hereunder, or to comply with any grant agreement or the regulations issued pursuant to the Act.

**SECTION VI. Compliance with Federal Regulations.**

**A. General.** Parties agree to take all actions necessary to comply with the urban county's certification required by section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974; the National Environmental Policy Act of 1969; the Uniform

Relocation Assistance and Real Property Acquisition Policies Act of 1970; and other applicable laws.

**B. Citizen Participation.** Parties agree to comply with federal citizen participation requirements of 24 CFR Part 91, and provide citizens with:

- 1) An estimate of the amount of CDBG funds proposed to be used for activities that will benefit persons of low and moderate income; and
- 2) A plan for minimizing displacement of persons as a result of CDBG-assisted activities and programs, and to provide assistance to such persons.

**C. Citizen Participation Plan.** Parties agree to follow a citizen participation plan which:

- 1) Provides for and encourages citizen participation, particularly those of low or moderate income who reside in slum or blighted areas where CDBG funds are proposed to be used;
- 2) Provides citizens with reasonable and timely access to local meetings, staff reports, and other information relating to grantee's proposed use of funds, as required by HUD regulations related to the actual use of funds under the Act;
- 3) Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least: 1) formulation of needs; 2) review of proposed grant activities; and 3) review of program performance; for which public hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for handicapped persons;
- 4) Provides for a timely written answer to written complaints and grievances, within 15 working days where practicable;
- 5) Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

**D. Parties hereby certify, to the best of their knowledge and belief, that:**

- 1) **Conflict of Interest.** No federal grant monies have been paid or will be paid, by or on behalf of the Parties, to any officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal,

amendment or modification of any federal contract, grant, loan, or cooperative agreement.

**2) Influence.** If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit standard form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

**3) Certification Disclosure.** Parties agree to include this certification in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements), and that all grant subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was entered into.

**E. Certification Regarding Policies Prohibiting Use of Excessive Force and Regarding Enforcement of State and Local Laws Barring Entrances.**

In accordance with Section 519 Public Law 101-144, (the 1990 HUD appropriations Act), the Parties certify that they have adopted and are enforcing:

1) A policy prohibiting the use of excessive force by law enforcement agencies within their respective jurisdictions against any individuals engaged in non-violent civil rights demonstrations; and

2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within their jurisdictions.

**SECTION VII. Execution of Agreement and Recordkeeping.**

**A. HUD Certification.** The City Manager or the City Attorney are hereby authorized to execute and submit to the County the HUD Certification Form with respect to the community development activities carried out within the boundaries of the City. It is further understood that the County will rely upon the certifications executed by the City Manager or City Attorney for purposes of executing a certification form for submission to HUD.

**B. Maintenance of Records.** City shall maintain records of activities for any projects undertaken pursuant to the program, and said records shall be open and available for inspection by auditors assigned by HUD and/or County on reasonable notice during the normal business hours of the City.

**IN WITNESS WHEREOF,** the City Council of the City of El Paso de Robles and the Board of Supervisors of the County of San Luis Obispo have authorized this Cooperation Agreement and direct its execution by their respective chief executive officers on this \_\_\_\_ day of \_\_\_\_\_, 1999.

County Counsel Certification The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local law, and that the Agreement provides full legal authority for the County to undertake or assist in undertaking essential community development and housing assistance activities, specifically urban renewal and publicly assisted housing.

**By:** \_\_\_\_\_  
Timothy McNulty, Deputy County Counsel

**APPROVED AS TO FORM AND LEGAL EFFECT:**

**By:** \_\_\_\_\_  
Iris Yang, City Attorney

**COUNTY OF SAN LUIS OBISPO**

**By:** \_\_\_\_\_  
Chairman of the Board of Supervisors

**ATTEST:**

\_\_\_\_\_  
Julie Rodewald, County Clerk

**CITY OF EL PASO DE ROBLES:**

**By:** \_\_\_\_\_  
Duane J, Picanco, Mayor

**ATTEST:**  
\_\_\_\_\_  
\_\_\_\_\_, City Clerk

ED\CDBG\COOPERATION AGREEMENTS\99\CITY DRAFT #1



## SPECIAL URBAN PROJECT FUND ALLOCATIONS

ALLOCATION	1994	1995	1996	1997	1998	1999
SLO Women's Shelter: Site Acquisition	106,103					
Paso Robles: Spring Meadows Site Acquisition (PSHHC)	40,591					
SLO Women's Shelter: sewer lateral extension		63,000				
SLO Homeless Services Center (Prado Road) development costs		25,000	24,284			
Atascadero Loaves & Fishes' building acquisition		25,025				
North County Women's Shelter (Atascadero) Storage Building and driveway paving		10,000	6,702			
Grover Beach affordable housing development (site acquisition)		40,000				
SLO Homeless Shelter operations and North County Outreach			88,512	84,085	130,000	130,000
SLO Homeless Services Center (Prado Road) operations			38,853	40,000	10,827	11,657
Adriance Court Electrical Services Upgrade (SLO) **				21,000		
<b>TOTAL</b>	<b>146,694</b>	<b>163,025</b>	<b>158,351</b>	<b>145,085</b>	<b>140,827</b>	<b>141,657</b>

\* Adriance Court is a small apartment complex in SLO owned by the AIDS Support Network., which reportedly consists of an older building in need of some rehabilitation.

61-61

# County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. 370 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



May 7, 1999

James L. App, City Manager  
City of Paso Robles  
1000 Spring Street  
Paso Robles, CA., 93446

RECEIVED

MAY 10 1999

COMMUNITY DEVELOPMENT

DAVID EDGE  
COUNTY ADMINISTRATOR

Dear Jim:

**SUBJECT: NOTICE OF OPPORTUNITY TO BE INCLUDED IN URBAN COUNTY OF SAN LUIS OBISPO FOR PURPOSES OF FEDERAL CDBG, HOME AND ESG FUNDING PROGRAMS**

The purpose of this letter is to notify you that the City of Paso Robles has the opportunity to participate with other cities and the county in qualifying as an "urban county" for fiscal years 2000/2001 - 2003/2004. Urban counties receive annual, formula-based grants directly from the federal Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and the Emergency Shelter Grants (ESG) programs.

San Luis Obispo has been an urban county during fiscal years 1994/1995 through 1999/2000. The participating cities have included Atascadero, Grover Beach, Paso Robles, Pismo Beach and San Luis Obispo, although Pismo Beach did not participate during the past three years. Cooperative agreements between the participating jurisdictions established a formula allocating CDBG funds by jurisdiction. The HOME and ESG funds were not formally divided up, but the cities provided recommendations to the county on these programs.

As a HUD-designated "metropolitan city," your city can choose from the following options for purposes of the CDBG program:

1. *Join the urban county to receive CDBG allocations through the county.*
2. *Become a stand-alone CDBG entitlement jurisdiction to receive CDBG funds directly from HUD.*
3. *Decline a formula CDBG allocation or entitlement and become an applicant to the competitive state CDBG program.*

The county welcomes any cities that wish to join the urban county, and proposes to allocate an amount of CDBG funds to each participating city equivalent to the amount that city's population base increases the urban county CDBG entitlement. HUD bases the urban county CDBG entitlement on population, poverty and overcrowded housing.

Here are projected year 2000 CDBG allocations under this proposed framework:

**Projected CDBG allocations for the year 2000 based on 1990 census data,  
assuming \$2,919,000 total CDBG award to urban county  
and all cities participating in the urban county:**

Jurisdiction	Population	Poverty Persons	Over-crowded Housing	Percent of CDBG funds	Amount of CDBG funds
Arroyo Grande	14,378	1,184	221	5.214%	\$152,197
Atascadero	23,138	1,805	405	8.461%	\$246,984
Grover Beach	11,656	1,465	398	6.426%	\$187,579
Morro Bay	9,664	976	206	4.176%	\$121,908
Paso Robles	18,583	2,563	554	10.256%	\$299,381
Pismo Beach	7,669	570	108	2.605%	\$76,037
San Luis Obispo	41,958	11,140	1,094	32.927%	\$961,150
Unincorporated county	90,116	6,666	1,808	33.492%	\$977,645
SLO Urban County	217,162	25,185	4,573	100.000%	\$2,919,000

Here are a few factors you should consider before deciding whether to continue as part of the urban county:

1. *As lead agency for the urban county, the County will perform most of the work in preparing the five-year consolidated plan, the annual action plans, and the various federally required reports, conducting citizen participation efforts, and providing training to City staff on federal CDBG requirements, while the City's annual CDBG allocation will be the same as it would if the City were a stand-alone HUD grantee.*
2. *If the City's housing element complies with state law, the City can obtain more CDBG funds through the state than through the urban county. Under the state's competitive CDBG program, cities and counties are eligible to compete for single grants of up to \$500,000 each year, or a combination of grants of up to \$830,000. However, the state CDBG program is highly competitive, resulting in less flexibility in using CDBG funds and in denial of some applications.*
3. *Also, Paso Robles residents can benefit from more HOME funds through the state than through the urban county. The state offers HOME grants on a competitive basis of up to \$1,000,000 each year.*
4. *Once the City enters into the three-year cooperative agreement required to become part of the urban county, it cannot drop out of the urban county until the three years pass.*

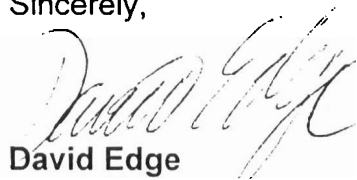
James L. App  
May 7, 1999

Also, the county would like your comments on the potential merit of developing a county-wide approach to utilizing available CDBG funding for operation of homeless and/or other public services. In the past, the City of San Luis Obispo and the County have contributed approximately 17 percent of their respective CDBG funds to support operation of homeless programs, which have been based in the City of San Luis Obispo (but have served homeless persons from throughout the county). The other cities have not yet contributed CDBG funding for these homeless programs. This issue need not be resolved now, since that would make meeting HUD's June deadline for executing the 3-year cooperative agreements difficult. Rather, the County prefers to address the issue in the context of the year 2000 subrecipient agreements, which will be finalized in July or August of the year 2000.

If your city wishes to remain part of the urban county, then a new three-year cooperative agreement with the county must be executed and transmitted by the county to HUD prior to July 16, 1999. We will transmit a draft cooperative agreement to you soon.

We look forward to working with you over the next three years, should you rejoin the urban county. Please feel free to call Dana Lilley (at 781-5715) if you have any questions about this matter.

Sincerely,



David Edge  
County Administrative Officer

cc: Ed Gallagher, Housing Programs Manager, City of Paso Robles  
Bryce Tingle, Acting Director, County Planning and Building Department  
Wayne Itoga, CPD Representative, HUD, Los Angeles