

TO: James L. App, City Manager
 FROM: Bob Lata, Community Development Director
 SUBJECT: 2003 Community Development Block Grant (CDBG) Program
 DATE: April 1, 2003

Needs: For the City Council to conduct a public hearing and decide which activities are to be approved for an additional \$63,651 in 2003 Community Development Block Grant (CDBG) funds. (NOTE: The City had previously been advised that this amount may be as high as \$68,000, but has since been informed that the amount will be \$63,651.)

- Facts:
1. At its meeting of March 4, 2003, the City Council conducted a public hearing on the 2003 CDBG Program and adopted Resolution 03-29 determining those activities to be approved for \$318,000 in 2003 CDBG funds. A copy of Resolution 03-29 is attached.
 2. On March 7, 2003, the County of San Luis Obispo informed the City that the US Department of Housing and Urban Development (HUD) had amended its formula for distributing CDBG funds to reflect 2000 US Census figures. According to the new formula, the County estimates that the City of Paso Robles is scheduled to receive up to an additional \$63,651 in CDBG funds in 2003.
 3. If the additional \$63,651 are allocated per the low income benefit (70%) and blight elimination (30%) ratios, the allotments would be as follows:
 - \$35,666 for activities that benefit low income persons (70%)
 - \$15,285 for activities that eliminate blight (30%)
 - \$12,700 for administration
 - \$63,651 Total Additional 2003 CDBG allocation
 4. CDBG regulations also provide that no more than 15% of each year's funds may be used for public service activities. For the additional \$63,651, this 15% cap would amount to \$9,550. Public service activities are classified as benefiting low income persons.
 5. After subtracting the standard 20% administration cost share, the remaining \$50,951 can be applied to one or more of the 22 applications considered by the Council on March 4, 2003. Two options for use of the additional \$50,951 have been prepared for the Council's consideration.

Analysis and Conclusion: At the March 4 hearing, the Council expressed a desire to accomplish as much work as possible on rehabilitating the Municipal Pool Changing Room. An option that would further that desire would be to allocate \$50,951 to that project.

An alternative option would be to allocate \$41,401 to the Municipal Pool Changing Room and \$9,550 to the Public Service applications. A possible division of the \$10,300 for Public Service applications is shown below.

Application	Original	March 4	New	Difference
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	Request	Allocation	Allocation	
EOC Senior Health Program	5,000	4,000	5,000	1,000
EOC 40 Wonderful Program	2,000	2,000	2,000	0
EOC Teen Academic Parenting	3,600	3,600	3,600	0
Boys & Girls Club operations	10,000	5,000	6,300	1,300
Literacy Council Program	3,000	2,500	3,000	500
Big Brothers/Big Sisters	9,500	6,000	7,250	1,250
Lifestyles Recovery Center	39,000	4,800	6,100	1,300
Homeless Housing Project's Motel Vouchers	24,000	19,800	24,000	4,200
Total		47,700	57,250	9,550

The above schedule would fund the Motel Voucher program at the same level as the two previous years, give EOC and the Literacy Council 100% of their original requests, and raise the allocation for the Boys & Girls Club and Lifestyles programs by \$1,300 and the allocation for Big Brothers/Big Sisters' program by \$1,250.

City of San Luis Obispo's Request

The revised allocations did not affect each jurisdiction equally. The cities of San Luis Obispo, Grover Beach, and Arroyo Grande will receive \$86,000, \$21,000, and \$10,000 less, respectively, than they had originally been informed (and received in previous years). The City of Paso Robles, the County, and the City of Atascadero will receive \$63,700, \$46,000 and \$4,000 more, respectively, than they had originally been informed.

The City of San Luis Obispo, which will lose \$86,000 in CDBG funds, and which is currently facing a large budget deficit, has informally proposed that other cities contribute to the cost of operating the Homeless Shelter and Homeless Day Center in San Luis Obispo. The rationale for this proposal is their assertion that these homeless facilities serve the homeless needs of the entire county.

Since 1995, CDBG funds to support the improvement and operation of these homeless facilities have come from the City of San Luis Obispo's annual CDBG allocation, the County's annual CDBG allocation, and the "Special Urban Projects Fund" (SUP Fund). The SUP Fund was created to allocate 15% of the County's annual CDBG allocation to a fund to which all participating jurisdictions could apply for projects that had benefit to more than one jurisdiction. This 15% represents the amount of "additional" CDBG funds the County would receive because the cities of Paso Robles, Atascadero, and San Luis Obispo waived their entitlement to receive CDBG funds directly from the US Department of Housing and Urban Development (HUD) in order to form an urban county (by which the County and other cities could participate in the Federal CDBG Program). Since 1994, the SUP Fund has averaged about \$150,000

Since 1996, the City of San Luis Obispo has annually contributed between \$140,000 and \$180,000 in CDBG funds towards the operation of these homeless facilities; the County has contributed between \$30,000 and \$190,000; and the SUP Fund has contributed between \$125,000 and \$180,000.

The City of Paso Robles has received SUP Funds only once. In 1994, \$40,000 in SUP funds were allocated to assist Peoples' Self-Help Housing Corp.'s Spring Meadows subdivision in Paso Robles. Since 1996, the City has foregone making any applications for SUP Funds

with the understanding that by such foregoing, the City would contribute its “share” of assistance to the operation of the homeless facilities in San Luis Obispo.

Policy

Reference: Federal regulations for the Community Development Block Grant Program

Fiscal

Impact: Participation in the federal CDBG Program has involved and will continue to demand a commitment of staff resources. Utilizing CDBG funds for administration avoids adverse impacts on the City’s General Fund.

Options:

Upon completion of a public hearing, take one of the following actions:

- a. Option A: Adopt the Resolution 03-XX to allocate the City’s additional allotment of \$63,651 in 2003 CDBG funds as follows:

Muni Pool Changing Room Rehab (existing CDBG project)	\$50,951
Administration (includes Capacity Building)	<u>\$12,700</u>
Total	\$63,651

- b. Option B: Adopt Resolution 03-XX to allocate the City’s additional allotment of \$63,651 in 2003 CDBG funds as follows:

Muni Pool Changing Room Rehab (existing CDBG project)	\$41,401
EOC Senior Health Program	\$ 1,000
Boys & Girls Club operations	\$ 1,300
Literacy Council Program	\$ 500
Big Brothers/Big Sisters Mentoring	\$ 1,250
Lifestyles Recovery Center	\$ 1,300
Homeless Housing Project Motel Voucher Program	\$ 4,200
Administration (includes Capacity Building)	<u>\$12,700</u>
Total	\$63,651

- c. Amend, modify or reject the proposed activities listed in this report.

Prepared By:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Resolution Determining Those Activities to be Funded with the Additional Allotment of \$63,651
2. Resolution 03-29

RESOLUTION NO. 03-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
DETERMINING THOSE ACTIVITIES TO BE FUNDED WITH THE CITY'S ADDITIONAL
ALLOTMENT OF \$68,000 IN 2003 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

WHEREAS, at its meeting of March 4, 2003, the City Council adopted Resolution 03-29 determining those projects to be funded with \$318,000 in 2003 Community Development Block Grant (CDBG) funds; and

WHEREAS, on March 7, 2003, the County of San Luis Obispo notified the City of Paso Robles ("City") that the Federal Department of Housing and Urban Development (HUD) has revised its formula for allocating CDBG funds to reflect the 2000 U.S. Census, and as a result, the City is entitled to receive an additional \$63,651 in 2003 CDBG funds; and

WHEREAS, at its meeting of April 1, 2003, the City Council conducted a public hearing to obtain public testimony on the proposed allocation of the additional \$63,651;

WHEREAS, notice of the additional \$63,651 and of said April 1, 2003 public hearing was mailed on March 14, 2003 to all parties that had applied to the City for 2003 CDBG funds;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2003 Draft Consolidated Plan, a copy of which shall be kept on file in the Community Development Department, which shall include those activities and allotments listed in Resolution 03-29, and the following supplemental allotments to those activities listed below, to be funded with the City's additional allotment of \$63,651 in 2003 CDBG funds. Full descriptions of the activities listed below may be found in Resolution 03-29.

Option A

1. Municipal Pool Changing Room Rehabilitation:.....	\$50,951
2. Capacity Building:.....	\$ 6,350
3. Grant Administration:.....	\$ 6,350
	<u>\$63,651</u>

Option B

1. Municipal Pool Changing Room Rehabilitation:.....	\$41,401
2. Senior Health Screening Program (EOC)	\$ 1,000
3. Boys & Girls Club Operations.....	\$ 1,300
4. The Literacy Program.....	\$ 500
5. Big Brothers/Big Sisters' Mentoring Program	\$ 1,250
6. Lifestyles' Alcohol and Substance Abuse Counseling.....	\$ 1,300
7. Homeless Housing Project's Motel Vouchers.....	\$ 4,200
8. Capacity Building:.....	\$ 6,350
9. Grant Administration:.....	\$ 6,350
	<u>\$63,651</u>

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 1st day of April 2003 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

RESOLUTION NO. 03-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
DETERMINING THOSE PROJECTS TO BE FUNDED WITH THE CITY'S ALLOTMENT
OF 2003 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

WHEREAS, the City has been notified by the Federal Department of Housing and Urban Development (HUD) that it is entitled to receive Community Development Block Grant (CDBG) funds; and

WHEREAS, via a Cooperation Agreement with the County of San Luis Obispo (hereafter referred to as "County") executed on July 16, 2002, the City waived its individual entitlement status for a period of three years in order that the County and the cities located therein may qualify as an "Urban County"; and

WHEREAS, via the Cooperation Agreement, the City retains the authority to determine which projects are to be funded with its allotment of CDBG funds; and

WHEREAS, the City expects to receive \$274,000 in entitlement CDBG funds in 2003 and, since approval of the 2002 CDBG entitlement allotment, has received \$44,000 in CDBG "program income" in the form of repaid residential rehabilitation loans from previous CDBG grants from the State's Small Cities Program; and

WHEREAS, on September 12, 2002, the urban county published a "Request for Proposals" for projects to be funded under the 2003 CDBG Programs, which provided that proposals were to be submitted by October 28, 2002; and

WHEREAS, on October 3, 2002, the urban county conducted a public hearing in Paso Robles for residents of the City and of northern San Luis Obispo County to ascertain the housing and community development needs to be addressed in the Consolidated Plan; and

WHEREAS, on January 14, 2003, the urban county released a Public Review Draft Consolidated Plan, which indicated those projects to be proposed to receive CDBG funds in 2003; and

WHEREAS, on February 10, 2003, the urban county published notices in the *Tribune* indicating those projects to be proposed in the Public Review Draft Consolidated Plan to receive CDBG funds in 2003; and

WHEREAS, at its meeting of March 4, 2003, the City Council conducted a public hearing to obtain public testimony on the proposed Draft Consolidated Plan;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2003 Draft Consolidated Plan, a copy of which shall be kept on file in the Community Development Department, which shall include the following programs to be funded with the City's allotment of CDBG funds:

1. **Disabled Access Improvements for the Carnegie Library: \$140,100.** This activity is initiated by the City of Paso Robles and consists of design and construction of an elevator and disabled-accessible restroom in the Carnegie Library Building (a public building used for museum purposes). Presently there is no means by which disabled persons with mobility limitations can access the main floor or an interior restroom. A total of about \$320,000 from 1998, 2000, 2001, and 2002 CDBG funds have been allocated to the project. Based on the contract awarded for this project, an additional \$140,100 is needed to complete the project.

CDBG regulations consider the severely disabled to be a "limited clientele" that is principally low income. According to the 2000 Census, there were 1,650 persons, aged 5 years or older, with physical disabilities living in the City of Paso Robles. This project is eligible for CDBG funds in accordance with 24 CFR 570.201(c). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2), which considers the severely disabled as predominantly of low and moderate income.

2. **Municipal Pool Changing Room Rehabilitation: \$32,600.** This activity is initiated by the City of Paso Robles and consists of rehabilitating the building housing the changing rooms at the Municipal Pool at 28th and Oak Streets. There are several conditions making the building unsafe. The rehabilitation work necessary to correct this condition includes: replacing the roof and repairing the plumbing, block walls, flooring and electrical system.

A total of about \$180,000 from 2001 and 2002 CDBG funds have already been allocated to this project, with the goal of preparing an assessment of the building's needs and to complete the most urgent rehabilitation work identified by the assessment. A preliminary estimate indicates that the full list of improvements will cost about \$500,000. The awarded funds will be used to supplement 2001 and 2002 CDBG funds and address the building's most urgent needs.

The Municipal Pool serves the recreational swimming needs of the residents of the West Side of the City. According to the 1990 US Census, 62% of the 7,200 persons then residing in the West Side are low and moderate income. This project is eligible for CDBG funds in accordance with 24 CFR 570.201(c). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(1).

The Municipal Pool is located in the Redevelopment Project Area, and the Redevelopment Implementation Plan lists deteriorating and unsafe buildings as conditions contributing to blight. This project, therefore, would also serve to eliminate blight.

3. **Senior Health Screening Program: \$4,000.** This activity is initiated by EOC to contribute the City's share to operate a countywide senior health-screening program, which is expected to serve 3,200 seniors countywide. CDBG regulations consider seniors to be a "limited clientele" that is principally low income. The City Council allocated \$4,000 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

4. **40 Wonderful Program: \$2,000.** This activity is initiated by the Economic Opportunity Commission of San Luis Obispo County (EOC) to contribute the City's share to operate a county-wide health screening program restricted to serving about 800 low and moderate income women. The City Council allocated \$2,000 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

5. **Teen Academic Parenting Program: \$3,600.** This activity is initiated by EOC to contribute the City's share to operate a countywide counseling and childcare program for pregnant teens, teen-aged parents and their children. Their goal is to assist 300 low and moderate-income persons (mothers, fathers and children) countywide. The City Council allocated \$3,600 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

6. **Boys & Girls Club Operations: \$5,000.** This activity is initiated by the Boys and Girls Club of North San Luis Obispo County and consists of operating costs for their after-school programs. The application expects that 100 persons would benefit from the requested grant. The City Council allocated \$22,880 in 1999 CDBG funds for operation of a teen program offered by the applicant.

Based on records maintained by the Boys and Girls Club, more than 51% of the participating youth comes from low and moderate-income families. This program qualifies for CDBG funding as a public facility under Section 24 CFR 570.201(c). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

7. **The Literacy Program: \$2,500.** This activity is initiated by the Literacy Council and consists of the City's share to operate a countywide program to provide English as a Second Language classes to an estimated 700 low and moderate-income persons (county-wide). The funds would be used for salaries, equipment and operating expenses for one year. The City Council allocated \$2,500 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

8. **Big Brothers/Big Sisters Mentoring Program: \$6,000.** This activity is initiated by Big Brothers/Big Sisters and consists of the City's share to operate a countywide program to provide adult mentors for 75 low-income "at-risk" children. The City Council allocated \$6,000 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

9. **Alcohol & Substance Abuse Counseling: \$4,800.** This activity is initiated by Lifestyles Recovery Center, who have requested using CDBG funds for operating expenses for their drug and alcohol counseling services for low-income persons. The applicants project that they expect to serve 200 low and moderate-income persons clients per year. The City Council allocated \$6,800 in 2002 CDBG funds for this activity.

This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

10. **Alley Improvements: \$8,000.** This activity is initiated by the City of Paso Robles and consists of installing alley improvements (pavement, "Vee gutter" and concrete alley approaches) in the alley between Spring, Park, 7th and 8th Streets where such improvements have deteriorated over decades to a point where they are virtually unrecognizable. The \$8,000 will supplement \$51,000 in 2002 CDBG funds allocated to this project.

The Downtown is located within the City's Redevelopment Project Area, which is defined as a blighted area. The Redevelopment Implementation Plan states that lack of adequate public improvements is a condition contributing to blight. This project qualifies for CDBG funding as a public facility under Section 24 CFR 570.201(c). The national objective achieved is elimination of slums and blight in accordance with 24 CFR 570.208(b)(2).

11. **LED-Lighted Crosswalk: \$26,000.** This activity is initiated by the City of Paso Robles and consists of installing an LED-lighted crosswalk in the intersection of 24th & Oak Streets, which is used by Flamson Middle School students and persons attending citywide sporting and entertainment events at that campus. The \$26,000 will supplement \$24,000 in 2002 CDBG funds allocated to this project.

This intersection is located in the Redevelopment Project Area, and the Redevelopment Implementation Plan lists inadequate public improvements, as a condition contributing to blight. This project qualifies for CDBG funding as a public facility under Section 24 CFR 570.201(c). The national objective achieved is elimination of slums and blight in accordance with 24 CFR 570.208(b)(2).

12. **Motel Voucher Program: \$19,800.** This activity is initiated by Homeless Housing Project (HHP) and consists of providing motel rooms for the North County's homeless. According to the application, \$19,800 will provide 396 shelter units (one night's stays per room). HHP proposes to use 20% of the funds for administrative costs to support the motel voucher program

CDBG regulations consider the homeless to be a "limited clientele" that is principally low income. The Homeless Housing Project estimates that the number of homeless in the North County is about 3,000 persons. This project qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

13. **Capacity Building: \$31,800.** An administrative activity which consists of City staff work on the various housing programs listed in the Housing Element of the General Plan.

14. **Grant Administration: \$31,800.** Grant administration consists primarily of staff time managing CDBG-funded projects.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 4th day of March 2003 by the following vote:

AYES: Finigan, Heggarty, Nemeth, Picanco and Mecham
NOES: None
ABSTAIN: None
ABSENT: None

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk