

TO: JAMES L. APP, CITY MANAGER

FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: 2004 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

DATE: NOVEMBER 18, 2003

Needs: For the City Council to decide which applications for the City's 2004 Community Development Block Grant (CDBG) funds should be recommended in the *Draft* Annual Action Plan.

Facts:

1. October 20, 2003 was the deadline for submittal of applications for 2004 CDBG funds. As of that date, the City received 21 applications. The total amount of funding requested for the 21 applications comes to about \$854,600. Attached is a table and a narrative summary of the 21 applications. Binders containing all of the applications will be available at the Community Development Department counter, Library Reference Desk, and in the City Council's office.
2. As of October 31, the US Department of Housing and Urban Development (HUD) has not published the amounts of 2004 CDBG funds to be distributed to CDBG recipients. There is some question whether or not a portion of CDBG funds will be tapped to assist the military campaigns in Iraq and Afghanistan.
3. In the absence of a figure from HUD, an assumption that the City will receive a similar amount of entitlement funds in 2004 that it received in 2003 is proposed (about \$337,500) for planning purposes.
4. In addition to the annual allocation of entitlement funds, the City has on hand \$55,500 in CDBG funds from repaid CDBG-funded residential rehabilitation loans that can be added to the \$337,500 to give a total amount of \$393,000 to program in 2004.
5. The City receives its allocations of federal CDBG funds through the County of San Luis Obispo. The County takes the lead role in administration of the CDBG program. This includes the preparation, adoption and annual updating of a "Consolidated Plan", which HUD approves following adoption by the County Board of Supervisors. Under a cooperation agreement with the County, the City retains the right to decide how its allocation of CDBG funds will be used.
6. In early January 2004, the County will publish a Draft "Consolidated Plan", which will list all of the activities that are recommended for consideration by the city councils and Board of Supervisors at public hearings to be conducted in February and March 2004.
7. It is proposed that, at its meeting of November 18, 2003, the City Council review all of the applications and recommend those applications to be listed in the Draft Consolidated Plan as being recommended for funding.
8. The Draft Consolidated Plan will be considered by the Council at a public hearing to be conducted on either February 17 or March 2, 2004. At that hearing, the Council may consider any of the applications filed by October 20, whether or not they are recommended for funding in the Draft Consolidated Plan.

9. CDBG regulations require that at least 70% of all funds be spent on activities that benefit low income persons, and that no more than 30% may be spent on activities that eliminate blight. The \$393,000 are available to be divided among the proposed activities, as shown below (next page):

\$220,100 for activities that benefit low income persons (70%)
\$ 94,300 for activities that eliminate blight (30%)
\$314,400 subtotal for activities
\$ 78,600 for administration
\$393,000 Total 2004 expected CDBG allocation

8. CDBG regulations also limit the use of CDBG funds for public service activities to 15% of the City's annual allocation. Should the City Council desire to allocate CDBG funds to public service activities, the maximum amount that can be allocated is \$58,950 (15% of 393,000).

Analysis and
Conclusion:

There are many more applications than there will be CDBG funds to support. Two potential funding options have been prepared, using previous year's allocations as a guide, for the Council's consideration. Some of the 21 applications do not appear in either of the two options; the reasons for this are discussed in the attached summary of applications.

Option A provides for funding the following activities:

Public Services Activities.....	\$ 58,950	(full 15% of 2004 allocation)
Municipal Pool Changing Room Rehab 2.....	\$160,450	(for re-roofing)
Acorn Building Rehab (elevator)	\$ 95,000	(same amt as IOOF Bldg.)
Administration.....	\$ 78,600	
	\$393,000	

Option A assumes that the Council wants to continue to complete the rehabilitation of the Municipal Pool Changing Room Building (in an amount sufficient to re-roof the building) and the revitalization of the downtown by facilitating occupancy of second floors of commercial buildings (i.e. the Acorn Building).

Option B provides for funding the following activities:

Public Services Activities.....	\$ 58,950	(full 15% of 2004 allocation)
Municipal Pool Changing Room Rehab 2.....	\$170,000	(for replacing the floor)
LED-Lighted Crosswalks.....	\$ 50,000	(for one intersection)
Downtown Newsracks	\$ 35,450	(for 14 modular newsracks)
Administration.....	\$ 78,600	
	\$393,000	

Option B assumes that the Council wants to continue to complete the rehabilitation of the Municipal Pool Changing Room Building (which could be either re-roofing or replacing the floor) and the installation of LED-Lighted Crosswalk systems to improve public safety. The remaining \$35,450 could fund a pilot modular newsrack program in the downtown.

Both options begin with an assumption that the Council will want to continue to allocate 15% of the total allotment of CDBG funds for public service activities. Within this assumption, there are two sub-options for both Options A and B as follows:

Sub-Option 1: Allocate \$45,000 of the \$58,950 to EOC’s Emergency Shelter Operations and the remaining \$13,950 as follows:

Boys & Girls Club Operations.....	\$ 4,000
Lifestyles Drug & Alcohol Counseling Program.....	\$ 4,000
Big Brothers/Big Sisters Mentoring Program	\$ 3,450
Literacy Council’s Literacy Program.....	\$ 2,500.

Sub-Option 1 assumes that the Council would allocate the remaining \$13,950 to the same public service programs, other than EOC’s, as in 2003, albeit at lesser amounts than in 2003.

Sub-Option 2: Allocate the \$58,950 as follows:

Homeless Housing Project’s Motel Voucher Program.....	\$24,000	(same amount as 2003)
EOC’s Senior Health Screening Program	\$ 5,000	(same amount as 2003)
EOC’s 40 Wonderful Program.....	\$ 2,000	(same amount as 2003)
EOC’s Teen Academic Parenting Program.....	\$ 3,600	(same amount as 2003)
Boys & Girls Club Operations.....	\$ 6,300	(same amount as 2003)
Lifestyles Drug & Alcohol Counseling Program.....	\$ 6,100	(same amount as 2003)
Big Brothers/Big Sisters Mentoring Program.....	\$ 7,250	(same amount as 2003)
Literacy Council’s Literacy Program.....	\$ 3,000	(same amount as 2003)
DREAM Foundation’s Scholarship Program	\$ 1,700	(new program).

Sub-Option 2 assumes that the Council would allocate the 15% for public services to the same programs and in the same amounts as in 2003. If there are additional 15% funds in 2004, as the above schedule assumes, a new program could be added (e.g., DREAM Foundation’s Scholarship Program). Alternatively, the Council may choose to modify Sub-Option 2 to delete some programs, add others, and/or change funding amounts within the 15% cap.

Regardless of which activities are listed in the Draft Consolidated Plan as being recommended for funding, the Council will have the authority to approve any of the submitted applications for CDBG funds following a public hearing to be tentatively scheduled for either February 17 or March 2, 2004.

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 avoids adverse impacts on the City’s General Fund.

Options: Subject to public testimony, via minute action, identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding:

A. Select one of the two following alternatives for Option A:

A-1. Public Services Activities as listed below totaling.....	\$ 58,950
EOC's Emergency Shelter Operations	\$ 45,000
Boys & Girls Club Operations	\$ 4,000
Lifestyles Drug & Alcohol Counseling Program	\$ 4,000
Big Brothers/Big Sisters Mentoring Program	\$ 3,450
Literacy Council's Literacy Program	\$ 2,500
Municipal Pool Changing Room Rehab 2	\$160,450
Acorn Building Rehab (elevator).....	\$ 95,000
Administration.....	<u>\$ 78,600</u>
	\$393,000

A-2. Public Services Activities as listed below totaling.....	\$ 58,950
Homeless Housing Project's Motel Voucher s	\$ 24,000
EOC's Senior Health Screening Program	\$ 5,000
EOC's 40 Wonderful Program	\$ 2,000
EOC's Teen Academic Parenting Program	\$ 3,600
Boys & Girls Club Operations	\$ 6,300
Lifestyles Drug & Alcohol Counseling Program	\$ 6,100
Big Brothers/Big Sisters Mentoring Program	\$ 7,250
Literacy Council's Literacy Program	\$ 3,000
DREAM Foundation's Scholarship Program	\$ 1,700
Municipal Pool Changing Room Rehab 2	\$160,450
Acorn Building Rehab (elevator).....	\$ 95,000
Administration.....	<u>\$ 78,600</u>
	\$393,000

B. Select one of the two following alternatives for Option B:

B-1. Public Services Activities as listed below totaling.....	\$ 58,950
EOC's Emergency Shelter Operations	\$ 45,000
Boys & Girls Club Operations	\$ 4,000
Lifestyles Drug & Alcohol Counseling Program	\$ 4,000
Big Brothers/Big Sisters Mentoring Program	\$ 3,450
Literacy Council's Literacy Program	\$ 2,500
Municipal Pool Changing Room Rehab 2	\$170,000
LED-Lighted Crosswalks	\$ 50,000
Downtown Newsracks.....	\$ 35,450
Administration.....	<u>\$ 78,600</u>
	\$393,000

B-2. Public Services Activities as listed below totaling.....	\$ 58,950
Homeless Housing Project's Motel Voucher s	\$ 24,000
EOC's Senior Health Screening Program	\$ 5,000

EOC's 40 Wonderful Program	\$ 2,000	
EOC's Teen Academic Parenting Program	\$ 3,600	
Boys & Girls Club Operations	\$ 6,300	
Lifestyles Drug & Alcohol Counseling Program	\$ 6,100	
Big Brothers/Big Sisters Mentoring Program	\$ 7,250	
Literacy Council's Literacy Program	\$ 3,000	
DREAM Foundation's Scholarship Program	\$ 1,700	
Municipal Pool Changing Room Rehab 2		\$170,000
LED-Lighted Crosswalks		\$ 50,000
Downtown Newsracks.....		\$ 35,450
Administration.....		<u>\$ 78,600</u>
		\$393,000

C. Amend, modify or reject the foregoing options.

Prepared by:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Table Summary of the 21 Applications for 2004 CDBG Funds
2. Narrative Summary of 2004 CDBG Applications

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CITY OF PASO ROBLES: 2004 CDBG APPLICATIONS

#	Program/Project	Brief Description	Sponsor (Applicant)	Amount Requested *	Natl Obj *
1	Muni Pool Changing Room	Re-roof or repair floor in building	City of Paso Robles	\$170,000	LI/BE
2	Downtown Newsrack Enclosures	Purchase decorative newsrack enclosures	City of Paso Robles	\$90,000	BE
3	Alley Rehabilitation	Improve alley bounded by Park, Pine, 8th & 9th	City of Paso Robles	\$47,000	BE
4	LED-Lighted Crosswalks	Install LED-lighted crosswalks at two intersections	City of Paso Robles	\$100,000	LI/BE
5	28th Street Improvements	Curb, gutter, sidewalk, street lights at Oak Park	City of Paso Robles	\$102,390	LI/BE
6	No. County Emergency Shelter	Operating funds for homeless shelter in Atascadero	City of Paso Robles	\$58,950	LI/PS
7	Commercial Rehabilitation	Install elevator at 1214 Park Street (Acorn Bldg)	Mary Mastagni	\$164,564	LI/BE
8	Alcohol and Substance Abuse Capacity Building Program	Operating costs for building a volunteer base for an alcohol and substance abuse counseling program.	Lifestyles Recovery Center	\$12,000	LI/PS
9	Senior Health Screening Program	County-wide health screening program for seniors	Economic Opportunity Commission	\$5,000	LI/PS
10	Forty Wonderful Program	County-wide health screening program for very low income women	Economic Opportunity Commission	\$2,000	LI/PS
11	Teen Academic Parenting Program	County-wide program that provides a variety of support services for teenaged parents	Economic Opportunity Commission	\$3,600	LI/PS
12	Boys & Girls Club Operations	Operating funds for Boys & Girls Club	Boys & Girls Club of No. SLO Co.	\$15,000	LI/PS
13	Motel Voucher Program	Motel room rental for the homeless	Homeless Housing Project	\$30,000	LI/PS
14	Transition to Housing Furniture	Operating costs for program that delivers donated furniture to formerly homeless persons	Homeless Housing Project	\$3,000	LI/PS
15	The Literacy Program	English as a Second Language Program	The Literacy Council	\$3,000	LI/PS
16	Mentoring Program	Mentoring program for disadvantaged youth	Big Brothers & Big Sisters	\$9,500	LI/PS
17	Small Business Development Center	Business consulting for existing and start-up businesses for low to middle income business owners	Small Business Development Center (in partnership with Cuesta College)	\$3,000	LI
18	Caring Callers Program	Operating expenses for in-home visitation for seniors	Lifespan Foundation	\$3,000	LI/PS
19	Y-Teen X-treme Program	After-school program for middle school students	SLO County YMCA	\$4,000	LI/PS
20	Live Theater for All Program	Offer low income persons an opportunity to experience live theater	Classic American Theatre	\$23,625	LI/PS
21	Scholarship Program	Support services for foster children	DREAM for Kids Foundation	\$5,000	LI/PS
	TOTAL REQUESTED			\$854,629	

* It is estimated that a total of \$314,400 will be available for award, of which at least \$220,100 must be used to meet the National Objective of low income (LI) benefit and no more than \$94,300 may be used to meet the National Objective of blight elimination (BE). Additionally, no more than \$58,950 may be used for public service programs (PS). Several applications can meet the criteria for both low income benefit and blight elimination.

SUMMARY OF 2004 CDBG APPLICATIONS

ACTIVITIES THAT BENEFIT LOW INCOME PERSONS

1. Municipal Pool Changing Room Rehabilitation, Phase 2: **\$170,000.** This project is initiated by the City of Paso Robles and consists of continuing work to rehabilitate the changing room building at the Municipal Pool at 28th and Oak Streets. Phase 2 will consist of either re-roofing the building or demolishing and replacing the existing concrete floor. (Phase 1, to be completed with prior year's allocations of CDBG funds, consists of making the building accessible to the disabled, repairing plumbing, and miscellaneous items (e.g. remedying dry rot). The maintenance on this building had been deferred for so long that the building became unsafe.

The Municipal Pool serves the recreational swimming needs of the residents of the West Side of the City. According to the 2000 US Census, 80% of the households residing in the West Side are low income (earning 80% or less of the County Median Income).

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.

2. LED-Lighted Crosswalks: **\$100,000.** The project consists of installing two LED-lighted crosswalks: one at the intersections of 26th & Spring Streets and one at the intersection of 17th and Spring Streets.

Both of these intersections are located in, and serve the pedestrian needs of, the West Side of the City. According to the 2000 US Census, 80% of the households residing in the West Side are low income (earning 80% or less of the County Median Income).

These intersections are located in the Redevelopment Project Area, and the Redevelopment Implementation Plan lists inadequate public improvements as a condition contributing to blight. This project, therefore, would also serve to eliminate blight.

3. 28th Street Improvements: **\$102,390.** This project is initiated by the City to support the development of proposed new low-income senior housing at Oak Park Public Housing. Installation of curbs, gutters, sidewalks, and street lights will be a requirement for the housing project. The City has previously used CDBG funds to install such improvements along the Park Street frontage of Oak Park and neighboring properties. The benefactors of the project would be the low income seniors to live in the housing project, as well as the current residents of Oak Park Public Housing, all of which are low and moderate income.

\$20,610 in 2002 CDBG funds were allocated for the design of these improvements.

This application is not included in either Option A or Option B because, on October 31, County Planning Staff verbally informed City staff that they are recommending that the Board of Supervisors grant an additional \$600,000 in federal HOME funds to this project (bringing the total of 2003 HOME funds for this project to \$700,000). With such an amount of federal funding, in addition to the \$545,000 in Redevelopment Low and Moderate Income Housing Funds already approved for this project, it would appear to be equitable to allocate limited public funds to other projects.

4. North County Emergency Shelter: **\$58,950.** This project is initiated by the City of Paso Robles and consists of providing a share of the annual operating costs for the proposed 32 bed North County Emergency Shelter to be built in Atascadero by the Economic Opportunity Commission of San Luis Obispo County (EOC). (EOC has requested that the Cities of Paso Robles and Atascadero and the County contribute to the annual operating costs of this facility.)

This facility would benefit the homeless, which are considered by federal regulations to be low income.

5. Acorn Building Rehabilitation: **\$164,564.** This application was filed by Mary Mastagni to rehabilitate the "Acorn" Building at 1214 Park Street by installing an elevator to make the building accessible to the physically disabled.

SUMMARY OF 2004 CDBG APPLICATIONS, Page 2

The installation of an elevator would benefit the physically disabled, which are considered by federal regulations to be low income. The building is located within the Redevelopment Project Area, and the City's Redevelopment Implementation Plan lists unsafe buildings as a condition contributing to blight. This project, therefore, would also serve to eliminate blight.

The City has previously made grants of CDBG funds to three other downtown buildings for the purpose of making them accessible to the physically disabled. Those buildings and the amount of CDBG funds awarded were: 1945 Park Street (Ali's Building): \$73,000; 1234 Park Street (IOOF Building): \$95,000; and 830 – 11th Street (Classic American Theatre): \$49,000.

6. Alcohol & Substance Abuse Counseling Program: **\$12,000**. Lifestyles Recovery Center has established requested funds for operating expenses for their drug and alcohol counseling services for low income persons and for a volunteer training program. The applicants project that they expect to serve 200 low income households per year.

The City has supported this program since 2002. In 2003, it allocated \$6,100 in CDBG funds for this activity.

7. Senior Health Screening Program: **\$5,000**. This program is initiated by EOC and requests the City to contribute its share (\$5,000 of \$20,000) to operate a county-wide senior health screening program, which is expected to serve 900 low income seniors.

The City has supported this program since 2001. In 2003, it allocated \$5,000 in CDBG funds for this activity.

8. Forty Wonderful Program: **\$2,000**. This program is initiated by EOC and requests the City to contribute its share (\$2,000 of \$8,000) to operate a county-wide health screening program restricted to serving about 100 low income women.

The City has supported this program since 2001. In 2003, it allocated \$2,000 in CDBG funds for this activity.

9. Teen Academic Parenting Program: **\$3,600**. This program is initiated by EOC and requests the City to contribute its share (\$3,600 of \$14,400) to operate a county-wide counseling and child care program for pregnant teens, teen-aged parents and their children. Their goal is to assist 300 low income persons (mothers, fathers and children) county-wide.

The City has supported this program since 2001. In 2003, it allocated \$3,600 in CDBG funds for this activity.

10. Boys & Girls Club Operations: **\$15,000**. The Boys & Girls Club of North SLO County has requested the City to assist in the operating costs for their after-school programs. The application expects that 200 persons would benefit from the requested grant. Records maintained by the Boys and Girls Club indicate that more than 51% of their members come from low income households.

The City has supported this program in 2003 with an allocation of \$6,300 in CDBG funds.

11. Motel Voucher Program: **\$30,000**. The Homeless Housing Project (HHP) has requested the City to assist in their program of providing motel rooms for the North County's homeless. According to the application, \$30,000 will benefit 1,575 persons. HHP proposes to use 20% of the funds for administrative costs to support the motel voucher program

The City has supported this program since 2001. In 2003, it allocated \$24,000 in CDBG funds for this activity.

12. Transition to Housing Furniture Program: **\$3,000**. The Homeless Housing Project (HHP) has requested the City to provide operating funds to assist their program of delivering donated furniture to formerly homeless persons. According to the application, \$30,000 will benefit 100 households.

13. The Literacy Program: **\$3,000**. The Literacy Program requests the City to contribute its share (\$3,000 of \$18,000) to operate a county-wide program to provide English Language classes to an estimated 700 low income adult persons (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.

The City has supported this program since 2002. In 2003, it allocated \$3,000 in CDBG funds for this activity.

SUMMARY OF 2004 CDBG APPLICATIONS, Page 3

14. Big Brothers & Big Sisters' Mentoring Program: **\$9,500**. Big Brothers & Big Sisters requests the City to contribute its share (\$9,500 of \$73,000) to operate a county-wide program to provide mentoring services to 73 "at-risk" youth from low income households (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.

The City has supported this program since 2002. In 2003, it allocated \$7,250 in CDBG funds for this activity.

15. Small Business Development Center: **\$3,000**. The Small Business Development Center (SBDC), in partnership with Cuesta College, requests the City to contribute its share (\$3,000 of \$50,000) to operate a county-wide program to provide training for small businesses operated or being started by an estimated 75 low income persons.
16. Caring Callers Program: **\$3,000**. The Lifespan Foundation requests the City to contribute its share (\$3,000 of \$7,000) of operating costs for a county-wide program to provide in-home visitation for estimated 140 – 160 low income seniors.
17. Y-Teen X-Treme Program: **\$4,000**. The SLO County YMCA requests the City to contribute its share (\$4,000 of \$32,000) of operating costs for a county-wide program to provide after-school activities for 1,625 Paso Robles middle school students.

NOTE: This application is not clear on how the program will comply with federal regulations requiring that 51% or more of the students served will be low income. Per the 2000 US Census, only 43% of City residents are low income.

18. Live Theater for All Program: **\$23,625**. Classic American Theatre requests the City to assist a program to offer low income persons an opportunity to experience live theater. The CDBG funds would be used for theater expenses for free showings in which tickets would be distributed to groups serving low income persons. According to the application, 2,268 persons would be served annually.
19. Scholarship Program: **\$5,000**. The DREAM for Kids Foundation requests the City to contribute its share (\$5,000 of \$30,000) of operating costs for a county-wide program to provide support services for foster children. According to the application, there are 400 – 600 foster care children county wide who would be potential beneficiaries.

ACTIVITIES THAT SERVE TO ELIMINATE BLIGHT

20. Downtown Newsrack Enclosures: **\$90,000**. This project is initiated by the City of Paso Robles and consists of purchasing decorative modular enclosures for newsracks placed in the downtown, which will be generally described as the commercial area with 14 foot wide sidewalks and zero setbacks (11th – 16th Streets and Vine – Pine Streets).

The purpose of the enclosures would be to eliminate the proliferation of a number and variety of newsracks that are cluttering sidewalks, posing aesthetic and pedestrian safety problems. This condition is generally described under the category of "Inadequate Public Improvements", which the Redevelopment Implementation Plan lists as a blighting factor. The City Council has appointed an ad hoc committee, which is presently investigating this activity.

21. Downtown Alley Rehabilitation III: **\$47,000**. The project consists of paving the alley bounded by Park, Pine, 8th, and 9th Streets. This alley serves commercial and multi-family land uses. This would be the third alley improved with CDBG funds.

This alley is located in the Redevelopment Project Area, and the Redevelopment Implementation Plan lists inadequate public improvements as a condition contributing to blight.

This project is not included in either Option A or Option B. The City had received property owner requests to pave the two alleys that have been completed with CDBG funds; no property owner requests are pending for this alley.