

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: 2006 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
DATE: DECEMBER 6, 2005

Needs: For the City Council to (a) decide which applications for the City's 2006 Community Development Block Grant (CDBG) funds should be recommended in the ***Draft*** Annual Action Plan and (b) set a date for the public hearing for the 2006 CDBG Fund allocations.

Facts:

1. October 31, 2005 was the deadline for submittal of applications for 2006 CDBG funds. As of that date, the City received 18 applications. The total amount of funding requested for the 18 applications comes to about \$1,174,400. Attached is a table and a narrative summary of the 17 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 November 18, 2005, the US Department of Housing and Urban Development (HUD) had not published the amounts of 2006 CDBG funds to be distributed to CDBG recipients.
3. In the absence of a figure from HUD, for planning purposes, it is assumed that the City will receive a similar amount of entitlement funds in 2006 that it received in 2005 (about \$316,490).
4. In addition to the annual allocation of entitlement funds, the City has on hand \$64,800 in CDBG funds from repaid CDBG-funded residential rehabilitation loans that can be added to the \$316,490.
5. Further, there are about \$2,580 in unused CDBG funds from the LED-Lighted Crosswalk Project (at 24th and Oak Streets) that can be re-programmed.
6. It is estimated, therefore, that there may be as much as \$383,870 in CDBG funds to allocated in 2006.
7. 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.
8. In mid-January 2006, the County will publish a Draft "Consolidated Plan", which will list summaries 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 2006.
9. It is proposed that, at its meeting of December 6, 2005, 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.

10. The Draft Consolidated Plan will be considered by the Council at a public hearing to be conducted in early March 2005. At that hearing, the Council may consider any of the applications filed by October 31, whether or not they are recommended for funding in the Draft Consolidated Plan.

11. Federal regulations impose several limits on the use of CDBG funds as follows:

- a. At least 70% of all funds **must** be spent on activities that benefit low income persons, and no more than 30% **may** be spent on activities that eliminate blight;
- b. No more than 15% of CDBG funds **may** be used for public service activities;
- c. No more than 20% of CDBG funds **may** be used for administrative uses;
- d. Re-programmed CDBG funds from prior years are subject to those limits for the year in which they were originally programmed. They are not eligible for calculation of public service or administration purposes.

12. The estimated amount of CDBG funds for 2006 are as follows:

\$316,490 2006 entitlement
\$ 64,800 Program Income (repaid CDBG loans)
\$381,290 subtotal for calculating public services and administrative funds
\$ 2,580 re-programmed funds for the LED-Lighted Crosswalk Project
\$383,870 Total

13. The \$383,870 are available to be divided among the proposed activities, as shown below:

\$156,576 for low income benefit – non-public service projects
\$ 57,194 for low income benefit – public service programs
\$ 94,100 for blight elimination projects
\$ 76,000 for administration
\$383,870 Total

14. To meet the US Department of Housing and Urban Development’s (HUD) deadline for 2006 CDBG funds, the public hearing for the allocation of 2006 CDBG funds needs to be set for early March. In 2005, the Council conducted this hearing at a special meeting on the first Thursday of March.

Analysis and
Conclusion:

Public Service Applications

Public services are those activities in which non-profit organizations provide services to low income clients. For several years, the City has received more requests for grants to support public services than it has CDBG funds that may be used for such purposes, and 2006 is no exception.

In 2005, the City required applicants for public services funds to submit certain information to supplement their CDBG applications. Such information included estimates of the number of city residents to be served by their programs, statements of their total requests for CDBG or other grants from other jurisdictions in which their clients reside, information about their annual budgets, etc. In order that the City Council have adequate information on which to base a decision to appropriately allocate the limited public service funds, City staff intends to solicit similar information from public services applicants for 2006 CDBG applications.

The supplemental information will not be available for Council’s review on December 6. Therefore, for the Draft One Year Action Plan, it is suggested that the Council confirm whether or not the City will fund public service applications at the full 15% allowed by federal regulations (as it has done for several years now). The final decision on which public service applications would be funded, would be deferred until the public hearing in March 2006.

Options for Draft One Year Action Plan

There are many more applications than there will be CDBG funds to support. Three potential funding options have been prepared, using previous years’ allocations as a guide, for the Council’s consideration. Some of the 18 applications do not appear in either of the three options; the reasons for this are discussed in the attached summary of applications.

In all three options, priority is given to completing the rehabilitation of the Therapy Pool building, which was begun with an allocation of \$149,000 in 2005 CDBG funds. Additionally, all three options assume that the Council will want to allocate the full 15% allowable for public service applications.

Option A provides for funding the following activities:

Therapy Pool Rehab.....	\$163,676	(to be a multi-year project)
Seismic Mitigation	\$ 87,000	(to supplement 2004 funds)
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
Administration.....	<u>\$ 76,000</u>	
	\$383,870	

NOTE: The \$87,000 indicated for Seismic Mitigation would allow for full reimbursement for all costs of preparing structural analyses and retrofit plans for those owners of unreinforced masonry (URM) buildings that have applied for the grants.

Option B provides for funding the following activities:

Therapy Pool Rehab.....	\$215,676	(to be a multi-year project)
Seismic Mitigation	\$ 35,000	(to supplement 2004 funds)
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
Administration.....	<u>\$ 76,000</u>	
	\$383,870	

NOTE: The \$35,000 indicated for Seismic Mitigation would allow for all owners of unreinforced masonry buildings that have applied for the grants to be reimbursed at up to \$10,000 per building. The \$101,700 from 2003 and 2004 CDBG funds previously allocated to this project will not be sufficient to fund all of the grants applied for by owners of URM buildings.

Option C provides for funding the following activities:

Therapy Pool Rehab.....	\$165,676	(to be a multi-year project)
Seismic Mitigation	\$ 35,000	(to supplement 2004 funds)
Newsracks.....	\$ 50,000	
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
Administration.....	<u>\$ 76,000</u>	
	\$383,870	

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 scheduled for early-mid March 2006.

March Public Hearing Dates

Possible dates for the March public hearing are:

- a. Thursday, March 2 (special Council meeting);
- b. Tuesday, March 7 (regular Council meeting);
- c. Thursday, March 9 (special Council meeting);
- d. Tuesday, March 21 (regular Council meeting).

In past years, the CDBG public hearings have taken as many as 2 hours. A special meeting provides a better environment for focusing on the allotments and reduces the amount of time that the public has to wait to speak.

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. It should be noted that any funding request that would come from administration would have an equal adverse effect on the City's Redevelopment Low and moderate Income Housing Fund or the General Fund.

Options: Subject to public testimony, via minute action:

- A. (1) Identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding

Therapy Pool Rehab	\$163,676	(to be a multi-year project)
Seismic Mitigation	\$ 87,000	(to supplement 2004 funds)
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
<u>Administration</u>	<u>\$ 76,000</u>	
Total	\$383,870	

- (2) Set Thursday, March 2, 2006 as the date for the public hearing for 2006 CDBG allocations.

- B. (1) Identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding

Therapy Pool Rehab	\$215,676	(to be a multi-year project)
Seismic Mitigation	\$ 35,000	(to supplement 2004 funds)
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
<u>Administration</u>	<u>\$ 76,000</u>	
Total	\$383,870	

- (2) Set Thursday, March 2, 2006 as the date for the public hearing for 2006 CDBG allocations.

- C. (1) Identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding

Therapy Pool Rehab	\$165,676	(to be a multi-year project)
Seismic Mitigation	\$ 35,000	(to supplement 2004 funds)
Newsracks	\$ 50,000	
Public Services Activities.....	\$ 57,194	(full 15% of 2006 allocation)
<u>Administration</u>	<u>\$ 76,000</u>	
Total	\$383,870	

(2) Set Thursday, March 2, 2006 as the date for the public hearing for 2006 CDBG allocations.

D. Amend, modify or reject the foregoing options.

Prepared by:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Table Summary of the 18 Applications for 2006 CDBG Funds
2. Narrative Summary of 2006 CDBG Applications
3. Two letters requesting additional funds for Seismic Mitigation Program

CITY OF PASO ROBLES: 2006 CDBG APPLICATIONS

**A. Public Facilities, Building Rehab, Economic Development Projects
(National Objective: Low Income Benefit)**

#	Applicant	Program/Project	Amount Requested
1	City of Paso Robles	Therapy Pool: reroof and replace HVAC system	\$221,000
2	City of Paso Robles	Install LED-Lighted Crosswalk at 17th & Spring Streets	\$40,000
3	Estrella Warbirds Museum	Install disabled access improvements	\$110,400
4	Homeless Housing Project	Acquire and rehab a home for a "rest and recovery center"	\$500,000 *
5	Small Business Development Center (in partnership with Cuesta College)	Business consulting for existing and start-up businesses for low to middle income business owners	\$5,000
	Total Requested		\$876,400
	Total Available		\$156,576 **

* \$500,000 is total amount for project; HHP applied to County and City of Atascadero to contribute a portion of this amount as well.

** If \$94,100 is used for Category B and \$57,194 for Category C.

C. Public Services (National Objective: Low Income Benefit)

#	Applicant	Program/Project	Amount Requested
6	Economic Opportunity Commission	Senior Health Screening Program	\$ 3,500
7	Economic Opportunity Commission	Forty Wonderful Program	\$ 2,200
8	Economic Opportunity Commission	Teen Academic Parenting Program	\$ 2,500
9	Homeless Housing Project	Motel Voucher Program for the homeless	\$24,000
10	The Literacy Council	The Literacy Program	\$ 3,000
11	Big Brothers & Big Sisters	Mentoring Program for disadvantaged youth	\$ 7,500
12	Senior Volunteer Services	Operating funds for Caring Callers in-home visitation for seniors program	\$ 3,500
13	Paso Robles Youth Arts Foundation	Part-time teachers' salaries	\$20,000
14	Harvest Bag, Inc.	Food distribution to low income households	\$ 1,000
15	Lifestyles Recovery Center	Drug and alcohol counseling	\$ 5,000
	Total Requested		\$72,200
	Total Available		\$57,194

B. Public Facilities Projects (National Objective: Elimination of Blight)

#	Applicant	Program/Project	Amount Requested
16	City of Paso Robles	Purchase decorative newsrack enclosures for the downtown	\$50,000
17	Paso Robles Main Street Association	Install decorative street lights in downtown	\$94,000
18	City of Paso Robles	Seismic Mitigation Program: Grants to URM building owners for structural engineering analyses and construction plans	\$87,000
	Total Requested		\$231,000
	Total Available		\$94,100

CITY OF PASO ROBLES: 2006 CDBG APPLICATIONS

D. Administration and Capacity-Building

#	Applicant	Program/Project	Amount Requested
19	City of Paso Robles	Administration of City's CDBG Program and all CDBG-funded activities	\$38,000
20	City of Paso Robles	Capacity-Building Program: activities to implement Housing Element Programs	\$38,000
	Total Requested		\$76,000
	Total Available		\$76,000

* An application for funds for Administration is not required.

Estimated Revenues

2006 HUD Entitlement	316,490	Amount expected to be allocated to the City from HUD
Program Income	64,800	Amount from repaid CDBG-funded loans (through September 30, 2004)
Subtotal	381,290	Amount on which maximum percentages for administration, public services, and blight elimination are calculated
LED Crosswalk #1 Reprogram	2,580	Unused CDBG funds from prior years (may only be used for Category A projects)
Total	383,870	

Expenditure Summary

A. Low Income Benefit- non public service	156,576	Must be at least 70% of \$458,600 (this amount calculated after deducting administrative funds)
B. Blight Elimination	94,100	May not exceed 30% of \$458,600 (this amount calculated after deducting administrative funds)
C. Low Income Benefit - public service	57,194	May not exceed 15% of \$458,600 (this amount calculated before deducting administrative funds)
D. Administration & Capacity-Building	76,000	May not exceed 20% of \$458,600
Total	383,870	

SUMMARY OF 2006 CDBG APPLICATIONS

ACTIVITIES THAT BENEFIT LOW INCOME PERSONS

1. Municipal Pool: Therapy Pool Rehabilitation: \$221,000. This project is initiated by the City of Paso Robles and consists of replacing the roof and the heating and ventilating system in the Therapy Pool building at the Municipal Pool facility at 28th and Oak Streets. The maintenance on the roof and heating and ventilating system for this building had been long deferred.

The following work needs to be done at the municipal pool complex:

Component	Estimated Cost
Phase 1: Re-roof and replace heating and ventilating equipment for Therapy Pool building	\$300,000 - \$350,000
Phase 2: Install fixtures and furnishings	\$120,000 - \$150,000
Phase 3: Demo and install new roof over mechanical room	\$ 35,000 - \$ 50,000
Phase 4: Site work at east end of Therapy Pool building (culvert, retaining wall, etc.)	\$ 35,000 - \$ 45,000
Subtotal	\$490,000 - \$595,000
Construction Contingency (10%)	\$ 49,000 - \$ 60,000
Architectural Design	\$ 50,000
Bidding Costs (notices, printing, postage)	\$ 3,000
Install a handicapped lift at the main pool (completed)	\$ 4,100
Total	\$596,100 - \$712,100

The \$221,000 cited in the application would, when combined with the \$149,000 allocated in 2005, bring the amount of available CDBG funds up to \$370,000. It is anticipated that future CDBG and/or other funds will be necessary to complete this project.

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: \$40,000. The project consists of installing a wireless LED-lighted crosswalk at the intersection of 17th and Spring Streets.

Based on bids received for the LED-Lighted Crosswalk to be installed at 24th and Oak Streets, it is estimated that the amount of funds necessary to install one crosswalk may be as much as \$75,000, which breaks down as follows:

Install LED-Lighted Crosswalk (expected bid)	\$37,000
5% contingency (rounded)	\$ 2,000
Bidding	<u>\$ 1,000</u>
Total (rounded)	\$75,000

This intersection is located in, and serves 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).

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, therefore, would also serve to eliminate blight.

3. Estrella Warbirds Museum Disabled Access Improvements: \$110,400. The project consists of installing a concrete walkway to provide disabled access improvements to the exhibits at the Estrella Warbirds Museum at 4251 Dry Creek Road. The applicants have verbally indicated that the requested amount of funds would include payment of prevailing wages.

SUMMARY OF 2006 CDBG APPLICATIONS, Page 2

This project would benefit the physically disabled, which are considered by federal regulations to be low income.

The City has previously made grants of CDBG funds to four other privately-owned 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; and Children's Museum: \$135,875.

4. Rest and Recovery Center: **\$500,000**. The Homeless Housing Project (HHP) has requested the City participate with the County of San Luis Obispo and the City of Atascadero to contribute a total of \$500,000 to be used to purchase a single family home to be used by those homeless that are sick and/or recovering from surgery or illness who can not stay at a homeless shelter. (NOTE: HHP has also filed an application for \$500,000 in HOME funds for this same purpose.)

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

5. Small Business Development Center: **\$5,000**. The Small Business Development Center (SBDC), in partnership with Cuesta College, requests the City to contribute a share of the costs to operate a county-wide program to provide training for small businesses operated or being started by an estimated 198 low income persons.

The applicants have submitted similar applications for several years. The City has yet to award CDBG funds for this activity.

6. Senior Health Screening Program: **\$3,500**. This program is initiated by EOC and requests the City to contribute a share of the costs to operate a county-wide senior health screening program, which is expected to serve 700 low income seniors.

The City has supported this program since 2001. In 2005, it allocated \$2,500 in CDBG funds for this activity.

7. Forty Wonderful Program: **\$2,200**. This program is initiated by EOC and requests the City to contribute a share of the costs to operate a county-wide health screening program restricted to serving about 250 low income women.

The City has supported this program since 2001. In 2005, it allocated \$1,500 in CDBG funds for this activity.

8. Teen Academic Parenting Program: **\$2,500**. This program is initiated by EOC and requests the City to contribute a share of the costs to operate a county-wide counseling and child care program for pregnant teens, teen-aged parents and their children. Their goal is to assist 310 low income persons (mothers, fathers and children) county-wide.

The City has supported this program since 2001. In 2005, it allocated \$2,000 in CDBG funds for this activity.

9. Motel Voucher Program: **\$24,000**. The Homeless Housing Project (HHP) has requested the City to assist in their program of providing motel rooms for those homeless that are too ill to stay at a shelter. According to the application, \$24,000 will benefit 200 persons.

The City has supported this program since 2001. In 2005, it allocated \$24,000 in CDBG funds for this activity.

10. The Literacy Program: **\$3,000**. The Literacy Program requests the City to contribute a share (\$3,000 of \$18,000) of the costs 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 2005, it allocated \$3,000 in CDBG funds for this activity.

11. Big Brothers & Big Sisters' Mentoring Program: **\$7,500**. Big Brothers & Big Sisters requests the City to contribute a share of the costs to operate a county-wide program to provide mentoring services to 200 "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 2005, it allocated \$4,000 in CDBG funds for this activity.

12. Caring Callers Program: **\$3,500**. Senior Volunteer Services requests the City to contribute a share of the costs of operating costs for a county-wide program to provide in-home visitation for estimated 95 – 145 low income seniors.

The City has supported this program since 2004. In 2005, it allocated \$3,500 in CDBG funds for this activity.

SUMMARY OF 2006 CDBG APPLICATIONS, Page 3

13. Paso Robles Youth Arts Foundation. **\$20,000**. Paso Robles Youth Arts Foundation wishes to hire part-time teachers to increase their capacity for their after school arts classes by 50 students.

The Paso Robles Youth Arts Foundation received an allocation of \$37,000 in 2000 CDBG funds, which were used for building permit (administrative) fees and design and construction of adjacent street improvements (curb, gutter, sidewalk, street lights and undergrounding of overhead utility lines). Additionally, \$135,000 in 1999 CDBG funds were used to purchase the property for the Youth Arts Center from the Redevelopment Agency.

14. Harvest Bag Program: **\$1,000**. Harvest Bag, Inc. requests the City to contribute a share of the costs to operate a county-wide program to distribute surplus food to 20 low income households (in the City).

This is the Harvest Bag's first application for a share of City CDBG funds.

15. Alcohol & Substance Abuse Counseling Program: **\$5,000**. 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 supported this program in 2002, 2003, and 2004. (Lifestyles did not apply for 2005 CDBG funds.) In 2004, the City allocated \$4,000 in CDBG funds for this activity.

ACTIVITIES THAT SERVE TO ELIMINATE BLIGHT

16. Downtown Newsrack Enclosures: **\$50,000**. This project is initiated by the City of Paso Robles and consists of purchasing 10 decorative modular enclosures for newsracks (at about \$5,000 each) to 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.

17. Installation of Street Lights in the Downtown: **\$94,000**. This project has been requested by the Paso Robles Main Street and consists of installing "historic" (ornamental) street lights in the downtown to improve pedestrian safety.

It is estimated that \$94,000 would be sufficient to install 6 lights on Park and Pine Streets, north of 13th Street.

The downtown is located within the Redevelopment Project Area, which is defined as a blighted area. This condition is generally described under the category of "Inadequate Public Improvements", which the Redevelopment Implementation Plan lists as a blighting factor.

18. Seismic Mitigation Program: **\$87,000**. This project is initiated by the City of Paso Robles and consists of providing grants to assist owners of unreinforced masonry (URM) buildings to prepare structural analyses and seismic retrofit plans. The City has already allocated \$101,653 in prior year's CDBG funds to this project.

Owners of a total of 14 buildings executed grant agreements under which the City agreed to pay up to a maximum of \$10,000 of the costs to prepare structural analyses and seismic retrofit plans for each building. At the time that the agreements were prepared, it was estimated that the average cost of preparing analyses and plans would be \$7,000 per building. As of November 2005, analyses and plans have been completed for 5 buildings. For all of these buildings except one, the costs exceeded \$10,000 per building.

To meet the terms of the grant agreements with the remaining buildings, \$35,000 more is needed.

The City has received letters (attached) from two owners of three URM building requesting that they be reimbursed for the full amounts (\$19,475 and \$36,870.80) they spent for an analysis and plans for their 3 buildings. Based on the invoices for 5 URM buildings, it appears that the average cost of analyses and plans will be about \$14,000. To provide reimbursement for the full cost of preparing analyses and plans (at \$14,000 per building), \$87,000 more is needed.

SUMMARY OF 2006 CDBG APPLICATIONS, Page 4

Federal regulations provide that CDBG funds may be used to rehabilitate privately-owned commercial buildings if to resolve code violations. (Failure to construct seismic retrofit improvements would be a violation of the City's Seismic Safety Code.)

All URM buildings are located within the Redevelopment Project Area, which is defined as a blighted area. The Redevelopment Implementation Plan lists unsafe buildings as a condition of blight within the Project Area.

ADMINISTRATIVE ACTIVITIES

19. Grant Administration. **\$38,000.** The City of Paso Robles has initiated an application to use \$38,000 or 10% of the total amount of 2006 entitlement CDBG funds plus Program Income to administer the CDBG program and all of the activities that are approved.

CDBG Regulations provide that no more than 20% of all entitlement and Program Income CDBG funds in any Program Year may be used for administrative purposes. Since becoming entitled to CDBG funds in 1994, the City has split its administrative allotment between grant administration and capacity building.

20. Capacity Building. **\$38,000.** The City of Paso Robles has initiated an application to use \$38,000 or 10% of the total amount of 2006 entitlement CDBG funds plus Program Income for City staff time to implement the programs identified in the City's Housing Element of the General Plan to benefit low and moderate income persons. Such programs include, but are not limited to: amendments to the City's zoning code to remove constraints to the provision of housing that is affordable to low and moderate income households; development of an ordinance to require reasonable restrictions on the resale of new housing that is designed and reserved for occupancy by low and moderate income households; development of a plan to ensure that certain percentages of new and replacement housing within the City's Redevelopment Project Area are reserved for occupancy by low and moderate income households; implementing the City's Redevelopment Implementation Plan (which includes detailed plans for using the Low and Moderate Income Housing (LMIH) Fund; and working with developers of housing designed to be affordable to low and moderate income households to process their development applications and government financing.

CDBG Regulations provide that capacity building activities are a type of administrative use and that no more than 20% of all entitlement and Program Income CDBG funds in any Program Year may be used for administrative purposes. Since becoming entitled to CDBG funds in 1994, the City has split its administrative allotment between grant administration and capacity building.



CLARK COMPANY
CLARK BUILDING
1031 PINE STREET
PASO ROBLES, CALIFORNIA 93446
TELEPHONE NUMBER (805) 238-7110
FAX: (805) 238-1324



20 September 2005

Mr. Ed Gallagher
Housing Programs Manager
City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446

RE: 1031 Pine Street URM retrofit

Dear Mr. Gallagher:

On 22 April 2005, we sent you a letter (copy attached) regarding our request for reimbursement of our costs to our pre-qualified engineer in preparing structural analyses, retrofit plans, and construction costs for our URM building located at 1031 Pine Street in Paso Robles. At that time, we had paid \$18,455.08 to Cannon Associates.

As of today's date, we have paid \$21,449.55 to Cannon Associates, \$1,019.64 to MW Architecture, and \$1,401.39 to the City of Paso Robles for the building permit. Copies of all invoices are enclosed.

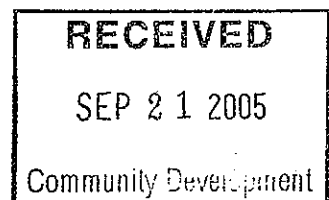
The Grant of Community Development Block Grant Funds suggests reimbursement for \$10,000. However, since the reasonable and necessary ongoing costs have exceeded that amount, we respectfully request the City Council provide for reimbursement of the full cost of preparing the analyses and engineering plans for our building. In the event you are unable to reimburse these expenses, they must be factored into our decision as to whether we are going to be able to reconstruct this historic building, or must regrettably demolish the structure.

We await your favorable reply.

Sincerely,

Pete Clark

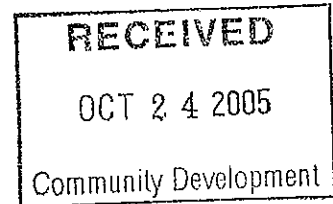
Enclosures
PGC/jh



**Lee & Lena Swanson
212 Greenbriar Lane
Buffalo, Mn 55313
763-682-0135**

October 17, 2005

**Ed Gallagher, Housing Programs Manager
City of Paso Robles
1000 Spring Street
Paso Robles, Ca 93446-0307**



**Re: CDBG Funds
Analysis and Plans for 1421 & 1427 Spring St**

To Whom This Concerns;

As per my Grant Agreement, I am requesting of the City Council, that I be granted an amendment on my two original Grant Agreements, to provide reimbursement for the total cost of preparing the structural analysis, construction plans, and consultant services requested by the City of Paso Robles.

Enclosed are all invoices paid in full to Cannon & Associates and McCarthy & Associates for a total of \$36,870.80. As per the agreement, I realize you cannot reimburse until the permit is pulled, Mr. Bill Hales of O'Grady's will be pulling this permit.

Respectfully,

A handwritten signature in cursive script, appearing to read "Lee Swanson".