

TO: James L. App, City Manager

FROM: Ronald Whisenand, Community Development Director

SUBJECT: Cooperation Agreement with County Regarding CDBG and Related Federal Funds

DATE: May 17, 2011

Needs: For the City Council to consider renewal of a Cooperation Agreement to continue its entitlement status for Community Development Block Grant (CDBG) funds administered through San Luis Obispo County.

Facts:

1. The City is entitled to receive CDBG funds directly from the US Department of Housing and Urban Development (HUD).
2. With a "Cooperation Agreement", the City waives its individual entitlement to CDBG Funds so that the County of San Luis Obispo can maintain their status as "urban county".
3. The City may consider the following options regarding whether to participate in a Cooperative Agreement with the County, including the following:
 - a. Defer "metropolitan city" status and join the Urban County to receive CDBG allocations through the county. If the City elects to join the Urban County, the City will not be eligible to apply directly for grants under the state CDBG, HOME or ESG programs;
 - b. Become a stand-alone CDBG entitlement jurisdiction as a "metropolitan city" to receive CDBG funds directly from HUD;
 - c. Decline a formula CDBF allocation or entitlement and become an application to the competitive state CDBG program.
4. The City executed a Cooperative Agreement in 2005 for a 3-year period that began on July 7, 2006 and automatically renewed to a second 3-year term that ends on June 30, 2012.
5. The 2012 Cooperation Agreement includes a provision that it will automatically be renewed for an additional three-year period, i.e., until June 30, 2015 unless the City provides written notice that it intends not to participate in a new qualification period.
6. A copy of the 2012 Cooperation Agreement is attached to this report.
7. HUD has notified the County that it and the participating cities must provide written confirmation of intent to renew the Cooperation Agreement.

Analysis and
Conclusion:

The Cooperation Agreement provides that, even though the City would defer its entitlement to an urban county, the City will likely continue to receive CDBG funds per a formula prepared by HUD. The City will receive \$250,000 in 2011.

The Cooperation Agreement requires the parties "to fully cooperate and to assist each other in undertaking eligible grant programs" (Paragraph I.B). This provision charges the City with participating in/making recommendations for annual allocations of CDBG funds to the HOME, ESG, and Housing Opportunities for Persons with AIDS (HOPWA) funds.

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 regulations for the CDBG, HOME, ESG, and HOPWA Programs

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 No. 11-XX approving the 2012 Cooperation Agreement with the County of San Luis Obispo.
 - b. Amend, modify or reject Option "a".

Attachment:

1. Resolution Approving the 2012 Cooperation Agreement

RESOLUTION NO. XX

A RESOLUTION OF THE CITY COUNCIL OF PASO ROBLES APPROVING THE 2012 COOPERATION AGREEMENT BETWEEN THE CITY OF PASO ROBLES AND COUNTY OF SAN LUIS OBISPO TO PARTICIPATE IN THE FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIPS (HOME), EMERGENCY SHELTER GRANT (ESG), AND HOUSING FOR PERSONS WITH AIDS (HOPWA) 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), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing for Persons with Aids (HOPWA) 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, HOME, ESG, and HOPWA programs; and

WHEREAS, on June 28, 2005, the City and County executed a cooperation agreement for the period July 1, 2006 through June 30, 2009 (the "2005 Cooperation Agreement"); and

WHEREAS, Section I.C of the 2005 Cooperation Agreement provided that said agreement will automatically renew for a new consecutive three-year term, i.e., through June 30, 2012, unless the City provides written notice that it elects not to participate in a new qualification period.

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

SECTION 1. Findings.

1. The 2012 Cooperation Agreement, attached hereto as Exhibit A, 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 2012 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, ESG, and HOPWA 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 annually adopt a Subrecipient Agreement, which will establish administrative policies and procedures, performance standards, and guidelines for block grant program implementation by the County and participating cities.
4. The 2012 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. Renewal of 2012 Cooperation Agreement.

Pursuant to Federal Regulations 24 CFR 570.501(b), et. seq., the City Council hereby approves the the 2012 Cooperation Agreement automatically be renewed as provided in Section I.C of said agreement.

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 Cooperation Agreement, on-going operation of the CDBG, HOME, ESG and HOPWA Programs, and other activities necessary to carry out the intent of the Cooperation Agreement.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 17th day of May 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk