

**TO:** Thomas Frutchey, City Manager  
**FROM:** Warren Frace, Community Development Director  
**SUBJECT:** 2016 Community Development Block Grant (CDBG) Program  
**DATE:** March 1, 2016

**Needs:** For the City Council to conduct a noticed public hearing and decide which activities are to be approved for funding with the City's 2016 Community Development Block Grant (CDBG) funds.

- Facts:**
1. The City is expected to have \$188,960 in CDBG funds available for activities in 2016 from HUD.
  2. From the \$188,960 in 2016 CDBG funds, \$151,168 (80%) will be available for projects and programs and \$37,792 (20%) could be used for program administration.
  3. The City is obligated by the Cooperation Agreement with the San Luis Obispo County to forward 13% of the grant amount, which equates to \$24,564 to the County for administrative purposes. This leaves 7%, or \$13,228 for City administration. Consequently, out of the gross \$188,960, the net amount the City receives for programs is \$164,456.
  4. October 23, 2015 was the deadline for submittal of applications for 2016 CDBG funds. As of that date, the City received eight (8) applications (including applications from the City for "capacity-building" and administrative use of CDBG funds). The total amount of funding requested for the eight (8) applications comes to \$190,550.
  5. CDBG regulations stipulate that at least 70% of each year's allotment be spent on activities that benefit low income persons, that no more than 30% may be spent on activities that eliminate blight, and that 20% of the total may be spent for administration. (CDBG funds spent on administration are assumed to provide benefit to low income persons and to eliminate blight in the 70%/30% ratio.)
  6. CDBG regulations also provide that no more than 15% of each year's funds *may* be used for public service activities such as homeless services, health services, programs for at-risk youth, etc. In 2016, this 15% cap of the gross \$188,960 grant amount would be \$28,344. Public service activities are classified as benefiting low income persons.
  7. If the \$188,960 in CDBG funds are allocated per the ratios mentioned above, the allotments would be as follows:  

\$	122,824	for low income benefit – non-public service projects
\$	28,344	maximum for low income benefit – public service programs
\$	13,288	maximum for administration and capacity-building (\$6,614 each)
\$	24,564	maximum City passes on to the County for program administration
\$	188,960	Total

8. At its meeting of December 1, 2015, the City Council directed that the Draft One Year Action Plan for spending the City's allotment of 2016 CDBG funds include the following projects:

A. Public Improvements	13 <sup>th</sup> Street Handicap Ramps	\$122,824
B. Public Service Grants		
1. CAPSLO	Adult Day Care	\$ 8,948
2. Transition Mental Health	24 Hr. Crisis Hotline	\$ 1,500
3. Lifestyles Recovery Center	Drug /alcohol counseling	\$ 8,948
4. ECHO	Homeless Shelter	\$ 8,948
5. CASA San Luis Obispo	Child Advocacy Services	\$ 0
C. Administration	City Admin/Capacity, and pass-through to County.	\$ 37,792
Total		\$188,960

Analysis and Conclusion:

Public Improvement Projects

There is only one City application for \$122,824 (see Attachment 1, Application 1) for a public improvement project for the 2016 CDBG Program, which is to install and replace handicap ramps and related improvements at the intersections of 13th Street and Park Street and 13<sup>th</sup> Street and Pine Street.

Option A recommends allocations to the Handicapped Ramps project.

Public Service Applications

The City received five applications for Public Service Grants for the 2016 CDBG Program. These applications were reviewed by the City Council its meeting on December 1, 2015. The Council concluded that the \$28,344 available for public service grants should be awarded to Transitions Mental Health for their request for \$1,500 (with the \$1,500 grant from Paso Robles along with the other grants anticipated to be awarded by other jurisdictions including the County, their total grant amount will exceed the \$8,000 HUD grant amount), and the remaining \$26,844 be evenly divided between CAPSLO, Lifestyles Recovery, and ECHO Homeless Shelter for an amount of \$8,948 each. However, County Staff has indicated that Transitions Mental Health has not received any other grant recommendations from the other municipalities; therefore since the \$1,500 request to Paso Robles does not meet the \$8,000 threshold, the City cannot award the grant to Transitions. Staff is recommending the additional \$1,500 be evenly distributed (\$500 each) amongst the three other public services applicants, and is the reason why the grant amount has increased from \$8,948 to \$9,448.

It was indicated in December by County Staff that CAPSLO and Lifestyles needed to provide additional information to further define the way in which they plan on using the grant money, and to verify that they have the capacity to administer the grants in a manner consistent with HUD requirements. County and City Staff have been in contact with each of the public service organizations and staff has received the necessary information. County Staff has indicated that the Council can move forward with approving the grants for CAPSLO and Lifestyles as originally directed.

Administration

The City's use of Administrative and Capacity-Building funds is discussed in the Fiscal Impact Section of this report, below. In 2015, the City agreed to have the County administer the \$28,720 grant to ECHO for an estimated cost of \$700 (3% administrative overhead), which will be deducted from the initial 13% of the administration funds that the City provides to the County. This arrangement appears to be a cost-effective (primarily in terms of allocation of City staff resources) manner to administer public service grants. If the Council approves the public service grants as originally directed, and as indicated in Option A of this report, it is anticipated that the County will administer the each of the four public service grants.

Policy

Reference: Federal regulations for the Community Development Block Grant Program

Fiscal

Impact: The City is not required to spend any portion of its annual allocation of CDBG funds on program administration. Since the City became entitled to directly receive CDBG funds in 1994, it has opted to spend 20% on administrative activities. Generally, such activities include: direct administration of the CDBG Program and the activities it funds, be they public improvement projects or public services, and "capacity-building" activities that are designed to benefit low income persons. Capacity-building activities have included staff time spent on updating the Housing Element, preparing ordinances to implement Housing Element policies, staff time spent on providing support for affordable housing projects (e.g. Oak Park redevelopment). The 20% for administration does not cover staff's time spent on all CDBG administrative and capacity building activities. That is, such activities are "backfilled" with General Funds.

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

- a. Adopt the attached Resolution 16-XXX to allocate the City's allotment of 2016 CDBG funds as follows:

<b>Public Facilities:</b> 13 <sup>th</sup> Street Handicap Ramps.....	\$ 122,824
<b>Public Services Activities:</b>	
CAPSLO .....	\$ 9,448
Lifestyles Recovery .....	\$ 9,448
El Camino Homeless Organization (ECHO).....	\$ 9,448
<b>City Capacity Building: (an administrative use of CDBG funds) .....</b>	
<b>City Administration:</b> .....	<u>\$ 6,614</u>
<b>Pass through to County</b> .....	\$ 24,564
Total .....	\$188,960

- b. Amend, modify or reject the foregoing option.
- c. Refer back to staff for additional analysis.

Attachments:

- 1. Resolution Adopting an Annual Action Plan for 2015 CDBG Funds
- 2. Newspaper Notice Affidavit

RESOLUTION NO. 16-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
DETERMINING THOSE PROJECTS TO BE FUNDED WITH THE CITY'S ALLOTMENT  
OF 2016 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

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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 15, 2014 and as amended on September 23, 2014, the City waived its individual entitlement status for a period of three years with an option for an automatic three year renewal 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, based on the CDBG entitlement allocation for 2015, the City expects to receive \$188,960 in entitlement CDBG funds in 2016; and

WHEREAS, on September 4, 2015, the San Luis Obispo County published a "Request for Proposals" for projects to be funded under the 2016 CDBG Programs, which provided that proposals were to be submitted by October 23, 2015; and

WHEREAS, on September 2, 2015, the San Luis Obispo County conducted a public meeting in Atascadero 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, the City of Paso Robles received eight (8) applications for 2016 CDBG funding grants, which were reviewed and prioritized for funding at the City Council meeting on December 1, 2015; and

WHEREAS, on February 17, 2016, the urban county conducted a public meeting in San Luis Obispo for residents of northern San Luis Obispo County, including the City of Paso Robles, to accept comments on the Draft 2016 Consolidated Plan; and

WHEREAS, on February 10, 2016, the City published a notice in the Tribune, indicating that a public hearing would be conducted on the Draft 2016 Annual Action Plan on March 1, 2016; and

WHEREAS, at its meeting of March 1, 2016, 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, as follows:

**SECTION 1.** Based on an expectation that the City will receive \$188,960 in 2016 CDBG funds, to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2016 Draft Annual Action 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:

**Public Facilities**

*Public Facilities are eligible to receive CDBG funds under Section 24 CFR 570.201(c)*

1. **Handicapped Ramps:**

Applicant: ..... City of Paso Robles

Amount Requested:..... \$122,824

Activity Description: The project consists of the installation of an ADA compliant handicap ramp on the northwest corner of the intersection of 13th Street and Park Street, and replacing the existing non-compliant handicap ramps (removal of architectural barriers) at all four corners of the intersection of 13th and Pine Street, with four compliant ramps. The project includes repairing adjacent sidewalk, curb, gutter, pavement and striping as necessary with the construction of the ramps at each intersection.

Eligibility: Public Facility (24 CFR 570.201(c))

National Objective: ..... Low and Moderate Income Benefit

Explanation..... Limited Clientele basis (24 CFR 570.208(a)(2)): Handicapped ramps serve the physically-disabled, which are considered to be a group that is principally of low and moderate income.

**Public Services**

*Public Services to low income persons are eligible for CDBG funding 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). Recipients must demonstrate that 51% or more of their clients qualify as low and moderate income persons.*

2. **Adult Day Care:**

Applicant: CAPSLO

Amount Requested: \$9,448

Activity Description: Provides supportive day care environment for seniors with early stages of Alzheimer's or other forms of dementia or cognitive impairments.

Number of beneficiaries: 50 persons in northern San Luis Obispo County.

3. **Drug/Alcohol Counseling:**

Applicant: Lifestyles Recovery Center

Amount Requested: \$9,448

Activity Description: Drug/alcohol counseling program located in Paso Robles.

Number of beneficiaries: 30 persons in northern San Luis Obispo County.

4. **Emergency Shelter:**

Applicant: El Camino Homeless Organization

Amount Requested: \$9,448

Activity Description: Operating a homeless shelter for individuals and families in northern San Luis Obispo County.

Number of beneficiaries: 422 persons in northern San Luis Obispo County.

**Administration and Capacity-Building**

3. CDBG Program Administration.

Applicant: ..... City of Paso Robles

Amount Requested:..... \$6,614

Activity Description: ..... Administer the CDBG program and all of the activities that are approved.

CDBG Eligibility: Program Administration (24 CFR 570.206)

National Objective: ..... Low and Moderate Income Benefit; Blight Elimination

Explanation..... Administration and Capacity Building (24 CFR 570.208(d)(4)): This section provides that administrative and capacity building activities are considered to address National Objectives.

4. Capacity-Building:

Applicant: ..... City of Paso Robles

Amount Requested:..... \$6,614

Activity Description: ..... City staff time to implement programs identified in the City's Housing Element of the General Plan to benefit low and moderate income persons and to aid in the prevention or elimination of slums or blight. This activity will further the City's efforts to provide affordable housing to low and moderate income households.

CDBG Eligibility:..... Capacity Building Activities (24 CFR 570.205)

National Objective: ..... Low and Moderate Income Benefit

Explanation..... Administration and Capacity Building (24 CFR 570.208(d)(4)): This section provides that administrative and capacity building activities are considered to address National Objectives.

The \$13,228 that is shown above (split between Administration and Capacity Building) is what is left for the City, after the \$24, 564 is forwarded to the County for program administration. The City of Paso Robles has annually conducted a CDBG-funded Capacity Building program since 1994.

**SECTION 2.** If, after the adoption of this resolution, the City learns that the amount of 2016 CDBG funds varies from the \$188,960 as expected, the additional or reduced CDBG funds shall be allocated as follows:

- A. If the amount of change (addition or reduction) is within twenty percent (20%) of the expected allocation of \$188,960, the City Manager may administratively direct that the amounts to be allocated to the 4 activities listed in Section 1 of this resolution may be revised in a proportionate manner and subject to conformance with federal regulations for allocating CDBG Funds set forth in 24 CFR Part 570.
- B. If the amount of change (addition or reduction) is greater than twenty percent (20%) of the expected allocation of \$188,960, the City Council shall conduct a subsequent public hearing, to be noticed in accordance with federal regulations governing the Consolidated Plan set forth in 24 CFR Part 91 to allocate any additional funds or to distribute any reduction.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 1<sup>st</sup> day of March 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven W. Martin, Mayor

ATTEST:

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Krsity Buxkemper, Deputy City Clerk

THE *Newspaper of the Central Coast*  
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In The Superior Court of The State of California  
In and for the County of San Luis Obispo  
AFFIDAVIT OF PUBLICATION

AD # 2261563  
CITY OF PASO ROBLES

STATE OF CALIFORNIA

ss,

County of San Luis Obispo

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen and not interested in the above entitled matter; I am now, and at all times embraced in the publication herein mentioned was, the principal clerk of the printers and publishers of THE TRIBUNE, a newspaper of general Circulation, printed and published daily at the City of San Luis Obispo in the above named county and state; that notice at which the annexed clippings is a true copy, was published in the above-named newspaper and not in any supplement thereof – on the following dates to wit; FEBRUARY 10, 2016 that said newspaper was duly and regularly ascertained and established a newspaper of general circulation by Decree entered in the Superior Court of San Luis Obispo County, State of California, on June 9, 1952, Case #19139 under the Government Code of the State of California.

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

  
(Signature of Principal Clerk)

DATED: FEBRUARY 10, 2016

AD COST: \$183.92

CITY OF EL PASO DE ROBLES

NOTICE OF PUBLIC HEARING

2016 Consolidated Plan

NOTICE IS HEREBY GIVEN that the City Council of the City of El Paso de Robles will hold a Public Hearing on the following matters:

1. Draft 2016 Annual Action Plan for Federal Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Service Grant (ESG), and American Dream Downpayment Initiative (ADDI) Programs. The Annual Action Plan is a component of the 5 year Consolidated Plan for these funding programs. The City Council will be deciding which applications for the City's share of 2016 CDBG funds, which is estimated to be \$188,960 will be approved and will be making a recommendation to the County Board of Supervisors regarding the proposed expenditures of 2016 HOME, ESG, and ADDI Funds.

This hearing will take place in the Conference Room at the Paso Robles Library/City Hall, 1000 Spring Street, Paso Robles, California, on Tuesday, March 1, 2016, at the hour of 6:30 pm.

All interested parties may appear and be heard at the above hearing.

Copies of the staff report with the proposed funding are available at Paso Robles City Hall, 1000 Spring Street, Paso Robles, and will be posted on the City's web site: [www.prcity.com](http://www.prcity.com) one week prior to the hearing. Copies of the staff report may be purchased at City Hall for the cost of reproduction.

Comments on the Draft 2016 Annual Action Plan may be mailed to the Community Development Department, 1000 Spring Street, Paso Robles, CA 93446 or e-mailed to [CDdirector@prcity.com](mailto:CDdirector@prcity.com) provided that such comments are received prior to the time of the hearing.

If you have questions about this matter, you may call Darren Nash, Associate Planner, at (805) 237-3970 or send email to [dnash@prcity.com](mailto:dnash@prcity.com).

Darren Nash  
Associate Planner  
February 10, 2016

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