

STAFF REPORT*CITY OF OCEANSIDE*

DATE: October 14, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **ACCEPTANCE OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM - RECOVERY ACT (CDBG-R) GRANT FUNDS IN THE AMOUNT OF \$485,796 FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009; AND APPROPRIATION OF CDBG-R FUNDS TO ELIGIBLE ACTIVITIES**

SYNOPSIS

Staff recommends that the City Council accept Community Development Block Grant Program - Recovery Act (CDBG-R) funds in the amount of \$485,796, appropriate funds to eligible projects at the Oceanside Senior Citizens Center, Family Recovery Center, Women's Resource Center, North County Health Services Oceanside Clinic, and other projects to promote energy efficiency and water conservation, and authorize the City Manager to sign contracts with subrecipients.

BACKGROUND

The American Recovery and Reinvestment Act (ARRA) of 2009 (the "Recovery Act") appropriated \$1.0 billion for additional Community Development Block Grant funding; the U.S. Department of Housing and Urban Development (HUD) will manage the CDBG-R program and distribute funds to grantees (participating jurisdictions) that received CDBG funding in FY 2007-08. HUD notified the City of Oceanside that the City is eligible for \$485,796 through the CDBG-R program. CDBG-R funds must be used for activities that will maximize job creation and economic benefit, and will address the Recovery Act by:

- (A) Preserving and creating jobs and promoting economic recovery;
- (B) Assisting those most impacted by the recession;
- (C) Providing investment needed to increase economic efficiency;
- (D) Investing in transportation, environmental protection or other infrastructure that will provide long-term economic benefits;
- (E) Minimizing or avoiding reductions in essential services; or
- (F) Fostering energy independence.

HUD desires that CDBG-R grantees carefully evaluate proposed projects for consistency with the overarching goals of the Recovery Act, especially the above-cited purposes. To this extent, HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, HUD strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

The City Council on June 3, 2009, approved a substantial amendment to the 2008-09 Action Plan of the 2005-2010 Consolidated Plan for Housing and Community Development; this served as an application for the CDBG-R funds. HUD approved the substantial amendment and issued a Funding Approval Agreement for CDBG-R funds.

ANALYSIS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. In implementing the Recovery Act, Federal agencies are undertaking unprecedented measures to ensure transparency and accountability in the use of the funds. Concurrently, Federal agencies must ensure that the funds are employed in a prudent manner consistent with applicable program requirements. The City has submitted an application for CDBG-R funds and HUD has approved the proposed projects. Since the approval by HUD, however, the City has recognized that some changes need to be made to the level of appropriations. ARRA regulations require that any changes be approved by the City Council and submitted to HUD as an amendment to the substantial amendment for use of CDBG-R funds. The proposed changes have been posted on the City web site for fifteen days as required under ARRA.

The City recommends appropriating the \$485,796 of CDBG-R funds to the following projects based on the City Council action of June 3, 2009:

1. Sidewalk installation in the Eastside neighborhood: The City Council in 2005 allocated CDBG funds for this project, which was to install sidewalks along streets without such improvements, thereby improving safety for children walking to school and other pedestrians. Cost estimates for the project exceeded the original allocation and the City recommended an additional \$60,000 of CDBG-R funds. The lowest responsible bid for the project came in at less than the amount of CDBG funds originally allocated, thus making use of CDBG-R funds unnecessary. This project will be deleted from the CDBG-R activity list.
2. Improvements to the Country Club Senior Center: The original estimate of \$75,000 proved to be less than needed for the project, which will include enclosing an existing small patio area on the east side of the building and other interior improvements to the hallway and offices. The City recommends that the allocation be increased to \$100,000.

3. Family Recovery Center Kitchen Improvements: This project will allow the Family Recovery Center at 1100 Sportfisher Drive in Oceanside to provide better meals for residents and to develop a food service and hospitality job-training program for residents. The City recommends that the allocation be increased to \$100,000.
4. North County Health Services Clinic Equipment: This project will provide funds for equipment, furnishings and supplies for an expanded women's clinic at the new North County Health Services Oceanside Clinic at 605 Crouch Street. HUD determined that this activity was a public service rather than a capital improvement project, and thus subject to the fifteen percent cap the amount that can be allocated for public services from CDBG entitlement allocations. There is no change to the recommended amount of \$72,870
5. New roof at Women's Resource Center: This project will repair or replace the roof and exterior drainage pipes at the transitional housing facility at 1963 Apple Street. If funds remain available after this project, the City will assist the Women's Resource Center to install rooftop solar panels to improve energy efficiency and conservation at the facility. There is no change to the recommended amount of \$100,000.
6. Additional energy efficiency projects: The City will issue a request for proposals for energy efficiency and conservation and water conservation projects. The projects will be limited to City facilities other than City Hall buildings and to facilities owned by nonprofit agencies that provide services in low- and moderate-income neighborhoods. The recommended amount of CDBG-R funds is \$64,426, although this figure may increase if any of the above projects do not use all of their CDBG-R funds.
7. Administration and management: CDBG-R regulations limit administration and management of the program, apart from direct project management costs, to no more than 10 percent of the total grant; for the City this amounts to \$48,500.

If approved by the Council, the City will submit the revised list of activities and budget to HUD for review. Since there are no new projects, the initial response from HUD staff is that the revised list will be approved quickly.

FISCAL IMPACT

The City proposes to appropriate \$485,796 of CDBG-Recovery Act entitlement funds to the following projects: \$100,000 for improvements to Country Club Senior Center (999114400274); \$100,000 for improvements to the Family Recovery Center (999114500274); \$100,000 for capital improvements at the Women's Resource Center transitional housing facility (999114700274); \$72,870 for equipment for the North County Health Services Oceanside Clinic (999114600274); \$64,426 for energy efficiency and water conservation projects (999114800274); \$48,500 for CDBG-R program management (999114300274). Grant funds will cover all administrative and staff costs. There is no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

The City Council previously approved an application for CDBG-R funds and the list of projects for CDBG-R funding. No further commission review was required.

CITY ATTORNEY’S ANALYSIS

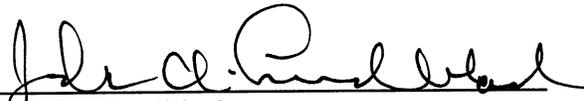
The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall affirm, modify or deny the project.

RECOMMENDATION

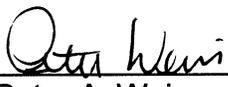
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PREPARED BY:

SUBMITTED BY:



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Attachment:

Revised CDBG-R activity spreadsheet

CDBG-R
Activity Data Spreadsheet

Jurisdiction/Grantee Name: City of Oceanside, California		CDBG-R Formula Grant Amount: \$485,796				Date: 10/14/2008 Revision	
Activity Name	Activity Description	Eligibility (Regulatory or Model Checklist)	National Objective Citation	CDBG-R Project Budget (\$)	Additions / Recovery Funds (\$)	Other Leveraged Funding (\$)	Total Activity Budget
Senior Citizens Center Renovation and Expansion	Improvements and expansion of existing Oceanside Senior Citizens Center to improve access, and energy efficiency and water conservation improvements	03A Senior Centers 570.201(c)	Limited Clientele 570.208(a)(2)(i)	\$100,000.00	\$		\$100,000.00
Family Recovery Center kitchen renovation	Renovation of 50-year-old kitchen at Family Recovery Center transitional housing to improve meal service to residents and provide food service job training	03C Homeless Facility 570.201(c)	Limited Clientele 570.208(a)(2)(i)	\$100,000.00	\$	\$ 50,000.00	\$150,000.00
Sidewalk installation in Eastside neighborhood	Installation of sidewalks in the CDBG-eligible Eastside neighborhood to increase safety for children walking to school and other pedestrians	03K Streets- 570.204(e)	Area Benefit- 570.208(a)(1)(i)	\$	\$	\$120,000.00	\$120,000.00
Clinic equipment and furnishings for NCHS	Acquisition and installation of equipment at a women's clinic to provide improved access to health care for women without health insurance; new telephone system (15% public services)	05M Health Svcs. 570.201(e)	Limited Clientele 570.208(a)(2)(i)	\$ 72,870.00			\$ 72,870.00
New "green" roof and solar panels at WRC Trans House	Replacement of roof at the Women's Resource Center transitional living facility with energy conservation materials; installation of solar panels	03C Homeless Facility 570.201(c)	Limited Clientele 570.208(a)(2)(i)	\$100,000.00			\$100,000.00
Energy efficiency upgrades at public facilities Administration and management of CDBG-R	Provide funding to nonprofit organizations with facilities in low- and moderate-income neighborhoods to install energy efficiency and water conservation upgrades Administration and management of CDBG-R program including contract management, quarterly reporting and financial operations.	14F Energy Efficiency 570.202 21A Program Admin. 570.206	Area Benefit 570.208(a)(1)(i) Not applicable	\$64,426 \$ 48,500.00 \$485,796.00	\$	\$	\$ 64,426.00 \$ 48,500.00 \$655,796.00

New BU#	BU Title	Fund	Cat. 8	Description	Cat. 15	Description
999114300274	CDBG-R ADMINISTRATION	274	902	Admin Planning	10	Other
999114400274	CDBG-R Country Club Sr. Center	274	903	Capital	02	Bldgs Structures IOTB
999114500274	CDBG-R Family Recovery Ctr Kitchen	274	908	Capital Contribution	10	Other
999114600274	CDBG-R NC Health Svcs Clinic	274	904	Social Services	03	Machinery Equipment Auto Fixtures
999114700274	CDBG-R WRC New Roof	274	903	Capital	02	Bldgs Structures IOTB
999114800274	CDBG-R Energy/Water Conservation	274	903	Capital	02	Bldgs Structures IOTB

Please review the types of objects you want for each business unit.

New BU#	BU Title	Types of objects
999114300274	CDBG-R ADMINISTRATION	Labor & Fringe
999114400274	CDBG-R Country Club Sr. Center	Prof. Svcs., Lab, Contract
999114500274	CDBG-R Family Recovery Ctr Kitchen	Contributions
999114600274	CDBG-R NC Health Svcs Clinic	Equip/Contract
999114700274	CDBG-R WRC New Roof	CIP work
999114800274	CDBG-R Energy/Water Conservation	CIP work

You said you wanted the revenue at the fund level, could I instead put all the revenue in the Admin BU?