ITEM NO. 33

STAFF REPORT

CITY OF OCEANSIDE

DATE: October 14, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL OF A CHANGE IN PRACTICE TO LIMIT APPROPRIATION OF COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICES FUNDS TO ACTIVITIES AND PROGRAMS DIRECTLY RELATED TO CITY FACILITIES**

SYNOPSIS

Staff recommends that the City Council approve a change in practice to limit future appropriation of Community Development Block Grant public services funds only for activities and programs in City facilities that serve low-income neighborhoods.

BACKGROUND

The City receives entitlement grant funds each year through the Community Development Block Grant (CDBG) Program; the level of funding is determined by the appropriation of funds by Congress to the U.S. Department of Housing and Urban Development (HUD). The CDBG program enables larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. The City uses CDBG funds for a variety of purposes including housing rehabilitation, code enforcement, payments on loans through the Section 108 Loan Guarantee Program, capital improvement projects, administration and planning, and public services. Regulations governing the CDBG program limit expenditures for administration and planning to no more than twenty percent of the annual entitlement award, and expenditures for public services to no more than fifteen percent of the entitlement. Allocations of funds for public services must be for programs and activities that directly benefit low- and moderate-income individuals, families and communities; this can include services for children, youth and seniors, childcare, health services, services for abused children and battered spouses, and other activities that directly benefit an eligible population.

The City's practice has been to keep expenditures for administration and planning as low as possible; in FY 2008-09 the cost of administration and planning was kept to eighteen percent. The City's practice with regard to public services has been to expend the entire fifteen percent; The City Council awarded $275,000 for public services in FY 2009-2010, which is just below the fifteen percent cap. These limits are caps on expenditures and not requirements; the City is not obligated to award funds for public services.

The City has actively sought over the past ten years to improve public safety, public services, infrastructure and the overall environment of the San Luis Rey/ Mesa Margarita, Libby Lake/Calle Montecito, Eastside and Crown Heights neighborhoods. The combined efforts of the Oceanside Police Department, Neighborhood Services Department and partner nonprofit social service and health agencies have had a major positive impact on these neighborhoods. The positive impacts are shown in the results of the ten-year Calle Montecito Neighborhood Revitalization Plan and the initial work of the proposed Crown Heights Neighborhood Revitalization Plan. The City uses CDBG public services funds to support City programs and activities of nonprofit agencies at parks and recreation centers and community resource centers in these neighborhoods. The nonprofit agencies provide services that the City cannot provide or provide services at a significantly lower cost.

ANALYSIS

The primary objective of the CDBG Program is to develop viable urban communities, principally for low- and moderate-income individuals and families, by providing decent housing, a suitable living environment, and expanded economic opportunity. The City can allocate up to fifteen percent of the annual CDBG entitlement grant toward public services that contribute to a suitable living environment; in FY 2009-10 this amounted to $275,000. Of this total, $154,888 was awarded to agencies that provide services in City facilities located in CDBG-eligible neighborhoods:

• Parks & Recreation	Teen Programs	$18,600
• Parks & Recreation	For Kids Sake	$18,200
• Oceanside Boys & Girls Club	Libby Lake Unit	$12,000
• Vista Community Clinic	Teen REACH	$23,600
• North County Lifeline	Youth Programs	$10,400
• Senior Citizens Association	Senior Nutrition	$34,400
• Angel's Depot	Senior Nutrition	$8,540
• North County Health Services	Health Screenings	$15,000
• Brother Benno Foundation	Food Packs	$14,148
Total		**$154,888**

The proposed restricting of future CDBG public services funds to these programs will preserve the gains made over the past ten years for a suitable living environment in the Crown Heights, Eastside, San Luis Rey/Mesa Margarita and Libby Lake/Calle Montecito neighborhoods. The programs for children and youth are critical to continue prevention and intervention programs that promote positive youth development as a primary way to reduce the influence and activity of youth gangs in the neighborhoods. The programs for senior nutrition, emergency services and health screenings at City facilities serve the neediest of the City's residents and are an invaluable resource in this time of economic recession. The proposed change would ensure that essential programs continue in these neighborhoods during a time of cutbacks of General Fund support resulting from the current economic recession.

The Neighborhood Services Department proposes to restrict CDBG public services funding only to those programs that provide services for residents of CDBG-eligible neighborhoods through activities at City parks and recreation centers, community

resource centers and senior centers. The change in practice would leave out funding for the following programs:

• Oceanside Public Library	*Adelante* Bookmobile	$11,000
• Casa de Amparo	Food Program	$7,500
• From the Inside Out	Project Choice	$7,562
• Camp Fire USA	Crown Heights	$10,000
• Ivey Ranch Park Association	Camp Ivey	$7,542
• Interfaith Community Services	Safety Net	$7,804
• Oceanside Boys & Girls Club	Gangbusters	$22,308
• Oceanside Boys & Girls Club	Senior Fitness	$9,176
Total		**$92,892**

With the anticipated approval of a Neighborhood Revitalization strategy Area plan for the Crown Heights neighborhood, it may be possible to fund activities such as Camp Fire in that neighborhood with CDBG funds outside of the fifteen percent public services cap.

The City Council also awarded 2009-2010 CDBG funds to activities that provide emergency housing:

• Fraternity House	AIDS Caregiving	$7,600
• Women's Resource Center	Alternatives to Abuse	$11,820
• YMCA Oz North Coast	Youth Shelter	$17,800
Total		**$37,220**

While this recommendation would eliminate CDBG funding for the programs, the Council can support emergency housing programs from the Mortgage Revenue Bond Fund available balance.

The Neighborhood Services Department recommends that CDBG public services funds made available by this restriction in funding be used exclusively for programs that provide essential services at City facilities in low-income neighborhoods, and in particular to maintain full operation of community resource centers.

FISCAL IMPACT

The proposed change in practice would provide additional CDBG funds to support programs that serve residents of the lowest-income neighborhoods of the City, in particular to programs at the City's recreation centers, community resource centers and senior centers. If the City's CDBG entitlement grant remains the same in the next two years, the proposed change could provide $130,112 of CDBG public services funds to offset reductions of support from the General Fund for programs such as the community resource centers.

COMMISSION OR COMMITTEE REPORT

The Neighborhood Services Department initiated this recommendation to obtain Council direction.

CITY ATTORNEY'S ANALYSIS

City Attorney analysis does not apply.

RECOMMENDATION

Staff recommends that the City Council approve a change in practice to limit future appropriation of Community Development Block Grant public services funds only for activities and programs in City facilities that serve low-income neighborhoods.

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