

STAFF REPORT



ITEM NO. 7

CITY OF OCEANSIDE

DATE: March 11, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO DEOBLIGATE \$123,798 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS ALLOCATED FOR SECTION 108 LOAN PAYMENTS; APPROVAL TO ALLOCATE CDBG CONTINGENCY FUNDS IN THE AMOUNT OF \$15,000 TO THE WOMEN'S RESOURCE CENTER FOR IMPROVEMENTS TO THE KITCHEN IN THE EMERGENCY SHELTER AND \$12,500 TO THE YMCA OF SAN DIEGO FOR IMPROVEMENTS TO THE KITCHEN AT THE OZ NORTH COAST SHELTER; AND, APPROVAL TO AMEND THE 2008-09 ACTION PLAN ACCORDINGLY**

SYNOPSIS

Staff recommends that the City Council deobligate \$123,798 of Community Development Block Grant (CDBG) funds allocated for payments on the Section 108 loan for Fire Station 7; approve an allocation and appropriation of \$15,000 of FY 2008-09 CDBG contingency funds to the Women's Resource Center for renovation of the kitchen at the emergency shelter for victims of domestic violence; approve an allocation and appropriation of \$12,500 of FY 2008-09 CDBG contingency funds to the YMCA of San Diego for the renovation of the kitchen at the Oz North Coast shelter for homeless and runaway youth; amend the 2008-09 Action Plan to add these projects; and authorize the Neighborhood Services Director to sign the agreements.

BACKGROUND

In 2008 the City applied for and received a \$3,500,000 Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development (HUD) for construction of Fire Station 7. The note was bundled with other Section 108 loan guarantees and sold at auction in June 2008; the loan will be paid off over twenty years from Community Development Block Grant (CDBG) allocations to the City. The City anticipated making loan payments of up to \$230,000 in FY 2008-09 and included this amount in the CDBG budget for this year. The City subsequently learned that only one payment of \$106,202 would be made during the current year, making \$123,798 available for deobligation and reallocation to other eligible projects.

The Women's Resource Center operates the Alternatives to Abuse shelter for victims of domestic violence and their children at a confidential location in the City. The facility opened in 1980 as a 26-bed, thirty-day emergency shelter that provides shelter, food, counseling and supportive services for residents as they determine what options are best for them when they leave the shelter. The City owns the buildings and leases them to the Women's Resource Center for \$1.00 per year so long as the Center operates the shelter. The shelter has a central kitchen for food service with residents sharing responsibility for meal preparation. After almost thirty years the plumbing, electrical and appliances in the kitchen are showing signs of age and are no longer capable of providing food services equal to the need of residents at the shelter. The kitchen at the shelter needs renovation to ensure that it meets current health and safety codes.

The YMCA of San Diego through its Youth and Family Services division operates the ten-bed YMCA Oz North Coast Shelter for runaway and homeless youth ages 12-17 in City-owned buildings at 205-215 Barnes Street. Oz North Coast was established in 1975 and moved to the Oceanside site in 1993. The City moved the buildings to the current site, which is adjacent to a former City landfill; this restricts use of the buildings to short-term housing such as a shelter program. The YMCA of San Diego operates the program under a long-term lease with the City; the lease requires the YMCA to pay for ordinary maintenance and repairs to the buildings. The kitchen at the shelter needs renovation to ensure that it meets current health and safety codes; this work is beyond ordinary maintenance. Youth at the shelter share responsibility for meal preparation.

ANALYSIS

The City Council approved \$230,000 in the 2008-09 CDBG budget for payments on the Section 108 loan taken out toward construction of Fire Station 7. The HUD amortization schedule for the loan required only one payment of \$106,202 in FY 2008-09, leaving the remainder available for deobligation and reallocation. Due to caps on funding for public services and administration and planning, any funds deobligated can be used only for capital improvement projects. Deobligation of funds and allocation of funds to new projects require action by the City Council.

Alternatives to Abuse and YMCA Oz North Coast provide important short-term shelter services that benefit Oceanside residents. Both facilities have central kitchens for food services for residents at the shelters; the kitchens need renovation and new appliances suitable for the needs of residents and to meet health and safety codes. The renovation activities are beyond the scope of normal maintenance activities for which the two organizations are responsible under the terms of their lease with the City. The activities are eligible under CDBG guidelines and provide a benefit to eligible populations.

Both agencies submitted applications for CDBG funding with a request that the applications be approved as part of the current fiscal year, as both agencies have matching funds for the projects that need to be used prior to June 30, 2009. CDBG funds cannot be added to a project once it is underway. CDBG funds will cover one-third of the renovation cost at Alternatives to Abuse and one-half the cost at Oz North Coast.

Since the deobligation of funds and allocation of funds to new projects constitute a substantial change to the FY 2008-09 CDBG Action Plan, approval by the City Council at a public hearing is required under HUD regulations and by the City's CDBG citizen participation plan.

FISCAL IMPACT

The City has already completed payment on the Section 108 loan for Fire Station 7 for the current fiscal year. With the deobligation of \$123,798 of CDBG funds not needed for Section 108 loan payments, the CDBG Contingency Fund (237.607900.5377) has \$121,935 available for allocation to eligible activities. Deobligation of funds for loan payments does not impact the fifteen percent cap on public services under the CDBG program. The \$15,000 appropriation from the CDBG Contingency Fund will be transferred to the Women's Resource Center for renovation of the kitchen at the emergency shelter (237.704833.5374). The \$12,500 appropriation from the CDBG Contingency Fund will be transferred to YMCA Oz North Coast for renovation of the kitchen at the shelter (237.709365.5374). This will reduce the contingency funds by \$27,500. The allocation and appropriation of the FY 2008-09 CDBG contingency funds for the projects will have no impact on other CDBG capital projects or public services. There is no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

The FY 2008-09 CDBG ad hoc Application Review Committee met on February 17, 2009, to review applications for capital improvement projects. The Committee recommended that the City Council allocate funds for these two projects as part of the current fiscal year so that the agencies can take advantage of matching funds for the projects.

INSURANCE REQUIREMENTS

The Women's Resource Center and the YMCA of San Diego both carry workers compensation, general liability and other insurance that meets City requirements.

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 recommendations contained in this report.

RECOMMENDATION

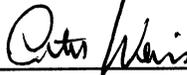
Staff recommends that the City Council deobligate \$123,798 of Community Development Block Grant (CDBG) funds allocated for payments on the Section 108 loan for Fire Station 7; approve an allocation and appropriation of \$15,000 of FY 2008-09 CDBG contingency funds to the Women's Resource Center for renovation of the kitchen at the emergency shelter for victims of domestic violence; approve an allocation and appropriation of \$12,500 of FY 2008-09 CDBG contingency funds to the YMCA of San Diego for the renovation of the kitchen at the Oz North Coast shelter for homeless and runaway youth; amend the 2008-09 Action Plan to add these projects; and authorize the Neighborhood Services Director to sign the agreements.

PREPARED BY:



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SUBMITTED BY:



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City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager
Margery Pierce, Director, Neighborhood Services
Teri Ferro, Director, Financial Services







ATTACHMENTS

1. Budget and budget justification from Women's Resource Center
2. Budget and budget justification from YMCA of San Diego County

2008-2009 PROJECT BUDGETOrganization: Women's Resource CenterProject Name: Alternatives to Abuse Battered Women's ShelterCPD Funds Requested \$ 15,000 Project Budget \$ 50,000

Note: Indicate when an asterisk (*) funds that are volunteer time or in-kind contribution.

1. Sources of funding for project:

a. Funding requested from the City	\$ <u>15,000</u>
b. Other Federal funds (if any)	<u>0</u>
c. State or local government funds	<u>0</u>
d. Donations and contributions	<u>35,000</u>
e. Fees or membership	<u>0</u>
f. In-kind contributions/volunteer time	<u>0</u>
g. Other funding _____	<u>0</u>
h. TOTAL PROJECT FUNDING (project budget)	\$ <u>50,000</u>

2. Uses of funds requested for the project: (1.a.)

a. Wages and salaries	\$ <u>0</u>
b. Personnel benefits	<u>0</u>
c. Materials and supplies	<u>0</u>
d. Program expenses and evaluation	<u>0</u>
e. Rent and utilities	<u>0</u>
f. Insurance	<u>0</u>
g. Mileage (____@.445/mile)	<u>0</u>
h. Incentives and Special Events	<u>0</u>
I. Indirect costs	<u>0</u>
j. Renovations and repair _____	<u>50,000</u>
k. _____	<u>0</u>
l. TOTAL REQUESTED FUNDING (same as 1.a.)	\$ <u>50,000</u>

3. Percentage of project budget represented by requested funding 30 %

BUDGET NARRATIVE

— Kitchen Renovation \$ 50,000

Budget includes: demolition of existing kitchen interior, replacing cabinets, counter tops and sink, repair drywall, replace hot water heater, drywall repair, painting; and construction supervision.

— Appliances and Flooring \$ 15,000

Budget includes: new appliances (stove, refrigerator, microwave and dishwasher) and flooring for remodeled kitchen

PART 3 – PROJECT BUDGET

2009-2010 PROJECT BUDGET

Organization: YMCA of San Diego County, dba YMCA Youth & Family Services

Project Name: Oz North Coast Renovations

CDBG/ESG Funds 2008-09: \$12,250 **Project Budget:** \$24,500

Note: Indicate with an asterisk (*) funds that are volunteer time or in-kind contribution.

1. Sources of funding for project:

- | | |
|--|-----------------|
| a. 2008-09 City grant funds | <u>\$12,250</u> |
| b. Other federal funds (if any) | _____ |
| c. State or local government funds | _____ |
| d. Donations and contributions: \$11,000 donation from the
Pettus Foundation, \$1,250 from an anonymous donor
(Both contributions already secured) | <u>\$12,250</u> |
| e. Fees or memberships | _____ |
| f. In-kind contributions / Volunteer time | _____ |
| g. TOTAL PROJECT FUNDING (project budget) | <u>\$24,500</u> |

2. Uses of CDBG/ESG funds for the project: (1.a.)

- | | |
|---|-----------------|
| a. Wages and salaries | <u>\$1,928</u> |
| b. Personnel benefits | _____ |
| c. Materials and supplies | <u>\$10,322</u> |
| d. Program expenses and evaluation | _____ |
| e. Rent and utilities | _____ |
| f. Insurance | _____ |
| g. Mileage (___@ 44.5¢/mile) | _____ |
| h. Incentives and Special Events | _____ |
| i. Indirect costs | _____ |
| j. TOTAL CDBG/ESG FUNDING (same as 1.a.) | <u>\$12,250</u> |

3. Percentage of project budget represented by requested funding 50%

2009-2010 PROJECT BUDGET NARRATIVE

a. Wages and Salaries

Wages and Salaries have been determined based on a preliminary estimate from Murray Construction & Restoration, Inc. and incorporate prevailing wages.

Drywall Installer/Finisher-\$64.55/hour, 12 hours	\$775
General Laborer-\$49.93/hour, 12 hours	\$599
HVAC Technician-\$75.03/hour, 3 hours	\$225
Detach & reset sink, dishwasher, range, microwave oven	\$329

Total Wages and Salaries.....\$1,928

c. Materials and Supplies

Materials and Supplies have been determined based on a preliminary estimate from Murray Construction & Restoration, Inc.

Kitchen Cabinets- Thermofoil, Upper Wall Units	\$4,100
Kitchen Cabinets- Thermofoil, Lower Base Units	\$4,210
Kitchen Cabinets- Flat laid plastic laminate (Formica)	\$1,150
Drywall Materials	\$120
Material Sales Tax- 7.75%	\$742

Total Materials and Supplies.....\$10,322

TOTAL CDBG FUNDING.....\$12,250