



## City Council Agenda Item

**City Council Meeting Date:** May 16, 2017

**TO:** Patrick Wiemiller, City Manager

**FROM:** Christie Alarcon, Community Development Program Manager  
c\_alarcon@ci.lompoc.ca.us

**SUBJECT:** Public Hearing to Consider the 2017-2018 Draft Annual Action Plan and Approval of the Community Development Block Grant and Human Services Programs Fiscal Year 2017-18 Annual Budgets; Adoption of Resolution No. 6119(17)

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### **Recommendation:**

Staff recommends the City Council:

- 1) Hold a public hearing;
- 2) Approve the selection of Capital Improvement Projects under the Community Development Block Grant (CDBG) Program for Fiscal Year (FY) 2017-18;
- 3) Adopt Resolution No. 6119(17) (Attachment 1) approving FY 2017-18 Budgets for the Community Development Block Grant (CDBG) and Human Services program funds for inclusion in the draft City of Lompoc Annual Action Plan (Lompoc Action Plan) FY 2017-18 (Attachment 2);
- 4) Authorize the City Manager or his designee to sign any agreements or certifications that authorize the City to receive these funds; and
- 5) Authorize submission of the approved 2017-18 Lompoc Action Plan to the U.S. Department of Housing and Urban Development (HUD) at the conclusion of the 30-day public comment period (April 19, 2017); or
- 6) Provide alternate direction.

### **Background/Discussion:**

HUD has notified CDBG Entitlement Communities that there is a delay in issuing the entitlement amounts and to proceed with the public hearing process utilizing estimated amounts. The City of Lompoc's (City) estimated 2017-18 allocation amount in CDBG funds is \$420,000. Funding is allocated as follows:

Program Administration	\$ 84,000	<i>(maximum of 20% of total funding)</i>
Human Services Program	\$ 63,000	<i>(maximum of 15% of total funding)</i>
CDBG Capital Projects	\$273,000	

In addition to FY 2017-18 CDBG funds, the City projects the following additional funding:

CDBG Program Income (PI)	\$ 264,736	<i>(estimated)</i>
Re-Programmed CDBG Capital Funds	\$ 244,530	
Human Service Donations	\$ 15,000	<i>(estimated)</i>
City General Fund	\$ 25,000	<i>(approved by City Council)</i>

The primary objective of the CDBG Program is the development of viable communities. This is achieved by providing the following, principally for persons of low- and moderate-income:

- Decent housing
- A suitable living environment
- Expanded economic opportunities

Additional funding criteria:

- CDBG funds may not replace any City or State-funded functions;
- Human services donations by Lompoc utility customers are restricted for human services activities and are not to be used for administrative costs;
- All funds must be used for activities that benefit low-income persons; and
- Expenditures that are not in compliance with HUD regulations must be paid back from the City's General Fund.

### Community Involvement

Community involvement is an important factor in identifying projects for funding under CDBG. To meet that objective, the City held a publicly noticed pre-application workshop on Monday, November 7, 2016, with a display notice inviting grant proposals published in the Lompoc Record. In addition, a survey of prioritized un-met needs was distributed in the Community, by email and through a web-survey tool.

### **Fiscal Impact:**

#### Administration

Up to 20% of the projected \$420,000 allocation of FY 2017-18 CDBG funds (or \$84,000) may be used for Program Administration. Staff is recommending Council allocate \$78,225 to Fund 44, Program 44300 – CDBG Administration. The remaining allocation of \$5,775 is recommended for contract services identified below.

### Contract Services

Staff recommends the remaining Program Administration allocation of \$5,775 be allocated to fund a fair-housing education and compliance contract with the Legal Aid Foundation of Santa Barbara County in program 44335-59216 – Fair Housing.

### Capital Projects

The City has designated \$273,000 of its \$420,000 FY 2017-18 CDBG grant allocation towards Capital Projects. Capital Projects include all uses of CDBG funds, such as Public Facility Improvement requests, but excludes General Program Administration and the Human Service Program. In addition, \$244,530 in re-captured funds have been added to the Capital Projects fund for a total amount of \$517,530 available for FY 2017-18 Capital Projects. The following projects were identified during the preparation of the Biennial Budget FYs 2017-2019 and allocations are recommended as follows:

### Public Facilities and Capital Improvement Projects

The CDBG Program includes one Public Facilities Project and one Capital Improvement Project (together Capital Projects) summarized below:

#### *Public Facilities Project*

##### ADA Improvements to Public Facilities - \$482,530

Demolition of existing restroom facilities and replacement with ADA-compliant restroom facilities are currently being considered through the Phase I Feasibility Study and Conceptual Design which was funded with FY 2016-17 CDBG funds. The following parks are included: Barton Park, Beattie Park, Centennial Park, College Park, Johns-Manville Park, Ken Adams Park, Pioneer Park, River Park, Thompson Park, Anderson Recreation Center, Civic Auditorium Theater and the Lompoc Public Library.

Requested appropriations of Capital Projects resources with recommended assigned program and accounts for Public Facilities Project:

44322-71093 – ADA Park Improvements - Allocation	\$159,888
44322-51000 - ADA Park Improvements – Activity Delivery	78,112
43821-71093 – ADA Park Improvements – Program Income	<u>\$244,530</u>
Total Public Facilities Projects	<u>\$482,530</u>

#### *Capital Improvement Project*

##### Catholic Charities - \$35,000

Provides Mobile Home Emergency Repair Grants for seniors and other low-income households facilitating emergency repairs to the property and safeguarding against

imminent danger to human life, health, safety, and to protect the property from further structural damage due to natural disaster, fire, or structural collapse.

Requested appropriations of Capital Projects resources with recommended assigned program and accounts for Capital Improvement Project:

44337-59209 – Emergency Repair Grant Program \$35,000

### CDBG Loan Programs

#### *Housing Rehabilitation Revolving Loan Fund*

The Housing Rehabilitation Revolving Loan Fund (HRRLF), coupled with other Action Plan Projects for FY 2017-18, addresses rehabilitation of affordable housing. Based on funding availability, qualified applicants can apply for needed housing rehabilitation loans of up to \$50,000 to make necessary improvements, maintaining and upgrading our existing housing stock. Loan funds used to make home repairs assist the local economy by benefitting local contractors and suppliers.

Requested appropriations of projected PI resources with recommended assigned program and accounts for HRRLF:

43011-59400 – CDBG – Housing Rehabilitation Revolving Loans \$76,715

#### *Economic Development Revolving Loan Fund*

The Economic Development Revolving Loan Fund (EDRLF), coupled with other Action Plan projects for FY 2017-18, addresses job creation and retention for low and moderate income persons.

Requested appropriations of projected PI resources with recommended assigned program and accounts for EDRLF:

43869-59205 – CDBG – Economic Development Revolving Loans \$50,000

#### *Façade Improvement Loan and Rebate Fund*

The Façade Improvement Loan and Rebate Fund (Façade Program) will stimulate new, private investment and economic growth in commercial areas. The program allows for cash rebate of up to 50% (a maximum of up to \$5,000) per project for materials, fixtures, supplies, and labor in conjunction with exterior improvements of commercial facades including (but not limited to) signage, security lighting, landscaping, windows, and pedestrian friendly features. If a business owner would like to do a little more to their commercial building, then the loan component of the program would allow an unsecured loan of up to \$15,000 with no interest.

Requested appropriations of re-programmed PI resources with recommended assigned program and accounts for Façade Program:

43069-59400 – CDBG – Façade Improvement Loan and Rebate Fund \$50,000

### Loan Programs Delivery

#### *Loan Administration Program*

Projected CDBG Program Income of \$85,021 is recommended to fund Loan Program Delivery costs for FY 2017-18. Loan Administration staff process new loan requests and manage a portfolio consisting of 33 active Loans with outstanding balances totaling \$1,748,228 (as of 12/31/2016).

Requested appropriations of PI resources with recommended assigned program and accounts for Loan Program Delivery costs:

43210-50000 – CDBG – Loan Administration \$85,021

### Human Services Program

The City received 19 eligible applications for funding requests totaling \$243,836. The City's Human Services Commission met on February 6, 2017, to formulate its recommendations to the City Council using the estimated amounts.

The City may use up to 15% of its FY 2017-18 CDBG allocation to fund Human Service Programs. The 15% allocation is not a minimum federal requirement but a maximum use of the CDBG funds. Such funding could be used for other eligible activities. Staff recommends the following Human Service Program allocations:

Agency Name:	Amount:
Alliance for Pharmaceutical Access	\$5,300
Catholic Charities	10,500
Community Action Commission	5,000
Community Partners in Caring	5,000
Domestic Violence Solutions	1,000
Family Service Agency – BBBS	4,500
Family Service Agency – Senior Services	2,700
Foodbank of Santa Barbara County	3,000
Good Samaritan Shelter – Bridgehouse Emergency Shelter	9,000
Good Samaritan Shelter – Marks House	13,000
Landlord Liaison Program	2,500
Legal Aid Foundation of SB Co. – Emergency Legal Services	4,000
Meals on Wheels	1,000
North County Rape Crisis and Child Protection Center	4,368
SB County District Attorney's Office – Sexual Assault Response	9,200
Transitions Mental Health Association	2,500
United Boys & Girls Club – Lompoc Clubhouse	6,300
Lompoc Valley YMCA – After School Program	7,132
<b>TOTAL</b>	<b>\$106,000</b>

Funding for the Human Service Program allocations totaling \$106,000 will come from the following sources:

CDBG 2017-18 (15% Cap)	\$ 63,000	Programs 44300 – Human Services
Human Services Donations	15,000	Programs 64300 – Human Services
City Contribution	25,000	Revenue Account 40064-48225
Program Income	<u>3,000</u>	Program 43135-59209
Total Available	<u>\$106,000</u>	

The Human Service Donation amount requested for the Human Services Program in FY 2017-18 is comprised of estimated donations from utility customers, budgeted in revenue account 40064-48222.

Due to the high demand for non-profit funding as requested from the Human Service Commission and recognized by the City Council, the City Council previously dedicated a General Fund contribution of \$50,000 for the upcoming FY 2017-19 biennial budget period, \$25,000 for each year of the two-year budget cycle. Please note that to balance the overall City budget the draft Biennial Budget FYs 2017-2019 does not include this allocation.

**Conclusion:**

The 2017-2018 Annual Action Plan was posted for public review at the Library and at City Hall on April 10, 2017, for a 30-day public comment period. Staff will continue to receive comments from the public through May 10, 2017. Copies of Resolution 6119(17), signed HUD certifications, minutes of this Council meeting, and any public comments or written correspondence received during the 30-day public notice period, will be forwarded to HUD with the 2017-2018 Lompoc Annual Action Plan.

In light of the overall City budget proposal, staff recommends Council consider whether it would like to continue to allocate \$25,000 from the General Fund for Human Services Program funding in FY 2017-18 and again in FY 2018-19. If Council decides not to continue this funding, staff will need to reconvene the Human Services Commission to reprioritize its funding recommendations and bring this staff report back to Council at a future date. Council may also opt to provide funding for FY 2017-18 and not in FY 2018-19, in which case, Council may adopt items 2-5 in staff's recommendations. Council will also need to consider and provide direction on which funding streams to increase or which expenses to cut if it provides this funding to the Human Services program.

Respectfully submitted,

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Christie Alarcon, Community Development Program Manager

**APPROVED FOR SUBMITTAL TO THE CITY MANAGER:**

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Teresa Gallavan, Economic Development Director / Assistant City Manager

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Patrick Wiemiller, City Manager

Attachments: 1) [Resolution No. 6119\(17\)](#)  
2) [2017-2018 Lompoc Annual Action Plan](#)