

CITY COUNCIL

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Reso No. _____ File No. _____

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Agenda Item No.: _____

Date: March 4, 2009

TO: Honorable Mayor and Members of the City Council

FROM: Rich Buquet, Neighborhood Services Manager

SUBJECT: Review of Local Community Development Priorities of the Consolidated Plan; Adoption of Allocation Process for FY 2009-2010 Relative to Community Development Block Grant (CDBG) Public Service Projects and Programs; Amend FY 2008-09 Action Plan to Allocate Design Funds for Street Lights in S. Elm/Hickory Neighborhood

RECOMMENDATIONS:

1. Review and affirm the Community Development Priorities adopted in the 2005-2010 Five-Year Consolidated Plan for the fifth year of the Consolidated Plan; and
2. Adopt an allocation process for FY 2009-2010 Community Development Block Grant (CDBG) Funds for public service projects; and
3. Direct Recreation, Library and Senior Services staff to prepare proposals for public service projects consistent with Community Development priorities; and
4. Amend FY 2008-09 Action Plan to allocate design funds from Tulip St. Design project to design for Street Lights in the S. Elm/Hickory Neighborhood

FISCAL ANALYSIS:

The City anticipates receiving approximately \$1.7 million in CDBG entitlement funds from the U.S. Department of Housing and Urban Development (HUD) for FY 2009-2010. An additional 25% in CDBG funds may be received as part of the Stimulus package passed in Congress this month. Specific recommendations for allocations of CDBG funds will be brought to Council in April 2009 for adoption in the One-Year Action Plan for FY 2009-2010. CDBG projects and related administrative costs will be funded solely by grant funds and will not impact the General Fund.

On November 19, 2008, Council approved an amendment to the FY 2008-09 One-Year Action Plan which provided a new allocation of \$400,000 for the acquisition of a building for use as a Tiny Tots Preschool and Neighborhood Meeting Center in the Mission Park neighborhood. Funds for the allocation came from the Grape Street Improvement project.

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CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Community Outreach, Image and Appearance, Economic Development and Workforce Development.

PREVIOUS ACTIONS:

On May 4, 2005, the Escondido City Council adopted the FY 2005-2010 Consolidated Plan (which included the six Community Development Priorities discussed below).

On February 27, 2008, the Escondido City Council reaffirmed the priorities of the Consolidated Plan and directed staff to develop additional program and project options for FY 2008-2009 and present suggestions to Council in April.

On April 23, 2008, the Escondido City Council approved allocations of FY 2008-2009 CDBG funds and adopted the FY 2008-2009 1-Year Action Plan.

On November 19, 2008, Escondido City Council approved an amendment to the FY 2008-09 One-Year Action Plan for a new allocation of \$400,000.

BACKGROUND:

• **Community Development Priorities**

Based on community needs assessments and citizen participation, six Community Development Priorities were identified and adopted along with the FY 2005-2010 Consolidated Plan. Each year, prior to adoption of the Annual Action Plan, Council is invited to review and re-affirm the Community Development Priorities or may choose to adopt changes at that time. The Community Development Priorities are listed here:

- 1) Youth Priority: Increase quality-of-life opportunities for Mission Park Area students and their families by improving their social and physical environment.
- 2) Economic Development Priority: Provide economic development opportunities for Mission Park Area residents.
- 3) Transportation for Seniors Priority: Explore and develop coordinated, low-cost, flexible transportation alternatives for seniors.
- 4) Neighborhood Revitalization Priority: Identify and improve low-income neighborhood areas appropriate for revitalization through direct citizen involvement.

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- 5) Homelessness/AIDS Priority: Support comprehensive, integrated service systems to transition local homeless families and individuals, as well as persons with AIDS, to permanent or residential housing and self-sufficiency.
- 6) ADA Improvements Priority: Continue to utilize CDBG and general fund resources, as they become available, to address the public facility needs identified in the City's ADA Transition Plan.

- **Additional Limitations and Qualifications of CDBG Program**

In addition, the CDBG regulations provide limitations of no more than 15 percent of the total CDBG grant amount for public service projects, and no more than 20 percent of the total grant amount for program administration, planning and design projects. There is no limit to the percentage of the total funds that may be expended for capital improvement projects in low-income neighborhoods.

To qualify for CDBG funding, programs and projects must meet at least one of three national objectives: benefit to low- and moderate-income persons; aid in the elimination of slum and blight; or meet a particular urgent community need because existing conditions pose a serious threat and no other source of funds is available. With very few exceptions, all projects funded with CDBG funds in the City of Escondido must provide benefit to low and moderate income persons and households.

- **Other Considerations**

In the past, the City Council has also directed staff to administer the following approaches and procedures regarding the CDBG annual program and process:

- Maximize CDBG resources for comprehensive neighborhood improvements in identified geographic areas (low-income neighborhoods).
- Allocate the maximum allowable 15 percent of the annual CDBG entitlement to public service projects.

The continuation of the maximum allowable 15 percent public service allocation and the prioritization of CDBG resources for neighborhood improvements and services in targeted low-income areas is expected to enable the City to best meet its five-year Consolidated Plan goals and objectives.

DISCUSSION:

- **Evaluation of Past Year's CDBG Program Performance**

A comprehensive review of the FY 2007-2008 community development programs is contained in the City's Annual Performance and Evaluation Report (CAPER) on pages 77 through 80. The FY 2007-2008 CAPER was made available for public comment and was submitted to HUD on September 26,

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2008. The CAPER is available for review at the Housing and Neighborhood Services Division offices in City Hall and on the City Web site at www.escondido.org/depts/cs/neighborhood/caper/2008/report.pdf.

Although great progress was made towards meeting the Priorities and substantial achievements were realized in FY 2007-2008, significant efforts are still required to improve the quality of life for Escondido's low-income residents. Programs and projects are currently underway for FY 2008-2009, the fourth year of the Consolidated Plan period.

- **Affirmation of the Community Development Priorities**

Each year, the City Council has the opportunity to review its community development priorities and either re-affirm or make changes to those priorities. For FY 2009-2010, the fifth year of the Consolidated Plan, it is recommended that the City Council re-affirm the community development priorities as set forth above with no proposed changes. The City and the community's efforts in addressing these priorities to date support the continuation and expansion of services directed toward the targeted census tracts and neighborhoods. In fact, City-sponsored efforts and programs are continuing to build upon previous successes in the Los Arboles, Westside and Park Place neighborhoods.

In the alternative, Council may direct that the community development priorities of the Consolidated Plan be amended to include new or additional priorities.

- **Proposed Changes to the Allocation Process for FY 2009-10 Public Service Projects**

With Council's current approved process for allocating public service dollars, a formal Request for Proposals is conducted every few years; at a minimum, in conjunction with each new Five-Year Consolidated Plan. Projects are selected with the goal of achieving a balance of services and addressing all of the community development priorities where possible. Once a good mix of projects is in place, the automatic renewal of those contracts is considered beneficial for the consistency of program delivery for meeting the needs of the low-income community.

The challenging budget situation at the City has resulted in substantive reductions in programs that support the library, recreation and seniors – departments which provide services that support the City's existing Community Development priorities. By funding those threatened programs with public service dollars, the City can continue to provide high quality services to those who will benefit from them the most, including youth, seniors, job seekers and low and moderate income persons and households.

Staff seeks Council direction to encourage applications from these affected departments for CDBG-funded public service activities to help offset the impact of our current economic situation.

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AMENDMENT TO FY 2008-09 ACTION PLAN

With the passage of the stimulus package at the national level, staff anticipates an increase in CDBG funding for the first time in recent history. To be proactive in spending the additional funding, staff is seeking approval to move \$50,000 of existing CDBG capital funds that are in the Tulip Street Design project into a project to start the design process for the S. Elm Hickory Neighborhood to provide badly needed street lighting.

Respectfully submitted,



Rich Buquet
Neighborhood Services Manager