



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

REPORT NO: 13-089

DATE ISSUED: October 17, 2013

ATTENTION: Honorable Members of the City Council

SUBJECT: Fiscal Year 2014 (FY14) Community Development Block Grant (CDBG) Second Allocation

REQUESTED ACTION:

1. Authorize the Chief Financial Officer or his designee to accept CDBG funds from HUD for the City's FY14 CDBG Program.
2. Approve the additional funding recommendations for the City's FY14 CDBG Program, set forth in Attachment 1.
3. Authorize the Chief Financial Officer to appropriate and expend an additional \$1,367,187.70 in FY14 CDBG funds in addition to the FY14 CDBG entitlement funds totaling \$10,703,022 approved in Resolution R-308064 (Attachment 2) for the City's Funding Obligations, projects and programs approved for CDBG funding, contingent upon the Chief Financial Officer certifying that funds are available. The amount of \$1,367,187.70 consists of \$493,447.70 from the FY 2014 Unobligated CDBG Balance, \$624,359 from the balance of the additional entitlement balance and \$249,381 from two agencies that declined the CDBG award.
4. Authorize the Chief Financial Officer to appropriate \$1,067,934 for Capital Improvement projects, \$55,658 for Public Service projects, \$101,597 for City Homeless Programs, \$124,872 for CDBG administration and the balance of \$17,126.70 to Unobligated CDBG Balance.
5. Authorize the Chief Financial Officer to de-appropriate \$90,783 in Fund 600000, CDBG 2014 Grant #1000003-2014 from the International Rescue Committee and \$158,598 from fund 600000, CDBG 2014 Grant #1000003-2014 from the San Diego Community Housing Corporation for a total of \$249,381.
6. Approve the allocation of CDBG funds to the San Diego Housing Commission not to exceed \$101,597 for the Cortez Hill Family Shelter Program, Vietnam Veterans of San Diego Homeless Shelter Program, and the Connections Housing Program.
7. Authorize the Mayor or his designee to negotiate and execute agreements and any amendments thereto, with those agencies for which projects and programs have been approved

for CDBG funding contingent upon the Chief Financial Officer certifying that funds are available.

8. Authorize the Chief Financial Officer to appropriate and expend the FY14 CDBG funding for all of those projects and programs approved for CDBG funding, including those set forth in Resolution No. R-308064, contingent upon the Chief Financial Officer certifying that funds are available.

DISCUSSION:

The City's CDBG Program is funded by the U.S. Department of Housing & Urban Development (HUD). Each year, the City is obligated to follow a HUD-defined "consolidated planning" process to ensure community involvement, project eligibility, and a strategic approach to utilizing CDBG funds. Grantees are required to submit both a five-year strategic plan and Annual Action Plans (which are subject to HUD approval) in order to be approved for funding.

On March 25, 2013, City Council approved allocation of \$10,703,022 in FY14 CDBG annual entitlement funds. Funding recommendations were based on the FY13 totals as an estimated funding amount since at that time, the City had not yet received final confirmation from the U.S. Department of Housing and Urban Development (HUD) as to the actual federal entitlement amounts to be awarded in FY14. As in most years, the City must prepare and submit an Annual Action Plan (AAP) by May 15, 2013, the HUD deadline for applying for annual entitlement fund. However, in order to receive Council approval of project and programs for incorporation into the AAP, the allocation of the CDBG funds must occur in advance of actual award notification.

The City received official notification on August 6, 2013 from HUD that the City's actual CDBG entitlement award totaled \$11,327,381 for FY14, representing an approximate 5.5% increase over the estimated funding amount. As a result, a Second Allocation Hearing needs to be conducted to allocate these additional CDBG funds.

Proposed FY14 CDBG Program Budget and Funding Recommendations:

A total of \$1,367,187 in FY14 CDBG funds remain to be allocated by City Council, which consists of the following: 1) the FY14 CDBG annual entitlement award funding confirmed by HUD, which provides an increase of \$624,359 in funding than what was initially estimated; 2) the balance of CDBG funds totaling \$493,447 that were not previously allocated at the first allocation hearing on March 25, 2013; and 3) \$249,381 from projects that were awarded funding at the first allocation hearing but subsequently withdrew their applications. The following budget further describes the remaining fund distribution:

FY14 Second Allocation Budget

<i>Estimated Allocation</i>	\$10,703,022
<i>Actual Allocation</i>	\$11,327,381

Difference between estimated and actual allocation	\$624,360 (Balance for Public Service = \$93,654)
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Balance from First Allocation Hearing	\$493,447 (Balance for Public Service = \$63,601)
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Balance from withdrawn projects	\$249,381
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Total to be allocated	\$1,367,188
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Total Available for Public Services	\$157,255
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Total available for Administration	\$124, 872
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Remaining balance available for CIP/ CED Projects	\$1,085,061
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Pursuant to the application process set forth in Council Policy 700-02, FY14 CDBG applications were scored and ranked by the Consolidated Plan Advisory Board (CPAB) during a two-day publically noticed meeting on February 11th and 12th of this year. The projects recommended for funding were presented in ranked order to the City Council on March 25, 2013. Consistent with this process, staff recommends that the Community/Economic Development (CED) and Capital Improvement Projects (CIP) funding, totaling \$1,367,188, be awarded to the next two projects on the CED/CIP list. The respective projects to be funded account for \$1,067,934 of the total available funding. The balance of \$17,127 is not enough to fund an additional CIP or CED project and will be programmed at a later date.

The CIP/CED projects to be awarded funding are included in Attachment 1. The entire approved project lists from the First Allocation hearing (CIP/CED and PS) are included as Attachments 3 and 4.

In addition to the CIP/CED funding, \$157,255 is available for Public Service (PS) Programs. Per Resolution No. 307701 (see Attachment 5), \$1,318,078 must be set aside “to the extent necessary to assist in covering the expense of operating the Neil Good Day Center, Veterans Winter Shelter, Cortez Family Shelter, and Connections Housing Program, without any requirement of matching funds to the extent such funds are available each fiscal year and approved for such use by City Council.” The \$1,318,078 homeless set aside was based on the amount of funding needed to fully fund the City’s homeless programs, in addition to the City’s annual Emergency Solutions Grant (ESG) Allocation. In FY13 the City received \$1,119,065 in ESG funds. While the City did not anticipate a reduction in ESG funds, the award amount was reduced to \$780,817

in FY14 due to federal sequestration measures. The net effect of that reduction is a shortfall in homeless program funding and the City is unable to “cover the expenses” as indicated in Resolution No. 307701.

Since the San Diego Housing Commission (SDHC) administers the City’s homeless programs, they are requesting that an additional \$101,597 in Public Service funding be allocated to fully fund the Cortez Hill Family Shelter (\$66,604), Vietnam Veterans of San Diego Emergency Homeless Shelter (\$19,331), and the Connections Housing Program (\$15,662). The balance of \$55,658 will be applied to the next project on the Public Service list, as presented in Attachment 1.

FISCAL CONSIDERATIONS:

Funding for each project described in this report is available from HUD through CDBG Program funding.

If the shortfall in homeless programs funding is not replenished, SDHC’s contracts with the homeless service providers would need to be adjusted downward, resulting in a reduction in families served, elimination of staff and security personnel positions, and reduction in support services.

EQUAL OPPORTUNITY CONTRACTING INFORMATION: All contracts and agreements associated with the proposed actions are subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517) and will be reviewed by the City’s EOC Contract Compliance Office for conformance with all applicable requirements prior to their execution.

PREVIOUS COUNCIL and/or COMMITTEE ACTION : On March 25, 2013, City Council approved FY14 the first allocation of CDBG funds based on estimated entitlement amounts.

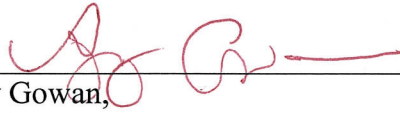
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: The Consolidated Plan Advisory Board held publicly noticed meetings to discuss the FY 14 allocation process and funding recommendations on January 9, 2013, February 11, 2013 and February 12, 2013. The CPAB also discussed additional FY 2014 CDBG funding on August 14, 2013.

All meeting notices, agendas, and results were distributed via email to interested stakeholders and posted on the City’s CDBG Program webpage. Notices were published in the City’s publication of record, the San Diego Daily Transcript.

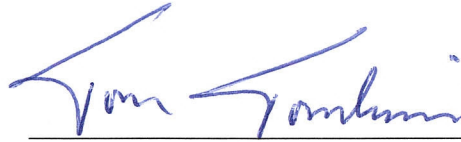
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Residents of low and moderate income communities; community-based organizations; community planning groups; and other community development organizations

Respectfully Submitted,



Amy Gowan,
Assistant Deputy Director
Economic Development



Approved: Tom Tomlinson
Interim Director
Development Services Department

Attachments:

- 1) FY14 Second Allocation Funding Recommendations
- 2) First Allocation Hearing Resolution R-3080064
- 3) Scores and Rankings: FY14 CPAB Capital Improvement and Community and Economic Development Projects
- 4) Scores and Rankings: FY14 CPAB Public Service Projects
- 5) R-307701: Resolution to set aside future CDBG funding for homeless activities

