



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 2, 2006

ITEM NUMBER:

SUBJECT: 2006-2007 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: APRIL 13, 2005

FROM: CITY MANAGER'S OFFICE / HOUSING AND COMMUNITY DEVELOPMENT

PRESENTATION BY: MIKE LINARES CDBG/HOME COORDINATOR

FOR FURTHER INFORMATION CONTACT: MIKE LINARES AT (714) 754-5678

RECOMMENDATION

1. Approve Community Development Block Grant Public Service Grants for fiscal year 2006-2007.

BACKGROUND

The City of Costa Mesa has been informed by the U.S. Department of Housing and Urban Development (HUD) that it will receive \$1,405,241 in Community Development Block Grant (CDBG) funds for Fiscal Year 2006-2007. HUD program regulations allow a maximum of 15% of these funds to be used for public service programs that benefit low- and moderate-income Costa Mesa residents. For Fiscal Year 2006-2007 the City's 15% public service cap equals \$210,786. HUD defines a low- and moderate-income individual as a person with an annual household income equal to, or less than, 80% of the county median income. Current maximum income eligibility by household size is as follows:

<u>1 Person</u>	<u>2 Persons</u>	<u>3 Persons</u>	<u>4 Persons</u>
\$45,450	\$51,900	\$58,400	\$64,900
<u>5 Persons</u>	<u>6 Persons</u>	<u>7 Persons</u>	<u>8+ Persons</u>
\$70,100	\$75,300	\$80,500	\$85,650

Examples of public service programs include senior health care, youth counseling, and programs that prevent homelessness.

Sub-Committee Applicant Interviews

In December 2005, a request for applications was sent to approximately 35 nonprofit agencies that provide some type of service to Costa Mesa residents. The City received 24 applications requesting over \$420,000. (One application for \$20,000 was later withdrawn at the request of the applicant). As delineated in the City's Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R) Committee was assembled. In late-January/early-February, a five-member subcommittee interviewed all applicants over the course of three evenings.

At the end of the interviews, the subcommittee developed a preliminary funding recommendation for Fiscal Year 2006-2007 CDBG public service grants. Even though \$210,786 was available to allocate for public services, the subcommittee only allocated \$199,500. This preliminary funding recommendation is listed in **Attachment A**.

3R Committee Recommendation

On March 28, 2006, staff presented the subcommittee's public service grant recommendations to the full 3R Committee. Staff explained that the subcommittee's recommendation did not allocate all the funds that are available for public service grants. After extensive discussion and deliberation, a majority of the 3R Committee vote to increase preliminary funding recommendations for the Boys & Girls Club of the Harbor Area and Save Our Youth by \$2,500 each. The balance of eligible funding (\$6,286) was allocated to Women Helping Women. This final funding recommendation is presented to the City Council for approval. This final recommendation is also listed in **Attachment A**.

Typically, program staff provides the City Council with extensive additional information related to public service grants; however, much of this information was recently provided to the City Council under a separate cover at Council's request. Information that has already been provided to the City Council includes:

- A report from the Costa Mesa Police Department summarizing the number of service calls to locations in Costa Mesa where proposed CDBG-funded activities will take place.
- A notebook containing the 2006-2007 CDBG Public Service Grant applications.

The following materials are provided with this report for the City Council's consideration:

- A five-year funding history of CDBG public service grants (**Attachment B**).
- A summary of 2006-2007 CDBG Public Service Grant applications (**Attachment C**).

ANALYSIS

HUD program regulations allow the City to allocate a maximum of 15% of CDBG funds for public service grants. In order to allocate these limited resources in an efficient and effective manner, the City Council has adopted funding guidelines. The funding guidelines for CDBG public service grants include the following:

- No more than 20 public service grants may be funded during a fiscal year.
- Minimum grant amount is \$5,000.

Based on these funding guidelines, the 3R Committee has prepared the attached funding recommendations for Fiscal Year 2006-2007 (**Attachment A**). Eighteen (18) grants are recommended for funding totaling \$210,786.

ALTERNATIVES CONSIDERED

Two alternatives are presented for City Council consideration with respect to funding recommendations:

1. The City Council could revise the 3R Committee-recommended funding allocations and reallocate funds as it desires for public services.

2. The City Council could choose not to fund public service grant funds and use CDBG funds for other eligible activities; however, this action would be inconsistent with the community needs identified in the City's 2005-2009 Consolidated Plan.

FISCAL REVIEW

A total of \$210,786 in federal grant funds will be allocated for public service grant funds (207 11310 20421). There is no fiscal impact to the City's general fund.

LEGAL REVIEW

There is no legal impact connected with this action.

CONCLUSION

It is recommended that the City Council:

Approve the 2006-2007 CDBG Public Service grants as recommended by the 3R Committee.

Allan L. Roeder
City Manager

Muriel Ullman
Neighborhood Improvement Manager

Mike Linares
CDBG/HOME Coordinator

Marc R. Puckett
Director of Finance

- Attachments: A. [06-07 PSG Recommendations](#)
B. [06-07 CDBG PSG 5-Yr Funding History](#)
C. [2006-2007 CDBG Public Service Grant Applications Summary](#)