



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 1, 2007

ITEM NUMBER:

SUBJECT: 2007-2008 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: APRIL 9, 2007

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 2007-2008.

BACKGROUND

The City of Costa Mesa has been informed by the U.S. Department of Housing and Urban Development (HUD) that it will receive \$1,401,210 in Community Development Block Grant (CDBG) funds for Fiscal Year 2007-2008. 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. Examples of public service programs include senior health care, youth counseling, and programs that assist the homeless. For Fiscal Year 2007-2008 the City's 15% public service cap equals \$210,181. 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>
\$48,500	\$55,450	\$62,350	\$69,300
<u>5 Persons</u>	<u>6 Persons</u>	<u>7 Persons</u>	<u>8+ Persons</u>
\$74,850	\$80,400	\$85,950	\$91,500

Over the course of several years, a set of application funding and rating criteria has been established by the City Council. For example, current policies state that no more than 20 grants can be funded during a fiscal year and that the minimum grant amount is \$5,000.

Sub-Committee Applicant Interviews

In December 2006, a request for applications was sent to approximately 30 nonprofit agencies that provide some type of service to Costa Mesa residents. The City received 15 applications requesting over \$260,000. As delineated in the City's Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R)

Committee was assembled. In February, a six-member subcommittee of the 3R Committee interviewed all applicants over the course of two evenings. This subcommittee also utilized the revised application rating criteria that had been approved by the City Council in October 2006. The application review rating criteria had been revised at the City Council's direction in response to complaints and comments from applications, members of the 3R Committee and the City Council. The revised criteria aimed to update application rating elements and increase objectivity to the process.

Because Congress and the President had not approved a federal budget for 2007, HUD advised all Orange County cities to utilize 2006-2007 funding levels for "planning" purposes; therefore, the subcommittee was asked to allocate up to \$210,786 for public services. At the end of the interviews, the subcommittee developed a preliminary funding recommendation for Fiscal Year 2007-2008 CDBG public service grants. This preliminary funding recommendation is provided as **Attachment A**.

3R Committee Recommendation

On March 20, 2007, staff presented the subcommittee's public service grant recommendations to the full 3R Committee; however, just prior to this meeting, Staff received notice from HUD regarding the actual 2007-2008 CDBG grant amount. The City's grant was reduced by less than 0.3%, which necessitated a reduction in public service funding by \$604.65 from subcommittee's original recommendation. If the 0.3% reduction was applied across the board, one grant would fall below the \$5,000 minimum grant threshold, therefore the 3R Committee modified the subcommittee's original recommendation to ensure that no grant fell below the \$5,000 threshold and also adjust for the grant reduction.

Typically, program staff provides the City Council with copies of the public service applications; however, the Council already received this material at the April 10, 2007 City Council Study Session. The following additional materials are provided with this report for the City Council's consideration:

- Three-year funding history of CDBG public service grants (**Attachment B**).
- Summary of 2007-2008 CDBG Public Service Grant applications (**Attachment C**)
- 2006 CMPD Service Calls for Costa Mesa-Based Applicants (**Attachment D**).

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 2007-2008 (**Attachment A**). Fifteen (15) grants are recommended for funding totaling \$210,181.

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 \$210,181 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 2007-2008 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. [2007-2008 CDBG Public Service Grant Recommendations](#)
B. [CDBG Public Service Grant 3-Yr Funding History](#)
C. [2007-2008 CDBG Public Service Grant Applications Summary](#)
D. [2006 CMPD Service Calls for Costa Mesa-Based Applicants](#)