



## ***CITY COUNCIL AGENDA REPORT***

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**MEETING DATE :** May 4, 2010

**ITEM NUMBER:**

**SUBJECT: RENEW AGREEMENT FOR COMMUNITY DEVELOPMENT BLOCK GRANT/HOME CONTRACT STAFF**

**DATE: MAY 4, 2010**

**FROM: CITY MANAGER'S OFFICE - HOUSING AND COMMUNITY DEVELOPMENT**

**PRESENTATION BY: ALMA PENALOSA, MANAGEMENT ANALYST**

**FOR FURTHER INFORMATION CONTACT:**

**ALMA PENALOSA, AT 714/754-5167**

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### **RECOMMENDATION**

That the City Council authorize the City Manager to enter into a one (1) year Professional Services Agreement (Attachment A) with Mike Linares, Inc., in an amount not to exceed \$87,000 per fiscal year, with the option to renew for up to four (4) one (1) year periods.

### **BACKGROUND**

The City currently receives nearly \$2 million from the United States Department of Housing and Urban Development (HUD) to administer the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs.

All CDBG funds must be used to achieve one (1) of three (3) national objectives: elimination of slum and blight, benefit to low and moderate-income people and/or meet an urgent need. HOME Programs are designed to provide decent, safe and sanitary housing for low-income persons. Past and present programs include special housing code enforcement; single-family rehabilitation loans and grants; and planning and engineering of capital improvement projects.

The CDBG and HOME Programs have been overseen for the past several years by the Neighborhood Improvement Manager (part time); one (1) full-time management analyst and one (1) part-time consultant. The part time consultant was formerly a full time

management analyst position. It was converted into a part-time consulting position in 1993 and has been filled for the past several years by part-time contract staff person Mike Linares. Contracting out the position allows staff the flexibility to utilize contract staff on an as-needed basis, while obtaining the specific expertise required to administer and interpret the constantly changing regulations. Additionally, due to the integration of HUD's online management information system (the Integrated Data and Information System – IDIS) this position has been transformed into one which incorporates CDBG/HOME and public service grant administration as well as technical manager for IDIS.

Prior to negotiating this contract, staff sent a Request for Proposals (RFP) to three (3) firms on February 23, 2010. Proposals were solicited from the following: GRC & Associates, MDG & Associates and Mike Linares, Inc. and were due back on March 3, 2010. One proposal was received from Mike Linares, Inc.

Mr. Linares has over 20 years of experience in administration of federal programs and has been President of his own firm since 1995. He is bilingual and has an extensive background in CDBG, HOME and HPRP Programs with an emphasis in citizen participation, community outreach, program management and monitoring of sub recipients. He is currently the main HUD interface for their online financial management information system and serves as an adjunct grants accountant along with Finance Department Staff.

## **ANALYSIS**

### Contract Staff Duties

Mr. Linares' duties include the following:

1. Public Service Grant Processing
  - Preparation/revision of application package
  - Review approximately twenty to forty applications each year to ensure CDBG eligibility
  - Assist with scheduling interviews with sub-grantees and 3R Committee as well as conducting meetings and preparing Committee evaluations
  - Preparation of City Council reports and related materials for Council approval
  - Ensure all City required documents are submitted prior to funding (i.e. executed contracts, purchase requisitions, City approved insurance, expenditure back-up documentation)
  - Review quarterly reports and process payments
  - Monitor sub-grantees
  
2. HOME/CDBG Administration
  - a. Consolidated Plan

- Consolidated Plan - One-Year Action Plan and Amendments
  - Consolidated Plan Performance Report
  - Grantee Performance Report
  - b. HOME Program
    - Annual Performance Report
    - Assist in HOME unit monitoring (currently 22 units)
  - c. Section 3 Plan - Preparation, Monitoring and Training
  - d. Environmental Reviews of all CDBG/HOME Funded Activities
  - e. Miscellaneous Annual and Semi-Annual Report
    - Minority/Women contracts
    - Labor Standards
    - Fair Housing Assessment
  - f. Integrated Data and Information System (IDIS) Implementation
    - Housing rehabilitation project setup, revision, and completion
    - CDBG and HOME project setup
    - Gathering information regarding CDBG project progress from other departments
    - Ongoing reconciliation of City ledgers with IDIS on-line ledgers
  - g. Bi-lingual community outreach (i.e., Westside tenants and landlords fair housing meeting, Consolidated Plan.)
  - h. Special Projects as they occur - i.e. monitoring capital project expenditures, citizen complaints, etc.
  - i. Review changes to fed program grants
  - j. Represents City in regional efforts, i.e., Continuum of Care/Fair Housing/OCHA
3. HPRP and CDBG-R Programs<sup>1</sup>
- Quarterly Performance Reports
  - Analysis of Quarterly Performance vs. CMIS data input
  - Processing of Invoices
  - Preparation of various HUD required reports including ESnaps and Federal Reporting.Gov
  - Training of in-house and non-profit staff

### Department Work Load

Mr. Linares provides expert advice on many Division programs including: the “Neighbors for Neighbors” program; monitoring and contract negotiation for all Agency/City assisted units including Costa Mesa Village, twenty- two (22) Civic Center Barrio units as well as the Redevelopment Agency rental rehabilitation units. Staff also administers the HOME, CDBG and RDA housing budgets; ongoing Habitat for Humanity projects; the home buyer assistance programs (police and general public); task force projects, the new lead-based paint implementation program and new housing project/program development.

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<sup>1</sup> American Recovery and Reinvestment Act (ARRA) Programs

Besides working on specific projects such as the Downtown Recreation Center and other capital improvement projects, Mr. Linares serves as the technical manager for HUD's Integrated Disbursement Information System (IDIS) functions. IDIS is HUD's on-line project performance and financial reporting system that is a separate set of ledgers over and above what the City's financial reporting system requires. Unfortunately, financial data is tracked in a completely different way than it is on the City ledgers. Therefore, Mr. Linares acts as the Department liaison with the Finance Department to ensure that City ledgers balance with IDIS. This task is extremely labor intensive due to the different systems of reporting financial data and the challenge of balancing two sets of books. Additionally, IDIS has resulted in increased administrative/technical requirements for City staff. For example, IDIS requires that project set-up and completion reports, which must be filed each time a housing rehabilitation loan or grant is funded. Additionally, HUD requires frequent project updates on the IDIS and de-obligation of funds if an applicant is not approved. Finally, the IDIS reports demand information that is often not readily available from the City's existing financial reporting system. Mr. Linares works closely with the Finance Department to draw down money from HUD, monitor both sets of accounting ledgers and track the monthly commitment and expenditure of dollars.

### Bid Process

On February 23, 2010 Staff sent out a Request for Proposal (RFP) to three (3) CDBG/HOME consultants: MDG Consulting, GRC and Associates, and Mike Linares, Inc. Bids were due back on March 3, 2010. Mike Linares, Inc. was the only consultant to submit a bid. Mr. Linares' propose rate is \$70 per hour. At the time of his previous proposal in 2006, Mr. Linares was awarded the rate of \$65. He received a \$5 raise mid-contract in 2008. Since then Mr. Linares has kept his rate static and is not requesting a rate increase for the new contract. For FY10-11, there is \$130,845 budgeted for consulting in CDBG Administration; therefore, there is sufficient funding to cover Mr. Linares' contract costs.

### **OPTIONS CONSIDERED**

Mr. Linares occupies a key position in the Housing and Community Development Division. Besides managing several projects of his own, he serves as the HUD on-line financial reporting system technical Manager and primary liaison with the Finance Department. Elimination of his position will severely impact the level of programming which this Division can offer. Additionally, HCD staff is not trained to perform the technical functions required by HUD, which this consultant performs.

Should this position not be funded, there are options available to the City Council. These include a) reducing Mr. Linares' hours and training housing rehabilitation and administrative staff to perform some of Mr. Linares' duties. This will result in a reduction in housing rehabilitation loans and grants. Additionally, filling this position on a part time

staff basis vs. a consultant is not recommended. Staff looked at doing this several years ago. Due to the highly technical nature of the position and the expertise required, market conditions dictate that this position be contracted out.

In conclusion, none of the options above is recommended since they will severely impact the Division's ability to continue to provide an adequate level of federal grant administration.

## **FISCAL REVIEW**

In fiscal year 2010-2011, \$87,000 is available for professional contract services for the CDBG Program. The contract amount will not exceed the amount available. The contract is recommended to be effective from July 1, 2010 through June 30, 2011, with an option to renew up to four (4) one (1) year periods.

## **LEGAL REVIEW**

The City Attorney's Office has prepared and approved the attached Professional Services Agreement. No further legal review is needed at this time.

## **CONCLUSION**

That the City Council authorize the City Manager to enter into a one (1) year Professional Services Contract with Mike Linares, Inc., in an amount not to exceed \$87,000 per fiscal year, with the option to renew for up to four (4) one (1) year periods.

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Tom Hatch  
Asst, City Manager

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Alma Penalosa  
Management Analyst

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Kimberly Hall Barlow  
City Attorney

[Attachments: A. Professional Service Agreement](#)