



COUNCIL AGENDA: 10-25-05

ITEM: 5a

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley

SUBJECT: SEE BELOW

DATE: 10-03-05

Approved

Date

10/11/05

Council District: Citywide

SNI: Citywide

**SUBJECT: APPROVAL OF THE PROPOSED SCHEDULE AND PROCESS FOR
THE 2006-2007 COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) PLACEMENT APPLICATION CYCLE**

RECOMMENDATION

Approval of the schedule and process for the 2006-2007 CDBG placement application cycle.
CEQA: Not a project.

BACKGROUND

At a public hearing on September 14, 2005, the CDBG Steering Committee approved a proposed application schedule and process for the 2006-2007 CDBG placement application cycle. In addition, the Committee also approved evaluation criteria to be used for the 2007-2008 cycle.

The purpose of this memorandum is to forward the Committee's recommendations to the City Council for final approval. If approved by the City Council, the Committee and staff will solicit and review project placement applications, hold public hearings, and make allocation recommendations to the City Council.

ANALYSIS

Contractual Community Services (CCS) Program

Public service projects are funded through the Contractual Community Services (CCS) program.

The CCS program currently operates under a two-year funding cycle. During the first year of the cycle, applications are reviewed, evaluated and awarded funding in Year 1 and placed for funding in Year 2. Year 2 funding is contingent upon several factors, including but not limited to: 1) a favorable evaluation of the project based on its Second Quarter Monitoring Report; 2) satisfactory compliance with the conditions contained in its Year 1 agreement; 3) receipt of funds from the US Department of Housing and Urban Development (HUD); and 4) submission of an audit.

For FY2006-2007, the CCS program is in its second year of its funding cycle. Consequently, no new applications will be accepted. Instead, allocation of CCS funding will be reserved for existing placed programs that have demonstrated satisfactory compliance with the program guidelines as noted in their Second Quarter Monitoring Report. Second Quarter Monitoring Reports for Year 1 grantees will be presented and approved at the March 1, 2006 CDBG Steering Committee meeting. The public will be given the opportunity to comment and provide feedback on both the performance review of Year 1 grantees as well as funding recommendations for Year 2. Factors that can affect funding status include: changes in total CSS funding, changes in the scope of services, identification of ineligible activities, revised program goals, staffing, clientele and/or service area.

Community Development Improvement (CDI)

The Community Development Improvement program funds projects in the areas of housing, economic development, code enforcement, interim assistance, relocation, general administration and planning, acquisition of real property and physical improvement projects.

The CDI program is in the third year of a three-year plan. Planning over three years provides a stable promise of funding and reduces application efforts. Receipt of placement awards is contingent on several factors, including but not limited to: 1) receipt of funds from HUD; 2) submission of an audit; 3) satisfactory compliance with the conditions contained in the 2005-2006 agreement to implement the project; 4) timely submission of a placement application; and 5) other conditions stipulated in the placement allocation.

One hundred percent (100%) of the CDI funds for 2006-2007 were previously allocated by the CDBG Steering Committee subject to certain conditions. In order to verify their continuing eligibility for funding under the plan, "placed projects" will be required to submit a placement application. No applications for new or additional funding will be accepted in the CDI category.

CDI placement applications for 2006-2007 will be subject to verification that changes have not occurred that would affect the original intent of the project as approved. Factors that can affect funding status are changes in: Scope of Service, Funding Amount, Ineligible Activities, Program Goals, Staffing, Clientele, Service Area, or Project Feasibility.

Project Feasibility issues include Site Control, Budget in Place, Security Requirements, Ongoing Operating Funds, and Plan for Construction Management.

Evaluation issues will be discussed with each Agency prior to the status report being presented to the Committee. Staff is preparing workshops and recommending technical assistance for the 2006-2007 placement application. All agencies will be encouraged to present a draft placement application to staff to critique in order to assist the agency in submitting an application. All clarification of information will be completed prior to submission of the application.

Application Cycle

Enclosed as Attachment A is the proposed schedule for the 2006-07 CDBG application cycle. Included are elements of the adopted Citizen's Participation Plan (CPP) for the City's CDBG program that provides for hearings to solicit public input on the funding process. If approved by the City Council, CDI applications would be released November 16, 2005. Two technical assistance workshops for CDI applications will be held in December. Placement applications for CDI projects will be due on Tuesday, January 10, 2006. The schedule allows agencies approximately seven weeks to complete their applications. As with prior funding cycles, proposals will be reviewed and analyzed by both staff and the Committee.

Staff will provide the Committee with copies of the proposals and status report of each proposed project.

Similar to last year, staff is proposing that the Committee hold meetings to review and discuss applications instead of hearing formal presentations by applicants. Staff will obtain any additional information required from the applicants and provide it to the Committee. After the working meetings, the Committee will formulate a funding recommendation. Committee recommendations for funding will be presented to the City Council for approval in April 2006.

As noted earlier in this report, no new applications will be received for CCS funding. Instead, funding will be based on the review of Second Quarter monitoring reports of existing grantees. A public hearing on the reports will take place on March 1 with final approval of both CDI and CSS recommendations to be considered by the CDBG Steering Committee on March 8 and Council approval on May 5 as part of the adoption of the Consolidated Plan.

Availability of Funds

In recent years, the City of San José has received a reduction in its CDBG entitlement from the Department of Housing and Urban Development (HUD). In light of the current economy, it is anticipated that the City's entitlement will continue to decrease resulting in significantly less funding available in the coming year.

Funding Priority & Strategy

Staff recommends that funding priority be given to projects that align with adopted city master plans. In doing so, available funding will be better aligned to established service priorities. Staff also proposes that the February 8, 2006 CDBG Steering Committee meeting be used to discuss possible funding strategies for CCS and CDI projects. It is expected that the estimated amount of HUD funding will be known by this time. Staff would then create a draft recommendation based on the Committee's direction for discussion of funding allocations at the February 22, 2006 meeting.

PUBLIC OUTREACH

The CDBG Steering Committee held a public hearing on September 14, 2005, to solicit input on the proposed application process and schedule for 2006-2007.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

COST IMPLICATIONS

The recommendations contained in this memorandum have no impact to the General Fund. The CDBG program is funded by Federal funds.

CEQA

Not a project.



SARA L. HENSLEY
Director of Parks, Recreation
and Neighborhood Services

2006-07 PROPOSED GRANT APPLICATION SCHEDULE
Community Development Block Grant (CDBG)

DATES	ITEM
Wednesday, September 14, 2005 New City Hall 200 E. Santa Clara Street <u>Tower, 14th Floor (Room T-1446)</u> 6 PM– 9 PM	Committee Meeting #1: 2006-2007 Proposed CDBG Schedule. Public Hearing on CAPER, CDI placement application process and project extensions. Committee approves each for recommendation to Council.
Tuesday, September 20, 2005	City Council approval of CAPER.
Tuesday, October 25, 2005	City Council approval of process as well as current project extensions.
Wednesday, November 16, 2005	CDI Placement Applications Released.
Thursday, November 17, 2005	Technical Assistance for placement Applications Begins.
Tuesday, December 6, 2005 New City Hall 200 E. Santa Clara Street <u>Tower, 6th Floor (Room T-644)</u> 9 AM – 11:30 AM	Workshop #1: How to Complete a Non-construction CDI Placement Application; review of Non-Construction Memo of Performance (MOP) for City staff.
Wednesday, December 7, 2005 New City Hall 200 E. Santa Clara Street <u>Tower, 6th Floor (Room T-644)</u> 1 PM – 3:30 PM	Workshop #2: How to Complete a Physical Improvement CDI Placement Application, review Physical Improvement of MOP for City staff.
Wednesday, December 21, 2005	Last day for Technical Assistance for draft Placement Application review.
Thursday, January 5, 2006	Last day for all other Technical Assistance for Placement Applications.
Tuesday, January 10, 2006 New City Hall 200 E. Santa Clara Street <u>Tower, 9th Floor (Room T-955)</u> 8 AM - 5 PM	<u>CDI Placement Applications Due</u> 2 nd Quarter Activity Reports due also.
Tuesday, January 24, 2006	Distribute CDI Placement applications and list of current CCS projects to Committee.

2006-07 PROPOSED GRANT APPLICATION SCHEDULE
Community Development Block Grant (CDBG)

<p>Wednesday, February 8, 2006 New City Hall 200 E. Santa Clara Street <u>Tower, 14th Floor (Room T-1446)</u></p> <p>6 PM – 9 PM</p>	<p>Committee Meeting #2: To discuss possible funding strategies for Committee depending on HUD funding for 2006-2007.</p>
<p>Wednesday, February 22, 2006 New City Hall 200 E. Santa Clara Street <u>Tower, 14th Floor (Room T-1446)</u></p> <p>6 PM – 9 PM</p>	<p>Committee Working Meeting #3: If needed. To discuss CCS Project Status Recommendations/CDI Placement draft Committee recommendations based on funding strategies from 2/1/06 meeting.</p>
<p>Wednesday, March 1, 2006 New City Hall 200 E. Santa Clara Street <u>Tower, 14th Floor (Room T-1446)</u></p> <p>6 PM – 9 PM</p>	<p>Committee Meeting #4: To discuss funding recommendations as needed. Approval of 2nd Quarter Monitoring Report.</p>
<p>Wednesday March 8, 2006 New City Hall 200 E. Santa Clara Street <u>Tower, 14th Floor (Room T-1446)</u></p> <p>6 PM – 9 PM</p>	<p>Committee Meeting #5: Final Approval of Recommendation Final discussion and approval of CCS and CDI funding recommendation.</p>
<p>Wednesday, April 5, 2006 (projected)</p>	<p>City Council Draft Consolidated Plan Hearing.</p>
<p>Wednesday, April 19, 2006</p>	<p>Proposal Process Debriefing. Public Hearing on Process Development for 2007-2008 application cycle. Committee approves recommendation to Council.</p>
<p>Friday, April 28, 2006</p>	<p>Proposed Operating Budget Released.</p>
<p>Friday, May 5, 2006</p>	<p>City Council Consolidated Plan approval.</p>
<p>Tuesday, June 20, 2006</p>	<p>City Council approves the Budget.</p>