



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: May 19, 2009

Approved

Christine F. Shippey

Date

5/21/09

COUNCIL DISTRICT: Citywide
SNI AREA: N/A

SUBJECT: AMENDMENT TO THE 2008-2009 ANNUAL ACTION PLAN AND FUNDING PROPOSAL FOR COMMUNITY DEVELOPMENT BLOCK GRANT RECOVERY (CDBG-R) FEDERAL STIMULUS FUNDS

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the approval of a substantial amendment to the Consolidated Plan – Annual Action Plan 2008-2009 for the following purposes:

1. Approve a shortened citizen participation comment period of 7 days in accordance with federal guidance related to the Community Development Block Grant recovery (CDBG-R) federal stimulus funding; and
2. Approve the awards of the CDBG-R, as specified in this memorandum, and authorize the Director of Housing to negotiate and execute all non-capital agreements and contracts not requiring CEQA/NEPA review and to negotiate all capital project agreements and contracts, including any amendments or modifications, and after CEQA/NEPA review and City Council project approval, to execute all documents, for the expenditure of federal stimulus CDBG-R funds on behalf of the City.

OUTCOME

Acceptance of federal Community Development Block Grant recovery (CDBG-R) dollars under the American Recovery and Reinvestment Act of 2009 (ARRA) will help the City to undertake a wide range of activities intended to create economic opportunities, primarily for persons of low and moderate income.

BACKGROUND

The ARRA, also known as the federal stimulus package, was signed by the President on February 17, 2009, and provided a large, one-time domestic spending package along with tax relief measures to help stimulate the nation's faltering economy.

On May 12, 2009, the City Council approved an amendment to the City's 2008-2009 Consolidated Plan - Annual Action Plan for the acceptance of both the Homeless Prevention and Rapid Re-housing Program (HPRP) and the Community Development Block Grant recovery program (CDBG-R). At the time City staff brought these two items forward for City Council approval, only the HPRP guidelines had been issued by the U.S. Department of Housing and Urban Development (HUD). However, because of the timing and need to approve the HPRP funds by the federally required May 18th deadline, participating jurisdictions were encouraged to put together amendments for both programs, even though the CDBG-R program guidelines had not yet been released.

The program guidelines for CDBG-R were finally released on May 5, 2009, but staff was unable to put together funding recommendations prior to the May 12, 2009 City Council meeting. Therefore, staff reported to the City Council that it would instead come back for approval of the spending plan for the CDBG-R program on June 2, 2009. HUD only gave participating jurisdictions until June 5, 2009 to submit its amendments and projects.

ANALYSIS

In accordance with the HUD guidelines for the CDBG-R program, funds must be directed to projects that:

- Utilize these funds for the preservation and creation of jobs while promoting economic recovery,
- Assist those most impacted by the recession,
- Provide investment needed to increase economic efficiency, investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits,
- Minimize or avoid reductions in essential services, or
- Fostering energy independence.

Furthermore, the guidelines clearly directed participating jurisdictions to view these monies as a new program and not the typical CDBG funded annually through its entitlement funding.

The Housing Department proposes to use these funds for energy efficiency and green building improvements, storm drain improvements, economic development in green technology industries, and job training and employment assistant program for homeless individuals, ex-offenders, and emancipated youth.

May 19, 2009

Subject: Amendment to the Community Development Block Grant Recovery and Stimulus Funds

Page 3 of 5

These funds must be used quickly. According to HUD guidance, 50% of funds must be obligated within 120 days of the signed grant agreement between the City and HUD. Due to this quick timeframe, the City is proposing that the majority of funds go toward community development improvement projects (i.e., city infrastructure and economic development activities) that can be quickly implemented. Additionally, it is recommended to use the full 15% allowance for public service activities but that the City use the 10% allowed for administration for projects rather than staff.

Attached to this memorandum is a spreadsheet that details the spending of the City's CDBG-R. Briefly, the projects fall under the following three categories:

- Infrastructure Projects – Installation of storm laterals, inlets, wheelchair ramps, driveways, and approximately 4,050 linear feet of new sidewalk and curb and gutter within two low-moderate income areas.
- Green Projects - Grants for the reimbursement of capital equipment costs to clean tech companies that are trying to locate or expand in San Jose. Funds will assist 3-5 clean tech manufacturing companies and create a minimum of 60 jobs; convert approximately 300 low pressure sodium streetlights to adaptive LED streetlights; and install solar hot water, and make window and roof repairs to improve energy efficiency at various City-owned buildings in low-moderate income areas.
- Jobs for Homeless - Job training and employment assistance program providing assistance to 70 individuals including 28 non-violent ex-offenders, 30 homeless persons, and 12 youth recently emancipated from the foster care system.

This information will be posted on the City Housing Department's website at www.sjhousing.org.

EVALUATION AND FOLLOW-UP

Program performance will be reported to the Mayor and City Council through the Consolidated Annual Performance Evaluation Report (CAPER), which reports the outcome of all City HUD-funded programs each September.

POLICY ALTERNATIVES

Alternative #1: Do not amend the Annual Action Plan 2008-2009

Pros: Funds are one-time only and thus provide no on-going assistance to the community. Implementation of the Program will result in increased workload.

Cons: Choosing not to accept the amendments would mean the loss of federal funding to assist low-income and homeless families and individuals.

Reason for not recommending: Although limited and only one-time, the program will create jobs, and will fund infrastructure projects in the City, which are currently unfunded.

May 19, 2009

Subject: Amendment to the Community Development Block Grant Recovery and Stimulus Funds

Page 4 of 5

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

In accordance with HUD's "Notice of Program Requirements for Community Development Block Grant Program Funding Under the American Recovery and Reinvestment Act of 2009 Docket No. FR-5309-N-01," participating jurisdictions are allowed to undertake a shortened public comment period consisting of seven days.

The seven-day public comment period runs from May 26, 2009 to June 2, 2009. The amendment and notices were published on the Housing Department's website and sent to community centers and libraries for posting. These notices were also translated into Spanish, Vietnamese, and Chinese and distributed to the aforementioned locations.

COORDINATION

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

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$2,700,463
2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Project	Cost
Public Facilities Energy and Green Bldg. Improvement	\$200,000
Clean Tech Careers Fund	\$1,000,000
Moffat-Liberty Storm Drain Improvement	\$350,000
North First Street-Grand Boulevard Storm Drain Improvement	\$485,000
Project HOPE	\$400,000
Streetlight Conversion	265,463
Total	\$2,700,463

HONORABLE MAYOR AND CITY COUNCIL

May 19, 2009

Subject: Amendment to the Community Development Block Grant Recovery and Stimulus Funds

Page 5 of 5

3. SOURCE OF FUNDING: One-time grant from the United States Department of Housing and Urban Development.
4. FISCAL IMPACT: No ongoing fiscal impact.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
299	3800	Recovery Act – Community Development Block Grant	\$2,700,463	\$2,700,463	N/A	#28541 (5/12/09)

CEQA

Not a project.


LESLYE KRUTKO
Director of Housing

For more information, call LESLYE KRUTKO, DIRECTOR OF HOUSING, at (408) 535-3851.

Attachment (1)

CDBG-R Project Summaries

Activity Name	Activity Description	Jobs Created (FTE's)	Contact Person	CDBG-R Project Budget
Public Facilities Energy and Green Bldg. Improvement	The Public Facilities Energy and Green Building Improvement project was awarded \$500,000 in FY 2008-09. The project scope of work is to complete energy efficiency and green building improvements to 10 (ten) public facilities, including 6 (six) community centers 3 (three) fire stations and 1 (one) library. The cost to complete the original scope of work exceeded the award by \$200,000. The scope of work was adjusted to fall within the original award amount by eliminating the installation of solar hot water heaters, and window and roof repairs/replacement. This \$200,000 award will allow for the completion of the original scope of work. These funds will allow completion of the original project, provide long-term economic benefit by extending the useful life of the facilities thereby avoiding reduction in services.	21.6	Mary Tucker, Environmental Services Department	\$200,000
Clean Tech Careers Fund	The proposed project will provide a funding mechanism for capital equipment costs to green technology companies expanding or relocating to San Jose. The City of San Jose's Office of Economic Development has actively promoted green technology and has built relationships with companies new to San Jose and those currently in San Jose that are converting to green technology. This project will provide funding to 3 (three) companies that meet the intent of ARRA by creating jobs and promoting economic recovery in the City of San Jose. The project will open opportunities to individuals most impacted by the recession due job loss, provide investment capital necessary to increase economic and energy efficiency by creating or implementing new and emerging technology which will result in long-term economic benefit to the company, the City and the new or retained employees.	60	Nanci Klein, Office of Economic Development	\$1,000,000
Moffat-Liberty Storm Drain Improvement	The proposed project consists of the installation of new storm drain laterals, inlets, ADA standard curb cuts, driveways, and approximately 1,300 linear feet of sidewalk, curb and gutter within a low-moderate income area. Alviso, located in the outer-northern boundaries of the City, is an old fishing community adjacent to the lower part of the San Francisco Bay. This community has long been without updated sewer systems, streets and sidewalks. This investment, along with Activity #4 below, will bring much needed improvements to the long-neglected infrastructure within this community and will provide long-term economic benefit minimizing sewer back-ups, improve the path of travel, provide easy and safer sidewalk access to the elderly and disabled residents, and ultimately improve the environment for the residents. These improvements will also provide environmental protection to the Bay by increasing the efficiency of water run-off.	4.25	Timm Borden, Department of Public Works	\$350,000
North First Street-Grand Boulevard Storm Drain Improvement	The proposed project consists of the installation of new storm drain laterals, inlets, ADA standard curb cuts, driveways, and approximately 2,750 linear feet of sidewalk, curb and gutter within a low-moderate income area. Alviso, located in the outer-northern boundaries of the City, is an old fishing community adjacent to the lower part of the San Francisco Bay. This community has long been without updated sewer systems, streets, and sidewalks. This investment along with Activity #3 above, will bring much needed improvements to the long-neglected infrastructure within this community and will provide long-term economic benefit by minimizing sewer back-ups, improve the path of travel and provide easy and safer sidewalk access to the elderly and disabled residents, and ultimately improve the environment for the residents. These improvements will also provide environmental protection to the Bay by increasing the efficiency of water run-off.	6.25	Timm Borden, Department of Public Works	\$485,000
Project HOPE	This two-year public service project will provide job training and employment services to 70 individuals, including 28 non-violent ex-offenders, 30 homeless persons, and 12 youth recently emancipated from the foster care system. Through the provision of job training and placement in concert with supportive service from local homeless service providers, Project HOPE will foster the ability of participating individuals to become self-sufficient, gainfully employed and ultimately stabilized in permanent housing. This project will address the intent of the Recovery Act by developing trained and employable individuals and supporting their personal economic recovery. These additional funds will increase the number of clients assisted and will minimize reductions in these essential services that promote self-sufficiency.	2	Jessica Scheiner, Housing Department	\$400,000
Streetlight Conversion	This project will convert approximately 300 low-pressure sodium streetlights to adaptive LED streetlights. This project supports the City's Green Vision goal to reduce street light energy consumption. It will also address the Recovery Act by providing investment necessary to increase economic efficiency, investing in environmental protection and infrastructure projects that will provide long-term economic benefits, and minimize or avoid reductions in essential service.	1	Amy Olay, Department of Transportation	\$265,463
	Totals	95.1		\$2,700,463