



City Council Report

Date: September 10, 2009

To: City Council

Through: Karolyn Kent, Deputy City Manager

From: Ray Villa, Neighborhood Services Department Director
Carolyn Olson, Housing and Revitalization Director

Subject: Community Development Block Grant (CDBG),
FY2009/2010 2nd Round Projects and Allocations
Council District: Citywide

Purpose and Recommendation

The purpose of this report is to request that City Council authorize the City Manager or his designated representative to proceed with an Annual Plan Amendment adding these activities to the FY2009/2010 funding through the Community Development Block Grant (CDBG) program. The proposed FY2009/2010 Annual Plan Amendment will add funding specifically for job creation, economic benefit, homeless assistance, neighborhood improvements, social services, and historic preservation.

Background

At the April 23rd, 2009 Council Study Session, Council directed staff to open an additional CDBG Request for Proposals (RFP) to allow organizations to apply for any unallocated 2009/2010 CDBG funds.

During the same Study Session, Council discussed the 2009/2010 general fund reduction in Human Services funding. Discussion occurred regarding the feasibility of utilizing the unallocated CDBG funds to restore some of the proposed reductions in Human Services funding. In order to restore the proposed reductions to the affected Human Services agencies, they would have to apply for CDBG funding in the proposed additional (2nd round) Request for Proposals.

There are, however, limitations on CDBG's ability to restore funding for the reduced Human Services activities. Under the CDBG program, Human Services activities are categorized as a Public Service per definition by the U.S. Department of Housing and Urban Development (HUD). Per HUD regulations, the City of Mesa may not spend more than 15% of their available CDBG funds on Public Service activities. A subsequent analysis identified approximately \$110,822 of the total \$266,795 in unallocated CDBG funds could be used for funding Public Service activities such as

those previously included in the FY 2009/2010 Human Services allocation.

A total of seventeen applications were received in this 2nd round of CDBG funding and approximately nine were for projects under the Public Service activity. Only two nonprofit agencies, the East Valley Adult Resources formally known as East Valley Senior Services, and the House of El-Elyon, applied for funding for programs that were reduced, eliminated, or not funded in the FY 2009/2010 Human Services allocation.

Staff will present recommendations for funding to the City Council at the September 10th, 2009 Council Study Session and are seeking direction at this meeting to proceed with allocating the CDBG dollars. A 30-day comment period regarding 2nd round CDBG funding recommendations will begin on September 19th, 2009 and ends on October 18th, 2009. After this, staff will submit the amendment to HUD and begin to execute the contracts to the non-profit agencies beginning November 1, 2009 and ending June 30, 2010.

Alternatives

Staff has identified the following alternatives:

1. Accept staff recommended funding levels and allocations – The City Council may choose to accept the staff recommended projects and funding levels. The proposed projects will improve the quality of life for a broad variety of Mesa's residents and neighborhoods by funding the maximum amount of public service activities eligible under CDBG regulations.
2. Revise staff recommended funding levels and allocations – The City Council may choose to revise any and/or all of the staff recommended projects and funding levels. Funding for Public Service activities may not exceed 15% of the total amount distributed in any given fiscal year. The cap for this round of funding is \$110,882.

A list of all proposals, and those recommended for funding, are attached to this report. Additional information and copies of all funding proposals are furnished for City Council's use.

Fiscal Impact

The sources available for distribution in this additional 2nd round of CDBG Request for Proposals (RFP) are as follows:

Source of Funding	Available
Unspent CDBG Funds from Prior Year (FY 08/09)	\$50,000
Increased CDBG Allocation from Housing and Urban Development for FY 09/10 from 08/09 allocation	\$44,573
Unallocated CDBG Funds remaining from Round 1 for FY 09/10	\$172,222
2nd Round CDBG Funds Available for Distribution	\$266,795

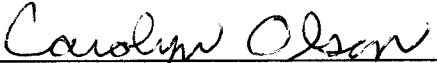
The types of funding available for distribution in this additional 2nd round of CDBG Request for Proposals (RFP) are as follows:

Type of Funding	Available	Requested	Recommended
Public Service	\$110,822	\$234,417	\$110,822
General (Non-Public Service Activities)	\$155,973		
Technical Assistance		\$20,000	\$20,000
Economic Development		\$176,311	\$70,000
Public Facility		\$197,669	\$65,973
2nd Round CDBG Funding Totals	\$266,795	\$628,397	\$ 266,795

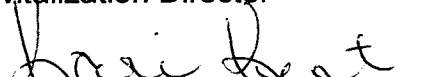
As an entitlement community, the City of Mesa receives CDBG funding directly from the U.S. Department of Housing and Urban Development (HUD). Because CDBG is funded federally, there is no fiscal impact upon the City's general fund.

Coordinated With

The proposed CDBG funding recommendations have been reviewed with applicants, citizens, and other city departments. Two public hearings will have been held regarding the projects solicited during this 2nd round of funding for the FY 2009/2010 CDBG program. This first was held on August 17, 2009, and the second will be held on September 28th, 2009. A 30-day public comment period will open from September 19th, 2009 to October 18th, 2009. These meetings and notices meet the Citizen Participation requirements set by HUD for participation in these federal programs.


 Carolyn Olson, Housing and Revitalization Director


 Ray Villa, Neighborhood Services Department Director


 Karolyn Kent, Deputy City Manager



Housing and Community Revitalization Division

**2nd Round CDBG
Funding Recommendations
FY 2009/10**

September 10, 2009



Purpose:

- Provide direction to allocate \$266,795 in remaining CDBG funds for FY 09/10.
- Authorize City Manager to proceed with an Annual Plan Amendment adding approved activities.

- Reductions in Human Services funding led Council to open a 2nd Round of Community Development Block Grant Requests for Proposals (RFP).
- Human Services agencies were informed they could apply for CDBG funds to restore some funding.

3

2nd Round CDBG – Funding Summary

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4

CDBG 2nd Round – Public Service Applications

Organization	FY 09/10 Request	FY 09/10 Recommended
Advocates for the Disabled, Inc.	\$20,000	\$17,732
East Valley Adult Resources, Inc. f/k/a East Valley Senior Services	\$19,500	\$19,500
House of Refuge, Inc.	\$24,087	\$21,349
Housing Our Communities, Inc.	\$59,170	-
Lutheran Social Services of the Southwest	\$38,610	\$34,241
Southwest Fair Housing Council	\$15,000	-
The House of El-Elyon	\$13,050	-
West Mesa Community Development Corporation	\$25,000	\$18,000
YMCA	\$25,000	-
Total CDBG 2nd Round Public Service Applications	\$239,417	\$110,822

5

CDBG 2nd Round – Non-Public Service Applications

Organization	Activity Type	FY 09/10 Request	FY 09/10 Recommended
A New Leaf	Public Facility	\$48,520	-
Arizona State University (ASU)	Technical Assistance	\$20,000	\$20,000
Child Crisis Center	Public Facility	\$32,549	-
Economic Development, City of Mesa	Economic Development	\$25,000	\$25,000
Economic Development, City of Mesa	Economic Development	\$100,000	\$45,000
House of Refuge, Inc.	Public Facility	\$37,400	-
Maricopa Community Colleges Small Business Development Center	Economic Development	\$51,311	-
Martin Luther King Celebration Committee	Public Facility	\$79,200	\$65,973
Total CDBG 2nd Round Public Service Applications		\$393,980	\$155,973

6

Public Comment Period

- Public Comment Period begins September 18 and ends October 18, 2009.
- Public Hearing #2 – Mesa City Plaza Building, 20 E. Main Street, Room 170W, September 28, 2009, at 10:00 a.m.
- Any comments submitted will be forwarded to Council and the U.S. Department of Housing and Urban Development (HUD).

7



Please address comments to:

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8

**Questions
and
Discussion**