



## MEMORANDUM

**TO:** City Council

**FROM:** Brian Pedrotti, Community Development Director

**BY:** Andrew Perez, Acting Planning Manager

**SUBJECT:** Public Hearing to Discuss and Consider a Resolution Approving Community Development Block Grant (CDBG) Projects for Year 2022

**DATE:** February 8, 2022

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### SUMMARY OF ACTION:

Conduct a public hearing to finalize funding recommendations for the City's allocation of 2022 CDBG funds, which will assist the County of San Luis Obispo with its 2022 Action Plan process. The recommended City proposed project funding allocations (see Table 1 below for more detail) are:

- Five Cities Homeless Coalition: Fifteen percent (15%) of the City's allocation. Estimated to be \$13,000
- Curb Ramp and Sidewalk Improvement Project: \$56,333
- City Planning and Capacity Building – ADA Transition Plan: \$6,067

### IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The County has estimated that \$86,666 in CDBG funds will be available to the City in the Fall of 2022. Overall, the amount of CDBG funding the City has received over the last sixteen (16) years has consistently decreased due to Federal budget cutbacks to the CDBG program. Similar to last year, the County will help administer the CDBG program for the City, which will reduce City staff time involved. County staff will be paid through the CDBG program funds allocated to the City. Per the Cooperation Agreement between the County and the City entered into on July 7, 2020 (Attachment 1), 65% of the total available administration funds, or \$11,266, will be deducted by the County to meet its obligations under the terms of the agreement for administrative costs. The remaining 35% of the total available administration funds, or \$6,067 is recommended to be allocated for City administration to support preparation of an ADA Transition Plan for the City.

### RECOMMENDATION:

Adopt a Resolution approving projects to be funded with the City's allocation of CDBG funds for the Year 2022 as shown in Exhibit A to the Resolution.

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Table 1: Final Recommended 2022 CDBG Funding Allocations

Project and Category	2021 Allocation	2022 Requested	Proposed 2022 Allocation
<b><i>Public Services (15% Cap - \$13,000)</i></b>			
Five Cities Homeless Coalition (5CHC)	\$0	\$13,000	\$13,000
<b>Subtotal</b>	<b>\$0</b>	<b>\$13,000</b>	<b>\$13,000</b>
<b><i>Public Facilities (No Cap)</i></b>			
City of Arroyo Grande – Phase IV Soto Sports Complex Barrier Removal Project at Ikeda Field	\$31,981	\$0	\$0
City of Arroyo Grande – City Hall Front Entrance Barrier Removal Project	\$40,000	\$0	\$0
Curb Ramp and Sidewalk Improvement Project			\$56,333
<b>Subtotal</b>	<b>\$71,981</b>	<b>\$</b>	<b>\$56,333</b>
<b><i>Economic Development (No Cap)</i></b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><i>Area Benefit (30% Cap - \$26,000)</i></b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><i>Housing Rehabilitation (No Cap)</i></b>			
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><i>Administration/Planning and Capacity Building (20% Cap - \$17,333)</i></b>			
City Planning and Capacity Building – ADA Transition Plan	\$6,298	\$6,067	\$6,067
County Administration	\$11,697	\$11,266	\$11,266
<b>Subtotal</b>	<b>\$17,995</b>	<b>\$17,333</b>	<b>\$17,333</b>
<b>Total</b>	<b>\$89,976</b>		<b>\$86,666</b>

**BACKGROUND:**

City Council approved a Cooperation Agreement with the County in July 2020 for the joint participation in the CDBG Program for fiscal years 2021 through 2023. The City, as a participant in the Housing and Urban Development (HUD) designated Urban County program, receives an annual formula-based allocation of CDBG funds. These funds are

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available for a variety of Community Development activities as long as the activities meet at least one of three national objectives. The objectives are:

1. Benefit low- and moderate-income persons;
2. Aid in the prevention or elimination of slums or blight; or
3. Address urgent community development needs that pose a serious or immediate threat to public health or welfare.

The County released a Notice of Funding Availability on September 27, 2021, and notified the public that the County and participating cities would accept applications for funding until November 1, 2021. The 5 Cities Homeless Coalition (5CHC) submitted the only application for funding from the City's allocation of CDBG funds. That request is described in greater detail below.

On December 14, 2021, Council considered preliminary funding recommendations for the 2022 projects. Council supported the recommendation to fully fund the request from 5CHC from the public services category. Funding for public service projects is capped at fifteen percent (15%) of the total allocation, which for this project year is estimated to be \$13,000. The funding is proposed to support 5CHC's services that directly assist homeless individuals in the Arroyo Grande community. Council also preliminarily approved staff's other funding recommendations. Staff proposed that Public Facility funding be used to address sidewalk infrastructure deficiencies near Harloe Elementary, and that Planning and Capacity Building funds be used for the development of an ADA Transition Plan.

**ANALYSIS OF ISSUES:**

The following criteria set forth by the County are used to make CDBG funding recommendations:

1. Consistency with Federal regulations and laws;
2. Community support (for example, approval of the project by a City Council);
3. Seriousness of community development need proposed to be addressed by project;
4. Degree to which project benefits low-income and very low-income families or persons;
5. Feasibility of the project to be completed as budgeted and by December 31, 2022;
6. Cost effectiveness of funds requested and leveraging of other funds; and
7. Organization's experience or knowledge regarding CDBG or HOME requirements.

The Cooperation Agreement between the County and the City provides the City with discretion regarding allocation of funds. Unless the City's recommendation to the County for funding is clearly in conflict with CDBG regulations, the County will approve the recommendation. The County Board of Supervisors will make its final decision for funding priority in the spring of 2022.

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#### Public Services

The competitiveness for public service funds, which is capped at 15% of the City's CDBG allocation, has historically been strong with requests far exceeding available funds. As discussed in recent years regarding CDBG allocations, HUD has significantly increased its monitoring efforts of jurisdictions participating in the CDBG program, which means that local jurisdictions must increase their monitoring efforts of recipients as well. As stated in the Cooperative Agreement, only activities that can either individually or cumulatively receive more than \$8,000 in CDBG funding will be considered due to the staff cost of processing such awards in compliance with federal requirements.

Because public service organizations are more aware of the stricter CDBG regulations, because of the funding opportunity provided to non-profit organizations serving the Arroyo Grande community through the City's Community Service Grant Program (CSGP), and because the City Council had previously directed staff to apply CDBG funds toward Public Facility projects, the City has received very few applications over the past several years for CDBG funding. The lone application submitted by a public service organization for this funding cycle came from 5CHC.

5CHC's application seeks funding to bolster its Shelter and Outreach Services and its Housing Program. Together, these programs provide financial assistance to low income households and individuals facing homelessness. Financial assistance includes rental assistance, deposit assistance, and case management. The total amount of CDBG funds requested by 5CHC from local agencies is provided in Table 2.

**Table 2.**

<b>Agency</b>	<b>Amount Requested</b>
City of Arroyo Grande	\$13,000
City of Atascadero	\$2,100
City of Morro Bay	\$900
City of Paso Robles	\$3,500
City of Pismo Beach	\$5,245
City of San Luis Obispo	\$7,500
County of San Luis Obispo	\$57,655
Total:	\$89,900

During the City Council's consideration of the City's 2021 CDBG allocations, Council directed staff to prioritize the City's available public service allocation of CDBG funding for homeless services in future years. Consistent with this direction, staff is recommending approval of 5CHC's request for \$13,000 to support its services for individuals facing homelessness. CDBG allocations are only estimates at this time, so in the event that the City's total funding amount increases, the amount of funding directed to 5CHC's request would also increase.

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#### Public Facilities

One of the City's highest priorities is addressing Americans with Disabilities Act (ADA) accessibility deficiencies. During the last several years (with the exception of Year 2018), Council has allocated the majority of CDBG funds to help pay for disabled access barrier removal projects throughout the City. These projects include Hoosegow Park ADA improvements, mid-block crosswalk ADA improvements, the Arroyo Grande Woman's Club building barrier removal project, and various barrier removal projects at the Soto Sports Complex.

Last year, Council approved \$71,981 in CDBG funds to be used for barrier removal projects under the Public Facilities category. Funding from 2019, 2020, and 2021 was allocated to Phase IV of the Soto Sports Complex Barrier Removal Project at Ikeda Field, which was completed this year. \$40,000 from last year's funding was also allocated to be used for barrier removal at the front entrance of City Hall.

#### *Curb Ramp and Sidewalk Improvement Project*

Staff proposes \$56,333 of the 2022 CDBG funds be allocated to improving curb ramp and sidewalk improvement infrastructure to aid in the accessibility for residents with disabilities. There are hundreds of locations throughout the City in need of ADA compliant curb ramps. Public Works and Engineering staff identified locations near Harloe Elementary as priorities for curb ramp replacement and sidewalk infill. Specifically, the northeast and southeast curb ramps at the intersection of Alder Street and Farroll Avenue would be replaced with ADA compliant curb returns. Additionally, the project proposes to replace the northeast and southeast curb ramps at the intersection of Alder Street and Sandalwood Avenue. The final piece of the project is approximately forty lineal feet of sidewalk infill that would begin at the new curb ramp at the southeast corner of Alder Street and Sandalwood Avenue and terminate into the first existing driveway approach to the south on Alder Street. Upon completion of the work described, the route to Harloe Elementary via Alder Street, south from Ash Street and north from Cameron Court will have ADA compliant curb ramps at each corner.

#### Housing Rehabilitation

The City did not receive any requests for housing rehabilitation projects.

#### Economic Development

The City did not receive any requests for economic development projects.

#### Area Benefit

The City did not receive any funding requests for this category.

#### Administration/Planning and Capacity Building

Planning and capacity building funds are limited to a 20% cap. Pursuant to the Cooperation Agreement between the County and the City, 65% of the 20% of available

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funds for planning and capacity building/administration, or \$11,266, will be deducted by the County to meet its obligations under the terms of the agreement for administrative costs. The remaining 35% of the total available 2022 funds, or \$6,067 is recommended to be allocated for planning and capacity building for development of an ADA Transition Plan.

Under Title II of the ADA, the City is required to have a current Self-Evaluation and Transition Plan. In order to complete this plan, the City will need a comprehensive inspection and evaluation identifying potential barriers in all City owned facilities (including buildings, parks, parking lots, public rights-of-way, and bike paths). Once the inspections and evaluation are completed, a final report will be prepared identifying priority projects. Staff has coordinated with CJPIA and their sub-consultants, Disability Access Consultants (DAC), to obtain a project proposal, scope of work, and estimated budget. The total estimated cost to the City for this project is \$88,225. Funding from the 2021 CDBG program provided \$6,298 towards this project. The combined funding from both the 2021 and 2022 CDBG program years, \$6,298 and \$6,067 respectively, would decrease the total cost of an ADA Transition Plan to \$75,860. Additionally, staff has identified a financing program for ADA projects through CJPIA that may be of assistance in this project.

**ARROYO GRANDE COMMUNITY SERVICE GRANT PROGRAM (AGCSGP)**

In response to CDBG funding limitations and restrictions, the City established the Arroyo Grande Community Service Grant Program in 2014, separate and apart from the CDBG program. This program typically provides \$20,000 to eligible non-profit organizations that offer specialized social service, educational, cultural, beautification and recreational programs and projects benefitting Arroyo Grande citizens. The budget for the AGCSGP for fiscal year 2021-22 is \$82,065, with the additional funding coming from American Rescue Plan Act funding allocated to the City. Twenty-two (22) applications were submitted requesting a total of \$169,178 for this year's program. The grant review panel is anticipated to convene in the coming weeks and funding recommendations will be presented to Council for consideration shortly thereafter.

For reference, the City has funded 5CHC in the past through the AGCSGP for support services and related activities as provided in Table 3 below.

**Table 3: Past AGCSGP Allocations to 5CHC**

<b>Program Year</b>	<b>5CHC Amount Allocated</b>
2015	\$1,500
2016	\$2,000
2017	\$2,500
2018	\$2,500
2019	NA

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2020	\$5,500
2021	\$16,500
<b>Total:</b>	<b>\$30,500</b>

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Conduct a public hearing and adopt the Resolution approving final funding recommendations for the CDBG projects for the Year 2022, as proposed in Table 1 on page 2 of this staff report;
2. Conduct a public hearing, modify, and adopt the Resolution approving final funding recommendations for the CDBG programs for the Year 2022; or
3. Provide other direction to staff.

**ADVANTAGES:**

The recommended 2022 CDBG allocations fund important City priorities, align with Council's direction to support homeless services, and are consistent with the Cooperation Agreement between the County and City. The City's AGCSGP provides an additional funding opportunity, separate from CDBG, for local public service programs that address unmet needs in the community.

**DISADVANTAGES:**

There are no disadvantages identified at this time.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

A public hearing notice was published in The Tribune on Friday, January 28, 2022. The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**Attachments:**

1. Proposed Resolution
2. Cooperation Agreement between the County of San Luis Obispo and the City of Arroyo Grande for the joint participation in the CDBG program, the HOME Investment Partnerships Program, and the Emergency Solutions Grant Program for Fiscal Years 2021 through 2023
3. 5CHC 2022 CDBG Application