



**AGENCY:** City Council  
**MEETING DATE:** February 9, 2015  
**DEPARTMENT:** Community Devel.  
**PRESENTED BY:** J. Owen

## AGENDA ITEM SUMMARY

**TITLE:**

**RECEIVE REPORT, CONDUCT PUBLIC HEARING, AND CONSIDER ADOPTION OF CITY COUNCIL RESOLUTION TO ADOPT PROGRAM GUIDELINES FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) MICROENTERPRISE GENERAL SUPPORT SERVICES**

**ISSUE:**

The City's 2014 Community Development Block Grant (CDBG) #14-CDBG-9881 includes funding to implement a Microenterprise Assistance Program. The grant application for Microenterprise Assistance Program included allocations for Technical Assistance, Financial Assistance, and for the first time, funding for Microenterprise Assistance General Support Services was also requested and awarded. General Support Services may be offered to eligible Microenterprise Assistance program clients to enable program participants to be more successful in their business creation or expansion efforts. Pursuant to CDBG regulations, Microenterprise General Support Services Program Guidelines must be adopted before any program funding will be released by CDBG. Staff was provided with a template for Program Guidelines from CDBG, and staff thoroughly reviewed and edited the template so that it reflects local practice as well as CDBG and federal regulations. CDBG staff reviewed the City's draft General Support Services Guidelines and provided preliminary approval. Prior to adopting the resolution authorizing the Program Guidelines, a public hearing must be held to receive comments about the Program Guidelines. Once the Program Guidelines have been adopted locally, they will be sent to CDBG for final state approval.

**RECOMMENDED ACTION:**

Adopt City Council Resolution to Adopt Program Guidelines for the Community Development Block Grant (CDBG) Microenterprise General Support Services

**ALTERNATIVE ACTION(S):**

1. No action. Under this alternative, the City would not be allowed to provide Microenterprise General Support Services as funded.
2. Recommend further changes to the General Support Services Program Guidelines. This action would require CDBG preliminary approval followed by a subsequent Public Hearing and adoption process, then final CDBG approval, which would further delay the program start date.

**ANALYSIS:**

The City has received CDBG funding and operated Microenterprise Assistance programs for many years. In the past three grant cycles, the City received both Microenterprise Technical Assistance and Microenterprise Financial Assistance funding. In the 2014 grant application, current Microenterprise Program Operator, West Company, recommended that the City request a small amount General Support Services funding in order to reach previously underserved residents and give them more opportunities to benefit from the program. Examples of eligible support costs include child care, transportation, counseling and peer support groups. General Support Services may only be offered in conjunction with Microenterprise Technical Assistance or Financial

Assistance services. The City was awarded \$232,558 for Microenterprise Assistance, including \$194,651 for Technical Assistance, \$27,907 for Financial Assistance, and \$10,000 for General Support Services.

As with many CDBG programs, Program Guidelines are required to ensure that CDBG funding is expended in accordance with federal, state and local regulations. Proof of approved Program Guidelines must typically be submitted by jurisdictions to CDBG with each new grant award, as part of grant "Special Conditions" clearance tasks. Grant Special Conditions must be cleared before grant activity funds may be expended. In order to clear grant Special Conditions for the 2014 grant award, the City must submit locally approved General Support Services Program Guidelines.

CDBG recently updated its Grant Management Manual to provide sample Program Guidelines for each of the Microenterprise Assistance programs. The proposed General Support Services Program Guidelines follow the CDBG sample guidelines with no significant departures from the template. The proposed Program Guidelines were submitted to CDBG and preliminary approval was received from CDBG staff.

The proposed General Support Services Program Guidelines provide program parameters, and there is no requirement that the City's current program must offer all allowable components of a Support Services program. The proposed Program Guidelines include the following information:

1. Program overview including general program description, the City's role as grantee, program service area, and funding source;
2. Program Requirements including applicant eligibility requirements, eligible program costs, and definitions of eligibility standards for microenterprises and income limitations;
3. Application processing and procedures, including initial program marketing, qualification process, and applicant rights;
4. Program delivery and design, including applicant needs assessment and description of allowable program components. A General Support Services Program may include the following components:
  - Dependent care: for documented costs to a licensed caregiver so that a micro-entrepreneur can access Microenterprise Assistance Program services;
  - Transportation cost reimbursement: for documented costs needed to access Microenterprise Assistance Program services;
  - Counseling services: Services may include life management, drug or alcohol counseling, and business-related legal services. Need for services as related to removal of barriers to the micro-business owner starting or continuing business operations must be documented.

If local approval of the Program Guidelines is authorized by City Council, staff will submit the General Support Services Program Guidelines to CDBG for final state approval. Once final approval is obtained, and after the grant agreement is executed and all other grant Special Conditions items are submitted and approved, CDBG will authorize the Microenterprise Assistance Program to start.

**FISCAL IMPACT:**

The Microenterprise Program is fully funded by CDBG. A Microenterprise Assistance Program Operator will be procured through a CDBG-compliant Request for Proposals process to operate the Microenterprise Program, including Technical Assistance, Financial Assistance, and Support Services. It is anticipated that the City's program operator will utilize most or all of the

Microenterprise Assistance funding of \$232,558 for the grant period (expected to be approximately two and one-half years). In addition to Microenterprise Assistance “activity” funding, CDBG provides General Administration funding for CDBG program administration. General Administration was funded for the 2014 CDBG grant at 7% of the entire \$2 million award, and this funding is adequate and available to manage the microenterprise activities funding under the 2014 grant as well as other CDBG activities.

**CONSISTENCY:**

The Microenterprise Assistance Program supports the City of Fort Bragg Economic Development Strategy 2014-2019, Priority 1: Jobs, Strategy 1.1 “Proactively Recruit New Business” and Strategy 1.2 “Actively Grow and Retain Business.”

**IMPLEMENTATION/TIMEFRAMES:**

If Council approves the Program Guidelines, the Adopting Resolution and Program Guidelines will be submitted to CDBG for final review and approval. After the 2014 grant is executed and after all grant special conditions are cleared, a Microenterprise Assistance Program Operator will be procured. After a Program Operator is hired, the Microenterprise Assistance program funded under the 2014 grant will commence, including General Support Services. The program funded under the 2014 grant is expected to continue until September 30, 2017.

**ATTACHMENTS:**

1. Public Hearing notice.
2. Proposed Resolution adopting Microenterprise General Support Service Program Guidelines, with attached Program Guidelines.

**NOTIFICATION:**

1. Pamela Patterson, West Company

**City Clerk’s Office Use Only**

Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____	Ordinance No.:	_____
Moved by:	_____	Seconded by:	_____
Vote:	_____		
<input type="checkbox"/> Deferred/Continued to meeting of:	_____		
<input type="checkbox"/> Referred to:	_____		