



**AGENCY:** City Council  
**MEETING DATE:** June 8, 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) HELP H2O PROGRAM**

**ISSUE:**

The City's 2014 Community Development Block Grant (CDBG) #14-CDBG-9881 includes funding to implement the Home Energy Link Program – Water (known as HELP H2O). The HELP H2O program provides emergency, one-time-only matching payments for residential water utility bills of income-qualified City residents. The funds are provided to qualified residents in conjunction with water conservation assistance (HELP Plus), with an overall program goal of improving water conservation.

Pursuant to CDBG regulations, HELP H2O Program Guidelines must be adopted before program funding is released by CDBG. Program Guidelines provide information about program requirements and operation and ensure compliance with all CDBG federal and state eligibility and overlay requirements. Staff developed HELP H2O Program Guidelines based on templates for similar CDBG programs. The draft Program Guidelines were presented to the Council's Finance and Administration Committee for review and comment on May 6, 2015, and no changes were recommended. The draft Program Guidelines were submitted to CDBG for preliminary review, and one minor recommended change has been incorporated. 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 Community Development Block Grant (CDBG) HELP H2O Program.

**ALTERNATIVE ACTION(S):**

1. No action. Under this alternative, the City would be unable to provide the HELP H2O program.
2. Recommend further changes to the HELP H2O Program Guidelines. This would require CDBG preliminary approval, a subsequent Public Hearing and adoption process, then final CDBG approval, which would delay the program start date.

**ANALYSIS:**

After a CDBG-compliant public participation process, City Council approved submittal of a 2014 CDBG grant application in April 2014 that included two related programs called HELP Plus and HELP H2O. HELP Plus is modeled after a prior Home Energy Link Program (HELP) funded by the 2010 CDBG grant and operated by Renewable Energy Development Institute (REDI). In the 2014 application, the HELP Plus program was enhanced to add water conservation tools and education in order to address City efforts to promote water conservation. HELP H2O Program was

developed as a companion program to HELP Plus, in order to assist low- and moderate-income residents with their water bills while also providing water conservation counseling.

The City was awarded \$213,953 for HELP Plus and \$65,116 for HELP H2O. On February 23, 2015, City Council approved a subrecipient agreement with REDI for operation of both the HELP Plus and HELP H2O programs.

HELP H2O is categorized by CDBG as a subsistence program, for emergency payments to income-qualified persons or households. HELP H2O is modeled after similar programs such as PG&E's HEAP (Home Energy Assistance Program) and the City of Ukiah's CARES (City Assistance for Relief through Energy Support) Program. HELP H2O provides one-time-only matching payments to low-income City utility bill payers whose accounts are past due. The Program payment is limited to 50% of the past due utility bill, and program participants must pay the balance of the bill before the Program will assist. The Program cannot pay late fees or shut-off fees. As a condition of participation in the program, participants must complete a simple Home Water Audit and must agree to participate in water conservation education and counseling.

The purpose of the one-time-only payment is to break a typically recurring cycle of late payments that result in shut-off fees. The goal is to allow qualifying account holders the opportunity to catch up with their payments and then through water conservation education to help participants reduce their water bills so that they can stay current with future bills. As part of the water education component, program participants will receive a "water kit" containing water conservation tips as well as items such as leak detection kits and faucet aerators.

Prior to launching HELP H2O, the City must approve Program Guidelines. The locally approved Program Guidelines will be submitted to CDBG for approval along with other grant General Conditions items. The program may commence after CDBG clears all general conditions. CDBG has recently cleared General Conditions for the HELP Plus program, which offers energy and water conservation, education, and linkage to other assistance programs, for all City residents. REDI is setting up program offices for both HELP Plus and HELP H2O at 310 East Redwood Avenue (within the Mendocino Private Industry Council office suite).

Once general conditions are cleared by CDBG, HELP H2O will launch and will operate until the funding is fully disbursed or until the grant expenditure termination date of October 31, 2017, whichever comes first. Total funding for water bill subsidies is approximately \$33,000. Finance Department data shows that on average, 35 customers per month incur water shut-off due to non-payment of bills. The amount of assistance per participant should average \$75 per customer, which could allow subsidies for 400 customers.

The enclosed HELP H2O Program Guidelines are based on CDBG guidelines for other public service programs. The Program Guidelines provide information for program participants about program particulars as well as funding sources and associated regulations.

The Program Guidelines include the following sections:

- 1.0 Introduction and summary of the program and goals.
- 2.0 Program overview, including program administration, the service area, and funding source.
- 3.0 CDBG program requirements, including participation eligibility, timeframe for receiving services, need to meet a CDBG National Objective, and other applicable federal regulations.
- 4.0 Application process including program marketing and outreach, equal opportunity compliance, application procedures, confidentiality requirements, dispute resolution and appeals procedure, and definition of exceptions.

5.0 Program Service Delivery, including applicant eligibility process, calculation of subsidy payments, and information about required water conservation education and counseling.

6.0 Program Oversight by the City is described including use and oversight of the Program Operator and tracking of program participation and activities.

The Program Guidelines have three attachments including, once adopted, City Council's Resolution approving the Program Guidelines; current CDBG Income Limits; and a sample HELP H2O Program Application.

The draft Program Guidelines were presented to the Council's Finance and Administration Committee (FAC) on May 6, 2015, for review. The FAC recommended no changes, and staff then submitted the Program Guidelines to CDBG for preliminary approval. CDBG recommended clarification to Section 4.6 "Exceptions/Special Circumstances", and staff added the sentences "Exceptions to these guidelines are limited to those that do not conflict with Federal regulations. Exceptions will require City Council and Department approval." This addition was acceptable to CDBG staff.

**FISCAL IMPACT:**

Direct activities of the HELP H2O Program are fully funded by CDBG. All grant activity funds have been allocated to REDI to operate the program. In addition to the HELP H2O 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 (\$139,535). Staff time required to administer the HELP H2O program is expected to be minimal and will be funded by grant General Administration funding.

**CONSISTENCY:**

In addition to overall energy conservation measures, water conservation is included as a recommended practice in the City's 2012 Climate Action Plan. Energy efficiency measures and water conservation are also addressed in the Sustainability Element (09) and Housing Element (10) of the Inland General Plan. Implementation of the Climate Action Plan and increased energy Independences are also addressed in the City's 2014 Economic Development Strategy, Priorities 4.1 and 4.2.

**IMPLEMENTATION/TIMEFRAMES:**

If Council approves the Program Guidelines, the Resolution and Program Guidelines will be submitted to CDBG for final review and approval along with other required Public Service Activity General Conditions Clearance items. After grant General Conditions are cleared, REDI will commence the HELP H2O activity. The program will continue until all funds are expended or until the grant expenditure termination date October 31, 2017, which ever date comes first.

**ATTACHMENTS:**

1. Proposed Resolution
2. Resolution Exhibit A - Draft Program Guidelines
3. Public Hearing Notice

**NOTIFICATION:**

1. Keith Rutledge

**City Clerk's Office Use Only**

Agency Action     Approved     Denied     Approved as Amended

Resolution No.: \_\_\_\_\_ Ordinance No.: \_\_\_\_\_

Moved by: \_\_\_\_\_ Seconded by: \_\_\_\_\_

Vote: \_\_\_\_\_

Deferred/Continued to meeting of: \_\_\_\_\_

Referred to: \_\_\_\_\_