



AGENCY: City Council  
MEETING DATE: July 14, 2014  
DEPARTMENT: Community Devel.  
PRESENTED BY: J. Owen

## AGENDA ITEM SUMMARY

**TITLE:**

**RECEIVE REPORT AND CONDUCT PUBLIC HEARING REGARDING: ANNUAL GRANTEE PERFORMANCE REPORTS ON ACTIVITIES FUNDED BY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM: 1) 12-CDBG-8388 HOMELESS MENTAL HEALTH INTERVENTION PROGRAM, HARRISON STREET HOUSE TRANSITIONAL HOUSING REHABILITATION PROJECT, AND MICROENTERPRISE ASSISTANCE PROGRAM; AND 2) CDBG PROGRAM INCOME FUND**

**ISSUE:**

The most recent state and federal Community Development Block Grant (CDBG) regulations pertaining to citizen participation require that grantees hold public hearings at the end of each program year and prior to submittal of the annual Grantee Performance Report (GPR) forms. Submittal of GPR forms is required for all open grants and CDBG Program Income activities that have accomplishments to report. The GPR forms are due to CDBG by July 31<sup>st</sup> of each year.

At this time, the City has one CDBG grant for which a non-closeout, annual GPR report is required. Although a Program Income GPR may not be required for the fiscal year ended June 30, 2014, information regarding the status of the City's Over-the-Counter (OTC) application is included for informational purposes. A status report is also provided for the City's 2014 CDBG grant application.

The public hearing and the reports are intended to disclose progress and accomplishments under the grants.

**RECOMMENDED ACTION:**

No specific action is required of Council. The purpose of this item is to provide a report and conduct a required Public Hearing on the following: Annual Grantee Performance Reports on activities funded by the CDBG Program: 1) 12-CDBG-8388 Homeless Mental Health Intervention Program, Harrison Street House Transitional Housing Rehabilitation Project, and Microenterprise Assistance Program; and 2) CDBG Program Income Fund.

**ALTERNATIVE ACTION(S):**

None.

**ANALYSIS:**

The City of Fort Bragg has an active and successful CDBG program that addresses a wide range of community and economic development activities. As a CDBG grantee, the City is required to submit a variety of reports on an interim and annual basis, including annual Grantee Performance Reports (GPRs). The GPRs are required by the State Housing and Community Development Department (HCD) in order to generate information required by the U.S. Department of Housing and Urban Development (HUD) related to performance measurements. The GPR collects one year of information on each activity funded by a Standard Agreement or with Program Income. Performance information collected on the GPRs is designed to feed into HUD's Integrated Disbursement and Information System (IDIS). The data is submitted in an Excel spreadsheet and

consists primarily of demographic information about beneficiaries of CDBG-funded activities. The GPR reports are due to CDBG by July 31 of each year and along with all other non-confidential CDBG data, the reports will be available to the public at that time. The purpose of this report is to disclose progress and accomplishments under open grants and program income, including but not limited to the statistical data that will be submitted to CDBG in the GPRs.

### **CDBG General Accomplishments and Activities**

During FY 2013/14, City staff continued to administer the 2012 CDBG “Super NOFA” grant. This grant will terminate September 30, 2017, and funds must be expended by September 30, 2015, unless extended. In addition, during FY 2013/14, the City administered a Planning and Technical Assistance (P/TA) grant that terminated December 31, 2013. A close-out package for the P/TA grant, which funded the Water Distribution Study (Phase 1), the Guest House Museum Master Plan, and the Economic Development Plan and Strategy Update, was submitted to CDBG as required in January 2014.

### **CDBG Administrative Activities**

Staff was engaged in typical CDBG administrative tasks throughout the fiscal year including program management, grant reporting, and monitoring of sub-recipient and sub-contractor activities. Staff assisted business loan program consultant Jeff Lucas of Community Development Services (CDS) in pre-application and application activities related to the Over-the Counter (OTC) 2013 CDBG application for a business loan. Final approval of the 2013 OTC application occurred last week. Staff also completed design phase tasks and application development for the \$2 million 2014 “Super NOFA” grant application that was submitted in April 2014. Award announcements for the 2014 application are to be released in August 2014. In addition, the state CDBG program has been working over the past year on significant program changes in order to bring activities, especially Program Income activities, into compliance with HUD regulations. Staff member Jennifer Owen was appointed to the state CDBG Advisory Committee in September 2013. The initial task of the Advisory Committee was to review and comment on proposed Program Income changes and impacts to grantees. Although the Advisory Committee work required a significant amount of staff time in March through June 2014, staff was pleased to be able to voice concerns and assert influence on a small range of outcomes that were discretionary on CDBG’s part. CDBG released final guidance regarding the Program Income Rule Changes on June 24, 2014. City Council will be asked to provide direction regarding specific aspects of these rule changes in the near future.

### **CDBG Grant-Specific Status and Activities**

The following table summarizes activities and status of the 2012 “Super NOFA” grant, the 2013 OTC application, and the 2014 Super NOFA application. Activities funded by the 2011 Planning & Technical Assistance grant were previously presented to City Council when the grant close-out public hearing was held in December 2013. Activities included in the 2013 OTC application and the 2014 CDBG application are provided for informational purposes only as grant awards have not been announced. A full report from sub-recipient program operator Mendocino Coast Hospitality Center about the Homeless and Mental Health Intervention Program (HMHIP), which is funded by the 2012 CDBG grant, is provided as Attachment 2.

Grant Number, Allocation	Grant Amounts and Activities	Grant Status/ Accomplishments
<p>12-CDBG-8388</p> <p>2012 “Super NOFA” –Economic &amp; Community Development allocations</p> <p>Grant expenditure termination date is Sept. 30, 2015</p> <p>Grant close-out date is Sept. 30, 2017</p>	<p>\$1,525,000 awarded for:</p> <p>(1) Homeless transitional housing facility rehabilitation \$670,625;</p> <p>(2) Homeless Mental Health Intervention Program (HMHIP) \$462,500;</p> <p>(3) Microenterprise Assistance \$277,500;</p> <p>(4) General Administration \$114,375</p>	<p>Harrison Street House Rehabilitation Project was completed in June 2014.</p> <p>HMHIP program operators MCHC and MCC are continuing to provide client assistance.</p> <p>Microenterprise assistance activities are in process and proceeding per grant projections. No micro-loans have been issued to date.</p>
<p>2013 Over-the-Counter application</p>	<p>Application for up to \$846,151 was submitted April 2014 including request for:</p> <p>(1) General Administration funds: up to \$50,000;</p> <p>(2) Activity Delivery funds: up to \$40,000;</p> <p>(3) Loan funds/Sportz Investments Inc.: up to \$746,151</p>	<p>Invitation for full application submittal issued by HCD on 2/27/14</p> <p>“Pre-application” public hearing held by City on 3/10/14</p> <p>Full application submitted 4/18/14</p> <p>HCD site visit 5/6/14</p> <p>HCD Internal Loan Committee meeting to consider approval scheduled for 6/30/14.</p>
<p>2014 Super NOFA application</p>	<p>Application for up to \$2 million was submitted April 2014 for:</p> <p>(1) Microenterprise Assistance: up to \$250,000</p> <p>(2) Homeless Services Facility Acquisition/Rehab: up to \$1,250,000</p> <p>(3) Garden Vocational Ed Program: up to \$200,000</p> <p>(4) HELP Plus Program: up to \$230,000</p> <p>(5) HELP H2o Program: up to \$70,000</p> <p>(6) General Administration funds: up to 7.5% of each funded activity (up to \$139,535)</p>	<p>Awards are to be announced August 2014.</p> <p>For funding awards, activities would be expected to commence by March 2015. Grant funds may be awarded for all, none, or part of the application.</p>

### CDBG Program Income

In addition to the above open grant activities, the City tracks CDBG Program Income. Program Income results when loans issued by the City with CDBG funding are repaid to the City through loan principal and interest payments. Program Income also is increased by interest earnings on Program Income cash balances. Per current (and newly issued) CDBG regulations, annual Program Income that totals less than \$35,000 can be “de-federalized” and used for any General

Fund purposes. Program Income rules are significantly different effective July 1, 2014, and after July 1, 2014, all Program Income balances on hand will be required to be spent unless directed to a newly constituted and HCD-approved Revolving Loan Fund.

As of mid-June, the City's fiscal 2013/14 Program Income receipts, totaling approximately \$53,000, were over CDBG's annual reporting threshold of \$35,000, so all amounts will be required to be included as CDBG Program Income. There were no Program Income expenditures for CDBG activities (loans and related activity delivery) in fiscal 2013/14. General Administration expenditures may be charged to Program Income General Administration balances as of June 30, 2014, but more information is needed from CDBG regarding detail of the new Program Income rules before those allocations will be finalized. Accumulated Program Income funds on hand as of year-end are expected to be approximately \$56,000.

**FISCAL IMPACT:**

Submittal of annual GPR reports does not require expenditure of funds except for staff time. Submittal of required reports ensures compliance with CDBG grantee requirements, which is necessary in order to avoid repayment of any grant funds to CDBG. The CDBG program has a positive fiscal impact on the City by providing funds for services, programs and activities that contribute to Fort Bragg's community and economic development, particularly for low and moderate-income persons. Other sources of funding for these activities are limited or unavailable. In addition, the City receives Program Income from loans made using CDBG funds, and this revenue stream is available for a range of activities as described in the City's Program Income Reuse Plan or as allowed under new CDBG rules effective July 1, 2014. The City must supervise and provide administrative support for all grants, and these tasks are adequately funded by CDBG General Administration allocations.

**CONSISTENCY:**

Submittal of annual GPR reports after holding a public hearing is consistent with reporting and public participation requirements identified in the City's CDBG grant agreements, in the CDBG Grant Management Manual, in CDBG Grant Management Memos, in state Housing and Community Development (HCD) Department regulations, and in federal Housing and Urban Development (HUD) rules and regulations.

**IMPLEMENTATION/TIMEFRAMES:**

Annual Grantee Performance Reports must be submitted to CDBG by July 31, 2014. The City is required to hold a public hearing to solicit public comment regarding CDBG activities prior to submittal of the annual reports.

**ATTACHMENTS:**

1. Public Hearing Notice.
2. Homeless Mental Health Intervention Program Annual Report

**NOTIFICATION:**

1. Anna Shaw, Mendocino Coast Hospitality Center
2. Paula Cohen, Mendocino Coast Clinics
3. 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:	_____		