

**CITY MANAGER'S REPORT  
MARCH 11, 2019 REGULAR CITY COUNCIL MEETING**

**ITEM: PUBLIC HEARING (PUBLISHED NOTICE) TO  
CONSIDER CDBG AND HOME FUNDING  
ALLOCATIONS FOR FY 2019/2020**

**RECOMMENDATION: Council to Consider the Following:**  
**1. Hold a Public Hearing; and**  
**2. Adopt Resolution Recommending the Allocation of  
the CDBG and HOME Funds for FY 2019/2020**

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**SUMMARY:**

Each year the City of Lathrop (City) receives an allocation of Community Development Block Grant (CDBG) and HOME Investment Partnership Act (HOME) funds. Both programs are funded by the U.S. Housing and Urban Development Department (HUD), and administered by San Joaquin County, under the Urban Cooperative Agreement between San Joaquin County and the cities of Escalon, Lathrop, Manteca, Ripon, and Tracy.

Recently, the County developed a new set of funding guidelines to better meet the needs of the community and the requirements set forth by HUD. The following are important highlights of the changes that are now in effect:

- Multi-entitlement agencies must apply directly to San Joaquin County for both County and City funding.
- The City will impose a 50% expenditure rule for each agency that has received funding. The expenditure rule will require grantees to expend and report 50% of its current or past year's allocations, prior to applying for future funds.
- The minimum public service grant request for local organizations should be at least \$5,000.00.
- Cities will be recommending the allocation of funds to the County and HUD.

This fiscal year 2019/2020, the City of Lathrop is expected to receive approximately \$78,164 in CDBG funds and \$19,970 in HOME funds. Before CDBG and HOME funds can be allocated, the City Council must conduct a public hearing to consider funding requests. Staff published a legal advertisement on March 1, 2019 promoting the availability of CDBG and HOME funds and to solicit applications.

The process for allocating these funds to identified local activities is a three-step process, as outlined below:

- STEP 1. Allocate the service organization funds (15% of total CDBG funds.)
- STEP 2. Allocate 85% of CDBG funds to eligible capital facility projects.
- STEP 3. Allocate HOME funds to an eligible program administered by the County.

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Staff recommends that the City Council consider the information given at the public hearing and during the staff presentation, and make a recommendation for allocating the 2019/2020 fiscal years CDBG and HOME funds. Thereafter, all projects will be screened by the San Joaquin County Community Development staff to verify eligibility under HUD regulations.

**BACKGROUND:**

The City of Lathrop, in accordance with the Urban Cooperative Agreement with San Joaquin County, will make recommendations to allocate \$11,724 (15% of the total \$78,164 CDBG funds) for public services, breakdown as follows:

- \$5,000 for local organizations.
- \$6,724 to be proportionally allocated to multi-agency organizations

**STEP 1: Allocate funds to Public Service Organizations****Multi-agency Organizations:**

Multi-agency Organization applicants include Meals on Wheels, Emergency Food Bank, Second Harvest, San Joaquin Fair Housing, and Give Every Child a Chance (GECAC). Each of these organizations have applied directly to the County for both County and City funding which qualifies/defines them as multi-agency organizations.

The following summaries of the multi-agency applicants describe the services provided by each agency to the citizens of the City of Lathrop, and the amounts the organizations have requested:

**San Joaquin Fair Housing **\$1,000****

The San Joaquin Fair Housing Board processes housing discrimination complaints and provides housing information to the public. It is important to note that it is mandated by HUD that each jurisdiction is required to include their proportionate share of the anticipated expenditures by San Joaquin Fair Housing for the fiscal year. In other words, the \$1,000 is a requirement. The program expects to benefit about 220 Lathrop residents.

**Give Every Child a Chance **\$5,000****

Give Every Child a Chance (GECAC) is a literacy based mentor/tutoring program, which provides free tutoring to students who are having difficulties passing proficiencies, or have a "D" or "F" on their report card. Programs are conducted year round. All sites are open each day after school during the school year and a summer drop in program is available as well. Classes for Lathrop are held at Lathrop School, Joseph Widmer School, Mossdale School, Lathrop High School and a summer site (which is usually conducted at Our Lady Guadalupe Church). For FY 19-20, GECAC anticipates providing services to about 225-265 Lathrop children.

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The funds requested will be used to provide supplies and nutritious snacks for the students at the beginning of each tutoring session.

**Stockton Emergency Food Bank – Mobile Farmer **\$1,000****

The Stockton Emergency Food Bank operates from its onsite food pantry as well as its 12 satellite food pantries and over 60 Mobile Farmer's Market (MFM) sites throughout the county. Of the 60 sites currently visited by the Mobile Farmer's Market one day per month, three are in Lathrop; Head Start, Senior Center, and Our Lady of Guadalupe Church. The requested funds help provide access to fresh fruits and vegetables along with nutrition education to various underserved areas throughout San Joaquin County, free of charge. The program expects to serve 989 residents of Lathrop.

**SJC Human Services Agency – Meals on Wheels **\$1,000****

The Home Delivered Meals Program "Meals on Wheels" serves seniors throughout the county by providing a package of five meals delivered once a week. The program goals are targeted to reduce social isolation and to promote better health by providing nutritional meals to seniors who are homebound by reason of illness or disability, or who are otherwise isolated. The program is mandated by the Older Americans Act and administered through the Department of Aging. The requested funds will be spent on operational costs associated with the procurement of meals, delivery, and other associated expenses. The program expects to benefit seven (7) senior residents of Lathrop.

Local Organizations:

Organizations whose services and operations are limited to specific cities are considered Local Organizations. They are encouraged to apply directly to the cities they serve. For FY 2019-20, the City has received two applications from local organizations. The following summaries of the local applicants describe the services provided by each agency to the citizens of the City of Lathrop, and the amounts the organizations have requested:

**City of Lathrop Activity Assistance Program **\$5,000****

The Activity Assistance Program, formerly the Youth Scholarship Program, is administered by the City Parks & Recreation Department. Previously limited to the youth, the new program is now designed to extend assistance to all families and individuals who meet low household income guidelines established by HUD. qualified participants receive assistance to participate in recreation services and activities. Each individual is eligible to use up to \$250 annually, but only 50% of the program fees may be covered through the Activity Assistance Program; families must pay the remaining percentage.

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**Boys & Girls Club of Manteca/Lathrop **\$5,000****

The Lathrop Boys & Girls Club operates an after-school program at Lathrop Elementary School. The Lathrop Club offers the following programs to youth on a daily basis: Health & Life Skills, the Arts, Character & Leadership Development, and Sports Fitness & Recreation. The requested funds will be used to purchase various supplies and materials for the ongoing activities and a portion of the salary and benefit costs. The Club is expected to benefit approximately 63 children of low income families.

During the previous year, the Boys and Girls Club of Manteca and Lathrop Parks & Recreations Youth Scholarship Program were received CDBG funding allocations of \$5,000 each. To date, Boys and Girls Club has successfully used 100% of their funds.

On the other hand, the Youth Scholarship Program, now a part of the Activity Assistance Program, has not disbursed the required percentage of their award. Due to the funding guidelines that requires grant applicants to expend at least 50% of the previous years' grants, the Parks and Recreations Department Activity Scholarship Program is disqualified from the awarding process. They will have a chance to re-apply next awarding cycle.

With these considerations, Staff recommends allotment to each qualified public service organization as follows.

**SERVICE ORGANIZATIONS ALLOTMENT SUMMARY**

<b>Organization</b>	<b>Requested Amounts for FY 19/20</b>	<b>Recommended Allotment for FY 19-20</b>
<b>San Joaquin Fair Housing</b>	\$1,000	<b>\$1,000</b>
<b>Give Every Child a Chance (GECAC)</b>	\$5,000	<b>\$3,724</b>
<b>Emergency Stockton Food Bank Mobile Farmer's Market</b>	\$1,000	<b>\$1,000</b>
<b>Human Services Agency, Meals on Wheels</b>	\$1,000	<b>\$1,000</b>
<b>City of Lathrop Activity Assistance Program</b>	\$5,000	<b>\$0</b>
<b>Boys &amp; Girls Club of Manteca &amp; Lathrop</b>	\$5,000	<b>\$5,000</b>
<b>TOTAL FUNDS REQUESTED</b>		<b>\$11,724</b>

**STEP TWO: Eligible Capital Facility Project**

According to HUD requirements, the City of Lathrop may use 85% of the CDBG allocation (\$66,439) for eligible capital facility projects and administration. In addition, San Joaquin County has offered an extra \$17,000 in public facility funding, thereby increasing our available capital facility fund to a total of \$ 86,439.

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This year, the Parks and Recreations Department has submitted a Senior Center Rehabilitation project that meets the criteria to be eligible as a capital facility project. The Lathrop Senior Center, located at 15707 Lathrop Road, is an approximately 5,000 square-foot modular building that went into service in September of 2000. This facility has since served the daily needs of the seniors of Lathrop and surrounding communities. The project proposes to repair and improve the nearly 20-year-old facility that is showing its age.

The repairs and improvements are as follows:

\$44,000	- Remove and replace existing floor
\$ 5,000	- Subfloor repairs - restrooms / kitchen
\$ 7,000	- Replacement of 700+ ceiling tiles
\$ 2,000	- Repair and replace drop down ceiling grid
\$ 4,000	- Painting of interior walls
\$ 3,000	- Installation of taller ADA-compliant toilets
\$ 3,000	- Repair or replace restroom partitions
<u>\$ 4,000</u>	- Replace Commercial Refrigerator
<b>\$72,000</b>	<b>- Project Subtotal</b>
<u>\$ 7,200</u>	- 10% Contingency
<b>\$79,200</b>	<b>- Estimated Project Total</b>

**STEP THREE: Home Funds**

The estimated HOME fund allocation for FY 2019-20 is \$19,970. The City of Lathrop participates in two eligible HOME Loan programs, the Homebuyer Down-Payment Assistance (GAP) and the Housing Rehabilitation Programs. These programs are available as low-interest loans for qualified low income families. The City advertises these programs through the City website and through flyers distributed at the Community Center, Senior Center and the library. Information about these programs was also included on our monthly water bill newsletter insert.

The HOME funds are being continuously applied for and dispersed by San Joaquin County. The current fund balance for the Lathrop Housing Rehabilitation program is \$50,182, and the GAP program has a balance of \$19,970. At this time, the County has received three applications for the Housing Rehabilitation Program. Staff recommends all HOME Funds be allocated to the City Housing Rehabilitation Loan Program, as there were no applications received for the GAP Program. With the current rising home prices and high income ratios, residents are finding it difficult to qualify for the GAP Program.

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**RECOMMENDATION:**

Staff recommends that the City Council consider the information given at the public hearing and during the staff presentation, and make a recommendation allocating the 2019/2020 fiscal year CDBG and HOME program funds as follows:

- Step 1: Allocate CDBG funds to Public Service Organizations as indicated on the Service Organizations Allotment (\$11,724) Summary on Attachment 2.
- Step 2: Allocate Non-Service funds (\$86,439) to the City of Lathrop Senior Center Rehabilitation Capital Improvement Project.
- Step 3: Allocate all HOME funds (\$19,970) to the City's Housing Rehabilitation Loan Program administered by the County.

**FISCAL IMPACT:**

Staff time to review the applications, prepare this report, presentation and monitor and manage this program.

Recent changes to the County's disbursement process required the City to set up a separate account to accommodate the County's new CDBG reimbursement program. The funds required will be charged to the county and will be received by the City prior to the reimbursement of the submitted expenditure. The proposed budget is an amount not to exceed \$5,000.

Staff is requesting the following budget amendment for the Boys and Girls Club of Lathrop and Manteca:

<u>Increase Revenues</u>	
2650-2010-333-0100	\$5,000.00
<u>Increase Appropriations</u>	
2650-2010-440-4200	\$5,000.00

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**GOALS ADVANCED BY THIS AGENDA:**

The proposed Resolution promotes Public Safety by providing funding for those in need of assistance and support.

**ATTACHMENTS:**


1. Resolution Recommending the Allocation of the Community Development Block Grant and Home Investment Program Funds for FY 2019/2020.

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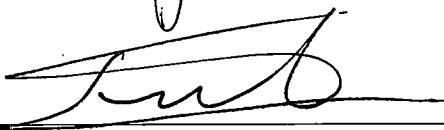
**APPROVALS:**

  
\_\_\_\_\_  
Mark Meissner  
Director of Community Development


2-27-19  
Date

  
\_\_\_\_\_  
Cari James  
Director of Finance

2/28/19  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

2-28-19  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

3.5.19  
Date



**RESOLUTION NO. 19-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP RECOMMENDING THE ALLOCATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PROGRAM FUNDS FOR FISCAL YEAR 2019/2020**

**WHEREAS**, it is estimated that the City will receive an allocation of \$78,164 for Community Development Block Grant (CDBG) and \$19,970 for the HOME Investment Program (HOME) from the United States Department of Housing and Urban Development (HUD) for Fiscal Year (FY) 2019-2020, and an additional \$17,000 in non-service allotment funds from San Joaquin County; and

**WHEREAS**, the City of Lathrop has properly published a 30-day public notice of availability of funds for the programs in accordance with HUD regulations; and

**WHEREAS**, the City Council has determined in accordance with the California Environmental Quality Act, Article 18, Section 15273, that this item is categorically exempt because CEQA does not apply to the establishment or modification of HUD funding programs to public agencies which are to meet community needs; and

**WHEREAS**, the City Council conducted a duly noticed public hearing on March 11, 2019 to consider applications for CDBG and HOME Funds for FY 2019-2020, and has considered the information given at the public hearing and during the staff presentation, and determines that the recommended allocations represent the community needs in Lathrop; and

**WHEREAS**, the recipients of CDBG funding are required to enter into an agreement with the City to ensure that funds are spent in accordance with HUD regulations.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lathrop, does hereby recommend the following service agencies and allocated amounts for funding in the Fiscal Year 2019/2020 for the CDBG program:

**SERVICE ORGANIZATION ALLOCATIONS**

<u>Organizations</u>	<u>Allocations</u>
San Joaquin Fair Housing	\$ 1,000.00
Emergency Stockton Food Bank (MFM)	\$ 1,000.00
Human Services Agency (Meals on Wheel)	\$ 1,000.00
Give Every Child a Chance (GECAC)	\$ 3,724.00
Boys & Girls Club of Manteca & Lathrop	\$ 5,000.00
Total Allocation (15% of \$78,164)	<u>\$ 11,724.00</u>

**BE IT FURTHER RESOLVED** that a budget amendment for FY 2019-2020 is required as follows:

For the Boys and Girls Club of Lathrop and Manteca:

Increase Revenues

2650-2010-333-0100	\$5,000.00
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Increase Appropriations

2650-2010-440-4200	\$5,000.00
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**BE IT FURTHER RESOLVED** that the City does hereby recommend allocating \$79,200 of the Non-Service Allotment funds to the City of Lathrop Senior Center Rehabilitation project; and

**BE IT FURTHER RESOLVED** that the City does hereby recommend allocating the \$19,970 HOME Program funds to the City's Rehabilitation Loan Program.

**PASSED AND ADOPTED** this 11th day of March 2019, by the following vote:

AYES:

NOES:

ABSENT:

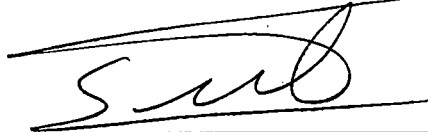
ABSTAIN:

\_\_\_\_\_  
SONNY DHALIWAL, MAYOR

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney

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