

**CITY MANAGER'S REPORT
FEBRUARY 12, 2018 REGULAR CITY COUNCIL MEETING**

ITEM: PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER CDBG AND HOME FUNDING ALLOCATIONS FOR FY 2018/2019

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 2018/2019

SUMMARY:

Each year the City of Lathrop (City) receives an allocation of Community Development Block Grant (CDBG) funds and an allocation of HOME Investment Partnership Act (HOME) funds. Both programs are federally funded and provided 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 has developed new set of funding guidelines to better meet the needs of the community and meet requirements set forth by HUD. The following are important highlights that were in effect:

- Multi-entitlement agencies must apply directly to San Joaquin County for both County and City funding.
- The minimum public service grant request for local organizations should be at least \$5,000.00.
- The minimum for capital improvement and facilities is \$150,000 minimum.
- Cities will be recommending the allocation of funds to the County and HUD. Cities are not the approval authority.

This fiscal year 2018/2019, City of Lathrop is expected to receive approximately \$78,164 in new Federal 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 requests for these funds. Through a published legal advertisement promoting the availability of CDBG and HOME funds, staff solicited applications for these funds.

Based on the current allocation of CDBG funds and HOME funds, 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 2017/2018 fiscal years CDBG funds and HOME funds. Thereafter, all projects must go through a screening process by the San Joaquin County Community Development staff to verify eligibility under HUD regulations.

BACKGROUND:

STEP 1: Allocate funds to Service Organizations

Multi-agency Organizations:

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:

Multi-agency Organization such as Meals on Wheels, Emergency Food Bank, Second Harvest and San Joaquin Fair Housing, GECAC have applied directly to the County for both County and City funding. Since the City is required to contribute a proportionate share to each organization, Staff recommends \$6,724 be proportionally allocated as follows:

Multi-Agency Organizations	Allocation
San Joaquin Fair Housing	\$ 1,000.00
Second Harvest Food Bank	\$ 2,500.00
Emergency Stockton Food Bank (MFM)	\$ 1,000.00
Human Services Agency (Meals on Wheel)	\$ 1,000.00
Give Every Child a Chance	\$ 1,224.00
Total Allocations	\$ 6,724.00

Although the funds allocated by the City of Lathrop for each multi-agency organization seems minimal, the cumulative allocations from both County and Cities can still add up to a substantial fund closer to the total requested amounts from each organization, as shown in the following table:

MULTI-AGENCY FUNDING REQUESTS RECEIVED BY SAN JOAQUIN COUNTY FOR FY 2018-19										
Allocation Requests	18/19 Request	17/18	18/19 Request	17/18	18/19 Request	17/18	18/19 Request	17/18	18/19 Request	17/18
	Mobile Farmers Market		Fair Housing		Second Harvest		Meals on Wheels		GECAC	
County	\$15,000.00	\$5,000.00	\$25,511.00	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$2,247.00	\$10,000.00
Escalon	\$3,000.00	\$1,500.00	\$1,000.00	\$ 500.00	\$2,000.00	\$5,000.00	\$4,000.00	\$4,250.00	\$0.00	\$0.00
Lathrop	\$3,000.00	\$1,500.00	\$1,000.00	\$ 1,000.00	\$5,000.00	\$2,500.00	\$2,000.00	\$1,724.00	\$5,110.00	\$5,000.00
Manteca	\$4,000.00	\$4,000.00	\$10,000.00	\$ 8,176.00	\$10,000.00	\$8,176.00	\$8,000.00	\$8,000.00	\$13,210.00	\$8,176.00
Ripon	\$3,000.00	\$1,654.00	\$1,000.00	\$ 1,120.00	\$0.00	\$2,677.00	\$2,000.00	\$1,142.00	\$0.00	\$0.00
Tracy	\$3,000.00	\$1,758.00	\$0.00	\$ 5,000.00	\$0,000.00	\$1,758.00	\$2,000.00	\$1,758.00	\$0.00	\$0.00
Totals	\$33,000.00	\$15,412.00	\$38,511.00	\$35,796.00	\$10,000.00	\$30,111.00	\$35,000.00	\$26,874.00	\$27,367.00	\$23,176.00

Local Organizations:

For FY 2018-19, the City has received two applications from local organizations.

1. City of Lathrop Youth Activity Assistance Prog. FY 18/19 \$5,000

The City of Lathrop Parks & Recreation Department provides recreational programs and activities. The requested funds 18/19 are to be used for the Youth Scholarship Program to assist families who meet the household income established by HUD to receive assistance for their children (through age 18) to participate in recreation services and activities. The funds help low income youth participate in recreational activities offered through the Parks & Recreation Kid's Programs. Each child is eligible to receive \$250 annually and only 50% of the program fees can come from the Youth Activity Assistance Program. The services include: before and after school programs, day camp, sports, and classes.

2. Boys & Girls Club of Manteca/Lathrop FY 18/19 \$5,000

The Lathrop Boys & Girls Club operates an after-school program at Lathrop Elementary School. The requested funds will be used to purchase various supplies and materials for the ongoing recreational, social, and educational activities, including homework assistances (Power Hour) activities and a portion of the salary and benefit costs. The Lathrop Club site has a membership reaching a capacity of approximately 40 children coming from low to very low income families. 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 annual budget of the Boys and Girls Club is \$475,000 a year. Out of this, \$72,260 is budgeted to the Lathrop Club site. Funding comes from a number of sources including government, company and foundation grants, special events fundraising, corporate donations, individual donations and membership fees. The Boys and Girls Club has been operating in Lathrop for 19 years. They requested yearly CDBG funding for operational services for the first nine years. They did not request funding last year. With ongoing construction activities at Lathrop Elementary School, they were moved to three different locations last year. This school year, they have been provided a permanent location on campus. They applied to Lathrop for CDBG funding as a local agency. They are not requesting CDBG funding from any other city this year, so they did not apply with the County as a multi-agency.

Due to the new funding guidelines that required a \$5,000 minimum grant for local organizations, and Lathrop's limited CDBG funds, we would have been in a difficult situation only being able to support one out of the two local applications received.

However, County has granted Lathrop an additional \$5,000 allocation from its sources to allow consideration of both organizations. With these considerations, Staff recommends allocating \$5,000.00 to each of the above qualified local organizations.

STEP TWO: Eligible Capital Facility Project

According to HUD requirements, the City of Lathrop may use 85% of the CDBG allocation for eligible capital facility projects and administration. As mentioned earlier in this report, the "area of benefit" would have to be within the service area that meets the 51% Low/Moderate Income requirement as identified by the US Census Tract/Block. However, most of the City's census tracts exceed this threshold.

After careful review and consideration, Staff will not be recommending any CIP projects for consideration the coming fiscal year as there are no CIP project that is within the "area of benefit" as required by HUD.

STEP THREE: Home Funds

The estimated HOME funds are \$19,970. In the past, the Single-Family Rehabilitation Loan Program has been discontinued so the City has been recommending HOME Fund allotments to a first time homebuyer down-payment assistance program. Both programs are administered through San Joaquin County. However, the County has recently reactivated the rehabilitation loan program and will start reviewing applications for the program. The City now has the option to allocate the funds to the housing rehabilitation program.

RECOMMENDATION:

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 2017/2018 fiscal year CDBG and HOME program funds as follow:

- Step 1: Allocations be distributed as indicated on the Service Organizations Allotment Summary on Attachment 2:
- Step 2: Staff will not be recommending any CIP projects for CDBG due to lack of projects that meet CDBG eligibility for CIP Projects.
- Step 3: Allocate all HOME funds to the City Housing Rehabilitation Loan Program administered by the County.

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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.

For the City of Lathrop Youth Activity Assistance Program, a \$2,500.00 allotment is already projected on the FY 2018-19 budget. However, in order to reflect the full \$5,000 allotment, staff is requesting the following budget amendments for FY 2018/19:

<u>Increase Revenues</u>	
2700-30-01-333-0102	\$2,500.00
 <u>Increase Transfer Out</u>	
2700-9900-990-9010	\$2,500.00
 <u>Increase Transfer In</u>	
1010-9900-393-0000	\$2,500.00

Staff is also 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

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 2018/2019.
2. Service Organizations Allotment Summary

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APPROVALS:

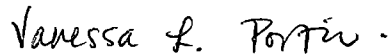


Rebecca Schmidt
Director of Community Development

2-1-18

Date

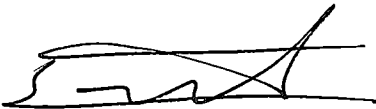
for



Cari James
Director of Finance

2-1-18

Date



Salvador Navarrete
City Attorney

2-1-18

Date

2-5-18



Stephen J. Salvatore
City Manager

Date

RESOLUTION NO. 18-

**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 2018/2019**

WHEREAS, it is estimated that the City will receive allocation of \$78,164 and \$19,970 respectively for Community Development Block Grant (CDBG) and the HOME Investment Program (HOME) from the United States Department of Housing and Urban Development (HUD) for Fiscal Year (FY) 2018-2019; 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 public hearing on February 12, 2018 to consider applications for CDBG and HOME Funds for FY 2018-2019 and has considered the information given at the public hearing and during the staff presentation and determines that the allocations represent the community needs in Lathrop; and

WHEREAS, the recipients receiving 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 2018/2019 fiscal year for the CDBG program

SERVICE ORGANIZATION ALLOCATIONS

<u>Organization</u>	<u>Allocation</u>
San Joaquin Fair Housing	\$ 1,000.00
Second Harvest Food Bank	\$ 2,500.00
Emergency Stockton Food Bank (MFM)	\$ 1,000.00
Human Services Agency (Meals on Wheel)	\$ 1,000.00
Give Every Child a Chance (GECAC)	\$ 1,224.00
City of Lathrop Activity Assistance Program	\$ 5,000.00
Boys & Girls Club of Manteca & Lathrop	\$ 5,000.00
Total Allocation	<u>\$ 16,724.00</u>

BE IT FURTHER RESOLVED that a budget amendment for FY 2018-2019 is required as follows:

For the City of Lathrop Youth Activity Assistance Program:

Increase Revenues
2700-30-01-333-0102 \$2,500.00

Increase Transfer Out
2700-9900-990-9010 \$2,500.00

Increase Transfer In
1010-9900-393-0000 \$2,500.00

For the Boys and Girls Club of Lathrop and Manteca:

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

Increase Appropriations
2650-2010-440-4200 \$5,000.00

BE IT FURTHER RESOLVED that the City will not be recommending any capital improvement projects for CDBG consideration for FY 2018-2019; and

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

PASSED AND ADOPTED this 12^h day of February 2018, by the following vote:

AYES:

NOES:

ABSENT:

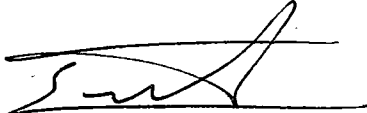
ABSTAIN:

SONNY DHALIWAL, MAYOR

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney

SERVICE ORGANIZATIONS ALLOTMENT SUMMARY

Organization	Proposed Use of Funds	Requested Amounts for FY 18/19	Recommended Allotment for FY 18-19
Fair Housing	The San Joaquin Fair Housing Board processes housing discrimination complaints and provides housing information to the public. San Joaquin Fair Housing is allocated \$1,000 automatically	\$1,000	\$1,000
Second Harvest	The mission of the Second Harvest Food Bank is to solicit, pick-up, and warehouse food items and related products that are donated by food processors, farmers, food distributors, or supermarkets. The food bank operates three hunger relief programs in the City of Lathrop: Food Assistance Program, Senior Brown Bag, and Food 4 Thought.	\$5,000	\$2,500
Emergency Stockton Food Bank Mobile Farmer's Market	The Stockton Emergency Food Bank operates from its onsite food pantry as well as its 12 satellite food pantries and 58 Mobile Farmer's Market (MFM) sites throughout the county.	\$3,000	\$1,000
Human Services Agency, Meals on Wheels	The Home Delivered Meals Program provides free nutritious meals, nutrition education, and nutrition risk screening to seniors who are homebound by reason of illness or disability, or who are otherwise isolated.	\$2,000	\$1,000
Give Every Child a Chance (GECAC)	GECAC is a literacy based mentor/tutoring program, which provides tutoring/homework supplies and nutritional snacks to students.	\$5,110	\$1,224
City of Lathrop Youth Activity Assistance Program	The program provides financial assistance to children from low-income families to give them an opportunity to participate in recreation programs and activities.	\$5,000	\$5,000
Boys & Girls Club of Lathrop & Manteca	The Boys & Girls Club of Manteca strives to provide a safe place to learn and grow for all young people, especially those from disadvantaged circumstances.	\$5,000	\$5,000
TOTAL FUNDS REQUESTED			\$16,724