



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Establishing the Community Development Block Grant Allocation Policy

MEETING DATE: December 19, 2007

PREPARED BY: Community Development Department

RECOMMENDED ACTION: Adopt Resolution establishing the CDBG allocation policy.

BACKGROUND INFORMATION: San Joaquin County has been an entitlement community with the U.S. Department of Housing and Urban Development (HUD) since 1985. The County is classified as an Urban County jurisdiction, which includes all unincorporated County communities and the cities of Lodi, Escalon, Lathrop, Manteca, Ripon and Tracy. The city of Stockton is an Entitlement community and therefore receives the annual CDBG allocation directly from HUD.

Each year, the Urban County jurisdictions receive a formula-based allocation of CDBG, Emergency Shelter Grants (ESG), and HOME Program funding. The participating jurisdictions, in turn, go through an annual process which begins with a public meeting to gather input regarding the use of these federal funds. That meeting, held in early December, usually marks the beginning of the application period that runs through mid-January. During that period, both public and private agencies and organizations, submit funding requests for the coming years' funding.

As a practice, the City of Lodi has always made one-hundred percent of our annual allocation available for funding requests, and our City projects, from both Public Works, Parks & Recreation or any other City department, have competed head to head with funding requests for both capital projects and public services submitted by private agencies and organizations.

A breakdown of those funding allocations since 1999, illustrated in the attached Exhibit A, shows an average of 63.8% of our annual allocation going toward City projects.

At the Shirtsleeve Meeting of November 27, 2007, the Community Development Department introduced a proposal that the Council consider splitting the CDBG allocation into two funding set asides, one for CDBG-eligible city projects and the other for eligible community-based organization (CBO) projects.

It is fairly common for CDBG entitlement communities and participating jurisdictions within an Urban County designation to set-aside a certain percentage of their annual CDBG allocation for City projects or programs. Locally, San Joaquin County is the only participating jurisdiction within our Urban County designation that designates a set-aside for their County projects. The city of Stockton also designates a set-aside for City projects.

APPROVED: 
Blair King, City Manager

The set-aside provides a fairly reliable funding source for which to plan or schedule projects or services into the future. The set-aside also segregates or groups the funding requests so that City departments compete amongst themselves and CBOs compete only against other CBO funding requests.

In addition, a set-aside system would allow staff to develop a better rating and ranking system in order to make recommendations with regard to CBO projects and services. The concept of the rating and ranking system was included in the presentation made at the Public Meeting that was held on December 4, 2007, which marks the beginning of the application process.

The Council has already established the following policies regarding CDBG allocations:

- Priority in funding is given to eligible capital improvement projects over public service-related funding requests.
- Any proposed funding request should meet a readiness criterion to ensure that the funds will be used in the program year that they are awarded, thereby allowing the City to remain in compliance with HUD regulations.

The Council is being asked to establish an additional policy of pre-determining the appropriate share of CDBG funds for City projects and how much of the total CDBG and/or **HOME** Program funding allocation should be made available to CBOs.

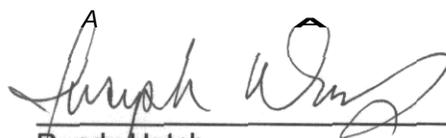
In order to provide an estimation of the magnitude of financial need, City Departments provided a list of projects and services for the coming year that could be funded via CDBG funds. The amount is in the neighborhood of \$1.5 Million. The estimated 2008/09 CDBG allocation is \$717,592. The preliminary list of City projects and services is attached as Exhibit B.

Based upon the average allocation over the last 9 years, referenced in Exhibit A, Staff recommends that Council designate 60% of the annual CDBG allocation for eligible City projects for a three-year cycles, at the conclusion of which we will re-evaluate the process and bring the matter back before the Council.

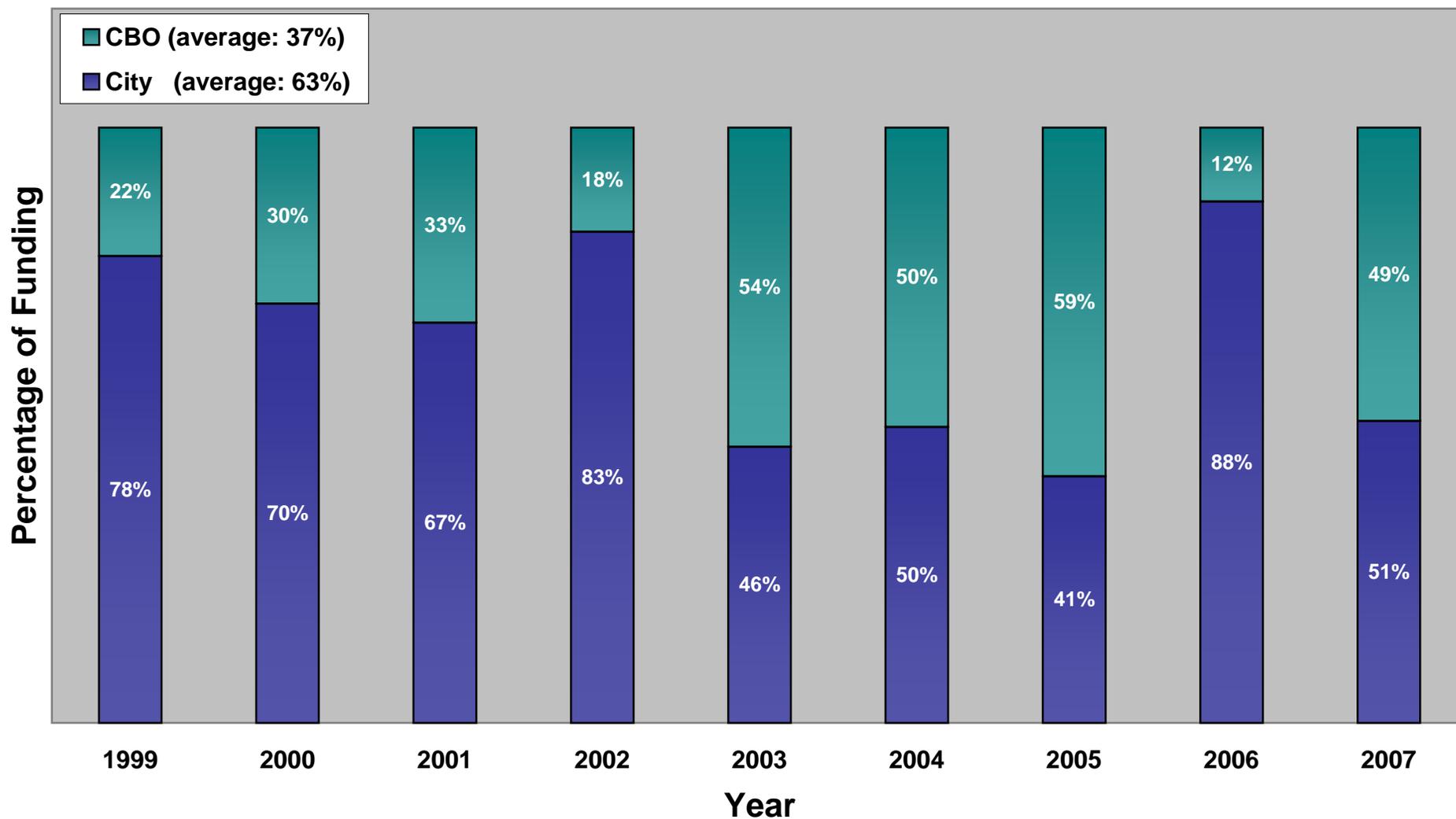
While Staff believes that the CBOs will also benefit from this arrangement by having a cap placed on funding for City projects, that in several years were far greater than the proposed 60%, it should be noted that each of these Council policies pertaining to CDBG allocations are guidelines for Staff to base their recommendations on and for Council to consider when making funding allocations. As such, Council retains the ability to fund projects or services on a case by case basis, outside of the approved allocation policies.

FISCAL IMPACT: No impact on overall funding availability for projects. This impacts the percentage available for City projects/services versus CBO projects/services.

FUNDING AVAILABLE: Estimated 2008/09 CDBG Program Funding (\$717,592)


FOR Randy Hatch
Community Development Director

CDBG Funding Breakdown, 1999-2007



City of Lodi CDBG Internal Preapplications Received

Project - Organization	Project Description	Fund Request	Comments/Concerns
ADA Curb Ramps Public Works	Install ADA-accessible curb ramps in CDBG target areas to improve accessibility for the disabled and the elderly.	\$250,000	Project is a continuation of the City's implementation of its ADA Transition Plan. \$200,000 to \$240,000 may be more realistic to expend by June 2009.
Blakely Park North Pool Deck Improvements Parks and Recreation	Install a new polymer concrete finish over existing pool decking. Work will match the Blakely Park South pool deck improvements completed in June 2007.	\$98,000	Eligible as an area benefit activity because Blakely Park serves primarily target-area residents. Funding would be expended during the 2008-09 year.
Lodi Lake Park North Playground Improvements Parks and Recreation	Redesign park to address accessibility and site-specific issues and install new ADA-accessible play equipment.	\$280,000	Lodi Lake Park is not located in a target area, so the City would have to have HUD approve the methodology used to show that most park users are low-income. This may require a lengthy review process and the need to conduct a new user survey, which could hold up the project.
Alley Drainage Improvements Public Works	Improve alley drainage by installing storm drain facilities and resurfacing a "typical" 600 foot alley located in a target area.	\$225,000	Eligible as an area benefit activity. Funding likely would not be entirely expended during the 2008-09 year.
Building Demolition Public Works	Demolish an abandoned packing shed building located at 17 East Elm Street.	\$95,000	Eligible as spot blight removal. City acquired the property in 2002 using CDBG funds. Long-term lot use is undetermined. If long-term use is not CDBG-eligible, funds must be repaid.
Lodi Public Library Renovation Lodi Public Library	Renovate the library facility to address accessibility issues, eliminate possible safety hazards, and make the space more functional and user-friendly.	\$550,000	Library does have other funding sources available, but project completion timeline is too ambitious. May not be an eligible activity, since it serves entire City (possibly region), which is not majority low-income. Would require the City to conduct a survey of library users to prove the majority are low-income.
Graffiti Abatement Public Works	Abate graffiti on public and private properties in the CDBG target areas.	\$27,638	Eligible as a public service for public properties and rehabilitation for private properties.
TOTAL FUNDING REQUESTED		\$1,525,638	

RESOLUTION NO. 2007-249

A RESOLUTION OF THE LODI CITY COUNCIL
ESTABLISHING THE COMMUNITY DEVELOPMENT BLOCK GRANT
ALLOCATION POLICY

WHEREAS, the Department of Housing and Urban Development (HUD) has determined that the City of Lodi, California, is entitled to Community Development Block Grant (CDBG) funding as a participating city through the County of San Joaquin Urban County jurisdiction; and

WHEREAS, the City of Lodi goes through an annual process to distribute those CDBG funds to both public and private agencies and organizations for eligible projects and services, in accordance with HUD guidelines and Federal regulations; and

WHEREAS, the City of Lodi has established certain local policies for the allocation and distribution of that CDBG funding; and

WHEREAS, the City wishes to designate a certain percentage of each year's CDBG allocation as a set-aside for City projects and services; and

WHEREAS, the set-aside will provide a more reliable funding source for both public and private agencies, thereby improving long-term capital improvement program planning; and

WHEREAS, it reinforces CDBG funding as a revenue source for needed City capital improvements.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby designate sixty percent (60%) of the annual CDBG allocation for City projects/services and forty percent (40%) for community-based organization projects and services for a three-year cycle.

Dated: December 19, 2007

I hereby certify that Resolution 2007-249 was passed and adopted by the Lodi City Council in a regular meeting held on December 19, 2007, by the following vote:

AYES: COUNCIL MEMBERS – Johnson, Katzakian, and Mayor Mounce
NOES: COUNCIL MEMBERS – Hansen
ABSENT: COUNCIL MEMBERS – Hitchcock
ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

Community Development Block Grant Allocation Policy

Presented By

Community Development Department
December 19, 2007

Annual CDBG Allocation Process

- San Joaquin County Urban County Jurisdiction
 - Lodi
 - Escalon
 - Lathrop
 - Manteca
 - Ripon
 - Tracy
 - Unincorporated County Communities
-

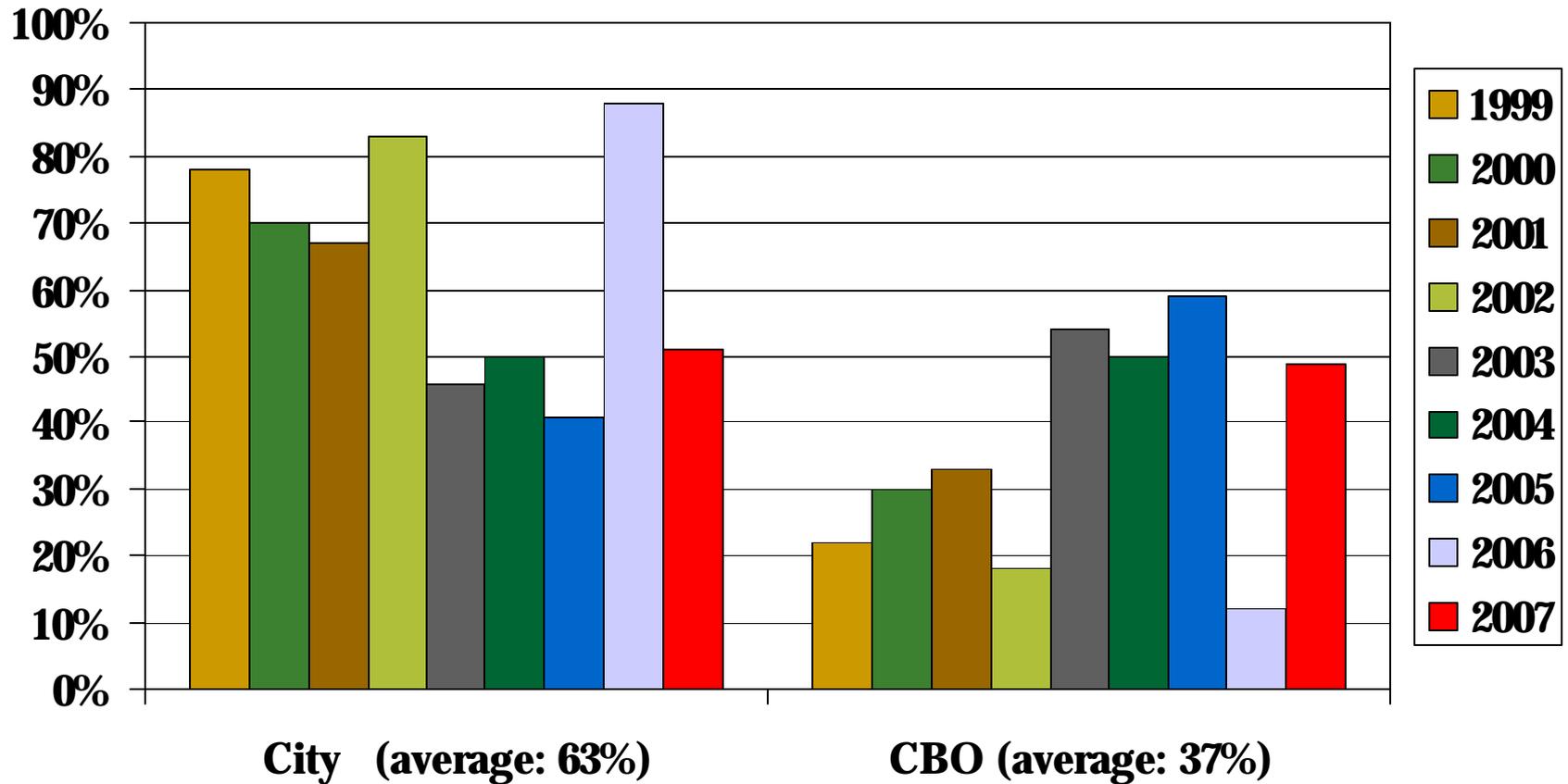
Annual CDBG Allocation Process

- HUD provides funding to Urban County jurisdictions.
 - Each Participating Jurisdiction goes through process to allocate funding within their communities.
 - Process begins each December.
-

Local Allocation Process

- City of Lodi has always made 100% of the annual allocation available.
 - City projects/services.
 - Including Program Administration and Fair Housing
 - Community-based Organizations (CBO's).
 - Projects
 - Services
-

Local Allocation Process



Proposed Set-Aside for City Projects

- Designate certain percentage of annual allocation for City projects.
 - Fairly common practice.
 - City of Stockton
 - San Joaquin County
-

Proposed Set-Aside for City Projects

- Provides more reliable funding source.
 - Improves long term capital improvement program (CIP) planning.
 - Reinforces CDBG funding as a revenue source for needed capital improvements.
 - More consistent funding for CBO's.
 - Catalyst to develop criteria to rate and rank non-city projects.
-

Council Policies on CDBG Allocations

- The Lodi City Council has these policies regarding the use of CDBG funds:
 - Priority in funding is given to eligible capital improvement projects over public service-related funding requests.
 - Any proposed funding request should meet a readiness criterion to ensure that the funds will be used in the program year that they are awarded, thereby allowing the City to remain in compliance with HUD regulations.
-

Council Policies on CDBG Allocations

- Council policies on CDBG allocations are guidelines.
 - Staff uses to base their recommendations.
 - Council considers when making funding allocations.
 - Council not restricted by these policies.
 - Ability to fund projects outside of approved allocation policies.
-

Staff Recommendation

- That the City Council designate 60% of the annual CDBG allocation for City projects/services, and 40% of the annual allocation to Community-based Organization projects/services, for a three-year cycle.
-