

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 10/22/2013	(3) CONTACT/PHONE Suzan Ehdai, Planner II/781-4974	
(4) SUBJECT Hearing to consider a resolution amending the 2009, 2010, 2011, 2012 and 2013 Action Plans for HUD grants, allocations of General Fund Support and Social Services funds for Homeless Services.			
(5) RECOMMENDED ACTION That your Board: <ol style="list-style-type: none"> 1. Approve the final funding levels under the Community Development Block Grant program (CDBG), HOME Investment Partnerships program (HOME) and the Emergency Solutions Grant program (ESG) as shown Attachment 2- Exhibit "A"; 2. Approve the allocations of \$180,000 of FY2013-14 General Fund Support for Homeless Services as shown in Table 3; 3. Approve the allocations of \$21,028 of Realignment Trust Funds from the Department of Social Services for Homeless Services as shown in Table 5; 4. Approve the reallocations of CDBG funds for the City of Atascadero and the City of Paso Robles; 5. Approve the allocation of CDBG funds for the ECHO's rehabilitation project as shown in Table 6; 6. Approve the allocation of CDBG program income to the 16th Street Sewer Line project by the San Miguel Community Services District as shown in Table 7; 7. Adopt and instruct the Chairman to sign the attached resolution approving and authorizing submittal of the Urban County of San Luis Obispo Program Year 2009, 2010, 2011, 2012, and 2013 Action Plan to the U.S. Department of Housing and Urban Development; and 8. Approve the budget adjustment request to (1) amend Fund Center 290 by including \$21,028 in Realignment Trust Funds and (2) approve transfer from Fund Center 180 (Department of Social Services) to Fund Center 290 by 4/5ths vote. 			
(6) FUNDING SOURCE(S) CDBG, HOME and ESG Funds, General Fund, Social Services Realignment Trust Funds	(7) CURRENT YEAR FINANCIAL IMPACT \$2,712,415.00	(8) ANNUAL FINANCIAL IMPACT \$2,680,000.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. <u>30</u>) { } Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS { x } Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1314045 { x } 4/5th's Vote Required { } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>3/5/2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Tony Navarro, Planner III, Morgan Torell, Planner III, Suzan Ehdaie, Planner II

VIA: Wes Drysdale, Administrative Services Manager

DATE: 10/22/2013

SUBJECT: Hearing to consider a resolution amending the 2009, 2010, 2011, 2012 and 2013 Action Plans for HUD grants, allocations of General Fund Support and Social Services funds for Homeless Services.

RECOMMENDATION

1. Approve the final funding levels under the Community Development Block Grant program (CDBG), HOME Investment Partnerships program (HOME) and the Emergency Solutions Grant program (ESG) as shown Attachment 2- Exhibit "A";
2. Approve the allocations of \$180,000 of FY2013-14 General Fund Support for Homeless Services as shown in Table 3;
3. Approve the allocations of \$21,028 of Realignment Trust Funds from the Department of Social Services for Homeless Services as shown in Table 5;
4. Approve the reallocations of CDBG funds for the City of Atascadero and the City of Paso Robles;
5. Approve the allocation of CDBG funds for the ECHO's rehabilitation project as shown in Table 6;
6. Approve the allocation of CDBG program income to the 16th Street Sewer Line project by the San Miguel Community Services District as shown in Table 7;
7. Adopt and instruct the Chairman to sign the attached resolution approving and authorizing submittal of the Urban County of San Luis Obispo Program Year 2009, 2010, 2011, 2012, and 2013 Action Plan to the U.S. Department of Housing and Urban Development; and
8. Approve the budget adjustment request to (1) amend Fund Center 290 by including \$21,028 in Realignment Trust Funds and (2) approve transfer from Fund Center 180 (Department of Social Services) to Fund Center 290 by 4/5ths vote.

DISCUSSION

This staff report is divided into four sections: 1) the U.S. Department of Housing and Urban Development (HUD) Final 2013 Allocations of the CDBG, HOME, and ESG Programs; 2) Homeless Services Allocations; 3) Funding Options for the Oceano Drainage Improvements Project and the Rehabilitation Project by ECHO, and 4) the 16th Street Sewer Line Project by the San Miguel Community Services District. Each section will cover in detail the impacted projects as well as the changes in the funding sources and funding levels.

1. The Final 2013 Action Plan

On March 5, 2013, your Board approved the 2013 Action Plan based on the funding estimates for the CDBG, HOME, and ESG programs. Subsequent to the March hearing, HUD notified the County of the final 2013 program allocations. The purpose of today’s meeting is to review the adjusted funding levels for the CDBG, HOME, and ESG programs and finalize the 2013 Action Plan. Your Board approved the 2013 Action Plan in March 2013 based on the estimated funding amounts. Table 1 lists the HUD final 2013 allocations and the difference between the approved funding levels and the final funding allocations in percentages for each HUD grant program. For complete detailed final allocation of 2013 CDBG, HOME, and ESG refer to Attachment 2 for “Exhibit A”.

Table 1 – Final 2013 Program Year Allocations

HUD Grant Programs	County Approved 2013 Allocations	HUD Final 2013 Allocations	Difference (%)
CDBG	\$1,593,248	\$1,667,872	5%
HOME	\$750,000	\$722,832	-4%
ESG	\$163,420	\$120,683	-26%
TOTAL	\$2,506,668	\$2,511,387	-1%

As shown above, although staff projected no change in the funding level for the ESG program from the previous year, the final funding level for this program decreased by 26%. In September, the Homeless Services Oversight Council (“HSOC”) voted on a funding recommendation for the allocation of the ESG and other County funds for homeless services. These recommendations are covered in more detail under the “Homeless Services Allocations” section.

The funding level for the HOME program slightly decreased. Staff proposes to adjust the funding level for administration of the HOME program and keep the funding level for the already approved HOME funded projects unchanged. Additionally, the Paso Robles Housing Authority declined its 2013 HOME award in the amount of \$33,000 (including Administration funds) for the operation of its Tenant-Based Rental Assistance (“TBRA”) program due to being understaffed (see Attachment 3 for the Paso Robles Housing Authority letter). Staff recommends transferring the full balance of \$33,000 in HOME funds to the Housing Authority of the City of San Luis Obispo (HASLO) to support its TBRA program. Also, a total of \$47,549 was unallocated from the 2013 HOME program. Staff recommends that the entire \$47,549 be allocated to HASLO’s TBRA program, and that an additional \$5,283 be allocated to the Administration funds. The total allocations are shown in Exhibit A.

With regards to the CDBG program, the funding level rose by 5%. The new funding level for the CDBG program also resulted in increases in the cities’ CDBG share within the Urban County. See Table 2 below for the final CDBG share for each city and the new CDBG funding level. Most cities administratively amended their CDBG awards by adding the extra funding amounts to public facility, housing, public services and administration projects.

However, the cities of Atascadero and Paso Robles considered major changes to their funding allocations after the approval of the 2013 Action Plan in March 2013. Below are the requests by each city.

The City of Atascadero requests the following amendments 1) the allocation of \$731 in 2013 CDBG funds for a new project called “Recreational Opportunities for Disabled Persons” by the North County Adaptive Sports Program, and 2) changing the name of the organization undertaking the “Youth Activities Scholarship Fund” project from the “Atascadero Community Services Foundation” to “the City of Atascadero.”

The City of Paso Robles requests the reallocation of \$25,373 in 2013 CDBG funds from the “Shelter for Medically Fragile Homeless” by Transitional Food & Shelter to the “Operation of the Homeless Shelter” by the El Camino Homeless Organization (see Attachments 4 and 5 for the letters from Transitional Food & Shelter and the City of Paso Robles).

Since the County’s CDBG share also increased, staff recommends allocating the additional CDBG funds for the rehabilitation project by ECHO (\$58,119). Staff also recommends that your Board approve the HSOC’s recommendation to allocate the public services funds to Community Action Partnership’s (CAPSLO) Maxine Lewis Memorial Shelter (MLM) and the Prado Day Center programs to support homelessness services (\$11,770). See the sections on “Funding Options for the Rehabilitation Project by ECHO” and “Homeless Services Allocations” for more detailed information.

Table 2 - Jurisdictional Share of the 2013 CDBG Funds

Jurisdiction	BOS Approved 2013 Allocation	Final Allocation
City of Arroyo Grande	\$58,517	\$64,128
City of Atascadero	\$154,988	\$134,875
City of Morro Bay	\$52,930	\$58,006
City of Paso Robles	\$167,775	\$169,156
City of San Luis Obispo	\$506,588	\$510,756
County of San Luis Obispo	\$652,486	\$730,951
TOTAL	\$1,593,284	1,667,872

2. Homeless Services Allocations

On September 18, 2013, the HSOC voted to recommend the following actions by your Board: 1) the allocations of FY 13/14 County General Fund Support for homeless services in the amount of \$180,000 as shown in Table 3; 2) the reallocations of 2013 ESG funds as shown in Attachment 2 -Exhibit A; 3) the allocations of an additional \$11,770 in 2013 County CDBG funds for public services as shown in Table 4; and 4) the allocations of \$21,028 of Realignment Trust Funds from the Department of Social Services as shown in Table 5.

Over the past year, HUD made it clear to the County that it should decrease the number of contracts it administers for its CDBG, ESG, and HOME programs. HUD's reason for this advice is that the staff costs for administering contracts in full compliance with federal requirements is significant. For example, public services contracts increase County staff costs by \$8,000 for each contract awarded (according to HUD). Furthermore, HUD intends to conduct monitoring visits of San Luis Obispo County under its CDBG and ESG programs in the next few years. The County is already spending approximately \$100,000 in General Fund Support for staff costs associated with the CDBG, ESG, and HOME programs since federal allowances for staff costs are limited. The County was able to reduce the number of contracts it administers for the CDBG and HOME programs, and now the County must also reduce the number of contracts it administers for the ESG program.

In an effort to reduce the number of contracts the County administers, the HSOC recommends reducing the number of ESG subrecipients from five to two. This can be accomplished by allocating all of the funds in the Emergency Shelter activity to CAPSLO for its Prado Day Center and Maxine Lewis Memorial Shelter programs, and all of the Homelessness Prevention and Rapid Re-Housing activity funds to the Central Coast LINK as shown in Exhibit A. In return, the other three agencies that received favorable recommendations in March would get more General Fund support than in past years.

The County General Fund support administered by the Department of Planning and Building has traditionally been allocated to CAPSLO, the Women's Shelter of San Luis Obispo County, RISE (formerly the North County Women's Shelter and Resource Center), Transitional Food and Shelter, and ECHO. The above ESG recommendations would eliminate ESG funding to the Women's Shelter of San Luis Obispo County, RISE, and ECHO. Since the recommendation to eliminate funding is due to increased HUD oversight requirements and not due to the decline in need for the programs, staff recommends the County use General Fund money to continue support of these critical services. The following chart shows the proposed changes:

Table 3 - The 2013 General Fund Support (GFS)

Agency/Program	2013 GFS Recommendation	2012 GFS Allocated
El Camino Homeless Organization Emergency Shelter	\$32,019	\$30,320
Transitional Food and Shelter Emergency Shelter	\$11,563	\$7,897
Women's Shelter Program of SLO County Emergency Shelter	\$19,518	\$13,309
RISE (formerly North County Women's Shelter) Emergency Shelter	\$39,109	\$25,872
Prado Day Center Emergency Shelter	\$29,532	\$37,744
Maxine Lewis Memorial Shelter Emergency Shelter	\$42,211	\$64,858
Women's Shelter Program of SLO County Homeless Prevention	\$1,814	\$0
Women's Shelter Program of SLO County Rapid Re-Housing	\$4,234	\$0
TOTAL	\$180,000	\$180,000

The HSOC also recommends that the additional County CDBG public services funds in the amount of \$11,770 be allocated to CAPSLO for these programs because 1) the County does not recommend small allocations of funds to other agencies per HUD's direction to reduce the number of contracts it administers, and 2) providing needed emergency shelter facilities and related services is one of the two goals in addressing homelessness in the 2013 Action Plan. If MLM and Prado receive the additional funds, the allocation would be as follows:

Table 4 - The 2013 CDBG Funds for the Homeless Services

Program	County CDBG Funding Approved in March 2013	Revised County CDBG Funding Amount Recommended for 2013
Maxine Lewis Memorial Shelter	\$68,510	\$76,749
Prado Day Center	\$29,362	\$32,893
TOTAL	\$97,872	\$109,642

Finally, the HSOC recommends allocating one-time funds from the County Department of Social Services in the amount of \$21,028 to make all homeless programs listed above whole to 2012 funding levels as shown in Attachment A of Attachment 6. While the funding recommendation for some of the homeless programs is less for the 2013 Fiscal Year than what was allocated in the 2012 Fiscal Year, staff recommends using one-time revenue from the Department of Social Services to address this difference.

Table 5 - The 2013 County Department of Social Services Funds

Homeless Services Projects	Allocations
Maxine Lewis Memorial Shelter	\$7,080
Homeless Prevention Rental Assistance (Central Coast LINK)	\$2,627
Homeless Prevention Housing Relocation and Stabilization Services (Central Coast LINK)	\$2,626
Rapid Re-Housing Rental Assistance (Central Coast LINK)	\$2,711
Rapid Re-Housing Housing Relocation and Stabilization Services (Central Coast LINK)	\$5,036
HMIS (Central Coast LINK)	\$948
TOTAL	\$21,028

3. Funding Options for the Oceano Drainage Improvements Project and the Rehabilitation Project by ECHO

On March 5, 2013, your Board directed staff to return at a later date with funding options for the Oceano Drainage Improvements Project and the Homeless Shelter Rehabilitation Project by the El Camino Homeless Organization's (ECHO) with emphasis to fund the ECHO project using funds from the Oceano Drainage Improvements Project.

Staff analyzed the prior year CDBG funding available for reallocation and the balance of repaid CDBG loans to the County, called "program income," as part of the Board's directive. Staff identified a total of \$276,203 in prior year CDBG funds and CDBG program income. A portion of the available funding consists of program income in the amount of \$44,129 from repaid loan guarantees from the Economic Vitality Corporation (EVC) (see Attachment 7 for the EVC's payment letter of the program income). The availability of the \$276,203, plus the increased 2013 CDBG allocation from HUD and the newly received 2013 program income, creates the opportunity for the Oceano Drainage Improvements Project to retain the original 2013 funding allocation of \$417,000 as shown in "Exhibit A", and provide sufficient funding for the rehabilitation of the homeless shelter. Below outlines the funding opportunities under the CDBG program.

Prior Year CDBG funds for reallocation: \$125,896

2012 Program Income:	\$106,178
2013 Program Income:	\$44,129
Total	\$276,203

Oceano Drainage Improvements Project Funding Options

The County's Department of Public Works consulted funding agencies, including the San Luis Obispo Council of Governments, CalTrans, the Federal Aviation Administration (FAA) via an Airport Improvement Grant, and the San Luis Obispo County Flood Control and Water Conservation District, for additional funds. Additional project funds through these resources are not currently available.

Public Works could consider applying to the U.S. Department of Agriculture (USDA) for a loan or grant for the project in case CDBG funds are reallocated away from the Oceano Drainage Improvements Project. A USDA grant application, subject to available funding, must be competitive to secure funding. A USDA loan would be possible but there are loan costs, not currently budgeted, including interest rates of 3-4% and the County will need to retain bond counsel of approximately \$25,000.

Another funding option is to apply for funds through the Proposition 84 Integrated Regional Water Management (IRWM) grants. IRWM grants are also competitive. Given the grant program requirements, the drainage project would not rank as highly as other project submittals.

As discussed above, funding options through grants or loans are limited and not guaranteed, and loans would increase the project's construction costs.

The Oceano Drainage Improvements Project is actively moving forward as the project's soft costs are financially covered, but a funding shortfall from CDBG funds would impact the construction phase (tentatively scheduled for the next 18 to 24 months).

The Homeless Shelter Rehabilitation Project Funding Options

Planning and Building Department staff worked with ECHO to identify the rehabilitation needs and provided guidance based on the CDBG regulations. Based on the identified needs, ECHO prepared and submitted a CDBG application with a detailed project description, construction schedule and a budget in late August 2013. ECHO is requesting \$287,060 in CDBG funds for the rehabilitation of the homeless shelter.

Staff identified projects that were not moving forward as quickly or have an unused balance after project completion that could be available for reallocation. The table below lists CDBG funded projects recommended for reallocation to the rehabilitation of the homeless shelter as well as allocating CDBG program income to this project. With the reallocation of \$228,941 in prior year funds, program income and 2013 CDBG funds, the County has sufficient funds to support ECHO's CDBG funding request. The reallocation of the funds identified is consistent with HUD's direction to reduce the number of funding awards the County administers. This also helps the Urban County of San Luis Obispo meet the timeliness requirement for the expenditure of CDBG funds by April 30, 2014.

Table 6 - The Proposed CDBG Funds for the ECHO project

#	Project	County of San Luis Obispo
Amendment to the 2009 Action Plan		
1	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - Reallocate \$35,000 from the "Property Acquisition of 8600 Atascadero Avenue" by North County Connection	\$35,000
Amendment to the 2010 Action Plan		
2	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - Reallocate \$1,465 from the "Mission Street enhancement Project (San Miguel)" by County Public Works	\$1,465
3	New project: "Rehabilitation of the Homeless Shelter" by the El Camino	\$9,430

#	Project	County of San Luis Obispo
	Homeless Organization - reallocate \$9,430 from the "Technical Business Assistance Program" by U.C. Merced Small Business Development Center	
Amendment to the 2011 Action Plan		
4	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - Reallocate \$34,387 from the "Revolving Loan Fund" by the Economic Vitality Corporation	\$34,387
5	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - Reallocate \$1,000 from the "Fair Housing Activity" by the California Rural League Assistance	\$1,000
Amendment to the 2012 Action Plan		
6	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - reallocate \$1,000 from the "Fair Housing Activity" by the California Rural League Assistance	\$1,000
7	New project: "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization - reallocate \$43,614 from the "Property Acquisition of 8600 Atascadero Ave.," by North County Connection	\$43,614
8	New project: allocate \$103,046 in program income to the "Rehabilitation of the Homeless Shelter" by the El Camino Homeless Organization	\$103,045
Total		\$228,941

4. 16th Street Sewer Line Project by the San Miguel Community Services District

The allocation of the newly identified 2013 program income will also allow the County to address a funding gap of \$30,000 identified by the San Miguel Community Services District (SMCSD). In 2011 the Board awarded the SMCSD \$139,000 in CDBG funds for the rehabilitation of the 16th Street Sewer Line in San Miguel. The project's soft costs phase is nearly complete but additional funds are necessary to fully fund the construction phase due to increases in construction costs. The table below lists the CDBG program income for the 16th Street Sewer Line project:

Table 7 - The Allocation of Program Income to the 16TH Street Sewer Line Project

#	Project	County of San Luis Obispo
Amendment to the 2012 Action Plan		
1	Allocate \$3,132 in 2012 Program Income to the "16 th Street Sewer Line Rehabilitation Project" by the San Miguel Community Services District	\$3,133
Amendment to the 2013 Action Plan		
2	Allocate \$26,868 in 2013 Program Income to the "16 th Street Sewer Line Rehabilitation Project" by the San Miguel Community Services District	\$26,867
Total		\$30,000

In summary, staff recommends budgeting \$258,941 out of \$276,203 in CDBG funds and program income for the homeless shelter rehabilitation by ECHO, and the 16th Street Sewer Line Project by the San Miguel CSD. This leaves a balance of \$17,262. Staff proposes the unused funds remain unallocated until they can be allocated by funding existing or future projects that need additional funds sometime in the current fiscal year.

OTHER AGENCY INVOLVEMENT/IMPACT

County staff consulted with the participating cities, HSOC, Public Works, and non-profit agencies to identify needs and potential projects. County Counsel reviewed and approved the attached resolution as to form and legal effect.

FINANCIAL CONSIDERATIONS

The allocation of \$21,028 from the Department of Social Services for homeless services activities requires a budget adjustment from Fund Center 180 to Fund Center 290. The CDBG, HOME and ESG programs provide funding to cover most of the staff costs for administering the programs. The HUD grant allocations will provide an estimated total of \$210,000 to be used by County staff to administer the CDBG, HOME and ESG programs, but the total anticipated cost of administration is approximately \$306,000. As a result, the impact to the General fund is projected at approximately \$96,000.

RESULTS

The result of this hearing is to finalize the CDBG, HOME, and ESG allocations for the 2013 Action Plan, and allocate funds for Homeless Services, the rehabilitation project by ECHO, and the 16th Street Sewer Line project by the San Miguel Community Services that directly benefit County residents.

ATTACHMENTS

- Attachment 1 – Resolution
- Attachment 2 – Exhibit A - Final 2013 Allocations Table
- Attachment 3 – Letter from Paso Robles Housing Authority
- Attachment 4– Letter from Transitional Food and Shelter
- Attachment 5 – Letter from PR City Manager/Minutes
- Attachment 6 – Homeless Services Oversight Council (HSOC) staff report
- Attachment 7 – Economic Vitality Corporation (EVC) letter