

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Motion Authorizing the City Manager to Enter Agreements to Use Community Development Block Grant Funding From Prior Years and From the American Recovery and Reinvestment Act .
DEPARTMENT:	Community Services Division
PRESENTED BY:	Robert Beem, Community Services Manager Bethany Wolbrecht-Dunn, Grants Specialist

PROBLEM/ISSUE STATEMENT:

The City receives funding through the Community Development Block Grant program to address needs of low and moderate income residents. Shoreline uses these funds to implement capital projects that improve the public infrastructure that serves those residents and improves their neighborhoods. The federal American Recovery and Reinvestment Act (ARRA) is providing \$93,491 in new CDBG funding. The City also has an unspent balance of \$193,292 of CDBG funding allocated to projects that are not moving forward or that have been completed. The City must allocate the ARRA funding before May 28th. CDBG rules call for the City to reallocate the prior years' unspent funds to activities that can be accomplished in the coming year. The City must hold a public hearing prior to taking action on its CDBG allocation plan.

ALTERNATIVES ANALYZED:

Staff evaluated using the ARRA funding for the full range of activities allowed by the CDBG. There are no projects in the housing development pipeline that are ready to go. Therefore leaving the prior years' CDBG funds allocated to the "housing contingency" project will not result in a project that meet's HUD's requirements for timely expenditure. This recommendation is for funding focused on two capital projects, Curb Ramps and Green Street Demonstration as capital projects are more consistent with the intent and requirements of the ARRA.

FINANCIAL IMPACT:

This action will add \$233,724 of revenue to the CIP (in addition to the \$43,711 already programmed to the Curb Ramp Program in the CIP) and \$4,674 of revenue to the General Fund. There are sufficient revenues from the Community Development Block Grant to fully fund this recommendation.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to enter into agreements necessary implement the projects identified in Attachment A that fund curb ramps, Green Streets and associated administrative costs.

Approved By:

City Manager _____ City Attorney _____

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INTRODUCTION

Shoreline annually receives funding from the Community Development Block Grant. From time to time, the CDBG funding plan is amended to address changes in funding levels or to accommodate programmatic shifts. The latter is called, "reprogramming." Currently the City has a total of \$193,292 that needs to be reprogrammed. As part of the American Recovery and Reinvestment Act (ARRA) in 2009 the City will receive an additional CDBG allocation of \$93,491.

BACKGROUND

Rules governing the use of CDBG funding focus the range of uses for the funding and specify timeframes for using the funds. The intent of the ARRA is documented job creation and rapid use of the funds. The recaptured funding was initially allocated to capital projects and must continue to fund capital activities. All the funding under consideration in this recommendation is programmed to address needs identified in the City's Capital Improvement Program. The regular CDBG allocation for 2010 will address the broader range of agency operation and housing needs. This will be brought to Council in the fall of 2009.

Reprogramming Housing Funding

For the past three years the City has set aside a total \$99,581 in CDBG funding to support the development of affordable housing. To date no viable projects have come to Shoreline that propose to use this CDBG funding. Affordable housing projects that are moving ahead in Shoreline have not requested use of these funds. These projects include housing for seniors around Echo Lake and most recently an acquisition/rehab of the Pepper Tree, a 30 unit complex off Ballinger Way proposed by the King County Housing Authority. Last year the CDBG plan included a reservation of funding for a housing/health clinic project. The proponents of this project have been delayed in their efforts to secure a site and will be unable to use this \$50,000 of funding in the HUD defined time frame.

In order to preserve the City's ability to support affordable housing projects that are ready to go in 2010, staff recommends that the Council consider this as an option in the for use of our 2010 CDBG funding. This allocation will come forward in the fall of 2009.

Support for Existing Capital Priorities

The CIP identifies two projects that are CDBG eligible: Curb Ramps and Green Street Demonstration. The Curb Ramp program is an element of the City's overall sidewalk replacement program. We have successfully used CDBG funding for this program for since 1999. The 2008 project came in under budget and left a balance of \$43,711 in this project. Combining the \$84,143 of ARRA funding with the \$43,711 balance of funds creates a viable curb ramp project to be implemented in 2009. This will allow us to both support our existing CIP and to meet the goals of the Economic Stimulus (ARRA) funding.

Green Street Demonstration is a priority project for the City. The neighborhood surrounding this project meets the income test to qualify for use of CDBG funding. This project represents the first time the City is able to use CDBG funds for what is typically called an "area benefit" project. Using CDBG funding to support Green Street Demonstration allows the City to pursue a project that advances our Sustainability Strategy, is consistent with the overall goals of the CDBG program and can meet the expenditure timelines established by HUD.

Allowed Administrative Costs

The City operates our CDBG program in partnership with King County. The County handles much of the administration of the program and we have agreed through an Interlocal Agreement that King County and the City will split funding allowed for administration. The ARRA allows the City and the County to use up to 10% of the funding to partially cover the cost of program administration. Staff proposes to allocate a 5% of the ARRA funding each to King County and to the City of Shoreline.

The following chart identifies the proposed use and source of funds:

Source	Green Streets Design and Implementation	Sidewalk Replacement for Accessibility	City/County Admin
ARRA		\$84,143	\$9,349
2008 Curb Ramp Balance		\$43,711	
Housing Set Aside	\$99,581		
Housing/Health Clinic	\$50,000		
Total	\$149,581	\$127,854	\$9,349

ARRA Funding Constrained

While we knew that the City would be receiving some additional CDBG funding as part of the stimulus, we just received notice of the rules governing implementation on May 8, 2009. These rules place stringent requirements for job creation and timeliness of expenditure on any funding. In addition we must notify King County of our plans by May 28th so they in turn to submit plans to HUD for the use of the ARRA funding by June 5, 2009. The rules gave us short timelines for developing proposals, the usual small percentage funding available for services and stringent reporting requirements. When we considered these factors along with the one time nature of the funding staff concluded that it is not feasible to use the ARRA funding for the more typical range of CDBG eligible activities. These include home repair, agency support and development of non-profit facilities. These uses are better suited for the annual CDBG allocation.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to enter into agreements necessary implement the projects identified in Attachment A that fund curb ramps, Green Streets and associated administrative costs.

ATTACHMENTS

Attachment A – Proposed Use of Funds

Attachment B – Map of Green Street Demonstration

Attachment C – General Locations of Curb Ramps

**Attachment A
Proposed Use of Funds**

Proposed Use of Funds	Reprogrammed Funds*	ARRA Funding
Green Street Demonstration	\$149,581	
Sidewalk Replacement for Accessibility	\$43,711	\$84,143
Planning and Administration		\$9,349

*Reprogrammed funds include \$193,292 of previously allocated CDBG funding from three delayed projects and one project that came in under budget:

Shoreline Comprehensive Housing Strategy Set-Aside - \$75,216

Shoreline Implementation of Comprehensive Strategy Set-Aside - \$24,365

Shoreline Community Clinic/Affordable Housing - \$50,000

Shoreline Sidewalk Replacement for Accessibility - \$43,711

**Proposed Green Street Location, 17th Ave NE
from NE 145th St to NE 150th St**



Curb Ramp & Sidewalk Improvements

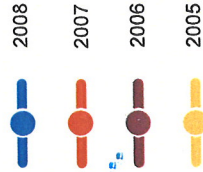
Historical Locations

CDBG

Grant Funded

Attachment C

Legend



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