

## **CITY COUNCIL AGENDA ITEM**

### **CITY OF SHORELINE, WASHINGTON**

**AGENDA TITLE:** Public Hearing and Discussion on the Reprogramming of 2018 and 2019 Community Development Block Grant Capital Funding to Implement Approved Programs and Projects

**DEPARTMENT:** Community Services Division

**PRESENTED BY:** Bethany Wolbrecht-Dunn, Grants Administrator

**ACTION:**               Ordinance               Resolution               Motion  
                   X   Discussion          X   Public Hearing

#### **PROBLEM/ISSUE STATEMENT:**

Shoreline's funding for human services supports a system of local and regional services that together provide Shoreline residents with access to an array of services to enhance their well-being and to mitigate pressing needs. This plan specifies how the City will allocate both City General Fund dollars and federal Community Development Block Grant (CDBG) funds. While the City allocates human services funding on a two-year cycle, CDBG capital projects are allocated on a yearly basis.

For the 2018 and 2019 program years, the City Council approved two CDBG capital projects: the ongoing Sound Generations Minor Home Repair program and a Housing Set Aside. The goal of the Housing Set Aside was to reserve funds for future use in support of the development of to be determined affordable housing projects. The table below shows the amounts that were allocated to the Housing Set Aside for 2018 and 2019. Additionally, the City has \$32,062 in recaptured major home repair loans available to allocate to a capital project. Together with the 2018 and 2019 funds, this totals \$200,878 in CDBG capital funds available.

2018 Housing Set Aside	\$52,735
2019 Housing Set Aside	\$116,081
Recaptured Major Home Repair Loans	\$32,062
<b>Total</b>	<b>\$200,878</b>

Due to challenges of using CDBG funds for an affordable housing project, it has been determined that there are no local affordable housing projects on the immediate horizon that are able to use this capital funding. As there is a timeliness issue relating to the use of CDBG funds, staff is recommending the reprogramming of the funds to projects that can be completed within the program guidelines.

The reprogramming of CDBG funds require Council authorization and require Council to hold a public hearing on the use of these capital funds. Tonight, Council is scheduled to hold this public hearing and discuss the reprogramming of these CDBG funds for the

recommended projects as described in this staff report. This item is scheduled to be brought back to Council for adoption on June 3, 2018.

**FINANCIAL IMPACT:**

The City has \$200,878 in available CDBG capital funds. The City has an interlocal agreement with King County for the administration and management of the City's CDBG grant. As prescribed in the CDBG agreement, awarded projects would enter into agreements directly with King County. There is no financial impact to the City for the administration of these funds.

**RECOMMENDATION**

Staff recommends that Council hold the public hearing regarding the use of reprogrammed 2018 and 2019 Community Development Block Grant capital funding. Staff further recommends that Council approve the recommended projects, as scheduled, on June 3, 2019.

Approved By:            City Manager                            City Attorney

## **BACKGROUND**

The Federal Community Development Block Grant (CDBG) Program is one of the most enduring programs providing federal support to local jurisdictions. It was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG program is the development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. CDBG funds can serve households with incomes up to 80% of the King County median income.

Every other year, the City reviews its human services funding allocation and develops a new two-year Human Services Funding Plan. Shoreline's funding for human services supports a system of local and regional services that together provide Shoreline residents with access to an array of services to enhance their well-being and to mitigate pressing needs. This plan specifies how the City will allocate both City General Fund dollars and CDBG funds. While the City allocates human services funding on a two-year cycle, CDBG capital projects are allocated on a yearly basis.

Of the approximately \$320,831 in CDBG funds available for Shoreline on a yearly basis, \$96,250 is allocated to regional projects (major home repair and homelessness response) and \$70,583 is allocated to CDBG administration, leaving approximately \$153,998 available for capital projects. For 2018 and 2019, the City supported the Sound Generations Minor Home Repair program and reserved funding for potential housing project(s) in a Housing Set Aside project. The CDBG funds allocated in the Housing Set Aside project was \$52,735 in 2018 and \$116,081 in 2019.

The challenges of CDBG regulations (timeliness, environmental, wage rates, administration) can make the funds difficult to use effectively, especially in situations when the CDBG funds are a small percentage of a larger project. While the City has been working with affordable housing providers with the intent to program the CDBG House Set Aside funds to an active project (including the 198<sup>th</sup> Street Affordable Housing Project), it has been determined that there are currently no housing projects that would be able and willing to use the funds.

Additionally, the City has \$32,062 in recaptured major home repair loans available to allocate to a capital project. Together with the 2018 and 2019 funds, this totals approximately \$200,878 in CDBG funds available for capital projects.

The CDBG funds are on an expenditure timeline and any project funded will need to move forward relatively quickly - as even with probable extensions, there will be a May 2020 deadline for use of the 2018 funds and the repaid home repair loans funding. To that end, staff has solicited applications for CDBG capital projects that would be able to complete them in a timely manner while meeting the capital needs of local agencies.

## **DISCUSSION**

Following a Request for Proposal process for the reprogramming of the \$200,878 in CDBG capital funding, the City received four applications totaling \$294,593 in requests. A staff committee was convened to review and make funding recommendations to the

City Manager. The recommended projects for this reprogrammed funding are detailed below, and a complete list of applicants is shown in Attachment A.

**Center for Human Services (CHS) – Fire Escape/Play Area, \$108,000**

This project would replace the aging fire escape and would refurbish the children's outdoor play area at their main program site on 15<sup>th</sup> Avenue NE. The current fire escape is in poor condition and has been identified as part of a recent risk management review. Over 10,000 people receive services each year through CHS for assistance with mental health, substance abuse and family support.

**Compass Housing – Water Leak Repair at Ronald Commons, \$44,189**

The building that contains Ronald Commons and Hopelink Services on Aurora Avenue N has a serious leak issue that has and will likely continue to damage the foodbank space unless remedied. This project would design and implement a solution to the issue, procure the necessary fire-rated sealant and open walls, apply the sealant and restore the space to the original appearance and function.

**Hopelink – Shoreline Service Center Capacity Improvements, \$42,404**

The Hopelink Shoreline Center on Aurora Avenue N will be improved for client use by installing a moveable partition in the main conference room and by adding sound dampening carpet to improve privacy and comfort of the client space. Annually, the Hopelink Shoreline Center serves approximately 3,000 low-and-moderate income people in approximately 1,800 households. Services provided include energy assistance, financial assistance, employment services, adult education and family development case management. A partition in the large conference room would allow for an increase in capacity as two classes or meetings could use the space at the same time, where currently this is not feasible. The addition of sound deadening carpet would help Hopelink in their goal of utilizing a trauma-informed approach for their services, where they look to minimize sound and increase the privacy of the community members who are often seeking services due to an emergency or crisis in their life.

The recommendation also includes that the remaining \$6,285 of available funding would be available via a contingency for the projects located at the Hopelink/Ronald Commons site. The projects would be implemented under a combined contract with Hopelink as the lead agency.

**Tonight's Council Meeting**

The reprogramming of CDBG funds require Council authorization and require Council to hold a public hearing on the use of these capital funds. Tonight, Council is scheduled to hold this public hearing and discuss the reprogramming of these CDBG funds for the recommended projects as described in this staff report. This item is scheduled to be brought back to Council for adoption on June 3, 2018.

**FINANCIAL IMPACT**

The City has \$200,878 in available CDBG capital funds. The City has an interlocal agreement with King County for the administration and management of the City's CDBG grant. As prescribed in the CDBG agreement, awarded projects would enter into

agreements directly with King County. There is no financial impact to the City for the administration of these funds.

### **RECOMMENDATION**

Staff recommends that Council hold the public hearing regarding the use of reprogrammed 2018 and 2019 Community Development Block Grant capital funding. Staff further recommends that Council approve the recommended projects, as scheduled, on June 3, 2019.

### **ATTACHMENTS**

Attachment A: 2019 Supplemental Community Development Block Grant Capital Recommendations

## 2019 Supplemental Community Development Block Grant Capital Recommendations

Applicant	Project	Description	Request	Recommendation	Recommendation Details
Center for Human Services	Fire Escape/Play Area	This project would replace the fire escape platform/stairs and refurbish the children's outdoor play area at their main program site on 15th Avenue NE.	\$ 108,000	\$ 108,000	Fire escape first, play area scalable, if necessary.
Hopelink	Shoreline Service Center	The Shoreline Center will be improved by installing a moveable partition in the Sambataro Room and adding sound dampening carpet to improve privacy and comfort of the client space in the cubicle area.	\$ 42,404	\$ 42,404	Remaining \$6,285 will be used as a contingency for these two projects. As these projects are located at the same location; Hopelink will be the lead agency.
Compass Housing	Water Leak Repair at Ronald Commons	The building that contains Compass Housing and Hopelink services has a serious leak issue. This project would design and implement a solution to the issue, procure the necessary fire-rated sealant and open walls, apply sealant and restore the space to original appearance and function.	\$ 44,189	\$ 44,189	
King County Housing Authority	Westminster Manor Electrical	Project would replace the two main electrical distribution panels and 60 in-apartment panels in the Housing Authority's Westminster Manor complex. The electrical components are original to the building that was built in 1972.	\$ 100,000	\$ -	

**Contingency:**

Any reduction in funds would first come from the \$6,285 in contingency, then split evenly amongst projects.  
Any increase in funds would be evenly distributed to projects.