

Date: December 1, 2016

To: City Council

Through: Natalie Lewis, Deputy City Manager

From: Ruth Giese, Community Services Director
Elizabeth Morales, Housing and Community Development Director

Subject: Reallocation of Prior Year CDBG funds
Council District: Citywide

**Strategic
Initiatives**



Purpose and Recommendation

The purpose of this report is to approve the allocation of prior year CDBG funds for public facilities and improvement to the following projects/activities:

1. Kleinman Park, City of Mesa Parks, Recreation and Community Facilities \$250,000
2. Downtown Façade Improvement Program, City of Mesa \$100,000
3. Demolition Program \$50,000
4. Paz de Cristo for \$ 64,176
5. A New Leaf \$262,000

Background

At the September 8, 2016 Study Session, Community Services informed Council of the availability of \$750,000.00 in prior years' allocations that are available for reprogramming. Council directed the Department to announce the availability of \$500,000 in federal Community Development Block Grant (CDBG) funding to be used for the funding of eligible public facilities and improvement projects. HUD sets a funding deadline of April 30th to utilize 1.5 ratio of available funds to expended funds on CDBG projects, to ensure that the City does not have an excessive amount of federal funds unspent which should be used on eligible projects.

For the purpose of expending the unallocated funds and meeting the federal requirement by April 30th, a Notice of Funding Availability (NOFA) was issued on September 18th seeking proposals requesting funds for public facilities and improvements. Proposals from interested parties was due on or before October 10, 2016. Proposals were required to meet CDBG eligibility requirements, including benefit to persons of low-to moderate income.

On October 27th, the Housing and Community Development Advisory Board (HCDAB) reviewed the proposals and submitted their recommendations to the Community and Cultural Development Committee (CCD).
On November 3rd, CCD reviewed and discussed the recommendations provided. CCD

determined the funding would be best used for larger, transformative projects rather than multiple smaller grants as follows:

1. Kleinman Park, City of Mesa Parks, Recreation and Community Facilities \$250,000
2. Downtown Façade Improvement Program, City of Mesa \$250,000
3. Demolition Program \$50,000

Discussion

In addition to the CCD recommendation above, staff now request consideration by Council for additional projects for the purpose of expending funds to meet the federal requirement. These additional recommendations are aligned with CCD's desire to keep the funding to larger transformative projects. As previously reported, the City has approximately \$750,000 of unspent CDBG funding and it was recommended to spend no more than \$500,000 should there be an unexpected need in the coming year. Staff would like to increase the funding to ensure we meet the HUD funding requirements as some of the existing capital and improvement projects from FY 14/15 and 15/16 will not be completed by the April 30th HUD deadline. It is staff's recommendation to utilize \$676,176 of the funding, leaving approximately \$75,000 should there be any new funding needs that arise in the next year.

The two projects, Paz de Cristo and A New Leaf are being recommended by staff and were in the top three of HACDB recommendations. Both these projects have significant impacts to serving those experiencing homelessness. Paz de Cristo will utilize their funding to make improvements that address health and safety issues related to food preparation and expanding exterior shelter for the summer months. A New Leaf's project will make much needed improvements to bathroom and laundry facilities at the East Valley Men's Shelter. These two projects meet the CCD desire to make significant impact as the City projects also accomplish.

As discussed in the Nov. 3rd meeting, Resurrection Ministries was in the top three recommendations, but due to the facility being leased and not owned, CCD felt that the funds would be better used in these other projects. In addition, it is anticipated that \$100,000 (reduced from \$250,000) will be utilized by April 30th, and additional funding requirements can be applied for in FY 17/18. The \$50,000 for demolition will be funded with 17/18 funds as there are no immediate properties identified for demolition by April 30th.

Alternatives

City Council reserves the right to modify or reject any and all funding recommendations provided by Community and Cultural Development (CCD) Committee.

Fiscal Impact

Expenditure of these prior year CDBG funds will allow the City to comply with HUD program requirements which require grantees to have minimal amounts of unused HUD funds in U.S. Treasury accounts.

Coordinated With

The Public Facilities and Improvement NOFA was reviewed at two Public Hearings and recommendations forwarded from the Housing and Community Development Advisory Board and Community and Cultural Development Committee.