



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: HCD
Department No.: 055
For Agenda Of: 6/2/09
Placement: Hearing
Estimated Tme: 60 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department John McInnes, 568.3552
Director(s)
Contact Info: Carlos Jimenez, Division Manager, 568.3523
SUBJECT: ARRA: Substantial Amendment to Consolidated Plan 2008-2009 Annual Action Plan for the Community Development Block Grant for CDBG-R

County Counsel Concurrence

As to form: Select_Concurrence

Other Concurrence: Select_Other

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors:

- (A) Select projects to be included within the Substantial Amendment to the County's Consolidated Plan 2008-2009 Annual Action Plan for the Community Development Block Grant-Recovery program (CDBG-R).
- (B) Authorize the Chair of the Board of Supervisors to execute and submit the Substantial Amendment and associated documentation (Attachments A & B) pursuant to the County's Program Year 2008-09 Consolidated Plan Annual Action Plan to the Department of Housing and Urban Development in order to receive CDBG-R funding through the American Recovery and Reinvestment Act of 2009.

Summary Text:

Santa Barbara County has been allocated \$542,154 in supplemental Community Development Block Grant under the Obama Administration's American Recovery and Reinvestment Act (ARRA). The United States Department of Housing and Urban Development requires jurisdictions to prepare and submit a Substantial Amendment to their Consolidated Plan's 2008-09 Annual Action Plan in order to realize the funding. As the lead agency under the CDBG Urban County Cooperation Agreement comprised of the participating jurisdictions of Lompoc, Carpinteria, Solvang and Buellton, the county has a formulaic, pro-rated sharing agreement with these cities for the CDBG-R funding.

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Background:

As part of ARRA, the United States Department of Housing and Urban Development (HUD) received a supplemental allocation of \$1 billion for the Community Development Block Grant (CDBG) program. On February 25, 2009, HUD allocated ARRA funds to entitlement grantees. For its part Santa Barbara County was conditionally awarded an aggregate amount of \$542,154 in supplemental CDBG-R funding. Under the current Urban County Consortium Agreement, The County of Santa Barbara is obligated to pro-rate this funding and offer a share to its partner jurisdictions of Lompoc, Carpinteria, Buellton and Solvang. After conferring with all of the partners, only Lompoc and Carpinteria indicated a desire to receive their allocations. Conversely, the cities of Buellton and Solvang opted not to utilize the CDBG-R funding at this time for lack of eligible projects. Accordingly, by utilizing the current Urban County Agreement and accounting for the allowable 10% program administration requirements, the CDBG-R funding will be distributed for projects as follows:

County	Lompoc	Carpinteria
\$326,089	\$121,985	\$39,865

On May 5, 2009, HUD issued a Notice in the Federal Register establishing the operating procedures and guidance pertaining to the use of the Community Development Block Grant recovery funds. **Per the Notice, entitlement communities must submit a CDBG-R Substantial Amendment to its 2008-09 Consolidated Plan Annual Action Plan to the Los Angeles HUD field office by no later than June 5, 2009.** The Notice includes implementation guidance that strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, HUD strongly recommends that grantees incorporate consideration of the public perception of the Recovery Act in identifying and selecting projects for CDBG-R funding, the intent and spirit of which is “to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care.” The Notice also references the importance of creating employment opportunities and job growth by providing funding for “shovel-ready,” CDBG-eligible capital projects.

HUD’s Notice also recognized that grantees “should not assume that normal CDBG funding distribution procedures can meet the goals for obligation of the CDBG-R funding,” adding, “if a grantee’s normal funding process mandates a lengthy Request for Proposals, lengthy procurement actions, or other process that would take months to produce funding recommendations, grantees should... expedite the process.” HUD affirmed that some Urban County funding procedures that distribute funds on a proportional basis could result in funding awards that are too small to be used expeditiously and productively. Staff has conferred with participating jurisdictions in this regard and, as noted, Buellton and Solvang have opted out. Therefore, the County will realize these allocations for County projects as reflected in the budget allocation table above.

In the context of the truncated period to identify eligible projects relative to the County’s CDBG-R allocation, HCD staff contacted other County Departments including General Services, Public Works, Social Services and the Parks Department to explore and identify a list of potential pipeline projects that could be implemented in a timely and expeditious manner and that meet the spirit and intent of ARRA. Given that HUD allowed the full menu of options for eligible activities under its regular CDBG

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program, staff also contacted and conferred with Women’s Economic Ventures whose work generally encompassed CDBG-eligible economic development activities directed to low-income residents. Additionally staff contacted and conferred with Peoples’ Self Help Housing Corporation at the request and direction of the City of Carpinteria.

Based on these interactions, the following potential projects were identified including one each from the cities of Carpinteria and Lompoc (See Attachment E for a full description of each project).

Applicant	Project	Amount Requested
Casmalia Community Services District	Casmalia Community Services Affordable Source Development Project	\$40,000
Women’s Economic Ventures of Santa Barbara County	Microenterprise Development/Microfinance	\$100,000
City of Lompoc	Sidewalk and Infrastructure Improvements	\$121,985*
City of Carpinteria/Peoples’ Self Help Housing Corporation	Chapel Court Farmworker Housing Rehabilitation	\$212,302**
Santa Barbara County Parks Department	Mohawk Area Restrooms ADA Upgrades	\$250,000
Santa Barbara County General Services Department	Santa Barbara Veteran’s Memorial Building Elevator	\$250,000
Santa Barbara County General Services Department	Foster Homes Rehabilitation	\$265,000
Santa Barbara County General Services Department	Women’s Shelter Rehabilitation	\$330,000
Santa Barbara County General Services Department	New Cuyama Recreation Hall Renovation	\$330,000

*Project represents the City of Lompoc’s pro-rated share of CDBG-R funding (\$121,985) and has been brought forward by the City in conferral with County staff.

**Project represents the City of Carpinteria’s pro-rated share of CDBG-R funding (\$39,865) as well as an increment of \$172,437 in County CDBG-R funding. The City of Carpinteria is agreeable to partial funding should County funds be unavailable.

To evaluate and determine the most appropriate projects for Board selection, the following selection criteria was derived from goals, objectives and priorities contained in HUD’s Notice and CDBG-R enabling legislation as well as HUD guidance:

1. Community Need
2. Project Readiness
3. Project Feasibility
4. Job Creation and Economic Benefit
5. Capital vs. Programmatic
6. Energy Efficiency and Conservation
7. Discrete CDBG-R Project Budget
8. Reporting and Transparency Requirements

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With respect to the project reporting and transparency requirements, Washington HUD staff conducted a CDBG-R Webinar and asserted that it is advisable that any project proposals being brought forward in future Substantial Amendments identify a project or set of project proposals with discrete project budgets that can be clearly demarcated, delineated and reported on separately from any other federal funding sources as CDBG-R activities will be first and foremost addressed as distinct activities in the federal treasury system. Moreover, in terms of timeliness projects must be ready for contracting within 120 days from the date of the County having received a grant agreement from HUD. As HUD is requiring timely quarterly reporting for all CDBG-R and ARRA funded projects, this is an additional consideration in terms of working with a discrete project or set of projects.

A project evaluation matrix is provided as Attachment F indicating how the potential projects relate to the above listed selection criteria. Based on the analysis and findings contained in Attachment F, staff recommends that the Board select the Santa Barbara County General Services Department Women’s Shelter Rehabilitation for funding and inclusion in the Substantial Amendment to the County’s Consolidated Plan 2008-2009 Annual Action Plan for the CDBG-R. In addition, staff recommends the inclusion of the City of Lompoc’s Infrastructure Improvement projects and the City of Carpinteria’s/Peoples’ Self Help Housing Corporation’s Affordable Housing Rehabilitation project at the pro-rated amounts that these jurisdictions are scheduled to receive under the current Cooperation Agreement.

The Women’s Shelter project proposal was deemed best suited to meeting the specific requirements under the American Recovery and Reinvestment Act resulting from a combination of factors including: 1) the ability of the project to meet timeliness standards in terms of contracting and project readiness; 2) meeting overall spirit and intent of ARRA, i.e., “shovel-ready,” capital project; rehabilitation activity, eligible population to be served, 3) identification of a discrete project budget for programmatic and financial reporting; 4) promotion of energy efficiency and conservation, and 5) job creation and economic stimulus.

As evident in Attachment F, all of the projects are eligible under CDBG and offer great importance and significance to the community. Therefore, any projects that are not selected for this CDBG-R funding would likely be strong candidates for ongoing future County CDBG funding cycles.

Performance Measure:

Fiscal and Facilities Impacts: Budgeted: No

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal	\$ 542,154.00		
Fees			
Other:			
Total	\$ 542,154.00	\$ -	\$ -

Fiscal Analysis: Narrative:

A budget revision in the amount of \$542,154 will be prepared for Board consideration once HUD has approved the Substantial Amendment and provided the County with a grant agreement for this program.

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Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions: Please execute three original copies of the Application for Federal Assistance and the CDBG-R Certifications and contact Miriam Gallardo at extension 3529 or Carlos Jimenez at extension 3523 for pick-up.

Attachments:

- A. Application for Federal Assistance
- B. CDBG-R Certifications
- C. CDBG-R Substantial Amendment
- D. CDBG-R Activity Data Spreadsheet
- E. CDBG-R Project Descriptions
- F. CDBG-R Project Evaluation Matrix

Authored by: Carlos Jimenez, Division Manager

cc: