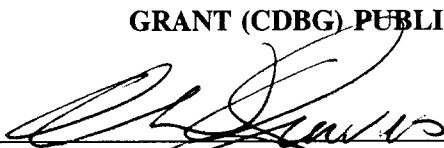




City of Carson Report to Mayor and City Council

September 20, 2011
New Business Discussion

SUBJECT: CONSIDER REVISED GUIDELINES FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PUBLIC SERVICE PROGRAM SUBMITTALS


Submitted by Clifford W. Graves
Economic Development General Manager


Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

On November 8, 2006, City Council adopted a set of guidelines for use in evaluating Community Development Block Grant (CDBG) public service program submittals (Exhibit No. 1). In light of anticipated continued reductions to and the possible elimination of the CDBG program, and to more closely link the program administration and monitoring process to that of evaluating requests for funding, staff requests that the existing guidelines be revised.

II. RECOMMENDATION

TAKE the following actions:

1. ADOPT the recommended policy guidelines for Community Development Block Grant public service funding requests (Exhibit No. 2).
2. DIRECT staff and the Citywide Advisory Commission to apply these guidelines to the review, evaluation, and recommendation of applications for funding.

III. ALTERNATIVES

TAKE no action at this time.

IV. BACKGROUND

In an effort to improve the process for considering funding requests from local nonprofit service providers for the public service portion of the city's annual CDBG allocation (representing 15% of the funding), as well as a similar process for allocating Cultural Arts Commission funding (currently suspended), the City Council Government Efficiency Blue Ribbon Subcommittee, utilizing input from city staff and the affected nonprofit entities, proposed a set of policy guidelines for this purpose, which the City Council adopted at its meeting on November 8, 2006 (Exhibit No. 3).

At that time, it was recognized that the resources available to support these programs were diminishing, while at the same time the number of organizations seeking funding increased. These parallel trends have continued since that time,

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illustrated most vividly by the CDBG Program Year (PY) 2011 entitlement allocation, which was reduced by approximately 15%.

Among the issues considered in 2006 by the Subcommittee, and the City Council, were: the types of services being funded; whether funding should be limited to those organizations based in Carson; qualifications of the providers seeking funding; restricting access to both CDBG and Cultural Arts Commission funding for the same program; the proportion of requested funding that applicants proposed to devote to direct program services as opposed to personnel and/or other administrative costs; the length of time a program can receive funding; and the establishment of a minimum funding level per year. After considering these issues, the Subcommittee recommended, and City Council adopted, the guidelines as listed on Exhibit No. 1.

Based on the experience of five funding cycles under the current policy guidelines, staff recommends the following changes:

1. The suspension of the Cultural Arts Commission funding allocations renders the first two guidelines essentially moot. However, at this time staff recommends retaining these guidelines in the event that at some future time the Cultural Arts Commission funding is reinstated, or some other locally-derived funding source for nonprofit service providers is established.
2. With regard to the guideline on the number of consecutive years a program may receive funding, staff recommends linking continued availability of funding to program performance as determined by results of program monitoring that the U. S. Department of Housing & Urban Development (HUD) requires its local government recipients to conduct. Through an increased emphasis on program monitoring, staff subjects each program to a process of on-site program monitoring each year (focusing on such aspects as the adequacy of program records on both service delivery outputs and expenditures on eligible program costs, and the timeliness and completeness of required reporting to staff). Should the program monitoring results for one year prove less than satisfactory, the program will be provided the opportunity to correct the identified deficiencies. However, a second consecutive year of less than satisfactory results will result in that program no longer being permitted to apply for or receive CDBG funding.
3. Limit the number of programs approved for funding to not more than ten per year. Limiting the number of approved programs facilitates the direction of the shrinking available funding to the highest quality programs and enables those programs to potentially receive larger funding allocations than at present.

4. Increase to \$10,000.00 the minimum annual amount for CDBG allocations for each provider. The adoption of a minimum funding level is in recognition that there is a level of funding below which only minimal impact can be made on the community need the program seeks to address, and below which the documentation and reporting requirements imposed by HUD and the city are not worth the effort to the service provider. From PY 2007 to PY 2011, the amount of available CDBG public service funds has decreased from \$193,735.00 to \$160,978.00, and the number of programs funded has remained at 17. Consequently, the average annual allocation per program has decreased from \$11,396.00 to \$9,469.00 over that time.
5. The current policy guidelines include not funding startup organizations or programs. Staff proposes defining “startup” as a program that has an operational history of less than two years. This definition would apply to the program for which funding is being sought, regardless of whether the organization proposing to operate the program has been in existence for two years or more.
6. With regard to the guideline that establishes a point system for evaluation of applications, staff recommends that this guideline be revised to require applicant programs to attain a minimum rating score of 70 in order to be presented to the Citywide Advisory Commission for its review prior to that Commission making its recommendation to City Council. (The existing rating scale has a maximum possible score of 110 to allow for the awarding of bonus points to Carson-based programs.)

These recommendations are offered by staff with the objective of ensuring efficient compliance with HUD regulations in light of the trend of decreasing CDBG funding. Exhibit No. 2 outlines the current and proposed policy guidelines.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Adopted Policy Guidelines for Community Development Block Grant and Cultural Arts Commission Funding. (pg. 5)
2. Policy Guidelines for Community Development Block Grant Public Service Funding (Current and Proposed). (pg. 6)
3. Minutes, City Council, November 8, 2006, Item No. 27. (pgs. 7-8)

Prepared by: Keith Bennett

TO:Rev010511

Reviewed by:

<u>City Clerk</u>	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____

**ADOPTED POLICY GUIDELINES FOR
COMMUNITY DEVELOPMENT BLOCK GRANT AND
CULTURAL ARTS COMMISSION
FUNDING
FROM CITY COUNCIL GOVERNMENT EFFICIENCY
BLUE RIBBON SUBCOMMITTEE**

1. Applications for Community Development Block Grant (CDBG) and Cultural Arts Commission funding shall be considered by the City Council at the same meeting.
2. No service provider shall receive funding from both CDBG and Cultural Arts Commission budgets, however, there is no limit to funding an organization from one source if the organization has two distinct programs.
3. That there will be no limit on the number of consecutive years a service provider may receive funding. However, there should be no earmarking of annual funding for any service provider. That is, the amount of funding a service provider receives in any single year shall be determined by a competitive application process
4. Each Commission (Citywide Advisory and Cultural Arts), in conjunction with staff, shall establish a point system for evaluation of applications. Service providers who are Carson-based or predominantly serve Carson residents shall receive bonus points.
5. The minimum annual grant amount for CDBG and Cultural Arts Commission service providers shall be \$7,500.00. However, startup organizations or programs will not be considered eligible for funding.
6. Applications for funding shall be compared for administrative versus direct client service costs and collaboration with other entities in providing services.

Policy Guidelines for Community Development
Block Grant Public Service Funding
(Current and Proposed)

Existing Guidelines (Adopted 11/8/06)	Proposed Changes
Applications for Community Development Block Grant (CDBG) and Cultural Arts Commission funding shall be considered by the City Council at the same meeting.	No proposed change (reserved in the event of reinstatement of Cultural Arts funding or development of a similar funding source).
No service provider shall receive funding from both CDBG and Cultural Arts Commission budgets, however, there is no limit to funding an organization from one source if the organization has two distinct programs.	No proposed change (reserved in the event of reinstatement of Cultural Arts funding or development of a similar funding source).
That there will be <u>no limit</u> on the number of consecutive years a service provider may receive funding. However, there should be no earmarking of annual funding for any service provider. That is, the amount of funding a service provider receives in any single year shall be determined by a competitive application process.	Link consecutive funding availability to results of annual program monitoring. Programs with less than satisfactory results given one year to correct identified deficiencies. A second consecutive year of less than satisfactory results will result in that program no longer being permitted to apply for or receive funding.
Each Commission (Citywide Advisory and Cultural Arts), in conjunction with staff, shall establish a point system for evaluation of applications. Service providers who are Carson-based or predominantly serve Carson residents shall receive bonus points.	Applicants must attain a minimum score of 70 on the proposal rating system to advance to Citywide Advisory Commission review.
The minimum annual grant amount for CDBG and Cultural Arts Commission service providers shall be \$7,500.00. However, it is the City Council's policy to not fund startup organizations or programs.	Increase the minimum annual grant amount for CDBG to \$10,000.00. "Startup" defined as a program that has an operational history of less than two years, regardless of the length of time the organization proposing to operate the program has been in existence.
Applications for funding shall be compared for administrative versus direct client service costs and collaboration with other entities in providing services.	No proposed change.
(No existing guideline regarding the number of programs to be funded per year.)	Limit the number of programs awarded CDBG funding to no more than ten (10) per year.





**MINUTES
CARSON CITY COUNCIL
ADJOURNED REGULAR MEETING
NOVEMBER 8, 2006**

**ITEM NO. (27) GUIDELINES AND PRIORITIES FOR COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG) PUBLIC SERVICE PROVIDER PROGRAM
SUBMITTALS AND FINE ARTS & HISTORICAL COMMISSION
CONTRACTS (ECONOMIC DEVELOPMENT)**

This item was heard after Item No. 21.

City Manager Groomes summarized the staff report and recommendation.

Public Comments

Marvin Clayton, 426 W. Carson Street, Carson, California 90745, representing Apollo West Carson Players, handed a letter to City Clerk Kawagoe for the City Council. He referred to Exhibit No. 1, Recommended Policy Guidelines for CDBG and Fine Arts & Historical Commission Funding from City Council Government Efficiency Blue Ribbon Subcommittee, and expressed concern with Item No. 3. He stated that he did not want to be denied the opportunity to apply as a 501(c)(3) organization.

Ronald Shimokaji, 1502 E. Carson Street, No. 135, Carson, California 90745, and suggested an approach for the distribution of funds.

(Mayor Dear exited the meeting at 9:06 P.M., and Mayor Pro Tem Ruiz-Raber assumed the Chair.)

(Mayor Dear reentered the meeting at 9:07 P.M. and resumed the Chair.)

RECOMMENDATION for the City Council:

Take the following actions:

1. ADOPT policy guidelines for the respective programs (Exhibit No. 1), and DIRECT staff and the respective Commissions to apply said guidelines in their review and evaluation of applications for funding.

2. DIRECT staff to explore the possibility of securing lower cost liability insurance options, such as a blanket insurance policy, for CDBG public service providers and fine arts program contractors.

ACTION: It was moved to Approve staff recommendation Nos. 1 and 2 on motion of Santarina and seconded by Ruiz-Raber.

Council Member Williams offered two amendments to the motion. First, he referred to Guideline No. 5 and offered an amendment that the money should not be used for start-up cash. Secondly, to not limit an organization to funding from one source if the organization has two distinct programs, both of which were accepted by the maker and the second.

Upon inquiry, City Manager Groomes referred to Guideline No. 2 and clarified that the language, "for the same program," would be added and that in the event a service provider were to qualify for funding from both CDBG and Fine Arts budgets, they would have to meet the criteria and compete for funding, which was accepted without objection.

The motion twice amended was unanimously carried by the following vote:

Ayes:	Mayor Dear, Mayor Pro Tem Ruiz-Raber, Council Member Santarina, Council Member Williams, and Council Member Gipson
Noes:	None
Abstain:	None
Absent:	None

