



Office of the City Manager

CONSENT CALENDAR
October 16, 2012

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Jane Micallef, Director, Health, Housing & Community Services
Subject: Shifting Emergency Shelter Grant and Community Development Block Grant Funding Between Community Facility Improvement Projects

RECOMMENDATION

Adopt a Resolution:

- 1) Rescinding the portion of Resolution No. 65,266–N.S. which allocated \$40,000 in Emergency Solutions Grant Funding (ESG) to Women’s Daytime Drop-In Center (WDDC); and
- 2) Rescinding the portion of Resolution No. 65,670–N.S. which allocated \$92,406 in Community Development Block Grant (CDBG) allocation to Berkeley Food and Housing Project (BFHP) for community facility improvements at 2140 Dwight Way;
- 3) Approving allocations of \$40,000 in ESG funding and \$52,406 in CDBG funding to BFHP for the facility improvement project at 2140 Dwight Way;
- 4) Approving an allocation of \$40,000 in CDBG funding to WDDC for facility improvements at 2218 Action Street; and
- 5) Authorizing the City Manager to execute any resulting contracts, amendments and agreements based on revised funding sources for Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funded community facility improvement projects undertaken by Women’s Daytime Drop-In Center and the Berkeley Food and Housing Project.

FISCAL IMPACTS OF RECOMMENDATION

There is no fiscal impact; federal funding would be shifted between two projects.

CURRENT SITUATION AND ITS EFFECTS

The Women’s Daytime Drop-In Center (WDDC) applied to the City for City-administered federal funds on December 8, 2010 to make improvements to the facility the program occupies at 2218 Acton Street. City Council allocated ESG funds in the amount of \$40,000 for the project on May 3, 2011, a city owned property through the adoption of Resolution No. 65,266. Federal regulations require that ESG funds be spent timely, and the \$40,000 allocated to WDDC must be fully expended by June 30, 2013. WDDC is currently negotiating with the City to execute an updated lease for the property. These lease negotiations have caused a delay that could put the ESG funds at risk of recapture. To avoid this, staff recommends swapping the ESG funds allocated to the

WDDC project with CDBG funding recently allocated to the Berkeley Food and Housing Project for a community facility improvement project which is also eligible for ESG funding. The funding source swap would maintain funding commitments to both projects and minimize the risk of recapture.

Federal regulations require that CDBG funds are spent in a timely fashion, so that no more than 1.5 times a grantee's award amount remains unspent in any given year. Spending down CDBG awards as quickly as possible on eligible uses is important for the City's CDBG program. Unlike ESG, however, CDBG funds do not have an expiration date, and the CDBG funds, if reallocated to WDDC, would not be at immediate risk of recapture.

BACKGROUND

The City of Berkeley receives CDBG and ESG funds annually for affordable housing, emergency services and other community development projects. Each year, the Health, Housing & Community Services Department issues a Request for Proposals and solicits applications for eligible activities, including for renovations to buildings that are open to the general public. CDBG funding for community facility improvements may be used for any facility open to the public in which a majority of the clientele is below moderate income, as defined by the CDBG regulations. ESG funds may be used for improvements to shelters and transitional housing only.

On December 7, 2011, the Berkeley Food and Housing Project applied to the City for federal funds to make improvements to their facility, located at 2140 Dwight Way. On April 24, 2012, City Council allocated \$92,406 in CDBG funds for this project. This project is also eligible for ESG funds, and the agency has successfully administered ESG-funded projects in the past. This project is the only CDBG-funded project awarded in the last funding round that was allocated more than \$40,000 – the amount needed for the swap - which would be eligible for ESG funding. BFHP staff is ready to start the project as soon as possible and \$40,000 of the funding will be expended before June 30, 2013.

Council approval for the revised funding sources for these projects is required by the federal regulations.

RATIONALE FOR RECOMMENDATION

ESG funds, which must be used within 24 months of allocation, would be at risk of recapture, if the funds are not swapped with another eligible project.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Kristen Lee, Community Services Specialist III, HH&CS Department, 981-5427

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

SHIFTING EMERGENCY SOLUTIONS GRANT AND COMMUNITY DEVELOPMENT
BLOCK GRANT FUNDS FOR COMMUNITY FACILITY IMPROVEMENT PROJECTS

WHEREAS, on May 3, 2011, the City Council approved an allocation of Emergency Solutions Grant (ESG) Funds for facility improvements in the amount of \$40,000 for the Women's Daytime Drop-In Center (WDDC) (Resolution No. 65,266-N.S.);

WHEREAS, on April 3, 2012, the City Council approved an allocation of Community Development Block Grant (CDBG) funds for facility improvements in the amount of \$92,406 for the Berkeley Food and Housing Project (BFHP) (Resolution No. 65,670-N.S.) respectively; and

WHEREAS, federal regulations require that ESG funds be spent within 24 months; and

WHEREAS, the \$40,000 of ESG funds allocated to WDDC must be fully expended by June 30, 2013; and

WHEREAS, the property occupied by WDDC is owned by the City and WDDC is currently negotiating with the City to execute an updated lease and, as a result, it is not expected that WDDC will be able to spend the ESG funds by the June 30, 2013 deadline; and

WHEREAS, the WDDC and BFHP projects are eligible for both CDBG or ESG funding; and

WHEREAS, the City Council desires to change the allocation ESG funds and CDBG funds to WDDC and BFHP so that all funding can be expended in a timely manner.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the portion of Resolution No. 65,266-N.S. which allocated \$40,000 in ESG funding to WDDC for facility improvements is rescinded.

BE IT FURTHER RESOLVED that the portion of Resolution No. 65,670-N.S. which allocated \$92,406 to BFHP for facility improvements at 2140 Dwight Way is rescinded.

BE IT FURTHER RESOLVED that the Council hereby approves allocations of \$40,000 in FY 2012 ESG funding (Budget code: 045-7902-463-3510) and \$52,406 in FY2013 CDBG funding (Budget code: 370-7902-463-3510) to BFHP for facility improvements at 2140 Dwight Way; and \$40,000 in FY 2013 CDBG funding (Budget code: 370-7902-463-3510) to WDDC for facility improvements at 2218 Action Street.

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BE IT FURTHER RESOLVED the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements in accordance with the intent of this Resolution; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.