



**REPORT TO
CITY COUNCIL**
City of Sacramento
 915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

PUBLIC HEARING
February 28, 2006

Honorable Mayor and
 Members of the City Council

Subject: 2006 Amendments to Various Years' One-Year Action Plans, and the Sacramento Housing and Redevelopment Agency Budget

Location/Council District: All

Recommendation:

Staff recommends the adoption of the attached resolution which:

1. authorizes the Sacramento Housing and Redevelopment Agency (Agency) to reprogram \$1,500,000 in unallocated capital reserve and previously approved Community Development Block Grant (CDBG) funded activities that have been completed and/or cancelled;
2. authorizes the Agency to allocate \$1,500,000 in CDBG funds to neighborhood enhancing projects that will be completed by October 31, 2006 and amend the Agency budget accordingly;
3. amends various One-Year Action Plans governing the use of entitlement and revolving loan funds for various CDBG and HOME Investment Partnership Program (HOME) activities, and amends the Agency budget accordingly;
4. authorizes the Agency's Executive Director, or designee, to execute all necessary agreements and contracts to carry out the recommended activities described in this report; and
5. authorizes the Interim City Manager to execute all necessary agreements and contracts to carry out the recommended activities described in this report.

Contact:

Lisa Bates, Community Development Director, 440-1316
 Sarah Hansen, Program Manager, 440-1322

Presenter: Sarah Hansen

Department: Sacramento Housing and Redevelopment Agency

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Summary:

This report de-funds and re-appropriates \$1.5 million in CDBG funds as part of a budget adjustment process. Activities being de-funded are those that have been completed or cancelled. The newly funded activities address the Neighborhood Enhancement Program approved by Council as part of the 2006 CDBG Action Plan. This report also provides an update on the fiscal year (FY) 2006 federal budget, recommends reducing the Agency's 2006 CDBG allocation of Public Service activities, and provides an update on the FY 2007 federal funding challenges.

Committee/Commission Action:

At its meeting on February 15, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Burns, Coriano, Fowler, Gore, Hoag, Piatkowski, Shah, Simon, Stivers.

NOES: None.

ABSENT: Burruss, Gale.

Background Information:

This report recommends mid-year adjustments to the City of Sacramento's 2006 One-Year Action Plan and the Agency's budget to comply with the 2006 federal budget reductions and to identify projects which can expend funds in a timely manner. Based on the 2006 HUD federal budget, the City of Sacramento will receive a 10 percent reduction in CDBG funds and six percent reduction in HOME funds. Staff had assumed a six percent budget cut in the 2006 Action Plan for CDBG and HOME. The additional four percent CDBG cut will be absorbed by unallocated capital reserve and a \$38,849 reduction of public service activities described later in this report.

By updating the 2006 Action Plan we are also required to update the City Consolidated Plan. The Consolidated Plan is a five-year planning document (covering the period 2003-2007) approved by the City Council on October 29, 2002. The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy for meeting those needs. In addition to providing a broad policy framework, the Consolidated Plan specifically addresses four federally-funded housing and community development programs: CDBG, HOME, Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). (HOPWA is funded through the City of Sacramento but serves both the City and County of Sacramento).

This report amends the 2006 One-Year Action Plan by reprogramming CDBG funds from cancelled and completed projects and/or programs to new activities under the Neighborhood Enhancement Program approved by Council in November 2005. This

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adjustment not only updates the Consolidated Plan but also facilitates timely expenditures, as required by HUD.

Discussion:

CDBG Action Plan Amendments

In the 2006 Action Plan, Council approved the use of just over \$1 million in CDBG funds for improving neighborhood serving city facilities in a new Neighborhood Enhancement Program. This report recommends augmenting this amount to \$1.5 million and identifies projects to be funded with the program. HUD requires timely expenditure of CDBG funds and we need to expend additional funds above and beyond the 2006 approved projects to meet our CDBG expenditure requirement. The projects identified below will meet the program requirements and be completed before the October 31st deadline.

Staff recommends that previously approved CDBG appropriations presented below be reprogrammed to fund enhancements to neighborhood serving facilities.

| Funds Recommended for Reprogramming | Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| 2006 Capital Reserve | \$274,910 |
| 2006 Neighborhood Enhancement Program (All Districts) – Funds will now be allocated to specific projects identified in the following table that meet this program's goals. | \$1,059,650 |
| 2004 Northgate Boulevard Improvements (District 1) – There are not sufficient funds to construct a project by the end of 2006. | \$136,000 |
| 2001 Franklin Boulevard Infrastructure Improvements (North City Farms) (District 5) – This project funded street improvements along Franklin Boulevard in the North City Farms neighborhood. The project is complete and the funds can be reprogrammed. | \$29,440 |
| Total | \$1,500,000 |

Staff recommends that the following appropriations be made to activities that will be completed within the next 18 months:

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| Recommended Reallocation of Funds | Amount |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <u>ADA and Community Center Improvements</u> | |
| <p>Discovery Museum History ADA Improvements (District 1) - Provides funding for handicapped accessibility improvements such as the design and installation of a path for participants to utilize the outdoor features of the Museum, installation of a single unisex handicapped accessible restroom, hand rail, and appropriate signage. The Museum is located at 101 I Street.</p> | \$225,000 |
| <p>2006 Sierra 2 Center for the Arts and Community (District 5) – Provides funding for design and installation of handicapped accessible improvements including restroom improvements, wheelchair stair-lift to the second floor, construction of steps and railings to the Center's theater, and appropriate signage. The Center is located at 2791 24th Street.</p> | \$615,000 |
| <p>2006 E.M. Hart Senior Center Rehabilitation (District 3) - Provides funding for the design and installation of handicapped accessible improvements including restroom, and additional office and storage space. The Center is located at 915 27th Street.</p> | \$400,000 |
| <u>Security Improvements</u> | \$160,000 |
| <p>The design and installation of security cameras to the interior and exterior of the following community centers:</p> <p>Robertson Community Center: 3525 Norwood Avenue</p> <p>Joe Mims Jr. Hagginwood Community Center: 3257 Marysville Boulevard</p> <p>Oak Park Community Center: 3425 Martin Luther King, Jr. Boulevard</p> <p>George Sim Center: 6208 Logan Street</p> <p>Each Center is allocated \$40,000 for these improvements.</p> | |
| <p>2006 Meadowview Fence Replacement Project (District 8) – Provides funding to design a decorative fence along the public right-of-way on the south side of Meadowview Road from 24th Street to Amherst Street.</p> | \$100,000 |
| Total | \$1,500,000 |

2006 Community Development Block Grant Public Service Cap

To meet the reduced budget for 2006, reductions need to be made to existing projects and programs. CDBG regulations allow that only 15 percent of entitlement funds plus

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the previous year's program income can be utilized for public service activities. With the 10 percent reduction in the federal budget, the funding in the public service category needs to be reduced by \$38,849. Staff recommends the following program budgets be reduced to comply with federal regulations.

| Activity | FY 2005 Appropriation | FY 2006 Appropriation | Reduction Amount | Reduction Percent |
|-----------------------------------------------------------|--------------------------|--------------------------|---------------------|----------------------|
| Department of Human Assistance – Detox Facility | \$324,122 | \$304,712 | \$19,410 | 6% |
| Department of Human Assistance – Senior Nutrition Program | \$241,588 | \$222,149 | \$19,439 | 8% |

2006 Federal Funding Update

Both the House and the Senate approved the final Fiscal Year (FY) 2006 Transportation, Treasury, Housing and Urban Development (TTHUD) Appropriations Act (H.R. 3058) on November 18, 2005. This bill provides a total budget of \$38.2 billion for HUD which administers the CDBG, HOME, ESG and HOPWA programs. Congress improved upon the President's original 2006 federal budget request (which was to eliminate the CDBG program) by recommending a nine percent cut below the 2005 funding level for CDBG in the final bill. Congress also considered several Housing and Community Development-related measures in late December, including a hurricane Katrina supplemental bill and across-the-board cuts of two percent to all 2006 allocations. The final version of the bill was for an additional one percent across-the-board reduction in addition to the nine percent reduction for a total of ten percent.

Please refer to the table in the Financial Considerations section for 2006 appropriations.

2007 Federal Funding Update

On February 6, 2006 the President released his proposed FY 2007 federal budget. It recommends that the CDBG Program remain at HUD but severely cuts funding by \$2 billion and proposes to model the program after the Strengthening America's Communities Initiative. The President has proposed \$2.975 billion for the CDBG Program; however, \$200 million will be set-aside for a demonstration program that will focus on providing bonus grants to communities that use CDBG to increase homeownership for their residents. This reduces the CDBG allocation amount to be distributed to the community to \$2.775 billion, a 25 percent reduction from FY 2006.

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Financial Considerations:

2006 federal appropriations:

| Federal Program | FY 2005 Appropriation | FY 2006 Appropriation | Reduction |
|------------------------|----------------------------------|----------------------------------|------------------|
| CDBG | \$6,620,562 | \$5,964,526 | 10% |
| HOME | \$3,466,292 | \$3,260,065 | 6% |
| ADDI | \$116,445 | \$58,105 | 50% |
| HOPWA | \$795,000 | \$786,000 | 1% |
| ESG | \$255,076 | \$254,656 | 1% |
| Total | \$11,253,375 | \$10,323,352 | 8% |

The attached resolution authorizes the amendment of the 2006 Agency budget to de-fund \$1,500,000 of CDBG funds resulting from cancelled/and or completed projects and capital reserve. It also amends various years' One-Year Action Plans to reflect augmentations to new activities or previously funded activities which can be completed within 18 months as required by HUD.

Environmental Considerations:

The following proposed actions are exempt from environmental review based on the specified CEQA and NEPA exemptions:

Improvement of Existing Public Buildings for Security and Removal of Barriers for Elderly and Disabled – NEPA per 24 CFR 58.35 b)(3) and (a)(2) and CEQA per Guidelines Section 15301 (a):

- 2006 Discovery Museum ADA Improvements
- 2006 Robertson Community Center Security Improvements
- 2006 Joe Mims Jr. Hagginwood Community Center Security Improvements
- 2006 E.M. Hart Senior Center ADA Improvements
- 2006 Oak Park Community Center Security Improvements
- 2006 Sierra 2 Center for the Arts and Community ADA Improvements
- 2006 George Sim Community Center Security Improvements

Replacement of Fencing along Public Right of Way – NEPA per 24 CFR 58.35(a)(1) and CEQA per Guidelines Section 15302

- 2006 Meadowview Road Fence Replacement

The following proposed actions are exempt from environmental review under CEQA but require additional analysis under NEPA after the design and scope of the rehabilitation has been completed before funding can be expended for the project:

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- **2006 E.M. Hart Senior Center Rehabilitation** (office and storage space)

Policy Considerations:

The actions recommended in this report are consistent with previously approved policies and federal requirements.


M/WBE Considerations:

The Agency's Minority and Women's Business Enterprise Program policy will be applied to all activities to the extent required by federal funding.

SBE Considerations:

The Agency will comply with current Small Business Enterprise policy, as applicable.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,


for Ray Kerridge
Interim City Manager

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RESOLUTION NO. 2006 -

Adopted by the Sacramento City Council

on date of

AMENDMENT TO THE CITY COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) AND VARIOUS YEARS' ACTION PLANS

BACKGROUND

- A. On October 29, 2002, the Sacramento City Council approved the 2003-2007 Consolidated Plan. The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy for meeting those needs. In addition, it specifically addresses federally funded housing and community development programs: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), American Dream Downpayment Initiative (ADDI), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Shelter Grant (ESG) Programs.
- B. The Department of Housing and Urban Development (HUD) requires the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan.
- C. A noticed public hearing soliciting comments on the 2006 One-Year Action Plan was held by the Sacramento City Council on February 28, 2006.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. The City CDBG Action Plans and the Sacramento Housing and Redevelopment Agency ("SHRA") Budget are hereby amended to reallocate funding as follows:

- The amount of \$1,059,650 from the **2006 Neighborhood Enhancement Program** to capital reserve.
- The amount of \$136,000 from the **2004 Northgate Boulevard Improvements** to capital reserve.

- The amount of \$29,440 from the **2001 Franklin Boulevard Infrastructure Improvements (North City Farms)** to capital reserve.
- The amount of \$225,000 from capital reserve to the **2006 Discovery Museum History ADA Project**.
- The amount of \$40,000 from capital reserve to the **2006 Robertson Community Center Security Improvements**.
- The amount of \$40,000 from capital reserve to the **2006 Joe Mims Jr. Hagginwood Community Center Security Improvements**.
- The amount of \$400,000 from capital reserve to the **2006 E.M. Hart Senior Center Rehabilitation**.
- The amount of \$40,000 from capital reserve to the **2006 Oak Park Community Center Security Improvements**.
- The amount of \$615,000 from capital reserve to the **2006 Sierra 2 Center for the Arts and Community**.
- The amount of \$40,000 from capital reserve to the **2006 George Sim Community Center Security Improvements**.
- The amount of \$100,000 from capital reserve to the **2006 Meadowview Fence Replacement**.
- The amount of \$19,410 is reallocated from the **2006 DHA – Detox Facility Program** to capital reserve.
- The amount of \$19,439 is reallocated from the **2006 DHA – Senior Nutrition Program** to capital reserve.

Section 4. SHRA is authorized to amend the 2006 CDBG capital reserve, HOME, ADDI, ESG and HOPWA budgets, and Agency budget.

Section 5. SHRA is authorized to execute all necessary agreements and contracts to carry out the recommended activities described in this resolution, each in a form approved by SHRA Counsel.

Section 6. The City Manager is authorized to execute all necessary agreements and contracts to carry out the recommended activities described in this resolution, each in a form approved by SHRA Counsel.