



APPROVED
BY THE CITY COUNCIL

AUG 18 1998

OFFICE OF THE
CITY CLERK

5.2

August 5, 1998

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: AMENDMENTS TO THE CITY COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM FUND ALLOCATIONS AND CONSOLIDATED PLAN

LOCATION AND COUNCIL DISTRICT: City

RECOMMENDATION

As a mid-year adjustment to the City's CDBG Program, staff recommends adoption of the attached resolutions which:

- amend prior years CDBG and Agency budgets to reallocate funds
- authorize the Acting Executive Director and the City Manager to execute contracts and memoranda of agreements (pursuant to Master Agreement dated June 13, 1995) on behalf of the Sacramento Housing and Redevelopment Agency to carry out projects
- authorize the City Manager to accept allocations stated the memorandum of agreements (MOAs) between the City and SHRA, and authorize establishing appropriation for the projects as detailed in the MOA;
- establish a Capital Reserve Policy

CONTACT PERSON: John Dangberg, Director, Community Development, 440-1357
Vicki Cook, Program Manager, 440-1322

FOR THE COUNCIL MEETING OF: August 18, 1998

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SUMMARY

The actions in this report will: 1) cancel certain CDBG projects which no longer require funding for a variety of reasons; 2) defund completed projects; 3) fund significant increases in two activities; 4) recharacterize the use of some CDBG funds; and 5) establish a policy regarding contingency reserve to cover unanticipated cost increases.

This report is presented to achieve compliance with the requirements of the regulations for Community Development Block Grant funds (24 CFR 570.000 et seq). Notice of the recommendations has been published. All citizen comments will be summarized and submitted to the U. S. Department of Housing and Urban Development.

COMMISSION ACTION

At its meeting of August 5, 1998 the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution(s). The votes were as follows:

AYES: Amundson, Castello, Cespedes, Dobbins, Harland, Hoag,
Holloway, Newsome, Rotz, Simon

NOES: None

ABSENTS: Taylor

BACKGROUND

This report makes mid-year adjustments to the City's CDBG Program budget. The changes are consistent with the 1998 CDBG Action Plan adopted by the Council last fall. The actions proposed in this report free up CDBG funds allocated to projects which can be cancelled as well as remaining funds from completed projects. This report recommends the allocation of those funds to replenish an almost empty contingency fund, and from that fund recommends augmentation for a previously approved project which needs additional funding. In addition, this report recommends the transfer of funds within specific target areas or funding categories as identified in the CDBG 1998 Action Plan.

This report further recommends augmentation of the 1997 Richards Boulevard planning

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appropriation and the 1998 Mid-town lights appropriation. It recommends an additional \$20,000 for use in the Richards Boulevard/Capital Station District (CSD) to complete planning activities begun in 1997. This will fully prepare the CSD to identify the optimum mix of activities for action in 1999.

The addition of \$150,000 to the Mid-town lighting project will allow the City Public Works Department to take advantage of the best construction bid rates currently available for these improvements. This augmentation will be considered as an advance against 1999 CDBG funds which would have been available for use in Neighborhood Services Area One.

Cancelled projects: When a CDBG project is cancelled, program regulations require that notification be published and a public hearing held. As with completed projects, priority consideration for newly-available funds is given to the area previously served by the appropriation. The Homeless Day Center (1993), and SCUSD Skills Center Debt Service (1997) are recommended for cancellation. These cancellations have the concurrence of the County Department of Human Assistance and the Sacramento City Unified School District respectively. Specific details of the cancellations may be found in the Financial Considerations section of this report and in Attachment I.

Completed projects: It is SHRA's practice, when a project is complete and all billings have been submitted and paid, to make the remainder of project funds (if any) are made available for new projects as approved by City Council. If the funds were originally appropriated to a project within a target area, first consideration for new appropriations will be given to that area. This report identifies the following three projects as complete: Police Services (1996), Emergency Repair Program (1996), and Ben Ali Street Improvements (1975). The majority of the remaining Ben Ali project funds will be reprogrammed to Orlando Street in order to expand the scope of work already approved. Specific details of these projects may be found in the Financial Considerations section of this report and in Attachment I.

Transfer and Re-characterization of funds: There are several actions recommended by this report which are technically (per CDBG regulations) cancellations of existing projects and creation of new projects. However, it is easier to understand the results when both actions are portrayed as a set.

- Funds set aside for operation of a Homeless Inebriate Center will be reprogrammed for the rehabilitation of the VOA Alcoholism Treatment Center.
- Funds for SCUSD Skills Center Debt Service (1998) will be reprogrammed as SCUSD Skills

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Center Operating Funds (1998). Note: the City Council previously approved a ten year commitment to provide annual funding for this project.

- Funds for Del Paso Boulevard Street Improvements (1997) will be reprogrammed as North Avenue Street Improvements.
- Washington Area Lighting (1996) will be reprogrammed for use throughout the Mid-town area
- Funds for the 16th Street Urban Design Study (1998) will be reprogrammed to install lighting around the Memorial Auditorium.
- Funds from Microenterprise Development (1996) will be reprogrammed to Empowerment Zone Planning efforts to increase Sacramento's ability to secure a \$100 million Federal grant.
- A portion of funds set aside for Neighborhood Services Area 3 neighborhood enhancing projects (1998) will be reprogrammed as matching funds for the Bret Harte School Healthy Start Grant.
- A portion of funds from each Sacramento Area Emergency Housing (SAEHC) (1998) and St. John's Shelter (1998) will be reprogrammed for use by the Volunteers of America's Alcoholism Treatment Center. SAEHC and St. John's will receive replacement funding from CALWorks.

Augmented Projects: In 1997 the Richards Boulevard Redevelopment Area received \$25,000 to undertake survey and planning activities to determine priorities and leverage opportunities for the Capital Station District; with the addition of \$20,000 at this time the planning can be completed, and projects for 1999 identified. Requests for 1999 funding will be considered during the 1999 CDBG budget hearings before City Council in October 1998.

The 1998 CDBG budget included funds for a lighting project in the mid-town area. If an additional \$150,000 is made available at this time City Public Works will be able to negotiate a single contract for all the work which should result in noticeable savings. PLEASE NOTE: These funds will be considered an advance on 1999 Neighborhood Services Area One capital improvement funds.

Uncommitted Funds Balance:

Due to Federal reductions in the City's 1998 CDBG entitlement, only \$45,201 of CDBG funds was available to be contingency funds as of January 1, 1998. Contingency funds are generally set aside to cover project cost overruns. Currently, \$43,951 remains in CDBG contingency funds. After the actions recommended above are taken, there will be \$328,224.94 in uncommitted funds. As noted in the following section, we believe that this continues to be below optimum reserve level for the size of the city's CDBG capital improvements program budget.

Capital Reserves and cost increases: There is approximately \$6,000,000 in outstanding commitments for capital projects at this time. Staff advises that a prudent reserve of ten percent of

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that amount (\$600,000) should be allocated to protect against possible delays in projects when costs unexpectedly increase and these funds should not be used to fund new projects. However, only \$328,224.94 is available at this time.

One current project, Princeton Street Improvements (1997) has incurred a cost increase when bids were received recently. In order to allow this project to proceed in a timely manner it is recommended that \$150,000 be reprogrammed to increase the funds available for this project to a sufficient amount. After funding this cost increase there will remain \$178,224.94 in uncommitted funds.

FINANCIAL CONSIDERATIONS

Currently, \$43,951 remains in CDBG contingency. This report recommends canceling \$624,273.94 in existing projects and reallocating these funds to contingency as well as recommending a reprogramming of funds to specific projects. The individual transactions are detailed in the following table:

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	Amount	Balance
Beginning Contingency Balance		\$ 43,951.00
Cancelled Projects		
Homeless Day Care Center	100,000.00	143,951.00
SCUSD Skills Center (1997)Debt Service	77,361.00	221,312.00
Completed Projects		
Police Services	99,991.45	321,303.45
Emergency Repair Program	99,336.52	420,639.97
Ben Ali Street Improvements	77,584.97	498,224.94
Augmented Projects		
Capital Station District Coordinator	20,000.00	478,224.94
Mid-town lighting	150,000.00	328,224.94
Uncommitted Balance / Capital Reserve		328,224.94
Princeton Street Improvements – cost increase	- 150,000.00	
Remainder Capital Reserve		178,224.94
Recommended Capital Reserve (600,000)		
Available for new projects		0
Transfer/recharacterization		
Homeless Inebriate Center	100,000.00	
VOA Alcohol Treatment Center		100,000.00
SCUSD Skills Center Debt Service	77,361.00	
SCUSD Skills Center Operations		77,361.00
Del Paso Boulevard Street Improvements	500,000.00	
North Avenue Street Improvements		500,000.00
Washington Area Lighting	50,000.00	
Mid-Town Lighting		50,000.00
16 th Street Urban Design Study	45,000.00	
Memorial Auditorium Street Lighting		45,000.00

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Microenterprise Development	17,500.00	
Empowerment Zone Planning		17,500.00
Neighborhood Service Area 3 project funds	40,000.00	
Bret Harte Healthy Start Grant match funds		40,000.00
Sacramento Area Emergency Housing St. John's Shelter	76,500.00 6,000.00	
VOA Alcoholism Treatment Center		82,500.00
Ben Ali Street improvements (excess funds)	43,000.00	
Orlando Street – enhanced scope of work		43,000.00

POLICY CONSIDERATIONS

The actions proposed in this report have been developed in accordance with the federal regulations regarding primary benefit to low-income persons and neighborhoods and priorities in the 1998-2002 Consolidated Plan. Further, this report proposes the adoption of a new policy as follows:

Capital Reserve Policy

The Agency shall, whenever the CDBG Action Plan is prepared or amended: 1) calculate the amount of funds committed (but undisbursed) for all capital projects; and 2) set aside an amount equal to ten percent of those commitments. These funds will be held in reserve for unanticipated cost increases in approved projects. The Executive Director (in the adopted Consolidated Plan's Citizen Participation element) is authorized to increase an appropriation by up to 25 percent.

ENVIRONMENTAL REVIEW

The proposed actions do not constitute a project under CEQA Guidelines, Section 15378 (b)(3). All new capital projects will be reviewed pursuant to NEPA requirements prior to drawdown of any

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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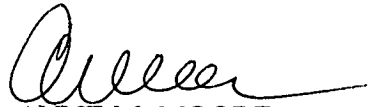
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funds.

M/WBE

The M/WBE Policy and goals will be applied to all applicable CDBG projects included in this report.

Respectfully submitted by,



ANNE M. MOORE

Acting Executive Director

Transmittal approved by,



WILLIAM H. EDGAR

City Manager

APPROVED
BY THE CITY COUNCIL

AUG 18 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-428

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**AMENDMENT TO THE COMMUNITY DEVELOPMENT
BLOCK GRANT ACTION PLAN AND BUDGET**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CIYT OF
SACRAMENTO:

Section 1. The following Community Development Block Grant
("CDBG") projects are complete or are being cancelled and the funds are reallocated to
contingency reserves:

Homeless Inebriate Center	\$100,000.00
Homeless Day Care Center	100,000.00
SCUSD Skills Center (1997 & 1998)	154,722.00
Debt Service	
Emergency Repair Services	99,336.52
Police Services	99,991.45
Del Paso Boulevard Street Improvements	500,000.00
Ben Ali Street Improvements	77,584.97
16 th Street Urban Design Study	45,000.00
Sacramento Area Emergency Housing	180,739.00
St. John's Shelter	15,000.00
Washington Neighborhood Lighting	50,000.00
Microenterprise Development	17,500.00

Section 2. The following projects/programs are amended or new
activities:

North Avenue Street Improvements	\$500,000.00
Memorial Auditorium Area Lighting	45,000.00
Midtown Lighting	200,000.00

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Bret Harte School Healthy Start Facility	40,000.00
SCUSD Skills Center Operations	77,361.00
Princeton/Orlando Street Improvements	193,000.00
VOA Alcoholism Treatment Center – Operations	195,739.00
VOA Alcoholism Treatment Center – Rehabilitation	100,000.00
Empowerment Zone Planning	17,500.00
Capital Station District Coordinator	20,000.00

The budget is amended accordingly.

Section 3. The Executive Director and the City Manager are authorized to execute contracts or Memoranda of Agreement with the appropriate entities to carry out the projects contained within this amendment.

Section 4. The City Manager is authorized to accept the allocations in the Memoranda of Agreement (MOA) between the City and SHRA related to expenditures of CDBG funds in this amendment, and to establish appropriations for the projects as detailed in the MOA.

Section 5. A policy governing set aside of a Capital Reserve is adopted.

Section 6. The Acting Executive Director is authorized to amend the Agency budget to reflect items 1 and 2 above.

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____

CDBG AMENDMENTS

I The following projects are recommended to be cancelled:

Homeless Day Care Center (\$100,000)

Per CDBG regulations this project is being defunded. Funds must be obligated in the year programmed in order to be eligible for use for public services. The funds may be used for any other purpose.

SCUSD Skills Center (\$77,361)

Due to a delay in completion of construction, the 1997 appropriation is not needed.

II The following projects are completed and funds will be transferred to contingency:

Police Services (\$99,991.45)

We have verified with the City Finance Department that all bills have been submitted and payment was received. Unused funds can be made available for new projects.

Emergency Repair Program (99,336.52)

We have verified that all claims against this appropriation have been settled. This program has sufficient additional funds available for this program year.

Ben Ali Street Improvements (\$77,584.97)

Improvements to Iris Street in Ben Ali have been completed under-budget. A portion of these funds are recommended for use by a project in the same neighborhood (Orlando Street), and the remainder will be transferred to contingency.

III The following projects are augmentations:

Richards Boulevard/Capital Station District Planning (\$20,000)

Funding for the area coordinator to complete a survey and planning process in order to select and prioritize activities for 1999 budget requests and beyond.

Mid-town Lighting

Increase in current funding will allow Public Works department to maximize the scope of the project which is currently out for bid and should result in an overall cost reduction.

IV The following project is recommended to receive an increase in appropriation:

Princeton Street Improvements (\$ 150,000)

Bids received for work exceeded funds available by \$150,000; this shortfall will be covered from the Capital Reserve fund.

V The following transactions are transfers of funds (between projects in the same area), or recharacterizations of funding after specific projects have been identified:

Homeless Inebriate Center to VOA Alcoholism Treatment Center (\$100,000)

These funds were set aside in 1993 to be used jointly with other funds to construct a social services complex on Richards Boulevard. It is now recommended to use the funds to assist with the rehabilitation of the building at 700 North 5th Street to provide shelter, food, TB screening, in-house recovery programming, clothing, medical assessments, and Alcoholics Anonymous and Narcotics Anonymous meetings exclusively to the homeless indigent, chronic alcoholic population. They will provide 80 beds for 72 hour civil protection hold, up to 20 beds for 10 day detoxification programming, and up to 20 beds for 60 day recovery programming

SCUSD Skills Center Debt Service to SCUSD Skills Center Operations (77,361)

This funding provides for operating costs of the Skills Center. The Skills Center will provide a variety of vocational programs which prepare students for employment. This is a technical amendment to satisfy CDBG regulations which require that the activity underlying the need for debt service be the identified activity.

Del Paso Boulevard Street Improvements to North Avenue (\$500,000)

These funds are being reprogrammed to North Avenue Street Improvements due to the increased cost when the bike trail was added to the Del Paso Boulevard project.

Washington Neighborhood Lighting to Mid-town Lighting(\$50,000)

This activity is being amended in order to modify the location of the activity to the Mid-Town area.

16th Street Urban Design Study to Memorial Auditorium Street Lights (45,000)

The funds for this project are being reprogrammed to the Memorial Auditorium Area Lighting project which is a higher priority.

Microenterprise Development (\$17,500) to Empowerment Zone Planning

This allocation is being reduced in order to provide funds for planning activities for an Empowerment Zone grant application. Successful application will bring \$100 million in federal funds to our community.

Neighborhood Services Area 3 Capital Projects to Bret Harte Healthy Start Facility (\$40,000)

A portion of the funds set aside for projects in Area 3 will be made available to the Sacramento City Unified School District to serve as matching funds for a Healthy Start Grant. This project would provide funds to purchase a mobile unit for the Healthy Start program at Bret Harte School.

Sacramento Area Emergency Housing (\$ 76,500) and St. Johns Shelter (\$6,000) to VOA Alcoholism Treatment Center (\$82,500)

These funds will be reprogrammed to support the VOA Alcoholism Treatment Center, but will be replaced with funding from CALWorks. There will be no disruption to the operations of SAEHC or St. Johns. The VOA Center will provide shelter, food, TB screening, in-house recovery programming, clothing, medical assessments, and Alcoholics Anonymous and Narcotics Anonymous meetings exclusively to the homeless indigent, chronic alcoholic population. They will provide 80 beds for 72 hour civil protection hold, up to 20 beds for 10 day detoxification programming, and up to 20 beds for 60 day recovery programming

Ben Ali Street Improvements to Orland Street Improvements (\$43,000)

After completion of the last phase of Ben Ali street improvements, \$77,584.97 remained unspent. The report recommends transfer of \$43,000 to the existing Orland Street project to allow for enhancement of the current scope of work, and speedier completion of all anticipated improvements. The remainder of the Ben Ali funds will go to contingency.

AMENDED

RESOLUTION NO. 98-428

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF AUG 18 1998

**AMENDMENT TO THE COMMUNITY DEVELOPMENT
BLOCK GRANT ACTION PLAN AND BUDGET**

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SACRAMENTO:

Section 1. The following Community Development Block Grant
("CDBG") projects are complete or are being cancelled and the funds are reallocated to
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Homeless Day Care Center	100,000.00
SCUSD Skills Center (1997 & 1998)	154,722.00
Debt Service	
Emergency Repair Services	99,336.52
Police Services	99,991.45
Del Paso Boulevard Street Improvements	500,000.00
Ben Ali Street Improvements	77,584.97
16 th Street Urban Design Study	45,000.00
Sacramento Area Emergency Housing	180,739.00 ✓
St. John's Shelter	15,000.00 ✓
Microenterprise Development	17,500.00
Neighborhood Enhancing Projects, Area I	61,780.00

Section 2. The following projects/programs are amended or new
activities:

North Avenue Street Improvements	\$500,000.00
Memorial Auditorium Area Lighting	45,000.00
Midtown Lighting	150,000.00

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Bret Harte School Healthy Start Facility	40,000.00
SCUSD Skills Center Operations	77,361.00
Princeton/Orlando Street Improvements	193,000.00
VOA Alcoholism Treatment Center – Operations	195,739.00 ✓
VOA Alcoholism Treatment Center – Rehabilitation	100,000.00
Empowerment Zone Planning	17,500.00
Capital Station District Coordinator	20,000.00

The budget is amended accordingly.

Section 3. The Executive Director and the City Manager are authorized to execute contracts or Memoranda of Agreement with the appropriate entities to carry out the projects contained within this amendment.

Section 4. The City Manager is authorized to accept the allocations in the Memoranda of Agreement (MOA) between the City and SHRA related to expenditures of CDBG funds in this amendment, and to establish appropriations for the projects as detailed in the MOA.

Section 5. A policy governing set aside of a Capital Reserve is adopted.

Section 6. The Acting Executive Director is authorized to amend the Agency budget to reflect items 1 and 2 above.

JOE SERNA, JR.

MAYOR

ATTEST:

VALERIE BURROWES

CITY CLERK

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RESOLUTION NO.: 98-478
DATE ADOPTED: AUG 18 1998

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AMENDED

RESOLUTION NO. 98-428

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF AUG 18 1998

**AMENDMENT TO THE COMMUNITY DEVELOPMENT
BLOCK GRANT ACTION PLAN AND BUDGET**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SACRAMENTO:

Section 1. The following Community Development Block Grant
("CDBG") projects are complete or are being cancelled, or partially defunded and the
funds are reallocated to contingency reserves: ✓

Homeless Inebriate Center	\$100,000.00
Homeless Day Care Center	100,000.00
SCUSD Skills Center (1997 & 1998)	154,722.00
Debt Service	
Emergency Repair Services	99,336.52
Police Services	99,991.45
Del Paso Boulevard Street Improvements	500,000.00
Ben Ali Street Improvements	77,584.97
16 th Street Urban Design Study	45,000.00
Sacramento Area Emergency Housing	76,500.00 ✓
St. John's Shelter	6,000.00 ✓
Microenterprise Development	17,500.00
Neighborhood Enhancing Projects, Area 1	61,780.00
Neighborhood Enhancing Projects; Area 3	40,000.00 ✓

Section 2. The following projects/programs are amended or new
activities:

North Avenue Street Improvements	\$500,000.00
Memorial Auditorium Area Lighting	45,000.00
Midtown Lighting	150,000.00

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Bret Harte School Healthy Start Facility	40,000.00
SCUSD Skills Center Operations	77,361.00
Princeton/Orlando Street Improvements	193,000.00
VOA Alcoholism Treatment Center	-
Operations	82,500.00 ✓
VOA Alcoholism Treatment Center	-
Rehabilitation	100,000.00
Empowerment Zone Planning	17,500.00
Capital Station District Coordinator	20,000.00

The budget is amended accordingly.

Section 3. The Executive Director and the City Manager are authorized to execute contracts or Memoranda of Agreement with the appropriate entities to carry out the projects contained within this amendment.

Section 4. The City Manager is authorized to accept the allocations in the Memoranda of Agreement (MOA) between the City and SHRA related to expenditures of CDBG funds in this amendment, and to establish appropriations for the projects as detailed in the MOA.

Section 5. A policy governing set aside of a Capital Reserve is adopted.

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JOE SERNA, JR.

MAYOR

ATTEST:

VALERIE BURROWES

CITY CLERK

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