



AGENCY:	City Council
MEETING DATE:	Feb 24, 2014
DEPARTMENT:	Community Dev.
PREPARED BY:	J. Owen
PRESENTED BY:	J. Owen

AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND PROVIDE DIRECTION TO STAFF REGARDING 2014 COMMUNITY DEVELOPMENT BLOCK GRANT SUPER-NOFA GRANT APPLICATION

ISSUE:

The California Department of Housing and Community Development (HCD) released the 2014 Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA) on January 6, 2014. This is the third CDBG cycle of the "Super-NOFA" that includes all CDBG activities in one application. The City of Fort Bragg is eligible to apply for the 2014 cycle if at least 50% of the City's 2012 Super-NOFA grant is expended by the application date. Staff projects that activities funded by the City's 2012 CDBG grant will reach the 50% threshold by March 31, 2014. The 2014 application is due April 11, 2014.

As required by the CDBG program, staff conducted a Design Phase hearing on January 7, 2014, to solicit community input and to assess needs for CDBG applications. In addition, staff requested and reviewed City priorities for CDBG funding. As a result of the Design Phase hearing and including activities proposed by City departments, staff has assembled a list of several potential activities for the 2014 Super-NOFA application. Only three major activities may be applied for in the Super-NOFA application. Staff has analyzed the potential grant activities in order to estimate likelihood of award and to determine the best strategy for applying for funding under this and future Super-NOFAs.

Staff will also provide an oral update at the meeting, as additional information may be forthcoming about the potential grant activities, CDBG rule changes, and the availability of other funding sources. At this time, staff seeks Council's direction on priority activities for the 2014 CDBG grant cycle under the Super-NOFA.

RECOMMENDED ACTION:

Receive report and provide direction to staff regarding City Council's priorities for activities to be included in the 2014 CDBG Super-NOFA application. See recommendation below.

ALTERNATIVE ACTION(S):

No action will be taken other than to provide direction to staff, so no alternative actions are needed.

ANALYSIS:

The 2014 Super-NOFA provides approximately \$28.5 million from 2014/15 CDBG funding allocations. The NOFA is available for non-entitlement jurisdictions, including incorporated cities that are under 50,000 in population and counties with unincorporated area population of under 200,000 persons. All CDBG activities must meet one of three National Objectives, including (1) benefit to low- and moderate-income persons; or (2) prevention or elimination of slums or blight; or (3) urgent need. The most commonly used National Objective is benefit to low- and moderate-

income individuals or households (LMI). Elimination and prevention of slums and blight is only allowed for Economic Development activities. The “urgent need” category is not eligible for the 2014 NOFA.

Available funding for the 2014 NOFA is significantly less than the 2013 Super-NOFA allocation of \$41 million and also less than the 2012 allocation of \$38 million. However, CDBG typically awards more than the “available” funding, due to disencumbrances of prior awards that are added to current allocations. In 2013, CDBG awarded \$50 million, and in 2012, \$43 million was awarded. In addition, CDBG anticipates that due to the “50% expenditure rule”, many jurisdictions that were awarded in 2012 and 2013 may be unable to apply during this application cycle, reducing the number of applications for funding.

In order to assess potential grant activities that were generated from the CDBG-required “Design Phase” hearing and other inputs, it is important to first understand the CDBG NOFA rules and their implications for the City’s likelihood of achieving grant awards. A list of significant NOFA characteristics is discussed below, followed by description and assessment of potential activities for the grant application. Staff’s recommendation for a process to prioritize grant activities follows the activity assessment.

As noted above, 2014 is the third year of the new Super-NOFA application process. The City was awarded funding for all activities applied for in the 2012 NOFA. The City was unable to apply in 2013 because as anticipated, grant expenditures had not reached the required 50% expenditure threshold by the April 2013 application due date (due to CDBG award delays, 2012 contracts were not executed until September 2012, and funding became available in early 2013).

The primary goals of the CDBG Super-NOFA process are (a) to increase CDBG administrative efficiency at the state level to compensate for decreased department funding; and (b) to speed up issuance and expenditure of CDBG funds. The following summarizes important elements of the 2014 Super-NOFA:

1. All CDBG activities except “Over-the-Counter” (OTC) activities are included in one Super-NOFA application, and jurisdictions receive one contract for all activities awarded in a program year. Available funding is to be allocated to each of the major activity categories depending upon demand (number of applications) and awarded based on points scored in each major activity category, subject to adjustment to reach a 30% statutory minimum funding percentage for Economic Development activities.
2. Ranking and rating: Scoring is split into four major categories including Need (up to 400 points), Readiness (up to 300 points), Capacity/Performance (up to 200 points), and State Objectives (up to 100 points). A total of 1,000 points are generally available, but points for State Objectives range from 50 to 100 points depending upon the activity, so only 950 points are available for some activities.
3. Each activity will only be rated and ranked as compared to other similar activities. Similar activities are grouped into activity “buckets” for the purpose of scoring and assignment of funding limits. For example, all Enterprise Fund Microenterprise and Business Assistance Loan Program Activities will only be scored against other Enterprise Fund activities. Each type of activity is assigned a separate scoring matrix.
4. Planning and technical assistance grant (PTA) applications count as one of the three major activities in an application, but they are not ranked and instead are funded “first come, first served” until funds are exhausted, with a tie-breaker based on community poverty percentage to be utilized. Before establishing the funding order, PTA applications will be split into two “pots” comprised of (a) “stand alone” PTA applications and (b) PTA applications submitted as one of the three allowable major activities. Amounts available to fund each “pot” of PTA applications will be based on demand.
5. Per the current CDBG schedule, 2014 awards are to be announced by July or August 2014, and funding is likely to be available by January 2015. Grants are generally issued for 3 years beginning at the agreement execution date, which generally pre-dates funding availability by several months. It is anticipated that the grant expenditure period will be approximately 30 months. In order to be eligible to apply for a future Super-NOFA grant on an every-other-year cycle, any 2014 award would need to be

50% expended by April 2016.

5. The list of eligible activities, activity groupings, and funding limits by activity and by activity “bucket” are listed in the attached “2014 CDBG Application Funding Limits and Eligible Activities” chart. Activities available to the City are summarized in the table below.

Table 1: CDBG Funding Limits by Activity

Major “bucket”	Activity	Activity Limit	Combo allowed?	Combo Limit
Enterprise Fund (select 1 activity or Combo)	Microenterprise Assistance OR Business Assistance Loan Program	\$300,000	Yes	\$500,000
Housing Maximum: \$1,000,000 to include up to 1 program and 1 project	Programs: Homeownership Assistance or Housing Rehab Single Family;	\$600,000	Yes	\$1,000,000 for Programs only
	Project: Land Purchase for Multi-Family Housing (MFH)	\$600,000	No	N/A
	Project: MFH Rental Rehab.	\$1,000,000	No	N/A
	Acquisition: real property for MFH Rental project	\$1,000,000	No	N/A
Public Improvements (max: 1 project)	Acquisition, construction; including in-support-of-housing	\$1,500,000	No	N/A
Public Facilities (max: 1 project)	Acquisition, new construction or rehab of building/grounds	\$1,500,000	No	N/A
Public Services	Maximum of 3 services = 1 activity	\$500,000	N/A	N/A
Planning Activities (PTA)	Maximum of 2 studies = 1 activity	\$100,000	N/A	N/A

Potential Application Activities

Table 2 identifies the activities that have been submitted for consideration for the 2014 Super-NOFA application. The activities are sorted into applicable major activity “buckets” per CDBG’s 2014 funding chart.

Table 2: Activities Submitted for City Council Consideration for Inclusion into the Super-NOFA grant application.

Funding Bucket	Activity	Requester	Amount Requested
Enterprise Fund	Microenterprise Assistance	West Company	Up to \$250,000
Public Facilities	Public Facility Acquisition (homeless & mental health service center, offices, and Transitional Housing): 300 Harrison Street	Mendocino Coast Hospitality Center	Up to \$1,000,000

Public Service	"HELP Plus": Home Energy & Water Assistance and Conservation Program	REDI	Up to \$300,000
Public Service	Community Garden Training & Food Provision Program	Mendocino Coast Hospitality Center & Noyo Food Forest	Up to \$200,000
Planning	Noyo Center Research Consortium Plan	Staff	Up to \$50,000
Planning	Noyo Center Sustainability Concept Design	Staff	Up to \$76,400
Planning	CV Starr Center Master Plan	Staff	Up to \$30,000
Planning	Website & Content Development: City and Noyo Center	Staff	Up to \$100,000

Activity descriptions are provided below. Representatives of each program will be present at the City Council meeting to provide additional information and answer questions.

1. Enterprise Fund Bucket: Microenterprise Assistance Program (up to \$500,000 for one or combination of activities allowed)

West Company has been the City's Program Operator for four different Microenterprise Assistance grants awarded to the City in the past, most recently for CDBG #12-CDBG-8388 which terminates September 30, 2015. West Company has submitted a proposal for a Microenterprise Assistance Program totaling \$250,000, to include up to \$190,000 for Microenterprise Technical Assistance; \$50,000 for Microenterprise Financial Assistance, and up to \$10,000 for Microenterprise Support Services. This program proposal is very similar to the City's last Microenterprise Assistance program with the new addition of Support Services. Support Services may only be provided in conjunction with Technical Assistance and/or Financial Assistance. West Company feels that these funds will help reach previously underserved residents and allow them to benefit from the program. Examples of eligible support costs include child care, transportation, counseling and peer support groups. West Company has been successful in expending Microenterprise Assistance funding for the benefit of the City's low- and moderate-income existing and future entrepreneurs and has consistently exceeded projections for number of clients to be served. As an on-going program, West Company relies heavily upon CDBG funding to provide services to Fort Bragg residents and businesses. There will be some overlap in funding between the current 2012 grant and the proposed 2014 grant, but if West Company skipped the 2014 cycle, there would be a gap in services before new funding could be accessed. There are no comparable funding sources available for this program.

Amount requested: \$250,000

Assessment of award: In the past two grant cycles, Enterprise Fund applications have been under-subscribed, and staff feels a Microenterprise Application is likely to be funded.

2. Public Facilities Bucket: Homeless Facility Acquisition (up to \$1 million for one project allowed)

Mendocino Coast Hospitality Center (MCHC) is Fort Bragg's primary homeless service provider with services including the Hospitality House Emergency Shelter (including provision of meals,

laundry, and shower facilities to non-guests), Hospitality Center, Wellness Center, Case Management under various funding sources, and transitional housing. In addition, MCHC works with Ortner Management Group (Ortner), Mendocino County's adult mental health services contractor, to house and manage various mental health services on the Mendocino Coast. MCHC has most recently been housed on South Franklin Street in two adjacent mall rental units. The location is not ideal and has become problematic for some adjacent business. In addition, the co-location of mental health services has resulted in crowded work conditions. Consolidation of all services in a more appropriate location would greatly assist MCHC in provision of services. Purchase of a facility would free up funds in their limited budget, allowing them to increase services to get homeless individuals into care and housing. MCHC has been working with Ortner to locate a facility where all services can be provided in one central location. A facility at 300 North Harrison Street was identified as available and suitable. In addition, this location could provide up to five housing units for transitional housing, one of which is handicap accessible. Fort Bragg has a high need to restore the 35 transitional housing for the homeless that were lost when Ukiah Community Center ceased its Fort Bragg operations. MCHC's purchase of the Harrison Street House has restored 15 of the 35 lost units, but more units are needed. Because Ortner has an immediate need to locate a facility for its Mental Health Access Center, Ortner has coordinated with Hilbers, Inc. to purchase and improve the 300 North Harrison Street property. An escrow for the purchase by Hilbers has been opened at the time of this report. Hilbers and Ortner will develop a lease/purchase agreement with MCHC to be executed immediately upon close of escrow for purchase by MCHC of the property if CDBG funds are awarded. The amount to be paid by MCHC for the property is not finalized as of the time of this report but will consist of (1) Hilbers' actual purchase price, (2) estimated cost of necessary improvements, to be supported by a qualified contractor's estimates; (3) a reasonable profit margin. The grant application estimate for this activity is shown as up to \$1,000,000, which includes purchase price of the improved property plus selling costs and grant administration.

Amount requested: \$1,000,000

Assessment of award: Fort Bragg's high percentage of the County's homeless has typically resulted in very competitive City's applications, and the high number of clients that MCHC serves also helps increase rankings. The completion of the Hilbers purchase and subsequent execution of a lease/purchase agreement with MCHC would boost "readiness" points. This would be a very strong application, but the competition would also be stiff. The advantage to the City of this activity is that it could happen very quickly, boosting the City's ability to expend 50% of a grant award in order to apply in the next available round of CDBG funding in 2015.

3. Public Services Bucket (up to \$500,000 total for up to three activities allowed)

a. "HELP-Plus": Home Energy & Water Assistance and Conservation Program

This activity is both a continuation program and an increased public service activity developed by the Renewable Energy Development Institute (REDI), a non-profit organization. REDI operated the Home Energy Link Program (HELP) out of Fort Bragg City Hall that was originally funded by a 2010 CDBG grant. REDI would like to continue the highly-utilized HELP program with the addition of a water education, assistance, and conservation component. As proposed, the program would help link low-income Fort Bragg residents to energy efficiency and utility payment assistance services. The extension of services to add the water component would include water conservation education; tools to reduce water use such as faucet aerators and water reduction "kits"; assistance in installation of rain water and grey water outdoor water systems; assistance with installation of low-flow toilets; and assistance in payment of water bills on an emergency, "one time only" basis with associated mandatory water use review and education. The water assistance component of the program would be modeled on similar

programs offered by PG&E and by the City of Ukiah. Installation of low-flow toilets and other energy efficiency or conservation improvements could also be linked to the PACE (Property Assessed Clean Energy) program that has been approved by Mendocino County. The HELP program, which under the former CDBG grant utilized part-time employees two days per week, has been housed at a vacant Community Development Department desk. Because of anticipated high demand for the program, the proposed program with up to two full-time employees would need to be located in dedicated office space. If feasible, REDI has requested consideration of the prior MCRPD office space located behind City Hall. REDI will also investigate other available space (the program can pay rent). The program would be operated by REDI via a subrecipient agreement. REDI has requested up to \$300,000 for this program.

Amount requested: \$300,000

Assessment of award: This would be a highly competitive application, with likelihood of funding largely depending upon the pool of competing programs. The HELP program is extremely popular with City residents and has provided needed assistance to many low-income City residents. REDI's good record with this program would strengthen a new application. The benefit to low-income households has been documented. Readiness would be strengthened if a location is secured prior to the application date and if the water component is clearly defined and approved by City Council.

b. Community Garden Training & Food Provision Program

Mendocino Coast Hospitality Center (MCHC) has been working with the Noyo Food Forest to develop this program, with the anticipated assistance of the Mendocino Coast Botanical Gardens. The program would consist of growing a community garden, with start-up and on-going garden labor to be provided by homeless individuals who are clients of MCHC. Workers would receive horticulture training and education provided by Noyo Food Forest. Food would be harvested for donation to food service providers throughout the community, including the Hospitality House and the various faith-based meal providers in Fort Bragg (currently, meals are provided by up to four facilities: lunch five days per week, breakfast 7 days per week, and dinner 7 days per week). Food would also be sold at the Farmer's Market to generate revenues to support the program and to provide additional training opportunities to the workers. MCHC is actively seeking a location as of this report date. Funding would pay for garden teaching staff, supervision and intervention staff from MCHC as needed, program supervision, start-up costs, on-going supplies and tools, and program promotion. MCHC and Noyo Food Forest have requested up to \$200,000 for this program. The City would need to enter into subrecipient agreements with both entities for program operation.

Amount requested: \$200,000

Assessment of award. Due to the benefit to the homeless population, this program could be highly competitive if "readiness" can be achieved. Most importantly, MCHC and Noyo Food Forest would need to secure a garden location. In addition, a clear plan including cost and design for garden development must be prepared; delineation of duties between Noyo Food Forest and MCHC should be clarified, and detailed program implementation plans and budgets must be presented. This activity could earn the 50 points for "State Objective Points" if "job training which results in the creation of jobs" can be demonstrated. MCHC and Noyo Food Forest representatives will provide an update as to readiness at the City Council meeting.

4. Planning Activities Bucket (up to \$100,000 total for up to 2 activities allowed)

NOTE: Planning activities are not competitively scored. Planning activities will be funded if at least one other activity in the application is funded. Up to two Planning activities count as one of the three allowable major activities in the application.

a. Noyo Center Research Consortium Plan:

The operational vision for the Noyo Center for Marine Science is that a newly established nonprofit organization will oversee operations at the center, but a consortium of research institutions (all levels of higher academic institutions, governmental agencies, or non-profit and private sector research partners) will collaborate to utilize the research and lab facilities. Staff will work with consultants to identify potential consortium partners and develop the framework through which the consortium will operate. The plan will also identify the legal vehicles that establish the consortium partnership, and at a minimum, obtain MOUs from interested parties. This is a critical element needed to conduct a successful capital fundraising campaign. The estimate budget for this planning activity is \$50,000. The City would be required to provide at least 5% match (\$2,500), which is typically met through use of staff time. No other source of planning funds has been identified to date for this effort.

Amount requested: \$50,000

b. Noyo Center Sustainability Concept Design

Prior to development of final building plans and specifications for the Noyo Center, additional schematic design is necessary to develop the sustainability elements described in conceptual plans. This phase would include development of building mechanical, electrical, and plumbing schematic design as well as site energy concepts including renewable, net zero, and zero carbon review of buildings. This portion of the study is expected to cost up to \$27,000. In addition, civil engineering design and recommendations for grading and drainage are needed. This planning phase would include integration of wetlands restoration plans and utility and infrastructure considerations into the final schematic design. This phase is expected to cost up to \$49,400, for a total planning cost of \$76,400. The 5% match for this activity would be \$3,820. No other source of planning funds has been identified to date for this effort.

Amount requested: up to \$76,400

c. C.V. Starr Center Master Plan

This plan would provide a long-term policy framework for operation, maintenance and capital improvements at the C.V. Starr Center facility. It would help to identify priority work activities, programs, capital improvements, etc. necessary to guide future development of the C. V. Starr Community Center site. It would be a City-sponsored project performed in conjunction with MCRPD and with public participation. Estimated cost of this planning activity is up to \$30,000. The 5% match for this activity would be up to \$1,500. The C.V. Starr Center Enterprise Fund is a potential alternative source of funding for this activity.

Amount requested: \$30,000

d. Website & Content Development: City and Noyo Center

The need for updated and new content as well as organization of existing content on the City of Fort Bragg website and the Noyo Center website is significant and on-going. The FortBragg.com website may also benefit from additional technical assistance. It would be helpful to ensure thematic continuity and consistency throughout City-sponsored websites. This technical assistance would be provided by a contracted consultant, and cost could range from \$30,000 to \$100,000. The 5% match for this activity would range from \$1,500 to \$5,000. No alternative source of funding has been identified for this activity.

Amount requested: \$30,000 – \$100,000

Recommended process to determine grant application activities

As this report is written, there are a number of unanswered questions about CDBG's processes and "readiness" and other particulars of each proposed activity. Staff will be attending a CDBG workshop regarding the NOFA on February 11, and any important insights received at the training will be reported at the City Council meeting. In addition, representatives supporting each proposed activity will be present at the meeting to provide additional information and to answer questions. Staff recommends that Council considers prioritizing the activities that are listed above based on a combination of community need, availability of other funding sources, and potential ranking score. At this time, staff recommends the following:

1. Enterprise Fund activity: Microenterprise Assistance

- **Rationale:** This activity has consistently provided needed services for many years to support and grow small businesses in Fort Bragg. Enterprise Fund applications are highly likely to be selected for funding. There is no alternative funding source for this activity. If CDBG funding is not awarded, no comparable services would be available on the coast after September 2014 (services may be available in inland Mendocino County).

2. Public Facility activity: Homeless Facility Acquisition/300 Harrison Street

- **Rationale:** Mendocino Coast Hospitality Center provides an astonishing range of homeless support services on behalf of the community, with very little funding and a high degree of success. This activity results in ability to centralize homeless services while also providing adequate space to partner with Ortnor Management Group in providing mental health services. The purchase provides the additional benefit of increasing the City's inadequate supply of transitional housing units. This activity could result in quick expenditure of 50% of a grant award, increasing the City's ability to apply in the next possible CDBG grant cycle.

3. Public Service activities: The "HELP-Plus": Home Energy & Water Assistance and Conservation Program and the Community Garden Training & Food Provision Program

- **Rationale:** The **HELP-Plus Program** with its new water conservation piece is very timely as the City looks to its residents to reduce water use. HELP and program operator REDI have a proven track record of providing assistance to low income residents and of providing solid CDBG grant administration. The existing, reduced version of the HELP program that is operating approximately 6 hours per week out of City Hall generates a steady stream of customers, which demonstrates high need and utilization by the City's low income residents. The reduced HELP program has been operating with assistance of small grants, but the program cannot continue past March 2014 without an influx of funding as no other adequate funding sources have been identified.

Public Service Activity: Community Garden Training & Food Provision Program

- **Rationale:** If City Council decides to submit the HELP-Plus application for \$300,000, there is room for a second public service activity. Significant additional information would be needed to demonstrate "readiness" of the garden activity, but if it can be obtained, this could be a valid and competitive proposal and would maximize the size of the City's application.

Alternatively, the City Council may choose to identify up to two planning activities as application priorities rather than one of the activity "buckets" as identified above.

FISCAL IMPACT:

CDBG funds allow the City to conduct activities and complete projects to benefit the community, and in particular the City’s low- and moderate-income residents, for which funding would otherwise be unavailable. CBBG activities also created job opportunities in the community. CDBG grant administration requires significant commitment of staff time, but CDBG provides funding for administrative activities (7.5% of grant funds) than is generally adequate to service the program.

IMPLEMENTATION/TIMEFRAMES:

After direction as to which grant activities should be included in the application is provided, staff will proceed with application preparation. A public hearing must be held prior to the application submittal date of April 11, 2014. Awards are to be announced in July or August of 2014. The grant execution process takes 30 to 60 days, and grant Special Conditions must be cleared, for which up to 90 days is allowed after grant execution date. Funds are expected to be available by January 2015. The grant expenditure period is expected to terminate around September 2017.

ATTACHMENTS:

- 1. 2014 CBBG Application Funding Limits and Eligible Activities Chart.

NOTIFICATION:

- 1. Pamela Patterson, West Company
- 2. Anna Shaw, MCHC
- 3. Tom Ortner, Ortner Management Group
- 4. Gary and Lynelle Johnson, MCHC
- 5. Virginia Loperena, Noyo Food Forest
- 6. Keith Rutledge, REDI
- 7. Ethan Newton, C.V. Starr Center
- 8. Sheila Semans, Noyo Center

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Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____	Ordinance No.:	_____
Moved by:	_____	Seconded by:	_____
Vote: _____			
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