



General Government Committee

Community Development Block Grant Funded Options for Economic Development

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Title

Community Development Block Grant Funded Options for Economic Development

Recommended Action

City Manager Recommendation:

Recommend one or more options shown in Attachments 1 and 2 for economic development activities for Community Development Block Grant-Funded (CDBG) Program Year 2014

Report

Issue:

What options for economic development should Council consider funding in the CDBG PY 2014 Action Plan?

Staff Contact:

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Presenter(s):

Leonard Bauer, CPD Deputy Director
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Background and Analysis:

The Council referral to General Government was to develop options for CDBG-funded economic activities for Program Year 2014 (PY2014). Staff estimates there will be a total of \$642,375 in combined new CDBG grant funds and program income (see "CDBG Budget Worksheet" attachment).

At the February 11, 2014, General Government Committee meeting, Committee members considered a number of options. They stated an interest in continued funding in PY2014 for the Downtown Ambassador program, and directed staff to develop and prepare recommendations on four additional options.

On March 18, 2014, General Government Committee reviewed the four options and stated an interest in funding the CPTED Safety Program. They also requested additional information on a

small business loan program.

The “CDBG Budget Worksheet” attachment shows two options for CDBG-Funded Economic Development Activities. The difference between the two options is:

Option 1 allocates all remaining estimated program income to the Isthmus Project

Option 2 allocates \$250,000 to a Small Business Revolving Loan Program, with remaining estimated program income (projected to be \$126,455) allocated to Isthmus Project.

Attachment 2 provides a concise description of these options.

CDBG PY2014 Action Plan Timeline and Process:

The Council has been examining options for CDBG-funded economic development over the past two years. Council actions during that time have included; 1) developing a Consolidated Five-Year Plan including economic development as the top priority; 2) amending the current PY 2013 Action Plan to include Section 108 Loans; and, 3) amending the current PY 2013 Action Plan to include funding for the Capital Recovery Center Ambassador Program. The General Government Committee has also been developing options for Council approval to be included in the PY 2014 CDBG Annual Action Plan.

The remaining timeline to develop the PY 2014 Annual Action Plan includes the following steps:

March	Review of options by General Government Committee
April	Proposal from the General Government Committee to Council
May	Council review and action of proposal
May	Staff develop proposed PY 2014 Annual Action Plan
June	Public Comment period - review and consultation with community stakeholders
July	Council approval and submission of PY 2014 Annual Action Plan

The CDBG Annual Cycle is illustrated in the attachment.

Neighborhood/Community Interests (if known):

The CDBG Action Plan is a city-wide document that is of interest to the entire community. All registered neighborhood associations and business associations will receive notices of this issue when the Draft Action Plan is reviewed by City Council.

Options:

Options are illustrated on the attached “CDBG Budget Worksheet” and “Options for CDBG-Funded Economic Development Activities,” which presents a concise description and cost of each option.

Financial Impact:

The City anticipates receiving a total of \$342,375 in new CDBG funds and an estimated \$300,000 in CDBG program income, for a total of \$642,375 in CDBG funding for PY 2014 (September 1, 2014 - August 31, 2015). Federal requirements for CDBG funds include:

1. Operation of the current CDBG Program requires an administrative budget of \$100,000, or 15% of all anticipated CDBG funds, in order to manage a compliant CDBG program, as illustrated in the “CDBG Budget Worksheet” attached.
2. Seventy percent of expenditures in each CDBG Program Year must qualify as benefitting

Low/Moderate Income individuals. The attached "CDBG Budget Worksheet" indicates projects that staff analysis indicates meeting this benefit requirement.