



## City Council

### Approval of Community Development Block Grant Reallocation of Existing Program Funds

**Agenda Date:** 7/21/2020  
**Agenda Item Number:** 4.E  
**File Number:**20-0566

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**Type:** decision **Version:** 1 **Status:** Passed

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#### **Title**

Approval of Community Development Block Grant Reallocation of Existing Program Funds

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to Committee

##### **City Manager Recommendation:**

Move to approve Community Development Grant Block (CDBG) Reallocation of Existing Program Funds

#### **Report**

##### **Issue:**

Whether or not City should reallocate \$58,678 in CDBG existing funds to the Foundation for the Challenged (FFC) sewer extension project

##### **Staff Contact:**

Jessica Pollett, Senior Program Specialist, Community Planning and Development, 360.709.2679

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

A public hearing was held July 14, 2020 with no public testimony given.

The Foundation for the Challenged works with local agencies to develop properties that house low-income, developmentally disabled adults. In 2017, FFC began a housing project in partnership with the State's Housing Trust Fund, the Federal Home Loan Bank and the Thurston County Housing program. This project would provide a newly constructed four-bedroom home for four extremely low-income, developmentally disabled adults.

In the early stages of the project, FFC received notice from the City that they would need to extend City sewer services to the property across the full frontage, per the City's Engineering Development and Design Standards. Ultimately, this sewer line could serve up to 11 other properties through

future latecomer agreements. The FFC sent communication to the Mayor and Councilmembers requesting funds for the sewer extension as this was an unexpected cost of the project and funds were not available for this extension. Council advised staff to seek funding through our CDBG program. Ultimately, the City awarded FFC \$60,000 in CDBG federal funds as a deferred payment loan, due upon sale/transfer or change in use of property.

In May 2019, FFC sent communication to City Council requesting an additional \$33,000 in CDBG funds to complete the sewer extension as the estimated costs were exceeded. Additional CDBG funds were awarded through an amendment, bringing the total project costs to \$93,000.

The FFC contacted the City in October - November 2019 to discuss un-mapped utilities that were discovered during the final stages of the sewer construction. Given the City's commitment to the project, City Staff gave an order to proceed and requested itemized expenses as incurred. Unfortunately, the City did not receive an itemized list of expenses incurred until March 2020 during final billing. The final reimbursement request totaled \$151,678.54.

The City offered FFC a 0% interest loan with our Public Works Sewer Connection Assistance Loan Program and FFC denied as they are a non-profit organization and cannot accommodate a monthly payment loan.

The FFC is requesting an amendment to their current deferred payment loan to add additional funding of \$58,678.54 to cover all costs for the sewer extension. The sewer extension is complete, and this will be the final amount paid to FFC.

**Neighborhood/Community Interests (if known):**

All neighborhoods and community stakeholders have an interest in how federal CDBG funds are invested in community development programs and projects.

**Options:**

1. Move to approve reallocation of existing CDBG program funds to the Foundation for the Challenged
2. Modify reallocation amount to Foundation for the Challenged
3. Do not approve reallocation of existing CDBG program funds to the Foundation for the Challenged

**Financial Impact:**

If approved, \$28,000 would be reallocated from mitigation hygiene project and \$30,578 would be allocated from recently received program income from rehabilitation loans. Mitigation hygiene project would move forward with alternate funding.

**Attachments:**

None