



**DATE:** February 15, 2023

**TO:** Community Services Commission

**FROM:** Community Services Manager

**SUBJECT** FY 2024 Application Review Committee Preliminary Draft Funding Recommendations

## **RECOMMENDATION**

That the Commission reviews and comments on this report.

## **SUMMARY**

This report provides a review of the Application Review Committee (ARC) funding deliberation process, recommendations, and next steps.

## **BACKGROUND**

The Community Services Commission (CSC) serves as an advisory body to the Hayward City Council. Through the annual Community Agency Funding (CAF) process, the CSC makes recommendations to Council for the distribution of Community Development Block Grant (CDBG) and General Fund monies to programs in the following categories: Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund). In addition to these funds, this year the CSC is also making recommendations to Council regarding the distribution of Special Event funds for eligible community events that encourage inclusion and celebrate diversity in the Hayward community.

The CAF process is reviewed both internally with the CSC and with Council on an ongoing basis. Most recently, the CSC and a subgroup of Council engaged in an extensive review of the CAF process resulting in modifications intended to improve the CAF process and better align funding recommendations with Council priorities. In advance of the FY 2023-2024 CAF funding cycle, staff implemented the CSC's recommended modifications, which Council affirmed on June 28, 2022<sup>1</sup>. In the FY 2024 CAF funding cycle, Special Events funding was integrated into the process; additional modifications are shown in Table 1 on the following page.

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<sup>1</sup> June 28, 2022, Council Meeting Staff Report  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5709697&GUID=A6B2DFF3-6937-49D4-8EE0-C7C35628FDEF&Options=&Search=>

**Table 1. FY 2024 Community Agency Funding Modifications**

<b>Services Funding Caps (per program)</b>	Up to \$100,000 for housing and homelessness related project and up to \$50,000 for other services
<b>Funding Allocation for New and Innovative Programs</b>	Include a priority for funding 20-30% of applications for new and innovative programs
<b>Funding for Safety Net Programs</b>	While no single agency should receive guaranteed funding, staff will identify programs that support safety net services during the CAF process
<b>Arts and Music Funding Guidelines</b>	<p><b>New Agencies</b> may receive up to \$30,000 in financial support for one year</p> <p><b>Signature Agencies</b>, up to \$25,000 for programs that have been funded 1-5 year(s)</p> <p><b>Classic Agencies</b>, (+5 years) up to \$20,000 in grant funding, not to exceed 60% of the total estimated program budget</p>
<b>Audit Requirements</b>	<p>Increase audit requirement threshold from \$15,000 to \$20,000</p> <p>For agencies requesting less than \$20,000, provide option of providing financial letter of good standing, in addition to option of partnering with a fiscal administrator</p>

It's important to note that the option of allowing a financial letter of good standing in place of an audit or fiscal sponsor, made available through the newly proposed audit requirements, was not viable. Staff researched several alternatives to a full independent audit and found that other options either cost similar to an audit or provided no assurance of fiscal prudence and adherence to internal financial controls. As a result, staff implemented the audit requirement threshold increase and connected interest applicants with long standing subrecipients to act as fiscal administrators.

The CAF process opened with the publication of a Notice of Funding Availability (NOFA) on September 30, 2022. The announcement was published in English and Spanish in the Daily Review; posted to the City's website; and emailed to currently funded agencies, previously funded agencies, applicants from previous years and all other interested parties on the CSC mailing list. Furthermore, a Stack article featuring the NOFA and highlighting the introduction of the new requirements for requesting and awarding Cultural and Special Event funding was published in advance of the Mandatory Bidder's Conference. Hayward City Council and Commissioners were also encouraged to share the NOFA with their networks.

The CSC reviews all eligible applications, and the CSC Chairperson appoints three Application Review Committees (ARC) by funding category to conduct applicant interviews prior to drafting funding recommendations for Council review and approval. The three funding categories are:

- 1. Infrastructure and Economic Development (CDBG):** Affordable housing (not including new construction); housing rehabilitation; nonprofit facility improvements; job creation; and capacity building. Funds must meet one of three national objectives: benefit low-moderate income Hayward residents; prevent or eliminate slum blight; or meet an urgent need (i.e., disaster).
- 2. Arts & Music/Special Events (General Fund):** Arts and music programs that benefit Hayward residents, with an emphasis on activities that support youth education. Free cultural and special events that meet the goals of the [Commitment for an Inclusive, Equitable, and Compassionate Community \(CIECC\)](#) policy, including but not limited to parades, gatherings, arts and crafts shows, fairs, festivals, athletic events, car shows, and musical and other live performances.
- 3. Public/Social Services (CDBG/General Fund):** Benefit low-moderate income Hayward residents through programs to provide food security, health services, homelessness and anti-displacement services; legal services; youth and education services.

## DISCUSSION

Annually, the City funds approximately \$1.7 million in programs that provide free or low-cost services to the Hayward community, including highly vulnerable populations within the City, through a combination of federally awarded CDBG funds and allocations from the City's General Fund. The City makes this funding available to community agencies through the competitive CAF process.

### ***FY 2024 Community Agency Funding Process***

The FY 2024 CAF process commenced with the publishing of a NOFA on September 30, 2022. The virtual bidders conference hosted by staff on November 1, 2022, had 68 different agencies in attendance. By the December 2, 2022, deadline, the City received 58 applications for FY 2024 funding, with 18 new proposed programs/events and 13 new applicants. Given the new funding caps and emphasis on diversifying funding sources, two Special Event applicants determined that their eligible funding amounts were insufficient to host their events, and voluntarily withdrew their applications.

The majority of applications are reviewed through a competitive process to allocate \$454,950 from the General Fund and approximately \$1,300,000 from the City's estimated CDBG entitlement, after the costs of administration and planning are set aside.<sup>2</sup> The amount of funding requested for FY 2024 continues to increase compared to previous years, resulting in a highly competitive funding allocation process for the FY 2024 cycle. Four projects will be funded through non-competitive direct allocations, including City-sponsored home

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<sup>2</sup> Staff estimate this allocation based on previous years' entitlement awards. The actual award is expected to be announced by the end of March.

rehabilitation programs and infrastructure project management. Further discussion is provided in the following section.

In total, the ARCs interviewed 56 applicants requesting over \$3.6 million dollars for FY 2024. Table 2 below shows the number of applicants and funding requests by category.

**Table 2. Applications and Funding Request by Category**

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
<b>Competitive</b>				
Arts and Music	General Fund	6	\$139,857	\$132,000
Special Events	General Fund	12	\$92,500	\$100,000
Social Services	General Fund	19	\$880,162	\$454,950
Public Services	CDBG	7	\$362,577	\$233,243
Economic Development	CDBG	4	\$635,637	\$599,263
Infrastructure	CDBG	4	\$1,187,319	
<b>Totals</b>		<b>52</b>	<b>\$3,298,052</b>	<b>\$1,519,456</b>

Non-Competitive	FUNDING SOURCE	AWARD AMOUNT	
Referral Services <sup>3</sup>	General Fund	\$50,000	
HUD Required Fair Housing Services <sup>4</sup>	CDBG	\$25,000	
Home Rehabilitation & Infrastructure Project Management	CDBG	\$325,000	

### ***Non-Competitive Applications***

Per the City of Hayward Compliance Policy Manual adopted by Council in 2014, in each CDBG program year the cost of administration and HUD-related fair housing activities are subtracted from the annual entitlement award amount. In 2019, staff conducted a competitive RFP process for HUD-mandated fair housing services and Eden Council for Hope and Opportunity (ECHO) was selected. For FY 2024, \$25,000 from the CDBG category has been allocated to ECHO to provide fair housing services to Hayward residents. This award is required by HUD and separate from the CDBG Public Services funds available in the competitive process. Additionally, through the Alameda County analysis of impediments to fair housing completed in 2020, the City committed to funding home rehabilitation programs to prevent displacement of low-income households. Furthermore, the City allocates an additional \$25,000 to Habitat for Humanity to support project management of the CDBG infrastructure grants, ensuring the City maintains compliance with federal regulations.

Based on guidance from Council at the April 17, 2018<sup>5</sup> meeting, Eden Information and Referral (EIR) was removed from the competitive pool of CAF applicants and has since

<sup>3</sup> An application is not required for the non-competitive referral services award.

<sup>4</sup> These funds are allocated from the City's administration and planning set-aside, so they do not impact the HUD-mandated 15% cap on CDBG funds for public services.

<sup>5</sup> April 17, 2018, Staff Report and Attachments

received a non-competitive Services award of \$50,000 from the General Fund to operate 2-1-1 services. EIR is the sole provider of 2-1-1 in Alameda County and the agency has contractually provided critical information and referral services for 45 years and serves as the county-wide call center for Alameda County's Coordinated Entry System. Funds are provided through a consortium of 14 cities and several County agencies and departments. Since receiving this direction, EIR's allocation has been taken from the competitive funding pool prior to ARC deliberations.

Given the growing gap in funding requested versus funding available, staff recommend that the CSC recommend to Council that a separate allocation be included in the annual budget process to support 2-1-1 services starting in FY 2025. This would result in \$50,000 being made available through the competitive process that previously was reserved for 2-1-1 services. Staff have identified unallocated FY 2023 funding to support a direct allocation to 2-1-1 for FY 2024 services, allowing for the fully budgeted \$454,950 to be distributed through the competitive funding process.

### ***Competitive Application Review***

After allocating the non-competitive projects, the remaining funds are made available to eligible community partners and social service applicants through the Community Agency Funding process. Each application is thoroughly reviewed by staff and the CSC, and agency specific questions are compiled and shared with applicants prior to their interview. During this process, agencies are given ten minutes to present their projects to the appropriate ARC, then an additional ten minutes to answer questions from the committee. As with last year's funding process, all interviews were held virtually.

Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies' capacity, leveraging of other funds, history providing equitable and quality services, alignment with City priorities, and the community's need for the service.

### ***Preliminary Recommendations***

Each ARC's deliberations resulted in preliminary recommendations, which will be reviewed during the February 15, 2023, CSC meeting. The preliminary funding allocation recommendations are included in Attachment II.

### ***Economic Development and Infrastructure Category***

The Economic Development/Infrastructure ARC recommended full funding to five agencies, including those administering the City's home rehabilitation program. Two agencies were awarded partial funding, with specific recommendations made for allocating potential additional funding should the CDBG entitlement award exceed staff's estimates. They did not recommend funding for two programs. There were insufficient funds for the Love Never Fails request to purchase the Launch House and the ARC determined that the agency would not be able to acquire the property with only partial funding. The ARC did not recommend funding the St. Rose Hospital Foundation's Sub-Acute Facility project as the agency has not expended its awards for FY 2021 through FY 2023 and the ARC would like to see the agency demonstrate its ability to spend those funds first before awarding any additional funding.

## Arts and Music Category

In FY 2023, Council increased the Arts and Music program funding from \$82,000 to \$132,000, and affirmed the CSC's recommendation to implement funding caps based on the number of years that a program had received funding through the CAF process. A total of six agencies applied for funding, and while there were no new applicants in the Arts and Music category, there was one new proposed program. Due to the increased allocation of funding for Arts and Music programs and the implementation of funding caps, there was sufficient funding to fully fund all six proposed programs. Thus, the ARC recommended maximum allowed funding to all six agencies, based on the Council approved funding caps.

## Special Events Category

While Special Events funding remains separate from Arts and Music funding, the two categories were combined into a single ARC and applicants in both categories were interviewed by the same ARC members. Of the 12 Special Event applicants, two were previously funded through the CAF process and historically received Arts and Music program funding. In FY 2024, Hayward Municipal Band and West Coast Blues Society will be categorized as special events and will be considered for the appropriate funding source.

As part of the recent CAF review process, the subcommittee reviewed the Special Event Support and Grant Program established by Council in 2019<sup>6</sup> and integrated special event funding into the annual CAF process. Modifications included caps for Special Events based on the number of prior years the event had been awarded City funding and the event's projected budget. Special Events applicants are not required to perform audits or acquire fiscal sponsors. As a result, the maximum possible award is limited to the category maximum based on years of prior funding or 20% of the event budget, whichever is less.

- **New Events** may receive up to \$10,000 in financial support for one year
- **Signature Events** that have taken place in Hayward for 1-5 year(s) may receive up to \$5,000 in financial support
- **Classic Events** that have taken place in Hayward for more than 5 years may receive up to \$7,500 in grant funds
- No agency in any category shall receive more than 20% of the total estimated budget for the event

The ARC members elected to provide funding for all 12 Special Event applicants who completed the interview process. However, both applicants and ARC members expressed confusion at the 20% budget cap, some deeming it insufficient to allow for proper staging of the proposed events. Of the dozen applicants, eight requested amounts that exceeded the 20% event budget cap. Staff notified agencies of requested amounts that exceeded the 20% event budget cap of their maximum award based on this guideline.

As a result of these discussions, the Special Events ARC members proposed two separate recommendations for Special Events. The first conforms to Council established guidelines, funding all agencies at their allowable maximums based on their tenure and budget. Under

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<sup>6</sup> December 17, 2019, Staff Report and Attachments:  
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this recommendation, approximately one-third of the estimated \$100,000 Special Events funding remains unallocated.

The second proposed recommendation of funding represents the ARC members' preferred Special Event awards based on amount requested, size of event, and perceived needs, while ensuring that no event is fully funded by the City. The second recommendation would provide three applicants with partial funding, four applicants with full funding and five applicants would receive awards in excess of their original request amount. In this scenario, the majority of Special Event applicants will exceed Council established funding caps.

Staff recommend that the CSC abide by the Special Event guidelines approved by Council and advertised in the NOFA. This would leave approximately \$33,000 of funding available that staff further recommend be administered through a separate administrative process. Because these guidelines were published in the NOFA and staff reaffirmed these guidelines through technical assistance with special event applicants, staff feel it would be inequitable to not abide by these guidelines. Furthermore, staff recommend that the CSC reserve a portion of the CAF debrief at the May CSC meeting to discuss the appropriateness of including Special Events as a part of the competitive CAF process. Should the CSC find that Special Event funding is not appropriate for this process, staff can present the CSC recommendation to Council for consideration.

### **Services Category**

As previously stated, several modifications were implemented to improve the review and evaluation of the services applications. In addition to implementing funding caps, staff created a rubric to standardize the evaluation process. The Services ARC utilized both the funding caps and the rubric scores to inform their recommendations.

The ARC recommended fully or partially funding 26 of the 29 programs and recommended not funding three projects this year due to several factors including funding limitations and the number of applications and amount of funding being requested by a single agency. The ARC discussed that the recommendation to limit funding to any one agency was based on the desire to be equitable in distributing this limited funding.

Among the agencies being recommended for funding, three were new agencies that had never applied through the CAF process prior to this year. In alignment with the CSC's recommendation to prioritize new and innovative programs, these new agencies along with one additional new program proposed by a long-standing partner, amounts to nearly 15% of the available services funding. The ARC identified a need for new agencies to receive additional technical assistance and recommended that El Puente Comunitario may benefit from partnering with a more established agency, such as Hayward Area Historical Society or Hayward Arts Council, to help support the application process, as well as the need for the City to explore translation services during the CAF. Additionally, the ARC would like to see increased data tracking mechanisms in place for the Filipino Asian Basketball program as well as the 05 Sikh Seva Feed the Hayward Community program.

Given that HUD's announcement of the City's entitlement award will likely be in late March, staff estimate CDBG allocations, including services, based on previous years' entitlement awards. Should actual CDBG available funds exceed staff estimates, the ARC is recommending allocating the funds to Abode Services – Alameda County Impact, Centro Legal de la Raza –



Tenants Rights, and La Familia – FESCO Les Marquis House, to bring these agencies up to 75% of their request for funding. Should funds remain after bringing these three agencies up to 75% of their request for funding, the ARC is recommending allocating 50% of remaining funds to Centro Legal de la Raza, and 50% FESCO Le Marquis House, in an amount not to exceed their original request.

Table 3 below depicts the allocation of all eligible funds by services category and the percent of funding request being recommended within each category. Housing and Homelessness services represents the highest funding recommendation in both dollars and percent of funding request within a given category. Roughly 57% of the total services funding is recommended for funding Housing and Homelessness services, which is in alignment with the [City's Strategic Road Map](#) and [The Let's House Hayward! Strategic Plan](#).

**Table 3. Funding Recommendations by Services Category**

CATEGORY	TOTAL FUNDING REQUESTS	TOTAL FUNDING RECOMMENDATIONS	% OF REQUEST RECOMMENDED FOR FUNDING	% OF TOTAL SERVICES FUNDING
Health	\$59,000	\$34,030	58%	5%
Legal Services	\$60,000	\$37,141	62%	5%
Food Security	\$138,250	\$58,358	42%	9%
Youth & Education	\$298,500	\$167,519	56%	24%
Housing and Homelessness	\$609,799	\$391,145	64%	57%

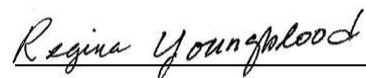
## NEXT STEPS

The public comment period for the proposed FY 2024 CDBG, Social Services, Arts and Music, and Special Events allocations for City of Hayward community agency funding grants will commence on February 15, 2023. At the March CSC meeting, the Public Comment Period will close, and the CSC will make their final recommendations to Council. The funding recommendations for all categories are scheduled for Council review on April 4, 2023, and the subsequent Public Hearing is scheduled for April 25, 2023.

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*Recommended by:* Jessica Lobedan, Community Services Manager

*Approved by:*



Regina Youngblood, Assistant City Manager