



DATE: May 21, 2025

TO: Community Services Commission

FROM: Community Services Manager

SUBJECT Community Agency Funding Program Improvements

RECOMMENDATION

That the Community Services Commission review and comment on this report.

SUMMARY

This report reviews proposed changes to the Community Agency Funding (CAF) process for future funding cycles. Recommendations to the funding process are informed by applicant feedback, benchmark research reviewing 12 Bay Area government entities' funding practices, and the Community Services Commission's (CSC) feedback from the March 19 CSC Meeting. This report outlines planned updates to the funding process to increase transparency and objectivity while reducing the administrative burden for both applicants and staff. It also includes proposed changes to the application review, interview, and deliberation processes for CSC feedback.

Staff seek the CSC's input on the proposed changes related to the CAF process. During the May 21, 2025, work session, staff will facilitate interactive polling to gather consensus on these changes.

BACKGROUND

On March 19, 2025, the CSC finalized its recommendations to City Council and reviewed proposed improvements to the Community Agency Funding (CAF) process.¹ Key changes included shifting to two-year contracts, creating a separate and more streamlined Arts & Music funding process, updating the scoring rubric to align with Council priorities, and reevaluating the application review and interview process. These recommendations are intended to enhance transparency and reduce the administrative burden for both staff and applicants.

During the March CSC discussion of proposed changes, Commissioners shared the following:

- Concern that a two-year funding cycle may limit agencies' funding opportunities if they have to wait an extra year to apply
- Questions about the CSC's responsibilities during the off-cycle years with a two-year funding cycle
- Reluctance to eliminate interviews, noting their value in adding context and aiding less experienced applicants

¹ March 19, 2025, CSC Meeting: <https://hayward.legistar.com/MeetingDetail.aspx?ID=1288176&GUID=53D20093-5F7A-4EB4-89FE-AFBD8BA04C01&Options=&Search=>

- Concern about staff's recommendation to use the rubric exclusively to make funding decisions, expressing preference to keep deliberations for consensus-building
- General support for reviewing and updating the rubric

At the April 1, 2025, Work Session to discuss the CSC's funding recommendations, City Council reiterated interest in providing more technical assistance to funding applicants and suggested expanding the CSC's role to include helping agencies diversify their funding sources and be more competitive for alternative funding sources.² City Council also asked about the impact of potential cuts to Community Development Block Grant (CDBG) funding, which was a concern the CSC also expressed in March. City staff are closely monitoring changes in federal funding and if CDBG funds are reduced or eliminated, staff will present options to Council for direction. Based on statutory requirements, staff anticipate that HUD will announce award amounts in mid-May. At this Work Session, City Council declined to provide feedback on the proposed CAF process changes, deferring to the CSC to provide additional input.

At a Public Hearing on April 22, 2025, City Council approved the CSC's funding recommendations and affirmed the CSC's priorities for funding Services projects, including homelessness and housing, food security, legal services, and support for immigrant and undocumented populations.³

DISCUSSION

Goals for the Community Agency Funding Process Changes

Annually, the City funds approximately \$1.7 million in programs that provide free or low-cost services to low-income Hayward community members. These funds are made available to eligible community agencies through the competitive CAF process. When funded, the CAF applicants become key service providers to Hayward residents by providing social services, economic development opportunities, and arts and music programming.

The recommended changes to the CAF process presented to the CSC in March and discussed further in this report aim to achieve two main goals:

- 1) Increase transparency and objectivity in decision-making, and
- 2) Reduce administrative burden on applicants, staff, and Commissioners.

These goals reflect the City's commitment to continuous improvement and are informed by benchmarking research, applicant and commissioner feedback, and staff experience. It has been several years since there were any significant changes to or review of the CAF process, and given the increasing demand for funding, it is an important time to review to ensure the process is transparent, equitable, and accessible to applicants.

² April 1, 2025, City Council Work Session:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=7283607&GUID=8A2E244B-5315-4E8A-A762-92082A65BE1D&Options=&Search=>

³ April 22, 2025, City Council Public Hearing:

<https://hayward.legistar.com/MeetingDetail.aspx?ID=1289836&GUID=8136EA33-A5A9-4782-A058-3BAE434838DB&Options=&Search=>

Agency engagement to support data-informed decisions

At the March CSC Meeting, the CSC provided initial feedback on the proposed changes to the CAF process. Part of their feedback included interest in hearing more from applicants. In response, staff conducted a survey of agencies and hosted two listening sessions to understand the impact of these proposed changes and to identify any additional challenges that can be addressed through revisions to the CAF process. Staff integrated findings from applicant and CSC feedback, benchmarking research that reviewed other Bay Area cities' practices, and staff expertise and experience to make informed decisions on future changes. A summary of staff's information gathering and levels of engagement can be found in Table 1 below.

Table 1. Stakeholder Engagement to Inform CAF Changes

Mode of Engagement	Participants	Intended Goal
March 19 CSC Meeting CSC Feedback	14 CSC members	Gather initial feedback from the CSC on proposed changes.
Agency Survey	24 responses	Gather anonymous feedback on the proposed changes, understand the number of hours agencies invest in our process compared to other cities, and gauge agencies' perspective on the current process.
Listening Sessions	26 attendees	Gather face-to-face agency feedback on proposed changes and how the changes would impact their organization.
Benchmark Research	12 government entities	Understand regional practices, compare Hayward's process to other cities, understand how other cities maintain equitable decision-making and transparency.

Proposed Changes for CSC Feedback

In response to the engagement efforts outlined in Table 1, staff identified key changes that can be implemented to improve the CAF process and meet the goals of increasing transparency and objectivity and reducing the administrative burden. Some of the changes can be implemented for the FY 2026-2027 funding cycle this fall, while others require additional CSC engagement and would best be implemented in the FY 2027-2028 funding cycle.

Staff seek the CSC's input on the proposed changes related to the CAF process. During the May 21, 2025, work session, staff will facilitate interactive polling to gather consensus on these changes.

FY 2027-2028 Funding Cycle Proposed Changes

Staff recommend separating the Arts and Music category from the CAF process to identify a lower barrier application and reporting structure for those applicants. This recommendation is rooted in applicant feedback and staff experience. Arts and Music applicants are most likely to have the highest administrative burden given the size of their organizations and the time spent completing the application and reporting requirements. Additionally, the CAF reporting requirements are based off HUD requirements, which are often too rigorous or difficult to reconcile with the program delivery structure of many Arts and Music applicants.

Staff propose conducting a separate work session with the CSC to develop the alternative process for Arts and Music grantees, which would include discussion of reporting priorities and funding structure. Under this proposal, the Arts and Music funding process would not change for the FY 2026-2027 cycle.

FY 2026-2027 Funding Cycle Proposed Changes

Weekday Evening Interviews

Currently, CAF interviews are conducted on two Saturdays in January. Through the survey and listening sessions, agencies responded that the best times to conduct interviews were either during a weekday during the day or evening. Benchmark research showed that, among cities that perform interviews, none of them conduct weekend interviews. Staff recommend conducting interviews during one or two (depending on the number of applicants and interview structure) Special CSC Meetings that would start at 6:00 PM. These evening meetings would happen in January, in lieu of the Saturday interviews.

Two-year Funding Awards

Staff recommend two-year contracts for all funded applicants, except for Arts and Music programs. Feedback from the listening sessions, surveys, and benchmark research show a preference for longer term contracts. Multi-year awards are an industry standard that create stability and predictability for funding recipients. They also reduce the burden on both applicants and staff, which will give staff time to do more in-depth performance monitoring and reporting. If additional funding becomes available in off-cycle years, staff would prepare a special Notice of Funding Availability (NOFA) and engage the CSC to allocate funds.

At the March 19 CSC meeting, Commissioners asked about their responsibilities during off-cycle years under a two-year funding cycle. In previous cycles, the CSC conducted site visits; however, this process was paused due to attendance issues. Site visits could be reinstated with more available time during off years. Additionally, staff could engage the CSC in agency performance reviews as an opportunity to better understand the depth of the agencies' impact. Finally, the City Council suggested expanding the CSC's role to include supporting agencies in diversifying their funding sources and becoming more competitive for alternative funding opportunities.

Update and Use Rubric to Increase Transparency and Support Objectivity

The CAF rubric (Attachment II for reference) has not been updated in four years. In March, the CSC agreed that it was an appropriate time to review and update the rubric to ensure it reflects how the CSC intends to evaluate applications. The CSC can consider incorporating preferences in the rubric and incentivize areas the CSC believes are important. In previous years, the CSC considered new programs or agencies, minority-owned agencies, women-owned agencies, or locally owned agencies as agencies to consider funding.

Also in March, the CSC expressed that they did not want the rubric scores to solely determine funding decisions, noting concern that no approach is truly objective. However, in a recent survey of agencies, 29% of respondents expressed concerns about a lack of objectivity and transparency in the decision-making process, as deliberations and rubric scores are not shared publicly. Staff propose that rubric scores be used to rank applicants prior to deliberations. Then, during deliberations, the CSC allocates funds based on the rankings but still has the discretion to determine the actual amount awarded to each applicant. Rubric scores would then be published on the City website as part of the CAF process.

Clarify Prioritization Process for Services Funding

In the FY 2025-2026 funding cycle, the CSC prioritized homelessness and housing, food security, legal services, and support for immigrant and undocumented populations Services applicants. At the April 2025 Work Session and Public Hearing meetings on FY 2025-2026 funding, City Council affirmed these priorities for Services projects.

For the FY 2026-2027 funding cycle, staff recommend formalizing a prioritization process in advance of deliberations. This prioritization would be reaffirmed before each funding cycle and updated based on community need and City Council priorities. Staff propose several options for this prioritization process, including leveraging additional bonus points in the rubric or allocating funding per Services categories in advance. Below are key decisions with proposed options for CSC input on Services funding for the FY 2026-2027 cycle, which will begin this Fall.

Decision 1: How to Prioritize Service Types

To make decision-making in the Services category more transparent and objective, staff propose implementing a way to prioritize service types, either using the rubric or by allocating a set amount of funds to each service type in advance:

Option 1A	Option 1B
Create a rubric category for service type and assign points based on category. These will function as additional “bonus” points in the overall rubric score, which will then be used to support funding decisions. The RFP will include the updated rubric, so applicants can see how their applications will be scored. Example: 5 points to Housing and Homelessness projects, 3 points to Food Security, etc.	Pre-determine how much of the available funds will be spent on each service category, allocating more funding to priority categories. This information will be shared as part of the RFP, so applicants are aware of the prioritization when applying. Example: For FY 2025-2026, there was \$652,982 in Services funding and the CSC allocated 65% to housing and homelessness, 25% to food security, and 10% to other projects. For FY 2026-2027, the Services ARC would have the same proportions of available funds to distribute. Within each Services category, the CSC would use rubric scores to allocate the available pot of funds for the given category. The scoring rubric would not include additional points.

Option 1A offers additional points in the rubric score to priority projects. Strong non-priority applications may still score high and rank above priority projects, potentially funding non-priority projects over priority projects. Option 1A communicates to applicants how their applications will be scored. Option 1B aligns intent with investment by allocating set dollar amounts to each Services category, so the available funding matches the funding priorities. Option B communicates to applicants the funding priorities, allowing them to decide in advance if the CAF process is worth their time and staff capacity. In both options, the CSC would rank applicants based on their

rubric scores and would deliberate to determine the actual amount of funding awarded to each applicant.

Decision 2: How to Streamline Interview Process for Services ARC

In the last funding cycle, there were 36 Services applicants, and the ARC conducted 34 interviews across two Saturdays for a total of over 11 hours of interviewing. As the process shifts to conducting interviews on weekday evenings, there will be less time available for interviews. Additionally, reducing the number of interviews reduces the administrative burden on some applicants. Both options below include adding a scoring category to the rubric for Interview Score, as opposed to adjusting total rubric scores after an interview.

Option 2A	Option 2B
After scoring applications using the rubric, advance a “top” portion of Services applicants to funding deliberations without an interview. The top portion would receive full points in the interview score rubric category (e.g., 10 out of 10).	After scoring applications using the rubric, advance a “top” portion of Services applicants to funding deliberations without an interview. The top portion would receive full points in the interview score rubric category (e.g., 10 out of 10).
Interview the remaining applicants and score their interviews in the interview score rubric category (e.g., 7 out of 10).	Additionally, identify a “bottom” portion of Services applicants that would not advance to the interview process and would not receive funding.

In each of the above options, the CSC would need to determine how to identify the top portion of applicants. For option 2B they would also need to determine how to identify the bottom portion. Staff recommend the following:

- Top portion (Options 2A and 2B): Either the top one-third of applicants or the top 16 applicants, whichever is higher.
- Bottom portion (Option 2B only): Either the bottom 5% of applicants or the bottom 4 applicants, whichever is lower.

If this was applied to the most recent funding cycle, under Option 2A 16 agencies would advance for funding deliberations without interviewing and 20 would interview then be ranked for funding. Under Option 2B, 16 agencies would advance for funding deliberations without interviewing, 2 would not be considered for funding, and 18 would interview then be ranked for funding.

PUBLIC CONTACT

Staff engaged FY 2025-2026 funding applicants and current funding recipients to receive their input for this item as described in the Discussion section of this report. They were also notified of this work session and invited to attend to share additional feedback.

NEXT STEPS

Staff will return to the CSC in June with a draft rubric and follow-up on any questions or concerns presented during the May 21, 2025 CSC meeting.

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