



CITY OF HAYWARD

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Cover Memo

File #: WS 16-025, **Version:** 1

DATE: April 5, 2016
TO: Mayor and City Council
FROM: Director of Library and Community Services
SUBJECT: FY 2017 Community Agency Funding Recommendations including Community Development Block Grant (CDBG), Social Services, and Arts/Music; and Discussion of the CDBG Annual Action Plan and the CDBG Citizen Participation Plan

RECOMMENDATION

That the Council reviews and comments on this report. Staff has attached a draft funding resolution (Attachment I) that will be presented to the Council for adoption on April 21, 2016.

SUMMARY

The FY 2017 Community Agency Funding recommendations for the Community Development Block Grant (CDBG), Social Services, and Arts/Music grant programs are presented in this report. The FY 2017 Community Agency Funding Recommendations were developed in compliance with the City’s federally-mandated and Council-authorized [CDBG Citizen Participation Plan <http://hayward-ca.gov/sites/default/files/documents/Citizen-Participation-Plan2013.pdf>](http://hayward-ca.gov/sites/default/files/documents/Citizen-Participation-Plan2013.pdf), in accordance with the Council-authorized [City of Hayward CDBG Compliance Policy Manual <http://www.hayward-ca.gov/CITY-GOVERNMENT/DEPARTMENTS/LIBRARY-&-COMMUNITY-SERVICES/DOCUMENTS/2014/CDBG_Manual_2014.pdf>](http://www.hayward-ca.gov/CITY-GOVERNMENT/DEPARTMENTS/LIBRARY-&-COMMUNITY-SERVICES/DOCUMENTS/2014/CDBG_Manual_2014.pdf), and supported by the efforts of the Council-appointed [Community Services Commission <http://hayward-ca.gov/your-government/boards-commissions/community-services-commission>](http://hayward-ca.gov/your-government/boards-commissions/community-services-commission) (CSC).

The FY 2017 funding recommendations for HUD-required fair housing activities and City of Hayward operated projects are provided in this report. The FY 2017 Community Agency Funding Recommendations are provided as Attachment II.

Allocations of FY 2016 CDBG funds are sourced in the CDBG special revenue fund, and as such they are subject to budget authorization by Congress. Social Services and Arts/Music allocations are sourced from the City of Hayward General Fund, and are subject to final Council authorization in the City’s FY 2017 Adopted Annual Budget.

Summary of FY 2017 Recommended Funding (All sources)

CATEGORY	AMOUNT
CDBG - Grants to community agencies	253,500
General Fund - Social Services grants to community agencies	450,000
<u>General Fund - Arts & Music grants to community agencies</u>	<u>81,955</u>
Total Grants to Community Agencies	785,455
CDBG - City-operated services	492,360
<u>CDBG - HUD required fair housing activities</u>	<u>51,000</u>
Total City-Operated Services and HUD-Required Fair Housing	543,360
<u>GRAND TOTAL FY 2016 Recommended Funding (All Sources)</u>	<u>\$1,328,815</u>

Because the final adopted amounts of available FY 2017 funding are not yet known, the FY 2017 Funding Recommendations were established using estimates of available funding. When the exact amount of available funding has been determined, the Council-approved allocations will be adjusted on a percentage basis as needed.

BACKGROUND

FY 2017 CDBG Program Overview

During FY 2017, the City will administer CDBG funds received from the U.S. Department of Housing and Urban Development (HUD). Because of Hayward's population size, it is considered a CDBG Entitlement jurisdiction. Formula funding is provided annually upon HUD's approval of Council's CDBG allocations, which form the substantive portion of the City's CDBG Annual Action Plan. The formula by which CDBG Entitlement funding is determined considers the total Congressional budget appropriation to HUD, and is calculated according to each Entitlement jurisdiction's population size and poverty level derived from the most recent Census data.

In recent years, reductions in the federal budget have diminished the City's CDBG Entitlement formula allocation from HUD. The City's CDBG Entitlement allocation has shrunk approximately 24% over the last six fiscal years. On December 16, 2015, Congress approved the Federal Fiscal Year 2016 Omnibus Appropriations Bill, which resulted in a 0% reduction to CDBG Entitlement jurisdictions from Federal FY 2015 appropriation levels. In FY 2015, the City of Hayward's final CDBG entitlement allocation was \$1,402,417. In FY 2016, the adjusted allocation will be \$1,405,002.

In FY 2015, HUD conducted a major thirty-year reconciliation of the entire City of Hayward CDBG program going back to its inception in 1986. As a result of that significant review, several recommendations were made by HUD for utilizing unspent funds on new projects, closing out inactive projects, and returning funds to the City's CDBG/HUD line of credit. The last recommendation yet to be implemented is the closeout of a past CDBG project at the Hayward Animal Shelter to replace the aging HVAC system in that facility. The project was completed successfully and the HVAC system was replaced in 2011. Subsequent to the project completion, HUD initiated the comprehensive reconciliation of all CDBG programs.

The HVAC replacement project remained under HUD review for an extended period until March 2016. At that time, HUD determined that the project did not meet its national standards for CDBG funds, and requested that the cost of the project (\$146,000) be debited against the City's FY 2017 entitlement grant award. Staff responded that the project did meet HUD national guidelines at the time the project was completed. HUD rejected that assertion, but ultimately agreed to close out the file and complete the reconciliation, and allowed the City to debit the project cost against the FY 2017 entitlement award. This arrangement allows the City to continue to receive the benefit of the completed project, without returning any funds to HUD. The debit has no significant impact to the overall FY 2017 entitlement award, which remains essentially unchanged from the amount of the FY 2016 award.

CDBG regulations stipulate that funds directly benefit low-income residents and neighborhoods, with activities restricted to "Public Services" and "Infrastructure" projects. This may include housing and homelessness prevention services, facilities rehabilitation, economic development, and capacity building. While the Animal Shelter HVAC project arguably does meet the criteria for facilities rehabilitation criteria in low-income neighborhoods, HUD ultimately determined that the project did not have qualifying (human) beneficiaries per HUD's definitions of low-income neighborhood benefits.

FY 2017 Fair Housing and City-Operated Programs Overview

The City of Hayward utilizes a portion of its CDBG entitlement grant to operate programs that deliver critical services to low-income Hayward residents; stimulate economic development and create jobs; and ensure fair

housing practices in the community.

The utilization of CDBG entitlement funds to deliver direct services to the community is the standard practice among CDBG entitlement jurisdictions since the 1970s, including Hayward. The CDBG entitlement jurisdiction is often the most efficient and effective service provider in their community in identified areas of need due to its organizational capacity, infrastructure, authority, and ability to leverage partnerships and economy of scale. This is also the case in Hayward.

Per the City of Hayward CDBG Compliance Policy Manual adopted by Council on October 21, 2014, in each CDBG program year, the costs of program administration, HUD-required fair housing activities, and City of Hayward operated CDBG projects are subtracted from the annual entitlement award amount. After this internal allocation process is complete, remaining funds are made available to eligible community partner and public services applicants through the Community Agency Funding process. All CDBG funding allocations including internal allocations and external grants are subject to final approval at the discretion of Council.

An overview of HUD-required fair housing activities and City of Hayward operated projects sourced from CDBG funds in FY 2017 follows (Total Allocation = \$543,360, which is the same as FY 2016):

- *Housing Rehabilitation Program.* The Housing Rehabilitation Program offers loans and grants for home repairs to Hayward homeowners who are senior (62+), certified severely disabled, or HUD qualified low-income. Projects are focused on improving health, safety, and mobility in the home, and are intended to help vulnerable populations with limited income to continue to live independently in their homes. Repairs are restricted to accessibility/mobility modifications, corrections of code violations, and/or addressing major systems failures in eligible owner-occupied homes. Established in 1977, the program completes approximately 35-40 home rehabilitation and accessibility projects per year. FY 2017 program cost: \$344,496, the same as in FY 2016.
- *Family Education Program:* The Family Education Program (FEP) delivers literacy and academic support services to low-income Hayward families. Established in 2009, the Family Education Program is a unique collaboration between the City of Hayward homework/adult literacy tutoring programs, Chabot Community College, and Hayward Unified School District. The program delivers after-school academic support to 3,200 Hayward students in grades K-12, as well as English as Second Language (ESL) literacy tutoring services to approximately 150 parents of Hayward students. FY 2017 program cost: \$147,864, the same as in FY 2016.
- *Fair Housing Requirement:* One of the Department of Housing and Urban Development's guiding principles is its strong commitment to affirmatively further fair housing. Commitment and accountability in fair housing is a requirement for participating in the Community Development Block Grant (CDBG) Program. Eden Council for Hope and Opportunity (ECHO Housing) is a HUD-qualified agency fair housing agency, and has provided the fair housing component of the City of Hayward CDBG program since 1978. ECHO Housing provides fair housing counseling, carries out fair housing investigations, and provides low income individuals/tenants with legal information for education and self-empowerment. FY 2017 program cost: \$51,000, the same as in FY 2016.

DISCUSSION

Citizen Participation Plan Update

In FY 2015, primary jurisdictions were allowed to stop publishing public notices in the print newspapers. HUD

Guidance provided an option for electronic noticing, and with electronic noticing, a reduction in time frame. Previously all public notices were required to be printed one time thirty days in advance of any Community Development Block Grant Public Hearing, in the local newspaper (The Daily Review). New best practices show that electronic media has a greater reach and a thirty-day notice is excessive. It is now recommended that public notices be posted electronically for an entire fourteen days prior to a public hearing.

Additional guidance was received on March 16, 2015 that requires that primary jurisdictions incorporate 24 CFR Part 5 Affirmatively Furthering Fair Housing in 24 CFR 91.10 Consolidated Program Year and 24 CFR 91.105 Citizen Participation Plan for local governments. The City of Hayward concluded its 2014-2019 Consolidated Plan in conjunction with the County of Alameda and the other cities therein last year. The required certification is proposed to be included with the Annual Action Plan.

Section 91.100 (1)-(3) for local governments specifically addresses the consultation for the Consolidated Plan's previous Impediments to Fair Housing. It replaces the Impediments to Fair Housing with the Analysis of Fair Housing, and requires consultation from community-based and regionally-based organizations that represent protected class members, and organizations that enforce fair housing laws. The City of Hayward is in full compliance with all fair housing requirements set forth in 24 CFR Part 5 and Section 91.100 (1) - (3), and annually conducts Fair Housing audits through its CDBG contract with ECHO Housing (see above).

FY 2017 Social Services Program Overview

The City of Hayward administers grants from the General Fund to support Social Services programs for the benefit of low-income Hayward residents. Because Social Services program funds are sourced from the City's General Fund, it is not yet known what amount of Social Services funding, if any, will be available for allocation in FY 2017. Presentation of the City Manager's Recommended Budget to Council is scheduled in May 2016; Council adoption of the budget is scheduled in June 2016.

As a starting point for the FY 2017 Community Agency Funding process when it began in October, 2015, it was estimated that total funding available for Social Services grants in FY 2017 would be the same level as in the previous FY 2015: approximately \$450,000. Social Services grants are sourced from the General Fund, and this total can be changed at Council's discretion. The FY 2017 Social Services funding recommendations are shown in Attachment II.

FY 2017 Arts & Music Grant Program Overview

The City of Hayward administers grants from the General Fund to support Arts & Music programs for the benefit of Hayward residents. Because Arts & Music programs are funded from the City's General Fund, it is not yet known what amount of Arts & Music funding, if any, will be available until Council adoption of the FY 2017 budget.

As a starting point for the FY 2017 Community Agency Funding process, it was estimated that the funding for Arts & Music program grants in FY 2016 would be comparable to the FY 2015 amount, totaling \$81,955. The FY 2017 Arts & Music funding recommendations are shown in Attachment II.

Community Agency Funding Process

In FY 2017, the City of Hayward will make grant funding available to community agencies through the Community Agency Funding process. Grants are sourced from the federal CDBG special revenue fund and the City of Hayward General Fund. From these sources, the estimated total amount of FY 2017 funding available for grants to community agencies is \$785,455.

All external agency applicants for Community Agency Funding used the same integrated application regardless of

the type of service proposed or source of funding sought. Applicants submit their funding requests electronically using the web-based City Data Services system. A complete set of application materials was posted to the City's website.

The application materials included instructions, project eligibility guidelines, CDBG income limits, and Council Priorities. Applicants were asked to describe in their applications how the services proposed would support one or more of the Council Priorities and, as applicable, HUD's Performance Measures for CDBG.

The application materials included an explanation of the purpose and limitations of the CDBG program and advised that no more than 15% of CDBG funds may be used for Public Services, as defined by the CDBG regulations and Council's Priorities and Categories of Need.

The application materials included information about the City's Social Services program, which is funded by the City's General Fund, and provides grants to support other types of community services that are outside the parameters of the CDBG program.

The application materials also included information about the Arts & Music program, which is funded by the City's General Fund.

Forty applications were submitted before the December 11, 2015 deadline. No late applications were received. Applications were grouped into three major categories so that similar applications would be evaluated in cohorts as follows:

Community Agency Funding Categories and Sub-Categories

- Infrastructure category. Funding Source: CDBG. Description: Affordable housing development; housing rehabilitation; nonprofit facility improvements; economic development; capacity building. Requires compliance with federal regulations to document client income eligibility and financial management.
- Services category. Funding sources: CDBG*/General Fund. Description: Crisis prevention and intervention; education and youth services; health and wellness; housing stability and homelessness prevention; services for seniors and people who have disabilities; transportation related services to eligible low income seniors and people who have disabilities.
- Arts & Music category. Funding Source: General Fund. Description: Arts and music programs that benefit Hayward residents, with an emphasis on activities that support youth education.

**NOTE: Federal regulations impose a 15% cap on the amount that can be allocated that in the "CDBG Public Services" category; projects recommended for funding in this sub-category total \$270,362 which is the amount estimated to be available for FY 2017 in consideration of the 15% cap.*

Application Review Committee Structure

Community Services Commissioners reviewed all of the applications for all sources of Community Agency Funding (CDBG, Social Services, and Arts/Music), and provided comments and questions for each of the applicants online via the City Data Services system. There were three separate Application Review Committees (ARCs): the "Infrastructure" committee; the "Services" committee; and the "Arts & Music" committee. Each committee interviewed all applicants assigned to that category.

- The "Infrastructure" committee was chaired by Commissioner Julie Roche. Also serving on this ARC were

Commissioners Araujo and Commission Chair Bonilla. The committee interviewed applicants in that category on Saturday, February 6, 2016, and presented preliminary recommendations to the Community Services Commission on Wednesday, February 17, 2016. After discussion, the Commission established its official draft funding recommendations that evening, and a thirty-day Public Comment period was subsequently opened.

- The “Services” committee was chaired by Commissioner Linda Moore. Also serving on this ARC were Commissioners Fagalde, Isais, Mehdavi, and Samayoa. The committee interviewed applicants on Saturday, January 9, and February 6, 2016 and presented preliminary funding recommendations to the Community Services Commission on Wednesday, February 17, 2016. After discussion, the Commission established its official draft funding recommendations that evening, and a thirty-day Public Comment period was subsequently opened.
- The “Arts & Music” committee was chaired by Commissioner Robert Leppert. Also serving on this ARC were Commissioners Belram, Davis, DeJulio, and Glover-Gardin. The committee interviewed applicants on Saturday, January 9, 2016, and presented preliminary funding recommendations to the Community Services Commission on Wednesday, January 20, 2016. After discussion, the Commission established its official draft funding recommendations that evening, and a thirty-day Public Comment period was subsequently opened.

After the conclusion of the Public Comment periods, the Commission discussed and unanimously approved its FY 2017 funding recommendations at its publicly noticed meeting of Wednesday, March 16, 2016. The Community Services Commission FY 2017 funding recommendations for all funding sources (CDBG, Social Services, and Arts/Music) are provided for Council consideration as Attachment II.

All of the applications submitted proposed to support at least one City Council Priority, and all proposed to serve low-income Hayward residents. Attachment II presents the funding recommendations for all funding sources. The chart headings in Attachment II separate the recommendations according to funding source - i.e., those that would be funded with CDBG resources and those that would be funded from the General Fund.

There are a number of applicant agencies that were not recommended to receive funding. Brief analyses and rationale regarding each of those recommendations are provided in this report.

Minimum Contracting Standards for Nonprofit Agencies Requesting City Funds

The City’s Minimum Contracting Standards were established in consultation with HUD and the Finance Department and approved by Council in FY 2011 for the CDBG, Social Services, and Arts & Music grant programs in order to provide a fair and consistent way to confirm that adequate internal controls exist to account for an applicant’s resources, including City funds. Furthermore, the CDBG program has intensified its requirements with tighter fiscal controls and more frequent reporting and documentation. In turn, the City must also be attentive to a grantees programmatic and financial management capabilities.

One of the Minimum Contracting Standards requires applicants to undergo an annual financial audit. An independent third-party audit can cost \$3,000 - \$5,000 or more depending on the size of an agency’s budget, which can be beyond the means of some of Hayward’s smaller nonprofit agencies unless they are able to secure pro bono services. To mitigate this barrier while still maintaining accountability, the City’s funding process allows agencies that are unable to meet the Minimum Contracting Standards to apply for funding through an eligible fiscal sponsor. The fiscal sponsor may utilize up to 10% of the awarded funds to offset their administrative costs for managing the grant on the applicant’s behalf.

The FY 2017 process will be the fifth year in which Infrastructure and Services applicants have been required to

maintain the Minimum Contracting Standards prior to applying for City funding, and the third year in which it is required for Arts & Music programs. To assist the Arts & Music applicants with this transition, City staff identified a fiscal sponsor for all of those agencies (Hayward Area Historical Society), and helped facilitate the fiscal sponsorship and application processes with applicants and the fiscal sponsor.

To ensure that grantees had sufficient capacity to meet the Minimum Contracting Standards, applicants were required to attach the agency's most recent annual financial audit, agency-wide budget, and proposed project budget to their grant proposal. Proposals that did not include these required attachments were deemed ineligible for funding. Applicants were advised of the requirements in the published Notice of Available Funding and at the Funding Forum. The application materials also clearly indicate that agencies are required to meet the Minimum Contracting Standards in order to be eligible for City funding. Additional clarification regarding the audit requirement is provided on page 3 of the application materials, as follows:

"In order to be eligible to apply for City funding, an applicant must have completed an independent fiscal audit for FY 2013-2014 (or calendar year 2014). If awarded funding, in order to execute a FY 2016-2017 contract, each agency must have completed an independent fiscal audit for FY 2014-2015 (or calendar year 2015). Submission of the management letters that accompanied the audits is also required. If there were any findings in the audits, a letter from the board of directors explaining the corrective measures taken to resolve the problem(s) must be provided.

"Agencies that do not have a current audit as described above are eligible to apply for City funding only under the auspices of a fiscal agent that can meet this standard. The fiscal agent must apply for the funding, and if granted, the fiscal agent may utilize up to 10% of the grant for its own expenses."

All of the FY 2017 applicants were determined to be able to meet the fiscal audit standard and eligible to receive City funding. In past years when there were ineligible applicants, staff conferred with each of the applicants to further explain the specifics of an independent fiscal audit, options for applying through a fiscal sponsor, and other eligibility resources which the applicants can explore for future funding cycles.

Services Category - FY 2017 Maximum Recommended Grant Amounts

Due to the high number of eligible funding requests in the FY 2017 Services category, the Services ARC instituted a maximum \$40,000 grant recommendation per application in that category. The \$40,000 maximum recommended amount for Services grants was recommended by the Services ARC during its deliberations in order to provide sufficient funds in an equitable and fair fashion for as many applicants in the Services category as possible. The Services ARC and the full CSC voted unanimously in favor of instituting the maximum \$40,000 in the FY 2017 Services category for these reasons. The maximum does not apply to other funding categories because the volume of applications was not as high in those categories.

FY 2017 Applications Not Recommended for Funding

- Alameda County Office of Education - Project E.A.T.: Agency requested funds for their 2 Gen Urban Gardeners Program to train growers and garden educators who go into low income apartment complexes to engage and inform residents to grow, cook, and eat healthy. Funding would also go towards the creation of gardens in private apartment complexes. Commissioners chose not to fund this program because the program would be carried out, and focused on private apartment properties, of which there would be limited public access.
- Building Opportunities for Self Sufficiency - Warming Shelter: Agency requested funds to operate a warming center in North County/Castro Valley from November 2016 - April 2017. The Application

Review Committee recommended to the Community Services Commission to wait to consider funding. At this time there is no identified location for the program and it is unknown if one will be available.

- Building Opportunities for Self Sufficiency - South County Homeless Project: Agency requested funds for improvements to the South County Homeless Project (SCHP), including carpeting, painting, and landscaping to create a warm and welcoming environment. The building is currently owned by the County of Alameda. The decision to not fund this application will not impact the program itself or delivery of services to individuals.
- Community Resources for Independent Living - Independent Living and Housing Services: Agency requested funds to provide services of comprehensive life skills training & support, coupled with affordable, accessible housing search assistance. The Application Review Committee felt that the application could be funded through alternate sources.
- East Bay Community Recover Project: Agency requested funds to install new cable and seventy new jacks throughout the office building at 22971 Sutro Avenue in Hayward. Commissioners felt that it was unclear if the agency had explored the source of the network issues in the building. It was also unclear if the current plan of action for which the agency is requesting funding accounts for the full extent of the system shortfall and needs.
- Eden Youth and Family Center - Computer Club House: Agency requested funds to implement a Digital Talen Incubator (DTI) and specifically for the training of individuals who will carry out the program. The agency stated during Application Review Committee interview that they have multiple funding sources available for the program. Commissioners expressed concern that the program was drop-in based and lacked continuity.
- Habitat for Humanity East Bay - Homebuyer Financial Literacy Program: Agency requested funds for financial education workshops for the Hayward community along with individual housing counseling sessions. The funding would be used to support the development and dissemination of marketing materials specifically geared to reach residents in the City of Hayward, enhance staff training, and cover the cost of educational program materials. While the Application Review Committee felt this is a good program, they did not feel it is as a high a priority as other programs requesting the same funding.
- Silver Oak High School - Russell City Greens: Agency requested funds for the Russell City Greens project, which plans to provide low-income clients vegetable gardens by focusing primarily on supplying low-income residents with ready-to-plant seedlings to produce their own healthy and nutritious gardens. The Application Review Committee felt that there is no measurement or oversight of the program outcomes. They felt it would be difficult to evaluate the effectiveness of the program and there are programs that can provide data requesting the same funding dollars.
- Super Stars Literacy: This program is currently in existence in HUSD and will be able to continue to provide services without Hayward grant funding. Commissioners felt that the program was duplicative of programs that currently exist in HUSD and are being funded through the City of Hayward.
- The Arc of Alameda County: Agency requested funds to build a Tactile Therapeutic Center, which consists of building a 20x40x10 greenhouse with raised beds to facilitate interaction by clientele with the healing elements of nature. Commissioners felt that the program outcomes were not made clear at the time of the Application Review Committee interviews. There is also a concern as this proposal is not part of the agency's core services, nor did the Commissioners feel that it was as cost effective as other programs currently seeking funding.
- Tiburcio Vasquez Health Center: Agency requested funds to expand health and wellness services focused

on reducing childhood obesity in Hayward by expanding the CAFÉ Parent engagement program and through school based and community events. This program currently exists in the schools and will be able to continue to provide services without City grant funding.

- Tri-City Health Center: Agency requested funds to implement a Street Medicine and Outreach Services project, aiming to develop trusting relationships with homeless individuals to provide on-site medical services to homeless individuals living in Hayward with identified health care issues, and to connect them to housing assistance and other safety net resources. The Application Review Committee recommends that because this pilot program is not yet proven that it request funding next year, when it has some established outcomes.

FISCAL IMPACT

Because the final adopted amounts of available FY 2017 funding are not yet known, the FY 2017 Funding Recommendations were established using estimates of available funding. When the exact amount of available funding has been determined, the Council-approved allocations will be adjusted on a percentage basis as needed.

The CDBG Program has a neutral impact on the City's General Fund, as a portion of CDBG funds (up to 20%) may be used to pay for eligible Planning and Administration of the program, including NEPA environmental review, contracting, Labor Standards monitoring, lead-based paint compliance, procurement of contractors, site inspections, financial management, and federal reporting. However, as the City's CDBG grant size is reduced, and as program income diminishes, the administrative cap is lowered accordingly, providing for fewer staff resources to administer the CDBG program, which remains an administratively complex and process-laden program despite the grant's reduced size.

The Social Services and Arts & Music funding recommendations will be affected by Council's budget deliberations as they relate to overall General Fund obligations. Council has complete discretion and authority to change, increase, or decrease the total amounts in these two categories at will, within the context of the General Fund budget deliberations. If the final amounts of Social Services or Arts/Music funding are reduced during budget deliberations, then individual grants would be adjusted on a percentage basis accordingly.

Because Social Services and Arts/Music grants are made using the General Fund, reducing or eliminating the grants would have a beneficial impact on the City's budget. However, it is acknowledged that the majority of Social Services grants in particular support "safety net" services, (i.e., food, housing, support services for low-income people, and information and referral.) Reducing or eliminating grants would have a fiscal impact on those affected with services also subsequently reduced or eliminated. There would also be an impact to the nonprofit agencies that have been doubly stressed by the economic downturn - those that have experienced both an increase in client demand and a decrease in public and private funding.

PUBLIC CONTACT

On **October 3, 2015**, a **Notice of Funding Availability** was published in English and Spanish in the Daily Review newspaper and on the City's website. The notice was also posted at the Hayward Public Library and city Hall; and the Public Notice was emailed on October 2, 2015 to currently funded agencies, previously funded agencies, applications from previous years, and all other interested parties on the Community Agency Funding mailing list (several hundred individuals and local agencies) maintained by the Library and Community Services Department. Several broadcast email reminders were also sent in advance of the event.

On **November 9, 2015**, application materials were published. The materials were readily accessible by logging onto City Data Services web-based system, or downloadable from the city's website. Also on this date, a public Funding Forum was conducted to provide information about the application process. Attendees received an orientation to CDBGH, Social Services and Arts/Music funding. The orientation included an explanation of the purpose and limitations of the CDBG program and advised that up to 15% of CDBG funds may be used for Public

Services, as defined by the CDBG Regulations and Council's Priorities and Categories of Need. Attendees were informed about the City's Social Services program, which is funded by the City's General Fund, which provides grants to support other types of community services that are outside the parameters of the CDBG program. Attendees were also informed about the Arts/Music program, which is funded by the City's General Fund. The Forum presentation materials have been posted to the City's website for public review.

All funding deliberations took place at properly noticed Community Services Commission meetings that were open to the public. These meetings took place on:

- January 20, 2016 - Community Services Commission Meeting
- February 17, 2016 - Community Services Commission Meeting
- March 16, 2016 - Public Hearing & Community Services Commission Meeting.

From **January 20, 2016 through March 18, 2015**, the Public Comment period for the Arts/Music ARC funding recommendations was in effect. During this time, members of the public, including applicants, could submit their comments regarding the funding process or the funding recommendations.

From **February 17, 2016 through March 18, 2016**, the Public Comment period for the CDBG Infrastructure/Economic Development and Social Services ARC funding recommendations were in effect. During this time, members of the public, including applicants, could submit their comments regarding the funding process or the funding recommendations.

During the above-mentioned public comment period, three (3) verbal public comments and no written public comments were submitted by March 16, 2015. A transcript of the public comments received are provided in Attachment IV. All public comments were reviewed by the CSC prior to its establishment of the FY 2017 funding recommendations.

On **Saturday, February 17, 2016**, a notice was published in the Daily Review newspaper to advise the general public that the Community Services Commission would conduct a Public Hearing regarding their recommendations for funding at their regularly scheduled **March, 16, 2016 Meeting**, and that City Council would conduct a Public Hearing on Tuesday, April 5, 2016, regarding FY 2017 funding allocations (subject to final approval by Council in June, 2016, with the adoption of the FY 2017 General Fund budget).

NEXT STEPS

Council is being asked to conduct a public hearing on Tuesday, April 5, 2016, at which time staff will recommend that at the April 19, 2016 meeting the Council:

- 1) Authorizes FY 2017 CDBG Allocations, which will form the substantive portion of the City's FY 2017 (HUD Program Year 2016) Annual Action Plan; and
- 2) Approves the Hayward portion of the Alameda County HOME Consortium Annual Action Plan; and;
- 3) Authorizes preliminary funding decisions in the FY 2017 Social Services and Arts/Music categories. Final Council authorization of funding allocations in those categories will be made within the context of Council FY 2017 budget deliberations in May and June of 2016; and
- 4) Approves the HUD required updates to the Citizen Participation Plan in regards to Fair Housing and Public Notices.

Prepared by: Dawn Jaeger, Community Services Manager

Rachael McNamara, Administrative Analyst

Recommended by: Sean Reinhart, Director of Library & Community Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I: Draft Resolution
Attachment II: FY 2017 Funding Recommendations
Attachment III: Public Comments
Attachment IV: Application Summaries