



## City of Goodyear

### Meeting Agenda

#### City Council Worksession

Mayor Georgia Lord  
Vice Mayor Joe Pizzillo  
Councilmember Joanne Osborne  
Councilmember Sheri Lauritano  
Councilmember Wally Campbell  
Councilmember Bill Stipp  
Councilmember Sharolyn Hohman

Meeting Location:  
Goodyear Justice Center  
14455 W. Van Buren St.,  
Suite B101  
Goodyear, AZ 85338

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Monday, March 31, 2014

Goodyear Justice Center

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**Immediately follows the Joint Worksession of the City Council and the Planning and Zoning Commission that begins at 4:30 P.M.**

**1 CALL TO ORDER**

**2. ROLL CALL**

**3. AGENDA ITEMS FOR DISCUSSION:**

- 3.1 14-5208ws** Council will receive a presentation on the City's status as a CDBG Entitlement Community, the process for becoming an entitlement community grantee, and options for future participation in the CDBG program. (Katie Wilken, Planner III)

**4. INFORMATION**

A. Councilmembers' Report on Current Events: This is the time Councilmembers may present a brief summary on current events. The Council may not propose, discuss, deliberate or take any legal action on the information presented, pursuant to A.R.S. 38-431.02.)

B. Manager's Summary of Current Events and Reports

The Manager may provide a brief summary of current events; however, there can be discussion only on the following matters:

Manager's Update on Council Related Matters

**5. ADJOURNMENT**

Council members of the Goodyear City Council will attend either in person or by telephone conference call or video communications.

Pursuant to A.R.S. 38-431.02, notice is hereby given to the members of the Goodyear City Council and to the General Public that the Council of the City Of Goodyear, Arizona, will hold meetings open to the public.

THE CITY OF GOODYEAR ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE

TO PERSONS WITH DISABILITIES. With 48 hours advance notice, special assistance can be provided for sight and/or hearing-impaired persons at this meeting. Reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (623) 932-3910 to request an accommodation to participate in this public meeting. Goodyear TDD number is (623) 932-6500.

LA CIUDAD DE GOODYEAR PROCURA HACER TODA JUNTA PUBLICA ACCESIBLE A PERSONAS CON DISCAPACIDADES. Durante la junta se puede proveer asistencia especial a personas con discapacidades visuales o auditivas con un aviso de 48 horas por adelantado. Se harán adaptaciones razonables con previa solicitud para personas con discapacidades o para residentes que no hablan inglés. Favor de llamar a la Secretaria Municipal al (623) 932-3910 para solicitar adaptaciones para participar en la junta pública. El número de TDD de Goodyear es (623) 932-6500

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Maureen Scott, CMC  
City Clerk

Date Posted: \_\_\_\_\_

Time Posted: \_\_\_\_\_

**CITY OF GOODYEAR  
CITY COUNCIL ACTION FORM**

**SUBJECT:** Community Development  
Block Grant (CDBG) Entitlement  
Community

**STAFF PRESENTER:** Katie Wilken,  
Planner III  
**COMPANY**  
**CONTACT:** NA

**RECOMMENDATION:**

Council will receive a presentation on the City's status as a CDBG Entitlement Community, the process for becoming an entitlement community grantee, and options for future participation in the CDBG program,

**PURPOSE:**

The City of Goodyear has been invited by the U.S. Department of Housing and Urban Development (HUD) to become an entitlement community grantee. Staff will present information on the CDBG program, the process for becoming an entitlement community grantee, and options for future participation in the CDBG program. The City must notify HUD of its decision to either accept CDBG entitlement status or remain with the Maricopa County Urban County program by April 15, 2014. Staff will request Council direction to either accept CDBG entitlement status or remain with the Maricopa County Urban County program.

**BACKGROUND AND COMMUNITY BENEFIT:**

For the last 25 years, more than \$5.1 million in CDBG funds have been used for projects and programs in the city. Continuing to participate in the CDBG program will allow the City to fund eligible projects and programs to benefit low to moderate income persons.

**PREVIOUS ACTIONS AND DISCUSSION:**

The City of Goodyear was invited to become an entitlement community grantee in 2010. On August 30, 2010, City Council directed staff to not pursue entitlement status at this time, but to continue with the Maricopa County Urban County program. The City entered into a three-year cooperative agreement with the Maricopa County Human Services Department. This agreement expires on June 30, 2015. The City was recently informed that it must notify HUD of its intent to either accept entitlement status or remain with the Maricopa County Urban County program by April 15, 2014.

**FISCAL ANALYSIS:**

Accepting CDBG entitlement would incur an additional fiscal impact. The estimated annual allocation is \$293,000. Twenty percent (approx. \$58,000) can be used to cover

administrative costs. A budget supplemental in the amount of \$150,000 has been submitted for fiscal year 2014-2015 to cover the anticipated costs to create the required plans and studies. There would also be additional ongoing expenses which may not be fully covered by the grant funds.

**ATTACHMENTS:**

1. Yellow paper to Council

## **CITY COUNCIL REPORT FROM STAFF**

<b>TO:</b>	<b>Mayor and City Council</b>
<b>APPROVED:</b>	<b>Brian Dalke, City Manager</b>
<b>cc:</b>	<b>Department Directors</b>
<b>FROM:</b>	<b>Katie Wilken, Planner III Christine McMurdy, Grants Administrator</b>
<b>THROUGH:</b>	<b>Hector Tapia, Deputy Development Services Director</b>
<b>DATE:</b>	<b>March 17, 2014</b>
<b>RE:</b>	<b>CDBG Entitlement Status</b>

### **History & Purpose**

The U.S. Department of Housing and Urban Development (HUD) administers the Community Development Block Grant (CDBG) program whose goal is to provide decent housing, a suitable living environment, and expanded economic opportunities primarily to low and moderate income persons.

A city participates in the CDBG program in one of two ways. Smaller cities participate in the State Administered CDBG program. This program is in place to assist smaller cities who do not have the internal capacity to administer their own programs. Maricopa County has been designated as an Urban County program which means that the State Administered CDBG program is administered by the County's Human Resources Department. Through this program, the State allocates funds directly to Maricopa County who distributes these funds to program participants through a competitive grant process. An Urban County program participant is not guaranteed to receive funding. Each year, the Urban County Program participants apply to the County for funding for specific projects. The Community Development Advisory Committee (CDAC), made up of representatives from the participating communities and the County at large, reviews the applications and makes recommendations for funding to the County Board of Supervisors who then makes the final determination on grant awards and funding levels.

The other way a city may participate in CDBG is through the CDBG Entitlement Community Program. To become an entitlement community grantee a city must have a population of 50,000 and be formally invited by HUD to participate in the program. An entitlement community grantee is entitled to receive an annual allocation of CDBG funds directly from HUD, rather than going through a competitive process. These allocated funds can be used for a wide variety of projects and a portion of the funds also can be used to cover administrative costs.

The City of Goodyear was invited by HUD to become an entitlement community grantee in 2008 and 2010. At that time, the City felt that it did not have the internal capacity to administer its own program and decided to continue its participation in the Urban County Program and executed a three-year agreement with Maricopa County. This agreement expires on June 30, 2015. The City was recently informed that it must notify HUD by April 15, 2014 of its intent to either accept entitlement status or remain with the Maricopa County Urban County program.

Each program has certain advantages and disadvantages, and there are several factors that should be considered when deciding which program option to select:

1. The amount of funding the City is likely to receive under each program;
2. The types of projects that are eligible under each program;
3. The City's administrative capacity to administer the program with or without assistance from the County; and,
4. The relationship of each CDBG program option to other federal grant programs, such as the HOME Investment Partnership Program (HOME).

The following information compares and contrasts both programs based on these factors.

### **Funding:**

Urban County Program: The City of Goodyear has participated in the Urban County program since 1991. The Urban County's competitive grant process begins in October when a project from the City's Five-Year Consolidated Plan is identified for grant funding. The City must hold a public hearing to receive input on the project and City Council approves the grant application and requested funding levels. The grant applications are due to the County in December at which time CDAC reviews the applications, holds two public hearings to consider the applications, and then recommends grant awards and funding levels to the County Board of Supervisors sometime in April. The County Board of Supervisors vote on the grant allocations and funding levels in May which is then reported to HUD. The City then enters into an IGA with the County to administer the grant and the City receives the release of funds in July.

Through participation in the Urban County Program, over \$3.2 million in CDBG funds have been used for infrastructure improvements and over \$1.9 million in CDBG funds have been used for housing rehabilitation in the city. This represents a combined investment of over \$5.1 million of CDBG funds in the City of Goodyear over the last 25 years. The City's most recent CDBG awards are as follows:

- FY06-07 Waterline Replacement \$350,000
- FY07-08 No funding (application ineligible) \$0
- FY08-09 Western Avenue Improvements \$475,334
- FY09-10 Waterline Replacement Phase 2 \$400,000
- FY10-11 Parks Improvements \$257,029
- FY11-12 No funding (1.5 rule violation\*) \$0
- FY12-13 No funding (application ineligible) \$0
- FY13-14 Waterline & Storm Sewer \$598,000
- FY14-15 Commercial Façade Improvement \$233,597 (recommended)
- *This represents an average annual funding level of approximately \$257,000.*

(\* HUD looks at the amount of CDBG funds that has been spent 60 days before the end of the current program year. Grant funds remaining cannot exceed 1.5 times the grant amount for the program year.)

Entitlement: HUD has informed the City that its estimate of the annual allocation the City would receive is approximately \$293,000. The exact figure the City will receive will not be determined until acceptance in the Entitlement Community Program. The City would not receive funds until

FY15-16 and so population growth may increase the allocation, however, it may be less than this figure as the County has been advised of an 8% reduction in the CDBG budget for FY14-15.

The City would be able to use up to 20% of the allocation, or \$58,600, for administrative costs. There are also other restrictions on the funding amounts such as funds to support public service projects are limited to 15% of the total annual allocation but funding of these project types is not required. There is also a cap of 30% of funding for slum and blight projects. If the City were to accept and receive an allocation of \$293,000, the funding limits would be as follows:

Estimated Allocation:	\$293,000	
Administration:	\$58,000	(20% limit)
Projects:	\$235,000	
o Public Services Cap:	\$43,950	(15% limit)
o Slum & Blight Cap:	\$87,900	(30% limit)

### **Types of Projects & Programs:**

Determining eligible projects for the CDBG program is different from other grant programs. There are two tests for determining eligibility; the project first must be listed as an eligible activity and it also must meet one of the three national objectives of the CDBG program which are: benefit to low and moderate income families; aid in the prevention or elimination of slum and blight; or urgent need. As previously noted, Census data are used to determine what areas are considered low and moderate income neighborhoods and the City-adopted Redevelopment Area is used to establish where funds can be used for the prevention or elimination of slum and blight.

The CDBG program offers grantees a high level of flexibility in choosing program activities so a wide range of projects are eligible for CDBG funds including, but not limited to: senior services, neighborhood facilities, job creation, energy efficiency, youth services, crime awareness, housing programs, and infrastructure improvements so long as the project meets one of the national objectives. Buildings for the general conduct of government, general government expenses and political activities are not eligible for funding.

Urban County Program: While all projects that are CDBG eligible are also eligible under the Urban County Program, CDAC has primary control in recommending the types of projects that are of highest priority. It is also difficult for a community to apply for more than one program or fund public service projects.

Entitlement: The City determines the need for projects and programs through the creation of the Five-Year Consolidated Plan. The City could fund multiple projects and public service projects, however, these types of projects do incur a higher administrative burden. The primary advantage to the entitlement community is the ability to plan for projects.

### **Program Administration:**

In order to implement a CDBG program, a community must understand community needs and interests in order to make effective choices about how to fund programs and projects. Each grantee is required to create a Five-Year Consolidated Plan which describes community needs, resources, priorities, and proposed activities. The plan also includes an analysis of the housing market and impediments to Fair Housing. Each year, the grantee must submit an Annual Action Plan to HUD which outlines the specific planned uses of funds that program year. The grantee then administers

programs and monitors any sub-recipients. Grantees are required to use the Integrated Disbursement and Information System (IDIS) to comply with current reporting requirements. At the end of each program year the grantee must submit a performance report called the Consolidated Annual Performance and Evaluation Report (CAPER). Because this is a federal program all projects also must comply with federal requirements such as fair labor standards, Davis-Bacon Wages, Uniform Relocation Act, Fair Housing, and environmental review and compliance.

Urban County Program: The County is the main responsible party for creating the required Five-Year Consolidated Plan, Annual Action Plan, CAPER, and environmental reviews. The County is also responsible for all IDIS reporting. The County provides Fair Housing training and responds to all Fair Housing complaints within Goodyear. The City is responsible for ensuring compliance with federal requirements such as Davis-Bacon Wages, etc., but the County does provide guidance in meeting these requirements.

Entitlement: The City will be responsible for creating and administering all required plans including the Five-Year Consolidated Plan and Annual Action Plan; documents; environmental reviews; forms, reporting such as the CAPER and IDIS; and handling Fair Housing complaints. When speaking with other communities, they almost all have one dedicated staff member to the CDBG program.

### **HOME Program:**

The HOME Investment Partnership program is a HUD block grant that provides funding for housing for low-income households. HOME funds can be used for a variety of housing activities including housing rehabilitation, new housing construction, homeownership assistance and rental assistance. HOME funds require a 25% cash match from the grantee regardless if the entity is under the Urban County Program or CDBG Entitlement Program.

Urban County Program: Currently, Maricopa County administers HOME funds on behalf of the Urban County participants. The County is currently administering a homebuyer program and emergency repair program. Two homes in Goodyear were purchased using the homebuyer program and four homes in Goodyear have been assisted with the emergency repair program.

Entitlement: The City would have the option of joining the Maricopa County HOME Consortium and receive an allocation of \$67,000. This would require a \$17,000 match from the City of Goodyear and would allow a total project budget of \$84,000. The City would also have the option of not joining the consortium and remaining with the Urban County program for the HOME program.

### **Summary:**

A presentation will be made to the City Council in worksession on March 31, 2014. Staff will be seeking direction from the City Council at that time as to how to respond to HUD regarding CDBG entitlement status. The next page includes a summary of options, the advantages, and disadvantages.



***Option 1: Continue Participation in the Urban County Program and Execute a New 3-Year Agreement with Maricopa County (2015-2018)***

**Advantages:**

- The County creates the Five-Year Consolidated Plan, Annual Action Plan, CAPER and environmental reviews.
- The County provides assistance and is responsible for IDIS reporting.
- The County conducts the program audits in a cooperative and supportive manner.
- The City might receive more funds through the Urban County program.
- The County responds to Fair Housing complaints within the City of Goodyear.

**Disadvantages:**

- The City is not guaranteed funding each year and each year the application process is more competitive.
- The County limits the types of projects that get funded.
- The City cannot use funds for administrative costs.

***Option 2: Accept HUD's Invitation to Become an Entitlement Community Grantee***

**Advantages:**

- The City will be guaranteed an annual allocation of about \$293,000.
- The City will be able to use 20% of funds for administrative costs (approximately \$58,000 based on the estimated allocation).
- The City will have more flexibility in the types of projects and programs the City administers.
- Larger projects could be funded through committing future year allocations.

**Disadvantages:**

- The City will have to administer the entire program.
  - Dedicate a staff member to the program or hire a new staff person.
  - Train 1-2 other staff members in the program to assist or serve as back-up support.
- The City will need to up-front costs for completing the Five-Year Consolidated Plan.
- The increased number of eligible projects and programs may create high demands on the small amount of funds expected to be available.
- The annual audits are conducted by HUD who tends to be more punitive and less forgiving of errors.

**Fiscal Impact**

There is an additional fiscal impact associated with becoming a CDBG entitlement community grantee. A budget supplement of \$150,000 has been submitted for FY14-15, which includes consultant fees for plan preparation and program support and for staff training. Some of this funding may be reimbursable through the program. There may be additional ongoing costs as outlined above.