

AGENDA ITEM #: _____

DATE: February 6, 2017

COAC #: 17-5970ws

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: Community Development Block Grant (CDBG) Entitlement Community	STAFF PRESENTER: Alex Lestinsky, Planner II and Katie Wilken, Planning Manager CASE NUMBER: None OTHER PRESENTER: None
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PROPOSED ACTION:

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.

BACKGROUND AND PREVIOUS ACTIONS:

Over the last 25 years, more than \$5.7 million in CDBG funds have been used for projects and programs in the city. In 2008, 2011, and 2014 the city of Goodyear was eligible to receive grant funding as an entitlement city. Each time the City has declined.

STAFF ANALYSIS:

The City participates in the CDBG program through the Maricopa County Urban County Program. The City has a 3-year cooperative agreement with Maricopa County which will expire on June 30, 2018. The City may continue to participate in the Maricopa County Urban County program or may choose to accept the U.S. Department of Housing and Urban Development (HUD) invitation to become an entitlement community. The City must notify Maricopa County of its decision in April 2017. Staff will request Council direction to either accept CDBG entitlement status or remain with the Urban County program.

A full analysis of the options was provided to the City Council in a yellow paper which is attached to this staff report. The summary of the options is below.

Option 1: Continue Participation in the Urban County Program and Execute a New 3-Year Agreement with Maricopa County (FY2019-2021)

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.

- The City develops individual discrete projects and can apply once a year.

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. Projects are selected and prioritized based on the County's Annual Action Plan.
- 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 approximately \$300,000.
- The City will be able to use 20% of funds for administrative costs (approximately \$60,000 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 by 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 that would only be partially funded with the City's entitlement funds.
 - Train 1-2 other staff members in the program to assist or serve as back-up support, including finance department assistance.
- The City will need to up-front costs for completing the Five-Year Consolidated Plan estimated to be \$80,000-\$120,000.
- 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. Penalties can include a reduction in future entitlement amounts, full repayment of past grant awards, or even impacts to other federally funded resources.

RECOMMENDATION:

Staff recommends that the City of Goodyear remain with the Maricopa County Urban County program at this time (Option 1).

ATTACHMENTS:

1. CDBG Yellow Paper – 12/22/2016