

# Agenda Report

**DATE:** AUGUST 11, 2003

**TO:** PASADENA CITY COUNCIL

**FROM:** CYNTHIA J. KURTZ, CITY MANAGER

**SUBJECT:** COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM  
PROPOSED REPROGRAMMING (2003-2004 PY)

**RECOMMENDATION:**

It is recommended that the City Council approve the proposed CDBG Reprogramming in the amount of \$200,000 to the following projects: Project Advance, Capital Campaign, MASH, and Pasadena Enterprise Center (Exhibit A).

**ADVISORY BODY:**

The CDBG Proposed Reprogramming recommendation as contained in this report was presented to the Northwest Commission on Tuesday, July 8<sup>th</sup> and again on Tuesday, July 22, 2003. The Commission stated that it would only make recommendations for projects that had sought CDBG funding for the 29<sup>th</sup> CDBG Program Year (2003-2004) and had gone through the proposal review process. Only two of the four projects met this criterion: El Centro de Accion Social Inc., Project Advance and Neighbors Acting Together Helping All (NATHA) - Capital Campaign. Both of these projects received a recommendation as presented. The other two projects, Maintenance Assistance Services to Homeowners (MASH Program) and Pasadena Enterprise Center-PEC (Small Business Incubator Program) did not go through the proposal review process and thus the Commission chose to remain mute on recommendations for these two projects.

**BACKGROUND:**

Based on the annual CDBG Program fiscal reconciliation performed by the Department of Finance, Grants Accounting Division, it has been determined that approximately \$200,000 is available in CDBG funds for reprogramming to other eligible non-public service projects. These funds represent savings from the 2003/04 HUD Entitlement and prior year CDBG funding allocations:

- |   |           |
|---|-----------|
| 1) <u>Heritage Homeownership Partners (HHP)</u>         | \$100,000 |
| Comprehensive Residential Rehabilitation Program        |           |
| HHP has declined the funding allocation for 2003/04 PY. |           |

- |  |           |
|--|-----------|
| 2) <u>Section 108 Loan</u><br>Fair Oaks-Orange Grove Renaissance Shopping Center<br>HUD has proposed refinancing at a lower interest rate with anticipated net savings of \$50,000 in FY 2004 and \$100,000 annually thereafter. | \$ 50,000 |
| 3) <u>Center for Community and Family Services (CCFS)</u><br>Head Start Full Day Program<br>CCFS has advised the City that it does not intend to use these funds for the approved project.                                       | \$ 35,000 |
| 4) <u>FY 2002/03 CDBG Program</u><br>Savings from previously allocated 2002/03 projects.   | \$ 15,000 |

The proposed reprogramming is being submitted to expedite the expenditure of available CDBG funds in a timely manner and support the implementation of eligible projects in the CDBG Benefit Service Area. A two-tier approach for reprogramming of the available funds was utilized:

Priority A: Consideration for those CDBG projects ranked eligible for funding during the FY 2003/04 review and evaluation process (75% and higher); and

Priority B: Consideration for those projects, which continue to demonstrate a significant economic benefit to the community.

Proposed CDBG Reprogramming:

Priority A:

*Project #1 - El Centro de Accion Social, Inc./Project Advance* **\$50,000**  
Project Advance is an economic development activity that provides support and technical assistance to micro-enterprises in the CDBG Benefit Service Area. Project services include the provision of the required commissary. The Public Health Department has approved the commissary and continues to conduct periodic inspections to ensure compliance with health codes and supports the project with technical assistance in various areas. As indicated on Exhibit A, Project Advance is currently recommended for partial funding by the Commission. The proposal received 82% in the proposal evaluation process. This project would be the next project within its category to receive available funding. One of the most urgent priorities of the Commission has been Economic Development for the past several years. By providing additional funding of **\$50,000** for Project Advance it is anticipated that the project will make a greater impact in the community and continue to meet its goals and objectives for the program year.

*Project #2 - Neighbors Acting Together Helping All (NATHA - Capital Campaign)* **\$50,000**  
NATHA is a local non-profit organization located in the heart of the CDBG Benefit Service Area. NATHA obtained 77% as an average score in the 2003/04 PY proposal review/evaluation process however, the project did not receive funding. The Commission has indicated its desire to fund new programs and to demonstrate support for smaller, local non-profits that are able to

provide valuable services to the community. By approving this recommendation of \$50,000 in reprogramming funds NATHA, working with a City staff team, can begin its capital campaign to construct improvements that will have an impact on the quality of life in the community and will improve the public areas. The capital improvements will include street lighting, parkway landscaping, tree planting and trimming, sidewalk/street improvements, etc. These physical improvements will be done in conjunction with the City's Public Works Department as part of the City's Neighborhood Revitalization Plan. It is anticipated these improvements will be carried out in NATHA's service area: Tremont/Howard/Navarro and El Sereno Ave.

Priority B:

*Project # 1 - Maintenance Assistance Services to Homeowners (MASH) Program* **\$27,000**

The MASH Program is a City Set-Aside project administered by the Planning and Development Department. Funding for this project is recommended annually by the City Manager. In order to maintain the same level of services, this increase is necessary because the City is increasing the MASH program participants' wages to be commensurate with wage increases granted throughout the City over the past few years. The reprogramming funding amount of \$27,000 is needed in order to meet this additional budget expense. The MASH program targets its services to the CDBG Benefit Service Area, Northwest Pasadena. The primary beneficiaries of these project services are low/moderate income homeowners, seniors, and disabled heads of households. Additionally, the MASH program has a Cross-Training component. This component provides the opportunity for local residents from low/moderate income households to be employed, receive job training skills and participate in the cross training activities in City departments. Participants are assigned to work in various City departments and are exposed to the professional work place environment. Many of these participants go on to become employed by the City (full-time or part-time) or go to other places of employment. This project provides an economic opportunity to local residents who would not otherwise experience these work related activities or obtain much needed job skills that they are able to carry into the workplace.

*Project #2 - Pasadena Enterprise Center (PEC)/Small Business Incubator Program* **\$73,000**

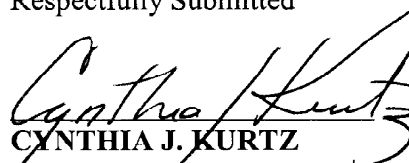
PEC is a local non-profit organization located within the CDBG Benefit Service Area. PEC sponsors the Small Business Incubator Program. The goal of the Program is to provide professional, state of the art business (office) space for local, small-start-up businesses at a rental rate that is much lower than what is available on the open market. Project services include the provision of rental office space, business counseling and workshops, answering service, free parking, copier/FAX services, the use of common areas, (i.e., conference rooms, office maintenance/cleaning, utilities, etc.). The beneficiaries of project services are local-start-up businesses which are typically owned and operated by women and/or minorities, and/or low/moderate income persons. Additionally, these businesses are committed to employing local residents who are low-income. The recommended reprogramming of \$73,000 is needed in order for this project to continue to provide economic development services in the community.

**FISCAL IMPACT:**

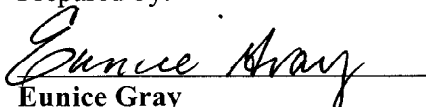
The approval of the attached recommendation will allow for the timely expenditure of unexpended CDBG funds. The proposed reprogramming will provide an additional \$200,000 to

projects that are currently operating and have the ability to utilize these funds in the provision of services during the 2003-2004 Program Year.

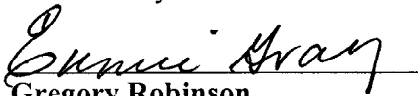
Respectfully Submitted

  
**CYNTHIA J. KURTZ**  
City Manager


Prepared by:

  
**Eunice Gray**  
Project Planner

Reviewed by:

for   
**Gregory Robinson**  
Housing/Community Development Administrator

Approved by:

  
**Richard Bruckner**  
Director, Planning and Development Department

Attachment: Exhibit A