



Agenda Report

DATE: DECEMBER 14, 1998
TO: CITY COUNCIL
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: MODIFICATIONS TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM; EMERGENCY SHELTER GRANT (ESG) AND HUMAN SERVICES ENDOWMENT FUND (HSEF) ALLOCATION PROCESS

CITY MANAGER'S RECOMMENDATIONS:

It is recommended that the City Council take the following actions:

1. Approve the following modifications to the CDBG/ESG/HSEF Allocation Process:
 - a) Stipulate that the Northwest/Human Services Commissioners ("Commissions") who:
 - have a "conflict of interest" as defined in the City's Conflict of Interest Code (Resolution 7588), which includes receiving more than \$250.00 in their household income, loans, gifts, business positions or benefits from an agency submitting proposals for CDBG/ESG/HSEF funds and/or;
 - are board members or affiliates for agencies applying for CDBG/ESG/HSEF funds or might appear to give preferential treatment to any person or group, or impedes governmental responsiveness, etc., as stated under the City of Pasadena Resolution 4830 (Appearance of Impropriety);will refrain from participating in the Commission's deliberations and abstain from voting on all CDBG/ESG/HSEF matters, leave the hearing room during any hearings and deliberations and not discuss the matter with any other Commission member prior to the final recommendation by the Commission to City Council;
 - b) Authorize the Commissions to appoint replacement Commissioners as may be needed to constitute a quorum for purposes of the CDBG/ESG/HSEF allocation process only;
 - c) Change the Request for Appeals process to allow appellants, other proposers and the public at large to comment on the Commission's preliminary funding recommendations. The Request for Appeals criteria will be the same as PY 96/97;
 - d) Stipulate that all proposers shall be notified of the Commission's preliminary and final funding recommendations to City Council;
 - e) Stipulate that City Council at its sole discretion may annually set-aside CDBG funds in an appropriate amount to fund eligible city activities recommended by the City Manager;

2. Approve the PY 1999-2000 Allocation Schedule for non-public service activities (Exhibit A).

NORTHWEST COMMISSION RECOMMENDATION:

At its meeting of December 2, 1998, the Northwest Commission approved all the above recommendation with the exception of recommendation 1(e).

HUMAN SERVICES COMMISSION

Although they did not take formal action, the Human Services Commission discussed these recommendations on December 7, 1998 and expressed concern regarding the proposed standards for Conflict of Interest and the appearance of impropriety. The Commission believes that these standards may eliminate commissioners who would otherwise be eligible to participate in the CBDG/ESG/HSEF allocation process under the Human Services Commission's Rules and Regulations - Section 9, Code of Ethics.

BACKGROUND:

The process outlined in this report is proposed as the annual CBDG/ESG/HSEF funding allocation process. With City Council's approval, it will apply to all future funding cycles unless further modifications are deemed necessary after the first year.

Conflict of Interest

Following the close of the 1998-99 CBDG non-public services allocation process, several complaints were received in regard to the CBDG process. The issues involved Commissioners who stand to gain financially from awards to specific proposers and whose participation in the allocation process seems inappropriate. Many, if not all, of the appointed Human Services and Northwest Commissioners serve in executive and administrative capacities on boards and as executive officers of many of the non-profit agencies in the City of Pasadena. Consequently, Commissioners may be involved with agencies that apply for funding. In order to provide a more open and equitable process, it is recommended at this time that those Commissioners who have a conflict, as defined in the recommendation in this report, refrain from participating in the CBDG/ESG/HSEF deliberation process regarding all proposals.

If the Commissions lose their quorum as a result of this action, City Council may authorize the Commissions to appoint replacement commissioners who meet the same criteria to serve on the Commission to constitute a quorum for the purposes of the CBDG/ESG/HSEF allocation process only.

Members of the Human Services Commission believe that the proposed standards would potentially prevent many commissioners from carrying out one of the commissions key functions. Unlike the Northwest Commission, the Human Services Commission has 10 Mayor/Council appointees plus three "human service agency representatives," one PUSD and one PCC appointee. Currently commissioners with a conflict are eliminated from participating in the RFP review and recommendation process. They have always been eliminated from any discussion or action on the application of the agency they represent, but now would be eliminated from the whole process.

Request for Appeals

It is also recommended that the Request for Appeals be supplemented with a "public meeting" on the proposed funding recommendations. The staff recommendations will be provided to the Commissions for their comment, review, modification, etc. Upon completion of the Commissions' deliberations the proposers will then be notified in writing of the scoring, ranking and

Commissions' preliminary funding recommendations. All proposers will be advised of their right to appeal or make comments at the Commissions' public meeting in support or opposition to the proposed funding recommendations.

The Request for Appeals criteria would be based on the same criteria used during the 1996/97 allocation process:

1. Preparation of the Request for Proposal (RFP);
2. The receipt, or lack of receipt, of technical assistance/advice on request;
3. Submission of a complete and timely proposal;
4. Proposer's Oral Presentation to the Northwest/Human Services Commission.

This forum will provide an opportunity for each appellant, as well as other members of the community, to publicly comment on the scores, ranking, amount and all other elements, of the proposed funding recommendations. After the public meeting on the proposed funding recommendations, the Commissions would again deliberate and finalize their proposed funding recommendations which will be presented to the City Council at its public hearing in May, 1999. All proposers will be notified again of the Commissions' final funding recommendations to City Council.

City CDBG Set-Aside

It is recommended that the City Council, at its sole discretion, annually set-aside CDBG funds in an appropriate amount to fund eligible city activities recommended by the City Manager. The set-aside will provide funding for two (2) specified areas of eligible non-public service activities:

1. Those activities that typically utilize CDBG funding, such as: Code Enforcement Task Force, Maintenance Assistance Services to Homeowners (MASH), and Housing Division-CDBG Program Administration; and
2. Capital Improvement and/or Economic Development activities that the City Council has selected.

The Northwest Commission expressed its disagreement with recommendation 1 (e) and stated its desire to review all proposed CDBG non-public service activities to assess how or if each proposed activity benefits the Northwest Benefit Service Area or eligible low and moderate income households.

ALLOCATION SCHEDULE

The RFP submission deadline has been traditionally established to allow the proposers the maximum amount of time for preparation of their respective proposal(s), sixty (60) days. However, due to the current review of the allocation process, the RFP has not been released. Upon final approval from City Council, it is anticipated that the RFP will be released January 11, 1999. The deadline for proposal submission will be February 11, 1999, 5:00 p.m, giving only 30-days. The attached Allocation Schedule reflects the time line.

FISCAL IMPACT:

There is no fiscal impact as a result of the approval of these recommendations.

Respectfully Submitted,


Cynthia J. Kurtz
City Manager

Prepared by:

 FOR
Eunice Gray
Program Coordinator

Approved By:


Stephen G. Harding, Interim Director
Housing and Development Department


Patsy Lane, Director
Human Services, Recreation and
Neighborhoods Department

attachment

EXHIBIT A

**CITY OF PASADENA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
NON-PUBLIC SERVICE ACTIVITIES
PROPOSED ALLOCATION SCHEDULE: 1999-2000 PY**

August - September	Needs Assessments to determine Program Priorities by the Northwest Commission
	Preparation and Submission to HUD of the Annual Performance and Evaluation Report (CAPER)
October - November	Series of meetings/discussions/correspondences to improve the allocation process
December	Recommended Changes presented to both Commissions and City Council
January 11, 1999	Release of Request for Proposal (RFP)
January - February	Convene Technical Assistance Workshops in the Community
January - March	Perform Program/Project Monitoring - Site Visits (50 plus projects)
	Interim Performance Reviews presented to Commissions
FEBRUARY 11-9:00 P.M.	DEADLINE FOR SUBMISSION OF REQUEST FOR PROPOSALS (RFP)
February 24	Distribution of proposals to Commissioners and Departments - Allocation Memorandum
March 20 (Saturday)	Proposers' Oral Presentations
April 7	Staff Review Team Deliberations/Proposed Recommendations to Commission
	Commission reviews staff's recommendation, accepts, modifies, provides rationale, etc./Commission provides preliminary recommendation
	Notification to Proposers to advise of Commission's preliminary Proposed Funding Recommendation and Notice of Public Meeting (April 21, 1999)
April 21, 1999	Commission convenes Public Meeting (April 21, 1999) on Proposed Recommendation/Commission Deliberates and formulates Funding Recommendation which will be forwarded to City Council
	Notification to proposers to advise of Commission's proposed recommendation which will be presented to City Council at Public Hearing and proposed projects which will be included in the Draft Consolidated Plan - Action Plan
May 10, 1999	Public Hearing - City Council
	Submission of the Consolidated Plan - Action Plan to HUD