

**COUNCIL ACTION FORM**

**SUBJECT: APPROVAL OF APPLICATIONS FOR CDBG PUBLIC FACILITIES IMPROVEMENTS PROGRAM FOR NON-PROFIT ORGANIZATIONS**

**BACKGROUND:**

As part of the City's 2015-16 Community Development Block Grant (CDBG) Annual Action Plan, \$100,000 was set aside to implement a Public Facilities Improvements Program for non-profit organizations. The objective of the Public Facilities Improvement Program as outlined in the City's FY 2014-18 Five-Year Consolidated Plan is to "Utilize and Leverage CDBG funds for Low and Moderate Income Persons through private and public partnerships" as follows: Continue provision of Public Facilities Needs for homeless, special populations and low income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facilities needs).

At the April 26, 2016 City Council meeting, the City Council adopted program guidelines (see attachment A for major program highlights) and authorized staff to proceed with the implementation of the program. Program guidelines were published in May. Staff conducted a pre-application workshop on June 2<sup>nd</sup> and the application deadline was June 30<sup>th</sup>.

Staff received the following two applications:

Agency Name	Project Description	Requested CDBG Funding	Agency Local Match Contribution	Total Project Budget
Mainstream Living, Inc.	ADA Parking Lot Improvements at 1200 McCormick	\$64,000	\$36,246.90	\$100,246.90
YSS, Inc.	Facility Rehabilitation at the 804 Kellogg Shelter	\$69,997	\$23,333	\$ 93,330
<b>Grand Totals</b>		<b>\$133,997</b>	<b>\$59,579.90</b>	<b>\$193,576.90</b>

As outlined in the program guidelines, Proposal Review Process, both applications were reviewed by City staff for eligibility, completeness and feasibility. The Public Facilities Review Committee was comprised of staff representing City ASSET, Purchasing, Finance, Planning, and Public Works. This team reviewed, evaluated and scored the applications based on the criteria outlined in the guidelines. Additionally, staff from Building Inspection reviewed each application for project feasibility and building code compliance.

The review committee first reviewed the applications independently, and then met jointly with the Housing Coordinator to discuss and review the rankings and to make final recommendations. **The scoring revealed that out of 40 possible points, YSS scored 32.80 points and Mainstream Living scored 32 points. The committee felt that**

**both applications were vital projects to be undertaken.** The Finance Director next reviewed each applicant's financial audit statements and determined that both entities qualified financially to be eligible to receive funding under the City's CDBG program. In addition to the above determinations, the committee felt that since each entity requested different funding categories (YSS for Facility Improvements and Mainstream Living for ADA Facility Improvements), that it would recommend that both entities be funded at their requested amounts based upon availability of funds.

The 2015-16 rollover budget for the Public Facilities Improvement Program was allocated at \$100,000. **In order to fund both entities at their requested amounts totaling \$133,997, an additional \$34,000 would need to be shifted from one of the current 2016-17 action plan activities or would need to be funded from anticipated program income.** At this time staff would recommend that the \$34,000 be shifted from the Public Infrastructure Improvements Program for 321 State Avenue that has a current budget of \$392,789. Based upon the progress on the development of 321 State Avenue, it is not likely all of these funds will be needed immediately. The 2016-17 budget also includes anticipate program income from the sale of three properties, two of which will likely occur next spring. Part of this anticipated program income could then be shifted back into the Public Infrastructure Improvements Program for 321 State Avenue if it is needed.

#### **ALTERNATIVES:**

1. A) The City Council can approve the applications from Youth and Shelter Services, Inc. and Mainstream Living, Inc. to receive funding under the CDBG Public Facilities Improvements Program for non-profit organizations, contingent upon approval from the State Historic Preservation Office (SHPO).  
  
B) Direct staff to fund both requested amounts by shifting funds from the Public Infrastructure Improvements Program for 321 State Avenue.
2. A) The City Council can approve the applications from Youth and Shelter Services, Inc. and Mainstream Living, Inc. to receive funding under the CDBG Public Facilities Improvements Program for non-profit organizations contingent upon approval from the State Historic Preservation Office (SHPO).  
  
B) Direct staff to not exceed the program budget of \$100,000, but to fund both requests at \$50,000 each.
3. The City Council can decide not to approve the applications from Youth and Shelter Services, Inc. and Mainstream Living, Inc. to receive funding under the CDBG Public Facilities Improvements Program for non-profit organizations.
4. The City Council can refer this back to staff for additional information.

**MANAGER'S RECOMMENDED ACTION:**

The Public Facilities Improvement Program has been put on hold for over two years due to higher priority projects. As outlined in the City's 2014-18 Five Year Consolidated Plan, the likelihood of funding public facilities projects for non-profits may not occur again in the near future. For this reason, funding both of these applications at this time would be of benefit to both organizations and their clientele.

**Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the applications from Youth and Shelter Services, Inc. and Mainstream Living, Inc. to receive funding under the CDBG Public Facilities Improvements Program for non-profit organizations contingent upon approval from the State Historic Preservation Office (SHPO). This action would also direct staff to fund the requested amounts by shifting funds from the Public Infrastructure Improvements Program for 321 State Avenue in the amount of \$34,000, and to proceed with program implementation and preparation of the program lien documents.**

## ATTACHMENT A

Major highlights of the program requirements are as follows:

- Financial assistance is being provided to assist with non-profits with Facility Rehabilitation and/or Americans with Disabilities Act (ADA) Improvements to their properties.
- Funds will be available to non-profit organizations that currently receive funding through the ASSET process.
- Non-profit applicants must have a current and acceptable financial audit as determined by the City Finance Department.
- The non-profits organizations must be located and operating within the city limits of Ames.
- The maximum amount of assistance that will be provided for the Facility Rehabilitation or the ADA Improvements is 75% of the cost of improvements, not to exceed \$70,000 per organization. The organization will be responsible for contributing a 25% match. The Organization will be responsible for any amount exceeding the \$70,000 funding cap.
- The organization shall pay the 25% match and any estimated amount above the funding cap to the City of Ames to be held in a designated account before any work may commence.
- Facility Rehabilitation Improvements can include repairs to defects in the four major systems (mechanical, plumbing, electrical and structural) such as:
  - Roof, gutter, downspouts
  - Furnaces, water heaters, duct work, water piping
  - Painting, siding
  - Wiring
  - Handrails, guardrails
  - Porches, steps, doors, windows
  - Energy Conservation (insulation, caulking, etc.)
  - Windows
  - Other interior space(s) will be limited to areas used for **direct** client services (i.e. counseling rooms, day care rooms, camp facilities, client rooms, etc.).
  - Purchase structural equipment and fixtures when such items are essential and necessary for use in connection with the facilities service purpose.
- ADA Improvements pertain to the removal of architectural barriers that modify, alter, or replace components of a structure that, in their present state or by their absence, impede physically limited occupants from enjoying the full benefits of

comfort and livability normally experienced by non-handicapped dwellers. The construction contract shall specify as applicable, ramps, wider doorways, lower plumbing fixtures or light controlling switches, installation of secondary toilet rooms, baths, and/or laundry facilities, grab bars, and other items specific to a given structure and its occupancy and/or use.

- To receive financial assistance the organization will be required to sign a restrictive covenant and promissory note with the City that will place a ten-year forgivable, no interest, second mortgage lien on each property to recapture the financial assistance provided as follows:
  - Ownership of the property is sold or transferred to any party.
  - The facility programming ceases to administer programs where 51% or more of the beneficiaries no longer have incomes at 80% or less of the Story County Area Median Income limits.
  - Occupancy of the facility where the programs are administered by the Borrower ceases.
  - Any default under or breach of the promises, terms, and conditions stated in the program policies and procedures, and/or mortgage instrument.
  - The borrower ceases to maintain property's insurance policy for the term of the note and fails to maintain the property in good condition.
- The forgivable lien provision for recapture of the financial assistance provided shall be in accordance with the following schedule if one of the above conditions occurs:
  - 100% payback during the years 0-5 following the date of the rehabilitation;
  - 80% payback during the year 6 following the date of the rehabilitation;
  - 60% payback during the year 7 following the date of the rehabilitation;
  - 40% payback during the year 8 following the date of the rehabilitation;
  - 20% payback during the year 9 following the date of the rehabilitation; and
  - After the tenth year following the date of the rehabilitation, if all promises, terms, and conditions have been kept, 100% of the lien shall be forgiven.
- The City will provide technical assistance to the organization(s) to solicit bids, to select contractor(s) and will enter into a written contract between the organization(s) the contractor(s) and the City.
- The City will create a Public Facilities Review Committee (PFRC) to review, evaluate and score based on the specified criteria. The committee may include representatives from City's ASSET Staff, Building Inspections, Purchasing, Finance Administration, Public Works, and Planning & Housing.
- All applicants submitting a proposal will be invited to make a presentation to

the committee.

- Applications will be provided with Administrative and Financial Capacity Checklist in which they can self-evaluate the strength and weakness of their organization in carry out the project activity.
- Each proposal will be evaluated on a 0-10 point scale for each of the following categories:
  - Project Description and Need
  - Track Record/Capability
  - Proposed Outcome
  - Project Budget

**A majority of the program guidelines are written to meet HUD requirements, while other criteria are meant to promote administrative efficiency and effectiveness. The most important discretionary elements of the guidelines include limiting availability of funding to ASSEST non-profit agencies, allowing for a grant value of up to \$70,000, and including a forgivable lien provision.**