



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** October 25, 2016

**TO:** Mayor and Councilmembers

**FROM:** Administration, Housing and Human Services, Community Development Department

**SUBJECT:** Fiscal Year 2018 Human Services And Community Development Block Grant Funding Priorities, Criteria, Application Release, And Funding Process

**RECOMMENDATION:** That Council:

- A. Review and provide input and direction to the Community Development and Human Services Committee (CDHSC) on proposed funding priorities for the Fiscal Year 2018 Human Services and Community Development Block Grant allocation process;
- B. Approve revisions to Funding Criteria;
- C. Approve using the "Olympic" method for calculating funding recommendations in ZoomGrants;
- D. Authorize staff to release the Fiscal Year 2018 funding application along with the committee application review process, revised funding criteria, and schedule; and
- E. Establish a level funding commitment for Fiscal Year 2018 relative to Fiscal Year 2017 from the General Fund in the amount of \$726,150 for the Human Services Program.

### **EXECUTIVE SUMMARY:**

On an annual basis, before making available the applications for the Community Development Block Grant (CDBG) and Human Services grant funds, Council reviews Human Services and Community Development Block Grant (CDBG) funding priorities, criteria, and funding process. Pending Council approval, applications for Fiscal Year 2018 grants are scheduled to be released on November 11, 2016. Funding recommendations will be presented to Council by the Community Development and Human Services Committee (CDHSC) in late March 2017.

## **DISCUSSION:**

### **Background**

Each year, the City of Santa Barbara receives Community Development Block Grant (CDBG) funds for activities that meet one of three statutory objectives: 1) primarily benefit low- and moderate-income persons, 2) eliminate/prevent slums or blight, or 3) meet other urgent local community development needs.

CDBG funds may be used to provide decent housing, a suitable living environment, or expanded economic opportunities to low- and moderate-income persons. In addition, 15% of CDBG funds may be expended for "Public Service" activities. Following Council approval, CDBG funds are awarded annually to non-profit organizations and City Departments to undertake activities that meet these objectives.

The CDBG Public Service funds are augmented with City Human Services funds, which Council makes available; these are awarded to local agencies that provide essential social services to City of Santa Barbara residents. Both CDBG and Human Service funds are awarded concurrently using a single application.

### **Community Development Human Services Committee (CDHSC)**

The CDHSC, a Council-appointed committee, evaluates proposals, interviews applicants, and makes funding recommendations to Council, which then makes the final funding decisions.

Throughout the year, the CDHSC also monitors grantees' performance, conducts site visits of funded programs, holds public hearings, and provides input on community development and human services needs throughout the community.

The thirteen-member CDHSC includes representatives from the following groups:

- Youth-Oriented Services
- Business Community/Economic Development
- Human Services Organization
- Latino Community
- African-American Community
- Senior Community
- Housing Interests
- Four (4) Low-Income Neighborhoods: Eastside, Westside, Downtown, Lower-Westside
- Disabled Community

- Housing Authority

## Funding Priorities

Below are the funding priorities previously adopted by Council:

### Public/Human Services

1<sup>st</sup> Priority—Programs that help meet basic human needs and/or reduce the community impact of homelessness and/or reduce the community impact of gang violence by providing services directly to gang-involved youth; and

2<sup>nd</sup> Priority—Proposals that are preventative in nature **and/or** promote the highest degree of functioning the individual is capable of achieving.

CDBG (in accordance with the City's 2015-19 Consolidated Plan for use of CDBG funds)

- Homeless Assistance—Programs that provide services to homeless individuals and families, and victims of domestic violence;
- Public Facilities and Infrastructure—Capital projects that improve facilities of organizations that serve low- and moderate-income residents, and public infrastructure and parks improvements in low- and moderate-income neighborhoods; and
- Economic Development—Support of programs that provide self-employment training and small business loans.

No changes to the funding priorities are recommended for Fiscal Year 2018.

## Applicant Criteria

The application criteria previously adopted by Council, with tracked changes, can be found in Attachment 1. Staff recommends amending the criteria (*in italics*) as follows:

- **Revision:** Criterion #1—Proposed programs/projects must primarily benefit low- and moderate-income residents, *as defined by the U.S. Department of Housing and Urban Development.*
- **Revision:** Criterion #2—Applicants must be tax-exempt 501(c)(3) *non-profit organizations incorporated or organized in the State of California or another state of the United States,* or local units of government, whose proposals directly benefit low- and moderate-income City of Santa Barbara residents.

- **New:** Criterion #4—*Proposals must identify at least one and no more than three Measureable Outcomes, which are defined as: Specific and realistic results or changes that a client will experience from participating in the applicant's program or receiving the applicant's service.*

Measureable Outcomes have been a crucial component of applicant evaluation in recent funding cycles, and they carry the highest weight in an applicant's score. This is currently a standard by which the CDHSC evaluates applicants.

- **Revision:** Criterion #8—*Applicants shall demonstrate financial stability.* Applicants shall seek funding or demonstrate funding support from *diverse* public/private sources. The City shall not be committed to total support of a program, nor shall the City be committed to continuing funding in the case that other support is withdrawn. *Administrative/overhead costs shall be held to reasonable levels. Additionally, applicants shall demonstrate sufficient net assets or operating reserves to cover the organization's liabilities, operating deficits, or debt.*

This is currently a standard by which the CDHSC evaluates applicants.

- **Revision:** Criterion #10—Delete and move to #8: Administrative costs shall be held to a minimum and will be scrutinized during the application-review process.

## Funding Process

The funding cycle will begin with a mandatory Application Orientation and Technical Assistance workshop, which will be held on November 10, 2016. At the workshop, staff will review the City's funding criteria and requirements, as well as the application submittal process. The application will be available online starting on November 11, 2016, and the deadline for submittal will be December 15, 2016.

To encourage maximum participation in the application process, staff will undertake each of the following steps:

- A notice will be sent to an interested applicants list, which includes applicants from the two most recent funding cycles, organizations that have requested to be added to the list, as well as to current grant recipients;
- An advertisement of the funding availability will be published in the *Santa Barbara News-Press*;
- A press release will be issued to local media; and
- Notices will be placed on the City website and the "City News In Brief" newsletter.

The applications will be completed and submitted via ZoomGrants, a web-based grant-management program. During the application submittal period, staff will be available to provide guidance and answer questions. In addition, detailed "Frequently Asked Questions" information will be posted on the City website. Further, as time permits, staff will review applications (in the order received) that are submitted before the deadline and provide feedback to applicants, who will have the ability to edit their submittals until the deadline.

The CDHSC will have online access to the applications to review and analyze each proposal prior to the applicant interviews, which will commence on January 26, 2017. The committee's funding recommendations are tentatively scheduled to be presented before Council on March 27, 2017. The application schedule is included as Attachment 2.

### **Recommended Changes to the Funding Process**

Per the advice of the City Attorney's office, two changes have been made to the funding process:

1. An additional publicly noticed meeting has been included in the funding schedule (February 16, 2017). The purpose of this meeting is to share the individual CDHSC member scores and recommended funding amounts per applicant.
2. The February 23, 2017 subcommittee meeting will now be a publicly noticed, open meeting. This subcommittee was previously considered an ad hoc committee, and therefore was not required to be public. It will now be treated as a standing committee, which requires its meetings to be public.

In addition to the above, the CDHSC voted to recommend that Council approve the use of the "Olympic" method to calculate an applicant's average score and average funding recommendation. ZoomGrants traditionally formulated an applicant's average score and funding recommendation amount by adding the individual committee member scores and dollar amounts and then dividing those figures by the number of members who entered a score/amount.

The Olympic method also determines an applicant's average score and funding recommendation by adding the individual committee member scores and dollar amounts, but then deletes both the highest and lowest score/amount before dividing the result by the total number of members who entered a score/amount (including the members who entered the highest and the lowest amounts).

Staff supports this change because the Olympic method will eliminate the possibility that an applicant's score/funding is disproportionately affected should one or two individual committee members give an excessively high or low score/amount. This method will more accurately reflect the majority of the committee members' recommendations.

**BUDGET/FINANCIAL INFORMATION:**

**Fiscal Year 2017 CDBG Funding**

The City's CDBG allocation has seen modest increases in the last two years: 1.8% in Fiscal Year 2016 and 3.8% in Fiscal Year 2017. For planning purposes, staff estimates level CDBG funding for Fiscal Year 2018, in the amount of \$834,376.

Should the City's exact allocation amount not be announced prior to completion of the funding recommendation process, the CDHSC will incorporate a contingency plan into its recommendations to Council that accounts for increases or decreases in CDGB funds.

**Fiscal Year 2018 Human Services Funding and Allocation (General Fund)**

Council has previously expressed a desire to increase Human Services funding allocations by 3% each year to account for inflation; however, due to declining General Fund revenues, staff is recommending a funding commitment for Fiscal Year 2018 from the General Fund in the amount of \$726,150 for the Human Services Program, which represents level funding from Fiscal Year 2017.

- ATTACHMENT(S):**
1. Human Services/CDBG FY 2017-18 Funding Criteria, Application Review and Interview Process
  2. Proposed Fiscal Year 2018 Application Schedule

**PREPARED BY:** Liz Stotts, Community Development Programs Specialist/DR

**SUBMITTED BY:** George Buell, Community Development Director

**APPROVED BY:** City Administrator's Office

**HUMAN SERVICES & COMMUNITY DEVELOPMENT BLOCK GRANT  
FY 2017-18 FUNDING CRITERIA**

1. Proposed programs/projects must primarily benefit low- and moderate-income residents, as defined by the U.S. Department of Housing and Urban Development.
2. Applicants must be tax-exempt 501(c)(3) non-profit organizations incorporated or organized in the State of California or another state of the United States, or local units of government, whose proposals directly benefit low- and moderate-income City of Santa Barbara residents.
3. Proposals must address specific social or physical needs and conditions of the people they propose to serve. Documentation could include social indicators, demographic data, surveys, community plans and need as perceived by potential consumers.
4. Proposals must identify at least one and no more than three Measureable Outcomes, which are defined as: Specific and realistic results or changes that a client will experience from participating in the applicant's program or receiving the applicant's service.
5. Proposals must present a marketing strategy, which includes specific efforts to reach ethnic communities.
6. Proposals must demonstrate support from the people for which the program is proposed.
7. Applicants must clearly identify all funding sources and justify their proposal if services are available through another source.
8. Applicants shall demonstrate financial stability. Applicants shall seek funding, or demonstrate funding support from ~~diverse~~ other public/private sources. The City shall not be committed to total support of a program, nor shall the City be committed to continuing funding in the case that other support is withdrawn. Administrative/overhead costs shall be held to reasonable levels. Additionally, applicants shall demonstrate sufficient net assets or operating reserves to cover the organization's liabilities, operating deficits, or debt.
9. City CDBG/HS funds shall support only those services that directly benefit residents of the City of Santa Barbara. Programs operated on a countywide or regional basis must show documentation that: (a) services benefit City residents, and (b) sufficient funds are available to support non-city residents.
- ~~10. Administrative costs shall be held to a minimum and will be scrutinized during the application review process.~~

10. Proposals shall identify geographical areas where they propose to provide services.
11. Proposals that pay the local minimum wage (as described in Chapter 9.128 of the City of Santa Barbara Municipal Code) to all staff for which CDBG/HS funds are requested shall receive an extra point in the rating process.

## **HUMAN SERVICES & COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION REVIEW AND INTERVIEW PROCESS**

A thirteen-member committee appointed by the City Council will review submitted proposals, interview applicants and make funding recommendations to the City Council. The City Council makes final decisions on funding. The Community Development and Human Services Committee (CDHSC) includes representatives of the following groups:

- Youth-Oriented Services
- Business/Economic Development Community
- Human Services
- Latino/Hispanic Community
- African American Community
- Senior Citizens
- Housing Interests
- Four (4) Low Income Neighborhoods: Eastside, Westside, Downtown, and Lower Westside
- Disabled Community
- Housing Authority Representative

At the scheduled interview, applicants will be allowed a 4-minute presentation, with 10 minutes for questions from the Committee, and a one minute applicant response/final statement. Applicants must have a member of the Board of Directors and appropriate staff present at the interview. Interviews will be scheduled after the application is submitted. **Applicants that fail to appear for their scheduled interview will not be allowed to reschedule and will automatically be disqualified for funding.**

To ensure that verbal presentations made by applicants are accurate and reasonable, applicants are advised that information provided to the Committee during the interview is a vital factor in formulation of specific funding recommendations; furthermore, statements made by an applicant upon which the Committee relies in making a funding recommendation shall become binding and included as part of any contract which may be executed. Applicants should come prepared to justify their proposal within the priorities outlined previously.

Applicants are further advised that the Committee may request additional information on any part of the proposal after the scheduled interview. Applicants will be required to respond in writing within 2 days of such request.

In reviewing applications, the following evaluation criteria are used by the CDHSC:

- **Agency:** Track record/past performance, salaries too high or too low, large wage disparity between management staff and program staff;
- **Board:** Composition, role, diversity, and level of involvement;
- **Program:** Bi-cultural/bi-lingual staff, quality of service, staff capacity

(training/experience), program corresponds with the agency's mission, level of program monitoring;

- **Measurable Outcomes:** Programs must identify realistic, measurable results or changes that a client will experience from receiving the service;
- **Need:** Duplication of service, collaboration with other agencies, composition/diversity of clients, target population, funding request corresponds to the number of clients served; and
- **Finances:** Agency revenue/expenses, percentage of funding sources secured, diversity of funding sources, overreliance on City funds, high amount of year-end excess or deficit funds, significant increase or decrease in request from prior year, assets and financial stability of the organization.

For Capital proposals, these additional categories are evaluated:

- **Project Need:** Whom will benefit from the project; clear identification of need; will project satisfy demonstrated need, does the project align with the mission.
- **Project Cost:** Itemized cost estimate from a contractor; reasonableness; can project be completed without full City funding; leveraging of other funding.

**City of Santa Barbara  
CDBG/HS Funding Schedule FY 2017-2018**

<b>Event</b>	<b>Date</b>
<b>Public Hearing on Community Needs</b>	September 27, 2016
<b>Council Action on Application</b>	October 25, 2016
<b><u>Mandatory</u> - Application Orientation and Technical Assistance Workshop David Gebhard Meeting Room - 630 Garden Street</b>	November 10, 2016 3 p.m. – 5 p.m.
<b>Application Available On-line</b>	November 11, 2016
<b><u>Applications Due</u> Late applications cannot be submitted or accepted – website locked at 4:30 p.m.</b>	December 15, 2016 4:30 p.m.
<b>Applications available to CDHSC</b>	January 6, 2017
<b>Applicant Interviews - 4 p.m. to 9 p.m. est.</b>	January 26; 31; February 2; 7; 9, 2017
<b>CDHSC Meeting to Deliberate on Applications – 6 p.m.</b>	February 9, 2017
<b>CDHSC Meeting to Review Recommendations and Scores – 6 p.m.</b>	February 16, 2017
<b>CDHSC Subcommittee Formulates Recommendations – 1 p.m. – 3 p.m.</b>	February 23, 2017
<b>CDHSC Meeting to Vote on Recommendations</b>	February 28, 2017
<b>Funding Recommendations Available to Public</b>	March 1, 2017
<b>City Council Public Hearing on Committee Recommendations and Possible Council Action 6 p.m. Council Chambers – 735 Anacapa St.</b>	March 28, 2017