



AGENDA NO: 7.b

MEETING DATE: February 11, 2025

Staff Report

TO: Honorable Mayor and City Council

DATE: February 3, 2025

FROM: Airlin Singewald, Community Development Director

SUBJECT: Review and Adopt Final Funding Recommendations for the 2025 Community Development Block Grant (CDBG) Program

RECOMMENDED ACTION

Adopt Resolution No. 06-25 approving final recommendations for the City's share of 2025 Community Development Block Grant (CDBG) funds to 5 Cities Homeless Coalition (\$3,000) for homelessness prevention services and the City of Morro Bay Public Works Department for ADA sidewalk repairs (\$48,255) and forward recommendations to the San Luis Obispo County Board of Supervisors. Additionally, staff recommends the City Council authorize the City Manager to make pro rata adjustments to the allocation based on the final funding amount from HUD's final grant amount to the County. The recommended action is consistent with action taken by the Council on November 12, 2024, and will formalize and affirm the draft recommendations approved on that date.

ALTERNATIVES

The City Council could fund the 5 Cities Homeless Coalition above the requested application amount to a maximum of \$8,837 to match the 15 percent maximum federal expenditure for the public services activities with a corresponding reduction in funding to the Public Works Department's application for the ADA sidewalk repairs.

FISCAL IMPACT

While the County performs many of the administrative responsibilities for the CDBG program, the City also experiences a fiscal impact for CDBG grant administration. This includes (and is not limited to) applying to the County for funding, budgeting revenue and expenditures, coordinating with County staff, executing subrecipient agreements, and submitting required reports to the County. The City had the option to submit a separate application in October 2024 to use a small portion of its CDBG allocation (\$4,123.98) to cover administration costs. In addition to the separate application, in order to receive administration funds the City is required to execute a separate agreement and perform separate reporting. To avoid this additional administrative burden, staff recommended during the November 12, 2024, City Council meeting for the draft CDBG funding recommendations to forgo this process and allocate the funds towards the Public Works ADA Sidewalk Repair/Replacement Project. This recommendation was approved.

Prepared By: <u>EV</u>	Dept Review:
<u>AMS</u>	
City Manager Review: _____	City Attorney Review:
<u>RWS</u>	

SUMMARY

The purpose of this item is to finalize the City Council's November 12, 2024 draft CDBG funding recommendations. Since the Council approved its draft CDBG funding recommendations, the City has not received public comments that would alter these funding recommendations. As such, staff recommends the Council make these recommendations final and forward them to the County Board of Supervisors for inclusion in the 2025 CDBG Action Plan.

BACKGROUND

On November 12, 2024, the City Council held a public hearing to review and adopt Council Resolution No. 71-24, which included draft CDBG funding recommendations to be forwarded to the County Board of Supervisors for inclusion into the 2025 Action Plan. As noted on the table below, the funding recommendations included funding for the 5 Cities Homeless Coalition's Homeless Prevention Program and the Public Works Department's ADA Sidewalk Repair/Replacement Project for a total funding allocation of \$48,255. Total Morro Bay funding is anticipated to be approximately \$58,914 for the 2025 program year, which is an amount consistent with prior years' funding allocations. Funding amounts are subject to change and will likely be released by the Department of Housing and Urban Development (HUD) in April 2025. The next step in the process, per HUD requirements, requires jurisdictions to make final funding recommendations to the County as part of the annual Action Plan adoption.

DISCUSSION

The recommended projects for the 2025 CDBG Program Year are included in the table below, with more information on the following page.

Federal Funding Category / Applications Received	Amount Requested	Amount Recommended
Public Services – Limited to 15% of 2025 Allocation (or a maximum of \$8,837)		
1. <u>Project Name:</u> Homeless Prevention – Countywide Services <u>Applicant:</u> 5 Cities Homeless Coalition (5CHC)	\$3,000 CDBG funding request to Morro Bay (<i>Total request is \$61,270 combined to all jurisdictions countywide</i>)	\$3,000
Public Facilities		
2. <u>Project Name:</u> ADA Sidewalk Repair/Replacement Project <u>Applicant:</u> Public Works Department, City of Morro Bay	\$48,255	\$48,255
Total Funds Requested	\$51,255*	
Total Funds Recommended		\$51,255
Estimated Total 2025 Funding Available		\$58,914

*The sum of the two recommendations does not equal the total anticipated allocated funding. This is because the County receives a portion of the City's allocation for administration. Per HUD standards, administration costs are limited to 20% of the 2025 allocation. Of this 20%, the County receives 65%, or \$7,658.82. Because the County does a large majority of the administration for CDBG projects, City staff recommends that Morro Bay administration funds be put towards the ADA project.

5CHC Project Description: 5CHC seeks to continue its highly successful Homeless Prevention program to help families at-risk of homelessness remain in their home, with an anticipated 165 households receiving assistance. 5CHC's track record has demonstrated that less than 2% of those served in the prior 24 months have fallen into homelessness after receiving assistance.

Public Works Project Description: The City has hundreds of City-owned Street trees along roadway frontage throughout the city. Many of the street trees that are mature were planted many years ago and are causing destruction to sidewalks, curb and gutter, asphalt roadway, and other public infrastructure. The damage to city infrastructure is an unfunded liability to the City from a maintenance and safety perspective. In addition, these areas where uplift of sidewalk has occurred cause areas to be out of compliance with the Americans with Disabilities Act (ADA). This project would be to correct some areas where street trees have caused damage and remove the tree and replace with a more appropriate street tree with an underground growing zone so that the roots do minimal damage to the infrastructure. The project would also include the replacement of sidewalks, curb and gutter, curb ramps, and portions of roadway that have been affected by street trees. In some cases, the project would involve filling sidewalk gaps that affect accessibility. The proposed improvements will include sidewalk deficiencies in the Morro Bay downtown area, including sections of Morro Bay Boulevard, Harbor Street, Main Street, Monterey Avenue, and Napa Avenue.

As stated in the November 12, 2024 Council staff report (link below), the approved draft funding recommendations were forwarded to the County along with recommendations from all participating jurisdictions. Funding recommendations for Public Services funding, including the request by the 5 Cities Homeless Coalition, were reviewed and approved by the Homeless Services Oversight Council (HSOC) on January 15, 2025.

All other categories of funding recommendations will be published by the County on March 6, 2025, which will include the full 2025 Action Plan. Publication will then allow for a 30-day public comment period, followed by the Board of Supervisors holding a public hearing on April 8, 2025 to take public comment, accept each city's final recommendation, and adopt the 2025 Action Plan.

The funding applications received are limited by federal regulations in how much funding they can receive. The 5CHC application is considered a public service activity, which is limited to no more than 15% of a jurisdiction's total allocation. Based on this year's anticipated funding, that 15% cap equates to a maximum amount available of \$8,837. The application from the Public Works Department is to provide for the repair or replacement of sidewalk infrastructure in the Downtown area that has been damaged or upheaved by growing tree roots. This is considered a public facilities application, which has no specific federal percentage limitation on funding. The Public Works Department is seeking additional funding to close the funding gap for the project, which will enhance ADA accessibility in downtown Morro Bay for seniors, persons with disabilities, and the community at large.

Upon City Council review of CDBG funding requests, the funding recommendations will be forwarded to the County Board of Supervisors to adopt the 2025 Action Plan at a public hearing on April 8, 2025. The County will then send the 2025 Action Plan to HUD for approval by May 15, 2025.

CONCLUSION

Staff is recommending the Council approve the 2025 Final Funding Recommendation for the requests from the 5 Cities Homeless Coalition and the City's Public Works Department by adopting Resolution No. 06-25. This is consistent with the draft funding recommendations approved by the City Council on November 12, 2024.

ATTACHMENTS

1. Resolution No. 06-25
2. Council Resolution 71-24, adopted November 12, 2024

ONLINE LINKS

1. [November 12, 2024, Council Staff Report and Funding Applications, Agenda Item 8-A](#)
(begins on page 33)