



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: OCTOBER 10, 2017

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE: MODIFY FUNDING ALLOCATIONS FOR THE FY 2017-2018 ADDITIONAL ENTITLEMENT EMERGENCY SOLUTIONS GRANT (ESG) FUNDING ALLOCATION FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

RECOMMENDED MOTION:

It is recommended that the City Council approve a Resolution approving modifications to the allocations for the additional FY 2017-2018 previously approved at its September 19, 2017 meeting.

RECOMMENDATION:

Staff recommends that the City Council approve a Resolution to approve modifications to the funding allocations for the additional FY 2017-2018 direct HUD Entitlement Emergency Solutions Grant (ESG) funding allocation from the U.S. Department of Housing and Urban Development (HUD) previously approved at its September 19, 2017 meeting.

EXECUTIVE SUMMARY:

The City Council approved Resolution No. 21259 (N.C.S.) on September 19, 2017, approving funding allocations for the proposed 2017-2018 winter shelter at 111 W. Alisal Street, and funding for program administration costs and work related to the establishment of a permanent year-round homeless shelter currently proposed to be located at 1220 Natividad Road in Salinas. Since the approval of the resolution, staff determined that the funding amounts for program administration exceed the 7.5% cap and additional clarifications are needed to comply with the allocation amounts required by the ESG program components. This staff report and resolution detail the modifications to the funding allocation amounts.

BACKGROUND:

On May 2, 2017, City Council approved the allocation of \$173,179 in HUD Entitlement ESG funding as part of its 2017-2018 Annual Action Plan. On June 30, 2017, the HUD San Francisco office notified the City that additional Entitlement, ESG funding was available to the City in the amount of \$274,641. This additional funding required the City to go through a Substantial Amendment process per the Citizen Participation Plan. The City conducted a 30-day public review

period from August 19, 2017 through September 19, 2017 to allow for input from the public regarding the planned uses of this additional funding. A public hearing was also conducted on September 19, 2017.

At the September 19, 2017 meeting, City Council approved the allocation of the additional \$274,641 of ESG funding (Resolution No. 21259). Of this funding amount, \$240,000 was allocated to support operations of a 2017-2018 winter warming shelter currently proposed for operation at 111 W. Alisal Street in Salinas in partnership with the County of Monterey. In addition, the remaining \$34,641 were intended for ESG administrative costs and work related to the establishment of a permanent year-round homeless shelter currently proposed to be located at 1220 Natividad Road in Salinas.

The approved resolution does not allocate the \$240,000 in the appropriate ESG program components, and the funding allocation for program administration exceeded the 7.5% of grant requirement for administrative purposes. In addition, the resolution states that part of the \$34,641 was intended to cover costs related to the establishment of a permanent year-round homeless shelter currently proposed to be located at 1220 Natividad Road in Salinas.

ESG regulations limits the amount of funding to be used for administrative purposes at no more than 7.5%, and no more than 60% towards the Street Outreach and Emergency Shelter of HUD ESG allocations. The City is proposing to allocate \$20,598 out of the additional \$274,641 in ESG funding for FY 2017-2018 for program administration costs, this being less than the 7.5% of grant funds as mandated by ESG regulations.

The remaining \$254,043 will be utilized to support operations of a 2017-2018 winter warming shelter currently proposed for operation no sooner than November 1, 2017 through May 31, 2018 at 111 W. Alisal Street in Salinas in partnership with the County of Monterey. Out of the \$254,043 allocated for the 2017-2018 warming shelter, no more than \$164,780 can be used for Street Outreach and Emergency Shelter purposes as mandated by ESG regulations, and the remaining \$89,263 can be utilized for the Homeless Prevention, Rapid Re-Housing, and Homeless Management Information System (HMIS) components of the ESG program.

The City will continue to work with the County of Monterey towards the establishment of a permanent year-round homeless shelter currently proposed to be located at 1220 Natividad Road in Salinas. None of the current year's ESG funding will be used to cover costs related to the permanent year-round shelter.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls

within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

HUD Entitlement ESG funding received by the City allows the undertaking of a variety of programs that are instrumental in providing homeless and homelessness prevention services. The funding and its implementation supports activities and projects that implement the City Council's Strategic Goal of Quality of Life and more specifically the objective to "continue collaboration with the County and social service providers to address the needs of the homeless".

FISCAL AND SUSTAINABILITY IMPACT:

HUD programs such as ESG return federal tax dollars to the community. The additional funding provides assistance to assist Homeless individuals within the City of Salinas. This funding will be utilized to support operations of a 2017-2018 winter warming shelter currently proposed for operation no sooner than November 1, 2017 through May 31, 2018 at 111 W. Alisal Street in Salinas in partnership with the County of Monterey.

ATTACHMENTS:

- Resolution – Modification of Additional Entitlement ESG Funding for FY 2017-2018