



**PLANNING AND DEVELOPMENT DEPARTMENT
MEMORANDUM 14-29**

DATE: November 2nd, 2015
TO: Honorable Mayor Joyce Downing and City Council Members
FROM: David Willett, Acting City Manager 
Brook Svoboda, Director of Planning and Development 
SUBJECT: 2016 CDBG Project Programing Recommendation

BACKGROUND

Adams County Community and Neighborhood Resources (ACCNR) is the county department that administers the CDBG sub recipient funding allocations received from the Department of Housing and Development (HUD). As a sub-recipient community, Northglenn applies to the ACCNR for CDBG eligible programs. For several years, Northglenn has used some of the CDBG funds towards the Help for Homes (H4H) program, now known as Minor Home Repair (MHR), which provided grants for minor home repairs to residents that are income qualified within the City.

For 2016 the City will receive \$214,213.00. This is a reduction from the previous year by approximately \$30,000.00. The two reasons for this are as follows:

- Commerce City's population increased substantially while ours and other remained relatively unchanged by comparison - the formula allocation for funds are based in part on population
- We received an excess allocation in 2014 due to a clerical error.

Minor Home Repair Update: The FY 2013 and 2014 monies (\$465,000) will have been completely spent by the end of the year. We will have serviced 70 residents.

This year was the first year that ACCNR administered the program and Northglenn Staff did the application intake and qualification. Staff is recommending for 2016 to not continue with this program for the following reasons:

- The general consensus between ACCNR and Northglenn Staff, is the program would be more cost effective and efficiently administered if the program was outsourced to a 3rd party non-profit organization.
- The administrative costs for processing the required HUD compliance measures were very high and were not taken into account when the previous ACCNR Administration decided to run the program.
- Qualification of applicants proved to be time intensive and challenging - understanding the multiple variations in determining income qualification is not as easy as once previously understood.

2015 FY CDBG Allocation:

The 2015 CDBG funds have been allocated to the Danahy Park project. The project is scheduled to be completed by the end of the 1st quarter of 2016.

Challenges in identifying Projects/Programs: One challenge to spending CDBG funds is identifying a project scope that does not trigger an Environmental Assessment (EA). EA's generally, cost between \$20k-\$30k to prepare and take 2-6 months to complete. Taking into account that the City receives roughly \$215k per year, a project that triggers an EA effectively reduces the amount of monies that could be spent on the actual project.

Another challenge is that projects over \$25k require Davis Bacon¹ compliance. This can add 20%-30% to the cost of a project due the increased administrative procedures and pay scales applied to a given project, further reducing the amount monies that can spent on the actual scope of the project.

Lastly, the HUD is putting increasing pressure on ACCNR and other Urban County designees to spend funds within the calendar year. What makes this exceptionally challenging, is that the HUD does not award/release the 2016 monies until March/April. If your project requires a EA, that could take 2-6 months to complete before you can put the project out to bid, and taking into account the City's RFP procurement and award process, it could very well be November before a project could start. Leaving less than 60 days to complete the project and stay in compliance with HUD expectations. HUD has represented that not completing projects in a "timely manner" would result in the loss of funds.

RECOMMENDATION

Based on the above, Staff is recommending for 2016 to pursue a, Public Infrastructure Improvements Project - sidewalk repair and handicap ramp accessibility in residential neighborhoods.

STAFF REFERENCE

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¹ Davis Bacon: (Payment of Prevailing Wage Rates / Payroll Requirements) The 1931 **Davis-Bacon** Act requires the payment of prevailing wage rates to all labors and mechanics on Federal or Federally assisted construction contracts. Overall program responsibilities are administered by the U.S. Department of Labor