



File #: 17-0531, Version: 1

REPORT TO COUNCIL

SUBJECT

FY 2017/18 General Fund Human Services Grant Funding Allocations

BACKGROUND

In recent years, the recommended grant awards for human services funding (from federal sources and the City's General Fund) have been considered as part of the Report to Council (RTC) on the annual Action Plan, a planning document required by the U.S. Department of Housing and Urban Development (HUD). This year the recommendations regarding human services proposals for General Funds have been separated from with the Action Plan. This approach enables the City Council to consider the total amount of General Funds available, as part of the City Budget discussion, before making a decision on the grants themselves. The remaining step in the process and the subject of this report is to determine how that funding should be divided up amongst the funding proposals received.

For more than thirty years, the City has used General Funds to "supplement" the federal Community Development Block Grant (CDBG) funds that were available to the City. The federal regulations allow a small portion (15%) of the CDBG funds to be used for public services, including human services that serve lower-income and vulnerable clientele; however, the City Council found merit in more proposals than could be funded through CDBG funds.

Over the years this practice of supplementing the available CDBG funds with General Funds has been refined and updated by Council several times, resulting in Council policies and directions to staff that guide the process as it exists today. A study issue was completed on this topic in 2008. On December 16, 2008 (RTC No. 08-372), the Council directed staff to include up to \$100,000 for supplemental human services funding every year in the City's twenty-year Long Range Financial Plan. As is the case for other programs included in the long range financial plan, the amount serves as an estimate for planning purposes, may be changed from year to year, and is not a formal appropriation until it is adopted into the Projects Budget for the coming fiscal year.

Several years ago, Council provided additional direction to staff to allow Council to review and adjust this planning figure if necessary during the biennial Priority and Unmet Needs hearing, which is held every second November to comply with Council Policy on human services and CDBG citizen participation requirements. The rationale was to allow the figure to be adjusted up or down if needed before the request for proposals (RFP) is issued, to try to manage expectations among the applicants, and provide staff and the Housing and Human Services Commission (HHSC) an estimated total amount of funding to be recommended for allocation, subject to Council approval in May concurrently with approval of the Action Plan, and formal budget appropriations in June.

In November 2016, (RTC No. 16-0744) Council held the Priority and Unmet Needs hearing and

affirmed the planned amount of \$100,000 in General Funds for the purpose of issuing the RFP for 2017 human services grants. That figure was to be confirmed or modified by Council during the final budget hearings in June.

EXISTING POLICY

Council Policy 5.1.3 Human Services

The City shall make its best efforts to provide supplemental human services, which include but are not limited to emergency services, senior services, disabled services, family services, and youth services.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378 (b) (4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

The City’s Human Services policy establishes a competitive RFP process for awarding human services grants on a two-year cycle. The successful grantees are awarded a one-year grant with a second-year award in the same amount, contingent on and adjusted based on funding availability in the second year, and contingent on the grantee’s successful completion of the first year’s grant requirements. FY 2017-18 is the first year of the two-year funding cycle. Human services are social programs that assist seniors, disabled adults, homeless people, lower-income households, domestic violence survivors, at-risk youth, and other households in need of special services or assistance.

This year the City received 12 proposals for General Fund human services grants in response to the RFP issued in January 2017. The minimum and maximum grant limits for this grant opportunity range from \$10,000 to \$24,999. In total the 12 proposals requested a combined \$213,879 in General Funds, more than double the estimated amount of funding available. A summary list of the proposals received, their scores, and the grant amounts recommended for each proposal by staff and the HHSC is provided in **Attachment 1**. The proposals are posted online at *HUDPrograms.inSunnyvale.com*. Applicants presented their proposals to the HHSC at its February meeting.

The staff scoring committee evaluated the proposals based on the priority needs for human services described in the City’s 2015-2020 Consolidated Plan and scored the proposals based on the point system provided in the RFP. Each member of the committee independently scored each proposal, and the scores for each proposal were averaged.

At its March meeting, the HHSC held a public hearing and made its funding recommendations to Council regarding the human services grant proposals (RTC No. 17-0300). Minutes of that meeting are provided in Attachment 2.

Funding Recommendations

Staff recommended funding the top ten proposals ranked in order of their staff scores, each with the minimum grant amount of \$10,000, which is what most of these applicants received in the prior two years. This resulted in all but two of the General Fund proposals being funded, with no funds left over. In the last funding cycle, two \$5,000 grants were approved at half of the minimum amount

required by Council policy (total of \$10,000). Shortly after the start of the first grant year, one of those grantees complained to staff about the administrative requirements, such as required liability insurance coverage, being too burdensome for such a small grant. That agency did not apply for funding this cycle. Staff continues to recommend that no grants be funded at less than the minimum \$10,000 amount, as experience has shown that grants of less than that amount are not cost-effective for the grantee or the City.

The HHSC recommended three different prioritized alternatives for Council's consideration, two of which (A and B, below) are contingent on Council's approval of Budget Supplement 7, to be considered during the Budget hearing. The three alternatives, in priority order, are summarized as follows, with details provided in Attachments 1 and 2:

- A. Allocate a total of \$150,000 to the twelve proposals, with most grants of \$10,000 and several grants of \$15,000, as shown in detail on Attachment 1; OR
- B. Allocate a total of \$120,000 to the twelve proposals with a grant amount of \$10,000 for each proposal; OR
- C. Approve the staff recommendation (ten grants of \$10,000 each) as shown on Attachment 1.

The HHSC's stated rationale for recommending more funding than was estimated to be available through the RFP was that the costs of providing services typically increase over time, so the grant amounts should be increased over time to enable the agencies to provide a consistent level of service. In addition, in 2014 Council approved funding at a level higher than was recommended by the HHSC, and in the cycle before that (2012) Council also approved more than the planned \$100,000 amount (\$115,000 in 2012 and \$135,000 in 2014).

The programs and agencies funded through this program can vary from cycle to cycle, as different agencies choose to apply for a grant or not, so the concept of a consistent level of service over the long term is difficult to measure. In addition, the amount of funding these agencies receive from other sources for these programs can also fluctuate significantly from year to year. That can have a much greater effect on their level of service, as some of those funding sources are orders of magnitude larger (for each program) than the City grants.

At the March HHSC meeting there were no representatives present from the two agencies that were not recommended for funding. Those agencies with representatives that spoke during the hearing expressed thanks for the staff funding recommendations and for the HHSC's past support of their programs, where applicable. Staff spoke by phone to one of the agencies not recommended for funding (Mayview Clinic) prior to the meeting and were informed that they could not make it to the meeting but they were concerned about the grant recommendations and would send a comment letter. That letter was received the following day (see Attachment 3).

FISCAL IMPACT

The recommended action (Alternative 1) is consistent with the current long-range financial plan and funded using General Fund funding in Project 827550 - Outside Group Funding Support. Funding for Alternatives 2, 3 and possibly 4 is not in the FY 2017/18 Recommended Budget. Approval of Alternatives 2, 3, and possibly 4 would require identifying the funding source for the gap funding, and appropriation of the additional budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Approve a total of \$100,000 in General Funds for ten human services grants listed in Attachment 1 under "Staff Recommendation".
2. Approve Alternative A as recommended by the HHSC and as shown on Attachment 1, contingent on approval of the additional \$100,000 in Budget Supplement #7 (\$50,000 per year for each year of the 2-year funding cycle).
3. Approve Alternative B as recommended by the HHSC and as shown on Attachment 1, contingent on approval of the additional \$40,000 in Budget Supplement #7 (\$20,000 per year for each year of the 2-year funding cycle).
4. Approve another alternative as directed by Council. Proposals to be funded may be selected from the list provided in Attachment 1.

STAFF RECOMMENDATION

Alternative 1: Approve a total of \$100,000 in General Funds for ten human services grants listed in Attachment 1 of the report under "Staff Recommendation".

The recommended action would provide ten grants of \$10,000, one for each of the proposals listed on Attachment 1. This action is consistent with City policies and the long-range financial plan. Based on current Council policy and as noted in the RFP, human services grants are awarded on a two-year basis, with the second-year grant amounts generally equal to the first year's grant, unless the total amount of human services funding made available by the City for the second year is different. If any amount of Budget Supplement #7 is approved this year but an equal amount is not appropriated by Council next year, any proposals funded through the budget supplement this year would not be funded in the second year due to insufficient funds.

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ATTACHMENTS

1. Human Services General Fund Grant Recommendations
2. March 22, 2017 HHSC Meeting Minutes
3. Applicant Comment Letters