

### REPORT TO CITY COUNCIL

#### **SUBJECT**

Biennial Review of Priority Needs for Human Services

#### **BACKGROUND**

The City provides grants to eligible human services agencies on a competitive basis pursuant to Council Policy 5.1.3: *Human Services*, originally adopted in 1981, and amended in 1999 and 2006. Eligible human service agencies are those which provide assistance programs for lower-income clients (those with a household income of less than 80% of area median income), such as food, legal services, health care, literacy classes, child care, and so on. Most of the clients served by these programs are seniors, people with disabilities, very low income households, and homeless persons. Historically the City has used a portion of its annual Community Development Block Grant (CDBG) from the federal government to fund these grants, although in more recent years, City General funds have also been used.

Applications for the human services grants are solicited every two years, following hearings held by the Housing and Human Services Commission (HHSC) and City Council to determine the City's current "priority human service needs." Grants are awarded conditionally for a two-year period, with the second-year grants conditioned on several factors, such as successful completion of the grant activity in the first year, compliance with the terms of the grant agreement, and availability of funding for the second year.

The priority needs are those identified through this hearing process as most deserving of the City's funds designated for human services. The total amount of funding requested usually exceeds the amount available by a factor of two or more. It is therefore helpful for applicants to know the priorities so that they better determine if their programs are likely to succeed in receiving a grant through the City's grant program. This program is quite competitive and, typically, not all grant applicants will be funded. Programs that address needs other than the identified priority needs are not excluded from this grant program, although proposals addressing one or more of the priority needs will be awarded more points in the "need" category than those addressing non-priority needs.

After the list of priority needs has been recommended by the HHSC and approved by City Council, staff will issue a request for proposals (RFP) for human services programs serving the priority needs, and will begin reviewing proposals in early 2019. The HHSC will have an opportunity to review and comment on the draft RFP before it is published. After proposals are reviewed by staff for eligibility and issued technical scores by the staff scoring committee, the HHSC will hold several public hearings to evaluate the eligible proposals and recommend grant awards to City Council. City Council will consider the recommended grant amounts and make final funding decisions in May 2019.

In addition to determining the priority needs, City Council has also established a practice of determining the amount of General Funds to be provided for human services grants to supplement the CDBG funds. This is known as supplemental funding, and this process is described further in the Discussion section of this report.

## **EXISTING POLICY**

### **Human Services Policy 5.1.3**

The City will biennially, prior to adoption of the two-year Resource Allocation Plan, review prevailing conditions of human needs within the City and give appropriate attention to Human Services Policies in the City. The Housing and Human Services Commission, following one or more public hearings, will recommend to City Council priority human service needs for the next two years. Following a public hearing, City Council will adopt a two-year priority of human service needs.

The City seeks to meet as many Human Service needs as possible using its limited available resources. The primary resource utilized for funding human services is the Federal Community Development Block Grant (CDBG) which permits up to 15% of the annual grant entitlement to be utilized for such purposes. The City Council may choose to supplement CDBG funding of human services through the annual budget process.

### **2015-2020 HUD Consolidated Plan**

**Goal C, Action 1:** Support provision of essential human services, particularly for special needs populations.

## **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**

### **Part 1. Determining Priority Needs**

The use of CDBG funds, which comprised about 67% of the funding for human services grants in the last two-year cycle (2017 and 2018), must be consistent with the City’s 2015-2020 Consolidated Plan (ConPlan), a five-year strategic plan that the U.S. Department of Housing and Urban Development (HUD) requires the City to prepare as a condition of receiving the CDBG grant. The ConPlan includes the following list of priority needs for human services and prioritized client types:

#### **Priority Client Types**

Very low-income, extremely low-income, and/or special needs households (e.g., seniors, disabled, homeless persons, children, youth, victims of domestic violence, etc.).

#### **Priority Needs (Service Types)**

- A. Basic needs (e.g., food, shelter, transportation, health & mental health care, employment assistance/training, child care, etc.).
- B. After school or intervention programs to provide youth with positive alternatives to drugs, violence, and/or gangs (e.g., recreational, mentoring, educational, and career-building activities).

- C. Mental health, addiction and substance abuse counseling, particularly for youth and those exiting institutions.
- D. Other specialized supportive services as may be requested by the community, such as foreclosure assistance, legal assistance for seniors and others, and other specialized human services, such as those currently supported by the City, or those that may address a new or unmet priority need.

At the last priority needs hearings, held in late 2016, the HHSC and Council reaffirmed the above list of priority needs, consistent with the ConPlan. The ConPlan is a five-year plan the City prepares to remain eligible for two annual federal grants: the CDBG and HOME grants, which provide a total of about \$1.2 million annually to the City; much of which is passed through to local non-profits. The ConPlan describes various affordable housing, human services, and community development activities the City plans to design and fund with these two grants over the five-year period.

One purpose of the current hearings is to determine whether this list of priority needs should continue to be implemented for the next two-year funding cycle, or if it should be modified or updated in any way prior to solicitation of proposals. Another purpose of the hearings is to provide City Council an opportunity to indicate how much General Fund monies to target for human services funding in the upcoming fiscal year ("supplemental funding"), either \$100,000, as shown in the current Projects Budget and annually in the 20-year Resource Allocation Plan, or a different amount.

HUD recognizes that the priority needs may change periodically during the 5-year term of the ConPlan; therefore, the biennial hearing allows an opportunity for the public and local officials to make adjustments to the list of priorities if needed to reflect evolving local circumstances. This hearing also allows the public an opportunity to raise any issues that may be relevant to the process of allocating the City's available CDBG funds in the coming two years.

## **Part 2. Determining Supplemental Funding Amount**

The second purpose of this hearing is to determine the General Fund supplemental funding amount for the coming year, in accordance with past Council direction. As noted above, for many years Sunnyvale has provided funding for the human services grants using CDBG and General Funds (supplemental funds). Approximately one-third of the funding for the grants has come from the City's General Fund in recent years, following Council direction in prior years to include a planned expenditure of \$100,000 annually for human services grants for each of the next twenty years in the Resource Allocation Plan. Council confirms this appropriation annually when adopting the City budget each June, and has an opportunity to affirm or modify the amount planned for the coming year during the biennial priority needs hearings. In the last two-year funding cycle, for fiscal years 2017/18 and 2018/19, Council approved \$100,000 in funding for each of the two years. The amount of supplemental and CDBG funds provided for this program in the past five fiscal years, and a five-year average of each, is shown in Attachment 1.

It is important to emphasize that the supplemental funding amount recommended at this time is used for planning purposes only, and does not constitute a budget appropriation of any kind. Staff uses the recommended amount approved by City Council in November to indicate in the RFP how much funding of each type (CDBG or General Funds) is estimated to be available for human services grants in the coming year. The RFP emphasizes that these amounts are just estimates, and could change by the time the City budget is adopted in June, and that any grant award recommendations

are contingent on the amount of funding ultimately appropriated by Congress (for the CDBG funds) and City Council (for the General Funds).

The amount of supplemental funding indicated in the Resource Allocation Plan (RAP) for FY 2019/20 and subsequent years is \$100,000, however this figure is just an estimate used for long-range planning purposes, and the formal appropriation, which could be higher or lower than this amount based on fiscal conditions at the time of the budget hearings, does not occur until the budget for each fiscal year is adopted in June of each year.

During the October 24, 2018 meeting of the HHSC, Commissioners discussed and voted to recommend an increase to the amount budgeted for human services to \$200,000 (Report No. 18-0892). The Commission requested staff to retrieve information on changes in specified economic indicators over the past decade to justify this increase, and to include this information with the HHSC recommendation.

Staff collected data on: changes in inflation, housing cost, number of lower-income households, and general fund budgeted expenditures over the past decade. The data was presented to the HHSC at a special meeting on November 14, 2018 (Report No. 18-1009). Three letters were submitted to the HHSC prior to the November 2018 meeting (included in Attachment 2). Four members of the public spoke on this item. A representative of Sunnyvale Community Services (SCS) spoke to her letter and data on SCS activity over 10 years. The HHSC confirmed their intent to recommend an increase to \$200,000 in the general fund supplement for FY 2019/20 and clarified that all of the data collected by staff and provided by Sunnyvale Community Services jointly support their recommendation to increase the supplemental funding.

Minutes of the October 24, 2018 HHSC meeting are in Attachment 3 and Draft minutes of the November 14, 2018 meeting are in Attachment 4. As requested by the HHSC Attachment 5 combines the Summary of Economic data collected by staff and the information provided by Sunnyvale Community Services.

### **FISCAL IMPACT**

The recommended alternative for supplemental human services funding is \$125,000, an increase for FY 2019/20 over the current Adopted Budget and 20-year Resource Allocation Plan. The following table illustrates fiscal impacts comparing the adopted RAP, staff recommendation, and Housing and Human Services Commission recommendation.

#### **FISCAL IMPACT (Compared to Adopted RAP)**

<b>Timeframe (Years)</b>	<b>Current RAP</b>	<b>HHSC Recommendation</b>	<b>Staff Recommendation</b>
One	\$0	\$100,000	\$25,000
Two	\$0	\$200,000	\$50,000
Ten	\$0	\$1,000,000	\$250,000
Twenty	\$0	\$2,000,000	\$500,000

The recommended actions are for planning purposes only, to allow staff to solicit funding proposals,

while formal appropriations for fiscal year 2019/20 will be presented in the FY 2019/20 Recommended Budget for City Council consideration.

### **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.

Five members of the public, each representing human services agencies, spoke at the HHSC hearing on this item on October 24, 2018. They each thanked the City for its past support and explained why their programs continue to meet priority needs in the community. Four members of the public spoke at the November 14, 2018 HHSC meeting. Public Comment Letters are provided in Attachment 2.

### **ALTERNATIVES**

1. Approve the list of priority needs as shown in the staff report, excerpted from the 2015-2020 Consolidated Plan.
2. Approve the list of priority needs shown above, with modifications.
3. Select a preliminary budget for supplemental funding amount of \$125,000 for human services grants for FY 2019/20.
4. Select a preliminary budget for supplemental funding amount of \$200,000 for human services grants for FY 2019/20 (HHSC recommendation).
5. Select a different supplemental funding amount for human services grants for FY 2019/20.

### **STAFF RECOMMENDATION**

Alternatives 1 and 3: 1) Approve the list of priority needs as shown in the staff report, excerpted from the 2015-2020 Consolidated Plan; and, 3) Select a preliminary budget for supplemental funding amount of \$125,000 for human services grants for FY 2019/20.

The current list of priority needs is broad enough to encompass virtually all types of human services; therefore, modification of the list does not appear to be necessary. However, if members of the public or the commission feel otherwise, modifications can be made.

Staff is recommending an increase to the supplemental funding for human services grants. The increase to \$125,000 acknowledges the economic changes since 2007; the recommendation was derived by applying the percent of total general fund budgeted expenditures in 2007 (0.067553%) to the total general fund budgeted expenditures for FY 2018/19. This budget recommendation is for planning purposes only as the final general fund budget for supplemental human services grants will be determined by City Council with the approval of the budget and the supplemental grants.

Prepared by: Joseph Shin, Housing Programs Analyst  
Reviewed by: Trudi Ryan, Director, Community Development  
Reviewed by: Teri Silva, Assistant City Manager  
Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

1. Five-Year Human Services Funding Levels

2. Public Comments
3. Minutes of HHSC Meeting of October 24, 2018
4. Draft Minutes of HHSC Meeting of November 14, 2018
5. Data Supporting HHSC Recommendation