



Council Agenda Report

From: Darren Nash, City Planner

Subject: Approval of Continued Participation between San Luis Obispo County and the City of Paso Robles for Joint Participation in the Urban County for Purposes of Receiving Federal Funding under Community Development Block Grant Program, the Home Investment Partnership Program, and the Emergency Solutions Grant Program, for Program Years 2024-2026.

CEQA Determination: Participation in the Urban County and cooperation agreement is not a project for purposes of compliance with the provisions of the California Environmental Quality Act (CEQA) and the City's CEQA Guidelines

Date: June 20, 2023

Facts

1. The City has participated in the Urban County Designation process for over 25 years. The Designation allows the City to directly access Federal Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), and Emergency Solutions Grant Program (ESG) Funding for projects and programs that benefit low income areas and households.
2. The City's current agreement with the County of San Luis Obispo for this designation expires on June 30, 2024.
3. On May 2, 2023, the County requested the City continue its participation in the Urban County Designation for the period of 2024 to 2026. Although the City's current agreement does not end until next year, The U.S. Department of Housing and Urban Development (HUD) requires the requalification process occur the year before the designation status ends.
4. The Urban County Designation partnership includes the Cities of Arroyo Grande, Atascadero, Pismo Beach, Morro Bay, San Luis Obispo, the County of San Luis Obispo, and Paso Robles.
5. HUD requires that the City of Paso Robles and the County of San Luis Obispo enter into a Cooperation Agreement to define their rights and obligations as a prerequisite of participation in the CDBG program.
6. Pursuant to the Cooperation Agreement", the City waives its individual entitlement to CDBG Funds so that the County of San Luis Obispo can participate in the CDBG program as an Urban County. Under the Cooperation Agreement, the City can:
 - a. Retain the same allotment of CDBG funds it would receive if such waiver had not been granted and retain autonomy over the City's use of its allotment;
 - b. Gain "non-competitive" access to related federal funds under the HOME and ESG programs, to which the City does not have individual entitlements;
 - c. Obtain a significant amount of staff support from the County for administration of these programs.

Options

1. It is recommended that the City Council approved the following:
 - a. Approve the Cooperation Agreement between the County of San Luis Obispo and the City for joint participation in the Community Development Block Grant Program, the Home Investment Partnerships Program, and the Emergency Solutions Grant Program for Fiscal Years 2024-25 through 2026-27. Make findings that the execution of the Agreement is not a project for purposes of compliance with the provisions of CEQA. b. Authorize the City Manager or their designee to act on behalf of the City in connection with the implementation of the Agreement, ongoing operation of the Program for the 2024-2026 term, and other activities necessary to carry out the intent of the Cooperation Agreement.
2. Amend, modify or reject Option A.
3. Refer back to staff for additional analysis.

Analysis and Conclusions

The Urban County Designation is a process whereby certain incorporated cities and a county band together to ensure HUD federal entitlement funding is allocated directly to the region annually. This process allows the region to meet population thresholds to receive direct entitlements under HUD regulations. Absent this arrangement, the City of Paso Robles would not otherwise be eligible for direct access to these funds and would have to engage in a competitive statewide process to access HUD funding. This arrangement also creates administrative efficiencies by designating the County as the lead agency for planning and administering these funds.

Continued participation in the Urban County for the proposed 2024-2026 term is consistent with the General Plan and with City and County policies encouraging cooperation between agencies on issues of regional significance such as affordable housing and public improvements.

Fiscal Impact

The City receives a little more than \$200,000 per year from the CDBG program. 20 percent administrative allocation can be claimed to help offset staff time associated with implementing the CDBG program. Typically, of the 20 percent, the County gets 13 percent, and the city receives 7 percent. Utilizing CDBG funds makes it possible for the City to fund public accessibility improvements and public service funding support that might not otherwise be possible if reliance on General Funds were required.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation

Approve Resolution 23-XXX, for the following actions:

- a. Approving an Agreement between the County of San Luis Obispo and the City for joint participation in the Community Development Block Grant Program, the Home Investment Partnership Program, and the Emergency Solutions Grant Program for the 2024-2026 term.
- b. Authorize the City Manager or his/her designee to act on behalf of the City in connection with the implementation of the agreement, ongoing operation of the CDBG program for the 2024-2026 term, and other activities necessary to carry out the intent of the Cooperation Agreement.

Attachments

1. Resolution 23-XXX - Approving an agreement between the County of San Luis Obispo and the City for participation in the Community Development Block Grant Program, the Home Investment Partnership Program, and the Emergency Solutions Grant Program.
 - a. Exhibit A - City of Paso Robles 2024-2026 Cooperation Agreement