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MEMORANDUM

PLANNING AND DEVELOPMENT – CITY COUNCIL MEMO NO. RS06-041

DATE: 2 January 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
DOUG BALLARD, PLANNING AND DEVELOPMENT DIRECTOR
JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIR.

FROM: PAT TYRRELL, COMMUNITY DEVELOPMENT COORDINATOR

SUBJECT: ALLOCATION OF PROGRAM INCOME – PUBLIC HEARING

HHSC AND STAFF RECOMMENDATION: The Chandler Housing and Human Services Commission (HHSC) and city staff recommend the allocation of a total of \$1,110,240.00 in FY 05/06 Program Income. It is recommended that this allocation be divided between public facility improvements (\$1,020,240.00) and planning/administration (\$90,000.00). The recommended allocation will provide for the immediate funding of improvements to the city's Public Housing Inventory, assist in the construction of a new medical clinic for the San Marcos Family Wellness Center, provide a "pool" of funds to meet the current capital needs of local human service providers (i.e. renovations at the Boys and Girls Club), conduct a Human Services Needs Assessment and provide for program administration and project implementation.

DISCUSSION: During the past decade, CDBG funds were used to acquire certain parcels of land at what is now known as Site Six in Downtown Chandler. This area is roughly bounded by Arizona Avenue to the East, Chicago Street to the South, Oregon Street to the West and the Downtown Square to the North. Since the acquisition of the property, the intended use of the property has changed and the use of the property will not meet the requirements of the federal regulations governing CDBG funds. As such, the value of the property for which the CDBG Program paid has been assessed and reimbursement made to the program in the amount of \$1,110,240.00. That reimbursement took place at the end of FY 05/06 and is considered as Program Income by the federal government and must be allocated to eligible uses.

HHSC held a public hearing on 13 December 2006 and discussed various opportunities that these extra funds provide. After the Public Hearing, HHSC unanimously voted a recommendation to Mayor and Council that the funds be used in the following manner and for the projects described (staff concurs):

Public Housing Improvements: A total of \$300,000.00 is recommended to be used in renovations to the city's Public Housing Developments. Funding and projects are as follows:

TOTAL	- \$300,000.00
WINDOW PROJECT *	- \$ 80,000.00
KITCHEN CABINET PROJECT **	- \$ 80,000.00
A/C REPLACEMENT PROJECT ***	- \$ 80,000.00
SIDING & TRIM REPLACEMENT PROJECT ****	- <u>\$ 60,000.00</u>

* Window Project

Windows (18 Houses / 126 Windows)	\$ 54,000.00
Misc. Materials	\$ 8,400.00
Force Account Labor	<u>\$ 17,600.00</u>
TOTAL	\$ 80,000.00

This additional funding would allow for complete window replacement in 18 houses. The houses currently have single-pane aluminum windows, most being original to the house. These windows are not energy efficient, and parts are no longer available.

** Kitchen Cabinet Replacement

Kitchen Cabinets (19 houses / 238 Cabinets)	\$ 44,101.00
Kitchen Sinks, Faucets, Drain Lines, etc.	\$ 9,000.00
Countertops	\$ 10,399.00
Force Account Labor	<u>\$ 16,500.00</u>
TOTAL	\$ 80,000.00

This additional funding would allow for the replacement of all kitchen cabinets in 19 houses. The existing cabinets are original to the house and are in very poor condition. The existing cabinets are not Severe Use Cabinets as is now required by HUD.

*** A/C Replacement Project

A/C Replacement (6 Commercial Buildings)	\$ 41,750.00
A/C Replacement (6 Residential Buildings)	<u>\$ 38,250.00</u>
TOTAL	\$ 80,000.00

This additional funding would allow for the replacement of 6 commercial and 6 residential A/C units. These units have out lived their life expectancy, require high maintenance, and do not meet the Energy Star performance standard.

**** Siding & Trim Replacement Project

Materials (for 16 buildings)	\$ 28,000.00
Force Account Labor	<u>\$ 32,000.00</u>
TOTAL	\$ 60,000.00

This additional funding would allow for the replacement of siding, fascia, and trim material on 16 buildings. The wood siding and fascia on these buildings are original construction, and are now deteriorating beyond repair. These buildings are approximately 34 years old.

San Marcos Health Clinic: Funds are recommended to be “pooled” with other sources to construct a new medical clinic and community resource center at San Marcos Elementary School. The new center would allow the school to access classrooms currently used by the clinic, increase the capacity of the clinic to serve more children and provide space for local human service providers to conduct classes and provide services to the city’s moderate income residents.

The Chandler Unified School District has set aside \$1,000,000.00 in Bond Funds for construction of the facility. In addition, the clinic currently has on hand \$250,000.00. Additionally, this project has been sponsored by the Colangelo Foundation that anticipates raising an additional \$350,000.00 in the next three to four months. Staff recommends that \$500,000.00 in CDBG funds be used with the other sources to complete the new facility. This will greatly increase the provision of health care to children of low-income families and will make much needed space available for the provision of social services, particularly in the Redevelopment Area.

TOTAL	- \$2,100,000.00
CUSD Bond	- \$1,000,000.00
Chandler CDBG	- \$ 500,000.00
Clinic Funds (on hand currently)	- \$ 250,000.00
Fund Raising	- <u>\$ 350,000.00</u>
	- \$2,100,000.00

Human Services Needs Assessment: Commission has discussed the necessity of an assessment of Human Service needs in our city. This assessment is planned for late spring and summer of 2007. To this end, staff recommends that up to \$40,000.00 be allocated to cover costs associated with facilitation of the study by a third party. The city’s standard consultant procurement process could be undertaken by March of 2007 with the assessment conducted and results provided prior to Commission and Council review of allocations for FY 08/09.

Misc. Non-profit Capital Needs: During the current fiscal year, staff worked with local non-profit agencies on facility upgrades (Boys and Girls Club, Chandler

Christian Community Center and South Chandler Self Help Foundation). Although significant improvements to the facilities were made, there are upgrades that could not be considered due to funding limitations. Staff recommends that \$220,240.00 be used to enhance projects which are underway or have been completed this fiscal year. Examples would be roofing at the Boys and Girls Club, security gates at South Chandler Self Help, Expansion of the Salvation Army facility in South Chandler and further work needed at Chandler Christian Community Center.

Program Administration: Staff is requesting approximately 4.5% (\$50,000.00) of the funds be allocated for program administration expenses related to these new projects.

FINANCIAL IMPLICATIONS: All costs associated with the CDBG Program will be paid for by the US Department of Housing and Urban Development and do not require repayment on the part of the City of Chandler.

PROPOSED MOTION: Move to approve the allocation of \$1,110,240.00 in FY 05/06 CDBG Program Income to Public Facility Improvements and Program Administration and Planning in the amounts recommended by the Chandler Housing and Human Service Commission and city staff.