



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www. CityofSacramento.org

Staff Report  
**October 6, 2009**

**Honorable Mayor and  
Members of the City Council**

**Title: 2006 Workforce Housing Grant for Facilities Maintenance**

**Location/Council District:** Citywide/All Districts

**Recommendation:** Adopt a **Resolution:** (1) authorizing the use of \$1,019,134 in 2006 Workforce Housing (WFH) Reward Program grant funds to deliver deferred maintenance projects (Exhibit A); (2) amending the City's Deferred Facility Maintenance Program (C13000500) to include a \$1,019,134 revenue and expenditure budget for the State WFH Grant funds (Fund 3704); (3) establishing a General Fund project reserve in the City's Deferred Facility Maintenance Program to backfill the State WFH Grant funds; and (4) directing staff to return to the City Council when the State grant funds are received.

**Contact:** Desmond Parrington, AICP, Infill Coordinator, 808-5044, David Kwong, Planning Director, Community Development Department, 808-2691; Cynthia Kranc, Facilities Manager, General Services Department, 808-2258; Tony Alexander, Operations General Supervisor, General Services Department, 808-6360.

**Presenters:** Desmond Parrington, Infill Coordinator, Community Development and Cynthia Kranc, Facilities Manager, General Services Department

**Department:** Community Development Department and General Services Department

**Division:** Infill

**Organization No:** 21001224

### **Description/Analysis**

**Issue:** In 2007, the City received \$2,239,134 from the State Workforce Housing Reward (WFH) Grant Program (described in detail in Attachment 1), which was \$1 million more than anticipated based on previous annual awards from the program. Staff originally brought this item forward to Council on January 27, 2009 recommending a swap of these grant funds with the General Fund money allocated to the Deferred Facility Maintenance Program in order to fund critical economic development efforts. Council unanimously adopted an intent motion to approve this resolution and directed staff to return with this item at the conclusion of the budget process. Council members also directed staff to look into

alternative sources of funding. Per Council direction, staff is returning with this report in order to use other funding sources

In light of the City's current financial climate, staff has amended its original recommendation and is proposing to utilize these funds to fund the City's Deferred Facility Maintenance Program. The Deferred Maintenance Program is currently funded at \$1 million a year and the estimated cost to address deferred maintenance of City facilities is approximately \$35 million.

**Committee/Commission Action:** None

**Policy Considerations:** The use of the WFH grant funds for the Deferred Facility Maintenance Program is consistent with the City's Infill Strategy goals for neighborhood revitalization. It also supports the City's 2005-2008 Strategic Action Plan goal of enhancing livability.

**Environmental Considerations:** The proposed action is not a project under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(4).

**Sustainability Considerations:** The use of the WFH grant funds for the Deferred Facility Maintenance Program fosters sustainability by preserving and improving existing City facilities. Failure to maintain these assets would result in the need for the construction of new facilities, which would result in higher green house gas emissions.

**Rationale for Recommendation:** On May 14, 2002, the City Council adopted Resolution 2002-279, the Infill Strategy, and directed staff to pursue the State Workforce Housing Reward (WFH) Grant Program grant to support infill development and neighborhood revitalization. The recommendations included in this report support the City's neighborhood revitalization efforts and ensure that the General Fund is not impacted by accepting these grant funds.

**Financial Considerations:** As a result of the State budget situation all State grant funds are currently frozen. Given the State's fiscal challenges it is uncertain when the City will receive reimbursement for the WFH Program grant projects. However, staff does expect to receive these funds once the State is able to issue bonds given the existing contract that the City has with the State for these funds.

In the event the State funds are not received in a timely manner staff is recommending that a General Fund project reserve in the City's Deferred Facility Maintenance Program be established to backfill the State WFH Grant funds. The funding for the reserve will be established from current (FY2009/10 - \$619,134) and future (FY2010/11 - \$500,000) Capital Improvement Program (CIP) allocations subject to budget approval.

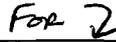
At this time it is difficult to anticipate when the State WFH Program Grant funds will be received. Therefore, staff is recommending that Council direct staff to return to the City Council for discussion on the use of the Deferred Maintenance General Fund reserve when the \$1,019,134 in State Grant funds are received. Dependent on the City's fiscal situation when the funds are received, the Council could authorize the release of the

reserve to assist in addressing anticipated budget shortfalls, utilize the reserve to further the City's efforts toward deferred facility maintenance, and/or reallocate the funds to another specific project/program.

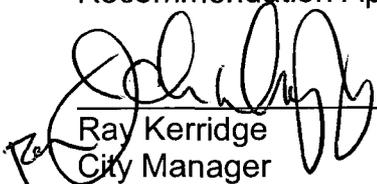
**Emerging Small Business Development (ESBD):** Not applicable.

Respectfully Submitted by:   
David Kwong  
Planning Director

Approved by:   
William A. Thomas  
Community Development Director

Approved by:  For   
Reina Schwartz  
General Services Director

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**Attachment 1****Background**

On May 14, 2002, the City Council adopted Resolution 2002-279, the Infill Strategy, and directed staff to pursue the State Workforce Housing Reward (WFH) Grant Program grant to support infill development and neighborhood revitalization.

The WFH program is a three-year, statewide, non-competitive formula-based grant for local jurisdictions with state-certified Housing Elements and is overseen by the State Housing and Community Development Department (HCD). Over the past three years, the City has typically received between \$800,000 and \$900,000 each year from the grant. In the past, the City has spent this money, as well as Jobs-Housing Grant Program funds, to support the following projects: 1) Globe Mills mixed-use, mixed-income housing project (District 1); 2) streetscape improvements on Del Paso Boulevard (District 2) and 65th Street (District 3); 3) street lighting at Tahoe Park (District 6) and in Midtown (District 3); 4) development of pocket parks in South Natomas (District 1); 5) water conservation and other park improvements to several parks throughout the city; 6) combined sewer infrastructure improvements in the R Street corridor to assist housing development there (District 4); and 7) park acquisition in the R Street Corridor (District 4).

In 2006 Sacramento produced more affordable housing than any other jurisdiction in California. In March 2007, the City of Sacramento submitted an application to the State of California for the following WFH Program grant projects:

<b>2006 Workforce Housing Grant Program Approved Projects (CC Reso #2007-149)</b>	<b>Proposed WFH Funds</b>	<b>Council District</b>
MLK and Broadway Street Improvements	\$300,000	5
Steve Jones Park Improvements	\$120,000	8
65th Street Detention Basin (Basin 31)	\$800,000	6
<i>Total:</i>	<i>\$1,220,000</i>	

As a result of the affordable housing developed within the City and because there were fewer applicants to the WFH program grant than in previous years, the City received \$2,239,134 in 2007, which was significantly more than anticipated. This record award resulted in the City receiving \$1,019,134 more than anticipated.

Staff has contacted HCD regarding the use of the funds for the City's Deferred Facility Maintenance Program and has received written authorization for this scope change to our existing contract (refer to Attachment 2). Staff proposes to use these grant funds for the Deferred Facility Maintenance Program, which will provide improvements to City facilities in existing infill areas. The specific projects to be funded were identified by General Services based on need (refer to Attachment 3) and the grant criteria.

**Scope Change Approval Letter from the  
State Department of Housing and Community Development**

~~STATE OF CALIFORNIA - BUSINESS, TRANSPORTATION AND HOUSING AGENCY~~  
**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
Division of Housing Policy Development  
1800 Third Street, Suite 430  
P.O. Box 952053  
Sacramento, CA 94252-2053  
(916) 323-3177 Fax (916) 327-2943  
[www.hcd.ca.gov](http://www.hcd.ca.gov)

~~ARNOLD SCHWARZENEGGER, Governor~~



January 20, 2009

Carol Shearly  
Director of Planning  
City of Sacramento  
915 I Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814-2998

RE: Workforce Housing Reward Grant Program  
Contract No.: 07-WFH-229

Dear Ms. Shearly:

One of the successes of the Workforce Housing Reward (WFH) Program is allowing local jurisdictions the flexibility to define what capital projects are most needed in their community. As per your letter received on January 8, 2009, the City of Sacramento is requesting to revise the scope of work to assist in funding improvement of several community facilities, adding these activities to projects originally to be funded.

This letter confirms and approves your request to revise your eligible projects under Exhibit A of the standard agreement to include the activities stated above. The proposed projects are eligible under the program guidelines, serving as an added community benefit and aligned with the goals of the Program.

We look forward to continuing to work with you in the successful implementation of your Workforce Housing Reward grant. If you have any other questions, please feel free to contact me either by telephone at (916) 323-7271 or via email at [jjohnson@hcd.ca.gov](mailto:jjohnson@hcd.ca.gov)

Sincerely,

A handwritten signature in black ink, appearing to read "James Johnson".

James Johnson  
Program Representative

cc: Jennifer Seeger  
Cynthia Krane, City General Services

**Attachment 3**

**Additional Projects Recommended for Grant Funding  
Deferred Facilities Maintenance Program**

**Robertson Community Center** - Fire Alarm System. System is obsolete. The estimated age is 30 years old and the typical lifespan is 15 years. Project would involve renewal/replacement of old original horns, strobes, detectors and main panel system.

**Sacramento History Museum** - New energy efficient HVAC/humidity controls. Estimated age is 25+ years old and lifespan is 20 years. Museum needs new chiller, new hot water boiler and all the piping/pumps replaced.

**Belle Coolegge Community Center** - New energy efficient air conditioning (chiller). Age of current system is 30+ years old and typical lifespan is 15-20 years. The Center needs a new chiller and piping.

**Coloma Community Center** (circa 1923) - Window replacement. Center has original windows and needs new energy efficient windows throughout. Old windows are worn out and the frames, mullions and casing have dry rot.

**Camp Sacramento** - Exterior lighting. Existing lighting at camp is 15 years old and at the end of its useful life. Currently, the controls are inoperative, burned out and inefficient. Project would involve replacement of exterior lighting including lamps, fixtures, ballasts, and controls.

Total cost for these improvement projects would be \$1,019,134 and staff recommends that the City utilize 2006 Workforce Housing Reward Grant Program to cover these costs.

**Attachment 4**

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING THE USE OF FUNDS FROM THE 2006  
WORKFORCE HOUSING REWARD GRANT FUNDS FOR  
THE CITY'S DEFERRED FACILITY MAINTENANCE (C13000500)  
CAPITAL IMPROVEMENT PROGRAM (CIP)**

**BACKGROUND**

- A. On May 14, 2002, the City Council adopted an Infill Strategy (Resolution 2002-279) and directed Staff to pursue a State Workforce Housing Reward (WFH) Program grant to support infill development and neighborhood revitalization.
- B. The WFH program is a three-year, statewide, non-competitive formula-based grant for local jurisdictions and is overseen by the State Housing and Community Development Department (HCD).
- C. The WFH grant requires that projects must result in the construction, rehabilitation or acquisition of a capital asset and provide a community benefit.
- D. In 2007, the City received \$2,239,134 from the WFH program, which was \$1,019,134 more than anticipated.
- E. The City's Deferred Facility Maintenance Program projects listed in Exhibit A are important community assets and improvements to these facilities are consistent with the requirements of the WFH program.
- F. The State Department of Housing and Community Development has approved the use of WFH Reward Program grant funds for the projects listed in Exhibit A.
- G. As a result of the State budget situation all State grant funds are currently frozen. Given the State's fiscal challenges it is uncertain when the City will receive reimbursement for the WFH Program grant projects. However, staff does expect to receive these funds once the State is able to sell bonds again given the existing contract that the City has with the State for these funds.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. The WFH Reward Program grant funds shall be used to deliver the deferred maintenance projects included in Exhibit A.

- Section 2. The City's Deferred Facility Maintenance Program (C13000500) Capital Improvement Project (CIP) is amended to include a \$1,019,134 revenue and expenditure budget for the State WFH Grant funds (Fund 3704) for the projects listed in Exhibit A.
- Section 3. A General Fund project reserve in the City's Deferred Facility Maintenance Program shall be established to backfill the State WFH Grant funds. The funding for the reserve will be established from current (FY2009/10) and future (FY2010/11) CIP allocations subject to budget approval to backfill the State WFH Grant funds.
- Section 4. Staff shall report back to the City Council when the State grant funds are received to discuss the use of the General Funds set aside in the Deferred Facility Maintenance Program reserve. Staff encourages Council at that time to consider using such funds for critical shovel-ready development efforts in the Central Business District.

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Exhibit A – Project List

**Exhibit A**

<b>Proposed 2006 Workforce Housing (WFH) Grant Program Projects</b>	<b>Proposed WFH Funds</b>	<b>Council District</b>
<b>Proposed General Services Projects (1/2009-4/2010)</b>		
Robertson Community Center -- Fire Alarm System Renewal		2
Sacramento History Museum – Heating, Ventilation and Air Conditioning (HVAC), and Humidity Control		1
Belle Cooleage Community Center -- HVAC		4
Camp Sacramento -- Lighting Replacement		N/A
Coloma Community Center -- Replace Windows		6
<b>Grand Total:</b>	<b>\$1,019,134</b>	