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MAR 17 2009

by City Manager's Office  
*Memorandum*

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** Information and Update on the  
Healthy Neighborhoods Venture Fund

**DATE:** 3-11-09

Approved

Date

3-17-09

### INFORMATION

In light of the recent discussions regarding the Healthy Neighborhoods Venture Fund (HNVF) at the February 18 Rules & Open Government Committee, this memo intends to clarify prior City Council directions regarding HNVF's funding process and timeline.

Governance—The Healthy Neighborhood Venture Fund (HNVF) program was established by the City Council in 2000 and is funded by the Tobacco Master Settlement Agreement (MSA), which is an agreement between certain cities (including San Jose), 46 States and the major tobacco companies regarding the marketing and consumption of tobacco products.

Per Council action in June 2000, tobacco settlement receipts are deposited as revenue in the Anti-Tobacco Master Settlement Agreement Revenue Fund and allocated through an annual process. Historically, \$9-\$11 million has been received annually. An advisory committee was formed and codified in the Municipal Code (Attachment A) to oversee the HNVF program. This advisory committee, the Healthy Neighborhood's Leadership Committee, is responsible for making recommendations to the City Council, including recommendations for the disbursement of HNVF grants. Ultimately, the City Council determines and approves the use of HNVF monies.

Acceleration of HNVF Allocation Process—As reported to the Neighborhood Services & Education Committee (NSE) in April 2007 and the City Council in June 2007 (Attachments B and C), the Parks, Recreation & Neighborhood Services Department (PRNS) instituted contract management changes in early 2007 to avoid the large number of delayed contracts and payments to community-based organizations (CBOs) that occurred in prior funding years. In 2007, the Leadership Committee accepted staff funding recommendations on April 18 so that those recommendations could be included in the May 1 Proposed Budget. This accelerated process allowed contract negotiations to begin two months earlier so that HNVF partners agencies had ready-to-sign contracts by July 1, 2007.

2009 Revised Allocation Timeline —The 2009 HNVF timeline has been administratively adjusted to allow additional time for this first competitive process using the Results-Based Accountability funding methodology (similar to San Jose BEST). At the same time, contracts for agencies should still be prepared by July 1, 2009.

The revised timeline attempts to balance the following interests:

- Maintain the value-added role of the Healthy Neighborhoods Leadership Committee in the review/recommendation process;
- Maximize the City Council’s open discussion regarding HNVF in the context of the City budget process;
- Provide maximum notice to CBOs for their own budget processes; and
- Provide ready-to-sign contracts to partner agencies before services commence on July 1, 2009.

2009 Revised Allocation Timeline

Milestone	Original Schedule	Revised Schedule
HNVF Applications Due	Jan 12	Jan 12
Application Screening and Rating Process	Jan 15—Feb 27	Jan 15—Mar 20
Proposal Ratings Released to the Healthy Neighborhoods Leadership Committee	March 2	April 2
Acceptance of Ratings by Healthy Neighborhoods Leadership Committee	March 19	April 16
Funding Recommendations Introduced into Budget Process	May 1 (Proposed Budget)	Mid-May (MBA)
City Council Approval of 2009-10 Funding Allocations	June 16	June 16

While proposal ratings are scheduled to be publicly released on April 2 and accepted by the Healthy Neighborhoods Leadership Committee on April 16, the eventual funding recommendations (i.e., dollar amounts for each agency) will be determined by the City Council through the public budget hearings and ultimately approved through the City Council’s action in June 2009 to approve the 2009-10 Budget.

Potential Tobacco Settlement Surplus —As noted in the General Fund Structural Deficit Elimination Plan (December 2008), the State of California anticipates an increase in MSA money over the next several years (<http://caag.state.ca.us/tobacco/settlements.htm>). The 2010-14 Preliminary Five-Year Forecast (November 2008) assumes that the 2009-10 surplus will be used to address the HNVF Fund’s cash flow needs (per the HNVF Fund Balance Policy, Attachment


HONORABLE MAYOR AND CITY COUNCIL

March 11, 2009

**Subject: Update on Healthy Neighborhoods Venture Fund**

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D). Beginning in 2010-11, the surplus is estimated to provide a \$1.2 million benefit to the General Fund and a forecasted \$1.6 million ongoing benefit beginning in 2011-12.

  
ALBERT BALAGSO  
Director of Parks, Recreation and  
Neighborhood Services

For questions or additional information, please contact Jay Castellano at 535-3571.

**ATTACHMENTS:**

- A. Anti-Tobacco Master Settlement Agreement Revenue Fund Municipal Code
- B. June 2007 Neighborhood Services and Education Committee Memo
- C. June 2007 Council Action
- D. HNVF Fund Balance Policy

**Chapter 4.80 FUNDS 14**

**Part 33 ANTI-TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE FUND**

Sections:

- 4.80.1800 Anti-tobacco master settlement agreement revenue fund established.
- 4.80.1810 Source of moneys.
- 4.80.1820 Interest.
- 4.80.1830 Expenditures.

**4.80.1800 Anti-tobacco master settlement agreement revenue fund established.**

There is hereby established a special fund designated as the "Anti-Tobacco Master Settlement Agreement Revenue Fund."

(Ord. 26140.)

**4.80.1810 Source of moneys.**

All of the following moneys shall be placed in and credited to the anti-tobacco master settlement agreement revenue fund:

A. All moneys received by the city as its share of the national master settlement agreement of the case entitled People of the State of California, ex rel Daniel Lunqren, et al. v. Phillip Morris Inc., et. al.

B. All moneys which the city council from time to time may transfer to or order to be placed in or credited to the anti-tobacco master settlement agreement revenue fund.

(Ord. 26140.)

**4.80.1820 Interest.**

All interest which accrues from moneys placed in and credited to the anti-tobacco master settlement agreement revenue fund shall be placed in and credited to a separate account within this fund. Moneys from this separate interest account may be expended only after all settlement proceeds have been received by the city and only for the purposes set forth in Section 4.80.1830 below.

(Ord. 26140.)

**4.80.1830 Expenditures.**

Moneys in the anti-tobacco master settlement agreement revenue fund may be expended only for the following purposes:

A. Anti-tobacco programs. Twenty-five percent of the settlement proceeds collected in any fiscal year shall be expended for existing or new anti-tobacco programs, including but not limited to licensing of tobacco sales, law enforcement, code enforcement, anti-tobacco public education or marketing, anti-smoking and smoking cessation programming, and healthcare programs.

B. Education. Fifty percent of the settlement proceeds collected in any fiscal year shall be expended for new education programs or expansion of existing education programs, including, but not limited to, art and music education, homework centers, mentoring, school safety, gang prevention/intervention centers, and healthcare programs.

C. Seniors. Twenty-five percent of the settlement proceeds collected in any fiscal year shall be expended for healthcare programs or new senior programs or the expansion of existing senior programs, which may include an element of anti-tobacco programming, and for senior discount programs for city provided services.

1. City funded senior programs may include, but are not limited to: nutrition programs, senior adult day care, elder abuse protective services programs and senior housing programs.

2. City senior discount programs may include discounts for sewer, garbage, transit, recreation, and other services or programs either provided by the city or sponsored by the city for its residents.

3. For the purposes of this section, the term discount shall mean the reduction of a fee or charge in any amount, up to and including a 100% reduction.

(Ord. 26140.)

## **4. COMMUNITY & ECONOMIC DEVELOPMENT**

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### **4.2 Approval of fiscal actions for the Casa Feliz Studio Apartments Project. (Cont'd.)**

- (d) Authorizing the City Manager or other authorized officers to execute and, as appropriate, to negotiate, execute and deliver these bond documents and other related bond documents as necessary.

CEQA: Mitigated Negative Declaration, File No. PDC05-020. Council District 3. SNI: University. (Finance/Housing)  
**Resolution No. 73800 adopted.**

### **4.3 Approval of a funding commitment for an Affordable Housing Facility for low-income youth.**

**Recommendation:** Adoption of a resolution approving amendments to a funding commitment to the Unity Care Group for an affordable-housing facility for low-income youth who are aging out of foster care:

- (a) Changing the number of units to be purchased and rehabilitated by the Unity Care Group to seven affordable housing units for low-income youth aging out of foster care and one unit for a resident monitor; and
- (b) Increasing the grant amount from \$1,700,000 to \$2,125,000, including \$1,650,000 for the acquisition of the four-plexes at 115 and 109 Roundtable Drive and \$475,000 for improvements to the properties.

CEQA: Exempt, File No. PP06-199. Council District 2. SNI: Edenvale/Greater Oaks. (Housing)  
**Resolution No. 73801 adopted.**

## **5. NEIGHBORHOOD SERVICES**

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### **5.1 Report of the Neighborhood Services and Education Committee Councilmember Chirco, Chair No Report.**

### **5.2 Approval of actions related to the Healthy Neighborhood Venture Fund Contract Management.**

**Recommendation:** Acceptance of the report on Healthy Neighborhood Grants Contract Management and the HNVF transition to a Results Accountability Model beginning with the FY 08-09 grant cycle. CEQA: Not a Project. (Parks, Recreation and Neighborhood Services)

[Neighborhood Services and Education Committee referral 5/10/07 – Item 5.1(d)]  
(Deferred from 5/22/07 – Item 5.2)

**Report accepted.**



# Memorandum

TO: HONORABLE MAYOR AND  
CITY COUNCIL

FROM: Mark Linder

SUBJECT: HNVF GRANTS CONTRACT  
MANAGEMENT

DATE: May 24, 2007

Approved

Date

5/24/07

SUBJECT: CONTRACT MANAGEMENT UPDATE – HEALTHY NEIGHBORHOOD  
VENTURE FUND (Neighborhood Services and Education Committee  
5/10/07 – Item 4)

## RECOMMENDATION

Accept the report on Healthy Neighborhoods Grants Contract Management and the HNVF transition to a Results Accountability Model beginning with the FY 08-09 grant cycle.

## BACKGROUND

The City Council heard a staff report on Gaps Analysis for social service programs in San Jose at its May 2, 2006 Council meeting. The Council requested that the HNVF committee consider using a "San Jose BEST" approach to its grant allocation. At its May 10, 2007 meeting, the Neighborhood Services and Education Committee received a report indicating that the HNVF Committee was adopting this approach known as Results Based Accountability this coming fiscal year for implementation in the FY 08-09 grant cycle. The NSE committee felt this action should be cross-referenced to the full Council along with the information about HNVF contracts streamlining. The Committee report is attached.

MARK LINDER  
Deputy City Manager

attachment



# Memorandum

TO: NEIGHBORHOOD SERVICES  
AND EDUCATION COMMITTEE

FROM: Albert Balagso

SUBJECT: CONTRACT MANAGEMENT  
UPDATE—HEALTHY  
NEIGHBORHOOD VENTURE FUND

DATE: April 25, 2007

Approved

Date

May 1, 2007

## INFORMATION

On April 18, 2007, the Healthy Neighborhood Venture Fund (HNVF) Advisory Committee approved the 2007-2008 funding recommendations made by the Parks, Recreation and Neighborhood Services (PRNS) Department. Those recommendations will be forwarded to the City Council for inclusion in the final Adopted Budget.

In preparation for the 2007-08 funding cycle, PRNS has instituted important improvements to ensure that contracts with partner agencies are prepared by July 1, 2007, avoiding the large number of late contracts and payments that occurred earlier in 2006-07. This memorandum describes those improvements below.

On April 12, 2007, the Housing Department similarly reported improvements to the Community Development Block Grant (CDBG) contract management and application processes. For your reference, the Housing Department's memo for the April 12 presentation is attached.

## ACCELERATED FUNDING RECOMMENDATIONS & CONTRACT NEGOTIATIONS

This year, PRNS recommended that the HNVF Advisory Committee accept staff's funding recommendations at its April meeting. This compares to prior year's processes in which funding recommendations were presented in April and approved in May. This change will accelerate the Manager's Budget Addendum through which the HNVF Advisory Committee's recommendations are forwarded to the City Council.

Also, PRNS staff began the contract negotiations process following the April 18, 2007 Administration Recommendation and Committee Working meeting. In prior years, contract negotiations typically began after the City Council's June adoption of the new fiscal year's budget.

These two efforts have already accelerated the contract negotiations process by two months compared to prior years. PRNS' goal is to prepare all new contracts for the agencies' review and



approval by July 1, 2007, contingent on the Council's approval of the HNVF Committee's funding recommendations.

### STAFFING

Effective in 2006-07, the HNVF Committee and the City Council approved the addition of two Analysts to increase the capacity of the HNVF staff, which now totals seven employees. This staff increase will allow the team to handle more compressed deadlines, especially during the contract negotiations phase; increase the team's mid-contract monitoring capacity; and ensure the timeliness of mid-contract payments.

### CHANGES FOR 2008-2009

Results-Based Accountability—As the City Council directed in the 2006-07 Adopted Budget, the HNVF Committee approved the migration to a results-based accountability (RBA) funding model (similar to the BEST funding model) for 2008-09. In this funding model, the HNVF Committee and staff will be matching pre-prioritized community needs with pre-qualified service providers. This change will contribute to timely contracts and payments in that the workload under this model can be spread more evenly throughout the funding year, and the required consultant/independent evaluator will assume aspects of the work now performed by staff.

Multi-Year Funding—Under the RBA model, contracts with service providers will be scheduled on rolling three-year cycles. Requests for qualifications (RFQ) and contract negotiations will occur on a certain three-year cycle for one category of programs and on a different three-year cycle for the second category of programs. This change will contribute to timely contracts and payments in that the workload for RFQs and contract negotiations will be spread over three years and shared with the consultant/independent evaluator.

### CONCLUSION

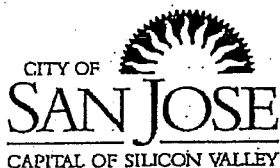
PRNS will continue to evaluate the contract development and payment processes. The goal of the HNVF process is to streamline these processes and remove unnecessary practices to deliver a more efficient and responsive grant service.



ALBERT BALAGSO  
Director of Parks, Recreation  
and Neighborhood Services

ATTACHMENT

Distributed on:



SENT TO COUNCIL: MAR 09 2007

Memorandum by City Manager's Office

TO: HONORABLE MAYOR  
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: CDBG FUNDING  
RECOMMENDATIONS

DATE: March 9, 2007

Approved

*Ray Winters*

Date

*3/9/07*

### INFORMATION

Each year, the City of San Jose receives entitlement funding from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program (CDBG) to carry out a wide range of community development activities that revitalize neighborhoods, provide economic development opportunities, improve community facilities, and offer public/ community services. For the 2007-08 Fiscal Year, the City anticipates the receipt of an estimated \$10.3 million in CDBG entitlement funding.

According to HUD requirements, no more than 20% of CDBG funds can be used for administrative costs, and no more than 15% can be used for "public services" activities. The remainder is devoted to community development activities. By policy, the City has reserved the entire public services funding pot for activities proposed by community-based organizations (CBOs). Additionally, the City has funded fair housing activities administered by CBOs out of the administrative cost category. Both City and CBO projects are funded out of the remaining community development funding.

Applications for FY 07-08 funding were submitted by CBOs in January. Award recommendations are being announced this week. The good news is that CDBG staff is recommending that 50 of the 58 applications submitted receive funding (or 86%). This memorandum provides background information on the process for making CDBG awards, as well as information about the staff recommendations.

### Program Administration

Administration of the CDBG Program was transferred to the Housing Department in July of 2006. Since that time, a number of programmatic changes have been made to strengthen program administration and simplify the application process. These efforts will continue over the course of the next several months, and are being coordinated with efforts being made

throughout the City to strengthen grant management activities. An evaluation of the effectiveness of the changes made to date will take place this summer.

### FY 07-08 Application Process

Following is a discussion of this year's funding process. As mentioned above, program staff will be evaluating the process this summer to make appropriate revisions in time for the FY 08-09 application process.

- One Year Time Frame—This year's application is for a one-year period. For construction projects, applicants needed to demonstrate that their projects can be completed within the one-year timeframe, ending June 30, 2008.

In prior years, projects were awarded CDBG funds for two- or three-year periods. While this method of funding has some advantages, it limits the flexibility of the program to respond to changes in community needs and provides limited opportunity for new applicants to participate in the program. Additionally, it has resulted in approval of some projects that are at very preliminary stages, and that have encountered problems resulting in long delays or project cancellation. This puts the City in a vulnerable position, as HUD requires that funds be spent within a certain timeframe.

- Funding—A number of projects funded over the past three years were cancelled in recent months. The funds that had been allocated for these projects have been rolled into the FY 07-08 application process. So, in addition to the \$10.3 million in anticipated CDBG entitlement funding, as well as \$1.6 million in program income (repayments of housing rehabilitation and economic development loans), there is approximately \$4 million in carry over funding available for award. The total available is estimated at \$15,913,709.

The amount available by activity is as follows:

- Administration (including Fair Housing and Planning Activities)-- \$2,382,742
  - Public Services--\$1,787,056
  - Revolving Loan Funds (rehabilitation and economic development)-- \$1,600,000
  - Community Development Activities-- \$10,143,911
- Application Process for City Projects— In prior years, City projects applied at the same time as CBOs, filling out the same application and following the same timeframe and application process. To streamline the process for both City Department applicants and CDBG staff reviewers, this year's process was changed so that City applications were not in direct competition with CBO applications.

To ensure that selection of City projects was objective and in line with City priorities, the following process was developed:

- Funding for City projects was projected at a level equal to the average of the past five years of CDBG expenditures for Community Development activities. That

five-year analysis revealed a CDBG expenditure breakdown of 40.25% for non-City projects and 59.75% for City projects. A goal was set to allocate FY 07-08 funds in the same ratio.

(Note: As it turns out, however, fewer eligible CBO project proposals were received than anticipated, and the percentage breakdown was not a factor. See discussion on CBOs below.)

- A City Project Selection Team (Team) was convened, comprised of the Directors of the following City Departments: Housing; Transportation; Public Works; Planning, Building and Code Enforcement; Parks, Recreation and Neighborhood Services; the Office of Economic Development; the Library; the SNI Program; the City Manager's Office; and the Redevelopment Agency.
  - The Team set the following priorities for funding based upon established City and CDBG priorities: projects that furthered the City's economic development efforts, and those that improved neighborhoods through the Strong Neighborhood Initiative or new Initiative areas
  - Each team member brought forward proposals for discussion and evaluation, and a list of recommended projects was developed.
  - Program managers for each project submitted project descriptions and budgets to the CDBG staff for determination of eligibility.
- Application Process for CBO Projects— The application process and the application itself were streamlined. A previously required public presentation on the project was eliminated.

A Notice of Funding Availability (NOFA) was published on December 7, 2006 for all CBO applications under either the public service or community development categories. Fifty-Eight (58) proposals were received. Proposals were reviewed in the following manner:

- Teams of two CDBG staff analysts reviewed and independently scored proposals according to a range of detailed criteria, which had been provided in advance to potential grantees.
- A separate team of CDBG staff reviewed program audits to determine whether there were organizational concerns that might impact the CBO's ability to carry out the project.
- Members of the Housing and Community Development Advisory Commission (HCDC) formed a Task Force that reviewed CBO applications, rating them High, Medium, Low or Not Recommended.
- Subject-matter-experts reviewed the proposals for feasibility, reasonableness of costs, and past performance of applicants. This is especially important for construction projects, which must be evaluated to determine the feasibility of the project cost, scope and timeline.
- Lists of proposals were shared with other CDBG funding jurisdictions (County of Santa Clara; Cities of Sunnyvale, Milpitas, Santa Clara, Campbell, and Mountain View) to discuss duplication of service and past performance of applicant agencies, among other issues

- Lists of proposals were shared with other City funding programs, including the Healthy Neighborhood Venture Fund, Housing Trust Fund, and the Office of Economic Development to determine duplication of service and past performance of applicant agencies, among other issues.
- Housing Department senior management then reviewed the results of the various group analyses. When information from all sources aligned, the numeric rating of the CDBG teams was confirmed and used to rank the proposals. When information from some sources conflicted, the proposals were reviewed once more, more information was solicited, and a final ranking of the proposals was determined.

The goal of the Housing Department in reviewing these proposals was to fund as many eligible proposals as possible, given the amount of funding available and the constraints on the use of the funds imposed by HUD. However, there are some eligible proposals that will not be funded unless other funds become available.

### Recommendations

The following discussion breaks down the recommendations for the 58 applications.

- Eligible Public Service Applications—All but one of the applications submitted by CBOs were deemed eligible for funding. Based on available funding, we are recommending:
  - 37 applications receive CDBG funding. For those activities that have been funded in past years, the recommendation is to fund at last year's level. All applications are being recommended at a minimum grant amount of \$25,000.
  - Three applications be funded by the Housing Trust Fund instead of CDBG. These were all new applicants for CDBG and proposed activities that align with City objectives and were otherwise eligible for funding under the Housing Trust Fund.
  - Four applications be in line for funding, should new CDBG funding become available over the course of the year.
- Fair Housing Applications—Both applications received for fair housing activities are being recommended for funding at last year's CDBG grant level.
- Community Development Applications—Ten of the 13 applications received under this category are recommended for funding. Two are not recommended, and one was deemed ineligible due to performance problems.

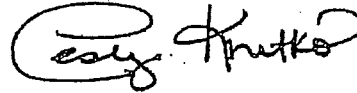
To summarize these recommendations, program staff is recommending approval of 50 (47 from CDBG and three from the Housing Trust Fund) of the 58 applications submitted by CBO agencies.

### Next Steps

Announcements to applicants will be mailed on Friday, March 9, 2007. Applicants may appeal the decisions to the Director of Housing. The list of recommended projects will be presented to

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Subject: CDBG Funding Recommendations  
March 9, 2007  
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the HCDC at its meeting of March 15th, and will be presented to the City Council as part of the draft Consolidated Plan on April 3<sup>rd</sup> and May 8th.



Leslye Krutko  
Director of Housing

Attachments

**Public Service Applications - Total Available**

<b>Agency*</b>	<b>Funding Request</b>	<b>Funding Recommendation</b>
Fresh Lifelines for Youth	\$45,000	\$38,701
Fresh Lifelines for Youth	\$50,000	\$33,565
Community Technology Alliance	\$25,000	\$25,000
Senior Adults Legal Assistance	\$72,348	\$72,348
Outreach and Escort	\$60,000	\$40,048
Next Door Solutions to Domestic Violence	\$85,500	\$75,508
Loaves & Fishes Family Kitchen	\$28,696	\$25,000
Law Foundation of Silicon Valley	\$31,992	\$25,000
Emergency Housing Consortium	\$65,000	\$50,149
Catholic Charities of SCC	\$73,842	\$55,341
Ethiopian Community Services Inc.	\$40,000	\$30,290
Portuguese Org. for Social Svcs. & Oppr.	\$131,772	\$101,142
Bill Wilson Center	\$36,448	\$34,712
Santa Clara University	\$30,000	\$26,531
Second Harvest Food Bank	\$25,000	\$25,000
Live Oak Adult Day Svcs.	\$31,484	\$28,971
Innvision the Way Home	\$40,000	\$29,506
MACSA	\$112,514	\$112,513
MACSA	\$114,144	\$114,144
Catholic Charities	\$35,000	\$27,313
Innvision the Way Home	\$25,000	\$25,000
Next Door Solutions to Domestic Violence	\$45,000	\$32,193
MACSA	\$34,153	\$26,824
Innvision the Way Home	\$50,000	\$40,786
Sacred Heart Community Services	\$75,000	\$25,000
YWCA of Silicon Valley	\$150,000	\$131,420
Family Supportive Housing	\$30,000	\$28,889
Respite and Research	\$30,335	\$29,478
Health Trust	\$25,000	\$25,000
Vietnamese Voluntary Foundation (VIVO)	\$55,000	\$49,328
Silicon Valley Independent Living Center	\$25,079	\$25,000
Santa Clara County Asian Law Alliance	\$44,698	\$44,395
Catholic Charities	\$100,000	\$74,473
Legal Aid Society	\$150,000	\$112,863
Deaf Counseling Advocacy and Referral Agency (DCARA)	\$45,000	\$27,588
Vietnamese Voluntary Foundation, (VIVO)	\$35,000	\$25,000
Community Partners for Youth	\$275,000	\$93,000
<b>Totals</b>	<b>\$2,328,005</b>	<b>\$1,787,019</b>

\*In order of proposal ranking

**CDI and Administration**

<b>Administration, Planning and Fair Housing (Total Available)</b>	
Administration- Housing Department	\$1,330,300
Administration- Finance Department	\$216,431
Administration- Planning	\$48,803
Planning - SNI	\$404,339
Public Works - ADA Survey	\$50,000
Project Sentinel- Fair Housing	\$228,550
Legal Aid - Fair Housing	\$101,394
<b>Total</b>	<b>\$2,379,817</b>

**Funds Remaining For CDI** **\$11,746,873**

<b>CBO Applications for CDI Awards</b>	
Rebuilding Together Silicon Valley	\$95,000
San Jose Conservation Corps	\$225,241
Lenders for Community Development	\$204,000
Santa Clara Co. Black Chamber	\$76,726
Santa Clara Co. Black Chamber	\$96,503
San Jose Conservation Corps	\$275,000
InnVision	\$100,000
San Jose Conservation Corps	\$175,000
<b>Total</b>	<b>\$1,247,470</b>

<b>City CDI</b>	
OED - Small Business Incubator	\$300,000
OED - Enterprise Zone Marketing Fund	\$100,000
OED - Shopping Center Improvement Pilot	\$300,000
OED - Small Business Revolving Loan Fund	\$1,000,000
DOT - Curb Cuts, SNI	\$550,000
DOT - Sidewalk rehabilitation, SNI	\$160,000
PW - Streetlight Upgrades	\$150,000
DOT - Traffic Signal, Burbank SNI	\$406,100
LIBRARY - Smart Start Program	\$271,210
HOUSING - Rehabilitation Program	\$2,500,000
PCBE - Code Enforcement	\$3,009,697
PRNS - Anti-Graffiti	\$653,785
PRNS - Lanti-Litter	\$166,023
HOUSING - Homeowner Energy Conservation	\$500,000
HOUSING - ADA Rehabilitation Projects	\$400,000
<b>Total</b>	<b>\$10,466,815</b>



**Proposals Not Currently Scheduled For CDBG Funding in FY 2007-08**

**Public Service Applications**

**Agencies Recommended for Funding through Housing Trust Fund**

Unity Care Group  
Neighborhood Housing Services of Silicon Valley  
S.C.C. Housing Authority, Family Self Sufficiency

**Agencies whose ranking fell below funding cap. Will fund if future CDBG funds become available**

Eastfield Ming Quong  
Catholic Charities, Young Women's Empowerment  
Alliance for Community Care  
Support Network for Battered Women

**Agencies not recommended for funding**  
Cupertino Community Services

**Reason for Not Funding**

Ineligible for CDBG. Funds requested were to replace former City funds for the same project.

Women's Initiative for Self Employment

Proposal rated low by all reviewers. Will recommend they review their program and apply again in future funding cycle.

**CDI Applications**

**Agencies not recommended for funding**  
Yu-Ai Kai

**Reason for Not Funding**

Construction project could not be completed within recommended timeframe. Agency advised to reapply in next funding cycle

Economic and Social Opportunities (ESO)

Financial audits indicate growing deficits and significant problems related to accounting records and procedures. Significant difficulty with prior CDBG contracts in obtaining documentation supporting reimbursement requests. Other funding jurisdictions report similar difficulties and concerns.

4.3 (Cont'd.)

Action: Upon motion by Council Member Cortese, seconded by Council Member Williams and carried unanimously, Resolution No. 73801, entitled: "A Resolution of the Council of the City of San José Approving Amendments to a Funding Commitment to the Unity Care Group for an Affordable Housing Facility for Low-Income Youth Who are Aging Out of Foster Care; (A) Changing the Number of Units to be Purchased and Rehabilitated by the Unity Care Group to Seven Affordable Housing Units for Low-Income Youth Aging Out of Foster Care and One Unit for a Resident Monitor; (B) Increasing the Grant Amount from \$1,700,000 to \$2,125,000, including \$1,650,000 for the Acquisition of the Four-Plexes at 115 and 109 Roundtable Drive and \$475,000 for Improvements to the Properties", was adopted. (10-0.)

**NEIGHBORHOOD SERVICES**

- 5.2 Acceptance of the report on Healthy Neighborhood Grants Contract Management and the HNVF transition to a Results Accountability Model beginning with the FY 08-09 grant cycle. CEQA: Not a Project. (Parks, Recreation and Neighborhood Services) [Neighborhood Services and Education Committee referral 5/10/07 – Item 5.1(d)] (Deferred from 5/22/07 – Item 5.2)

Documents Filed: (1) Memorandum from Deputy City Manager Mark Linder, dated May 24, 2007, recommending acceptance of the report. (2) Memorandum from Agenda Services Manager Nadine Nader, dated May 14, 2007, transmitting the report from the Neighborhood Services and Education Committee.

Motion: Council Member Chirco moved acceptance of the Staff recommendations. Council Member Campos seconded the motion.

Director of Housing Leslye Krutko responded to Council questions.

Deputy City Manager Mark Linder summarized the Healthy Neighborhood Grants Contract Management Report and responded to Council questions.

Action: On a call for the question, the motion carried unanimously and the Healthy Neighborhood Grants Contract Management Report and the HNVF transition to a Results Accountability Model beginning with the FY 08-09 grant cycle were accepted. (10-0.)

- 5.4 (a) Adoption of the following Appropriation Ordinance Amendments in the Subdivision Park Trust Fund:
- (1) Establish an appropriation to the Department of Public Works in the amount of \$154,000 for the Tuscany Hills Parks and Neighborhood Trail Turnkey Project;
  - (2) Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$771,000 for the KB Home Reimbursement for Tuscany Hill Parkland Fees Project;
  - (3) Decrease the Reserve: Communications Hill by \$925,000.

## **5. NEIGHBORHOOD SERVICES**

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### **5.2 Approval of actions related to the Healthy Neighborhood Venture Fund Contract Management.**

**Recommendation:** Acceptance of the report on Healthy Neighborhood Grants Contract Management and the HNVF transition to a Results Accountability Model beginning with the FY 08-09 grant cycle. CEQA: Not a Project. (Parks, Recreation and Neighborhood Services)

[Neighborhood Services and Education Committee referral 5/10/07 – Item 5.1(d)]  
(Deferred from 5/22/07 – Item 5.2)

### **5.3 Approval of actions related to the Northside Community Center Request for Proposal.**

Memo from Councilmember Liccardo

**Recommendation:**

- (a) Reject the proposal submitted by Asian American Recovery Services, Inc. in response to the Request for Proposals to operate the Jacinto “Tony” Siquig Northside Community Center (NCC).
- (b) Acceptance of the staff recommendation to continue City oversight of the facility as a permanent solution.
- (c) Refer on-going funding for City operations at NCC to the FY 2008-09 budget process. CEQA: Not a Project. Council District 3. SNI: 13<sup>th</sup> Street. (Parks, Recreation and Neighborhood Services)  
(Deferred from 3/13/07 – Item 5.3 and 4/3/07 – Item 5.2)

**TO BE HEARD IN THE EVENING**

### **5.4 Approval of fiscal actions for the Tuscany Hills Park and Neighborhood Trail Turnkey Project.**

**Recommendation:**

- (a) Adoption of the following Appropriation Ordinance Amendments in the Subdivision Park Trust Fund:
  - (1) Establish an appropriation to the Department of Public Works in the amount of \$154,000 for the Tuscany Hills Parks and Neighborhood Trail Turnkey Project;
  - (2) Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$771,000 for the KB Home Reimbursement for Tuscany Hill Parkland Fees Project;
  - (3) Decrease the Reserve: Communications Hill by \$925,000.
- (b) Approval of a Turnkey Park Agreement with KB Home, South Bay, Inc., for Planned Development Permit PD03-022, associated with Tentative Map No. PT00-152.

CEQA: Resolution No. 70194. Council District 7. (Parks, Recreation and Neighborhood Services)

## HEALTHY NEIGHBORHOODS VENTURE FUND FUND BALANCE POLICY

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### Background

The Fund Balance Policy is important to the HNMF Fund because of the fund's unique cash flow needs. HNMF funds are dispersed to contracting CBOs beginning in the first month (July) of each fiscal year while each year's Tobacco Settlement revenues are received from the State in the tenth month (April) of each fiscal year. Though the fund begins each fiscal year with over \$6 million in the fund balance, it is depleted by February or March of each year, requiring a short-term \$1.5 million loan from the Sewer Connection Fee Fund until the State revenue is received.

### Purpose

The purpose of the fund balance policy is to direct that the fund balance be maintained to address HNMF's cash flow needs. Further, in anticipation that revenues will exceed the current level of allocations, staff is directed to further develop this policy to determine uses for unallocated amounts beyond the fund's cash flow needs.

### Policy

- Ensure adequate unallocated fund balance to address the HNMF Fund's cash flow needs