



February 14, 2014

Mark H. Rees, City Manager
 City Hall
 389 Congress Street
 Portland, Maine 04101

Dear Mr. Rees,

We are pleased to submit the CDBG Annual Allocation Committee's recommended budget allocations for Year 40 of the Community Development Block Grant (CDBG).

On a national level, funding for the Community Development Block Grant has decreased by approximately 1.3% this year. The budget listed below is based upon an estimated 1.3% cut in funding from Year 39 (2013-2014). HUD has already received their allocations and we are expecting to receive final budget numbers soon.

CDBG ALLOCATION	Year 39 FY 13-14	Year 40 FY 14-15	Difference in Dollars
Planning and Administration Cap	\$394,110	\$411,698	\$17,588
Social Service Cap	\$639,277	\$636,961	(\$2,316)
Development Activities	\$1,037,162*	\$896,833	(\$140,329)
TOTAL Allocation	\$2,070,549	\$1,945,492	(\$125,057)

**The Development Activities amount for Year 39 includes \$100,000 of funds reallocated from contingency.*

Based on Council approval, a portion of this year's Social Service and Development Activities funding will go toward a new initiative, the Employment Development Program. The amount of funding available for our annual CDBG process is in the far right column. Funding recommendations for the Employment Development Program will be presented through a separate venue.

CDBG ALLOCATION	Year 40 FY 14-15	Employment Development Program Funds	Amount of CDBG Funds Available for Annual Requests
Planning and Administration Cap	\$411,698	\$0	\$411,698
Social Service Cap	\$636,961	\$100,000	\$536,961
Development Activities	\$896,833	\$300,000	\$596,833
TOTAL Allocation	\$1,945,492	\$400,000	\$1,545,492

As in past years, the need for CDBG funding continues to exceed the amount of funds available. The total dollars requested is \$3,950,044 resulting in a gap of \$2,404,552 between CDBG funds available for annual requests and the total amount of annual requests. As in prior years, we were faced with difficult choices in this year's recommendation process and struggled with which applications to recommend for funding. The Committee stayed focused on the scoring criteria in order to be fair to all applicants.

The following sections of this letter outline our funding recommendations. The first section explains the history and progress Portland's CDBG Program has undergone over the last four years. The second section provides a description of this year's process, how the applications were reviewed and scored, and finally our recommendations for funding.

HISTORY AND CURRENT STATUS OF THE CDBG PROGRAM

Over the last six years, the CDBG program has undergone significant review. This review resulted in changes to the allocation process as summarized below.

In 2008 the following steps were implemented:

Council Order 70-7/08 (HCD Task Force Ten Point Plan)

- Creation of the CDBG Priority Task Force
- Creation of the CDBG Annual Allocation Committee
- Funded projects are to be completed within two years of award

In 2009 the following steps were implemented:

Council Order 70-7/08 (HCD Task Force Ten Point Plan)

- CDBG Application process is to comply with the City's Purchasing Ordinance

Council Order 91-08/09 (CDBG Priority Task Force Recommendations)

- Application and scoring reflect the goal of building strong, self sustaining neighborhoods by having applications address the priority impact areas and guiding principles.

In 2010 the final recommendations by the CDBG Priority Task Force were implemented, including:

Council Order 91-08/09 (CDBG Priority Task Force Recommendations)

- \$20,000 minimum request.
- Small grants in the amount of \$7,500 are available to social services for capacity building and to small businesses micro-enterprises for technical assistance
- Social service basic needs set aside for up to 10% of the HUD allocated CDBG grant
- Social service multi-year initiatives requests guidelines defined and encouraged
- Economic development job creation request guidelines defined
- The administration and planning request would be presented to and reviewed by the Committee, but would not be voted upon in a competitive environment

In 2011, the Council further reviewed the program and the implementation of all of the recommendations. Based on this review, the City Council implemented the following changes:

- *Eliminate* the small grants award of \$7,500 made available to social services for capacity building and to small businesses micro-enterprises for technical assistance
- *Eliminate* the social service basic needs set aside, previously set to be up to 10% of the HUD CDBG allocation
- *Lower* the minimum grant request from \$20,000 to \$10,000

- *Create* a maximum grant request per applicant:
 - \$150,000 for Social Service applicants
 - \$250,000 for Development Activities applicants
- *Create* a Maximum Cumulative Grant Allocation for City Applications
 - 45% of funding available for Social Services
 - 85% of funding available for Development Activities
- *Create* an economic development set aside/ cap for job creation for \$100,000
- *Create* a Priority Focus for Program Year 2011-2012:
 - For Social Services additional points can be allocated for applications meeting the Work and Shop priority criteria
 - For Development Activities additional points can be allocated for projects located in Libbytown, Census Tract 20.02

2012 Minor adjustments

- Based on pressure and direction from HUD we will be paying our grantees based on a cost per unit of service. Each applicant has provided a cost per unit of service. Funded applicants will be submitting funding requisitions and be paid based on the number of units provided and persons served. This does not apply to construction projects.
- Staff will be administering bonus and penalty points on the applications.
- Priority for Social Service applications is child care. Priorities for Development Activities are job creation and projects located in Libbytown or Census Tract 20.02.

2012 Priority Task Force focused priorities even further:

- To create Sustainable Workforce Development Program(s) that move Portland residents out of poverty into sustained employment and financial stability.
 - 1) Invest in businesses with Portland locations to enable them to expand and create jobs, as eligible by HUD regulations.
 - 2) Provide a continuum of services to increase a Program Participant's professional capacity, financial stability, and ability to maintain employment, through: career advancement services, financial stability and job retention support services.
- Place Program Participant's in newly created sustainable Portland-based jobs.

2013 Working Group determined how to implement the Priorities of the 2012 Task Force:

- Invest 1) in businesses to create net new jobs or 2) to create microenterprise businesses (businesses with less than 5 employees where the owner is LMI Portland)
- Fill 66% of the net new jobs with low to moderate income (LMI) Portland residents.
- Priority will be given to applicants that will hire or serve more LMI Portland residents, homeless persons, New Americans, or single-parent head of households will be given preference.
- Set aside \$400,000 (\$300,000 in Development Funds and \$100,000 in Social Service Funds) for the new Workforce Development Initiative now renamed the Employment Development Program.
- Fund at least two applicants
- Funding requests can be for two years

- Tracking of jobs will be for two years after job creation or microenterprise creation
- Success will be evaluated based on return on investment (CDBG investment vs. increase of income of new employees/ business owners)
- The first round of funding will begin in 2014.

2014 Minor adjustments

- Priority for ALL Social Service and Development Activity applications is child care and basic needs. These applications will all receive an additional three bonus points.
- There is a set aside of \$150,000 for Community Policing
- Penalty points were reduced: errors are only 0.25 points, and blanks are not penalized.
- The Employment Development Program received a \$400,000 set aside, including \$300,000 from Development Activities and \$100,000 from Social Services

THE PROCESS AND REVIEW

CDBG Applications were available on October 15, 2013. The mandatory applicant's meeting was held on October 16, 2013 at 7:00pm in Merrill Rehearsal Hall. All applications were due on Tuesday November 19, 2013 at 10:00am.

We received twenty-one (21) Development Activities applications and fifteen (15) Social Service Applications, along with an Administration and Planning request of \$393,910, for a total of \$3,950,044 in funding requests.

There was a total of \$2,369,027 of Development Activity requests with \$596,833 available, and \$827,097 of Social Service requests with \$536,961 available.

The Allocation Committee Review and Funding Methods

Our Committee first met for this funding year on December 19, 2013. The Committee met seven (7) times to discuss Administration and Planning, Development Activities and Social Service applications.

The Committee read each application individually prior to the meeting. At the meeting the Committee would discuss each proposal. If questions arose, staff forwarded them to the applicant to answer. The answers were then forwarded back to the Committee.

Applications were organized by score from the highest to the lowest within each category. The City Council has directed the Committee to recommend full funding based on request for all applications; therefore each applicant was awarded full funding, until the funding was exhausted.

RECOMMENDATIONS

Administration and Planning Funding

The Committee reviews information regarding Administration and Planning, but does not score the application competitively. Administration funding is essential for operating the CDBG program and

reporting to HUD. The Planning & Urban Development Department submitted a budget of \$393,910 and the Committee is recommending full funding.

Organization	Program	Request	Points	Comm. Recomm
Planning & Urban Development Department	Administration	\$393,910	NA	\$393,910

Development Activities Funding

The Committee received twenty-one (21) Development Activities applications, requesting a total of \$2,369,027 and \$596,833 was available. The City Council's *85% Rule for Development Activities* is still in place, which specifies that a maximum of 85% of the Development Activity funding can go to fund City applicants, the remaining 15% must go to outside requests. This rule did not affect the Committee's recommendations this year. The following table outlines the highest scoring applications, their requests and the recommended allocation from the Committee.

Organization	Program	Request	Points	Comm. Recomm.
Living with Peace <i>Application # 21</i>	Portland Micros	\$15,000	89.9	\$15,000
Learning Works <i>Application #20</i>	Renovation of Historic Property at 181 Brackett Street	\$70,700	88.94	\$70,700
Portland Food Co-Op <i>Application #22</i>	Portland Food Co-Op Grocery Store, Job Creation	\$60,000	88.65	\$60,000
Preble Street* <i>Application #3</i>	Preble Street Resource Center Rehabilitation and Healthcare for the Homeless Clinic Floor Replacement***	\$173,060	87.48	\$64,493/ \$108,567**
COP Public Services <i>Application #10</i>	North Boyd Street Multiuse Trail Phase II	\$110,000	85.98	\$110,000
COP Public Services <i>Application #13</i>	St John. Valley Streetscape Phase III Final	\$210,504	84.05	\$183,073

* These applications received a three (3) point bonus for addressing a Basic Need.

**In light of recent funding changes for the Healthcare for the Homeless Program, the Committee feels strongly that if *the decision to close* the Healthcare for the Homeless Clinic is made *before* the start of the fiscal year (July 1, 2014), funding *should not be awarded* to Preble Street for renovation and floor replacement in the building located at 20 Portland Street, the space for the Healthcare for the Homeless Clinic. If this closure occurs, the Committee recommends funding *only* the Preble Street Resource Center Rehabilitation portion of the project at \$64,493. This leaves \$108,567, the portion for the Healthcare for the Homeless Floor Replacement project, unallocated. Therefore the

Committee recommends funding the next two highest scoring applications: Milestone Shelter Bathroom Renovation for \$21,778 and Public Services Oxford Street Crossing and Elm Street Crossing project with the remaining \$86,789 (of \$248,375 requested). If either project cannot go forward at this amount the Committee recommends funding the next highest scoring project that can begin and be completed in a timely manner.

If additional funds are available through contingency the Committee recommends funding the next projects in order, based on their score.

The City puts a ten year mortgage on all non-profit renovation projects to ensure that the space continues to be used for eligible purposes.

Social Service Funding

The Committee received fifteen (15) Social Service applications, including a multi-year request from Milestone Foundation for the H.O.M.E. Team and a \$150,000 request from Community Policing which will be funded through a set-aside. There is \$827,097 of Social Service requests with \$536,961 available. The City Council’s *45% Rule for Social Services* is still in place, which specifies that a maximum of 45% of the Social Service funding can go to fund City applicants, the remaining 65% must go to outside requests. This rule did not affect the Committee’s recommendations this year. The following table outlines the highest scoring applications, their requests and the recommend allocation from the Committee.

Organization	Program	Request	Points	Comm. Recomm
COP Police Development	Community Policing	\$150,000	Set-aside	\$150,000
Preble Street*	Resource Center	\$45,000	97.54	\$45,000
Preble Street*	Food Programs	\$50,000	96.13	\$50,000
Opportunity Alliance*	Access to Basic Needs: Winter Heat and Summer Food	\$62,400	95.51	\$62,400
Preble Street*	Teen Center	\$30,000	95.42	\$30,000
Catherine Morrill/ Youth and Family Outreach***	Childcare Assistance Program	\$89,432	95.1	\$89,432
Preble Street*	Florence House	\$30,000	92.98	\$30,000
COP Social Service Division*	After Hours Emergency Assistance Program	\$34,000	92.39	\$34,000
COP Healthcare for the Homeless	Behavioral Health Program	\$111,149	90.99	\$46,129

* These applications received a three (3) point bonus for addressing a Basic Need.

*** These applications received a three (3) point bonus for providing Child Care.

If the Healthcare for the Homeless Clinic closes prior to the start of the fiscal year (July 1, 2014), the committee recommends this funding, in the amount of \$46,129, be directed to the next highest scoring applicants identified on the scorecard attached who are able to deliver the services outlined in their application.

BONUS POINTS

Social Services

The Committee discussed the bonus points that were awarded this year to both Childcare and Basic Needs. According to the application Basic Needs is defined as “programs that respond to an acute need where no other options exist and such a response is temporary in nature.” The Committee feels that this definition is so broad that it removes the Committee’s discretion to effectively score applications. Nine (9) of the fourteen (14) social service applications qualified to receive an additional three (3) bonus points (8 for basic needs and 1 for childcare). Three bonus points makes a significant impact on the resulting scores when the difference between receiving funding and not receiving funding falls to a tenth or one-hundredth of a point. If Basic Needs, or any Priority Impact Area, receives three (3) additional bonus points it effectively ensures that those applications have a high likelihood of being funded, while other highly needed applications are at a significant disadvantage. Seven (7) of the eight (8) applications being recommended for funding by the committee (based on score) received Basic Needs or Childcare bonus points. Only one applicant who received the bonus points did not receive a recommendation for funding.

The Committee recommends that there be NO bonus points for social service applications for next year.

Development Activities

This is the first year that Development Activity applications received the same bonus points as Social Service applicants, for Basic Needs and Childcare. Five applicants received additional bonus points. The Committee feels strongly that these types of bonus points should not apply to Development Activity applications.

The Committee recommends limiting bonus points to location only for Development Activity applications, where the location compliments a larger City initiative.

SUMMARY

All projects that requested funding would be beneficial to our City, however due to limited dollars, not all were recommended for funding through this program. This is a competitive process; each applicant competed against all other applicants. The projects that are not being recommended for funding scored lower in the each of the evaluation categories, and therefore in total points. A spread sheet is attached which provides all scores for each application. A summary book has also been provided to you, and staff can provide full applications if requested. Please refer to the spreadsheet and Summary Book for more information.

As always, the Committee will continue to look for ways to improve the efficiency, effectiveness and transparency of the program. We welcome comments, suggestions, and feedback both from the Council and the public.

We thank you for your commitment to this program and your patience through its transition. We hope you are satisfied with the results.

We are especially grateful for our appointments to the Annual Allocation Committee, providing us with the opportunity to participate in this program, and offer our recommendations for your consideration. We look forward to seeing you on March 10 and 17 and hearing your response.

Sincerely,

The CDBG Annual Allocation Committee for Program Year 2013-2014
Funding Year 2014-2015

Karma Crawford, Chair
Jeremy Gabrielson, Vice Chair
Maxwell Chikuta
Wendy Harmon
Rhonda Juneau
Jeff Schwartz
Victoria Szatkowski
Jackie Wiegleb

Attachments: CDBG Allocation Committee Funding Recommendations 2014-2015 (spreadsheet)

**CDBG Applicants, Requests, and Funding Recommendations
Program Year 2014-2015**

SUMMARY OF APPLICANTS 2014-2015				Priority Impact / Goal	Guiding Principles	Partner/ Collab	Capacity to Deliver	Focus Area Bonus	Penalty	Total	Committee Recomm Funding	City Manager's Recomm	Council Allocation
Cat.	PII	Applicant	Program/Project	Request	20 pts	35 pts	15 pts	30 pts					
1	AP	ALL	COP Planning & Urban Dev Dept	CDBG Administration and Planning	\$393,910							\$393,910	
Total Administration Request				\$393,910								\$393,910	\$0
					20 pts	35 pts	15 pts	30 pts			Total Administration Total	\$393,910	\$0
21	DA	WS	Living with Peace	Portland Micros	\$15,000	17.25	31.64	14.13	26.88	0.00	0.00	89.90	\$15,000
20	DA	WS	Learning Works	Renovation of Historic Property at 181 Brackett St.	\$70,700	16.63	30.63	14.25	27.43	0.00	0.00	88.94	\$70,700
22	DA	WS	Portland Food Co-Op	Portland Food Co-Op Grocery Store	\$60,000	16.85	31.01	14.57	26.22	0.00	0.00	88.65	\$60,000
3	DA	BN	Preble Street	HCH Clinic Floor Replacement & Preble Street Resource Center Rehab	\$173,060	17.39	30.96	13.13	23.25	3.00	0.25	87.48	\$173,060
10	DA	MA	COP Public Services	North Boyd Street Multiuse Trail Phase II	\$110,000	16.89	30.89	11.25	26.95	0.00	0.00	85.98	\$110,000
13	DA	MA	COP Public Services	St John/Valley Streetscape Phase III	\$210,504	17.76	30.77	11.63	23.89	0.00	0.00	84.05	\$183,073
5	DA	BN/SN	Milestone, Inc.	Shelter Bathroom Renovation	\$21,778	17.63	30.77	6.00	26.40	3.00	0.00	83.80	
11	DA	MA	COP Public Services	Oxford Street Crossing & Elm Street Sidewalk	\$248,375	17.76	31.26	11.50	23.00	0.00	0.00	83.52	
4	DA	BN/SN	Milestone, Inc.	Air Quality Improvement	\$9,656	16.37	29.77	6.56	26.95	3.00	0.25	82.40	
14	DA	MA	COP Public Services	West Commercial Street Trail, Beach St. to Harborview Park	\$171,050	16.38	28.39	11.00	25.64	0.00	0.00	81.41	
8	DA	MA	COP Public Services	Libbytown-Park Avenue Pedestrian Accessibility	\$238,325	17.26	29.01	11.50	22.89	0.00	0.00	80.66	
16	DA	SN	COP Public Services	Big Belly Solar Compactor Deployment	\$50,000	16.88	30.02	7.25	26.42	0.00	0.00	80.57	
12	DA	MA	COP Public Services	Portland St. Streetscape, Forest to Brattle	\$245,000	17.01	30.38	10.88	22.14	0.00	0.00	80.41	
19	DA	WS	Catherine Morrill Day Nursery	Frontage Restoration Project	\$85,389	15.07	27.14	8.25	26.35	3.00	0.00	79.81	
7	DA	MA	COP Public Services	ADA Curb Ramps	\$48,000	17.76	29.39	11.13	20.26	0.00	1.00	77.54	
9	DA	MA	COP Public Services	Monument Square ADA Accessibility Improvements	\$64,000	17.26	29.76	11.25	20.02	0.00	1.00	77.29	
15	DA	SN	COP Public Services	Congress Street Lighting & Bike Climbing Lane	\$210,000	15.13	26.39	11.38	22.51	0.00	2.00	73.41	
17	DA	SN	COP Public Services	CDBG Tree Planting	\$15,000	15.00	28.51	7.38	22.14	0.00	1.00	72.03	
18	DA	SN	Committee to Restore the Abyssinian Meeting House	Abyssinian Meeting House	\$250,000	13.32	24.89	8.75	22.38	0.00	0.00	69.34	
2	DA	BN	Park Medical Bldg Owner's Assn	Improvement of Entry and Windows	\$43,200	13.00	26.19	8.63	19.89	3.00	2.00	68.71	
6	DA	HS	Machigonne Community Land Trust	Machigonne 1	\$30,000	14.13	21.76	10.75	15.51	0.00	0.00	62.15	
Total Development Request				\$2,369,037									
Total Development Available				\$596,833							Total Allocated Development	\$596,833	\$0

