



**WORKSESSION
LACEY CITY COUNCIL
THURSDAY, JUNE 4, 2015
7:00 – 8:30 P.M.
LACEY CITY HALL, 420 COLLEGE STREET SE**

AGENDA

- 7:00** **INDIRECT COST RECOVERY PLAN**
PETER MOY, FCS GROUP
(VERBAL REPORT-NO ATTACHMENT)
- 8:00** **INTERLOCAL AGREEMENT RELATING TO**
CDBG ENTITLEMENT PROGRAM
SCOTT SPENCE, CITY MANAGER
(ATTACHMENT)
- 8:30** **ADJOURN**




LACEY CITY COUNCIL WORKSESSION

June 4, 2015

SUBJECT: City of Lacey/Thurston County Community Development Block Grant Entitlement Program Interlocal Cooperation Agreement and Memorandum of Understanding

RECOMMENDATION: Adopt an amended Urban County Community Development Block Grant (CDBG) Entitlement Program Interlocal Cooperation Agreement, and renew an existing Memorandum of Understanding (MOU), between the City of Lacey and Thurston County to establish eligibility to receive federal Housing and Urban Development (HUD) funding.

STAFF CONTACT: Scott Spence, City Manager 

ORIGINATED BY: City Manager's Office

ATTACHMENTS:

1. [Letter from Thurston County Board of Commissioners dated May 15, 2015.](#)
2. [Amended Interlocal Cooperation Agreement between Thurston County and City of Lacey to Participate In and Receive Funds under the Federal Community Development Block Grant Entitlement Program](#)
3. [Memorandum of Understanding for Governance, Decision Making and Administration of the Community Development Block Grant Program](#)

FISCAL NOTE: If approved by Council, and ultimately funded by Congress, Lacey will be eligible to receive approximately \$825,000 in Housing and Urban Development (HUD) CDBG funding in 2017 to apply toward local projects benefitting low- and moderate-income residents.

PRIOR REVIEW: This is the first review of the proposed amended interlocal agreement and renewal MOU. However, the agreement and MOU are closely modeled after the current documents.

BACKGROUND: In 2012, Council authorized the City Manager to enter into an interlocal cooperation agreement with Thurston County to participate in and receive funds under the Federal CDBG Urban County Entitlement Program for the years 2013-2015, as well as an MOU regarding governance of such a program.

Under the agreement, the CDBG funding rotates every 3 years among Thurston County (including south county communities), the City of Lacey, and the City of Tumwater.

While the existing cooperation agreement automatically renews for the 3-year period encompassing 2016 through 2018 unless the City or County provide notice they don't wish to participate, HUD has implemented new language regarding the selling, trading, or transferring of CDBG funds among cities, counties, units of local government, Indian Tribes, and insular areas that needs to be incorporated into the agreement. The new language is included within paragraph 15 of the amended agreement.

ADVANTAGES:

By participating in a regional CDBG program in Thurston County, the City of Lacey has access to a predictable source of revenue to help low- to moderate-income households. The program is an outstanding way to leverage local dollars to provide critical community facilities and services that benefit low- and moderate-income residents.

Under the current 3-year agreement, CDBG-funded projects in the City of Lacey included:

- \$382,786 for the Housing Authority of Thurston County to acquire and preserve of affordable rental housing
- \$250,000 for HomesFirst! to acquire and renovate affordable rental housing
- \$46,879 for Community Youth Services to provide weatherization and upgrades to transitional housing
- \$156,845 for services support at the Monarch Children's Justice and Advocacy Center (Community Action Council)
- \$68,729 for services support at South Puget Sound Community College's Camo-to-Credit program.

DISADVANTAGES:

No disadvantages are foreseen.



COUNTY COMMISSIONERS

Cathy Wolfe
District One

Sandra Romero
District Two

Bud Blake
District Three

BOARD OF COUNTY COMMISSIONERS

May 15, 2015

Scott Spence, City Manager
City of Lacey
420 College St SE
Lacey, WA 98503

Subject: CDBG Urban County Renewal Agreement (FY 2016-2018)

Dear Mr. Spence,

As you are aware, Thurston County was designated a CDBG Urban County by the US Department of Housing and Urban Development (HUD). The County and partner Cities and Towns signed three year Interlocal Cooperation Agreements in August of 2012 covering the federal fiscal years 2013-2015.

The original Interlocal Agreement signed in 2012 automatically renews to consecutive three (3) year terms but before the end of each three (3) year term, the County must notify the Cities and Towns in writing of its right not to participate in the Urban County for the successive three (3) year term.

In accordance with the Urban County Qualification Notice issued by HUD on April 17, 2015, this letter provides notice to the City of Lacey informing you of your right to not participate in the CDBG Urban County for a successive three (3) year term including Federal Fiscal years (2016-2018). If you choose to not participate in the Urban County CDBG program, provide written notice to the County by June 19, 2015.

The County is proposing to continue the partnership for the next three (3) federal fiscal years (2016-2018).

If you choose to continue this partnership and participate in the next three year term covering Federal Fiscal years (2016-2018), please:

1. Provide a resolution stating your continued participation (if necessary); and
2. Sign the attached Interlocal Cooperation Agreement and Memorandum of Understanding.

We have updated the dates and HUD has added a new requirement which is listed as number 15 in the attached Interlocal Cooperation Agreement. All other original terms and conditions remain the same.

If you choose to participate as a member of the Urban County, the City:

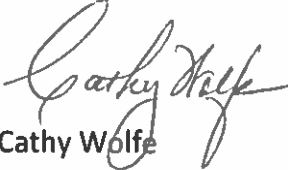
1. May not apply for grants under the Small Cities or State CDBG Programs from appropriations for fiscal years 2016, 2017, and 2018, the years during which the City is participating in the Thurston County CDBG Program; and
2. May receive a formula allocation under the HOME program and through the Urban County; and
3. May receive a formula allocation under the Emergency Solutions Grant Program only through the Urban County.

Please review the terms and conditions and have your authorized representative sign both the Interlocal Cooperation Agreement and the Memorandum of Understanding.

Please return those documents to to the County by July 10, 2015.

If you should have any questions, please contact Gary Aden with our Public Health and Social Services Department. He can be reached at (360) 867-2532 or via email at adeng@co.thurston.wa.us.

Sincerely



Cathy Wolfe
Commissioner

Enclosures

Interlocal Cooperation Agreement
Memorandum of Understanding

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN THURSTON COUNTY AND CITY OF LACEY TO
PARTICIPATE IN AND RECEIVE FUNDS UNDER THE FEDERAL
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT
PROGRAM**

PROGRAM YEARS 2016 – 2018

This Interlocal Cooperation Agreement (hereinafter the “Agreement”) for Community Development Block Grant Funds (hereinafter “CDBG”) is made and entered into by and between Thurston County (hereinafter the “County”), a political subdivision of the State of Washington, and the City of Lacey, (hereinafter the “City”), a municipal cooperation within Thurston County for the purpose of receiving and administering federal funds under the CDBG Entitlement Program. This agreement will become effective upon adoption by the parties and approval by the U.S. Department of Housing and Urban Development (HUD), and will continue until terminated as provided herein.

WHEREAS, a pursuant to Section 104 (b) Title I of the Housing and Community Development Act of 1974, as amended, provides CDBG funds may be used for the support of the activities that provide decent housing and suitable living environments and expanded economic opportunities principally for persons of low and-moderate-income; and

WHEREAS, Thurston County notified HUD of its intent to participate as an Urban County under the CDBG program as the federal fiscal year 2013; and

WHEREAS, HUD has previously determined that Thurston County qualifies as an Urban County and is eligible to become a CDBG Entitlement grantee; and

WHEREAS, the amount of CDBG funds to which the County may be entitled is in part dependent upon the population of other CDBG eligible applicant cities and towns which by this Agreement elect to participate in the CDBG Entitlement Program with the County; and

WHEREAS, the purpose of this Agreement, which is entered into pursuant to, and in accordance with the State Inter-local Cooperation Act, RCW 39.34 is to plan for, and administer the CDBG Program.

NOW, THEREFORE, in consideration of the mutual promises made herein and the mutual benefits received hereunder, the parties agree as follows:

SECTION I: DEFINITIONS:

1. "Party" means a unit of local government that is a signatory to this agreement.
2. "Qualified Urban County" is a county that is eligible to be a CDBG Entitlement grantee. The qualified urban county in this agreement is Thurston County. As a qualified urban county, Thurston County shall assume overall responsibility for ensuring that the funds it receives from the CDBG Entitlement Program are managed in compliance with all applicable HUD requirements.

SECTION II: GENERAL PROVISIONS

1. This agreement covers the County and the City's participation in the federal CDBG Program. The County has the necessary authority to accept CDBG funding as an Urban County to undertake essential and eligible community development and lower income housing assistance activities for the next three (3) Federal Fiscal Years (2016-2018) funded from the CDBG program and from any program income generated from the expenditure of such funds. The County and City agree to cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities.
2. By executing this agreement, each party understands that it:
 - a. May not apply for grants from appropriations under the State CDBG Program for fiscal years during the period in which it participates in the urban county's CDBG program; and
 - b. May receive a formula allocation under the Emergency Solutions Grant (hereinafter "ESG") Program only through the urban county. Provided, however, that this does not preclude the urban county or a unit of government participating with the urban county from applying to the State for ESG funds, if the state allows; and
 - c. May receive a formula allocation under the HOME Program and through the urban county.
3. The term of this Agreement shall be the County CDBG Urban County qualification period of the federal years 2016-2018, commencing on September 1, 2015, and ending on August 21, 2018, unless an earlier date of termination is fixed by HUD, pursuant to the ACT. This Agreement remains in effect until the CDBG, HOME, and ESG funds and program income received with the respect to activities carried out for Program fiscal years 2016, 2017, and 2018 and any successive qualification periods are expanded and the funded activities are completed. The County and the City cannot terminate or withdraw from this Agreement while the Agreement remains in effect.

4. This Agreement automatically renews to consecutive three (3) year terms, unless the County or the City provide written notice at least sixty (60) days prior to the end of the term that it elects not to participate in a new qualification period. A copy of that notice must be sent to the HUD Field Office. Before the end of each three (3) year term, the County will notify the City in writing by the date specified in HUD's Urban County qualification notice for the next qualification period of its right not to participate in the urban county for a successive three (3) year term with a copy of the notification sent to the HUD Field Office.
5. The Parties to this Agreement agree to adopt any amendments to this Agreement incorporating any changes necessary to meet the requirement for Cooperation Agreements set forth in the Urban County Qualification Notice by HUD applicable for a subsequent three (3) year urban county qualification period. Any amendment to this Agreement shall be submitted to HUD as provided in the urban county qualification notice as required and that such failure to comply will void the automatic renewal for such qualification period.
6. The County and the City agree to cooperate to undertake, or assist in undertaking community renewal and lower-income housing assistance activities.
7. The County and the City will take all actions necessary to assure compliance with Thurston County's certification required by Section 104 (b) of the Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws.
8. The County will not use CDBG funding for activities in, or in support of a City that does not affirmatively further fair housing within the City's jurisdiction or that impedes the County's action to comply with the County's fair housing certification.
9. The County and the City have each adopted and are enforcing:
 - a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstration; and,
 - b. A policy of enforcing applicable State and local laws against physically barring entrance to, or exit from a facility or location which is the subject of such non-violent civil rights demonstration within jurisdictions.
10. The County and the City will not obstruct the implementation of the approved Consolidated Plan, the Community Development Plan and subsequent Annual Action Plan(s) during the period covered by this Agreement.

11. The County has final responsibility for conducting CDBG activities and annual filing of non-housing Community Development Plan and Action Plan and required certifications with HUD. The Thurston County HOME Consortium will submit the Consolidated Plan.
12. The County, as recipient pursuant to 24CFR 570.501 (b), is responsible for ensuring that all funds are used in accordance with all program requirements. The use of designated public agencies, sub-recipients, or contractors does not relieve the recipient of this responsibility. The County is also responsible for determining the adequacy of performance under sub-recipient agreements and procurement contracts, and for taking appropriate action when performance problem arise, such as the actions described in 24CFR 570.910.
13. Where the City is participating with, or as part of an urban county, the County is responsible for applying to the City the same requirement of a written agreement as described in 24 CFR 570.503, except that the five-year period identified under 24CFR 570.503 shall begin with the date that a participating City is no longer considered by HUD to be a part of the urban county, instead of the date that the sub-recipient agreement expires.
14. The County and the City may not apply for grants under the Small Cities or State CDBG Programs from appropriations for fiscal years 2016, 2017, and 2018, the years during which the City is participating in the Thurston County CDBG Program.
15. Pursuant to the Consolidated and Further Continuing Appropriations Act, 2015, Pub L. 113-235, a unit of general local government may not sell, trade, or otherwise transfer all or any portion of such funds to a metropolitan city, urban county, unit of general local government, or Indian Tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title 1 of the Housing and Community Development Act of 1974, as amended.
16. The County and the City agree to execute a Memorandum of Understanding (MOU) determining the governance structure, including decision and administrative processes to carry out the terms of this Agreement.
17. This Agreement creates no separate legal entity.
18. Prior to its entry into force, this Agreement shall be filed with the Thurston County Auditor's Office or posted upon the websites of the County and the City as provided by RCW 39.34.040.

19. This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties agree that venue for enforcement of any provisions shall be the Superior Court of Thurston County.

20. This Agreement shall be effective upon the signature by the last of the parties hereto.

Thurston County

City of Lacey

Cathy Wolfe, Chair of Board

Scott Spence, City Manager

Date: _____

Date: _____

Approved as to form:

Approved as to form:

County Prosecuting Attorney:

By: _____

Deputy

By: _____

City Attorney

MEMORANDUM OF UNDERSTANDING for Governance, Decision Making and Administration of the Community Development Block Grant Program

This memorandum of understanding (MOU) is entered into triplicate originals between Thurston County (hereinafter the "County"), a political subdivision of the State of Washington, and the cities of Lacey and Tumwater (hereinafter the "Cities"), municipal corporations within Thurston County, for purposes of defining a governance, decision making and administrative structure to manage the Community Development Block Grant (hereinafter the "CDBG") entitlement funding. These CDBG funds are referenced in the Interlocal Cooperation Agreement (Agreement) between the County and the Cities to participate and receive funds under the federal CDBG entitlement program.

WHEREAS, the County and the Cities have agreed to pursue funding from the Department of Housing and Urban Development (HUD) for CDBG;

WHEREAS, the County and the Cities recognizes the need to create a governance/administrative structure to manage CDBG funding in a fair and equitable way with particular attention paid to meeting both urban and rural needs;

NOW THEREFORE, in consideration of the mutual promises made herein and the mutual benefits received hereunder, the parties agree as follows:

- I. The County shall be the administrator of the CDBG Entitlement Program in accordance with the provisions of the Agreement referenced above.
- II. Decisions for the division of CDBG funding for each year within the three year term of the agreement shall be made by committee consisting of an equal number of representatives from each of the three parties. Provided, however, that over the three year term of the Agreement, each of the parties shall receive CDBG grant funds in an amount equal to the annual allocation of CDBG grant funds unless specifically waived by a party to this agreement.
- III. This Memorandum of Understanding will terminate in coordination with the end date of the Agreement.
- IV. This Memorandum of Understanding creates no separate legal entity.
- V. Prior to its entry into force, this Memorandum of Understanding shall be filed with the Thurston County Auditor's Office or posted upon the websites of the County and Cities as provided by RCW 39.34.040.
- VI. This Memorandum of Understanding shall be governed by the laws of the State of Washington as to interpretation and performance. The parties agree that venue for enforcement of any provisions shall be the Superior Court of Thurston County.

VII. This Agreement shall be effective upon the signature by the last of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed by the dates and signature herein under affixed. The persons signing this MOU on behalf of the parties represent that each has authority to execute this MOU on behalf of the party entering into this MOU.

Thurston County

City of Lacey

Cathy Wolfe, Chair of Board

Scott Spence, City Manager

Date: _____

Date: _____

Approved as to form:

Approved as to form:

Deputy Prosecuting Attorney

Attorney

City of Tumwater

Pete Kmet, Mayor

Date: _____

Approved as to form:

Attorney