



**LACEY CITY COUNCIL
WORKSESSION
THURSDAY, JULY 22, 2021
4:00 – 6:00 P.M.
REMOTE ATTENDANCE**

To comply with Governor Inslee's Proclamation 20-28, the City Council Worksession will be conducted remotely, not in-person. However, you may view the meeting by watching live through Zoom:

Link: <https://us02web.zoom.us/j/86473049082>

The public may also listen to the meeting via telephone by dialing toll-free:

(888) 788-0099 or (877) 853-5247 - when prompted enter Webinar ID **864 7304 9082**

AGENDA

4:00 GOLD STAR MEMORIAL REQUEST FOR SUPPORT

*JERRY WILKINS, GOLD STAR MEMORIAL LACEY
(PRESENTATION)*

4:30 PSE BEYOND NET ZERO CARBON PLEDGE

*MATTHEW MAUER, SENIOR GOVERNMENT AFFAIRS REPRESENTATIVE, PSE
(PRESENTATION)*

5:00 COMMUNITY DEVELOPMENT BLOCK GRANT

*SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER
(PRESENTATION)*

5:30 COUNCIL & COMMITTEE MEETINGS

*SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER
(DISCUSSION)*

6:00 ADJOURN



LACEY CITY COUNCIL WORKSESSION

July 22, 2021

SUBJECT: Community Development Block Grant Funds

RECOMMENDATIONS: 1) Adopt the Urban County Community Development Block Grant (CDBG) Entitlement Program Interlocal Cooperation Agreement between the City of Lacey and Thurston County to participate in and receive funds under the Federal Community Development Block Grant (CDBG) program as an Urban County Entitlement Program for the years 2022-2024

STAFF CONTACT: Shannon Kelley-Fong, Assistant City Manager – Acting City Manager *SKF*

ORIGINATED BY: City Manager's Department

ATTACHMENTS:

1. [Interlocal Agreement between Thurston County and the City of Lacey](#)

FISCAL NOTE: It is anticipated that the City of Lacey would receive \$980,000 in CDBG funds during the next three-year cycle.

PRIOR REVIEW: Lacey City Council Meeting – June 25, 2015
Lacey City Council Meeting – June 3, 2021
Lacey City Council Worksession – July 8, 2021
Lacey City Council Meeting – July 15, 2021

BACKGROUND: In 2012, the Lacey City Council authorized the City Manager to enter into an Interlocal Cooperation Agreement (ILA) with Thurston County to participate in and receive funds under the Federal Community Development Block Grant (CDBG) program as an Urban County Entitlement Program for the years 2013-2015 (“Thurston County Urban CDBG program”) The City Council also authorized the City Manager to enter into a Memorandum of Understanding (MOU) with Thurston County the regarding governance of such a program. Under the agreement, the CDBG funding rotates every three years among Thurston County (including south county communities), the City of Lacey, and the City of Tumwater.

In 2021, the City of Lacey (“City”) met the criteria, having a population of over 50,000, to qualify as a standalone entitlement community. If Lacey were to become an entitlement community it is anticipated that it would receive CDBG funds based on Formula A. HUD also indicated that the other

members of the Thurston County Urban CDBG program would be able to continue as an Urban County CDBG should the City elect to leave the partnership as they met the aggregate preponderance of persons of low and moderate income who reside in the county.

After researching the advantages and disadvantages of being an entitlement community or remaining in the Thurston County Urban CDBG program, City staff recommends remaining in the Thurston County Urban CDBG program.

RECOMMENDATION: Authorize the City Manager to enter into an Interlocal Cooperation Agreement (ILA) with Thurston County to participate in and receive funds under the Federal Community Development Block Grant (CDBG) program as an Urban County Entitlement Program for the years 2022-2024. Lacey projects would be eligible to receive CDBG funds every three-years. The next allocation for Lacey would occur in 2023.

The City will continue dialogue with partner entities on creating a designated permanent housing set-aside through a revised Memorandums of Understanding for Governance, Decision Making, and Administration of the Community Development Block Grant Program (MOU).

Fiscal impact: It is anticipated that the City would receive \$980,000 in CDBG funds during the next three-year cycle.

**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 2022 – 2024

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 (2022-2024) 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 fiscal years 2022-2024, commencing on October 1, 2021, and ending on September 30, 2024, 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 Years 2022, 2023, and 2024 and any successive qualification periods are expended and the funded activities

are completed. The County and the City cannot terminate or withdraw from this Agreement except at the end of each three year qualification period.

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 2022, 2023, and 2024, 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

Tye Menser, Chair of Board

Scott Spence, City Manager

Date: _____

Date: _____

Approved as to form:

Approved as to form:

County Prosecuting Attorney:

By: _____

By: _____

Deputy

City Attorney