

**LEWISTON CITY COUNCIL
BUDGET WORKSHOP AGENDA**

Thursday, March 29, 2018

City Council Chambers

6:00 pm Workshop

Pledge of Allegiance to the Flag.

EXECUTIVE SESSION

ES-1. Executive Session regarding a Legal Matter.

BUDGET WORK SESSION

Police	pgs. 51-53
Drug Enforcement Fund	pgs. 54
Fire	pgs. 55-57
Social Services	pgs. 65
TIFF & LA Arts	pgs. 39 & attached memos
CDBG	attached memos

LEWISTON CITY COUNCIL
MEETING OF MARCH 29, 2018

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. ES-1

SUBJECT:

Executive Session regarding a Legal Matter.

INFORMATION:

The Maine State Statutes, Title 1, section 405, define the permissible grounds and subject matters of executive sessions for public meetings.

APPROVAL AND/OR COMMENTS OF CITY ADMINISTRATOR:

The state statutes outline the issues that will be discussed in executive session.

EAB/Kmm

REQUESTED ACTION:

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To enter into an Executive Session pursuant to MRSA Title 1, section 405(6)(E) to discuss a legal matter.

March 2, 2018

Lewiston City Council
City Hall
27 Pine Street
Lewiston, ME 04240

Dear City Councilors:

On behalf of the board of directors of LA Arts, I am pleased to present our budget package for Fiscal Year 2019, including our request for a grant of \$30,000 from the City of Lewiston. While important changes have taken place at L/A Arts in the past year, our high-quality program offerings and commitment to the arts as a catalyst for community building and economic development are as robust as ever. We are grateful for the City's past support and are pleased to submit a proposal that will allow us to continue strengthening our community through the arts.

As our proposed budget indicates, L/A Arts will continue to coordinate the monthly Art Walk, centered around Lisbon Street and attracting both locals and those from farther away. Last year the average Art Walk brought more than 500 people into the downtown for an evening of art-viewing, art-making, live performance, and patronage of local galleries, restaurants, breweries, and shops. Not only will this important series continue in the coming year, but it will return to its original Final Friday (of the month) calendar position, running from May to October. In addition, plans are underway to enhance the program by adding an arts-focused theme and related performances to several Art Walks -- for example, live music in Art Walk venues one month, dance/creative movement another month, and spoken word poetry another month. We look forward to another lively Art Walk season for our community and seek City support for this important work.

We are also continuing our signature Arts in Education programs, many of which occur in partnership with local schools and after-school programs. Last year's offerings included the

Maine Writes poetry infusion program in Lewiston elementary schools, the Día de los Muertos program at Lewiston Middle School, and the wheat paste mural project with Lewiston High students. In all, over 600 of our City's children and youth benefitted last year from Arts in Education programming cultivated by L/A Arts. This winter we have already added an after-school oil-painting project at the Tree Street Youth Center. While it is tempting to think of the arts as mere "enrichment," national research demonstrates that participation in the arts develops a broad range of skills and improves overall academic performance. Support from the City will bolster our Arts in Education work and contribute to academic success for children and youth in our community.

This year we will complete our Place for Makers program, with funding from the National Endowment for the Arts to be matched from our budget, to help artisan-entrepreneurs establish themselves in our community. We will also reapply to the Maine Arts Commission—this time in collaboration with the LA Metro Chamber of Commerce as well as our fellow arts and culture organizations from both cities—for a grant to implement Cultural Plan L-A, which will give citizens greater access to the arts and culture, support individuals and organizations working in these fields, and promote Lewiston and Auburn as cultural destinations for tourists and as inviting places for employers and employees to relocate.

Innovations planned by L/A Arts in the coming year include greatly expanded use of our Gallery and Downstage spaces for writing workshops, gallery shows, artist talks, film viewings, poetry slams, and live music, among other offerings. These events will target diverse ages, populations, and interests, and many will occur on weekends, when there is always a need for interesting "things to do."

In the past year L/A Arts has transitioned from a staff-focused organization to a project-based one that takes advantage of a committed board and a growing cadre of volunteers. As our proposed budget reflects, we will still need to rely on contract staff for select work such as bookkeeping and curating, but our main focus will be on innovative, high-quality programming that appeals in one way or another to all sectors of our community.

A renewed grant of \$30,000 from the City of Lewiston will allow us to maintain our valued programming while offering the community new programming that revives our traditional role as arts presenter, now with a new emphasis on developing the creativity of our own

citizens and presenting it to the whole community. A strong base of financial support from the City will strengthen our competitiveness as we continue to apply for grants and other sources of funding, many of which require cash or in-kind matches and most of which cannot be used for overhead expenses. We are pleased to note that we are up to date on all liabilities.

My colleagues on the board and I are happy to respond to whatever questions the City Council and staff have about our work, our budget, and our request to the City.

Jim Parakilas
Chair of the Board of Directors,
L/A Arts

LA Arts Funds Request for the City of Lewiston

	FY17 Actual	FY 18 Budget	as of 2/9/18	FY 18	
				Estimated Actual	FY19 Budget
Revenue					
50001 Government & Public Inst Grants	\$ 47,527.00	\$ 82,000.00	\$ 35,138.00	\$ 50,138.00	\$ 67,062.00
50002 Private Grants - Foundations	\$ 35,500.00	\$ 43,750.00	\$ 25,550.00	\$ 32,041.00	\$ 15,625.00
50003 Corporate Donations & Sponsorships	\$ 38,199.00	\$ 57,000.00	\$ 19,649.00	\$ 19,149.00	\$ 15,000.00
50004 Individual Donations	\$ 39,476.00	\$ 20,000.00	\$ 9,751.00	\$ 9,851.00	\$ 7,500.00
50007 Donated Goods	\$ 6,428.00	\$ 3,000.00	\$ 377.00	\$ 377.00	\$ 400.00
50008 Donated Services	\$ 16,423.00	\$ 30,960.00	\$ 1,975.00	\$ 1,975.00	\$ 2,000.00
Total Contributions, Grants & Gifts	\$ 183,553.00	\$ 236,710.00	\$ 92,440.00	\$ 113,531.00	\$ 107,587.00
50201 Advertising	\$ 11,769.00	\$ 13,000.00	\$ 1,879.00	\$ 1,879.00	\$ 1,500.00
50202 Ticket Sales	\$ 1,304.00	\$ 6,800.00		\$ -	\$ 5,000.00
50203 Art Work Sales	\$ 81.00	\$ 1,200.00		\$ -	\$ -
50204 Program Service Fees	\$ 12,285.00	\$ 17,260.00	\$ 6,106.00	\$ 8,671.00	\$ 7,995.00
50205 Administrative Service Fees	\$ 18,536.00	\$ 21,150.00	\$ 1,000.00	\$ 1,000.00	\$ -
50206 Sales Commissions	\$ 4,289.00	\$ 4,300.00		\$ -	\$ -
50400 Other Revenues and Gains	\$ 1,549.00	\$ 2,500.00	\$ 307.00	\$ 311.00	\$ 12.00
Total Program Service Revenue	\$ 49,813.00	\$ 66,210.00	\$ 9,292.00	\$ 11,861.00	\$ 14,507.00
Total Revenue	\$ 233,366.00	\$ 302,920.00	\$ 101,732.00	\$ 125,392.00	\$ 122,094.00
Expenses					
70000 Employee Expenses	\$ 137,937.00	\$ 151,500.00	\$ 32,673.00	\$ 32,673.00	\$ -
70200 Non-Employee Expense	\$ 26,509.00	\$ 25,200.00	\$ 1,732.00	\$ 12,552.00	\$ 58,800.00
70400 Advertising & Promotion	\$ 11,947.00	\$ 31,500.00	\$ 2,603.00	\$ 3,469.00	\$ 3,520.00
70600 Office Expenses	\$ 7,371.00	\$ 12,000.00	\$ 2,846.00	\$ 4,846.00	\$ 5,000.00
70800 Information Technology	\$ 1,880.00	\$ 3,200.00	\$ 964.00	\$ 1,664.00	\$ 2,000.00
71200 Occupancy Costs	\$ 13,670.00	\$ 18,460.00	\$ 9,319.00	\$ 12,787.00	\$ 16,100.00
72400 Insurance Expense	\$ 7,147.00	\$ 7,000.00	\$ 2,901.00	\$ 2,901.00	\$ 2,000.00
72600 Program Production Expenses	\$ 15,116.00	\$ 17,000.00	\$ 5,051.00	\$ 12,821.00	\$ 35,612.00
All Other Expenses	\$ 3,878.00	\$ 16,000.00	\$ 343.00	\$ 769.00	\$ 1,026.00
Total Expenses	\$ 225,455.00	\$ 281,860.00	\$ 58,432.00	\$ 84,482.00	\$ 124,058.00
Net Income	\$ 7,911.00	\$ 21,060.00	\$ 43,300.00	\$ 40,910.00	\$ (1,964.00)

Economic and Community Development

Lincoln Jeffers

Director



WORKSHOP

To: Honorable Mayor and Members of the City Council
From: Lincoln Jeffers
RE: **Proposed CDBG and HOME Budgets and Action Plan**
Date: March 15, 2018

Lewiston is a Community Development Block Grant (CDBG) Entitlement Community. The City receives a Federal grant each year which is to be spent to benefit low to moderate income residents. As with the municipal budget, the City Council decides how CDBG funds are invested each year. However, as a Federal grant, there are regulations and processes which must be abided by in coming to that decision. Following is more detail on CDBG and the process for how those funds are to be spent.

Background

The CDBG program was created in 1974 to help states and communities combat poverty and assist in the development of viable urban communities. It is administered by the Department of Housing and Urban Development (HUD). The overarching goals of the program are to help provide the following, principally for persons of low and moderate income:

- Decent housing
- A suitable living environment
- Expanded economic opportunities

To achieve these goals, CDBG regulations set forth eligible activities and the national objectives that each activity must meet. As a recipient of CDBG funds, Lewiston is charged with ensuring that these requirements are met.

Lewiston has been a CDBG Entitlement Community since 1974 and annually receives a funding allocation directly from HUD based on a formula established by Congress. Other communities in Maine designated as Entitlement Communities are Portland, Bangor, Auburn, Biddeford, and Cumberland County. The State of Maine also receives a funding allocation that is distributed by the state to other non-entitlement communities on a competitive, per project basis each year.

The bulk of Lewiston's CDBG funds are invested in or to the benefit of the residents of a Target Area, Census Tracts 201 -204 (map attached). Historically, the city has used its funds primarily on housing improvements, economic development, infrastructure improvements in the Target Area, and social services. So long as the broad national goals of the program are met there is considerable flexibility in how the funds are spent.

Planning and Goals

As an Entitlement Community, Lewiston must meet significant administrative and reporting requirements from HUD. Among those requirements is developing and adopting a 5 year strategic plan, known as the *Consolidated Plan*, which outlines how CDBG funds will be utilized over the term of the plan. Beginning in the fall of 2014 Lewiston's 7 member CDBG Citizen Advisory Committee (CAC), along with staff and consultant, held six public meetings and numerous interviews with stakeholder groups to identify the most critical eligible needs to which Lewiston's CDBG funds should be targeted. Those discussions informed development of the 2015 -2019 Consolidated Plan, which was approved by the City Council in 2015.

To very briefly summarize, the Plan has 4 high priority, 3 medium priority and 1 low priority goals. They are:

High Priority

- A. Support people in their efforts to transition out of poverty
- B. Prevent homelessness
- C. Improve the safety and energy efficiency of the housing stock
- D. Reduce lead hazards in housing

Medium Priority

- A. Increase neighborhood pride through investment in infrastructure
- B. Promote jobs and economic growth
- C. Create more stable and diverse mixed income neighborhoods

Low Priority

- A. Support Fair Housing and increase housing choice.

The full Consolidated Plan can be viewed on the city's web site at <http://www.lewistonmaine.gov/DocumentCenter/Home/View/151>

HOME Program

Lewiston and Auburn formed a consortium in July 2002 to receive HOME funds from HUD. Traditionally, HOME funds are allocated to communities on an entitlement basis similar to CDBG. However, since the criteria for receipt of a HOME entitlement are different than for CDBG, neither city qualifies to receive HOME entitlement funding on its own. In such cases, HUD allows neighboring communities to apply jointly for these funds. The City of Auburn is the Lead applicant and administers the program for both cities. Unlike CDBG funds, which may be used for a wide variety of project types, HOME funds are designed exclusively to finance affordable housing projects. As with CDBG, the City of

Lewiston's share from the HOME consortium varies annually, but the average allocation is +/- \$150,000 each year.

Funding Levels

The level of funding Lewiston will receive in FY 2019 is uncertain. As was the case with the FY 2018 budget, President Trump's proposed FY 19 budget eliminated the CDBG and HOME Programs. In FY 2018 there was push back from Congress on its elimination, with Senator Collins, Senate Chair of Appropriations, Subcommittee on Transportation, Housing and Urban Development being a strong proponent for continuing funding of these programs. In FY 2018 Lewiston received 1% more in CDBG funding than the prior year (\$800,805 vs. \$792,380). The HOME program was essentially flat funded, with the Consortium receiving \$554 less than the previous year (\$322,787 vs. \$323,341).

HUD has recommended that Entitlement Communities use flat funding from FY 2018 to develop their proposed budgets for FY 2019.

Citizen Advisory Committee FY 2019 Funding Recommendations

HUD regulations caps the amount of funding that can go to social service agencies at 15% of the annual allocation plus the prior year program income. HUD caps the amount of CDBG funds that can be used for Administration and Planning at 20% of the annual allocation plus the current year program income.

In December 2017 the City issued a Notice of Funding Availability and invited social service providers and others to submit requests for CDBG funds. The CAC reviews all requests for funds, interviews the submitting agency or entity, and then scores those applications based on how well each application meets the following criteria:

- a) Supports the 5 Year Strategic Plan and its goals (can score up to 35 points)
- b) Meets a critical unmet need (can score up to 35 points)
- c) Is within the applicants capacity to carry out (can score up to 20 points)
- d) Is cost effective (can score up to 10 points)

The majority of the CAC's time is spent evaluating the agency and public infrastructure requests. The scoring process has evolved and been fine-tuned by the CAC to improve its objectivity.

Attached is the budget showing the CAC's recommendations for the city's CDBG spending in FY 2019. The City received 18 social service agency applications requesting a total of \$309,242 in funding. CAC recommends investing \$157,170 on thirteen social service agencies/programs including \$58,500 to fund one full time position with benefits in Lewiston's General Assistance Office. Lewiston's GA office provides front line assistance to help very low income residents meet their most basic needs, meeting the national objectives of providing decent housing and a suitable living environment.

The CAC developed their funding recommendations for the other 13 agencies based on the following formulas:

For those agencies that scored 91 or above:

Amount requested X score expressed as a % X 70%

For those agencies that scored 88 - 90

Amount requested X score expressed as a % X 60%

For those agencies that scored 84 -86

Amount requested X score expressed as a % X 50%

Agencies that scored below 84 were not recommended for funding.

The one adjustment to the funding formula as outlined above was reducing the amount of funds used in the formula from the \$36,004 requested by Healthy Homeworks in FY 19, to the \$25,440 requested in FY 18. Without this adjustment Healthy Homeworks would receive a disproportionate level of funding compared to other agency requests, reducing the amount of funding available to other agencies by \$5,641. Even with using the prior year as a base for the funding equation, Healthy Homeworks is recommended for the 3rd highest level of funding among the non city agencies.

The recommended level of funding is \$3,774, or 2.34% below HUD mandated 15% agency cap. In calculating the cap the program income is estimated, and, accordingly, staff does not recommend funding all the way up to the cap. If loan repayments are less than projected the cap could be exceeded, which would cause compliance and possible repayment issues with HUD.

Administration

HUD regulations have a 20% cap on CD Office Administration and Planning. The recommended budget includes \$146,830 to fund staff salaries and costs of operation for the Community Development office; which is 6.6% (\$13,331) below the HUD cap of \$202,961. It should be noted that Economic and Community Development Department staff salaries and benefits are paid from a variety of federal grants and TIF agreements and do not affect the General Fund.

Housing

CDBG has been funding a Code Enforcement position dedicated to the target area since FY 2012. The position has played an essential role in identifying and recommending properties to be demolished, working with landlords to improve the quality of the housing stock, and addressing resident concerns. The CAC recommends continuing to fund the position at a cost of \$68,274.

Also recommended for funding is \$102,279 for administration of the city's rehabilitation loan programs. This funding is used for salaries, benefits and office supplies for the staff that promote, intake, and underwrite loans, document and process disbursements for those loans, and report to HUD.

Community Concepts, Inc. (CCI) runs a weatherization program that helps low/moderate income residents weatherize their homes. The CAC recommends \$25,000 be allocated to this program which provides grants to very low income individuals for replacement of roofs, upgrading of electrical systems, or other improvements that must be made to leverage and allow weatherization grant funding to be invested in these owner occupied properties. This program benefits Lewiston's most needy homeowners, many of who are elderly.

Choice Grant Match

Lewiston received notice earlier this month that the city and CCI, as a co-applicant, were awarded a \$1.3 million Choice Neighborhood Planning and Action Grant. Lewiston/CCI's application was among the top three of only six grants awarded nationally out of 30 applications. Lewiston, Los Angeles and Philadelphia each received \$1.3 million in funding. The other three grantee communities were chosen for planning grants of \$350,000.

The grant is to be used to help create a Transformation Plan for the Tree Streets area of the City. The Transformation Plan will engage residents of the area in developing a plan that addresses:

- **Housing-** replace distressed housing in the area with high quality mixed income housing that is responsive to the needs of the surrounding neighborhood
- **People-** improve outcomes of households living in the target housing related to employment and income, health, and children's education
- **Neighborhood-** create the conditions necessary for public and private reinvestment in distressed neighborhoods that result in the kinds of amenities and assets, including safety, good schools and commercial activity that are important to families choices and their community.

At their August 15, 2017 meeting the City Council authorized the City Administrator to apply for a Choice Neighborhood Grant. That council action included the commitment of \$237,500 in cash match to the Choice grant if awarded. The match funding could come from CDBG or other municipal resources. With recent news of the award, Choice grant work is beginning. While the grant period is for 3.5 years, the current strategy is to complete the grant work within 18 months. Doing so would coincide with the timing needed for the city to be eligible to apply for the next anticipated round of Choice Implementation Grants, which historically have provided tens of millions in grant funding to eligible communities.

The CAC recommends that the required match be provided over the course of 2 CDBG funding cycles, with the first funding of \$118,750 from the FY 2019 allocation.

Infrastructure

CDBG regulations allow funding of public infrastructure improvements that will improve the quality of life of residents in the target area.

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TTY/TDD 207-513-3009 • Email: ljeffers@lewistonmaine.gov

City Web Page: www.ci.lewiston.me.us

Potvin Park CAC recommends that \$51,000 be provided to Public Works to fund rehabilitating the basketball court, installation of a cool mister and shade canopy, and new benches and trash receptacles in the park. Potvin Park is located in the CDBG Target Area. CDBG funds were used in 2016 to replace 20+ year old playground equipment in the park. This recommended expenditure will complete renovations to this heavily used playground.

Shane's Inspiration is a universally accessible playground to be built on the site of Marcotte Park. The total estimated cost for Shane's Inspiration is \$771,700. In FY 2017 & 2018 a total of \$175,000 of CDBG funds were approved to buy equipment and do site work. An additional \$36,000 of CDBG funds were allocated for environmental review, engineering and design costs at the park. To date, \$31,379 in private funds has been raised for the park. The equipment has been purchased. To install the equipment a rubberized surface must first be installed. The estimated cost to purchase and install the rubberized surface is \$150,000. It is essential that the rubberized surface be purchased and installed so the first phase of Shane's Inspiration can be completed. It will be the first universally accessible playground in Maine. In discussions between ECD staff and Heather Hunter it was recommended that \$75,000 of the cost of the rubberized surface be funded with CDBG, and the other \$75,000 through bonds. The CAC recommends that \$75,000 of the FY 19 CDBG allocation be used to complete Phase I of Shane's Inspiration.

Sophia's House - The Center for Wisdom's Woman has been working for several years on plans to redevelop 143 Blake Street into a residential recovery community for women who are survivors of incarceration, sex trafficking, prostitution, addiction and/or other similar trauma. Sophia's House will include a two year recovery program with wraparound support services for women and a permanent resident community of women mentors who will sustain basic operating costs and stability in community life at the house.

The building at 143 Blake Street was originally a convent. It will be redeveloped into 11 housing units. Five of the units will be efficiency apartments; the other six will be single room occupancy (SRO) units. The efficiency apartments will be rented to women who will be long term tenants that serve as mentors. The SRO units are intended to provide a safe haven for women coming out of prison, abusive relationships, or that are homeless. Two of the efficiency apartments and all of the SRO's will be available to people at or below 50% of the area median income. Three of the SRO units will be reserved for homeless women.

The total estimated cost of the historic rehabilitation is \$1.675 million. Sophia's House has already received a \$500,000 grant from the Federal Home Loan Bank of Boston. They will fund the project with historic tax credits, private fundraising, other grants, and bank financing. They requested, and the CAC recommends they receive \$150,000 in CDBG funding.

Tree Street Youth Phase II Renovations - In 2017 Tree Street Youth completed a \$1.3 million renovation to 65% of their facility. They requested \$125,000 and received \$87,000 in CDBG funds to assist in that effort.

Of the remaining 4,600 s.f. of their facility, 3,000 s.f. will be demolished, 1,600 s.f. need to be renovated, and 3,600 s.f. of new construction needs to be done to provide programming space for their Pre-K to 5th grade students. The estimated cost of the Phase II improvements is \$950,000.

Tree Street requested \$150,000 in CDBG funding. The CAC recommends \$48,951 in CDBG funding; but with the potential for possibly more or less, as explained below.

Federal Budget Change Strategy

As noted earlier in this memo, the amount of CDBG funds Lewiston will receive in FY 19 has not yet been determined. HUD recommended recipients develop CDBG funding plans based on the FY 18 allocation. They also recommended that a strategy be put in place if the funding approved by Congress is higher or lower than the FY 18 allocation.

Based on the scale of the changes between FY 2017 and FY 2018 (an increase of \$8,425), the CAC recommends that any funds received that are above or below the \$800,805 received in FY 18 be added to or subtracted from the funding recommended for Tree Street Youth.

The only change to this strategy would be if the federally approved budget is decreased to the degree where the recommended funding for agencies and administrations exceeds the 15% and 20% cap for those categories. If that is the case, the CAC will be reconvened to make revised recommendations for the council's consideration.

Other HUD Required Determinations

In addition to approving the CDBG budget, HUD is seeking more detailed explanations of how program income (loan repayments), HOME, and other federal dollars will be used to be articulated in the Action Plan that is submitted to HUD with the CDBG budget. A draft of the Action Plan will be provided at the March 29th council workshop. A public notice announcing availability of the plan and a 30 day public comment period will be published in the Sun Journal on March 31st.

Grant Match Sources

Over the last six months, in addition to the \$1.3 million Choice Planning and Action Grant, Lewiston also received a \$3.4 million Lead Hazard Reduction Demonstration grant and a Healthy Homes Supplemental grant. The lead and Healthy Homes grants are to be used in conjunction to make housing lead safe, well ventilated, and free of mold, vermin, and other contaminants in Lewiston and Auburn. The lead grant accounts for \$3 million of the combined grant award.

The lead grant requires an annual match of \$160,000 over the 3 year term of the grant. Match funds can come from property owner cash matches on loan/grant funds awarded, as well as funds lent to property owners by the city to help them meet their lead grant/rehabilitation loan match requirements. Some of the grant funding will be invested in rehabilitating eligible Auburn apartments, and accordingly, Auburn will be responsible for meeting their proportionate share of the grants match requirement based on the level of funding they receive.

At this stage in the grant process Lewiston does not need to provide funding from FY 19 CDBG allocation to meet our match requirements, but rather can meet the match requirement with owners cash match and loans funded from existing CDBG Revolving Loan program income.

Lewiston has applied for a \$200,000 EPA Brownfield Clean Up Grant to remove asbestos in Bates Mill #5. The city has not yet learned if we will receive a grant. If we do receive the grant it requires a \$40,000 match. The CAC recommends that match be funded with program income that has accumulated in the Revolving Loan Funds

HOME Budget

HUD regulations allow 10% of a HOME allocation for Administration. Auburn as the lead entity in the Consortium receives 4% of the 10% cap of the Consortium's allocation for administration. Lewiston and Auburn equally split the remaining 6% of the total allocation for administration to pay a portion of HOME involved staff salaries and benefits on each side of the river.

HOME funding can only be used to support home ownership assistance, owner occupied housing rehabilitation, tenant based rental assistance, or the creation of new housing for low income households. Lewiston has four long established HOME funded programs:

- Homebuyer Assistance that assist income qualified buyers save for the down payment with a 5:1 city match to private dollars capped at \$5,000 from the city, as well as closing cost assistance,
- Homeowner Rehabilitation Loans of up to \$40,000 for non-emergency repairs, such as HVAC system updates, energy improvements, roof replacement etc.
- Security Deposit Assistance Loans for homeless or at risk of homelessness households
- Support for development of new affordable housing, such as the Lofts at Bates Mill, Hartley Block, Healey Terrace and other similar projects.

Staff has created a new program modeled after a pilot program implemented in Auburn in FY 2018 that is named *Success in School*. The intent of the program is to provide up to two years of rental assistance and supportive services to families with school age children who are homeless or at risk of being homeless in order to keep the children in the same school and a stable home environment.

Attached is the CAC recommended HOME budget. It only shows the Lewiston portion of the HOME allocation. Lewiston is projected to receive \$154,938 in new allocation. The HOME program receives loan repayments from the Homebuyer, Homeowner Rehabilitation, and Security Deposit Programs. Income generated from these programs, or unspent from year to year, does not need to remain in the same program, but rather, can be reallocated annually to programs based on need.

The recommended HOME budget allocates \$36,490 to the Homebuyer program which will support 4 homebuyer with down payment and closing costs of an estimated \$8,000 per buyer. The Homeowner Rehabilitation Program is recommended for \$96,759 in funding to assist 6 homeowners repair their homes at an average cost of \$15,000 per unit. The Security Deposit Program is recommended for \$19,155 in funding which will provide 21 security deposits of \$900 each. The City provided \$325,000 in HOME funding to support the \$12 million Hartley Project. All but \$35,230 of that funding will be expended by the start of FY 2019. The last of the funding will be invested in the project in spring 2019. Lewiston's *Success in School* pilot project is recommended for \$60,825 in funding. The details of the program and partners in its implementation are still being developed and will be brought to the city council for review and approval. It is expected in the first year of the program 5 families will be assisted with security deposit, utility hook ups, and average monthly rental assistance of \$900.

Revolving Loan Funds

Many years ago Lewiston used CDBG funds to initially capitalize two Revolving Loan Funds (RLF); one for the city's residential loan programs and another for the commercial programs. The RLF's were intended to be self-perpetuating, with loan repayments being used to recapitalize the loan programs. The RLF programs worked pretty well. The residential RLF currently has a balance of \$248,750 and currently generates approximately \$10,000 monthly in program income. The commercial RLF has a balance of \$369,325 and generates approximately \$7,000 monthly in program income.

Recent changes in HUD regulations have made administration of the RLFs more challenging. Under HUD regulations Entitlement Communities cannot have more than 1.5 times their annual allocation plus program income unspent 60 days before the end of the program year. This is known as the Timeliness Cap. In January 2017 Lewiston learned that program income accumulated in RLFs would now be included in that calculation, which it had not before. Lewiston had a combined total of \$1,165,136 in the RLFs. With this high balance of program income Lewiston exceeded the Timeliness Cap. To meet the cap by May 1, 2018 the City Council has gone through the public process required to reallocate \$394,500 from the commercial RLF to fund public infrastructure projects in the CDBG Target Area that would help the city meet the Timeliness Cap. However, the best laid plans are sometimes set awry. The City recently and unexpectedly received \$150,000 in loan payoffs that have put us at risk of not meeting the Timeliness Cap for a second year. This puts the City at risk of losing a portion of its CDBG funding.

It is recommended that rather than separately tracking the residential and commercial RLFs, that they be combined into one RLF. Doing so will simplify bookkeeping for finance, and will no longer require a council action to move funds from one RLF to the other when demand requires it.

Projects that staff expect to be funded from the RLFs in FY 2019 include:

- \$300,000 in downtown rehabilitation projects that will utilize the facade and life safety commercial programs
- \$71,000 lead loans that will count as match to the grant
- \$70,000 to leverage additional weatherization and lead work
- \$125,000 rehabilitation loans on 1-4 unit properties

Conclusion

The CAC takes considerable time and care in developing their recommendations for the City Council. Their deliberations are always engaged and spirited with many viewpoints expressed. Their challenge is significant. The CAC's goal is to make recommendations to invest these scarce dollars in ways that will provide the most benefit to the city and its low to moderate income residents, following the guidelines of the *Consolidated Plan*.

While the CAC makes recommendations, the final decision on how CDBG dollars are invested is the City Council's.

I look forward to our discussion at the March 29th Workshop.

The council is scheduled to take final action on the CDBG and HOME budgets and the CDBG Action Plan at the May 1st council meeting.

	Budget FFY 2017 that includes PI	FFY 2017 Carryover at YR End	FFY 2017 PI at YR End	FFY 2017 Funds Available at YR End	FFY 2018 New Allocation	FFY 2018 Budget	FFY 2018 Projected Income
Activities							
Administration (10%)							
Salaries & Benefits	\$ 9,900.00	\$ 3,500.00		\$ 3,500.00	\$ 9,684.00	\$ 13,184.00	
Sub-Total Administration	\$ 9,900.00	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 9,684.00	\$ 13,184.00	\$ -
Programs							\$ -
Homebuyer	\$ 35,000.00	\$ 6,889.95	\$ 5,022.72	\$ 11,912.67	\$ 24,577.00	\$ 36,489.67	\$ 5,022.72
Homeowner Rehab	\$ 104,426.38	\$ 23,007.51	\$ 7,368.84	\$ 30,376.35	\$ 24,622.00	\$ 96,759.35	\$ 7,368.84
Success in School with Stable Housing					\$ 60,825.00	\$ 60,825.00	
Security Deposit Assistance	\$ 17,000.00	\$ 13,618.00	\$ 5,536.50	\$ 19,154.50	\$ -	\$ 19,154.50	\$ 5,536.50
Rental Housing - Hartley Block	\$ 350,000.00	\$ 47,500.00		\$ 47,500.00	\$ 35,230.00	\$ 35,230.00	\$ -
HOME -Owner Rehab Coop	\$ 20,312.56	\$ (6,491.20)		\$ (6,491.20)			
Sub-Total Programs	\$ 526,738.94	\$ 84,524.26	\$ 17,928.06	\$ 102,452.32	\$ 145,254.00	\$ 248,458.52	\$ 17,928.06
Total Budget	\$ 536,638.94	\$ 88,024.26	\$ 17,928.06	\$ 105,952.32	\$ 154,938.00	\$ 260,890.32	\$ 17,928.06

Goals:

HOMEBUYER ASSISTANCE	4 homebuyers with downpayment and closing cost assistance @ average of \$8,000 per unit
HOMEOWNER REHABILITATION	6 homeowners fix their homes @ \$15,000/unit
SECURITY DEPOSIT ASSISTANCE	21 security deposits provided to secure stable rental housing @ an average of \$900.00/deposit
SUCCESS IN SCHOOL	5 Families assisted with rent, security deposit& utility hookups @ an average of \$12,165 per family This includes an average rent of \$900.00 x 12 months = \$10,800; an average deposit of \$900; an administrative fee of 2% \$215/family and an average of up to \$250/family = \$12,165/family

COMMUNITY DEVELOPMENT BLOCK GRANT
CITY FY 2019 BUDGET

BUDGET CATEGORIES	CFY 2018	Score	CFY 2018	CFY 2019	Score	CFY 2019	CFY 2019
	Requested		Approved	Requested		Review Com.	Council
	Amount	CDBG CAC	Council	Amount	CDBG CAC	Recommend	Approved
Trinity Jubilee Center - Food Pantry	\$9,000	85	\$4,590	\$9,000	93	\$5,859	
Seniors Plus-Living Independently	\$25,000	84	\$10,500	\$25,000	92	\$16,100	
Trinity Jubilee Center - Day Shelter & Resource Center	\$23,000	84	\$9,660	\$24,000	91	\$15,288	
Veteran's Inc	\$8,383	85	\$4,275	\$4,836	89	\$2,582	
Healthy Homeworks	\$25,440	93	\$16,561	\$36,004	89	\$13,585	
Literacy Volunteers - Workplace Literacy	\$5,000	87	\$2,610	\$5,000	89	\$2,670	
Safe Voices	\$8,000	86	\$4,128	\$8,000	89	\$4,272	
Lewiston Adult Education - Work Readiness	\$26,125	81	\$8,465	\$23,348	88	\$12,328	
Promise Early Education Center	\$15,000	88	\$7,920	\$15,000	88	\$7,920	
Sandcastle Clinical & Educational Services (NEW)				\$20,038	86	\$8,616	
Sexual Assault Prevention & Response Services (NEW)				\$7,500	84	\$3,150	
Tree Street Youth - CEDAR Professional Internships	\$15,000	89	\$8,010	\$15,000	84	\$6,300	
Pine Tree Society (NEW)				\$5,000	83		
Tedford Housing - Lewiston Supportive Housing	\$8,250	84	\$3,465	\$8,500	82		
Protecting Children (NEW Program)				\$30,000	76		
The Center for Wisdom's Women (NEW)				\$11,016	76		
Maine Community Integration (NEW)				\$3,500	66		
PUBLIC SERVICE AGENCIES							
COL - Social Services Department	\$58,500	NOT SCORED	\$58,500	\$58,500		\$58,500	
SUBTOTAL	\$217,698		\$123,594	\$309,242		\$167,170	\$0
	Amount over/under Public Service Agency Cap			(\$148,297)		\$3,774	
ADMINISTRATION & PLANNING							
CD Office Administration	\$144,219	NOT SCORED	\$144,219	\$146,830		\$146,830	
SUBTOTAL	\$144,219		\$144,219	\$146,830		\$146,830	\$0
	Amount over/under Administration & Planning Cap			\$13,331			
HOUSING							
COL-Code Enforcement	\$68,274	NOT SCORED	\$61,263	\$68,274		\$68,274	
Choice Neighborhood Match				\$132,000		\$118,750	
COL-Rehab Administration	\$102,279	NOT SCORED	\$104,836	\$102,279		\$102,279	
CCI-Weatherization Program	\$50,000	83	\$50,000	\$50,000	90	\$25,000	
SUBTOTAL	\$220,553		\$216,099	\$352,553		\$314,303	\$0
PUBLIC IMPROVEMENTS/INFRASTRUCTURE							
Lionel Potvin Park				\$51,000	87	\$51,000	
Shane's Inspiration	\$150,000	91	\$150,000	\$75,000	87	\$75,000	
Brownfield				\$40,000			
The Center for Wisdom's Women - Sophia's House (NEW)				\$150,000	93	\$150,000	
Tree Street Youth - Phase 2 Renovations (NEW)				\$150,000	87	\$48,951	
SUBTOTAL	\$150,000		\$150,000	\$466,000		\$324,951	
TOTAL OF ALL PROGRAMS	\$732,470		\$633,912	\$1,274,625		\$943,254	\$0
	Amount under/over projected allocation:			(\$331,370)		\$0	\$800,805
SOURCES OF FUNDS:							
A. FFY 17 Allocation: \$	\$800,805						
Reallocate Acq/Demo	\$42,449						
Reallocate Contingency	\$100,000						
Less Social Services	(\$58,500)						
Less Enhanced Code Enforcement	(\$68,274)						
Less Rehab Admin: \$	(\$102,279)						
Less CD Admin: \$	(\$146,830)						
Total available for programs:	\$567,371						
B. FY 17 Program Income (FFY16)	\$272,160						
C. FY17 Projected Program Income							
Housing	\$84,000						
Commercial	\$90,000						
ESLP:	\$40,000						
Total FY17 Projected Program Income	\$214,000						
<p>*Note: Program Income generated from CDBG Revolving Loan Pools cannot be used to fund other projects. It must be used to recapitalize the loan pools. However, total program income is used when determining the caps set for Administrative Expenses and Public Service Agency funding (CFR 24.200(g)) CFR24.201(e)(1). Program Income generated by the Economic Stimulus Loan Pool (ESLP), administered by the LAEGC is counted as CDBG program income</p>							
Caps:							
CD: Administration - (20% of Entitlement \$):				\$160,161			
Public Services -							
15% x (Grant + FY17 Program Income):				\$160,945			
Administration & Planning -							
20% x (Grant + Projected FY17 Program Income):				\$202,961			