



CITY & BOROUGH OF WRANGELL

PUBLIC HEARING AGENDA

Tuesday, September 12, 2017
6:30 – 7:00 p.m.

Location: Assembly Chambers,
City Hall

1. Call to Order
2. Roll Call
3. Public Hearing Item:
 - a. Accepting alternative proposals for funding consideration, and seeking citizen views and community comments on proposed projects for funding under the Community Development Block Grant (CDBG) program
4. Written Testimony
5. Oral Testimony
6. Adjournment

Agenda Item 3a

CITY & BOROUGH OF WRANGELL

BOROUGH ASSEMBLY PUBLIC HEARING ITEM September 12, 2017

INFORMATION:

Accepting alternative proposals for funding consideration, and seeking citizen views and community comments on proposed projects for funding under the Community Development Block Grant (CDBG) program

Attachments:

1. Memo from Carol Rushmore, Economic Development Director
2. List of Eligible Project Category descriptions
3. Summary of initial staff proposed projects

MEMORANDUM

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY
CITY AND BOROUGH OF WRANGELL**

**FROM: MS. CAROL RUSHMORE
ECONOMIC DEVELOPMENT DIRECTOR**

**SUBJECT: DISCUSSION ITEM: COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)**

DATE: September 1, 2017

BACKGROUND:

Every fall, the State of Alaska accepts project proposals for funding through their Community Development Block Grant program. This is a highly competitive statewide program with approximately \$2.4 million federal funds available to award. Eligibility is based on the community's income level – the community must be officially certified as a low-moderate income (LMI) community according to the State's income levels per number in household. To be eligible Wrangell must have an LMI status of 51% or more. Submitted project proposals must meet the eligibility criteria for the three project categories: Community Development, Planning, or Special Economic Development.

Since 2015, Wrangell has been identified as a non-LMI community, with only 46% of our population under the income thresholds established by federal Department of Housing and Urban Development. Beginning February 2017, Wrangell initiated an income survey of residents. Staff worked with Alaska Department of Commerce, Community and Economic Development to meet their rigorous survey requirements to determine if Wrangell has a higher percentage of LMI residents than previously reported. A minimum of 396 households needed to respond to the survey to provide a statistically valid result. From those responses, it has been determined that Wrangell is actually 52.8% LMI, thus making Wrangell eligible to apply for CDBG funding.

At least one public hearing is required to receive public comment and ideas as to what project is submitted for funding. The first hearing is at 6:30pm on September 12, 2017 in the City Hall Assembly Chambers. A follow-up hearing will be held to receive public comment on a staff recommended project submittal based on all offered project ideas submitted. Then the Assembly will follow up with a formal project decision at the September 26, 2017 meeting.

Each project is required to provide some matching funds, with the minimum match amount being 25% of total project costs. Staff will provide potential match funding sources to the Assembly for each project proposed at the follow up hearing and agenda.

Staff has developed some initial project ideas for discussion, including the Fire Truck replacement, Water Treatment Facility construction, Shoemaker Bay Harbor construction, and Mill Property acquisition. This first public hearing is an opportunity for the community to offer additional project ideas and needs that might be eligible for funding via the CDBG grant. This discussion item is an opportunity for the Assembly to talk about the project ideas submitted by the public and staff; and to provide some initial direction about what type of projects should be more seriously vetted by staff in preparation for a final decision by the Assembly on the 26th.

ATTACHMENTS:

1. List of Eligible Project Category descriptions
2. Summary of initial staff proposed projects

F. ELIGIBLE PROJECT CATEGORIES & ACTIVITIES

The State of Alaska CDBG Program may be used to fund projects in three categories: **Community Development, Planning, and Special Economic Development**. The following summary, identifying the common types of eligible activities in each category, is for general reference only. A complete list of eligible and ineligible activities can be found in Title I of the Housing and Community Development Act of 1974, as amended.

Each applicant is expected to consult with CDBG Program staff about project eligibility and structure prior to submission of an application. It is important that applications be submitted under the appropriate category.

Community Development

Under Section 105(a)(2),(4),(5),(14)&(15), CDBG grant funds may be used for:

Public Facilities

- | | |
|-----------------------------------|-----------------------------------|
| ✓ Health Clinics | ✓ Acquisition |
| ✓ Daycare Centers | ✓ Construction |
| ✓ Homeless Shelters | ✓ Reconstruction |
| ✓ Water & Sewer Systems | ✓ Installation |
| ✓ Solid Waste Disposal Facilities | ✓ Improvements |
| ✓ Flood & Drainage Facilities | ✓ Electrical Distribution Lines |
| ✓ Docks & Harbors | ✓ Fuel & Gas Distribution Systems |

Transportation Improvements

- | | |
|-----------------------|--------------------|
| ✓ Local Service Roads | ✓ Barge Facilities |
| ✓ Boardwalks | ✓ Airports |

Access to Public Facilities & Structures

- | | |
|---|--|
| ✓ Removal of architectural barriers in conjunction with current renovations | ✓ Improve access for handicapped & elderly persons |
|---|--|

Real Property

- | | |
|--------------------|--------------|
| ✓ Acquisition | ✓ Clearance |
| ✓ Building Removal | ✓ Demolition |
| ✓ Improvements | |

Fire Protection Facilities & Equipment

- | | |
|----------------|------------------|
| ✓ Acquisition | ✓ Rehabilitation |
| ✓ Design | ✓ Purchase |
| ✓ Construction | |

Note: Community Development activities do not include the purchase of any personal property or any equipment unless it is attached to a facility or building and considered an “integral structural feature.” Fire protection equipment is the only exception.

Planning

Under Section 105(a)(12), CDBG grant funds may be used for:

- ✓ Data Collection
- ✓ Analysis
- ✓ Plan Preparation
- ✓ Marketing Studies
- ✓ Feasibility Studies
- ✓ Community Economic Development Plans
- ✓ Community Land Use Plans
- ✓ Capital Improvement Plans
- ✓ Plan Updates

Note: *Planning activities do not include engineering, architectural, and design costs related to a specific project activity. These activities may be eligible under the Community Development category.*

Special Economic Development

“Special Economic Development,” as used in the CDBG Program, must meet the criteria below. See “Unique Requirements of Special Economic Development Projects” on page 9 for more information about the specific requirements for projects under this funding category.

Under Section 105(a)(14) CDBG grant funds may be used for:

- | | |
|--|------------------|
| ✓ Commercial or Industrial Improvements | Includes: |
| ✓ Carried out by Grantee or Non-Profit Recipient | ✓ Acquisition |
| ✓ Involving Commercial or Industrial Buildings, Structures, and Other Real Property Equipment & Improvements | ✓ Construction |
| | ✓ Reconstruction |
| | ✓ Rehabilitation |
| | ✓ Installation |

Under Section 105(a)(17), CDBG funds may be used for:

- | | |
|---|--|
| ✓ Assistance (through eligible applicant) to an identified private, for-profit entity or entities | The project must: |
| | ✓ Create and maintain jobs for low or moderate income persons |
| | ✓ Assist businesses that provide goods or services needed by and affordable to low and moderate income residents |

Special Economic Development Projects must fit under one of those two categories.

If your project is not for the purpose of acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, OR it is not for the purpose of providing assistance to an identified private for-profit entity **IT IS NOT** appropriate to submit it under the Special Economic Development category.

Note: *The examples provided under each of the three funding categories are for general information only and are not intended to be all-inclusive. Each community is encouraged to consult with CDBG Program staff about project eligibility and structure.*

Unique Requirements of Special Economic Development Projects

The State of Alaska primarily targets Community Development and Planning projects, but it will also consider Special Economic Development projects. Projects considered under this category assist commercial, industrial, or other businesses and organizations that provide an overall economic benefit to low and moderate income communities. Special Economic Development projects have unique requirements which are outlined below. We highly recommend you contact our office if you plan to apply under this category.

If you are applying under this category, you must document in your application that your project provides a public benefit using the following criteria:

1. Creates or retains at least **one full-time equivalent permanent job per no more than \$50,000 of CDBG funding used**; or
2. Provides goods or services to residents of an area in which the number of low- and moderate-income persons served equals **no more than \$1,000 of CDBG funds used per resident**.

If your project serves to both create jobs and provide goods and services, it only has to meet one of the criteria listed above.

Under **no circumstances** will CDBG funds be used to fund projects that include any of the following activities:

1. General promotion of the community as a whole (as opposed to the promotion of specific areas and programs)
2. Assistance to professional sports teams
3. Assistance to privately-owned recreational facilities serving predominantly higher-income clientele, where the benefit to members clearly outweighs employment or other benefits to low- and moderate-income persons
4. Acquisition of land for which the specific proposed use has not been identified
5. Assistance to a for-profit business while that business or any other business owned by the same individual or entity has unresolved findings or noncompliance related to previous CDBG funding

Applicants under this category should conduct a **financial evaluation** of their project using the below suggested criteria:

1. Are project costs reasonable?
2. Are all sources of project financing committed?
3. To the extent practicable, are CDBG funds not being substituted for non-federal financial support?
4. Is the project financially feasible?
5. To the extent practicable, will the owner's equity investment not be unreasonably high?
6. To the extent practicable, will the CDBG funds be disbursed in proportion to other funds?

*Above are only some of the requirements of Special Economic Development applications. Please **contact our office** if you plan to apply under this category.*

G. INELIGIBLE PROJECT ACTIVITIES

The following activities are not eligible for CDBG funding:

- ☒ **Equipment:** The purchase or repair of motor vehicles, equipment (including computer equipment), personal property, or furnishings not permanently attached to a building, except when such vehicles or equipment are utilized for fire protection.
- ☒ **Government Buildings:** Government buildings such as courthouses, city halls, borough administrative buildings, city offices and other buildings used for the general conduct of government, except for the removal of architectural barriers.
- ☒ **Regular Government Operations:** The ongoing responsibilities of general local government.
- ☒ **Maintenance and Operation:** Operation and maintenance expenses of public or community facilities.
- ☒ **Political Activities:** Use of facilities or equipment for political purposes or to engage in other partisan political activities.

The above listing of ineligible activities is not intended to be considered all-inclusive. Please contact CDBG Program staff if you have any question about project eligibility or the correct funding category.

H. SPECIAL REQUIREMENTS & FUNDING LIMITATIONS

The following special requirements and funding limitations apply to all CDBG applications. Actions necessary to address these special requirements are detailed in the Appendices or the application packet instructions as appropriate.

- ✓ **Minimum Benefit:** Each CDBG grant activity proposed must meet the National Objective of benefiting populations or targeting areas which consist of at least 51% low and moderate income persons, as defined by census data and DCCED. See Appendix B1 - B3 for detailed instructions and forms for use in determining if your project meets this requirement. **Your project cannot be considered for funding if this requirement is not satisfied. You must submit Appendix B1 with your application. If you are applying under the Special Economic Development category, you must also submit Appendix B2.**
- ✓ **Public Benefit Standards:** Each CDBG assisted economic development activity proposed under the Special Economic Development category and some activities proposed under the Community Development section, must ensure that a minimum level of public benefit is obtained from expenditure of CDBG funds. These public benefit standards are on page 9 of this Handbook.
- ✓ **Single-Purpose Projects:** CDBG funds will address **single-purpose projects** only. If more than one activity is proposed, each must directly relate to and address the single need identified.

MEMORANDUM

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY
CITY AND BOROUGH OF WRANGELL**

**FROM: MS. CAROL RUSHMORE
ECONOMIC DEVELOPMENT DIRECTOR**

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

DATE: September 1, 2017

POTENTIAL PROJECTS FOR CONSIDERATION:

1. **Fire Truck Replacement: Estimated cost \$315,000.** Wrangell's Firefighting fleet is reaching its useful lifespan and the department is working on vehicle replacements. The emergency safety response priority is for a new pumper. Wrangell's municipal water service terminates at 6 mile Zimovia Highway, leaving an additional 8 miles of structures dependent on a 33 year old pumper truck of the Wrangell Volunteer Fire Department. The current pumper truck, housed at 5.5 mile Zimovia Highway is beginning to show signs of repairs and equipment malfunctions, only allows 500GPM, and no longer qualifies under ISO as a pumper. It can only be considered and used as a support vehicle. it is imperative that we have functioning fire fighting equipment, not only for the safety of the residents and businesses along Zimovia Highway without municipal water service, but also to protect the safety of the volunteer fire fighters responding to emergencies. The new engine pumper will be a 4 wheel drive, 1000 gallon tank and 60 gallon AFFF holding tank, a 1500GPM pump and CAFS capabilities.
2. **Water Treatment Facility Construction: Estimated cost \$9,051,000.** The City and Borough of Wrangell (CBW) is pursuing the design and construction of a new water treatment plant and redesign of the existing roughing filter to increase water treatment capacity, improve the quality of drinking water and improve our production capacity to meet the community's growing water demand, as potable water is essential to the health and safety of Wrangell's residents, businesses and visitors and continued economic growth.
3. **Shoemaker Bay Harbor Construction: Estimated cost \$11,453,472.** The proposed Shoemaker Bay Harbor Replacement project will replace the existing but aging and failing infrastructure at Shoemaker Bay Harbor in Wrangell, Alaska with a modern facility to meet the current and projected needs of the community and region, specifically the commercial fishing fleet. Shoemaker Bay Harbor was designed and constructed by the State of Alaska Department of Transportation and Public Facilities (ADOT) in 1977. It was constructed of light weight concrete and wood walers and had a life expectancy of about 25 years. Shoemaker Bay Harbor is aging and deteriorating rapidly and riddled with safety risks and potential dangers to harbor users and visitors. During the last 40 years, there have been numerous replacement and repair projects by the City and Borough of Wrangell (CBW)

harbor staff. In 2003, the State of Alaska transferred ownership of the facility to the CBW. Shoemaker Bay Harbor is critical infrastructure supporting the economic stability and growth of the community.

4. **Mill Property Acquisition: Estimated cost - still in negotiations.** One of the borough's top priorities is to improve and expand the marine service center. The boat yard has proven to be a bright spot in the community's economic foundation. A property assessment and feasibility study of the former mill site was completed in June 2016. The recommendation of the analysis was that for the long term redevelopment perspective, it made sense for Wrangell to purchase the property. The highest priority for use of the site would be to expand the marine service center to this location. The purchase and redevelopment is not without challenges and additional costs – extending utility infrastructure and redeveloping water access being two priority capital needs.
5. **Pool Roof Replacement and facility improvements: Estimated \$1,700,000.** An assessment of the pool facility was completed in 2014 identifying key facility improvements and replacements for the facility. Initial cost estimates to replace the roof, upgrade the mechanical system, replace siding, lighting, and repair facility components was just under \$2 million. Some of the work identified in the assessment is being addressed as funding becomes available.