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CITY OF SACRAMENTO CALIFORNIA

OFFICE OF THE
CITY MANAGER

CITY HALL
915 I STREET - 95814
(916) 449-5704

January 16, 1986

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

Subject: Revisions to City Towing Policy

SUMMARY

In November 1985, the City Council directed that staff evaluate the City's existing policy for towing vehicles. The request came as a result of the Council's receiving constituent complaints about tow company services, operators' behavior towards owners whose cars have been towed, and difficulties experienced in recovering vehicles from the companies' storage facilities. This report provides a summary of the issues which must be considered in developing a workable municipal towing policy. It is recommended that the Law and Legislation Committee direct staff:

1. To meet with representatives of the towing industry to review the concepts embodied in the staff analysis.
2. To prepare a new towing policy for the City which takes into consideration the best features of successful public agency contracts, the positions of the local towing operators, and the City's ability to implement the program. The policy statement will be part of a follow-up report which will be presented to Law and Legislation Committee for review during the next thirty days.

BACKGROUND

The City of Sacramento is currently divided into three districts, each served by nineteen towing companies. District 1 is comprised of all of the area within city limits that is north of the American River. District 2's boundaries cover the City's limits south of the American River and north of Highway 50, while District 3 contains all of the area south of Highway 50. A service roster is maintained for each district and companies are called for tows on a rotational basis. Typically, calls for service entail the removal of vehicles involved in accidents, illegally and/or hazardedly parked, abandoned, and/or other reasons pursuant to state and local regulations. Separate rotational lists are maintained for motorcycle, heavy-equipment, and/or police evidence tows.

Each of the companies within a district is required to sign a tow services agreement which outlines their duties and responsibilities under the terms of the contract. Violations of the service agreements are the responsibility of the Police Department's Office of Administrative Services. Appropriate action can be taken to revoke a service contract should its terms not be followed.

ANALYSIS

a. General

The City of Sacramento's primary interest in developing towing service agreements with the various companies was to establish performance, response time, fees for service, and recovery standards which would benefit its constituents. However, local residents have experienced problems with Sacramento's towing process as a result of the rotational assignment procedures, the number of companies involved in each of the districts, as well as turnover among towing operators. In addition, City costs associated with this program have begun to rise to an unacceptable level. At this point, an increasing amount of Police Department and legal staff time must now be expended to:

- o Investigate citizen complaints about the security of the towing companies' storage facilities, charges in excess of the approved service fees, and different company policies as to the type of payment which will be accepted for the recovery of a vehicle.
- o Ensure a reasonable and standard response time within each of the districts, particularly when the Police Department itself has initiated a request for removal.
- o Assure that district calls for towing service are spread among each of the various companies.
- o Determine which company has actually towed a vehicle when an owner tries to recover it.

In addition to the items identified above, it has been determined that the City's expanded Code Enforcement Program will require a more aggressive towing attitude in connection with the removal of abandoned vehicles. Our experience has been that it is already difficult to get companies to provide abandonment removal since they can only recoup the salvage value, if any, of the vehicle. As a result of all of these issues, it was decided that the City of Sacramento should consider revising its towing service agreements.

b. City Task Force

In order to adequately address this project, a Towing Task Force was formed, comprised of representatives from the Mayor/Council

Office, the Assistant City Manager, the Citizen Assistance Officer, the Revenue Officer, and representatives from the Police and General Services Departments. Members reviewed constituent complaints received by Councilpersons, contacted other cities to identify if they had more manageable procedures established, and went over Sacramento's existing service agreements.

c. Comparison with Other Agencies

Specifically, the Towing Task Force contacted the cities of Anaheim, Fresno, Long Beach, San Jose, and Oakland to get comparative information on adopted towing policies and/or procedures. The Long Beach Police Department operates its own internal towing operation. The City of Anaheim utilizes a rotation system, involving a total of six tow companies, with the fees for service established by the Anaheim Police Department. Each of the other cities is involved in some type of contract/bid system whereby, within a given area, one towing company handles all tows and all vehicles are stored in one centralized location (A particular feature of interest in San Jose is that the City recovers most of the costs of administering the tow contracts from a 13% charge on each tow and all subsequent storage.).

The City of Oakland established its towing service arrangement in 1981 and was one of the first cities to initiate a contractual bid process. The highlights of its service program are as follows:

- o Towing services are provided by one contractor within a geographical area of the city (in this case, the one contractor actually is a joint venture comprised of four separate companies). The contractor may be an individual, a firm, an association, a joint venture, or a corporation. During working hours, the companies can be called directly; after-hours, the companies share an answering service which is responsible for dispatching the appropriate operator.
- o A maximum acceptable towing charge is established through a competitive bid process. Storage and dolly use fees are fixed and not subject to bid. There is no after-hours release fee. Companies are required to post their charges as well as their procedures for registering complaints. Payment for tow charges can be made by cash, money order, valid VISA, MasterCard, or other means acceptable to the contractor. The company is not permitted to charge for travel time to or from the site of a tow nor for the first 24 hours of storage. If a vehicle is removed prior to the arrival of the tow truck, no charge is made. Once the tow truck has arrived, the owner is subject to the charge, whether or not there is a subsequent tow.
- o Standards are set for the appearance of the storage yards, including such items as landscaping, etc.
- o Each tow contractor must provide a primary facility for the release of vehicles and the payment of charges. The facility must be located

within the boundaries of the designated geographical area, must be convenient to public transportation, must have a waiting -area to accomodate the public, and must provide for public safety.

- o The primary facility must be available on a twenty-four hour basis for the release of vehicles. If vehicles are stored at a place other than the primary facility, transportation to the vehicle storage location is provided by the contractor at no charge and within a reasonable amount of time.
- o A response time of 20 minutes to Police requests for removals is required. If the contractor fails to respond within 35 minutes, the contractor is required to pay the City \$20 plus \$1.00 per minute in excess of 35 minutes. An inventory of vehicle contents is made by the tow operator and the officer requesting the tow, prior to the vehicle being moved.

d. Conclusion

Under the City's existing towing service agreements, a great deal of staff time must be expended in order to monitor service accountability, provide consumer protection, particularly in the area of monitoring towing service fees, and reduce the impact of this typically non-emergency service on public safety dispatch. The fact that nineteen companies must be called on a rotational basis, within each district, means that the overall notification process itself is becoming increasingly cumbersome. Towing services would be enhanced by moving to a contract/bid process. With this type of program in place, the City would award an exclusive service contract to the lowest responsible bidder within a particular geographical area.

The Task Force has proposed that the existing three geographical districts be retained, with a revision to District 3. The revised District 3 would encompass all of the area within City limits that is south of Highway 50 and west of Highway 99. The new District 4 would be comprised of all of the area south of Highway 50 and east of Highway 99. Implementation of some of the better features of the Oakland service program, such as requiring that each towing contractor to provide a storage facility within a selected geographical area, would mean a change in the existing service area boundaries.

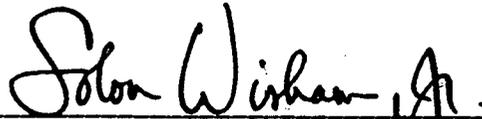
The issue of abandoned vehicles will be addressed separately. The award of abandoned vehicle removal services and a related reimbursement for the same, needs to be reviewed separately by the Code Enforcement Division and Police Department.

RECOMMENDATION

Service accountability, consumer protection, and the facilitation of public safety dispatch are only three of the benefits which can be achieved by a change in the City's current towing procedures. Staff is prepared to finalize a revised towing policy and to prepare service specifications for Council approval to bid for this service. It is therefore recommended that the Law and Legislation Committee direct staff:

1. To meet with representatives of the towing industry to review the concepts embodied in the staff analysis.
2. To prepare a new towing policy for the City which takes into consideration the best features of successful public agency contracts, the positions of the local towing operators, and the City's ability to implement the program. The policy statement will be part of a follow-up report which will be presented to Law and Legislation Committee for review during the next thirty days.

Respectfully submitted,



SOLON WISHAM, JR.
Assistant City Manager



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



January 27, 1986

Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Suggested Position Statement on Potential Gramm-Rudman Reductions and Other Proposed Federal Budget Rescissions, Deferrals, and Cuts Affecting the Sacramento Housing and Redevelopment Agency

SUMMARY

Table 1 summarizes the impact of the variety of funding cuts proposed by the federal Administration which affect our programs funded through the federal Department of Housing and Urban Development.* Many of them anticipate and/or go beyond cuts which would be triggered by Gramm-Rudman. In particular, a proposed deferral of an additional 15 percent of previously authorized CDBG funds, beyond that which would be triggered by Gramm-Rudman, is highlighted. A suggested, strongly worded, complaint to our Congressional delegation is attached.

BACKGROUND

Over the past several years, all of our housing and community development programs have been frequent and repeated targets for budget reductions. For example, CDBG funds coming to the City and County have been cut from a high in 1981-82 of approximately \$11 million, to a 1985 level of around \$9 million, and a proposed 1986 level of around \$6 million, not accounting for inflation.

*Note: We have not yet had time to fully analyze the impact of our non-HUD programs such as elderly nutrition, foster grandparents, etc.

(1)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
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Equally severe problems loom in our public housing and Section 8 programs. For example, in 1987, the Administration is proposing passing one-half of the administrative costs of the Section 8 program on to the localities. For Sacramento, this would imply a \$700,000 annual revenue loss. Table 1 summarizes the overall impact of the most recently announced series of reductions on Agency programs. The reduction from \$35.8 million in 1985 to \$17.6 million in 1987 represents a 51 percent reduction over a two-year period. At a time when we are trying to turn around our most troubled neighborhoods, house the homeless, deal with increasing housing affordability problems and a deteriorating older housing stock, and provide critical public services, we do not think it is either fair or appropriate to single out these programs for such severe and unbalanced cuts which go beyond Gramm-Rudman. We therefore believe that the time is right for a strongly worded protest to our Congressional delegation.

FINANCIAL DATA

See Table 1.

ENVIRONMENTAL DATA

Not applicable.

POLICY IMPLICATIONS

The policy implications of the proposed cuts are myriad. Cuts in CDBG imply reductions in neighborhood improvements, housing rehabilitation, public services, and economic development.

Reductions in Public Housing Operating Subsidies and Modernization funds may eventually lead us to rent adjustments, or more drastically, sale of our units.

The virtual freeze in Section 8 and cancellation of the subsidized housing construction programs implies abandonment of our slim hopes of meaningfully addressing housing affordability and availability for the very low income.

Our rehabilitation goals will be seriously curtailed by the elimination of the Section 312 (housing rehab) and Rental Rehab Block Grant (RRBG) programs.

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Overall, the proposed 51 percent reduction in HUD funding for Agency programs implies serious policy and program modifications, including staff reductions, elimination of programs, and other stern measures, not to mention increasing pressure on City and County budgets to pick up the slack.

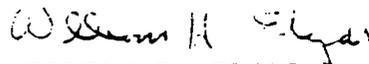
VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its regular meeting of January 27, 1986, the Sacramento Housing and Redevelopment Agency will adopt a motion recommending approval of the attached resolution. If they fail to do so, you will be notified prior to your meeting of January 28, 1986.

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes and directs the Mayor to transmit letters to our Congressional delegation, in substantially the same format as attached hereto, expressing our serious concerns about the proposed federal budget cuts.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: John Molloy
440-1360

RESOLUTION No.

Adopted by The Sacramento City Council on date of

AUTHORIZING TRANSMITTAL OF LETTERS TO CONGRESS
EXPRESSING OPPOSITION TO PROPOSED
FEDERAL BUDGET REDUCTIONS

WHEREAS, the City Council is deeply and seriously concerned about the impacts of proposed federal budget reductions, rescissions, and deferrals affecting housing and community development programs; and

WHEREAS, the City is financially unable to make up for what constitutes an abrogation of long standing and well substantiated federal responsibilities in these areas; and

WHEREAS, the City Council wishes to go on record opposing these actions; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The Mayor is authorized and directed to communicate our strong concerns to our Congressional delegation on these matters in writing, with copies to appropriate administration officials, in substantially the form attached to the staff report dated January 27, 1986.

Mayor

ATTEST:

CITY CLERK

z:trans/fed/red

D R A F T

January 27, 1986

For Transmittal to Senators Cranston and Wilson, and Congressman Fazio as well.

Congressman Robert T. Matsui
U.S. House of Representatives
Washington, D. C. 20515

SUBJECT: Proposed Deferrals and Rescissions of Critical
1986 Housing and Community Development Programs

Dear Congressman Matsui:

I am writing to communicate our deep distress over the Federal Administration's proposal to defer a substantial amount of the 1986 Community Development Block Grant (CDBG) appropriation; to make additional cuts in the public housing and Section 8 programs, and to rescind funding for several critical supporting programs. These proposals go beyond the present hardships placed on localities as a result of reductions in approved 1986 funding levels and present cuts far in excess of those required by the Gramm-Rudman Amendment. Some additional information on each is outlined below.

CDBG DEFERRAL: The Administration proposal, as we understand it, would defer \$500 million of the \$3.1 billion 1986 CDBG funding authority approved by Congress. (That authorization itself con-

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tained a ten percent cut from 1985 levels.) The Administration's deferral proposal would add an additional 15 percent cut. Additionally, HUD is proposing withholding another six percent in anticipation of Gramm-Rudman. Given adjustments for population, the net effect of all this is an intolerable 30 percent reduction in CDBG funds over 1985 levels. The Administration's plan to "squeeze" community development programs in an open effort to protect the defense budget prior to the Gramm-Rudman process we believe is unfair, premature and uncalled for. The deferral recommendation is particularly objectionable in that it is based on nothing other than administrative prerogative, anticipating your quick ratification.

We particularly object to the deferral because just last month, following extensive hearings, Congress adopted a budget for the Housing and Urban Development programs. The City Council and Board of Supervisors of Sacramento have deliberated long, hard, and in good faith over our local 1986 CDBG budget and devised a fair budget for the program anticipating the appropriation level approved. Now we must begin our 1986 program year with a grant agreement which is 30 percent less than 1985 levels because the administration feels confident that the additional deferrals and rescissions which it is proposing will be summarily approved by

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your Congress. Attached is our grant award letter from HUD (along with our response) which administratively reduced our 1986 entitlement by nearly 20 percent more than the reduction we had originally budgeted for (see Attachment 1). We do not believe it fair to have this progress towards a 1986 budget unraveled by hasty action on the part of the administration.

The impact of these actions is serious. The attached impact sheet (Attachment 2) shows the effects of the additional cuts in CDBG proposed by the Administration on local programs. The impact is most devastating to public service programs for "at risk" populations such as the homeless, battered women, and refugees. Please review these impacts carefully.

PUBLIC HOUSING OPERATING SUBSIDIES: The Administration's proposal to freeze operating subsidies at 1986 levels presents a serious departure from the realities of operating and maintaining housing units in today's world. First of all, the 1986 levels are inadequate, as were the 1985, 1984, and immediately previous levels. Each year, we have had to supplement them with significant funds from other sources. When coupled with the proposed move to discontinue the Comprehensive Improvement Assistance Program (on the premise that CDBG funds can be used for this purpose) the proposals are absolutely unrealistic.

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If the intent of the proposals is to force us into a position where we must contemplate sale of our units, it should be openly stated. A decision of this magnitude, extrapolated to the national level, is very significant. Our public housing stock represents a resource for serving the most needy which cannot be replaced at today's prices. No sales conditions or deed restrictions will ever insure its continued public use in the same way that public ownership does. Please consider these issues carefully when you return to Washington.

SECTION 8/VOUCHERS: Currently, we have lengthy waiting lists for housing assistance eligibility under our Section 8 program. Recently, when we opened the application process, we stopped taking inquiries at 15,000. There are 47,000 low income rental households in Sacramento paying in excess of 30 percent of their income for rent, many substantially in excess. Housing affordability is a serious problem here even despite moderately affordable rental rates vis-a-vis other California locales. The very small increases proposed for the program, when translated to the local level, do not even come within the same universe when measured against the need.

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The proposal to reduce the program's administrative fees by one-half, to be picked up by local government, is also unfair and will not work. Our local budgets have already been rocked by federal reductions such as in Revenue Sharing, economic development, transportation, and other programs. Please do not allow our ability to adequately administer this important program - verifying rent levels, incomes, and housing quality standards - to be undermined by "penny-wise/pound-foolish" reductions.

SUPPORTING PROGRAMS: In addition to the above cuts and deferrals, we understand that the Administration will seek to rescind 1986 appropriations for the following additional HUD programs which have traditionally supported our community development efforts. These are: the Rental Rehabilitation Block Grant (RRBG) Program, the HUD Section 312 Housing Rehabilitation Loan Program, the Urban Development Action Grant Program (UDAG), the Housing Development Action Grant Program (HoDAG), and the Section 108 Loan Program. All these programs similarly received appropriations in the recently approved HUD budget.

While we are most concerned about the CDBG deferral, these programs are also very important. For example, as you know, over the past several years, the Federal government has not allocated

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any funds for subsidized housing construction - except for HODAG and a very small amount of public housing construction. Without HODAG subsidies, the 124 units of affordable housing for the frail elderly in downtown Sacramento would not be a project. The \$2 million in HODAG funds will leverage over \$8 million in other public and private funds and close the financial gap to make this project work.

Similarly, within your districts, the state, and across the nation, deteriorating rental housing in poor neighborhoods is becoming a major problem. In Sacramento many financial institutions will not lend on these properties because of their location. Frequently, the low income tenants cannot afford to move. The result is abominable living conditions and neighborhoods which cannot upgrade because there are not financial resources to accomplish the change. The Rental Rehabilitation Block Grant program is a shallow subsidy program (no more than \$5,000 per unit) which has made revitalization of rental properties a financial possibility in severely distressed areas. The Section 312 program has also been used extensively in target areas to fix-up homes of low income owner-occupants. (For the past several years, this program has been funded entirely from loan repayments, requiring no new budget authority. Why cut it???) These

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housing improvements coupled with CDBG infrastructure improvements for water, sewer, drainage and streets has begun to "turn around" some neighborhoods by providing jobs in construction and repair, and upgrading the property values and tax base. All these programs work together and all are critical to preserving our older, low income neighborhoods.

REQUESTED ACTION: We understand that Congress will have 45 days following the presentation of the President's proposal in which to develop and sponsor affirmative legislation to counteract these proposals. Without such legislation, we understand the deferrals and rescissions are automatic. We urge you to take all necessary actions to oppose the Administration's proposals.

Targeting these important and already grievously reduced domestic programs early on means a potential "double hit" should Gramm-Rudman reductions be triggered. We cannot fight Gramm-Rudman reductions - but we also cannot stand by and be isolated for such arbitrary and unwarranted reductions in programs which have already been seriously reduced, even prior to Gramm-Rudman actions.

We seek your assistance in countering the Administration's action and in formulating legislation to oppose these deferrals and

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rescissions. We stand prepared to provide any further supporting documentation or testimony which you might need. Attachment 3 outlines the total impact of the reductions in HUD programs on Sacramento.

Sincerely yours,

ANNE RUDIN
Mayor

AR:JEM:mlf
Attachments



U.S. Department of Housing and Urban Development

San Francisco Regional Office, Region IX
450 Golden Gate Avenue
San Francisco, California 94102-3448

ATTACHMENT 1

Honorable Anne Rudin
Mayor
City of Sacramento
915 "I" Street
Sacramento, CA 95814

JAN 02 1986

Dear Mayor Rudin:

SUBJECT: Grant Award
Community Development Block Grant Program
Program Number 8-86-MC-06-0003
City of Sacramento

RECEIVED
MAYOR/
CITY GOVERNMENT OFFICE
CITY OF SACRAMENTO
JAN 6 1 53 PM '86

I am pleased to transmit to you the Fiscal Year 1986 Community Development Block Grant (CDBG) Entitlement Grant for the City of Sacramento in the amount of \$2,925,000. The program year for your community begins on January 1, 1986.

The amount of the grant being awarded at this time varies substantially from the amount in your final statement for the following reasons:

1. As a result of efforts to reduce the budget deficit, \$500 million of the FY 1986 appropriation for the CDBG program has been deferred to FY 1987, thereby reducing the amount available for distribution this year.
2. Six percent of your grant is being withheld to cover the future contingency of a sequestration order to be issued by the President under the Balanced Budget and Deficit Control Act of 1985 (Gramm-Rudman-Hollings).
3. 1984 population estimates are being used in the formula for distributing CDBG funds rather than the 1982 estimates used last year.
4. The number of entitlement grantees has increased since last year and two new metropolitan statistical areas have been designated.

In adjusting your 1986 CDBG program to this lower grant amount, you should review the procedural requirements at 24 CFR 570.301(b) as modified by paragraph XI on page 12 of the 1985 Grantee Instructions to determine if it is necessary to amend your final statement.

Enclosed is the Grant Agreement and Funding Approval (HUD-7082) (three copies), which constitutes the contract between the Department of Housing and Urban Development and the City. You should note particularly any special conditions included in Item 13 of the Funding Approval.

Your final statement includes funds for the planning or construction of water or sewer facilities which are subject to review under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52 (see the June 24, 1983 FEDERAL REGISTER, pages 29206-29221). The Grant Agreement and Funding approval includes a special condition which restricts the obligation or expenditure of funds for the planning or construction of water or sewer facilities until receipt of written release of funds from HUD. You will receive a separate notification regarding the release of funds for such activities. Note that the special condition also applies to water or sewer activities not previously submitted for E. O. 12372 review that you may add through an amendment or other revision to your final statement.

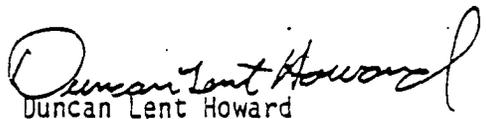
In order to amend your Letter of Credit to reflect the Fiscal Year 1986 grant, it will be necessary for you to execute all copies of the Grant Agreement and return two copies to: DHUD, Attention: Geraldine W. Franklin, Program Manager, Team A.

Upon receipt of the executed Grant Agreement (two copies) and other forms required to amend your Letter of Credit, HUD will transmit to you a copy of the Letter of Credit, which will reflect your FY 1986 grant amount and indicate when drawdowns may commence.

You are reminded that certain activities are subject to the provisions of 24 CFR Part 58 (Environmental Review Procedures for Community Development Block Grant Program). Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds must be accompanied by an environmental certification. Appropriate forms are enclosed. You are also reminded that your Grantee Performance Report for the 1985 program year is due in this office no later than March 1, 1986.

If you have any questions or desire assistance in connection with this letter or other items related to the COBG program, please contact Rosemary Bacy of this office at (415) 556-8214.

Sincerely,


Duncan Lent Howard
Regional Administrator/
Regional Housing Commissioner

Enclosure

cc:
Ms. Trish Davey
Sacramento Housing and
Redevelopment Agency



U.S. Department of Housing and Urban Development

San Francisco Regional Office, Region IX
450 Golden Gate Avenue
San Francisco, California 94102-3448

Honorable Bill Bryan
Chairman
Sacramento County Board of
Supervisors
700 "H" Street
Sacramento, CA 95814

JAN 02 1986

Dear Mr. Bryan:

SUBJECT: Grant Award
Community Development Block Grant Program
Program Number 8-86-UC-06-0005
County of Sacramento

I am pleased to transmit to you the Fiscal Year 1986 Community Development Block Grant (CDBG) Entitlement Grant for the County of Sacramento in the amount of \$3,685,000. The program year for your community begins on January 1, 1986.

The amount of the grant being awarded at this time varies substantially from the amount in your final statement for the following reasons:

1. As a result of efforts to reduce the budget deficit, \$500 million of the FY 1986 appropriation for the CDBG program has been deferred to FY 1987, thereby reducing the amount available for distribution this year.
2. Six percent of your grant is being withheld to cover the future contingency of a sequestration order to be issued by the President under the Balanced Budget and Deficit Control Act of 1985 (Gramm-Rudman-Hollings).
3. 1984 population estimates are being used in the formula for distributing CDBG funds rather than the 1982 estimates used last year.
4. The number of entitlement grantees has increased since last year and two new metropolitan statistical areas have been designated.

In adjusting your 1986 CDBG program to this lower grant amount, you should review the procedural requirements at 24 CFR 570.301(b) as modified by paragraph XI on page 12 of the 1985 Grantee Instructions to determine if it is necessary to amend your final statement.

Enclosed is the Grant Agreement and Funding Approval (HUD-7082) (three copies), which constitutes the contract between the Department of Housing and Urban Development and the County. You should note particularly any special conditions included in Item 13 of the Funding Approval.

The Special Condition in your Grant Agreement and Funding Approval concerning the review procedures under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs and HUD's implementing regulations at 24 CFR Part 52 (See the June 24, 1983 FEDERAL REGISTER, pages 29206-29221), restricts the obligation or expenditure of funds for the planning or construction of water or sewer facilities until the completion of the review process and receipt of written release of funds from HUD. Since you have not submitted your final statement for review under E.O. 12372, we assume you do not propose to use funds for activities subject to review. However, the condition requires that in the event you amend or otherwise revise your final statement to use funds for the planning or construction of water or sewer facilities, you must receive written release of funds from HUD before obligating or expending funds for such activities.

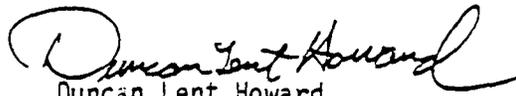
In order to amend your Letter of Credit to reflect the Fiscal Year 1986 grant, it will be necessary for you to execute all copies of the Grant Agreement and return two copies to: OHUD, Attention: Geraldine W. Franklin, Program Manager, Team A.

Upon receipt of the executed Grant Agreement (two copies) and other forms required to amend your Letter of Credit, HUD will transmit to you a copy of the Letter of Credit, which will reflect your FY 1986 grant amount and indicate when drawdowns may commence.

You are reminded that certain activities are subject to the provisions of 24 CFR Part 58 (Environmental Review Procedures for Community Development Block Grant Program). Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds must be accompanied by an environmental certification. Appropriate forms are enclosed. You are also reminded that your Grantee Performance Report for the 1985 program year is due in this office no later than March 1, 1986.

If you have any questions or desire assistance in connection with this letter or other items related to the CDBG program, please contact Rosemary Bacy of this office at (415) 556-8214.

Sincerely,


Duncan Lent Howard
Regional Administrator/
Regional Housing Commissioner

Enclosure

cc:
Ms. Trish Davey
Sacramento Housing and
Redevelopment Agency



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



January 8, 1986

Duncan Lent Howard
Regional Administrator, Region IX
San Francisco Area Office
U.S. Department of Housing
and Urban Development
450 Golden Gate Avenue
San Francisco, CA 94102-3448

SUBJECT: Grant Award - CDBG B-86-MC-06-0003 City of Sacramento
CDBG B-86-UC-06-0005 County of Sacramento

Dear Mr. Howard:

Transmitted herewith are two (2) copies of each the City of Sacramento and County of Sacramento's 1986 CDBG Grant Agreements. These documents were executed under protest. We consider the withholding of grant funds, contrary to Congressionally authorized appropriation levels, to be an arbitrary and unsanctioned administrative action. We are further unaware of any Congressional or presidential authorization for HUD to undertake such an action.

I believe we share a concern for sound budgeting principals, however, neither the President's budget, the much talked about deferrals, or Gramm-Rudman reductions have yet taken effect. I can appreciate HUD's position in this changing budget climate; however, the bulk of these cuts, those embodied in the potential deferral, have not even been officially proposed.

We are therefore, requesting an explanation of the legal authority under which HUD is taking this action. Absent such authority we are requesting release of our full grant amounts under the Congressional budget.

On a more positive note, please extend our appreciation to Gordon McKay and Rosemary Bacy for their timely processing of our grant agreement. We very much appreciate these efforts of your office.

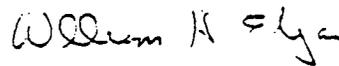
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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Duncan Lent Howard
Regional Administrator, Region IX
U.S. Department of Housing
and Urban Development
January 8, 1986
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Please do not hesitate to call me or Trish Davey of my staff
(916) 440-1322 should you have questions. We look forward to
your response to our request.

Sincerely,



WILLIAM H. EDGAR
Executive Director

WHE:jr

COMMUNITY DEVELOPMENT
PROGRAM AREA

CITY OF SACRAMENTO
CDBG PROGRAM

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I. PUBLIC SERVICES TO
LOW INCOME PERSONS

The Public Services category of eligibility is limited to 15% of the annual grant per HUD regulations. Therefore, this essential category of activities will bear the full effects of a 30% reduction in grant revenues. The City and County of Sacramento have already substantially cut public services programs by 15% below the 1985 level in order to meet the Congressional budget. An additional 15% would therefore, need to be cut potentially rendering some program inoperable. Please also note that these are operating program involving non-profit staffs for which reductions result in a direct loss of service.

The 1985 public service allocated was \$622,500. Should the full 30% cut be realized the 1986 budget could only support \$435,750. The impacts are as follows:

- A. Workrecreation Program: This program provides summer jobs for disadvantaged teenagers ages 14-16 from targeted area of high unemployment. This program would sustain the greatest cuts in order to preserve public service funds for homeless programs. Jobs for 70 youth are involved.
- B. Tuancy Patrol: This program has already been terminated as a result of the Congressional budget cut. The program assisted in reducing daytime burglaries by 8.6% in the CDBG target areas.

The 1985 public service allocation for the County was \$784,800. Should the full 30% cut be realized the 1986 public service budget could support only \$549,360.

The impacts are as follows and are based on all programs sharing equally in an across the board 30% cut.

- A. Women Escaping a Violent Environment
CDBG funds are used to support the operation of a second battered women's shelter. The second shelter would be faced with closure should the full cut be sustained denying shelter to over 60 battered women. All other funds would be diverted to sustaining the primary shelter facility
- B. South Area Emergency Housing Center (SAEHC)
This program housed over 620 homeless families in 1985. The program operator has indicated that a 30% cut would render the program inoperable. All other sources of funds such FEMA and CSBG are currently utilized to the maximum.

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C. Homeless Programs: Homeless programs account for \$260,000 of the public services budget and provided for the operation of emergency shelter for single persons (80 beds) and mentally ill homeless. Future and deeper cuts would threaten these essential services which have no alternative funding source.

C. Refugee Training: This program provided survival skills and advocacy training to over to over 835 refugee households in 1985. This program, currently budgeted at \$80,000, would face possible termination due to the very minimal staff and budget under which it currently operates.

D. Human Rights/Fair Housing Programs: The cuts would most probably result in termination of the Human Rights (job and public service discrimination) aspect of this program in order to target remaining funds on the HUD mandated Fair Housing program.

II. HOUSING PROGRAMS

These program provide direct financial assistance to low income persons who cannot afford a bank loan or to whom the banks will not lend. There is an ever increasing demand and need in this area with termination of the majority of other Federal housing programs.

The 1985 budget for this program area was \$1,620,000. Should the full 30% cut be realized the budget would be \$1,134,000. The impacts are as follows:

1. Housing Rehabilitation: Inability to fund 50 housing rehab cases and possible layoff of 30% of the staff (6 positions). This would also disrupt the current pipeline of rehab cases in process.

The 1985 budget for this program area was \$2,218,000. Should the full 30% cut be realized the budget would be \$1,552,600. The impacts are as follows:

1. Housing Rehabilitation: Inability to fund 72 housing rehabilitation cases and possible layoff of 30% of the staff (6 positions). This would also disrupt the current pipeline of rehab cases in process.

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2. Emergency Repair Grants: Inability to fund approximately 75 emergency repairs to low income householders.

2. Emergency Repair Grants: Inability to fund approximately 50 emergency repairs to low-income householders.
3. Housing Production Debt Repayments: The fixed costs of these section 108 debts incurred to produce low income public housing amount to \$600,000 of our housing budget. These cannot be cut. Therefore, other housing programs will bear a greater share of the cuts.

III. ECONOMIC DEVELOPMENT

This program provides technical assistance and low interest loans to distressed commercial strips such as Stockton Blvd., Del Paso Blvd., Main Street, Iselton, etc. Funds are targeted to projects which remove blight and create local jobs.

The program has been budgeted at a survival level of \$350,000. Further cuts in this area seriously threaten any meaningful economic development at a time when urban areas are in the greatest need.

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IV. CAPITAL IMPROVEMENTS

This program provides essential health and safety infrastructure improvements to the CDBG target areas, (waterlines, sewer, roads, etc.).

The 1985 budget for this program was \$1,388,000. Should the full 30% cut be realized the 1986 budget for these programs would be \$971,600. Total revamping of planned capital projects would have to occur resulting in lost time and design funds. The City may further have to consider deleting one or more of the five target areas (Del Paso Heights, East Del Paso Heights, Oak Park, Gardenland and Woodbine) in order to maintain sufficient funding for meaningful program in the remaining areas.

The 1985 budget for this program was \$1,368,800. Should the full 30% cut be realized the 1986 budget for these program would be \$958,160. Total revamping of planned capital projects would have to occur resulting in lost time and design funds. The County may further, have to consider deleting one or more of the five target areas (Old Citrus Heights, North Highlands, Rio Linda, South Sacramento, the Delta) in order to maintain sufficient funding for a meaningful program in the remaining areas. The Agreement Cities of Isleton, Galt and Folsom may also be effected.