



CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
RECEIVED
FEB 8 1982

MARTY VAN DUYN
PLANNING DIRECTOR

CITY PLANNING DEPARTMENT
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February 5, 1982

APPROVED
BY THE CITY COUNCIL

FEB 16 1982

AG 8-110A

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Contract with SMUD,
Residential Insulation/Weatherization Program (CDBG)

SUMMARY

This report discusses amendments to the agreement with the Sacramento Municipal Utility District (SMUD) for administration of the CDBG Home Insulation/Weatherization Program.

Staff recommends the guidelines be amended to allow assistance to rental units occupied by low and moderate income households; and that the City Council adopt the attached resolution authorizing the City Manager to execute an agreement with SMUD to amend the guidelines.

BACKGROUND

The City's 1978/79 and 1979/80 CDBG programs included a total of \$50,000 for the home insulation/weatherization program. To date approximately \$19,000 has been expended under a contract with SMUD. As of December 31, 1981, 175 households have been assisted under the program; 99 insulation jobs, 34 weatherization jobs, and 42 combination (insulation/weatherization) jobs.

The initial contract with SMUD was authorized by the City Council on February 26, 1980 and amended on July 31, 1981 to include administrative costs. The contract was also extended at that time and will continue in effect until August 4, 1982.

It has now become apparent that many of the low and moderate income households in the City live in rental units. And according to SMUD many of these rental units are not insulated and have higher energy use. SMUD has now recommended, and staff concurs, that the program should be extended to provide insulation and weatherization assistance to rental units occupied by low and moderate income families. Eligibility will be established according to the income schedule attached to the proposed guidelines.

Also included as part of the revised guidelines is a provision requiring that rents not be raised on units assisted under the program for a period of one year. A sample rent limitation agreement is provided as Attachment 2 of the guidelines.

FINANCIAL DATA

Funds from this program have already been allocated as part of the 1978/79 and 1979/80 CDBG program budgets. The guidelines allow a maximum of \$300 plus a maximum of seven cents per square foot SMUD direct administrative costs per unit assisted. Costs for improvements under this program have averaged approximately \$108 including overhead.

Of the \$50,000 allocated, \$19,000 has been spent. At the maximum allowable reimbursement per unit, another 103 homes could be insulated with the remaining \$31,000. Since costs have averaged considerably less than the maximum allowable it is expected that at least twice that number could be insulated.

No additional funds are being requested to continue the program.

RECOMMENDATION

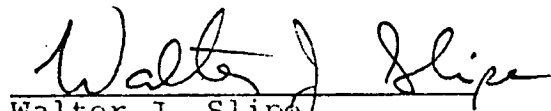
It is recommended that the City Council: 1) Approve the attached amended CDBG Home Insulation/Weatherization Program Guidelines to include rental units; and 2) Adopt the attached resolution authorizing the City Manager to execute on behalf of the City an agreement with SMUD to amend the guidelines.

Respectfully submitted,



Thomas V. Lee
Senior Planner

Recommendation Approved:



Walter J. Slipe
City Manager

TL:VT:lo
attachment

February 16, 1982
All Districts

RESOLUTION NO. 82-106

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENTS TO CITY AGREEMENT NO. 81-013 WITH THE SACRAMENTO MUNICIPAL UTILITY DISTRICT TO EXTEND ELIGIBILITY TO CERTAIN RENTAL UNITS UNDER THE CDBG HOME INSULATION PROGRAM.

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

Section 1

That the City Manager is hereby authorized to execute on behalf of the City of Sacramento amendments to City Agreement No. 81-013 with the Sacramento Municipal Utility District to extend eligibility for the undertaking and completion of improvements under the Home Insulation Program to rental units occupied by low and moderate income households for which the City of Sacramento has received Federal funds pursuant to the Community Block Grant Program under Title 1 of the Housing and Community Development Act of 1977.

MAYOR

ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL

FEB 16 1982

OFFICE OF THE
CITY CLERK

EXHIBIT A

APPROVED
BY THE CITY COUNCIL

FEB 16 1982

OFFICE OF THE
CITY CLERKResidential Insulation and Weatherization ProgramI. General Purpose

The purpose of the Residential Insulation and Weatherization Program (Program) is to partially subsidize the cost of certain insulation and weatherization improvements to residential units primarily occupied by lower income tenants or lower income home owners, for residential units located in the City of Sacramento (City), primarily with the City's Community Development Block Grant (CDBG) Target Areas. The Program is designed to complement and capitalize upon existing programs which provide financial assistance to facilitate residential insulation available through Sacramento Municipal Utility District (SMUD) and the Sacramento Economic Opportunity Council (SAEOC). ^{1/}

Additionally, the Program is intended to reduce the cost per unit of residential insulation improvements by employing economy-of-scale principles. Pursuant to this Program, insulation improvements will be contracted for at a cost per unit no greater than that of SMUD's ongoing insulation program. In the SMUD program, substantial economies of scale are achieved by contracting for large volumes of work.

For purposes of this Program, "lower income" means a household income above the poverty level, but below the upper income limits established by HUD for federally assisted housing.

^{1/} SMUD presently provides low interest loans, quality control and related services to homeowners for home insulation. SAEOC provides home insulation and weatherization free to homeowners whose incomes lie below the poverty level (roughly 50% of the regional median income adjusted for family size).

II. Eligibility

A. Type of structures improved

Program funds shall partially subsidize the cost of insulation and/or weatherization improvements only to structures which:

1. are solely used as a residence for one or more households;
2. are located in the City. Residential units located within designated CDBG Target Areas, as shown on Attachment 1, shall have funding priority;
3. lack adequate attic insulation or weatherization;
4. are basically in sound condition;^{2/} and
5. are owned and occupied by individual(s) with an adjusted gross household income within the limits specified in Attachment 1, or in cases of rental units, occupied by tenants with an adjusted gross household income within the limits specified in Attachment 1. When such rental units are part of a multi-family structure the applicable costs per unit will be determined by dividing the total cost of insulation improvements by the number of units plus weatherization costs applied to units individually. Eligibility for subsidy will be determined for each unit on an individual basis according to the schedule contained in Attachment 1. In the case of structures potentially eligible due to the income

^{2/} The determination as to whether or not a structure meets this criteria will be made by SMUD employee or contractor performing the work write-ups. In general a structure will be considered basically sound if there are no major structural deficiencies, such as a leaking roof or cracks in ceiling walls and floors which would negate the beneficial effects of insulation and weatherization. Also, there must be no potentially dangerous situations that could be worsened by the installation of insulation such as obsolete or defective electrical wiring.

level of tenants, the owner of such structure must agree in writing or by completion of Attachment 2 not to raise the rent for any unit in the structure assisted by this program for a period of one year following completion of program improvements to satisfy this eligibility criteria.

B. Type of improvements

Program funds shall partially subsidize the cost of the following limited types of improvements:

1. blown attic insulation;
2. weatherstripping, including door bottoms, sills, jams and trim repairs;
3. caulking;
4. repair of small exterior cracks and leaks such as unused plumbing or T.V. cable openings not related to structural deficiencies;
5. door replacement;
6. replacement of broken windows; window casements;
7. such additional improvements as agreed upon in writing from time to time by the City and SMUD.

Provided, however, that the specific types and amounts of the above-listed improvements which are needed for a particular residential structure shall be determined by SMUD and the owner of the structure.

Footnote 2/ (continued)

In those instances where a structure is determined to be ineligible for the program because of defects, the property owner will be informed of other assistance programs available to correct these defects.

III. Use of Program Funds

Program funds shall be used solely to partially subsidize the cost of eligible improvements to eligible structures, and to partially reimburse SMUD for its overhead costs actually incurred in implementing the Program including, but not limited to, outreach, work write-ups, loan processing, inspections, accounting, and administration. The maximum liability of program funds for SMUD overhead costs shall not exceed 7 cents per square foot of structures which receive completed program improvements. The cost of improvements billed to the City shall be the amount paid by SMUD to the insulation contractor(s) who performed the completed Program improvement services plus SMUD's overhead costs for program implementation.

IV. High Risk Loan Fund

\$2,000 of the Program fund shall be reserved to secure principle and interest payments for high risk loans made by SMUD to property owners to cover the unsubsidized portion of eligible Program improvements. A high risk loan is one which SMUD would not approve in the normal course of the current SMUD low interest home insulation loan program. SMUD may approve high risk loans until the entire \$2,000 amount is allocated as security for such high risk loans as remain outstanding.

The City may direct SMUD to make high risk loans for specific structures, subject to the availability of unreserved funds in this Fund to secure the full amount of such loans.

High risk loans shall have the same terms (interest, length of term, etc.) as are normally included in SMUDs ongoing,

low-interest home insulation loan program.

In the event of default by the recipient of a high risk loan, this Fund shall be debited for the unpaid balance of the loan and any accrued but unpaid interest due pursuant to the terms of the loan.

V. Calculation of Subsidy

The total cost of eligible improvements shall be financed by a combination of:

- A. Subsidy-debited from the general Program fund;
- B. loans from SMUD - including, when applicable, high risk loans as provided in IV above; and/or
- C. cash payments by the owners of structures improved by the Program subsidy.

The amount of subsidy shall vary between a maximum of 85% and a minimum of 25% of the total cost of eligible improvements, including SMUD's overhead costs, depending on household income and the number of residents per household as set forth in Attachment 2. Provided, however, that the maximum subsidy shall be \$300 per residential unit.

Attachment 1 shall be periodically adjusted by the City in order to render the chart consistent with changing SAEOC or HUD income guidelines.

VI. Duties of SMUD

With the exception of items specified by this document, the program will be administered by SMUD in exactly the same manner as SMUD's home insulation loan program. Any changes in the terms, procedures, etc., in the ongoing SMUD program which do not conflict with this Exhibit are automatically incorporated into this Program.

A. Contract with Insulation Installer

SMUD shall prepare and execute a contract for services with an insulation contractor or contractors to provide the insulation improvements partially subsidized by the program. SMUD may prepare and execute a contract with a weatherization contractor or contractors to provide the weatherization improvements partially subsidized by the program. SMUD shall select the contractor(s) which SMUD reasonably believes will provide satisfactory services at the lowest cost.

In preparing and executing any contracts pursuant to this subsection, SMUD shall comply with the requirements of Section 3 of the Housing & Urban Development Act (12 USC 1701/u et seq.) and implementing regulations contained in 24 CFR 135 et seq.

SMUD shall establish a procedure to disburse Program subsidy funds to contractors who rendered services pursuant to the Program.

B. Supplementation of Home Insulation Grants: SMUD shall grant loans, deferred payment or other payment options available through SMUD's ongoing financial assistance programs to applicants

eligible under SMUD's ongoing Programs to cover the difference between total insulation and weatherization costs and the subsidy amount available through this Program. Eligibility shall be determined through SMUD's normal credit review process.

C. Loans to High Risk Applicants: SMUD shall administer the high risk loan account in accordance with the provisions of this document. SMUD shall maintain separate records of loans credited against the high risk loan fund and will submit an annual report to the City each December showing the number and amount of loans outstanding, the remaining fund balance, and any defaults which were subject to reimbursement from the high risk loan fund.

D. Outreach: SMUD shall advertise and promote the Home Insulation Grant Program as SMUD deems appropriate.

E. Program Coordination: SMUD shall designate a Home Insulation Grant Program Coordinator to function as liason to the City on matters related to the program.

F. Quality Control: SMUD shall conduct post inspections of insulation and weatherization work performed by contractor(s). At SMUD's discretion, these inspections may be conducted at random.

G. Applications Initiated by the Contractor: Working with contractor(s), SMUD shall establish a process for administering insulation and/or weatherization projects initiated by contractor(s), including a means for inspection and payment on weatherization improvements agreed to between the contractor, SMUD, and the applicant after an initial write-up by SMUD.

H. Record Keeping: SMUD will review Certification of Income forms and Insulation Survey Contract forms for completeness, legibility and accuracy and forward copies to the City together with each request for payment.

SMUD shall keep all records required by paragraphs 4 and 5 of City Agreement 81-013/SMUD Contract No. 8435.

I. Monthly Billings to City: SMUD shall submit to the CITY once per month a request for payment for all Program services completed during the previous month. Each monthly request shall include a report which complies with the requirements of paragraph 2 of this agreement, including, but not limited to, the following information:

1. number of applications processed;
2. number approved;
3. actual number of insulations/weatherizations accomplished and the nature of the work performed;
4. total dollar amount of Program funds committed that month as well as total dollar amount of all work performed;
5. number of applications denied because of the existence of code violations and referrals made to repair/rehabilitation programs;
6. number of loans and total dollar amount committed under the high risk loan insurance Program for otherwise ineligible loans;
7. SMUD overhead costs billed per completed job.

J. Referral of Ineligible Applicants: Where a homeowner's income, as determined by these guidelines (Attachment 1), is too

low to qualify for a subsidy under this Program, SMUD will refer the applicant to SAEOC or other agencies providing free insulation/weatherization assistance. Where structural problems exist that make insulation infeasible, the applicant shall be referred to the Sacramento Housing and Redevelopment Agency for rehabilitation assistance.

K. Compliance with CDBG Assurances: SMUD, in acting on behalf of the City of Sacramento, shall to the greatest extent possible comply with the assurances and provisions stipulated in the City's CDBG Program application.

VII. Duties of City

A. General Oversight and Coordination: The City will provide Community Development Block Grant (CDBG) funds to SMUD for home insulation/weatherization subsidies. The City Manager, or his designee, will oversee general implementation of the program and, in addition, shall perform the following:

1. Act as a liaison with SMUD.
2. Prepare and disseminate subsidy schedules in accordance with Attachment 1, as well as other necessary forms and reports;
3. Review SMUD authorized high risk loans and direct the issuance of such loans in accordance with IV above;
4. Review and process the monthly requests for payment submitted to the City by SMUD; SMUD can expect payment approximately three (3) weeks after receipt by the City of a SMUD request for payment;

5. Any other functions necessary to administer the Program.

B. Inspection of SMUD records: The City has the right to inspect SMUD CDBG funded program records at reasonable times to insure the Program funds are being spent properly and proper records are being maintained.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____

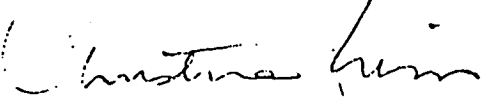
CITY OF SACRAMENTO,
a municipal corporation

By: _____

ATTEST:

CITY CLERK

APPROVED AS TO FORM:



DEPUTY CITY ATTORNEY

CERTIFICATION OF INCOME STATUS

The insulation program which has been explained to you is being sponsored by the Sacramento Municipal Utility District (SMUD) with the use of Community Development Block Grant (CDBG) funds administered by the County of Sacramento. Through this program, partial grants are provided for ceiling insulation for their home based on the following conditions:

1. The home must be located within the Sacramento County unincorporated area.
2. The yearly income of the resident must fall within the following guidelines. (Please mark the appropriate box indicating in which group you fall.)

FAMILY SIZE (NUMBER OF PERSONS)								THE MAXIMUM GRANT AMOUNT IS:		
GROUP 1	2	3	4	5	6	7	8			
A	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	\$ 0 to/ <input type="checkbox"/>	100% (Refer to outside agency administering DOE program) \$300 (or 85% of job costs whichever is less)	
1	\$5388 to/ <input type="checkbox"/>	\$7113 to/ <input type="checkbox"/>	\$8832 to/ <input type="checkbox"/>	\$10553 to/ <input type="checkbox"/>	\$12283 to/ <input type="checkbox"/>	\$14013 to/ <input type="checkbox"/>	\$15733 to/ <input type="checkbox"/>	\$17463* to/ <input type="checkbox"/>		
2	\$6710 to/ <input type="checkbox"/>	\$8430 to/ <input type="checkbox"/>	\$10150 to/ <input type="checkbox"/>	\$11870 to/ <input type="checkbox"/>	\$13470 to/ <input type="checkbox"/>	\$15050 to/ <input type="checkbox"/>	\$16560 to/ <input type="checkbox"/>	\$18250 to/ <input type="checkbox"/>		\$250 (or 70% of job costs whichever is less)
3	\$8033 to/ <input type="checkbox"/>	\$9742 to/ <input type="checkbox"/>	\$11463 to/ <input type="checkbox"/>	\$13178 to/ <input type="checkbox"/>	\$14653 to/ <input type="checkbox"/>	\$16108 to/ <input type="checkbox"/>	\$17583 to/ <input type="checkbox"/>	\$19038 to/ <input type="checkbox"/>		\$200 (or 55% of job costs whichever is less)
4	\$9355 to/ <input type="checkbox"/>	\$11055 to/ <input type="checkbox"/>	\$12775 to/ <input type="checkbox"/>	\$14485 to/ <input type="checkbox"/>	\$15835 to/ <input type="checkbox"/>	\$17155 to/ <input type="checkbox"/>	\$18505 to/ <input type="checkbox"/>	\$19855 to/ <input type="checkbox"/>		\$150 (or 40% of job costs whichever is less)
5	\$10678 to/ <input type="checkbox"/>	\$12383 to/ <input type="checkbox"/>	\$14088 to/ <input type="checkbox"/>	\$15793 to/ <input type="checkbox"/>	\$17018 to/ <input type="checkbox"/>	\$18203 to/ <input type="checkbox"/>	\$19428 to/ <input type="checkbox"/>	\$20613 to/ <input type="checkbox"/>	\$100 (or 25% of job costs whichever is less)	
B	\$12000 or/ <input type="checkbox"/>	\$13700 or/ <input type="checkbox"/>	\$15400 or/ <input type="checkbox"/>	\$17100 or/ <input type="checkbox"/>	\$18200 or/ <input type="checkbox"/>	\$19250 or/ <input type="checkbox"/>	\$20350 or/ <input type="checkbox"/>	\$21400 or/ <input type="checkbox"/>	For income levels in this group, the subsidy is zero--refer to SMUD's normal loan program.	
*Add \$1725 for each additional person										

CERTIFICATION

I, _____, have read the statement and do hereby certify that I reside at _____, Sacramento County, California, and that I OWN RENT this residence.

I also certify that I am not receiving any other Federal, State, and/or County funding for the improvements proposed. In addition, I certify that the above guidelines for income limitations are met and that I have correctly indicated my position within the guidelines. I understand that the federal government from time to time does conduct spot audits of this program and may check Federal, State, and local records to determine that this certification was accurate as of this date; if this certification is found to be inaccurate, federal penalties for fraud may apply.

RESIDENT'S Signature

Date

SMUD REPRESENTATIVE Signature

ETHNICITY: Caucasian
Black
Hispanic

Am. Indian/
Alaska Native
Asian/
Pacific Islander

HEAD OF HOUSEHOLD:
Male
Female

ACCESS FORM: Yes
No

RENT LIMITATION AGREEMENT

I, _____, owner of the property
(printed/typed name)

located at _____, agree to maintain
(address)

the rental rate charged to the tenant residing at the above-mentioned property

at the current rate of _____ for a period of one

(1) year.

(owner's signature)

DATE: _____

AGREEMENTAdministration of Community Development Block
Grant Program for the County of Sacramento

THIS AGREEMENT, made this 1st day of February, 1982, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, the REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO, the HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, and the HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO (herein collectively referred to as the "Agency"), and the COUNTY OF SACRAMENTO (herein referred to as the "County").

IT IS MUTUALLY AGREED, as follows:

1. SCOPE OF SERVICES

a. The Agency agrees to provide all services necessary for the administration of the Community Development Block Grant Program (CDBG) on behalf of County, as follows:

- (1) Development of CDBG application and support documents for administration of the program and Housing Assistance Plan (HAP);
- (2) All requisite citizen participation;
- (3) Evaluation of the program and preparation of any required reporting documents;
- (4) All routine program correspondence;
- (5) Fiscal, accounting and auditing responsibilities;
- (6) Responsibility for legal opinions on program matters;
- (7) Responsibility for preparation and monitoring of contracts with all outside entities (except those specifically delineated as

the responsibility of County's Department of Public Works or special districts); and

(8) All implementation and program responsibilities.

b. Under this Agreement the Agency shall have the sole responsibility for the development, execution and administration of the CDBG programs, the complete authority and responsibility for the programmatic and fiscal monitoring of all County CDBG programs and shall provide any necessary technical assistance to the County in connection therewith.

2. COUNTY INFORMATION AND DATA

County shall furnish to Agency any and all pertinent data and information which the County possesses as it relates to the performance of the duties of Agency under this Agreement.

3. TIME OF PERFORMANCE

The services of the Agency shall commence upon execution of this Agreement and shall continue until terminated by either party giving thirty (30) days prior written notice to the other.

4. COMPENSATION AND METHOD OF PAYMENT

County shall compensate Agency for actual employee expenses incurred by Agency. For purposes of this Agreement, "actual employee expenses" shall include actual wages paid, pro rata allocation of fringe benefits and such overhead and indirect expense as shall be allocable under a cost allocation plan approved for the Agency by the United States Department of Housing and Urban Development.

5. CONTRACT EMPLOYEES

From time to time County may in its discretion provide Agency, upon

request, with County employees on a contract basis to provide services. These employees shall be provided on a work authorization basis and the County shall be responsible for all employee expenses. During the period of such assignment, notwithstanding the nature of the assignment, the employee shall remain in all respects a County employee.

6. REPORTING

The Executive Director of the Agency shall make periodic reports to the County Executive regarding actions taken pursuant to the delegations of this Agreement and shall report to and appear before the County Board of Supervisors regarding such actions taken as directed.

7. FUND SET ASIDES

- a. Notwithstanding any other provision of this Agreement, certain specified amounts of CDBG funds will be set aside for the exclusive use of the County of Sacramento for various social and governmental programs not under direct administration of the Agency.
- b. Up to ten percent (10%) of each year's total entitlement will be set aside for future planning, health and welfare services, as permitted by federal regulations. An estimate of the total amount of such set aside will be forwarded to the County Executive's Office upon notification of each year's entitlement. The County Executive's Office will then develop specific programs for the use of these funds subject to approval by the Board of Supervisors during the regular annual budget process. At the conclusion of the budget process in August of each year, the County shall transmit such information to the Redevelopment Agency of the County of Sacramento. Such program details will be

incorporated into the County CDBG application without review by Agency staff except as to conformance with Federal regulation, submitted to the various advisory review bodies as an informational item only and forwarded directly to the Board of Supervisors for approval. However, it is understood that the South Area Emergency Housing and Human Rights Commission's Fair Housing Council will receive funding from this 10% set aside as long as deemed desirable by the County Executive and the Board of Supervisors.

8. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding and agreement of the parties. This Agreement supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. The respective parties shall have no further or additional obligations other than those which are expressly contained within the pages of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AGENCY: REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO,
REDEVELOPMENT AGENCY OF THE COUNTY OF
SACRAMENTO,
HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO,
HOUSING AUTHORITY OF THE COUNTY OF
SACRAMENTO

By _____
WILLIAM H. EDGAR, Interim Executive
Director

COUNTY: COUNTY OF SACRAMENTO

By _____
ILLA COLLIN, Chairperson, Board of
Supervisors