LAKEWOOD CITY COUNCIL
STUDY SESSION AGENDA
Monday, September 23, 2013
7:00 P.M.
City of Lakewood
City Council Chambers
6000 Main Street SW
Lakewood, WA 98499

Page No.

Call to Order

Items for Discussion:

( 1)  1. Update on Lakewood Towne Center redevelopment - Mr. Dan Slattery, Senior Vice President, Director of Development, Retail Properties of America, Inc (RPAI)

(12)  2. Joint meeting with the Community Development Block Grant Citizens’ Advisory Board.

(17)  3. Review of the Fiscal Year 2014 Community Development Block Grant and HOME Investment Partnership Act policies on the proposed use of funds. - (Memorandum)

Briefing by the City Manager

Items Tentatively Scheduled for the October 7, 2013 Regular City Council Meeting:

1. Item Nos. 3 above.

2. Presentation of the 2013-2014 Stormwater Pollution Prevention and Water Conservation Calendar. - Custer Elementary and John Dower Elementary Schools

3. Proclamation declaring the month of October 2013 as Domestic Violence Awareness month.

The City Council Chambers is accessible to persons with disabilities. Equipment is available for the hearing impaired. Persons requesting special accommodations or language interpreters should contact the City Clerk’s Office, 589-2489, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

http://www.cityoflakewood.us
The Council Chambers will be closed 15 minutes after adjournment of the meeting.
4. Setting Monday, November 4, 2013, at approximately 7:00 p.m., as the date for a public hearing by the City Council on the 2014 property tax collection. - (Motion - Consent Agenda)

5. Appointing individuals to the Lakewood Arts Commission through October 15, 2016. - (Motion - Regular Agenda)

6. Appointing individuals to the Citizens’ Transportation Advisory Committee through November 5, 2016. - (Motion - Regular Agenda)

7. Appointing an individual to the Redevelopment Advisory Board through May 23, 2015. - (Motion - Regular Agenda)

City Council Comments

Adjournment

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http://www.cityoflakewood.us
The Council Chambers will be closed 15 minutes after adjournment of the meeting.
## MEETING SCHEDULE

**September 23, 2013 – September 27, 2013**

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Meeting</th>
<th>Location</th>
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<tbody>
<tr>
<td>September 23</td>
<td>7:00 P.M.</td>
<td>City Council Study Session</td>
<td>Lakewood City Hall</td>
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<td>Council Chambers</td>
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<tr>
<td>September 24</td>
<td>5:30 P.M.</td>
<td>Parks and Recreation Advisory Board</td>
<td>Lakewood City Hall</td>
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<tr>
<td>September 24</td>
<td>5:30 P.M.</td>
<td>Citizens’ Transportation Advisory Committee</td>
<td>Lakewood City Hall</td>
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<td>1&lt;sup&gt;st&lt;/sup&gt; Floor, Conference Room 1D</td>
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<tr>
<td>September 25</td>
<td>5:30 P.M.</td>
<td>Community Development Block Grant Citizens’ Advisory Board</td>
<td>Lakewood City Hall</td>
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<td>3&lt;sup&gt;rd&lt;/sup&gt; Floor, Executive Conference Room 3A</td>
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<tr>
<td>September 26</td>
<td>3:30 P.M.</td>
<td>City Talk with the Mayor (or another Councilmember)</td>
<td>Lakewood City Hall</td>
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<td>By Appointment Only</td>
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<td>Mayor’s Office, 3&lt;sup&gt;rd&lt;/sup&gt; Floor</td>
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<td>6:00 P.M.</td>
<td>Landmarks &amp; Heritage Advisory Board</td>
<td>Lakewood City Hall</td>
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<td>3&lt;sup&gt;rd&lt;/sup&gt; Floor, Executive Conference Room 3A</td>
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<tr>
<td>September 27</td>
<td>No Meetings Scheduled</td>
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## TENTATIVE MEETING SCHEDULE

**September 30, 2013 – October 4, 2013**

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<tr>
<th>Date</th>
<th>Time</th>
<th>Meeting</th>
<th>Location</th>
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<tbody>
<tr>
<td>September 30</td>
<td>7:00 P.M.</td>
<td>Transportation Benefit District Board</td>
<td>Lakewood City Hall</td>
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<td>Council Chambers</td>
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<td>October 1</td>
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<tr>
<td>October 2</td>
<td>8:00 A.M.</td>
<td>Lodging Tax Advisory Board</td>
<td>Lakewood City Hall</td>
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<td>1&lt;sup&gt;st&lt;/sup&gt; Floor, Conference Room 1E</td>
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<tr>
<td>October 2</td>
<td>5:15 P.M.</td>
<td>Public Safety Advisory Committee</td>
<td>Lakewood Police Station</td>
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<td>Multi-Purpose Room 9401 Lakewood Drive SW</td>
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<tr>
<td>October 2</td>
<td>6:30 P.M.</td>
<td>Planning Advisory Board</td>
<td>Lakewood City Hall</td>
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<td>Council Chambers</td>
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<tr>
<td>October 3</td>
<td>9:30 A.M.</td>
<td>Civil Service Commission</td>
<td>Lakewood City Hall</td>
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<td>1&lt;sup&gt;st&lt;/sup&gt; Floor, Conference Room 1E</td>
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<tr>
<td>October 4</td>
<td>6:30 P.M.</td>
<td>Tillicum/Woodbrook Neighborhood Association</td>
<td>Tillicum Community Center</td>
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<td>14916 Washington Avenue SW</td>
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<tr>
<td>October 4</td>
<td>No Meetings Scheduled</td>
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**NOTE:** The City Clerk's Office has made every effort to ensure the accuracy of this information. Please confirm any meeting with the sponsoring City department or entity.
FROM: M. David Bugher, Assistant City Manager / Community Development Director

TO: Mayor and City Council

THROUGH: John Caulfield, City Manager

MEETING DATE: September 23, 2013

SUBJECT: Lakewood Towne Center Redevelopment

Introduction: Daniel Slattery, Senior Vice President and Director of Development at Retail Properties of America, Inc. (RPAI) will provide a presentation to the City Council regarding a proposal to redevelop the “south end” of the Towne Center which is the location of the Gottschalk’s pad.

RPAI is a real estate investment trust company headquartered in Oakbrook, Illinois, specializing in real estate and real estate mortgages. RPAI’s portfolio consists of 264 properties nationally, both wholly and partially owned, totaling in excess of 39 million square feet, including lifestyle, power and community centers, as well as single-tenant net lease properties. Their Washington portfolio includes the Plaza at Marysville, the Northpointe Plaza in Spokane, North Gate North in Seattle, and the Lakewood Towne Center.

In addition to asking questions about the current redevelopment proposal, Council members will have the opportunity to inquire about the Towne Center overall. Council has a unique opportunity to meet with a senior representative of RPAI to talk about the future of the Towne Center. Council should take advantage of this occasion. In order to help start the conversation, a series of questions have been prepared and attached to this memorandum. Council members may use these questions as a means of inquiry into RPAI’s business model. Of course, Council members can develop their own questions.

Status of Redevelopment: Most recently, RPAI demolished the Gottschalk’s building and is proposing redevelopment in the general area of the Gottschalk’s pad. City staff has regularly been in contact with RPAI regarding the development of out pads and place-making infrastructure. Most of the conversations have focused on sorting out RPAI’s market desires and the City’s requests for additional public amenities.

Since late 2012, RPAI has been proposing to add new commercial pads to the Towne Center. Concept drawings were prepared. Representatives at RPAI shared this information to City staff who in turn briefed the Redevelopment Advisory Board (REDAB) and the City Council. Overall, there has been broad support for additional businesses to locate in the Towne Center, but there has been a desire on the community’s part to add public amenities to any redevelopment proposal. To-date, comments have focused on a “Towne Green” component and enhancing pedestrian connectivity between City Hall and the rest of the Towne Center properties. Enclosed are various site plans that have been circulated.
Exhibit 1 shows RPAI’s first concept. A new 25,000 square foot building is proposed immediately to the east of the existing, vacant Joe’s building. Two new restaurant pads would be located at Main Street near the primary entrance to Loew’s Theater and Barnes and Nobles.

Exhibit 2 is a different concept prepared by James Guerrero Architects, a local architectural firm. Mr. Guerrero is also a member of the REDAB. The work was performed pro bono. It provides for new retail, public gathering spaces, mixed use development and a parking garage.

Exhibit 3 is another design concept, also prepared by James Guerrero Architects, again, pro bono. The concept appears to scale down the amount of development that is proposed in Exhibit 2.

Exhibit 4 is a concept plan prepared by RPAI’s architect, BCRA. It shows three new restaurant pads, revised parking fields, and enhanced pedestrian connectivity adjacent to Main Street. Overall the design is linear, enhances vehicle parking, and appears to maintain the status quo of a retail power center.

Exhibits 5A and 5B are RPAI’s latest design. These exhibits are basically the same as those found in Exhibit 4 but at a larger scale.

Mr. Slattery will present additional colored renderings at the Council Study Session including a proposal to expand the existing City Hall Plaza by removing some of the vegetation in front of City Hall.

Policy Considerations: There are two basic strategies before the Council.

Strategy 1: Council supports the inclusion of a Town Green or common area/gathering places into the redevelopment of the Towne Center. RPAI has responded by amending their concept plans providing additional space for pedestrian connectivity. However, what is before the Council may not be deemed sufficient, in which case there remain three basic options:

- Continue working with RPAI to refine their redevelopment application through some form of a negotiated agreement.
- The second option is to acquire common areas through acquisition of an easement and/or real property. This option requires the City to provide funds for: purchasing a public easement of some kind; or negotiating a purchase and sale agreement with RPAI. At the other end of the spectrum, is the use of eminent domain which is viewed as counterproductive.
- The City also has the ability to impose conditions on the project and require the dedication of common areas through permitting, vis-à-vis community design and site

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1 A power center is an unenclosed shopping center with 250,000 square feet to 750,000 square feet of gross leasable area that usually contains three or more big box retailers and various smaller retailers (usually located in strip plazas) with a common parking area shared among the retailers. Power centers do contain some aspects of urban design, but it is limited. Power centers function similarly to a traditional shopping mall, but are primarily built around the movement and access of private vehicles rather than pedestrian foot traffic.
development permits. RPAI could object which may lead to the filing of an appeal before the City’s Hearing Examiner.

**Strategy 2:** Council acknowledges that as a successful real estate firm, RPAI knows their business model better than the City. The current power center has been successful and there is no need to make changes. Under this approach, RPAI moves forward with their development proposal. Some changes in site design may be warranted to promote connectivity and pedestrian safety. These would be agreed to by RPAI, so long as it does not substantially impede their business model or disturb existing parking fields.

**Recommendation:** Staff would like to continue working with the property owner to develop an agreement, but this requires that the Council provide additional direction.

After speaking with the parks, recreation and community services director developing a Town green at the northeast corner of 59th Street SW and Main Street SW, as has been suggested, may not be the preferred design. This corner location is located at a busy intersection. Individually, these two streets move around 5,000 vehicles per day. There are potential issues with noise, and conflicts with pedestrians and vehicles that may preclude the use of this space as envisioned. Further, to make the site work, a minimum of 20,000 square feet would be required, which represents a significant loss in parking area to RPAI. So, are there other options? Developing a Towne Green, interspersed among proposed building pads may prove to be a better approach.

Other components to the agreement include: that the City supports the development of three new restaurant pads at the Towne Center; that staff develop a funding source, to help offset the cost of the Towne Green requirement with the understanding that the City’s financial contributions could be over a five year period.

Staff would note that the process of negotiating an agreement may delay construction. Unknown to City staff, RPAI may have entered into lease agreements with the prospective tenants.

RPAI may not want to entertain an agreement, in which case they can proceed with the submission of development applications. These applications would be reviewed under current code regulations including community design and site development review.

**Summary:** The City strongly supports the efforts of RPAI to redevelop the Towne Center. However, Lakewood’s Comprehensive Plan recognizes that a downtown is an icon of place-making. While many of the basic ingredients for a downtown are already in place, they currently do not work together to create an active, multi-faceted core. There are policies already in place that address this very issue:

**GOAL UD-8:** Develop the design of the Central Business District (CBD)\(^2\) to support its role as Lakewood’s downtown.

**Policies:**

**UD-8.1:** Develop a partnership arrangement with the Lakewood Mall to reestablish its viability, in recognition of its importance to the city and the economy.

\(^2\) The Towne Center is located in the CBD.
UD-8.2: Continue to foster transformation of the former mall to provide better public visibility; create additional public rights-of-way; and potentially develop entertainment, housing, visitor serving, and open space uses.

UD-8.3: Promote design elements that enhance the distinctive character of the Colonial Center while enabling contemporary urban design in the CBD overall.

UD-8.3: Maintain a pedestrian-orientation in building, site, and street design and development in the CBD.

UD-8.4: Promote urban amenities throughout the CBD and on individual sites. D-8 and its related policies speak directly to this issue.

These kinds of opportunities for downtown core redevelopment do not come around very often; however, current land use policy would strongly suggest rethinking RPAI’s latest design.

Attachments:
  Towne Center questions
  Exhibit 1
  Exhibit 2
  Exhibit 3
  Exhibit 4
  Exhibit 5A
  Exhibit 5B
City County Meeting  
September 23, 2013

Potential Questions from Council for RPAI

- What is the status of the former Joe’s building? Why have you not been able to attract a tenant?
- Can RPAI attract Nordstrom Rack, Kohl’s or DSW to come to the Lakewood Towne Center?
- What kinds of tenants do you see coming into the center?
- What trends do you see in retailers of the future?
- How do you go about getting tenants?
- What do you see in the future for Towne Center say in five or ten years? What changes would you like to see? Do you have a larger vision for the center?
- What is your strategy for the mall going forward?
- Would RPAI allow offices or mixed use to include housing in the Towne Center?
- How does this center compare to your other centers around the nation in terms of performance?
- What is the Towne Center’s historical vacancy rate?
- Since 2001, the City of Lakewood has permitted high density, mixed use development in the Towne Center. Yet, over the past 12 years no such development has been occurred? Why is that?
- Can you please explain the difference between a Retail Power Center and a Lifestyle Center?
- How would you define the Lakewood Towne Center? A Power Center or a Lifestyle Center and why?
- RPAI offers other types of lifestyle centers elsewhere in the United States. What is the possibility of converting the Lakewood Towne Center into a Lifestyle Center?
- Hobby Lobby recently announced that it is going to open in a part of K-Mart store. Could Hobby Lobby have gone into the Towne Center? And, if they could not locate in the Towne Center then why not?
- What impact do the underlying restrictive covenants have upon leasing new business in the Towne Center? Is there any way to make them less restrictive?
- The Towne Center consists of about 100 acres on multiple parcels of land. Has RPAI considered the acquisition of other properties in the Towne Center and thus consolidate its holdings?
- What is RPAI’s annual budget for operating the Lakewood Towne Center?
- Would you be open to have a parking garage in Towne Center at some point in the future?
- What is the status of way-finding signs? How is that going and how could the City help?
- What kind of partnership do you want with the City of Lakewood? Is there anything the city can do to support you more in your efforts?
- Do you have any advice for us to put into our plans to enable you to be even more successful?
From: David Bugher
Sent: Tuesday, July 02, 2013 6:13 AM
To: Ellie Chambers
Subject: fyi
SITE CONCEPT-9.11.13 (Overall site plan)
DRAFT WORK PLAN
FY 2014
Community Development Block Grant
Citizens Advisory Board

Members:
Edith Owen Wallace, Chair
Michael Lacadie
Laurie Maus
Sharon Taylor
Helen Bloodsaw

Council Liaison:
Marie Barth

Meeting Schedule:
Meets as needed, primarily from August – February and May.

Work Plan

- Submit FY 2012 Consolidated Performance Evaluation Report to HUD. – (September, 2013)
- Conduct a Public Hearing on community development, housing, and public services needs for FY 2014 Consolidated Plan and proposed use of funds. – (September 12, 2013)
- Seek Council direction on funding policies and priorities on the proposed use of FY 2014 CDBG and HOME funds in meeting HUD’s national objectives. – (Council Action – October 7, 2013)
CALL TO ORDER
Chair Edith Owen Wallace called the meeting to order at 7:00 p.m.

ATTENDANCE
Board Members Present: Chair Edith Owen Wallace, Michael Lacadie, Sharon Taylor

Hsfab Board Members Present: Chair Mary Green, Chris Turner

Board Members Excused: Laurie Maus, Helen Bloodsaw

Council Liaison Excused: Councilmember Marie Barth

City Staff Present: Jeff Gumm, Martha Larkin, Karmel Shields

INTRODUCTIONS
All members of the CDBG Citizens Advisory Board and the Human Services Funding Advisory Board (Hsfab) introduced themselves.

Ms. Wallace, Chair of the CDBG Citizens Advisory Board, explained the need for citizen input in developing funding strategies for the FY 2014 Consolidated Plan. She noted that citizen input will be used by the Lakewood City Council in drafting funding strategies for allocating CDBG and HOME funding that benefit low and moderate income citizens of Lakewood. Ms. Wallace announced that applications for CDBG funding would be available from November 1st – December 6th.

PUBLIC COMMENTS
BethAnn Garcez - Pierce County Coalition for Developmental Disabilities (PC2)
Ms. Garcez discussed the need for affordable housing programs for families with disabled members. She stated that as many as 85% of the developmentally disabled are now living in the community and a high percentage of them earn below 50% of area median income. She stressed that the need has become critical to obtain and sustain affordable housing and prevent foreclosures. Ms. Garcez stated that last year PC2 was able to assist 5 families in Lakewood and with continued support they will do more because these vulnerable citizens deserve affordable housing opportunities.

Rick Guild – Centerforce
Mr. Guild stated that Centerforce serves 258 developmentally disabled adults, 41 of whom are Lakewood residents. Of those Lakewood residents, 33 are employed. He stated that Centerforce is hoping to build or rehabilitate a building to provide food service training for developmentally disabled adults. Mr. Guild encouraged the Board to consider funding more physical improvement projects on the South side of I-5 in Lakewood such as roadway, sidewalk and streetlight improvements.
Helen McGovern-Pilant – Emergency Food Network (EFN)
Ms. McGovern-Pilant thanked the City for its support and explained that EFN distributes food to 100% of the food banks in Lakewood and 80% of all Pierce County. She stated that EFN distributed 1,555,099 lbs. of food over the last year and that 11.6% of that was delivered to Lakewood sites. Because of the increased need, EFN has partnered with FISH food bank in Lakewood. Beth Elliot of FISH food bank added that there has been a 150% increase in need and they have been serving approximately 9,000 people per month.

Gomer Roseman - Tacoma-Pierce County Habitat for Humanity
Mr. Roseman gave an update on Habitat for Humanity’s progress in the Tillicum area of Lakewood and discussed upcoming projects as well as inviting the Boards to attend celebrations of some completed projects. He thanked the Board for their support.

Cynda Mack – MDC – Making a Difference in Community
Ms. Mack informed the Board that MDC serves households of less than 50% median income. The organization owns 4 cottages in Lakewood which have been slowly deteriorating due to age and use. MDC would like to demolish the units and build 10 units in place of them where they would continue to serve low income Lakewood residents.

Amy Allison – Associated Ministries, Paint Tacoma-Pierce Beautiful
Ms. Allison stated that the Paint Tacoma-Pierce Beautiful program provided house painting at no cost to low income households in Lakewood. She shared stories of two homeowners. She added that the program eligibility requirements have been expanded to include all low income households, not just the elderly or disabled. She thanked the Board for their continued support.

Rosemary Hibbler – House of Prayer
Ms. Hibbler explained that House of Prayer works with individuals who are transitioning from incarceration to housing in the community. She stated that they provide a 90-day transitional housing program which includes counseling, childcare and related services. Her organization partners with apartment owners and with the Department of Corrections in an effort to reduce recidivism and the crime rate.

Kristina Santwan – Rebuilding Together, South Sound
Ms. Santwan stated that last year the program assisted with plumbing, electrical work, ramps, roofs, clean-up and other general repairs on 12 homes in Lakewood. They utilize donated materials and volunteer labor and the work is done at no cost to the homeowner. She said they currently have a waiting list of 41 homes and that 9 of those are located in Lakewood.

Amy Remington – Guild Mortgage
Ms. Remington discussed the Down Payment Assistance program. She stated that the lending industry is aware of Lakewood’s DPA program and that it’s a valuable resource and they use it as often as they are able. She added that it is beneficial that Lakewood’s program requires more in the way of home inspections than some others.

OTHER
The next meeting of the CDBG Citizens Advisory Board is scheduled for Wednesday, September 18, 2013 at 5:30 p.m.

ADJOURNMENT
There being no further business, the meeting adjourned at 7:47 p.m.

__________________________
Edith Owen Wallace, Chair

__________________________
Date
September 11, 2013

Jeff Gumm
Program/Grants Director
City of Lakewood
6000 Main St. SW
Lakewood, WA 98499

RE: City of Lakewood FY2014 CDBG Action Plan

Dear Mr. Gumm,

On behalf of the low-income children who are growing up in the city of Lakewood, we respectfully request the Lakewood CDBG program to include Public Service funding for Child Care in the FY 2014 Action Plan. Now more than ever, children in Lakewood are in need of inclusive, comprehensive programs like child care. Children spend only 20 percent of their waking hours in school and how they spend the remaining 80 percent of their time has far-reaching implications on their development. Affordable, high-quality child care programs are critical for the academic success and health of Lakewood’s children and youth.

There is an unmet need for affordable, convenient, and high-quality child care programs in Lakewood. The Lakewood CDBG Consolidated Plan rated child care with a medium level need. The 2009 School’s Out Washington report similarly rated the need for child care and cited that cost/affordability and convenient locations and hours are reasons why parents don’t enroll their children in child care. The School’s Out Washington report estimates that 90 percent of school-aged children are not enrolled in after-school programs and participate in self-care, whereby the child is left home alone with no adult supervision and no positive activities during the hours of 3 pm to 6 pm.

The YMCA is the City of Lakewood’s largest provider of state-licensed child care. Each year, we serve over 80 Lakewood youth in our care. Child Care is offered before and after school, from 6:30 a.m. until school starts and from school dismissal until 6:30 p.m. YMCA Child Care is offered in safe, secure, and convenient locations in the City. In partnership with the Clover Park School District, we offer child care at Custer, Idlewild, and Park Lodge Elementary Schools and provide bus transportation connecting Dower, Oakbrook, and Lake Louise Elementary schools; Hudtloff Middle school; and Harrison Preparatory Schools to our program. YMCA Child Care offers homework help and tutoring, a minimum of 60 minutes of active physical activity, learning games and activities, a healthy snack, and nutritional education. Our positive and caring staff instills positive values and behaviors, inspire leadership and confidence, and serve as role models for students.

YMCA of Pierce and Kitsap Counties
Association Office
1514 S. Millicent St. Ste. 1, Tacoma WA 98465
P 253-534-7800  F 253-566-1211  W ymcapic.org
YMCA Child Care serves a high number of low-income youth and families in Lakewood. Based on our current enrollments in the Clover Park School District, one out of every three youth we serve in child care receives financial assistance to participate in the program. One out of five youth we serve receives a Department of Social and Health Services (DSHS) child care voucher to participate. Many of the children we serve come from families that are at or below the poverty level, despite the fact that parents are working full-time jobs. The need for financial assistance to participate in the program is great and continues to grow.

The outcomes of participating in high-quality child care programs are tremendous for a child’s development into healthy, confident, and successful young adults. Research supports that youth who regularly participate in quality child care programs show gains in academic performance, grade attainment, and achievement. YMCA Child Care is addressing the local childhood obesity epidemic by providing each youth we serve 60 minutes of play-based physical activity, a healthy snack, and nutritional education. YMCA Child Care is preventing youth delinquency by providing a safe, secure, and positive environment during the peak times that youth are more likely to engage in risky or delinquent activities.

In addition to supporting youth, YMCA Child Care supports working families. Many families continue to struggle and we are here to support working parents or parents continuing their education. Our program is affordable compared to market rate programs and we offer financial assistance to those in need. We offer our program at times convenient to parents and are advantageously located in the elementary schools where many of our families live and provide bus transportation to connect students and schools.

We urge the request the Lakewood CDBG program to include Public Service funding for Child Care in the FY 2014 Action Plan. The support of Lakewood’s CDBG Public Service funding will help ensure that local youth from low-income families have the opportunity to participate in high quality child care.

We appreciate your consideration of our request. Please feel free to contact me directly if you have any questions about Child Care or the YMCA, 253-534-7827 or dcomfort@ymcapkc.org.

Sincerely,

Diana Comfort
Executive Director
YMCA Child Care
TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: JEFF GUMM, PROGRAM MANAGER
THROUGH: JOHN CAULFIELD, CITY MANAGER
DATE: SEPTEMBER 23, 2013 (COUNCIL STUDY SESSION)
SUBJECT: FY 2014 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIP ACT POLICY STATEMENT AND PROPOSED USE OF FUNDS

Introduction: The purpose of this memorandum is to provide a framework for the CDBG/HOME funding process and additional information regarding the development of the FY 2014 Policy Statement as it pertains to program funding priorities.

CDBG & HOME Funding Process:
The Department of Housing and Urban Development requires the City to establish policies setting funding guidelines and priorities concerning the City’s utilization of its CDBG and HOME funds on an annual basis. Once established, these funding policies and priorities will be used to drive funding decisions for the FY 2014 Annual Action Plan and proposed use of funds in compliance with the U. S. Department of Housing and Urban Development’s (HUD) three national objectives, which are to: 1) benefit low and moderate income citizens, 2) remove slums and blight, and 3) meet an urgent need.

For fiscal year 2014, it is anticipated the City will receive approximately $450,000 in CDBG funds and $240,000 in HOME Investment Partnership funds through the City of Tacoma-Lakewood Home consortium.

Actions to Date:
- **August 28, 2013** - The CDBG CAB met to review the Draft FY 2014 Work Plan and Draft Policy Statement outlining funding policies and proposed use of funds based on the strategies already established in the Five-Year Plan and the goals and priorities identified by the Council for FY 2013 CDBG & HOME funding.

- **September 12, 2013** - Consolidated planning process began with joint public hearing of the CDBG CAB and Human Services Funding Advisory Board to receive citizen input on community development, economic development, housing, public services, and human services needs to benefit Lakewood’s low and moderate income citizens.
There were 11 attendees with 10 individuals providing testimony and 1 written comment provided at the hearing (see September 12, 2013 draft minutes below).

- **September 18, 2013** - The CDBG CAB met to review the public hearing testimony.

- **September 23, 2013** - In preparation of the application and funding process for FY 2014 (July 1, 2014 - June 30, 2015) CDBG and HOME projects, the Council and the CDBG CAB begin a process to establish program policies and funding guidelines for the proposed use of CDBG & HOME funds. In accordance with HUD funding procedures, funding for FY 2014 is to be divided into four distinct HUD categories- 1) Physical/Infrastructure Improvements; 2) Public Service; 3) Housing; and 4) Economic Development (listed in order of priority per FY 2013 Council priorities).

### Actions Pending:

- **October 7, 2013** – Council’s consideration to adopt the FY 2014 Work Plan and Policy Statement in preparation for making applications for funding available by November 1, 2013.

- **November 1 – December 6, 2013** – Application filing period

- **March 10, 2014** – Council review of FY 2014 Annual Action Plan (proposed use of funds)

- **April 14, 2014** – Public Hearing on FY 2014 Annual Action Plan

- **May 5, 2014** – Council’s consideration to adopt the FY 2014 Annual Action Plan

- **May 12, 2014** – Submittal of Action Plan to HUD

### FY 2014 Policy Statement and HUD Funding Categories:
In accordance with HUD’s annual consolidated planning process for CDBG and HOME, eligible jurisdictions should develop a policy statement outlining funding guidelines and policies used to prioritize the use of CDBG and HOME funds. The prioritization of funding is to be divided into four primary HUD categories- 1) Physical/Infrastructure Improvements; 2) Public Service; 3) Housing; and 4) Economic Development.

Funding categories are defined by HUD as follows:

1. Physical/Infrastructure Improvement – Acquisition, construction, reconstruction, rehabilitation or installation of publicly owned facilities, or that are owned by a nonprofit and open to the general public for the purpose of benefitting low- and moderate-income (LMI) individuals. Typical activities include roads, sidewalks, sewers, street lighting, park or recreational facility improvements, and improvements to special needs or client services type facilities.
2. Public Service – Providing assistance and/or services to LMI individuals. Typical funding includes activities such as employment and education services, health care and substance abuse services, services for seniors, fair housing counseling, job training or counseling services, recreational services and services for homeless persons.

3. Housing – Housing activities directed toward homeownership and rental activities for LMI individuals. Typical activities include homeowner rehabilitation, down payment assistance, rental acquisition and rehabilitation, lead paint activities and new construction, if carried out by a Community Based Development Organization (CBDO).

4. Economic Development – Creating economic opportunities and jobs for LMI individuals. Economic development requires “direct” assistance to a business or development organization, most typically for full-time job creation.

**FY 2014 Work Plan:**
The CDBG CAB Work Plan identifies major action items and programmatic requirements for the upcoming CDBG and HOME program year.
GENERAL

1. All programs and projects will be consistent with the Community Development Block Grant (CDBG) and HOME Investment Partnership Act (HOME) program regulations as applicable.

CDBG projects must meet one of the three U. S. Department of Housing and Urban Development national objectives: (a) benefiting low and moderate income persons, (b) removing slums or blights or (c) meeting an urgent need.

HOME projects must provide housing or assist in housing for low-income persons.

2. Priority consideration (not necessarily in the following order) will be given to projects which:
   a. Are consistent with the Consolidated Plan.
   b. Use CDBG and HOME funds to leverage funds from other sources.
   c. Demonstrate collaboration and cooperation with community residents and other community organizations that will improve service delivery and/or cost effectiveness.
   d. Promote or facilitate self-sufficiency.
   e. Are prioritized consistent with Lakewood City Council goals, subject to CDBG and HOME regulations.
   f. Can be implemented within twelve months.
   g. Do not require General Fund allocations for continuing operation and maintenance or which reduce current operation and maintenance costs. (Note: It is recognized, that to address community needs, some federal funded projects may require support from the General Fund for operation and maintenance costs, however, these projects must have a commitment from the General Fund prior to being recommended for federal funding.)

3. CDBG funds will be set aside in the Contingency category to cover unanticipated cost overruns on projects, for use as matching funds for grants, or to take advantage of unforeseen opportunities during the program year. Funds in the Contingency category will not exceed five (5) percent of the total grant.

4. A maximum of 20 percent of the total CDBG grant may be set aside for administration.

5. Up to 15 percent of the total CDBG grant may be set aside for public service programs.

6. The CDBG Citizens Advisory Board (CDBG/CAB) will review and make recommendations for the programming and reprogramming of CDBG and HOME funding.
7. The CDBG/CAB will review funding proposals for CDBG and HOME projects and will recommend projects for CDBG and HOME funding from new and reprogrammed allocations.

8. The CDBG/CAB will recommend annual funding policies and will recommend CDBG and HOME funding allocations by applicable categories (i.e. economic development, public service, community development (physical/infrastructure improvement), and housing in the Consolidated Annual Action Plan for consideration by the City Council.

9. The Tacoma Community Redevelopment Authority (TCRA) will review loan and grant applications for housing development projects funded by HOME Investment Partnership Act funds and make funding decisions based on projects meeting the lending criteria of the TCRA in accordance with the allocations to specific housing categories as approved by the Lakewood City Council.

CITY COUNCIL GOAL & PRIORITIES:

The Lakewood City Council overarching goals for the use of CDBG funds for FY 2014 is to enable economic development. The following areas are prioritized in order: physical/infrastructure improvements, public service, housing, and economic development.

PRIORITY 1 – PHYSICAL/INFRASTRUCTURE IMPROVEMENTS (COMMUNITY DEVELOPMENT)

The policy for physical/infrastructure improvements is to support neighborhood revitalization and improvements to spur economic development activities and improve living conditions for lower income persons. Activities that support this policy include:

1. Construction or improvement of public facilities (i.e. sewers, streets, sidewalks, alleys, lighting or related public improvements) in lower income residential neighborhoods or for business that create and/or retain jobs for lower-income persons.

2. Construction or rehabilitation of public or privately-owned, community service facilities (i.e. community, senior and youth centers) that will provide a public service benefiting low-income citizens.

3. Acquisition, development and improvement of parks, playgrounds and open space in lower-income residential neighborhoods.

PRIORITY 2 - PUBLIC SERVICE

The policy for CDBG funded public service activities is to target low-income clientele. Most of the City’s human services activities are supported through 1% of the City’s General Fund.
PRIORITY 3 - HOUSING

The policy for housing is to support economic development and job development/retention by improving neighborhoods to expand opportunities for affordable housing for lower-income individuals, and to preserve affordable housing to prevent homelessness and to improve property values and neighborhood characteristics. Activities that support this policy include:

1. Projects that develop or renovate housing to create housing near jobs and promote economic viability.
2. Projects that conserve existing housing by making home repairs or rehabilitating homes to meet building and housing codes.
3. Projects that provide affordable housing and homeownership and rental housing opportunities.
4. Projects that support housing to accommodate persons with special needs.
5. Projects that provide housing for homeless or transitional shelter for homeless persons.
6. Projects that coordinate housing efforts in the city, county and neighboring jurisdictions to assess housing needs and create affordable housing opportunities.

PRIORITY 4 - ECONOMIC DEVELOPMENT

The policy for economic development is to create viable businesses in targeted areas and to create and/or retain jobs for lower income persons.

Activities that support this policy include, not necessarily in priority order.

1. Assistance to businesses to make exterior improvements to facilities.
2. Assistance for microenterprise businesses.
3. Loans to businesses expanding jobs for lower-income persons.
4. Infrastructure to support businesses.