



Meeting Date: 10/27/2009

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input checked="" type="checkbox"/> Public Hearing
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other

Prepared By: Juliette Dang, Grants Coordinator Agenda Item No. \_\_\_\_\_

Reviewed By: City Manager      City Attorney      Finance      Other (Specify)

**DATE:**      October 14, 2009

**TO:**      City Council

**FROM:**      Norma J. Owens, Grants Manager  
Finance Department/Grants Management Division

**SUBJECT:**      **Fourth Amendment of the FY 2008-2013 Consolidated and FY 2008-2009 Annual Action Plan (The Plans) to change the activities to be funded under the Community Development Block Grant (CDBG-R) Program**

**RECOMMENDATION**

That City Council:

1. Conduct a public hearing to receive comments on the proposed Fourth Amendment to The Plans.
2. Approve the change of the activities from Campus Park Gymnasium to Bartolo Square North Neighborhood Water Main Line (Bartolo Square North) and Program Administration.
3. Approve the appropriation of \$662,213 for Bartolo Square North, and \$73,579 for the Administration of the CDBG-R.
4. Authorize the City Manager to submit the substantial amendment to the U. S. Department of Housing and Urban Development (HUD) for approval.
5. Authorize the Chief Financial Officer, or designee, to approve the Special Budget Appropriation.

**DISCUSSION**

**Background**

The City Council approved the first amendment to The Plans on October 14, 2008 to change the allocation of funding between projects. The second amendment was approved by Council on April 21, 2009 to recognize an allocation of \$1,124,994 in Homeless Prevention and Rapid Re-Housing Program funding from the American Recovery Reinvestment Act (ARRA) of 2009 signed into law on February 17, 2009. The third amendment was approved by City Council on June 2, 2009 to recognize an allocation of \$735,792 in CDBG-R funding from ARRA 2009.

On May 5, 2009, HUD provided the criteria to be used when selecting a project for the CDBG-R funding. The CDBG-R award required, by regulations, the following:

- Grantees are required to submit a substantial amendment to the FY 2008-2009 plans and identify, upfront, the specific activities or projects intended to be funded with the CDBG-R dollars.
- Grantees are urged to use the funds for hard development costs associated with activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings.
- In selecting CDBG-R project to be funded, priority shall be given to projects that can award contracts based on bids, with 120 calendar days from the date the funds are made available to recipients.
- When CDBG-R funds are being used for infrastructure investments, grantees shall give preferences to activities that can be started and completed expeditiously, including a goal of obligating at least 50% of the funds for activities that can be initiated not later than 120 calendar days after February 17, 2009.
- Also, HUD required the City to submit proposed project descriptions to the Los Angeles Regional Office in conjunction with completing the special citizen participation process by June 5, 2009.

On June 2, 2009, based on the criteria noted above, staff requested the approval from the City Council to submit the CDBG-R application with a recommendation to provide all of the available funding to the Campus Park Gymnasium Rehabilitation Project. Council approved the amendment.

On June 3, 2009, HUD informed all jurisdictions that park projects would not be eligible for CDBG-R funding. Staff was instructed to continue with the submittal of the formal application as written. This action allowed the City to meet the submission deadline of June 5, 2009. HUD rejected the submission of the third amendment based on the non-eligibility of park rehabilitation. Thus, the City needed to re-submit a new and eligible project.

Public Works was contacted and an assessment of alternative projects that would meet HUD's criteria was determined: construction and installment of a new polyvinyl chloride (PVC) water main pipe lines and removal of an existing corroded cast iron pipes, located in the Bartolo Square North neighborhood. Previously, on March 3, 2009, the City Council approved the submitted plans and specifications by Public Works and authorized a bid solicitation and contract award for the Bartolo Square North Phase I project, including a water pipe replacement component. After receiving concurrence from HUD, the revised project was submitted on June 23, 2009 and approved by HUD on August 19, 2009. The agreement was executed and returned to HUD in September.

In anticipation of HUD issuing an agreement for the CDBG-R funding and to meet the shortened deadlines for project completion, project costs for the water pipe project were determined in a separate bid and released in August 2009. The Bartolo Square North Water Services Improvement project is expected to cost well under the initial requested funding of \$662,213 included in this amendment. HUD allows up to 10% of the grant to be used for CDBG-R program administration; therefore \$73,579 is included in this amendment.

### **FINANCIAL IMPACT**

The CDBG-R funding does not require a local match and will not result in new permanent positions. The Special Budget Appropriation (Attachment 3) will appropriate CDBG-R funds in the amount of \$735,792.

- Attachment #1 - Notice of 7-day Public Review
- #2 - Amendment packet to HUD
- #3 - Special Budget Appropriation