

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 05/26/09	Item Number: <u>C-7</u>
AGENDA ITEM: Allocation of 2008-09 Community Development Block Grant Recovery (CDBG-R) Funds and Adoption of a Resolution authorizing the Filing of the 2008-09 Application for Funding from the CDBG-R Program.	
Contact Person/Dept.: Kriss Casanova / Phone Number: (310) 253-5769 CDBG Administrator - CDD	
Fiscal Impact: Yes ☒ No ☐ General Fund: Yes ☒ No ☐	
Public Hearing: ☐ Action Item: ☐ Attachments: ☒	
Public Notification: Master Notification List and CDBG Advisory Committee Members and Alternates on 5/20/08. Legal Notice was published in the Culver City News on 05/14/09 and 05/21/09 and posted at various City locations.	
Department Approval: Sol Blumenfeld (05/19/09)	City Attorney Approval: Carol Schwab (by H. Baker) (05/19/09)
Chief Financial Officer Approval: Jeff Muir (M. Noller) (05/20/09)	City Manager Approval: Jerry B. Fulwood (05/20/09)

RECOMMENDATION:

Staff recommends the City Council approve the allocation of the Community Development Block Grant Recovery (CDBG-R) funds for fiscal year ("FY") 2008-09 and adopt the resolution authorizing the filing of the 2008-09 application for funding from the CDBG-R program.

BACKGROUND:

On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act (ARRA or "the Recovery Act"). This \$787 billion economic stimulus package includes \$355 billion in funding for transportation, infrastructure, construction, healthcare programs, education, housing assistance, and energy efficiency projects, \$144 billion in State and Local Fiscal Relief and \$288 billion in tax credits. ARRA funds will be issued through grants and loans for specific funding categories administered by existing granting agencies.

Additional CDBG Funds Made Available through ARRA

The Los Angeles Urban County will receive \$7.9 million in Community Development Block Grant-Recovery (CDBG-R) funding from the United States Department of Housing and Urban Development (HUD) through the ARRA. These funds will be allocated to participating cities and Supervisorial Districts (for activities in their unincorporated areas of the County). As a participating city, the City of Culver City is eligible to receive \$92,016.

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The CDBG program enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income. Culver City received \$303,516 in CDBG funds for fiscal year 2009 (July 1, 2008 – June 30, 2009) and will receive \$301,933 for fiscal year 2010. The newly available CDBG-R funding is separate from the regular, annual CDBG funds that Culver City receives every year.

The full range of CDBG-eligible activities and projects may be considered for CDBG-R funds. However ARRA provides priority to projects that can award contracts based on bids within 120 days from the date the funds are made available and be focused on activities that create/retain jobs and promote economic recovery. CDBG-R is a one-time funding source that must be expended by September 30, 2012.

Short Application Period

As with a number of ARRA sourced funds (to provide for a quick infusion of ARRA funds into the economy), CDBG-R funds are available under a significantly shortened time schedule. Because of this, HUD was unable to provide grantees, such as LACDC, with adequate time to produce and submit the standard, detailed amended action plan. HUD released information about CDBG-R on the evening of May 5, 2009. The due date for submission to HUD by LACDC is June 5, 2009. In order to meet HUD's deadline, LACDC will submit an amended 2008-2009 Action Plan that is very generic in nature and identifies projects at a very basic level for the total Urban County. LACDC will seek approval of this amended Action Plan from the Board of Supervisors on June 2, 2009 and will go back to the Board at a later date to approve another amended plan that includes specific projects. In order to be included in this amended action plan, Culver City must submit its proposed project(s) to LACDC by May 26, 2009, with Council approval of a resolution following shortly after. So as to not miss this funding opportunity, staff needed to submit the City's application by close of business on May 26, 2009.

HUD is urging grantees and sub-grantees to fund hard development costs associated with infrastructure activities that provide basic services to residents or activities that will provide long-term economic benefits. While grantees may fund the full range of CDBG eligible activities, Congress clearly intends that the CDBG-R funds should primarily be invested in economic development, housing, infrastructure and other public facilities that will quickly spur further economic investment, increase energy efficiency, and job creation/retention.

Good Faith Public Comment Period Notices

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Staff acted quickly, in a good faith effort to provide the community with an opportunity to comment and to comply with the public comment provisions of CDBG. As part of that effort, a newspaper advertisement was published in the *Culver City News* on Thursday, May 14, 2009 and May 21, 2009 inviting the public to review and comment on the proposed allocation of funds. Additionally, information was made available at City Hall, the Culver City Senior Center and at the Culver City Branch Library. Staff received two phone calls from the general public inquiring about where funds could be allocated and suggesting a possible ADA project.

Staff also sent a memorandum to the CDBGAC explaining the inability to propose and review new projects due to severe time constraints. The memo asked for their comments regarding staff's proposed recommendation for CDBG-R funds. Comments from the Committee ultimately agreed with staff's recommendation, although there was interest in utilizing the funding to create a more visible result in the City.

DISCUSSION:

In order to meet the project submission deadline, City staff reviewed the slate of projects that were approved and prioritized for the 2009-2010 cycle by the Community Development Block Grant Advisory Committee (CDBGAC or the "Committee") and the City Council, but were not ultimately selected due to insufficient funding. These additional CDBG-R funds allowed consideration of these previously reviewed projects while meeting the tight deadline mandated by HUD.

Approved Projects for 2009-10

Projects listed below were proposed by staff, and the following recommendations were made by the CDBGAC for the allocation of FY 2009-10 CDBG funding and approved by Council on January 12, 2009.

- **Priority 1: Senior Center Section 108 Loan Repayment (\$180,849):** A Section 108 loan in the amount of \$2,020,000 was used to partially fund construction of the City's Senior Center. The amount allotted for repayment of the loan in FY 2009-10 is \$180,850. The payment is taken directly from the City's allocation of CDBG funding. The obligation to repay this loan will conclude with the final payment in August 2014.
- **Priority 2: CDBG General Administration Authority (\$30,193):** This project is a priority of the Community Development Department, whose staff, along with Accounting Division staff, has primary responsibility for the administration and management of the City's annual CDBG funding allocation. CDBG guidelines allow

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the City to apply up to 10% of the entitlement funds for administration, which includes administrative, accounting and public participation costs. The CDBGAC recommended that \$30,193, the full amount allowable under CDBG regulations, be used for the reimbursement of all eligible costs associated with the administration of the City's CDBG program.

- Priority 3: Disability Services Specialist (\$45,289): The funding for this project is a priority of the Parks, Recreation and Community Services Department and the Disability Advisory Committee. This position has been funded with CDBG money for the past 24 years. The Disability Services Specialist assists in the identification of available community services, and implements, conducts and facilitates services and programs for Culver City residents with disabilities. CDBGAC recommended funding of \$45,289, the full amount allowable under CDBG regulations. Historically, the General Fund has financed the remaining amount, approximately \$40,000, to make up the difference.
- Priority 4: Renovation of the Playground at Veterans' Memorial Park (\$65,607) - This project proposes to renovate the playground at Veterans' Memorial Park for ADA accessibility. The CDBGAC recommended all additional CDBG funding allotted to the City be contributed to this project. In accordance with HUD regulations, CDBG funds may be used to pay for the removal of existing "material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements." Therefore, improving the park to allow for ADA accessibility is an eligible cost but the improvement of playground equipment is not.

Other Project Requests

Listed below, and ranked in priority by the CDBGAC, are other funding requests, which exceeded the anticipated amount of the CDBG funds to be received in FY 2009-10. However, with the addition of CDBG-R funding, there is now the ability to fund these other projects. The CDBGAC recommended the Boise and Atlantic Avenue Street Tree Installation project as first priority and additional funding be applied to the Countdown Pedestrian Signals and then to the Sidewalk Replacement Project.

- Priority 5: Boise and Atlantic Avenue Street Tree Installation Project - Department of Public Works staff proposed to plant six (6) new street trees along the eastside of Boise Avenue and six (6) new street trees along Atlantic Avenue (\$12,960).
- Priority 6: Countdown Pedestrian Signals - This project proposed from Department of Public Works consists of having City staff install 176 countdown pedestrian signals at 23 intersections. A regular 4-way intersection requires (8)

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countdown pedestrian signals at a cost of approximately \$250/each for a total project cost of \$48,400.

- Priority 7: The Sidewalk Replacement Project – This project consists of removing and replacing uplifted or damaged sidewalks on portions of Colonial Avenue, Wasatch Avenue, and Boise Avenue (all between Washington Place and Washington Boulevard). The total CDBG funding request is \$49,830 which is the entire cost of the project.
- Priority 8: Purchase and Installation of Loop System - Proposed by the Disability Advisory Committee, this project would purchase and install a Loop System at the City Council Chambers and at Veterans Memorial Park Auditorium at a cost of \$12,000. The Loop System is an assisted listening device that allows individuals with hearing aides to hear the signal coming from a centralized intersection microphone.

Staff has reviewed the slate of previously approved projects that did not receive regular CDBG funding for fiscal year 2010 (Priorities 5 through 8 above). Based on ARRA direction that grantees are to use these funds to maximize job creation and economic benefit, staff recommends that CDBG-R funding be used for the Sidewalk Replacement Project (Priority 7) and that the project be expanded to areas in need within the eligible Census Tract 7028.03, Block Group(s) 1, 2, 4 (West Washington area – see attached map). This area includes the Phase I and Phase II Area Improvement Plans as approved by the Redevelopment Agency. These areas have been targeted for pilot programs in which the Redevelopment Agency and the City will work to revitalize the area through a multi-faceted approach including streetscape median improvements, a Commercial Façade Rehabilitation Matching Grant Program, Code Enforcement and Redevelopment activities. Sidewalk improvements in these areas will further the goals of the Area Improvement Plans by enhancing pedestrian movement through the area, increasing accessibility and mobility opportunities, and assisting in current economic development efforts for the region.

Although the first priority, as designated by the CDBGAC, was the street tree replacement program along Atlantic and Boise Avenues, staff is concerned about the maintenance of the approved species for the area and is currently revisiting the Street Tree Master Plan to determine an optimal selection. Variation for the species from the existing plan however, requires Parks, Recreation, and Community Services Commission and City Council review and approval and, as such, the project would not be “shovel ready” as mandated in the funding guidelines. Additionally, staff does not feel that the addition of Countdown Pedestrian Signals meets the goals and objectives for stimulus funding as well as the Sidewalk Replacement Project since City staff would be responsible for installing the signals.

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The maximum allotment for cities for administration costs is five percent. Staff is proposing to utilize approximately \$4,600 of the \$92,016 for administration costs associated with planning, reporting, and financial management. The local HUD office is discouraging the use of funding for public service due to the increased amount of reporting for this grant. Therefore, the remaining \$87,416 would be used to replace sidewalks at an average cost per square foot of \$12. Staff anticipates CDBG-R funds would be used to demolish and replace approximately 7,300 square feet of sidewalk and create 5-8 new jobs during the project period.

FISCAL IMPACT

This funding is above and beyond the initial allocation that was included for administrative expenses and capital projects in the proposed fiscal year 2009-10 budget. Due to the timing of receipt of these funds and the period in which they will be expended, this funding will be appropriated to the proper accounts during the upcoming budget process. The \$4,600 of additional CDBG funding will be used to fund an additional percentage of personnel (administrative) related costs, thus reducing this amount from the General Fund. A new project number will be created for the capital project, which is utilizing the \$87,416 for sidewalk repair.

ATTACHMENTS:

1. Proposed Resolution authorizing the filing of the City's 2008-09 CDBG-R application; and
2. Map of Census Tract 7028.03, Block Group(s) 1, 2, 4.

MOTION(S):

That the City Council:

1. Approve the FY 2008-09 CDBG-R projects, including procedures for accommodating changes in anticipated CDBG-R funding, as set forth in this staff report (or as amended this evening); and,
2. Adopt the Resolution authorizing the filing of the FY 2008-09 application for funding from the Community Development Block Grant Recovery Program, including all certifications; and,
3. Designate the City Manager as the authorized City official to execute and file all documents pertaining to the CDBG-R program, including making minor

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adjustments to project funding to address the actual 2008-09 CDBG-R Allocation;
and

4. Authorize the City Attorney to review/prepare the necessary documents; and,
5. Authorize the City Manager to execute such documents on behalf of the City.