

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 04/10/06		Item Number: <u>A-3</u>	
AGENDA ITEM: Designation of Unallocated Community Development Block Grant (CDBG) Funds to the Sherbourne Streetlight Replacement Project between Washington Boulevard and Jacob Street for Program Year 2006/2007.			
Contact Person/Dept.: Akil Manley/CAO Lee Torres/PW		Phone Number: (310) 253-6015 / (310) 253-5623	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (04/05/06), Community Development Block Grant (CDBG) Advisory Committee (04/05/06)			
Department Approval: Charles D. Herbertson (03/31/06)		CAO Approval: Martin R. Cole for Jerry B. Fulwood (04/05/06)	
City Controller Approval: Marlee Chang (04/05/06)			

RECOMMENDATION:

That City Council (the "Council") tentatively designate unallocated CDBG funds, totaling \$58,292, to the Sherbourne Streetlight Replacement project for Fiscal Year 2006/2007.

BACKGROUND:

The estimated CDBG funds available for City projects for program year 2006/07 totaled \$323,791. On January 23, 2006, the City submitted the following four Council approved projects to Los Angeles Community Development Commission (LACDC) for consideration for 2006/07 CDBG funding:

Council Recommended CDBG Projects

Priority 1: Senior Center Section 108 Loan Repayment	\$204,427
Priority 2: CDBG General Administration Authority	\$ 32,379
Priority 3: Disability Services Specialist	\$ 48,569
Priority 4: Washington Place Streetlight Replacement Project	\$ 38,416
Total	\$323,791

On February 1, 2006, the City received notification from LACDC that the *Washington Place Streetlight Replacement* project was ineligible for funding. LACDC determined the project service area did not qualify under Housing and Urban Development's (HUD) National Objective of Low/Moderate Income Area Benefit (LMA). To qualify under the LMA guideline, fifty-one percent (51%) of the residents served by the project must meet the minimum of low- and moderate-incomes of the HUD median

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income for Culver City's Metropolitan Statistical Area (MSA). Because of the project's ineligibility, funds have not been allocated, leaving the City with an unallocated CDBG balance of \$33,018. The amount of \$33,018 is the final number set by the LACDC and it is less than the estimated \$38,416. Also the City forwarded \$25,273 in program income to LACDC, increasing the City's unallocated CDBG balance to \$58,292.

DISCUSSION:

HUD requires a minimum of seventy percent (70%) of allocated CDBG funds awarded to a jurisdiction for a specific program year to be used for activities that principally benefit low- and moderate-income persons, defined by eighty percent (80%) or less of area median income. With the ineligibility of the Washington Place Streetlight project, the City currently does not meet this threshold for program year 2006/07. Below are options the City can employ to allocate the remaining CDBG balance for program year 2006/2007 to meet HUD's low/mod threshold.

Option 1. Request New Public Improvement Projects for the 2006/07 CDBG Program Year

This option requires reconvening the CDBG Advisory Committee, public hearing process, and Council approval, which will incur additional costs, such as staff time. After Council approval, the newly proposed project would be submitted to LACDC for consideration and allocation of the funds, this entire process could range from 2 to 3 months to complete.

Option 2. Allocate the Unallocated Fund Balance to the Sherbourne Streetlight Improvement Project for 2006/07 Program Year

With Council approval, staff would expedite the submission of the Sherbourne Streetlight Improvement project for LACDC's approval.

Sherbourne Streetlight Improvement Project

The Sherbourne Streetlight Improvement project, which is a priority of the Public Works Department, consists of upgrading seven (7) existing streetlights on Sherbourne Drive between Washington Boulevard and Jacob Street to current standards. The existing streetlights are on a series, high voltage circuitry and will be replaced with a new parallel, low voltage circuitry which will make the streetlights more reliable and efficient. City staff will perform project design, construction management, and construction inspection.

The project is in an area that meets the LMA guideline with fifty-eight percent (58%) of the area residents to be served by the project meeting the minimum of

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low/moderate incomes, defined by eighty percent (80%) or less of area median income.

FISCAL ANALYSIS:

The total project cost of the Sherbourne Streetlight Replacement project is \$85,000. The unallocated CDBG funds, totaling \$58,292, would be allocated to cover the project construction costs, professional services, project management planning, and construction management/administration associated with the project. The City will also use State Gas Tax funds in the amount of \$26,708 for this project. With this option, the City meets the goal of using the most restricted funds for eligible projects before using other funding.

Both items will be included in the Capital Improvement Project budget requests for Fiscal Year 2006/2007.

ATTACHMENTS:

1. Staff Report, Agenda Item PH-1: January 23, 2006, Public Hearing Regarding the Allocation of 2006-07 Community Development Block Grant (CDBG) funds.

MOTION:

That the City Council approve the recommendation to designate unallocated CDBG funds in the amount of \$58,292 in Fiscal Year 2006/07 to the Sherbourne Streetlight Improvement Project.