

**REPORT TO THE  
CITY COUNCIL**  
*City of Salinas, California*

Agenda Item Number

**PH-3**

DATE: June 2, 2009  
FROM: Alan Stumpf, Redevelopment Director  
BY: Grace De Jesus, CD Administrative Supervisor  
SUBJECT: **FOURTH AMENDMENT - FY 08-09 ACTION PLAN**

  
Department Director Approval  
  
Finance Director Review  
  
City Attorney Review  
  
City Manager Approval

**RECOMMENDATION:**

It is recommended that City Council adopt the resolution approving the Fourth Amendment to the FY 2008-09 ACTION PLAN allocating Community Development Block Grant Recovery funds (CDBG-R) in the amount of \$630,000 to the City capital improvement project: East Market Street Roadway and Pedestrian Lighting Installation (Project No. 9085), and \$33,180 to the City for planning and administration of the CDBG-R program.

**DISCUSSION:**

Each year, City Council adopts an ACTION PLAN that specifies how funds from the City's three Housing and Community HUD entitlement grants (CDBG, HOME, and ESG) will be spent during the fiscal year. Changes to an adopted ACTION PLAN can only be authorized by the City Council. Changes that are classified "major" amendments are considered following a noticed public hearing so that the community has an opportunity for comment during the decision-making process.

On June 2<sup>nd</sup>, City Council is considering the Fourth Amendment to the City's FY 2008-09 ACTION PLAN. Funding considerations for the Amendment are discussed below under Fiscal Impact. City Council consideration of this item includes a hearing to allow for input from the public regarding these changes in the planned uses of HUD grant funds. A notice of the public hearing was published in The Californian on May 20, 2009 and in El Sol on May 23, 2009.

On March 6, 2009, the City of Salinas was notified by the U.S. Department of Housing and Urban Development (HUD) of its eligibility for CDBG-R funding and allocation of \$663,180. Funding was allocated using the Community Development Block Grant (CDBG) formula allocation. Grant funds are made available through the American Recovery and Reinvestment Act of 2009 (ARRA) and administered by HUD. The funds are intended to stimulate the economy through modernization of the City's infrastructure, energy efficiency improvements, expansion of educational opportunities and access to health care. Despite the urgency attached to the use of stimulus funds, HUD did not release the Notice establishing procedures for use of CDBG-R funds until May 6, 2009; to offset their delay HUD mandated that local jurisdictions submit their application to use the funds in less than 30 days.

HUD requires that the activity funded meet the Recovery Act goals as well as maximize job creation and economic benefit. In selecting the activity to be funded with CDBG-R, priority is to be given to projects that can award contracts based on bids within 120 calendar days from the date the funds are made available to the City. For infrastructure projects, City is to give preference to shovel-ready

projects and those that can be completed expeditiously. In addition, there are certain activities that cannot be funded under CDBG-R such as swimming pools, golf courses, aquariums, and gambling establishments. Other activities generally prohibited under the mainstream CDBG program -such as construction of government buildings, purchase of equipment, and operating and maintenance expenses- are also prohibited under CDBG-R. In order to receive CDBG-R funding, the City must submit a substantial amendment to its FY 2008-09 ACTION PLAN with its planned use of CDBG-R funds, along with other required forms and certifications, no later than June 5, 2009.

As stated in the CDBG-R notice, the City may select from a range of CDBG-eligible activities while keeping mind that funds are to be used for activities that will quickly spur further economic investment, increase energy efficiency, and create or retain jobs. In order to meet the ARRA objectives, an appropriate 'shovel ready' project was sought; rather than develop a new selection process, staff looked to the proposals submitted in response to the FY 2009-10 ACTION PLAN Request For Proposals. Staff is recommending funding the East Market Street Roadway and Pedestrian Lighting Installation Project in the amount of \$630,000. The project is located on East Market Street (from Sherwood Drive east to Sanborn Road), much of which falls within the Alisal Homeownership and Neighborhood Revitalization Strategy Area. The complete project includes installation of decorative roadway and pedestrian street lighting; minor sidewalk, curb and gutter repair; and installation of video detection cameras at all signalized intersections within the project area; the CDBG-R proceeds will fund the pedestrian lighting portion. The project is being coordinated with utilities undergrounding and will create a safer community for pedestrian travel, enhance streetscape aesthetics, and generate construction jobs, thus encouraging additional economic development.

On May 19, 2009, the City Council adopted Resolution No. 19648 (n.c.s.) approving plans and specifications for CIP 9085 and authorizing issuance of the bid invitation (scheduled to be opened June 9, 2009). With this aggressive schedule, the job should be able to be awarded to the successful bidder by the end of June, thereby meeting the intent of the economic stimulus measures to put the funds to work in the community as quickly as possible. The remaining amount of \$33,180 is recommended for the City's planning and administration costs (up to 10% of the total CDBG-R amount may be used). Given that HUD has yet to release all the administrative and record-keeping requirements that apply to these funds, staff cannot know the actual administrative costs that will be incurred - if the full \$33,000 is not needed funds can be reallocated to another eligible activity.

#### **ISSUE:**

Shall the City Council adopt the Resolution approving the 4<sup>th</sup> Amendment to the FY 2008-09 ACTION PLAN, authorizing the Mayor to sign the Application for Federal Assistance for CDBG-R funds (including Certifications), and directing staff to file the complete packet with HUD?

#### **FISCAL IMPACT:**

CDBG-R is a new program, separate from other HUD funds. Implementation of the program will not impact the City's General Fund. The Finance Department will be required to maintain separate records for the CDBG-R program.

#### **ALTERNATIVES:**

- 1) The City Council may modify the 4<sup>th</sup> Amendment to the 2008-09 Action Plan and direct staff to incorporate the revisions prior to submittal to HUD on June 5, 2009. However, to do so would only give staff two business days to complete the revisions.
- 2) The City Council could decline to apply for CDBG-R funding. However, staff does not recommend this alternative as CDBG-R funds are one-time supplemental funds that are otherwise not available and doing so would cause CIP 9085 to be delayed or reduced in scope.

**TIME CONSIDERATIONS:**

It is important that City Council take action today as the appropriate funding application and related materials are due to HUD on or before June 5, 2009. Staff will obtain the necessary signatures and submit the complete paperwork as soon as possible following this meeting. If the City fails to submit a substantial amendment for its grant allocation within the timeframes established, HUD will reallocate the funds to other jurisdictions.

**RECOMMENDATION:**

Following consideration of any additional public comment, staff recommends that City Council adopt the attached resolution. The resolution approves the 4<sup>th</sup> Amendment to Fiscal Year 2008-09 ACTION PLAN allocations and authorizes the submittal of the Applications for Federal Assistance and related Certifications for CDBG-R funding. This resolution also authorizes the City Manager to execute the federal Grant Agreement at such time as HUD has prepared and submitted them to the City. In addition, the resolution authorizes staff to execute subrecipient funding agreements implementing the amendment.

**Distribution**  
City Council  
City Manager  
City Attorney  
Department Directors  
Assistant City Manager  
Planning Manager (Housing)  
Eda Herrera, Assistant Engineer  
BG File 1A34

**Back Up Pages**  
Proposed 4<sup>th</sup> Amendment to 08-09 ACTION PLAN  
Resolution



**City of Salinas**  
*Community Development Department*  
**Housing Division**

The ACTION PLAN serves as the official City planning document for the use of federal funds provided to address affordable housing and community development needs. The original City Council public hearing for the FY 2008-09 PLAN was held on May 6, 2008. On June 2, 2009, the Salinas City Council approved the following fourth amendment to the 08-09 ACTION PLAN.

**Fourth Amendment to the FY 2008-09 Action Plan  
(Allocation of CDBG-R Funds)**

<u>PROJECT DESCRIPTION</u>	<u>LOCATION</u>	<u>ORIGINAL ALLOCATION</u>	<u>PROPOSED CHANGE</u>	<u>REVISED ALLOCATION</u>
<i>Capital Improvement Project:</i>				
· East Market Street Roadway and Pedestrian Lighting Installation (CIP# 9085)	East Market	\$ 0	\$ 630,000	\$ 630,000
· Planning & Administration	City-wide	\$ 0	\$ 33,180	\$ 33,180

Note : This is a 'major' amendment to the ACTION PLAN: pursuant to the established Citizen Participation Plan for HUD programs, 'major' amendments require a formal public hearing.

City Council Resolution No. \_\_\_\_\_ (N.C.S.)

RESOLUTION NO. \_\_\_\_\_ ( N.C.S.)

**A RESOLUTION OF THE SALINAS CITY COUNCIL  
AMENDING THE FY 2008-09 ACTION PLAN  
TO ALLOCATE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

WHEREAS, on May 6, 2008, the Salinas City Council adopted an annual ACTION PLAN setting forth the activities to be undertaken through the several U.S. Department of Housing and Urban Development (HUD) grant programs, during Fiscal Year 2008-09 in furtherance of the City's Consolidated Plan objectives; and

WHEREAS, on March 6, 2009, the City received an allocation for Community Development Block Grant Recovery (CDBG-R) funds, made available through the American Recovery and Reinvestment Act of 2009 (ARRA) in the amount of \$663,180; and

WHEREAS the City Council held a duly noticed public hearing on June 2, 2009 to obtain public comment on a proposed amendment to said ACTION PLAN allocating CDBG-R Funds to the East Market Street Roadway and Pedestrian Lighting Installation Project (CIP#9085) in the amount of \$630,000 and the remaining funds in the amount of \$33,180 for the City's planning and administration of the CDBG-R program; and

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council hereby approves the **Fourth Amendment to the FY 2008-09 ACTION PLAN**, attached hereto and made a part of this Resolution;

BE IT FURTHER RESOLVED by the Salinas City Council that the Mayor is hereby authorized and directed, for and on behalf of the City of Salinas, and as its act and deed, to execute and file related Applications for Federal Assistance, including the required Certifications, with HUD for the City's CDBG-R application; and

BE IT FURTHER RESOLVED by the Salinas City Council that the City Manager, or his designee, is authorized and directed to execute, for and on behalf of the City of Salinas, Funding Agreements and to take whatever other action may be necessary to implement the funding allocation set forth in this Fourth Amendment.

PASSED AND ADOPTED this 2<sup>nd</sup> day of June 2009, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

\_\_\_\_\_  
Dennis Donohue, Mayor

\_\_\_\_\_  
Ann Camel, City Clerk