

SUBSTANTIAL AMENDMENT TO THE 2012-13 ANNUAL ACTION PLAN

A. EXECUTIVE SUMMARY

The U.S. Department of Housing and Urban Development (HUD) requires all entitlement communities receiving Community Development Block Grant (CDBG) funds, such as the City of Hesperia, to prepare and submit a Consolidated Plan every five years to establish a unified, strategic vision for economic development, housing and community development actions. The Consolidated Plan encompasses the analysis of local community needs and coordinates appropriate responses to those needs and priorities.

The Consolidated Plan is carried out through Annual Action Plans which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

Per the City's Citizen Participation Plan (CPP), a Substantial Amendment to a Consolidated Plan and Action Plan is required when a "substantial" change is proposed as it relates to funding priorities, proposed activities, goals and objectives. This substantial amendment to the 2012-13 Action Plan is necessary because the City has identified one previously awarded activity that it wishes to cancel and reprogram all funds to the 2017-18 Street Improvement Project.

B. CITIZEN PARTICIPATION

A Notice of Public Hearing and 30-day public review period was published in the Hesperia Resorter on November 30, 2017, informing the public of the proposed Substantial Amendment and inviting comments at the public hearing. On, December 19, 2017, the Hesperia City Council will be hearing public comments regarding the Substantial Amendment. The public review period will begin on November 30, 2017 and end on January 3, 2018. Citizens are able to review copies of the Substantial Amendment at the City's Economic Development Department, the Hesperia Public Library and the City Clerk's Office.

C. CHANGES TO THE 2012-13 ANNUAL ACTION PLAN

On April 10, 2017, HUD initiated a five day, on-site monitoring of the City's CDBG-funded activities. The following CDBG activities were reviewed for compliance with the CDBG program:

- 2013 Housing Rehabilitation Loan Program (Housing)
- 2015 San Bernardino County Library Adult Literacy Program (Public Service)
- 2016 Fir and Rodeo Street Improvement Project (Infrastructure Improvement)
- 2012 Microenterprise (Economic Development)

At the conclusion of the monitoring, four Findings and one Concern were issued by HUD related to the 2012/13 Microenterprise activity. Staff reviewed the commentary by HUD and agreed with the findings which reported the City had insufficient documentation to justify the activity meeting a national objective under the (CDBG) program.

ATTACHMENT 1

To avoid a protracted dispute and move forward with contemporary CDBG-funded activities, program staff believe that the prudent approach is to reimburse the City's CDBG line of credit in the amount of \$119,226.65 with local, non-Federal funds and cancel the 2012/13 Microenterprise activity in HUD's Integrated Disbursement & Information System (IDIS). Such repayments for disallowed costs would be available to be reprogrammed to other eligible CDBG activities. For this reason, the City is proposing to reprogram the \$119,226.65 funds into the City's 2017/18 CDBG Street Improvement Project which will make necessary improvements to streets located in eligible CDBG Census Tracts/Block Groups (CT/BG's).

The following Table outlines the City's proposed activity budget modifications and reprogrammed activity budgets to be completed through the approval of this Substantial Amendment:

TABLE 1: PROPOSED HUD/IDIS BUDGET MODIFICATIONS AND REPROGRAMMED HUD/IDIS BUDGET

Program Year/ Activity Title	Existing Budget	Change In Budget	New Budget
Cancellation			
<i>2012-2013 Prior Year Activity</i>			
2012-2013 Microenterprise	\$119,226.65	(\$119,226.65)	\$0.00
Reprogramming			
<i>2017-2018 Program Year Activity</i>			
2017-2018 CDBG Street Improvement Project	\$1,304,409.63	\$119,226.65	\$1,423,636.28
TOTAL	\$1,423,636.28	\$0.00	\$1,423,636.28

Above budget numbers are HUD/IDIS budget numbers, not City of Hesperia budget numbers

D. 2012-13 PROPOSED ACTIVITY DETAIL

The following narrative provides activity descriptions, budgets, national objectives, and other required information for the proposed activities.

2017/18 CDBG Street Improvement Project

The proposed 2017/18 CDBG Street Improvement Project activity will provide funding for professional services which will include but are not limited to design, engineering, environmental studies and labor compliance as well as construction costs (inclusive of 10% contingency) for the reconstruction of existing deteriorating streets, sidewalks, curbs, gutters and ADA accessible ramps and the paving of dirt roads, all of which will be located in eligible CDBG CT/BG's located in the north-central region of the City.

E. PUBLIC COMMENTS

All public comments received during the 30-day public review period or at the public hearing will be incorporated into the overall Substantial Amendment submitted to HUD.