

City of Hesperia

STAFF REPORT



DATE: August 20, 2019

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Rod Yahnke, Economic Development Manager

SUBJECT: Substantial Amendment to the Community Development Block Grant (CDBG) 2018-2019 Action Plan

RECOMMENDED ACTION

It is recommended that the City Council: 1) Conduct a public hearing and upon accepting public testimony, adopt Resolution No. 2019-038 including any modifications or amendments thereto 2) Approve a Substantial Amendment to the Community Development Block Grant ("CDBG") 2018-2019 Annual Action Plan ("Action Plan") by programming \$150,000 in unprogrammed dollars to the 2018-2019 Street Improvement Project ("Street Project"); and 3) Authorize the City Manager and/or Economic Development Manager to execute and transmit all necessary documents, including the Substantial Amendment to the Action Plan, and any additional amendments, to assure the City's timely expenditure of CDBG funds.

BACKGROUND

The U.S. Department of Housing and Urban Development ("HUD") requires all entitlement communities receiving CDBG funds to prepare and submit a Consolidated Plan ("Con Plan") every five years to establish a unified, strategic vision for economic development, housing and community development activities. The City Council adopted the 2015-2019 Con Plan on April 7, 2015.

The Con Plan is carried out through Action Plans, which provide the activities and resources that will be used each year to accomplish the goals identified in the Con Plan. The City is required to submit an Action Plan to HUD each year of the five-year Con Plan period. The City Council adopted the 2018-2019 Action Plan on April 3, 2018 and staff submitted the Action Plan to HUD by the required deadline date in 2018.

Substantial Amendments to a Con Plan and/or Action Plan are required when a "substantial" change is proposed to funding levels, goals, or activities. In this case, the programming of \$150,000 in unprogrammed funds to the City's 2018-2019 Street Improvement Project triggers a "substantial" change.

ISSUES/ANALYSIS

The City has previously awarded the Street Project to Match Corporation in May 2019. With a project cost estimated at \$1,142,000 and current budget of \$1,006,000, the project is in need of an additional \$150,000.

The Street Project will be paving existing dirt roads. The applicable streets must meet strict CDBG qualifications under the Low-Mod Area Benefit national objective, which will increase the safety of vehicular traffic, and reduce maintenance costs. Therefore, the streets that can be paved are somewhat limited to Low-Mod Benefit areas of the City.

The Street Project will provide funding for professional services including, but are not limited to design, engineering and labor compliance, as well as construction costs.

FISCAL IMPACT

City Council approved the Street Project budget on June 19, 2018. This budget included Six-Hundred and Six-Thousand Five-Hundred and Forty-Six dollars (\$606,546) for CIP Project Number 7150. City Council later approved the Substantial Amendment on September 18, 2018 reprogramming an additional Two-Hundred Thousand dollars (\$200,000) to the Street Project. Staff later administratively approved the minor amendment to the 2018-2019 Action Plan programming an additional One-Hundred and Ninety-Nine Thousand Four-Hundred and Fifty-Four dollars (\$199,454) to the Street Project. The above funding Substantial Amendment will add an additional One-Hundred and Fifty Thousand dollars (\$150,000) bringing the total Street Project budget to One-Million One-Hundred and Fifty-Six Thousand dollars (\$1,156,000). These funds will be added to the Street Project budget and will be memorialized when the first quarter budget amendment is presented to City Council.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Substantial Amendment to Action Plan
2. Resolution No. 2019-038