

City of Hesperia

STAFF REPORT



DATE: January 21, 2020

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Rod Yahnke, Economic Development Manager
Jennifer Shove, Administrative Analyst

SUBJECT: Substantial Amendment to the Community Development Block Grant (CDBG) 2019-2020 Action Plan

RECOMMENDED ACTION

It is recommended that the City Council: 1) Conduct a public hearing and upon accepting public testimony, adopt Resolution No. 2020-01 including any modifications or amendments thereto; 2) Approve a Substantial Amendment to the Community Development Block Grant ("CDBG") 2019-2020 Annual Action Plan ("Action Plan") by programming \$200,000 to the 2019-2020 Peach Avenue Drainage Improvement Project ("Drainage Project") and \$326,196 to the 2019-2020 Street Improvement Project ("Street Project"); 3) Approve 2019-20 FY Budget amendment and; 4) 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 2019-2020 Action Plan on May 7, 2019 and staff submitted the Action Plan to HUD by the required deadline date in 2019.

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 \$200,000 to the Drainage Project and \$326,196 to the Street Project from programmed and unprogrammed funds triggers a "substantial" change.

ISSUES/ANALYSIS

The Drainage Project proposes to raise the profile of the existing roadway on Peach Avenue between Centennial Street and Hinton Street where it crosses the Antelope Valley Wash. The City has had the opportunity to review the general scope of work for the Drainage Project and has projected the engineering and design costs to be \$200,000 through June 30, 2020. Additional funds are anticipated to be programmed during the 2021-2022 program year to pay for the balance of

design and construction costs. The Street Project is a continuation of the City's annual program to construct new pavement on existing dirt roads qualified under the CDBG Low-Mod Area Benefit national objective. Funds for the Street Project will go towards design and engineering services provided by Angenious Engineering Services, Inc. under their current Professional Service Agreement (PSA) with the City, construction and other activity delivery costs. The proposed improvements to both projects will reduce maintenance costs and increase vehicular safety in CDBG eligible areas.

FISCAL IMPACT

While the Drainage Project has been contemplated during previous discussions, funding has not been programmed by City Council. Funding the Substantial Amendment will program Two-Hundred Thousand dollars (\$200,000) to the Drainage Project to use through June 30, 2020. In addition, City Council approved the Street Project budget on May 7, 2019. This budget included Six-Hundred and Fifty-One Thousand Seven-Hundred and Seventy-Six dollars (\$651,776). The Substantial Amendment will add an additional Three-Hundred and Twenty-Six Thousand One-Hundred and Ninety-Six dollars (\$326,196) bringing the total Street Project budget to Nine-Hundred and Seventy-Seven Thousand Nine-Hundred and Seventy-Two dollars (\$977,972). Funds approved by City Council will authorize an increase to the budget in 251.29.700.7158.8000 by Five-Hundred and Twenty-Six Thousand One hundred and Ninety-six dollars (\$526,196) for the Drainage Project and Street Project for a total of One Million One-Hundred and Seventy-Seven Thousand Nine-Hundred Seventy-Two dollars (\$1,177,972).

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Substantial Amendment to Action Plan
2. Resolution No. 2020-01