



# City of Rialto

## Legislation Text

---

**File #:** 18-364, **Version:** 1

---

For City Council Meeting [April 24, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: Perry Brents, Director of Community Services

Request City Council to Set a Public Hearing for **May 8, 2018** to Consider and Approve Substantial Amendment No. 1 to the City's 2017-2018 Annual Action Plan and approval of the 2018-2019 Annual Action Plan.

### **BACKGROUND:**

The City of Rialto is a direct recipient of annual Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). The Housing and Community Development Act of 1974 created the CDBG Program. The primary objective of the CDBG program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate-income. The CDBG regulations require that each activity meet one of the following national objectives:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums and blight; or
- Meet other community development needs having a particular urgency (usually the result of a natural disaster).

HUD requires that all entitlement communities that receive CDBG funds from HUD, such as the City of Rialto, prepare and submit a Five-Year Consolidated Plan to establish a unified, strategic vision for housing and community development action that it will undertake in the Consolidated Plan period. The Rialto City Council adopted the current 2015-2019 Five-Year Consolidated Plan on May 12, 2015.

The Consolidated Plan is carried out through five (5) Annual Action Plans that 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. CDBG regulations not only limit the types of programs and activities that may be funded, but also limit the amount of the annual allocation that may be used for public services programs to 15 percent of the grant. CDBG regulations also limit the amount that may be used in the planning and administration functions to 20 percent of the grant. Lastly, the CDBG regulations require recipients of the funds to submit an Annual Action Plan to HUD by no later than 45 days prior to the start of their Program Year (July 1), which for the City of Rialto falls on May 15 of each year.

The agenda report is requesting approval of two separate actions. The first is the approval of a Substantial Amendment No. 1 to the 2017-2018 Annual Action Plan. The second is the approval of the 2018-2019 Annual Action Plan.

The first action item is the consideration and adoption of Substantial Amendment No. 1 to the Annual Action Plan for the 2017-2018 Program Year. The City's Citizen Participation Plan requires that the City substantially amend its approved Consolidated Plan or Annual Action Plan whenever it makes one of the following decisions:

1. To carry out an activity not previously described in the Annual Action Plan using funds covered by the Consolidated Plan, including program income.
2. To substantially amend the purpose, scope, location or beneficiaries of an activity.
3. To substantially amend the allocation priorities or the method of distributing funds.

A Substantial Amendment is defined as the following:

1. An addition, modification, or elimination of a Consolidated Plan goal;
2. An addition of a new activity not previously identified in the Annual Action Plan.
3. A change in an activity after the adoption of the Annual Action Plan that meets one of the following thresholds:
  - A. A net increase or decrease greater than 50% of the activity allocation; or
  - B. A change in the use of funds from one activity to another that affects 20% or more of the City's current annual allocation of CDBG funds.
  - C. The City Council must authorize substantial amendments to the approved Consolidated Plan or Annual Action Plan and use online postings and public notices in the newspaper to solicit public comment.

### **ANALYSIS/DISCUSSION:**

As a prerequisite to receiving its annual CDBG allocation, the City is required to submit a One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD). The Action Plan delineates Rialto's plan for the use of its CDBG funds. It describes the resources available for program implementation; activities to be undertaken during Program Year; a monitoring plan; the City's homeless and anti-poverty strategies; and coordination efforts that have or will be undertaken to implement the Action Plan.

As a prerequisite to submitting its Annual Action Plan or substantially amending an existing Annual Action Plan, the City's Citizen Participation Plan and CDBG implementing regulation require that a public hearing before the City Council be held to allow citizens to comment on the proposed use of the CDBG funds, including any substantial amendments. In addition to the Public Hearing, the draft documents must be made available to the public for a period of 30 days in order to provide them with an opportunity to review the recommended programs and projects as well as the funding proposed for each. In compliance with the City's approved Citizen's Participation Plan and CDBG implementing regulation 24 CFR 92-105, a Public Notice was published to solicit public comments from interested citizens and to consider and approve a Substantial Amendment to the 2017-2018 Annual Action Plan and the adoption of the 2018-2019 Annual Action Plan. The public hearing was noticed for May 8, 2018 at 6:00 p.m., at City Council Chambers, 150 S. Palm Avenue, Rialto, CA 92376 (see attached notices).

Substantial Amendment No. 1 to 2017-2018 Annual Action Plan:

Substantial Amendment No. 1 to the 2017-2018 Action Plan is required under the Citizen Participation Plan to cancel two (2) projects previously identified for funding in the Action Plan. The 2017-2018 Annual Action Plan provided a combined \$330,000 in CDBG funds for two (2) projects that provided for the installation of field lights at Frisbie Park & Bud Bender Park. The City of Rialto's Public Works Department obtained City Council approval to use Rialto Park Development Impact Funds to cover the cost of the field light installation freeing up the CDBG funds approved under the Action Plan. Substantial Amendment No. 1 to the 2017-2018 Action Plan will allow the City to formally cancel the two (2) field lighting projects and reprogram the \$330,000 to other eligible projects.

2018-2019 Annual Action Plan:

The City is allocating CDBG funds to programs and projects in the Draft Action Plan using an estimated HUD grant amount of \$1,126,668 (similar to PY 17-18) to facilitate the citizen participation and approval process. In the event that the final formula grant amount of CDBG funding received from HUD is higher or lower than the planned amount, the CDBG Ad-Hoc Committee is recommending that staff adjust the funding amounts for each program and project identified in the Action Plan proportionally and in compliance with regulatory requirements for funding allocations. The funding levels used in attached Exhibits A through D reflect the estimated allocation of CDBG funds.

The City also has available \$314,434 of prior year funds that remained on projects or activities that were completed and closed out. In addition, upon the approval of the aforementioned Substantial Amendment No. 1 to the 2017-2018 Annual Action Plan canceling the two (2) field lighting projects, an additional \$330,000 will become available for reprogramming to existing or new projects. In summary, the City has a total of \$1,771,102 in CDBG funds available to commit to eligible project based on the following:

Estimated 2018-2019 CDBG allocation:	\$1,126,668
Balance of funds from completed projects:	\$ 314,434
<u>Reprogrammed funds from Subst. Amend. No.1:</u>	<u>\$ 330,000</u>
<b>Total Available:</b>	<b>\$1,771,102</b>

For the 2018-2019 Annual Action Plan process, the City received a total of 22 applications comprised of eleven (11) public service agencies, ten (10) capital improvement projects, and one (1) Fair Housing and Tenant/Landlord Mediation service program. On February 15, 2018, the CDBG Ad-Hoc committee conducted a public meeting where it provided the applicants an opportunity to present their application for CDBG funding consideration. On April 4, 2018, the CDBG Ad-Hoc Committee conducted a second meeting, whereby the committee members finalize the funding recommendations that are incorporated into the Draft 2018-2019 Annual Action Plan.

The attached tables (Exhibits A-D) provide a summary of the programs and projects that are being recommended for funding by the Ad-Hoc Committee and the respective funding levels. Exhibits “B” through “D” provide the breakdown of funds proposed under the funding categories established under the CDBG Program. They are Planning and Administration, Public Service and Capital Improvement categories.

Note that Exhibit “C” list as a project the repayment of the Section 108 Loan that was obtained through HUD for the construction of the Rialto Senior Center (FY2003) and the renovation of Bud Bender Park (2017). The funding for the annual loan payment must be funded at \$428,120 to cover the payments for the 2018-2019 Program Year.

#### **ENVIRONMENTAL IMPACT:**

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA). A “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Pursuant to Section 15378 (b)(5) a project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

#### **GENERAL PLAN CONSISTENCY:**

This action is consistent with Guiding Principle 3A in the General Plan:

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

#### **LEGAL REVIEW:**

The City Attorney has reviewed and approved the staff report.

#### **FINANCIAL IMPACT:**

The funding for the proposed 2018-2019 CDBG projects totaling \$1,771,102 will come from the City’s 2018-2019 anticipated allocation and prior year unallocated funds to be reprogrammed from canceled activities to the 2017-2018 Annual Action plan, and CDBG funds from the U.S. Department of Housing and Urban Development (HUD). Upon submittal and approval of the City’s Annual Plan by HUD, funds equal to this amount will be available to the City.

#### **Operating Budget Impact**

Apportionment of CDBG funds allocated include a maximum of 20% going to Administration of the program, 15% to Public Service, and the remaining 65% going toward Capital Improvement Projects.

Capital Improvement Budget Impact

The City of Rialto's projected revenue from the CDBG in fiscal year 2018/19 is \$1,441.102, plus an estimated \$330,000 for reprogramming from previous year's allocations. Revenue in Capital Improvement for the proposed CDBG funds will be budgeted in Administration, Public Service, Capital Improvement and Action Plan reprogrammed funding.

**RECOMMENDATION:**

Staff recommends that the City Council Set a Public Hearing for May 8, 2018, to solicit public comments from interested citizens and to consider and approve a Substantial Amendment to the City's 2017-2018 Annual Action Plan and approve the 2018-2019 Annual Action Plan.