



City of Rialto

Legislation Text

File #: 21-0679, **Version:** 1

For City Council Meeting [October 12, 2021]

TO: Honorable City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Stephen Erlandson, Finance Director

Request City Council to Conduct a Public Hearing and Solicit Public Comments from Interested Citizens to Consider and Approve the City's Substantial Amendment No. 4 Revised Budget Amounts to CDBG-CV Activities within the 2020 Annual Action Plan.

(ACTION)

BACKGROUND

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which appropriates nearly \$2 trillion nationwide for COVID-19 pandemic relief funding. \$5 billion of these CARES Act funds, referred to in this report as CDBG-CV funds, were appropriated to the Community Development Block Grant Program (CDBG) to assist state and local governments in their COVID-19 response.

This substantial amendment No. 4 to the City's 2020 Annual Action Plan will account for the revision of proposed budgets to be carried out with the City's CDBG-CV3 funding from the U.S. Department of Housing and Urban Development (HUD); totaling \$1,339,584. It should be noted that the City's previous substantial amendments that allocated the CDBG-CV funds to activities (Substantial Amendments No.1, No.2 and No.3) were previously approved by City Council on June 23, 2020 (Substantial Amendment No. 1), November 10, 2020 (Substantial Amendment No. 2) and April 13, 2021 (Substantial Amendment No.3). The City Council allocated these funds by establishing the following programs/services: ·

- Rental/Mortgage Assistance \$600,000
- Small Business Storefront Assistance \$200,000
- SWAG \$197,162
- Utilities Assistance \$160,000
- COVID-19 Testing \$100,000
- Workforce Development/Job Creation \$57,162
- Personal Protective Equipment for Rialto Senior Citizens \$ 25,260

CDBG CARES Funding Background

The CDBG program is a federally funded program of HUD that provides funding for housing, community facilities, and public services. On April 2, 2020 HUD announced the allocation of the first \$2 billion in CARES Act funding for current CDBG grantees. The CARES Act builds on features of the existing CDBG program as well as precedent set by CDBG Disaster Response (CDBG-DR)

supplemental appropriations. The act directs HUD to administer these funds, pursuant to Section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306). This provision calls for HUD to allocate the supplemental funds to CDBG grantees -including eligible local governments, states, and insular areas - proportional to their conventional Fiscal Year 2020 CDBG allocation, as published by HUD in April 2020.

CARES CDBG-CV funding is intended to prevent, prepare for, and respond to coronavirus based on public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions. The remaining funds will be distributed to states and units of local government on a rolling basis, at the discretion of the Secretary of the U.S. Department of Housing and Urban Development, with formula factors to be defined by HUD.

ANALYSIS/DISCUSSION

Substantial Amendment

In order for these special funds to be used expeditiously, cities are required to amend their 2020 Annual Action Plans. In accordance with the City's Citizen Participation Plan, when a substantial change (i.e., adding an activity, canceling an activity, redirecting funds, or receiving additional funding) is proposed to an adopted city Annual Action Plan, HUD requires that the public be notified, and a public hearing be held to allow the public an opportunity to comment on the proposed substantial changes. The City's Approved Citizen Participation Plan provides for additional flexibility for noticing of Substantial Amendments in times of emergency. The public comment period is reduced from 30 days to not less than 15 days. Grantees may use virtual public hearings when necessary for public health reasons, and the public services cap is suspended during the emergency. For example, public services programming was limited to 15% of the overall CDBG allocation in previous awards.

Proposed Action Plan Amendment

Staff met with individual Councilmembers and based on the feedback staff received, the following items need discussion for a possible Substantial Amendment No. 4 for the reallocation of previously allocated CDBG-CV funds is as follows:

- Discussion of the reduction and reallocation of previously allocated CDBG-CV funds from the Utility Assistance Program to other established assistance programs
- Discussion of the reduction and reallocation of previously allocated CDBG-CV funds from the Small Business Assistance Program to other established assistance programs
- Consideration of the increase of the level of assistance within the Rialto Utility Assistance Program from \$210 per applicant to \$500 per applicant with previous recipients having the opportunity to receive additional grant funds up to the \$500 assistance cap between their first award and potential second award. In addition, the City will establish an end date and create a notification letter to previously approved Rental/Mortgage Assistance applicants on a first come, first serve basis to apply for the balance of any new assistance amount.
- Discontinue the requirement to apply for only one form of assistance between Rental/Mortgage and Utility.
- Remove the requirement that Small Businesses must be in operation since at least January 1, 2020

ENVIRONMENTAL IMPACT

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA).

GENERAL PLAN CONSISTENCY

Complies with the following Rialto General Plan Guiding Principle:

Our 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 supports this staff report.

FINANCIAL IMPACT

The City has been awarded a total of \$1,339,584 of CARES Act CDBG-CV funding. The revenue component for these funds is recognized in account 234-400-1857-7833-COVD19 and the corresponding expenditure component is appropriated in account 234-500-1857-2060-COVD19. The proposed reallocation of budgeted amounts amongst the various programs as previously noted does not have an effect on the operating budget.

Capital Improvement Budget Impact

There is no impact to the Capital Improvement Budget.

Licensing

A Business License is not required as part of this action.

RECOMMENDATION

Staff recommends that the City Council Conduct a Public Hearing and Solicit Public Comments from Interested Citizens to Consider and Approve the City's Substantial Amendment No. 4 Revised Budget Amounts to CDBG-CV Activities within the 2020 Annual Action Plan.