

STAFF REPORT*CITY OF OCEANSIDE*

DATE: June 20, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO DEOBLIGATE \$136,634 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS ALLOCATED TO IVEY RANCH PARK ASSOCIATION IN 2002 FOR DEVELOPMENT OF CHILDCARE FACILITIES; APPROVAL TO ALLOCATE CDBG CONTINGENCY FUNDS TO TWO PROJECTS AND CDBG CITYWIDE ADA COMPLIANCE FUNDS TO ONE PROJECT; AND APPROVAL TO AMEND THE 2007-08 ACTION PLAN ACCORDINGLY**

SYNOPSIS

Staff recommends that the City Council:

- 1) Deobligate \$136,634 of Community Development Block Grant (CDBG) funds allocated to Ivey Ranch Park Association in 2002 for development of childcare facilities;
- 2) Approve the allocation of \$20,357 of CDBG contingency funds to Ivey Ranch Park Association for payment of related environmental studies already completed;
- 3) Approve the allocation of \$150,000 of CDBG contingency funds to the Code Enforcement Division for acquisition of a graffiti removal vehicle;
- 4) Approve the allocation of \$10,000 of CDBG Citywide ADA Compliance funds to the Oceanside Boys and Girls Club for installation of ADA-compliant entry doors;
- 5) Authorize the Neighborhood Services Director to sign the agreements;
- 6) Amend the 2007-08 Action Plan of the 2005-2010 Consolidated Plan for Housing and Community Development accordingly.

BACKGROUND

The City receives Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD) that can be used for a variety of public services and capital improvement programs in the community. All use of CDBG funds must be approved by the City Council, including the allocation and any deobligation of funds. CDBG funds that are not used and funds that result from the deobligation of funds or cancellation of projects are held in the CDBG Contingency Fund until allocated by the City Council.

- 1) On January 17, 2001 the City Council appropriated \$35,000 from the CDBG Contingency Fund to the Ivey Ranch Park Association (IRPA) for predevelopment activity for a new child development center at the Ivey Ranch Park site, 110 Rancho del Oro Drive. No contract between the City and IRPA was signed for use of these funds and the opportunity expired September 30, 2001.

On April 17, 2002, the City Council allocated \$136,634 of FY 2002-03 CDBG capital funds to the IRPA for development of a childcare center at their Ivey Ranch Park site (02-D294-1). For a variety of reasons the organization has not been able to move forward on this project and is now working on development of an equestrian center as the organization's priority capital project. The IRPA still intends to develop a childcare center on their site at some future date. No contract between the City and IRPA was signed for the CDBG capital funds for the child development center.

In August 2002 the IRPA requested an extension of the \$35,000 grant. On December 11, 2002, the City Council approved a loan agreement (02-D777-1) in the amount of \$35,000 of FY 2002-03 CDBG capital funds to the IRPA for installation of playground equipment, grading and predevelopment activities for the proposed child development center. Project goals and objectives included obtaining a Conditional Use Permit and building permits for the center, and completion of a grading plan for the project. A portion of the funds were used to pay for predevelopment and project management expenses that IRPA had accumulated since June 2001. The playground was completed and opened in 2003 but other objectives were not completed.

HUD manages CDBG entitlement grants as part of its Community Planning and Development program and has reminded all entitlement cities of the importance of "timeliness of use" of federal funds. CDBG funds which are not used in a timely manner can be recaptured by HUD and returned to the U.S. Treasury. Once the City Council has allocated funds to a capital project, the funds are obligated and cannot be used for any other activity or project; any projects that do not move forward impact the City's timeliness of use report, which HUD checks at least twice a year. IRPA has not been able to use the \$136,634 allocation awarded to them and does not show the ability to do so in the next two years, thus making a negative impact on the City's timeliness of use rating. Deobligation is not a judgment as to the nature or value of a particular project but only on the ability of an organization to use allocated funds in a timely manner. The IRPA may re-apply to the City for CDBG funds for the proposed childcare center when the organization demonstrates sufficient available funding for development and operation of the center.

- 2) The IRPA proceeded with planning for the proposed child development center and has completed some components of the required environmental reviews for a center, including a Stormwater Management assessment, Noise Study, and Cultural Resources Study, as well as preliminary work for federal and state environmental compliance. The IRPA has requested that the City allocate \$20,357 of CDBG contingency funds to pay for work accomplished to date and to allocate additional funds to complete all environmental reviews. As noted above, there is at present no

contract with the IRPA for use of CDBG funds. The City has recommended that IRPA not engage in further environmental review or planning activity until such time as the IRPA has sufficient funding for the project.

- 3) Graffiti is a blight in any neighborhood, whether the “tagging” is gang-related or the work of an individual “tagger.” The Code Enforcement Division is responsible for abating graffiti on private property in the City. The City proposes to acquire a graffiti removal vehicle that uses laser testing of a wall or fence to identify the existing color and then mixes paint to match this color; when the paint is sprayed on, the graffiti is covered without leaving further blight. The Code Enforcement Division will operate this vehicle as part of its private property graffiti abatement program. The first-year operational cost of the vehicle, equipment, maintenance and supplies is approximately \$150,000.
- 4) HUD encourages all entitlement jurisdictions to ensure that the facilities used by organizations to provide programs funded in whole or in part with CDBG or other federal funds meet compliance standards of the Americans with Disabilities Act (ADA) and related federal regulations. At the most recent monitoring visit to the Oceanside Boys and Girls Club facility at 401 Country Club Lane, City staff noticed that the front door to the facility does not meet ADA standards by lacking an automatic door opener for persons in wheelchairs or with other disabilities. The City provided funds in FY 2006-07 to the Boys and Girls Club to improve the parking lot, including placement of handicapped parking slots with easy access to the building entrances. The Boys and Girls Club is an important youth-serving facility in the City and desires to provide programs to all children and youth without regard to physical ability or disability. The City proposes to use funds from the existing CDBG ADA Citywide Projects account to replace the main entry with a new door that meets accessibility and fire safety standards.

ANALYSIS

The City proposes to deobligate funds from one CDBG-funded project and allocate available CDBG Contingency Funds for two projects that can be completed within the 2007-08 CDBG program year. The proposed deobligation of funds originally awarded to Ivey Ranch Park Association is in line with HUD’s emphasis on timely use of limited funds, and the organization may return to the City Council at a future date to reapply for funds for their proposed childcare center. The project is eligible for CDBG funding and is an appropriate activity for the organization and the site. City staff have discussed this action to deobligate funds with IRPA staff, and recommended that the IRPA not take engage in further predevelopment work until such time as the organization has sufficient funds immediately available for the proposed child development center.

Funds from projects that have been cancelled and/or deobligated funds are held in the CDBG Contingency Fund until the City Council allocates such funds for other projects or activities. Federal regulations restrict the use of CDBG funds for public services in a particular year to no more than fifteen percent of the entitlement grant for that year, and no more than twenty percent of the entitlement grant for that year may be used for

planning and administration of the CDBG program. The 2007-08 CDBG budget as approved by the City Council does not allow for additional public services or administration expenditures; funds in the Contingency Fund may be used only for capital projects. Public Services activities must be completed within one year; capital projects can extend to more than one year. The City is considering limiting the length of time CDBG funds can be held for a capital project; the City of San Diego restricts use of CDBG funds for capital projects to no more than three years from the date the grant is awarded. City staff are reviewing all other allocations of CDBG funds for capital projects to ensure that the same "timeliness of use" measure used for nonprofit organizations is applied to City projects.

The three proposed new activities meet basic CDBG eligibility requirements: the IRPA and the Oceanside Boys and Girls Club serve low- and moderate-income individuals and families, and the proposed Code Enforcement Division graffiti removal vehicle will reduce blight on private property in the City. The projects can be completed within one year. The Oceanside Boys and Girls Club has a record of successfully managing CDBG funds and providing a direct community benefit.

The FY 2007-08 Action Plan of the five-year Consolidated Plan for Housing and Community Development was approved by the City Council on May 9, 2007, and submitted to the HUD – Los Angeles Field Office on May 11, 2007. Any additional activities and projects for the 2007-08 Program Year that are approved by the City Council are likewise submitted to the Los Angeles Field Office as amendments to the annual Action Plan.

FISCAL IMPACT

The CDBG Contingency account (237.607900) has approximately \$383,500 available for allocation. The deobligation of \$136,634 allocated to the Ivey Ranch Park Association (237.705059), payment of \$20,357 (237.705059) for environmental studies already completed by the Association, allocation of \$150,000 (237.87xxxx) for the acquisition of a Code Enforcement Division graffiti removal vehicle, and allocation of \$10,000 (237.875406) for ADA-compliant doors at the Oceanside Boys and Girls Club will reduce the CDBG Contingency account by \$33,723. The City intends to carry forward at least \$200,000 in the Contingency fund account to FY 2007-08.

COMMISSION OR COMMITTEE REPORT

The FY 2007-08 CDBG ad hoc Application Review Committee completed its work and submitted recommendations to the City Council in March 2007. Neither the ad hoc Committee nor any commission reviews mid-year allocations of CDBG funds.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of this matter should be based on the testimony and evidence presented at the hearing. After conducting the hearing, the Council shall adopt, modify or deny the recommendations contained in this report.

RECOMMENDATION

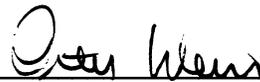
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- 5) Authorize the Neighborhood Services Director to sign the agreements;
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