ITEM NO. 24

STAFF REPORT

CITY OF OCEANSIDE

DATE: July 6, 2011

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **RESOLUTION AUTHORIZING APPLICATION TO THE PROPOSITION 84 STATEWIDE PARKS GRANT PROGRAM FOR FUNDS IN THE AMOUNT OF $4,548,472 FOR THE JOE BALDERRAMA PARK PROJECT AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE ALL NECESSARY DOCUMENTS**

SYNOPSIS

Staff recommends that the City Council adopt a resolution authorizing application to the Proposition 84 Statewide Parks grant program for funds in the amount of $4,548,472 for the Joe Balderrama Park Project and authorizing the City Manager to execute the necessary documents; and decline a Section 108 Loan Guarantee offer from the Housing and Urban Development Department (HUD) in the amount of $6,400,000.

BACKGROUND

An extensive community process was undertaken for the development of a Master Plan for Joe Balderrama Park and Community Center over the last four years. The City has also suffered budget reductions over the same period, which has resulted in a priority change for the project. The project was originally recommended as an $11.5 million community center and gymnasium. Staff's current recommendation is a major park renovation not to exceed $4,548,472, which will not include a community center or gymnasium. Staff is not recommending the acceptance of the Section 108 Loan because Federal budget concerns make it an unreliable funding source and because the repayment of such a loan would deplete the City's Social Services and Capital Improvement CDBG allocations.

On February 24, 2010, the City Council approved the Final Master Plan produced by Schmidt Design Group. Also on February 24, 2010, the City Council authorized staff to apply for grant funds in the amount of $5,000,000 and a Section 108 Loan Guarantee in the amount of $6,500,000 for development of the Joe Balderrama Community Center.

In September 2010, the City of Oceanside received a loan offer of commitment in the amount of $6,400,000 from HUD with an expiration date of November 30, 2011. On November 5, 2010, the City of Oceanside was notified that the Statewide Parks grant

application in the amount of $5,000,000 was not funded for the project. In March 2011, the State of California released a notice that round two of the Statewide Parks grant program was open with a due date of July 1, 2011.

Staff met with community leaders of the Eastside Neighborhood to inform them of staff's recommendations including the lack of ability to use a Section 108 Loan funding mechanism. A discussion was held to establish new priorities for the grant application. The leaders understood the financial constraints of the project, agreed to focus on the park rather than the gymnasium as a priority, and made recommendations for features to be included in the park project, based on the previously vetted and approved Master Plan.

ANALYSIS

The changes in the financial forecast for CDBG funding as well as the increase in costs to operate and maintain a new community center and gymnasium during a time that the City's General Fund is cutting operating and maintenance costs, leads to a recommendation to submit a grant application for the park project only, not to exceed $4,548,472. The community leaders agreed that the social services funded in the neighborhood cannot lose CDBG funding in order to repay a loan, and support the City pursuing a grant application for the park alone.

Joe Balderrama Park Project:

Staff is recommending a major renovation of Joe Balderrama Park inclusive of new playgrounds, additional picnicking areas, a fitness system, walking paths, outdoor performance area, landscaping, public art and building façade enhancements. The previous grant application cycle included an entire re-build of the Joe Balderrama Community Center inclusive of a new gymnasium. This project would have cost the City approximately $11,500,000 requiring both a grant and a loan to pay for the project in full. The new project will not exceed $5,000,000, requiring no additional funds or a loan obligation for the City.

Previous site analysis and community forums led to the understanding that JBRC is in dire need of major renovations to match the vitality of current residents and future growth. Current park issues identified through this process are included in the Joe Balderrama Park Master Plan such as poor irrigation, lack of walkways through park, need for fitness equipment, and an outdoor performance area for neighborhood events. The community leaders have agreed to focus on the park rather than the gymnasium and have expressed preference for various park amenities such as the tot lots, picnic areas, walkways, outdoor performance area, and park lighting.

Proposition 84 Statewide Parks Grant Program:

The grant allows a maximum request of $5,000,000 with no required match funds. Additionally, the grant allows an applicant to submit multiple projects with the possibility of multiple awards. Staff recommends submission of an application for the Joe

Balderrama Park Project as well as the Brooks Street Swim Center; both of which projects are eligible to be awarded in the same round. Should the project be funded, the City will be required to operate and maintain the park for the designated Contract Performance Period of 30 years.

With the requirements of funding and the operational obligations, the Park Project without the Community Center is the best option for the City Council to consider for long-term sustainability.

Section 108 Loan Guarantee:

The City as a CDBG entitlement jurisdiction is an eligible applicant for a Section 108 loan guarantee and as such, applied for $6,400,000 in 2010 for the project with the intention to pay back the loan annually through CDBG funds. The City has historically received approximately $1.9 million each year under the CDBG program; however in FY 2011-12, the CDBG allocation has been reduced by approximately 16.4 percent and is foreseen to be reduced another 10 percent in FY 2012-13. Consequently, repayment of the $6,400,000 loan for the project would deplete the Social Services and Capital Improvements allocations and given the Federal budget concerns, a Section 108 Loan is an unreliable funding source.

With more neighborhood programs being shifted from General Fund budgets to CDBG allocations, it is no longer financially feasible to accept the loan offer to fund an $11,500,000 project and develop and operate a gymnasium and new community center. Many programs are funded by CDBG to match other operational grants for gang prevention and neighborhood safety. Additionally, should CDBG funds continue to be cut further, a loan would become a General Fund obligation.

FISCAL IMPACT

There is no direct impact to the General Fund for the approval of the Joe Balderrama Park project and application for the full funding of the project. Eliminating the Community Center and Gymnasium from the project further eliminates the projected increases in Operations and Maintenance that would occur due to those developments. State Proposition funding requires the use of State prevailing wages.

Final Design & Environmental	$ 379,039
Park Construction	$2,526,929
15% Bonding, Mobilization, General	$ 379,039
10% Contingency	$ 252,693
10% Project Management	$ 252,693
30% Prevailing Wages	$ 758,079
Total Project Costs	**$4,548,472**

COMMISSION OR COMMITTEE REPORT

The item will be presented to the Parks and Recreation Commission at its next meeting.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council adopt a resolution authorizing application to the Proposition 84 Statewide Parks grant program for funds in the amount of $4,548,472 for the Joe Balderrama Park Project and authorizing the City Manager to execute the necessary documents; and decline a Section 108 Loan Guarantee offer from the Housing and Urban Development Department (HUD) in the amount of $6,400,000.

PREPARED BY

Megan Crooks
Management Analyst

SUBMITTED BY

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director

George Buell, Development Services Director

Scott O. Smith, City Engineer

Teri Ferro, Financial Services Director

For TF

Attachments: Resolution
Section 108 Loan offer of commitment

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING THE APPLICATION FOR STATEWIDE PARK PROGRAM GRANT FUNDS IN THE AMOUNT OF $4,548,472 FOR THE JOE BALDERRAMA PARK

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Program, setting up necessary procedures governing the Application;

WHEREAS, said procedures established by the State Department of Parks and Recreation require the applicant to certify by resolution the approval of application before submission of said application to the State; and

WHEREAS, the City of Oceanside will enter into a contract with the State of California to complete the grant scope project.

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. The City of Oceanside approves the filing of an application for the Joe Balderrama Park.

SECTION 2. The City of Oceanside certifies that said applicant has or will have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project.

SECTION 3. The City of Oceanside certifies that the applicant has or will have sufficient funds to operate and maintain the project.

SECTION 4. The City of Oceanside certifies that the applicant has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Grant Administration Guide.

SECTION 5. The City of Oceanside delegates the authority to the City Manager to conduct all negotiations, sign and submit all documents, including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the completion of the grant scope.

SECTION 6. The City of Oceanside agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2011 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
Mayor Of The City Of Oceanside

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

Barbara Hamilton, ASST.
City Attorney

Funding Approval/Agreement

Title I of the Housing and Community Development Act (Public Law 930383)

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

HI-00515R of 20515R

1. Name of Grantee (as shown in item 5 of Standard Form 424) City of Oceanside, California	3. Grantee's 9-digit Tax ID Number	4. Date use of funds may begin (mm/dd/yyyy)
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 300 North Coast Highway Oceanside, CA 92054	5a. Project/Grant No. 1 B-09-MC-06-0547	6a. Amount Approved
	5b. Project/Grant No. 2	6b. Amount Approved
	5c. Project/Grant No. 3	6c. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Yolanda Chávez		Grantee Name City of Oceanside, California	
Title Deputy Assistant Secretary for Grant Programs		Title	
Signature	Date (mm/dd/yyyy) SEP 16 2010	Signature	Date (mm/dd/yyyy)

7. Category of Title I Assistance for this Funding Action (check only one) ☐ a. Entitlement, Sec 106(b) ☐ b. State-Administered, Sec 106(d)(1) ☐ c. HUD-Administered Small Cities, Sec 106(d)(2)(B) ☐ d. Indian CDBG Programs, Sec 106(a)(1) ☐ e. Surplus Urban Renewal Funds, Sec 112(b) ☐ f. Special Purpose Grants, Sec 107 ☒ g. Loan Guarantee, Sec 108	8. Special Conditions (check one) ☐ None ☒ Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 9b. Date Grantee Notified (mm/dd/yyyy) 9c. Date of Start of Program Year (mm/dd/yyyy)	10. check one ☐ a. Orig. Funding Approval ☒ b. Amendment Amendment Number

11. Amount of Community Development Block Grant	FY ( )	FY ( )	FY ( )
a. Funds Reserved for this Grantee			
b. Funds now being Approved			
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved $6,400,000	12b. Name and complete Address of Public Agency N/A
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency N/A Title Signature

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153 176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By