

**COUNCIL AGENDA REPORT**

June 2, 2009

**TO:** City Council

**FROM:** City Manager

Prepared by: Director of Administrative Services

**SUBJECT: A PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS AND CONSIDER THE APPROVAL OF A SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN FOR FISCAL YEAR 2008-09 TO APPLY FOR FEDERAL FUNDS IN THE AMOUNT OF \$341,281 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT-RECOVERY (CDBG-R) PROGRAM**

**RECOMMENDATION:**

That the City Council conduct a public hearing to receive public comments and consider the approval of a Substantial Amendment to the Annual Action Plan for Fiscal Year 2008-09 to apply for Federal funds in the amount of \$341,281 under the Community Development Block Grant – Recovery (CDBG-R) Program and at the close of the hearing, adopt a resolution approving the Substantial Amendment.

**BACKGROUND:**

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The total cost of the Recovery Act package is \$828 billion that will fund a myriad of programs including health care, energy efficiency, infrastructure, education, public safety, transportation and housing assistance. \$1 billion of the Recovery Act was appropriated to fund the Community Development Block Grant – Recovery (CDBG-R) Program. The grant allocations for this program have been calculated as formula-based (non-competitive) grants, using the existing Community Development Block Grant (CDBG) statutory formula as the basis for allocation. On average, the CDBG-R allocation will be approximately 27 percent of an entitlement community's annual CDBG formula allocation.

The Recovery Act emphasizes the use of funding to stimulate the economy through modernization of the nation's infrastructure, improved energy efficiency, expansion of educational opportunities, access to health care, and creation and retention of jobs. While the full range of eligible activities under the regular CDBG program is allowed for use of CDBG-R funding, the U. S. Department of Housing and Urban Development (HUD) strongly recommends that CDBG-R funds be used for hard development costs

associated with infrastructure activities. This is to comply with the overall intent of the Recovery Act legislation to maximize job creation and economic benefit.

It is anticipated that HUD will issue grant agreements prior to September 1, 2009. Grantees must give priority to projects that can be under contract within 120 days from the date of HUD's grant award. All CDBG-R funds must be fully expended by September 30, 2012. Funds not expended by that date will be recaptured by HUD and returned to the U. S. Treasury.

CDBG-R funding may not be used for swimming pools, golf courses, zoos, aquariums, and casinos or other gambling establishments. Also, those activities generally prohibited under the regulations governing the regular CDBG program are prohibited under CDBG-R as well. Buildings for the general conduct of government, political activities, purchase of equipment, operating and maintenance expenses, assistance to professional sports teams, and recreational facilities that serve a predominantly higher income clientele are not allowed under the CDBG or CDBG-R programs. In addition, at least 70 percent of the CDBG-R funding must be used for activities that benefit low and moderate-income persons.

There are no matching fund requirements for this program. However, there are substantial oversight and reporting requirements associated with the CDBG-R program and other Recovery Act programs. Federal environmental review, labor standards and prevailing wage requirements will apply to the program. Also, there are "Made in the USA" provisions that require all iron, steel and manufactured goods used in a project funded under the program to be produced in the United States.

#### **DISCUSSION:**

On March 6, 2009, HUD notified the City that it would be eligible to receive \$341,281 in CDBG-R grant funds. On May 5, 2009, HUD issued the Federal regulations that outline the application procedures and requirements for accessing the grant funds. The guidelines include an accelerated timeline for the development and submission of a grant application. Similar to the Homelessness Prevention and Rapid Re-Housing Program (HPRP), the City is required to prepare a Substantial Amendment to the Annual Action Plan for Fiscal Year 2008-09 using HUD's prescribed format, make it available for public comment for seven days and submit it to HUD by the due date of June 5, 2009. A legal ad was published on May 22, 2009, making the Substantial Amendment available to the public for comment during the time period of May 26, 2009, through June 1, 2009. Also, the Substantial Amendment was posted on the City's website.

Due to the expedited timeline and complex regulations governing the program, staff recommends that the entire allocation of CDBG-R funds be used for a City of Santa Maria capital project. After analyzing the proposed capital projects in the City's 2008-10 Budget, it was determined that the Northwest Fire Station project would be the best fit for the funding. At the last City Council meeting held on May 19, 2009, the Mayor

proposed that this funding along with other funding sources be used for construction of the Northwest Fire Station. If the City Council decides at a later time not to proceed with construction of the fire station, the funding could be used for the pre-development phase of the project, such as site preparation and utility work, or the funding could be reprogrammed to another project.

The purpose of this public hearing is to receive public testimony concerning the Substantial Amendment (Attachment A) that has been prepared using HUD's prescribed format, consider the use of the funds and authorize the City Manager to proceed with submission of the application for the grant.


Fiscal Considerations:

The proposed action will provide \$341,281 in Federal funds for construction of a public facility that will create construction jobs, spur economic investment, and increase energy efficiency. Also, \$34,128 (10 percent) of the funding may be used for administrative costs which would help defray operating costs of the Special Projects Division. There are no matching fund requirements.

Impact to the Community:

The proposed action will build a more stable environment in one of the neediest areas in the community by providing a public facility that will serve as a hub for public safety, emergency services and public education.

  
CELESTE COELHO-HUDSON  
Community Programs Manager

  
LYNDA SNODGRASS  
Director of Administrative Services

ATTACHMENTS

Attachment A - Substantial Amendment

# CDBG-R SUBMISSION TEMPLATE & CHECKLIST

The American Recovery and Reinvestment Act of 2009 ("Recovery Act") was signed into law by President Obama on February 17, 2009. The Recovery Act awards \$1 billion in CDBG Recovery (CDBG-R) funds to be distributed to cities, counties, insular areas and states, of which \$10 million has been reserved by HUD for its administrative costs and \$10 million of which will be awarded to Indian tribes. Recipients of the remaining \$980 million of CDBG-R funds will be the approximately 1,200 jurisdictions that received CDBG funding in Fiscal Year 2008. This template sets forth the suggested format for grantees receiving funds from CDBG-R. A complete submission contains the information requested below, including:

- (1) The CDBG-R Substantial Amendment (template attached below)
- (2) Spreadsheet for Reporting Proposed CDBG-R Activities (see <http://www.hud.gov/recovery>)
- (3) Signed and Dated Certifications (see <http://www.hud.gov/recovery>)
- (4) Signed and Dated SF-424.

Grantees should also attach a completed CDBG-R Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

# THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): <i>City of Santa Maria</i>	CDBG-R Contact Person: <i>Celeste Coelho-Hudson, Community Programs Manager</i>
Jurisdiction Web Address: • <a href="http://www.ci.santa-maria.ca.us">www.ci.santa-maria.ca.us</a>	Address: <i>110 East Cook Street, Room 2 Santa Maria, CA 93454</i>
	Telephone: <i>805-925-0951, ext. 118</i>
	Fax: <i>805-928-0535</i>
	Email: <i>cocoelho-hudson@ci.santa-maria.ca.us</i>

## ENSURING RESPONSIBLE SPENDING OF RECOVERY ACT FUNDS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, the Department strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

### ***A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES***

Grantees must provide information concerning CDBG-R assisted activities in an electronic spreadsheet provided by HUD. The information that must be reported in the spreadsheet includes activity name, activity description, CDBG-R dollar amount budgeted, eligibility category, national objective citation, additional Recovery Act funds for the activity received from other programs, and total activity budget. An electronic copy of the spreadsheet and the format is available on HUD’s recovery website at <http://www.hud.gov/recovery>.

**B. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

- (1) Activity Name: (Grantees should follow the same order that activities are listed in the Spreadsheet for Reporting Proposed CDBG-R Activities – this will allow HUD to easily match activity narratives with the information provided in the spreadsheet.)

*City of Santa Maria Northwest Fire Station  
(pending final City Council approval anticipated on 6/16/09)*

- (2) Activity Narrative:

(In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee's CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee's narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act.)

- **Preserving and creating jobs and promoting economic recovery**  
*The construction of the Santa Maria Northwest Fire Station will create \_\_\_ construction related jobs assisting in the promotion of economic recovery with the new construction project. Without these funds, this project would not be feasible at this time.*
- **Assisting those most impacted by the recession**  
*As of March 2009, the State of California's unemployment rate was 11.2%. The State has reported a decrease of 18.4% in construction-related jobs. Construction payrolls decreased by 9,200 jobs in March. This followed a 30,000 job decrease in February. Over the year, the construction sector employment was down by 100,600 jobs. These numbers reflect how the construction industry has been severely impacted by the current economic recession. In Santa Maria, during the month of January 2009, only one new building permit had been issued for a residential construction, compared to the previous year. In January 2008, 20 new building permits had been issued, 18 new residential and 2 non-residential. The construction of a City project will create jobs for construction workers who have been one of the main industries impacted by the recession. The Northwest Fire Station will be constructed in an area that is primarily occupied by low and moderate income persons. This area consists of Census Tracts 23.03, 23.04, 23.05 and 23.06 with a population of 24,373, 65% of which are low and moderate income. This area has a high number of foreclosures. Such properties are prone to criminal activity, such as theft, graffiti, arson and vandalism. Having a presence in the area that does not currently exist would be a deterrent to such activity.*
- **Providing investment needed to increase economic efficiency**  
*The investment of CDBG-R funds in the Northwest Fire Station Project is needed to increase economic efficiency for the City of Santa Maria. Cost saving measures would trickle down to City residents. The site location proves to be the most cost effective as opposed to purchasing land anywhere else along the Broadway corridor because the proposed site is already owned by the City of Santa Maria.*
- **Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits**  
*The construction of the Northwest Fire Station is an investment in infrastructure that will provide long-term economic benefits. Based on the geographic expansion and new residential development that has occurred in the City over the last few years, the Fire Department has seen an increase in the number of calls for service. The Northwest area*

(currently being served by Fire Station #3) has the highest call volume of all other areas with 3,124 calls of the 8,092 total calls for the entire City being from that area. Of those calls, 118 are fire, 2,313 are emergency medical service, and 693 are of another nature. The construction of the Northwest Fire Station will reduce travel and response times.

○ **Minimizing or avoiding reductions in essential services**

The proposed project will improve the provision of essential services by reducing travel and response times to emergency calls for service.

○ **Fostering energy independence**

BFGC Architecture has designed the Northwest Fire Station with a building design that fosters energy independence. BFGC's standard Whole Building approach was used to design an energy efficient project, considering integrated, optimized energy efficient solutions, such as efficient building shell, efficient mechanical and electrical systems. The Design team created a design that exceeds Title 24 building energy use standards by approximately 7.3%. Through the use of day lighting, including solar tubes in corridor areas and occupancy sensors, the Title 24 installed lighting power used has been reduced by 5%. All appliances specified for this project will be "Energy Star" rated.

- (3) **Jobs Created:** (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs)).

Construction Jobs F/T: \_\_\_\_\_ (created)

Construction Jobs P/T: \_\_\_\_\_ (created)

- (4) **Additional Activity Information:** (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

The following **Green Building Methods** have been integrated into the design of the project.

- Building Thermal Efficiency
- Increased R-value of insulation at walls and roof
- Dual pane glass at windows
- Separate HVAC zones for day areas and living areas to allow for shut-down during non-use hours
- Energy management system with programmable thermostats for HVAC control
- Day Lighting and Connection to the Outside
  - Tinted window glazing to reduce solar gain which will reduce operation of mechanical units to cool the interior
- Protecting Indoor Air Quality
  - Low volatile organic compounds (VOC) products (sealants, adhesives, materials)
  - VOC and Vinyl free wall coverings (eliminate painting)
  - Openable windows to allow fresh air into building
- Protecting Indoor Environmental Quality
  - Acoustical Control: Acoustical wall panels are to be located throughout to control noise in the living and dining area.
- Lighting Controls
  - Exterior lighting control (photo-cell)
  - Photoelectric control for corridor lighting

Green building materials have been selected for construction of the project. The interior finish materials selected for this project were chosen for the purpose of creating healthy and

quality interiors for the building users. Concern for indoor air quality, indoor environmental quality, durability and reduced maintenance requirements impacted the choice of materials. The rubber flooring selected is a rapidly renewable material.

- Sustainable materials selected for the project include:
  - Rubber flooring at staff spaces (40 year life cycle, no wax floor)
  - Carpet tiles (easy to replace, non-directional pattern eliminates need to color match and keep maintenance stock)
  - Recycled content (post industrial and post consumer) including carpet tiles and acoustical ceiling and suspension grid

- (5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

City of Santa Maria  
Special Projects Division  
110 East Cook Street, Room 2  
Santa Maria, CA 93454  
Contact: Celeste Coelho-Hudson, Community Programs Manager  
Phone: (805) 925-0951, extension 118

### C. PUBLIC COMMENT

Provide a summary of public comments received to the proposed CDBG-R Substantial Amendment.

**Note:** A Proposed CDBG-R Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 7 calendar days for public comment.

#### Response:

The City Council of the City of Santa Maria conducted a public hearing in the City Council Chambers of the Santa Maria City Hall, 110 East Cook Street, Santa Maria, California, on Tuesday, June 2, 2009, at 6:30 p.m. to receive public comments and consider the approval of a **Substantial Amendment to the Annual Action Plan for Fiscal Year 2008-09** to apply for federal funding in the amount of \$341,281 under the **Community Development Block Grant – Recovery (CDBG-R) Program**. The City of Santa Maria solicited comments from the public with regard to the **Substantial Amendment**. Notice of the public hearing and a 7-day public review comment period from May 26, 2009, to June 1, 2009, was published in the Santa Maria Times and on the City of Santa Maria website. All interested persons were invited to forward their written comments during the review period to the City of Santa Maria, Special Projects Division, 110 East Cook Street, Room 2, Santa Maria, CA 93454, Attention: Celeste Coelho-Hudson, Community Programs Manager. Copies of the **Substantial Amendment** are on file at the City Clerk's office, 110 East Cook Street, the City Library, 421 South McClelland, and the Special Projects Division office, 110 East Cook Street, Room 2. Copies are available for public review and examination. Interested persons are able to obtain their own copy of the document at the Special Projects Division. The following public comments were received during the public hearing:

(Comments)

The following public comments were received during the seven-day review period:  
(Comments)

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# CDBG-R Substantial Amendment Grantee Checklist

*For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the CDBG-R Substantial Amendment, Spreadsheet for Reporting Proposed CDBG-R Activities, and SF-424.*

## Contents of a CDBG-R Action Plan Substantial Amendment

Jurisdiction(s): <u>City of Santa Maria</u> Lead Agency: Special Projects Division Jurisdiction Web Address: <u>www.ci.santa-maria.ca.us</u>	CDBG-R Contact Person: <u>Celeste Coelho-Hudson, Community Programs Manager</u> Address: <u>110 East Cook Street, Room 2 Santa Maria, CA 93454</u> Telephone: <u>805-925-0951, ext. 118</u> Fax: <u>805-928-0535</u> Email: <u>ccoelho-hudson@ci.santa-maria.ca.us</u>
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The elements in the substantial amendment required for the CDBG recovery funds are:

### **A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES**

Does the submission contain a paper copy of the Spreadsheet for Reporting Proposed CDBG-R Activities?

Yes  No  Verification found on page \_\_\_\_\_

Does the submission include an electronic version of the Spreadsheet for Reporting Proposed CDBG-R Activities sent to the email box CDBG-R@hud.gov?

Yes  No  Date Spreadsheet was emailed: \_\_\_\_\_

Does the Spreadsheet for Reporting Proposed CDBG-R Activities include, for each activity:

- amount of funds budgeted for each activity, including CDBG-R funds, any additional Recovery Funds used and total activity budget,

Yes  No  Verification found on page(s) \_\_\_\_\_

- the Eligibility citation (eligibility regulatory cite or HCDA cite),

Yes  No  Verification found on page(s) \_\_\_\_\_

- the CDBG national objective citation,

Yes  No  Verification found on page(s) \_\_\_\_\_

**B. CDBG-R INFORMATION BY ACTIVITY**

Does the submission contain information by activity describing how the grantee will use the funds, including:

- a narrative for each activity describing how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit,  
Yes  No  Verification found on page(s) \_\_\_\_\_
- projected number of jobs created for each activity,  
Yes  No  Verification found on page(s) \_\_\_\_\_
- whether an activity will promote energy efficiency and conservation,  
Yes  No  Verification found on page(s) \_\_\_\_\_
- the name, location, and contact information for the entity that will carry out the activity,  
Yes  No  Verification found on page(s) \_\_\_\_\_
- evidence that no more than 10% of the grant amount will be spent on administration and planning,  
Yes  No  Verification found on page (s) \_\_\_\_\_
- evidence that no more than 15% of the grant amount will be spent on public services,  
Yes  No  Verification found on page (s) \_\_\_\_\_
- evidence that at least 70% of the grant amount will benefit persons of low and moderate income,  
Yes  No  Verification found on page (s) \_\_\_\_\_

**C. PUBLIC COMMENT PERIOD**

Was the proposed action plan amendment published via the jurisdiction's usual methods and on the Internet for no less than 7 calendar days of public comment?

Yes  No  Verification found on page(s) \_\_\_\_\_

Is there a summary of citizen comments included in the final amendment?

Yes  No  Verification found on page(s) \_\_\_\_\_

**D. CERTIFICATIONS**

The following certifications are complete and accurate:

- |   |   |                             |
|---|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-displacement and relocation plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Drug-free Workplace                   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Anti-lobbying                         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Authority of jurisdiction             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Consistency with plan                 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3                             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

- (8) Community development plan Yes  No
- (9) Following a plan Yes  No
- (10) Use of Funds Yes  No
- (11) Excessive Force Yes  No
- (12) Compliance with anti-discrimination laws Yes  No
- (13) Lead-based paint procedures Yes  No
- (14) Compliance with laws Yes  No
- (15) Compliance with ARRA Yes  No
- (16) Project selection Yes  No
- (17) Timeliness of infrastructure investments Yes  No
- (18) Buy American provision Yes  No
- (19) Appropriate use of funds for infrastructure investments Yes  No
- (20) 70% of CDBG-R for LMI Yes  No

Optional Certification

- (21) Urgent Need Yes  No

**D. STATE CERTIFICATIONS (NOT APPLICABLE)**

The following certifications are complete and accurate:

- (1) Affirmatively furthering fair housing Yes  No
- (2) Anti-displacement and relocation plan Yes  No
- (3) Drug-free Workplace Yes  No
- (4) Anti-lobbying Yes  No
- (5) Authority of State Yes  No
- (6) Consistency with plan Yes  No
- (7) Section 3 Yes  No
- (8) Community development plan Yes  No
- (9) Consultation with Local Governments Yes  No
- (10) Use of Funds Yes  No
- (11) Excessive Force Yes  No
- (12) Compliance with anti-discrimination laws Yes  No
- (13) Compliance with laws Yes  No
- (14) Compliance with ARRA Yes  No
- (15) Project selection Yes  No
- (16) Timeliness of infrastructure investments Yes  No
- (17) Buy American provision Yes  No
- (18) Appropriate use of funds for infrastructure investments Yes  No
- (19) 70% of CDBG-R for LMI Yes  No

Optional Certification

- (20) Urgent Need Yes  No



RESOLUTION NO. 2009-78

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE SUBSTANTIAL AMENDMENT TO THE ACTION PLAN FOR FISCAL YEAR 2008-09 TO APPLY FOR FEDERAL GRANT FUNDS IN THE AMOUNT OF \$341,281 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT-RECOVERY (CDBG-R) PROGRAM AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY DOCUMENTS ON BEHALF OF THE CITY OF SANTA MARIA FOR THE APPLICATION OF FUNDS

**WHEREAS**, the City of Santa Maria will be eligible for Federal funding in the amount of \$341,281 under the Community Development Block Grant - Recovery (CDBG-R) Program which has been funded through the American Recovery and Reinvestment Act of 2009; and

**WHEREAS**, Federal regulations require that a Substantial Amendment to the Action Plan for Fiscal Year 2008-09 be prepared and made available for public review for at least seven days prior to approval and submittal to the U.S. Department of Housing and Urban Development (HUD); and

**WHEREAS**, the City wishes to qualify for funding and has completed the public participation process required for application to HUD; and

**WHEREAS**, a public hearing was held before the City Council at which time all comments received from the public were considered; and

**WHEREAS**, a notice of the public hearing was made at the time and in the manner required by law;

**NOW, THEREFORE, IT IS HEREBY RESOLVED** by the City Council of the City of Santa Maria, California, as follows: that the Substantial Amendment to the Action Plan for Fiscal Year 2008-09 to apply for Federal grant funds under the Community Development Block Grant - Recovery (CDBG-R) Program is hereby approved and the City Manager and any designee(s) is/are hereby authorized to execute the necessary documents, including submission of the Substantial Amendment on behalf of the City of Santa Maria for application of the funds.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Santa Maria held this 2<sup>nd</sup> day of June, 2009.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Chief Deputy City Clerk

CONTENTS:

By: \_\_\_\_\_  
Department Head

By: \_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney