

STAFF REPORT

DATE: January 24, 2022

TO: Social Services Commission

FROM: Kelly Stachowicz, Assistant City Manager

SUBJECT: Reallocation of Existing CDBG Funds

Recommendation

1. Hold public hearing regarding recommendation to allocate or reallocate Community Development Block Grant (CDBG) funds from prior years to the Civic Center Exercise Circuit and the Senior Center Facility Improvements projects.
2. Provide feedback to be shared with the City Council regarding the recommendation.

Fiscal Impact

This proposal allocates or reallocates \$482,480 in Community Development Block Grant funds to two existing, partially funded projects.

Background and Analysis

Each year the City receives CDBG funding. Up to 15% of this funding is allowed to be used for public services for low income individuals and households, and 20% is allowed for administration of funding, which includes monitoring of past projects. The remaining 65% is to be used for improvements to public facilities, generally ADA improvements, and for rehabilitation for affordable housing units.

In past years, the City has funded projects that did not need to use their entire allocation, or ended up with funds that were not ultimately committed, leaving the City with “leftover” dollars from previous program years. In addition, during the 2020/21 program year, a CDBG loan made years ago to a multi-family affordable housing property was paid off when the property restructured their financing, resulting in “program income” to the City. HUD has rules about which dollars must be spent first, and spending down the funds from previous program years and from program income are priorities. Staff was able to reallocate some of these dollars administratively, if they were going to be used for the same purpose (i.e. “old” flatwork dollars replacing more recently allocated flatwork funding), but additional changes need to be reviewed and approved by the City Council.

Per the Cities’ HUD-approved Citizen Participation Plan, public input is required as part of the Consolidated Plan and Action Plan process. A substantial plan amendment is required when significant changes are identified for any new projects or current projects that require a change in budget amount in excess of 10 percent. A HUD-required

substantial amendment to the 2021 Consolidated and Annual Action Plan for this funding is required.

The City currently has \$482,480 in past year's funds or program income that need to be (re)allocated. None of these dollars can be used to fund public services or administration. The City has two public facilities projects where costs and scope exceed the current allocation of funding: the Civic Center Exercise Circuit and the Senior Center Facility Improvements project. Both of these projects have been put on hold due to Covid and costs have changed since the original allocations. Staff is recommending the funding be allocated to these two projects as shown in the chart below. (The amounts in red are the amounts of funding proposed to be added to each project.) No other projects have been de-funded in order to make these changes.

Civic Center Exercise Circuit. This project, originally funded in 2018/19, will install an outdoor workout circuit geared for adaptive recreation and seniors. It will be located just outside the Senior Center and will provide programming for each of these populations. The project has been allocated \$63,000 but requires \$60,000 in additional funds.

Senior Center Facility Improvements. In 2015, the Senior Citizens of Davis, Inc, a local non-profit organization, transferred its funds to the City prior to the non-profit's dissolution. As part of their dissolution, the SCD Board voted to fund a facility improvement project that includes improvements to the outdoor space and patio on the southside of the Senior Center. These improvements would allow for appropriate ADA access on the patio and for greater programming activities to take place outside. This has become increasingly important during the pandemic.

While planning for the exterior changes, the City identified additional improvements were needed as part of this overall project, including asbestos removal, roof repair, ADA work in the restrooms, etc. The total cost of the project is estimated at \$2 million. Of this, \$1.5 million is funded through a mix of general fund, Quimby fees (park fees), park development impact fees, facility replacement fees and CDBG fees. Staff is recommending adding CDBG funds to close the gap so that the project can go out to bid.

CDBG Funds Funding Year	Total	From	Civic Center Workout Circuit	Senior Center
2018/19	\$ 80,686.00	Parks/Playgrounds	\$ 20,743.00	
2018/19	\$ 42,257.00	CC Workout Circuit	\$ 42,257.00	
2018/19	\$ 101,505.55	Facilities ADA		\$ 101,505.55
2019/20	\$ 18,248.57	Uncommitted	\$ 18,248.57	
2020/21	\$ 65,311.53	Uncommitted		\$ 57,118.71
2020/21	\$ 82,916.34	Uncommitted	\$ 41,751.43	\$ 41,164.91
2020/21	\$ 343,517.00	ADA Parking/ Facility/Flatwork		\$ 343,517.00

2020/21	\$ 165,537.78	Program Income		\$ 37,797.93
	\$ 1,434,397.10			
		Previously Approved Allocation	\$ 63,000.00	\$ 158,624.26
		Revised Project Total	\$ 123,000.00	\$ 581,104.10

Additional Funds Available	\$ 482,479.84
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The City needs to amend the language in the Consolidated Plan and Annual Action Plan for FY 2021-22. The proposed revised language will be provided to the Commission at the meeting.

Staff is asking for feedback and input from the Commission on this proposal so that we may take proposed adjustments to the City Council on February 15.