



DATE: March 5, 2024

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Award up to \$627,554 in Community Development Block Grant Funds For the City's Approved Annual Action Plans and to Execute Agreements to Complete Three Public Facilities Improvement Projects

RECOMMENDATION

That the Council adopts a resolution (Attachment II) authorizing the City Manager to:

- (1) Award up to \$627,554 in Community Development Block Grant (CDBG) Funds to carry out the City's approved Annual Action Plans; and
- (2) Authorize the City Manager to negotiate and execute a single source agreement with Allied Universal Technology Services to provide security upgrades for the parking garage, located at 871 B St., in an amount not to exceed \$227,700; and
- (3) Authorize the City Manager to negotiate and execute an agreement with SavATree, LLC to provide tree maintenance services at Weekes Park, located at 27300 Patrick Ave., in an amount not to exceed \$45,000; and

Authorize the City Manager to negotiate and execute a single source agreement with Stryker Corporation to purchase fire safety tools for use by the Hayward Fire Department (HFD) in an amount not to exceed \$384,000.

SUMMARY

In February 2023¹, Council adopted a resolution to award up to \$627,554 in Community Development Block Grant (CDBG) Funds to Bay Area Community Services (BACS) for the St. Regis Multi-Service Campus Project. The funds were planned for CDBG-eligible rehabilitation expenses that are allowable under HUD regulations and the City's approved Annual Action Plans.

Since the time of the award, BACS has determined that they will no longer be able to utilize these funds due to 1) the extensive federal regulations requirements that come with CDBG and 2) the need to expend CDBG funds in a timely manner. These challenges are not a

¹ February 21, 2023 Staff Report and Attachments
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6031667&GUID=F21C8F86-D97F-4F12-8727-631D9B57D57E&Options=&Search=>

reflection of BACS's performance as an agency, but instead are reasonable issues given the size of the St. Regis project and the scope of federal requirements triggered across the project, regardless of the portion funded by CDBG. In response, staff worked quickly to identify other eligible projects that meet HUD regulations and the City's approved Annual Action Plans.

Staff will terminate the agreement between the City of Hayward and BACS for the use of CDBG funding to rehabilitate the eligible portions of the St. Regis Retirement Center and recommends that the funds be awarded to three eligible unfunded projects that can be carried out to help the City meet its federal obligation to expend its CDBG entitlement in a timely manner.

BACKGROUND

Through the U.S. Department of Housing and Urban Development (HUD), the City receives an annual formula-based CDBG entitlement award to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved public facilities and services, principally for low- and moderate-income persons.

HUD requires that the City submits an Annual Action Plan to identify projects and activities to receive CDBG funds, certify the City's compliance with federal regulations, and act as an application for future HUD funding. Action Plan projects include activities such as expanding affordable housing, housing preservation, and permanent supportive housing, community development of public facilities, economic development, and public services. The City is required to utilize CDBG funds as indicated in the annual action plans, unless otherwise amended. As a CDBG grantee, the City is also required to adhere to timely performance and must carry out its program in a timely manner. This is measured by the rate of expenditure of funds from the City's Line of Credit (LOC). Sixty days prior to the end of the program year, HUD tests each grantee to ensure that they do not have a balance greater than one and one-half (1.5) times its annual grant remaining in the LOC. Violations of the timeliness standard can result in a warning letter from HUD after one year of not meeting the standard and informal consultation with HUD if it happens in a consecutive year. That consultation may result in HUD reducing the next year's grant allocation by the amount it exceeded the standard. Thus, staff works hard to ensure the timely use of funds each year to prevent the warning from HUD and any subsequent consequences, including loss of funds.

DISCUSSION

To ensure that communities are receiving the benefits of the CDBG program, HUD has specific performance measures for entitlement grantees, including the timely expenditure of funds. Staff works towards meeting this key component of CDBG funding by working with the City's service partners to submit monthly reimbursement requests and providing technical assistance to ensure partners are able to carry out project and programs in a timely manner. Even though measures are taken to comply, infrastructure subgrantees with larger construction-based projects often face spending challenges in the beginning of the fiscal year. Projects often require environmental reviews, permitting and procurement processes, and approval requirements, leading to larger reimbursement requests towards the end of the fiscal year. This can often impact the City's ability to meet the timeliness standard test, which takes place in early May each year.

Due to BACS's determination to not move forward with the CDBG grant, an additional \$627,554 remains in the City's LOC with HUD. In an effort to spend down these funds, Community Services staff have partnered with other City departments to identify unfunded eligible projects and purchases that 1) meet CDBG eligibility requirements, 2) align with the City's Annual Action Plans, and 3) benefit low- and moderate-income communities in Hayward.

Watkins Parking Garage Security Improvements

The Watkins Parking Garage located at 871 B St., is utilized by patrons of the 21st Century Library and Learning Center, Downtown businesses, members of the public conducting business at Hayward City Hall, and city employees. The safety and security of public spaces is a concern for the City, along with residents, patrons, and businesses. The Watkins Parking Garage security improvements is a key initiative to increase safety and deter various kinds of criminal activity, including burglary and vandalism.

Maintenance Services is proposing to award a Single Source agreement with Allied Universal Technology Services to provide security upgrades for the parking garage, located at 871 B St., in an amount not to exceed \$227,700. There are sufficient funds between CDBG entitlement and the FY24 Facilities Management CIP budget to support this project. Under the CDBG Program, funds may be used to undertake a variety of public facilities and public improvement projects that are publicly owned and open to the general public. The Watkins Garage's first and second floors are open to the public and are eligible for CDBG funding. The third floor, typically reserved for city employees, would not be eligible as it requires an employee badge to access the area. This portion of the project will be supported by Maintenance Services Department's Facilities CIP budget

Weekes Park Tree Maintenance Project

Weekes Community Center Park is located in South Hayward on Patrick Ave. The park is adjacent to the Weekes Branch Library and features an open lawn area, a playground, basketball courts, picnic areas, and other amenities. There are many overgrown trees in Weekes Park around the Weekes Branch Library, including ten to twelve extremely large eucalyptus trees that stand directly behind the library, causing an imminent hazard to pedestrians walking to and from the building, visitors inside, and users of the park.

In the past, numerous limbs and branches have broken off causing extensive roof damage to the library, but fortunately no one has been physically harmed. The City's arborist has inspected these trees and recommends their removal as soon as possible. Unfortunately, the cost to remove these trees would exceed the available budget. As a necessary and temporary measure, staff are recommending that the trees be extensively trimmed to lessen the size and weight of the canopy.

Staff solicited bids for the tree maintenance project and conducted an in-person walk-through of the area on February 1, 2024. To ensure full use of the funding, staff requested that bids be submitted in a way that was scalable, resulting in a per tree cost. Four vendors attended the walk-through. On February 6, 2024, the City received four bids that ranged from \$668.10 to \$2,800 per tree. Staff recommend awarding the project to the lowest bidder,

SavATree, LLC, in a not-to-exceed amount of \$45,000. There are sufficient funds in Fund 225 (CDBG) to support this work.

Purchase of Fire Safety Tools

The existing equipment in use by the Hayward Fire Department has reached the end of its usable lifespan and replacements are needed. The purchase of LIFEPAK 15 V4 monitors/defibrillators is necessary for patient care. The LIFEPAK 15 has been shown to improve conversion rates for difficult-to-defibrillate patients and meets all county and American Heart Association requirements for emergency medical care. These necessary measures allow for compliance with guidelines to perform emergency medical care and maintain all licensing.

The continual usage of Stryker Corporation as a vendor has secured a redemption value for all equipment that has been in use with HFD for the last 10 years. The offset provided by the return of equipment has lowered the anticipated purchase price by \$52,000. This cost reduction has shown Stryker to be the purchasing partner for the execution of this necessary equipment. Stryker is the parent company of the manufacturer of the LIFEPAK 15 V4, Physio-Control, and therefore is able to provide the best availability, service, and pricing for the state-of-the-art tools and machinery. By purchasing directly from the source, all necessary services will be provided directly by the manufacturer and will ensure the highest working capacity for the duration of the life of the product. These tools will be used at Fire Stations that serve low- and moderate-income areas based on census tract data. This purchase of tools is an eligible use of CDBG funds, and staff are recommending a single source award up to \$384,000 to Stryker Corporation for eight LIFEPAK 15 V4 monitor/defibrillator units and accessories.

ECONOMIC IMPACT

These recommended projects and purchases have a collective positive economic impact on the community by enhancing community safety and quality of life.

FISCAL IMPACT

There are sufficient funds in the FY 2024 operating budget in Fund 225 (CDBG) to support the public infrastructure improvement project at Weekes Park, the purchase of fire safety tools, and publicly accessible infrastructure improvements at the Watkin Parking Garage. Furthermore, Project No. 07227, Facility Security Infrastructure project, the City's Facility Management Capital Fund (Fund 726), has sufficient budget to carry out the work in restricted areas on the third floor, which does not qualify as an eligible use of CDBG funds. These expenditures have neutral impacts on the City's General Fund. The award and timely use of \$627,554 in CDBG funds is necessary to spend down the City's LOC and positively impacts the City's timeliness test in the spring. Failure to meet timeliness could negatively impact the City's future CDBG grant allocation.

STRATEGIC ROADMAP

These recommended projects and purchases support the City's Strategic Roadmap priority areas of Improve Infrastructure and Support Quality of Life.

PUBLIC CONTACT

As part of the annual Community Agency Funding process, the City opens a public comment period to collect community feedback on the annual recommended funding allocations and the Annual Plan. No public comments were received regarding the Annual Action Plans and the intended use of these funds. Additional public engagement was not conducted or required for these awards.

NEXT STEPS

If Council approves this item, staff will work with the City Manager to negotiate and execute agreements with various vendors to expedite the aforementioned projects and purchases in order to serve the Hayward community and spend down the City's CDBG fund balance in an effort to meet the Timeliness Test.

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