



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: PH 18-087, **Version:** 1

DATE: December 18, 2018

TO: Mayor and City Council

FROM: Deputy City Manager

SUBJECT

Approval of: (1) Resolution Authorizing City Manager to Implement a Contingency Plan for Allocation and Expenditure of Up to \$1.75 Million in Available Community Development Block Grant (CDBG) Funds; and (2) a Substantial Amendment to the CDBG FY 2018-19 Annual Action Plan

RECOMMENDATION

That the City Council:

1. Approves a resolution (Attachment II) authorizing the City Manager to implement a contingency plan to allocate and expend up to \$1.75 million in available Community Development Block Grant (CDBG) funds; and
2. Approves a Substantial Amendment to the CDBG FY2018-19 Annual Action Plan.

SUMMARY

Since 1975, the City of Hayward has administered Community Development Block Grant (CDBG) funds received from the U.S. Department of Housing and Urban Development (HUD). Annually, HUD conducts a point-in-time measure to assess an entitlement community's timely use of CDBG funds. To meet this "timeliness ratio," communities must have no more than 1.49 times their current program year entitlement in fund balances. In June 2017, HUD and City staff conducted a comprehensive reconciliation of unspent and under-utilized CDBG funds and found that the City was not meeting its timeliness ratio. As a result, there is the potential that the City could lose its CDBG funding if it cannot meet the timeliness ratio by May 2019.

Council previously provided guidance and approval of projects to allocate available CDBG funds in order to meet the timeliness requirement. If all of these funds and the other contractually obligated funds programmed in the CDBG Action Plan for the current FY 2018-19 are spent prior to May 2019, the City will meet its timeliness ratio. However, given the potential that all funds are unlikely to be spent by May 2019, staff recommends that the City Council approve a contingency plan for expending up to an additional \$1.75 million in available and unobligated CDBG funds on additional projects to help ensure that the timeliness ratio is met by May 2019.

The total of these proposed projects is \$1.86 million, which exceeds the \$1.75M in available funding to allow staff flexibility in allocating funds to the projects in case some of them are determined to be ineligible for CDBG funding or they cannot meet the City's aggressive expenditure timeline of prior to May 1, 2019. Staff recommends that the Council provide input on the prioritization of the projects and authorize the City Manager to enter into contracts for any of these projects for a total of no more than the \$1.75 million in available funds only if the previously approved projects are unable to meet their spending targets. The proposed contingency projects in order of priority are as follows:

- 1) Up to \$1,000,000 for infrastructure for the Mia's Dream Playground;
- 2) Up to \$380,000 for planning and demolition costs related to affordable housing development;
- 3) Up to \$75,000 for public services for Abode Services to operate a homeless outreach and referral program; and
- 4) Up to \$400,000 for infrastructure improvements at St. Rose Hospital Foundation.

More detail on each of these projects is provided in the staff report. In order to reprogram available funds, the City will need to submit to HUD a Substantial Amendment to the Program Year 2018 Annual Action Plan consistent with the proposed contingency plan.

It is important to approve the proposed contingency plan this evening so that the Substantial Amendment can be finalized by HUD by the end of the year, agreements can be generated in early January, and funds can be spent between January and May 2019.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Draft Substantial Amendment