



Board Report

File #: 12-549, **Version:** 1

Conduct a public hearing and:

- a. Adopt a resolution to request termination of a Standard Agreement for a Program Income Waiver Grant with the State Department of Housing and Community Development (HCD);
- b. Approve the transfer (reallocation) of \$183,000 in Community Development Block Grant (CDBG) Program Income allocated to the San Lucas Well Replacement Project back into the Small Business Revolving Loan Account;
- c. Adopt a resolution to approve the transfer (reallocation) of \$63,756 in CDBG Program Income from the Small Business Revolving Loan Account, \$15,000 from the Housing Rehabilitation Revolving Loan Account, and \$38,000 from the First Time Homebuyer Revolving Loan Account to a Program Income Waiver Grant for the Chualar Tot Lot Project, subject to approval by HCD;
- d. Authorize submittal of a request to HCD to approve the Program Income Waiver Grant; and
- e. Authorize the County Administrative Officer or his designee to execute the Standard Agreement and related grant documents required by HCD.

RECOMMENDATION:

It is recommended that the Board of Supervisors conduct a public hearing and:

- a. Adopt a resolution to request termination of a Standard Agreement for a Program Income Waiver Grant with the State Department of Housing and Community Development (HCD);
- b. Approve the transfer (reallocation) of \$183,000 in Community Development Block Grant (CDBG) Program Income allocated to the San Lucas Well Replacement Project back into the Small Business Revolving Loan Account;
- c. Adopt a resolution to approve the transfer (reallocation) of \$63,756 in CDBG Program Income from the Small Business Revolving Loan Account, \$15,000 from the Housing Rehabilitation Revolving Loan Account, and \$38,000 from the First Time Homebuyer Revolving Loan Account to a Program Income Waiver Grant for the Chualar Tot Lot Project, subject to approval by HCD;
- d. Authorize submittal of a request to HCD to approve the Program Income Waiver Grant; and
- e. Authorize the County Administrative Officer or his designee to execute the Standard Agreement and related grant documents required by HCD.

SUMMARY:

The recommended actions provide for termination of a Standard Agreement with HCD and the transfer (reallocation) of \$183,000 of CDBG Program Income funding allocated to a Program Income Waiver Grant for the San Lucas Well Replacement Project back into the Small Business Revolving Loan Account. It is further recommended that funding from the Small Business Revolving Loan Account, the Housing Rehabilitation Revolving Loan Account, and the First Time Homebuyer Revolving Loan Account in the total amount of \$116,756 be transferred (reallocated) to the Chualar Tot Lot Project. Due to complications and delays in implementing a well replacement project in San Lucas, the CDBG funding needs to be reallocated to a different project. The Chualar Tot Lot Project has been determined to be eligible and to match the timing requirements of the CDBG Program.

DISCUSSION:

The County has been assisting the San Lucas Water District (District) for many years. With CDBG grant funding, the County assisted in the replacement of the domestic water tank, improvements to the water distribution system, and improvements to the wastewater system. All of those improvements have been completed. Subsequently in 2009, the existing domestic supply well was discovered to have excessive levels of Total Dissolved Solids and thereafter, excessive levels of nitrates. In 2011, the District was put under a “bottled water order” by the County Health Department. The Redevelopment and Housing Office (RHO), now part of the Economic Development Department, has been working in cooperation with the County Health Department, the Water Resources Agency, the District, and the State to identify a solution.

When the issues with the well surfaced, the RHO was able to obtain approval from HCD to transfer (reallocate) CDBG Program Income from the Small Business Revolving Loan Account to a Program Income Waiver Grant to pursue a new domestic well. Unfortunately, numerous complications have been encountered and this effort has been significantly delayed. A suitable well site has not been secured and it has been determined that the project costs will exceed funding available in the Program Income Waiver Grant. The project therefore cannot meet the CDBG Standard Agreement requirements. Alternative forms of funding are being pursued, including the submittal of applications to State drinking water funding programs.

HCD is requiring that the County approve termination of the Standard Agreement with the State and approve the transfer (reallocation) of the funding back into the Small Business Revolving Loan Account and has agreed to consider a request to use available Program Income funds for another project. CDBG regulations limit the amount of Program Income that can be on hand to \$250,000. The County currently has in excess of \$450,000. Therefore HCD is recommending that funding be transferred (reallocated) to another eligible use. Staff has identified a potential project, the Chualar Tot Lot, which is an eligible use of CDBG funds. A description of that project is contained in Attachment 1. The project budget is estimated to be \$116,756, including design, engineering, construction, and administration. As currently proposed, the project will require a County Use Permit and will qualify for a Categorical Exemption under the California Environmental Quality Act (CEQA) Guideline, Section 15303 (new construction/conversion of small and accessory structures).

The recommended actions include approval of resolutions requesting that: (1) the State terminate the Standard Agreement; (2) the State approve the transfer (reallocation) of Program Income funding allocated to the San Lucas Well Project back into the Small Business Revolving Loan Account; (3) the Board of Supervisors approve the transfer (reallocation) of \$63,756 in CDBG Program Income from the Small Business Revolving Loan Account, \$15,000 from the Housing Rehabilitation Revolving Loan Account, and \$38,000 from the First Time Homebuyer Revolving Loan Account into a new Program Income Waiver Grant for the Chualar Tot Lot, subject to approval by HCD; (4) the Board of Supervisors authorize the submittal of a request for a Program Income Waiver Grant and related actions; and (5) the Board of Supervisors authorize the County Administrative Officer or his designee to execute the Standard Agreement and related grant documents required by HCD. HCD requires that the County conduct a noticed public hearing to approve the reclassification of CDBG funding. The notice was published on June 14, 2012 in the Salinas Californian.

OTHER AGENCY INVOLVEMENT:

The Chualar Unified School District supports the recommended actions in regard to securing funding for the tot lot.

FINANCING:

The recommended actions provide for the transfer of \$183,000 in CDBG Program Income funds, currently allocated to the San Lucas Well Replacement Project, back into the CDBG Small Business Revolving Loan Account and the subsequent transfer of \$63,756 in CDBG Program Income from the Small Business Revolving

Loan Account, \$15,000 from the Housing Rehabilitation Revolving Loan Account, and \$38,000 from the First Time Homebuyer Revolving Loan Account into a new Program Income Waiver Grant for the Chualar Tot Lot Project. All Program Income is currently in Fund 13, Unit 8199. There is no impact to the General Fund.

Prepared by:

Approved by:

Jane Royer Barr, Ext. 5389
Housing Program Manager

Jim Cook, Ext. 5390
Director of Economic Development

Attachments:

Attachment 1 - Chualar Tot Lot Project Description;
Resolution transferring CDBG PI from San Lucas to SBRLA;
Resolution transferring CDBG PI from RLA to Chualar; and
Notice of Public Hearing.