



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** AUGUST 26, 2025

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** LISA BRINTON, DIRECTOR

**THROUGH:** ORLANDO REYES, ASSISTANT DIRECTOR

**BY:** VINCENT MONTGOMERY, PLANNING MANAGER  
FRANCISCO BRAMBILA, MANAGEMENT ANALYST  
ERIC SOTELO, COMMUNITY DEVELOPMENT ANALYST

**TITLE:** FIRST SUBSTANTIAL AMENDMENT TO HUD FY 2023-2024  
ANNUAL ACTION PLAN

**RECOMMENDED MOTION:**

A motion to approve a Resolution authorizing:

1. The submission of a First Substantial Amendment to Fiscal Year (FY) 2023-2024 Annual Action Plan (AAP) to the United States Department of Housing and Urban Development (HUD);
2. The allocation of an additional \$595,000 in available Community Development Block Grant (CDBG) program funds to the Sherwood Recreation Center Building Improvement project (CIP 9535) for a total appropriation of \$4,546,796; and
3. The City Manager, or designee, to incorporate any necessary modifications to the First Substantial Amendment based on community feedback, and to execute, on behalf of the City, any agreements and related documents for HUD-funded projects and activities as outlined in the attached First Substantial Amendment Summary to the FY 2023-2024 AAP.

**EXECUTIVE SUMMARY:**

Following the bid opening for the Sherwood Recreation Center (SRC) Building Improvement project (CIP 9535) and a reassessment of associated construction costs, the City has identified a project funding shortfall of approximately \$595,000. To close this funding gap, the City proposes its First Substantial Amendment to the FY 2023-2024 Annual Action Plan (AAP), reallocating \$550,000 in unspent Community Development Block Grant (CDBG) funds from the Republic Café project and \$45,000 from the Housing Referrals and Tenant/Landlord Services project. These funds, originally designated through the FY 2023-2024 AAP, would be redirected to support the SRC improvements. The reallocated CDBG funds will be used to cover administrative expenses, construction activities, and contingency costs associated with the project.

## BACKGROUND:

The SRC project is located at 920 N. Main Street in Salinas, CA, on a City-owned parcel. The project involves converting the former Municipal Swimming Pool Building (approximately 12,895 sq ft) into a fully functional recreation center focused on youth sports programs. Interior improvements were completed in prior phases.

The current phase includes exterior upgrades such as hazardous material remediation, roof and façade repairs, installation of new windows and doors, enhanced accessibility features, parking lot improvements, landscaping, and additional interior enhancements. Through its FY 2021-2022, 2022-2023, 2023-2024, and 2024-2025 Annual Action Plans (AAPs), the City allocated a total of \$3,951,796 of CDBG funds toward preliminary design, soft costs, and construction.

On July 15, 2025, the City opened bids for the proposed scope of work and identified a funding shortfall of approximately \$595,000. To address this gap, the City proposes reallocating funds from two delayed projects shown below in Table 1.

**Table 1**

<b>AAP FY</b>	<b>Project No.</b>	<b>CDBG Project Name</b>	<b>Amount Available</b>
2023-24	4	Republic Café Museum at 37 Soledad St	\$550,000
	6	City of Salinas - Housing Referrals and Tenant/Landlord Services	\$45,000
<b>Total</b>			<b>\$595,000</b>

With the addition of these funds, the total allocation for the SRC project would increase to \$4,546,796. Table 2 below breaks down project cost by task. These funds will support architectural planning, predevelopment activities, construction, and activity delivery. On August 26, 2025, the Public Works department will seek City Council award of contract to the lowest responsive and responsible bidder. Construction is expected to begin shortly thereafter.

**Table 2**

<b>Task</b>	<b>Amount</b>
Activity Delivery	\$280,191
Predevelopment	\$454,184
Construction	\$3,224,900
Construction Management	\$587,521
<b>Total Project Cost</b>	<b>\$4,546,796</b>

In accordance with the City's Citizen Participation Plan, public notices in English and Spanish were published in *The Monterey Herald* and on the City's website on or before July 27, 2025. Notices were also posted at the Community Development Department (65 W. Alisal Street), City Hall (200 Lincoln Avenue), and city libraries. Additionally, the draft amendment summary was distributed via email to the Community Development Department's Housing Distribution list.

The draft First Substantial Amendment FY 24-24 Summary is available for public review during the mandatory 30-day comment period, beginning July 27, 2025, and concluding with the scheduled City Council hearing on August 26, 2025. Documents are accessible at the Community Development Department, City Hall, city libraries, and online. Copies may also be requested via email. The public is encouraged to review and provide feedback on the proposed amendment.

This First Substantial Amendment will also help the City to expedite the timing of expenditures, reduce its available CDBG balance and maintain compliance with HUD's expenditure ratio requirements.

#### CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action (First Substantial Amendment) is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA and National Environmental Policy Act (NEPA) applicability.

#### CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

#### STRATEGIC PLAN INITIATIVE:

This action furthers objectives under the 2025-2028 City Council Goal of Youth and Seniors by funding the conversion of the former Municipal Swimming Pool Building (approximately 12,895 sq ft) into a fully functional recreation center focused on youth sports programs.

#### DEPARTMENTAL COORDINATION:

Community Development's Housing and Community Development Division has coordinated proposed First Substantial Amendment with other City departments including Finance, Legal, Library Community Services and Public Works.

#### FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with this agenda item as available City of Salinas HUD entitlement funds will be used to support this allowable CDBG project.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 25-26 Operating Budget Page	Last Budget Action (Date, Resolution)
2910	30.3240-61.xxxx	Salaries & Benefits	\$194,549.51	\$160,926.19	N/A	May 16, 2023, Reso No. 22658
2910	30.3240-63.5010	Professional Services	\$414,113.30	\$375,135.84	N/A	
2910	30.3240-63.5900	Other Professional Services	\$25,000.00	\$0	N/A	
2910	30.3240-63.6010	Other Outside Services	\$9,003.86	\$0	N/A	
2910	30.3240-64.1100	Other Charges Legal Publications	\$4,973.60	\$0	N/A	
2910	30.3240-66.3600	Capital Outlays Contribution - Bldg Construction	\$3,621,173.34	\$58,937.97	N/A	

**ATTACHMENTS:**

1. Resolution
2. First Substantial Amendment Summary
3. PowerPoint – First Substantial Amendment – FY 23-24 AAP