



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

---

**DATE:** SEPTEMBER 9, 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 to a new project as shown below in Table 1.

**Table 1**

<b>AAP FY</b>	<b>Project No.</b>	<b>CDBG Project Name</b>	<b>Funding to Reallocate</b>	<b>New Funding Amount</b>
2023-24	4	Republic Café Museum at 37 Soledad St	\$550,000	\$0
	6	City of Salinas - Housing Referrals and Tenant/Landlord Services	\$45,000	\$0
	12	Sherwood Recreation Center Building Improvement (CIP 9535)		\$595,000
<b>Total</b>			<b>\$595,000</b>	<b>\$595,000</b>

Pre-development activities for the Republic Café Museum are funded by the Regional Early Action Plan (REAP) grant, which currently includes predevelopment activities across multiple City owned properties within the Chinatown Revitalization Plan area including 34-38 and 45 Soledad. This area is envisioned to include mixed-use developments featuring affordable housing units and a museum. Activities include concept and schematic design for the Republic Café, stabilization of the fire-damaged façade, and weatherproofing to prevent further deterioration. The goal includes to preserve the building as a historic resource.

Currently, in the schematic design phase, the target date for completing the construction plan bid set is the first quarter of 2026. As the project approaches the construction phase, the City plans to allocate funding from future grant sources, including the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Successor Agency (HSA), Local Housing Trust Fund, and Permanent Local Housing Allocation (PLHA). Additionally, funding will be pursued from the California Department of Housing and Community Development (HCD), and other sources to support the museum's construction. As a result, shifting these funds

as proposed will not impact this project. To keep the community informed, public meetings will be held throughout the project’s development, with regular updates provided at the monthly Downtown Community Board meetings.

Regarding the Housing Referral and Tenant/Landlord Services project. under the FY 2023–2024 Annual Action Plan (AAP), the City planned to partner with Monterey College of Law to offer legal clinics aimed at preventing displacement and eviction, along with individualized legal assistance for eligible households. However, the project did not proceed, requiring the City to reprogram the original funds to meet the current CDBG program expenditure deadline. The City is now in active discussions with ECHO Housing, a nonprofit support services organization to deliver assistance to tenant and landlords as originally envisioned in the FY 2023–2024 AAP. Funding is appropriated through the adopted FY 2025–2026 AAP for the Housing Referral and Tenant/Landlord services.

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 September 9, 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>Original Project Amount</b>	<b>Additional Allocation</b>	<b>Revised Project Amount</b>
Activity Delivery	\$220,000	\$ 60,191	\$280,191
Predevelopment	\$454,184	0	\$454,184
Construction	\$2,979,647	\$245,253	\$3,224,900
Construction Management	\$297,965	\$289,556	\$587,521
<b>Total Project Cost</b>	<b>\$3,951,796</b>	<b>\$595,000</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 Housing and Land Use Committee discussed proposed Amendment on Tuesday, August 19, 2025. The original Public Hearing was scheduled for August 26, 2025, however during this meeting the City of Salinas City Council announced continuation of the discussion, public hearing and public comment period of this amendment to September 9, 2025. Revised public notices announcing this change were distributed and posted in the same locations as the original notices.

The draft First Substantial Amendment FY 2023-2024 Summary is available for public review during the mandatory minimum 30-day comment period, beginning July 27, 2025, and concluding with the scheduled City Council hearing on September 9, 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	CIP No.	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 25-26 Operating Budget Page	Last Budget Action (Date, Resolution)
2910	n/a	30.3240-61.xxxx	Salaries & Benefits	\$194,549.51	\$160,926.19	N/A	May 16, 2023, Reso No. 22658
2910	n/a	30.3240-63.5010	Professional Services	\$414,113.30	\$375,135.84	N/A	
2910	n/a	30.3240-63.5900	Other Professional Services	\$25,000.00	\$0	N/A	
2910	n/a	30.3240-63.6010	Other Outside Services	\$9,003.86	\$0	N/A	
2910	n/a	30.3240-64.1100	Other Charges Legal Publications	\$4,973.60	\$0	N/A	
2910	n/a	30.3240-66.3600	Capital Outlays Contribution - Bldg Construction	\$3,621,173.34	\$58,937.97	N/A	
2910	9535	55.9535-6x.xxxx	Various	\$0	\$595,000.00	n/a	n/a

**ATTACHMENTS:**

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