

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: December 6, 2016

FROM: Megan Hunter, Community Development Director

BY: Anastacia Wyatt, Planning Manager

SUBJECT: **PROPOSED SUBSTANTIAL AMENDMENT TO FY 2009-2010, FY 2014-2015
AND SECOND AMENDMENT TO FY 2015-2016 AND FY 2016-2017 ANNUAL
ACTION PLANS**

RECOMMENDATION:

It is recommended that the City Council approve the following resolutions:

- Substantial Amendment to FY 2009-2010, FY 2014-2015 and Second Amendment to FY 2015-2016 and FY 2016-2017 Annual Action Plans.

It is also recommended that the City Council:

- Conduct a Public Hearing.

DISCUSSION:

Annual Action Plan and Citizen Participation Plan

The City of Salinas, as an entitlement community for the Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME) and Emergency Shelter Grant (ESG) Programs, is required to submit to the U.S. Department of Housing and Urban Development (HUD) an Annual Action Plan (AAP) and Citizen Participation Plan (CPP). The AAP is a one-year plan which describes the eligible programs, projects and activities to be undertaken with funds expected annually from HUD and their relationship to the priority housing, homeless and community development needs outlined in the 2015-2020 Consolidated Plan (Con Plan). The CPP sets forth policies and procedures to provide for and encourage participation by the residents of Salinas in the development of the City's Con Plan for HUD and subsequent AAP's. The CPP also applies to any substantial amendments to the Con Plan and the preparation of the Consolidated Annual Performance and Evaluation Report (CAPER) which evaluates progress toward the Con Plan objectives. The City submits a Con Plan to HUD every five years and an AAP and CAPER annually. The City recently updated its CPP on September 20, 2016 which included clarification of new thresholds that would constitute a substantial amendment. In accordance with the updated CPP, the following language below clarifies the requirements that would trigger a substantial amendment.

A substantial amendment is defined as:

- For larger projects, over \$200,000, an increase of 25 percent or more in project funding. Changes

that are less than \$50,000 are not considered substantial; and

- An increase of 25 percent or more in project beneficiaries (i.e. income groups, limited clientele groups, residents of a targeted area) or a change in purpose, scope or location which would change the project beneficiaries by more than 25 percent; and
- A determination by the Community Development Director, that the change is substantial even though it falls below the standards in Section 1 and 2 above; and
- For ESG components, as long as the maximum 60% threshold for Street Outreach and Emergency Shelter is not exceeded, funding can be moved within the other components to meet expenditure requirements without a substantial amendment.

Substantial Amendment to FY 2009-2010 and FY 2014-2015 and second amendment to FY 2015-2016 and FY 2016-2017 Annual Action Plans

From time to time the City has funds that become available which are eligible to be re-allocated toward new or existing projects, programs and activities. During its September 20, 2016, meeting the City Council approved substantial amendments to the AAP's for FY 2009-2010, FY 2014-2015, FY 2015-2016, and FY 2016-2017. In these amendments the City reallocated \$575,400 of CDBG funds from prior years' unencumbered program income, green vehicles, and closed and cancelled projects. Out of these funds, \$200,000 was allocated to the ADA Improvements for the Steaming Ahead project and \$20,000 to activity delivery for the ADA project; \$20,000 to Boys and Girls Club, and the remaining \$335,400 were unencumbered to allocate to eligible projects at a future date.

Steaming Ahead ADA Improvements Project

After further review of the ADA Improvements for the Steaming Ahead project and guidance from our CDBG consultant, the City determined that this project was ineligible. HUD requires that the improved facility is utilized and open to the public, especially for ADA Improvements. Staff confirmed with Mark Dorman and Trish Sullivan of the Railroad Museum in conjunction with Don Lauritson that the First Mayor's House (FMH) that teacher training and children's activities are held for eight weeks in April-May and seven weeks in October-November of each year. The Railroad Museum confirmed that approximately 2,700 kids go through the train museum during the two training periods held in the spring and fall and spend between 10-15 minutes at the Train Museum. In past years, museum volunteers provided three docents to monitor the children during these educational experiences. However, there was no activity open in 2016. Due to the limited time students spend at the Museum and the limited hours, this would not prove a benefit under the Block Grant Program. The City would risk having to pay back these funds to HUD. Due to the ineligibility of the ADA project, all funds were released, including \$102,534 of initial funding approved during the FY 2014-2015 AAP and an additional \$220,000 of funding, including the activity delivery, approved during the September 20th, 2016, Council meeting. These funds are now eligible to be reprogrammed.

During the FY 2016-2017 carryover process, the City discovered an additional \$15,922.32 in CDBG funding from pre-2015 closed or cancelled projects. The City also estimates receiving approximately \$65,000 of program income during FY 2016-2017. Funds from Steaming Ahead will be moving into MidPen's 21 Soledad Housing Project Site Remediation and toward the Franciscan Workers Chinatown Health Services Center Operations.

In total, the City estimates a maximum of \$738,856.32 in CDBG funding to reprogram for eligible new or existing projects.

21 Soledad Street site environmental cleanup

The City has reviewed needs from organizations, community agencies and City departments for CDBG-eligible projects that help meet the goals of the City's FY 2015-2019 Con Plan. The City proposes to allocate \$322,534 from the ADA Improvements for the Steaming Ahead project and its activity delivery, and \$77,466 from the unencumbered funds, to MidPen Housing Corporation for the 21 Soledad Street site environmental cleanup for a total of \$400,000. The City also estimates allocating an additional \$8,856.32 from the unencumbered funds toward activity delivery for the 21 Soledad Street site remediation and environmental cleanup and \$50,000 from the FY 2016-2017 estimated program income to the Franciscan Workers of Junipero Serra for the operations of the Chinatown Health Services Center. The estimated total proposed CDBG substantial amendment reallocation is \$458,856.32.

Old Municipal Swimming Pool Building Retrofit-Phase 1 Project No. 9535

Additional funds of \$280,000 that were previously deobligated in the September 20, 2016 Substantial Amendment are now being utilized for the Old Municipal Pool Retrofit project – Phase 1 (CIP No. 9535).

This totals the \$738,856.32 of reprogrammed funds discussed in this staff report.

The City proposes to allocate \$249,077.68 from unencumbered funds, \$15,922.32 from pre-2015 closed or cancelled projects, \$15,000 from FY 2016-2017 estimated program income, for a total of \$280,000 to the Old Municipal Swimming Pool Retrofit at 920 N. Main Street for additional work needed in Phase 1 to complete this project. Per the CPP thresholds allocating an additional \$280,000 to the Old Municipal Swimming Pool Building does not constitute a substantial amendment and all Phase I improvements were covered in the initial National Environmental Policy Act (NEPA) Environmental Review.

In March 2016, Council approved the construction work for the Old Municipal Swimming Pool Building Retrofit – Phase 1 (CIP No. 9535). The base bid work included the demolition/removal of the existing swimming pool deck and the top 18" of vertical pool wall, including fracturing of the existing pool bottom; structural backfill of the existing pool; construction of new reinforced concrete slab; minor ADA upgrades in the restroom areas; and installation of new emergency exit door mechanisms.

In addition to the base bid work, the following additive alternatives were also added to the project by Contract Change Orders as directed by Council after the project received additional Community Development Block Grant (CDBG) funds in April 2016. The additive alternatives included the following scope of work:

- Additive Alternate 1 – included removal and replacement of the roof system at the men and women restroom/dressing rooms, and front lobby eaves areas including miscellaneous structural repairs/replacement in kind of deteriorated framing members and roof sheathing.
- Additive Alternate 2 – included removal and replacement of the roof system of the main building including roof over lobby/mechanical/spectator's areas, including repair and/or replacement in kind of deteriorated framing members and roof sheathing.
- Additive Alternate 3 – included miscellaneous seismic upgrades to the main structure.

- Additive Alternate 4 – included repainting all interior surfaces of the building (includes restrooms/dressing rooms, and lobby area, excluding inside the mechanical room). Also includes exterior painting to all new/replacement materials.
- Additive Alternate 5A – included the installation of a new gym floor surfacing system over new concrete using “Robbins Pulastic Classic 90 Polyurethane Floor System”.
- Additive Alternate 6 – included the removal and disposal of existing glass panels and wood frames around glazing on the south, east and west sides of the building and replacing with a new wall with glazing.
- Additive Alternate 7 – included the removal and disposal of existing broken glass located at existing windows and door in the lobby area and in the men’s and women’s restroom/shower areas; and replacing those with new glazing.
- Additive Alternate 8 – included lead-based paint removal and/or abatement, and removal of asbestos-containing materials at various locations, including proper disposal.

A portion of Additive Alternate 9 which called for the removal and disposal of the existing roll-up doors located at the south side of the building was also awarded, but modified to replace the existing roll-up doors with new wall and one (double) door.

During the course of the renovation work, several dry rot/deteriorated walls/areas of the building were discovered, and repaired/replaced. It was also discovered that the piping system serving all the restroom areas are badly deteriorated. The requested funds will be used to pay for the removal and replacement of the deteriorated piping system, and all the associated plumbing work to make the restroom facility fully functional. In addition, portion of the requested funding would also be used to construct a wall system to separate the basketball area, and have a foldable basketball goal system safely mounted on the wall system.

This reallocation of funds was put before City Council for approval on November 29, 2016 and approved.

Funding Table Summary

The table below provides a summary of the proposed substantial amendment and second amendment AAP funding trail.

Source of Funding	Fiscal Year	Amount	Allocations To:	Amount
Unencumbered Funds	14-15 & 15-16	\$ 77,466.00	21 Soledad Street site environmental cleanup	\$ 400,000.00
Steaming Ahead Project	09-10, 14-15 & 15-16	\$ 302,534.00		
Steaming Ahead Activity Delivery	14-15	\$ 20,000.00		
Unencumbered Funds	14-15 & 15-16	\$ 8,856.32	21 Soledad Street site environmental cleanup Activity Delivery	\$ 8,856.32
Unencumbered Funds	14-15 & 15-16	\$ 249,077.68		\$ 280,000.00
Estimated Program Income	16-17	\$ 15,000.00		

Pre-2015 Funds for closed or cancelled activities	14-15	\$ 15,922.32	Old Municipal Swimming Pool Building	
Estimated Program Income	16-17	\$ 50,000.00	Franciscan Workers of Junipero Serra – Chinatown Health Services Center	\$ 50,000.00
Total funding available to reprogram:		\$ 738,856.32	Total Allocated Funds:	\$ 738,856.32

Substantial Amendment Public Notice

The public notice was released regarding the proposed amendments and second amendments to the FY 2009-2010, FY 2014-2015, FY 2015-2016 and FY 2016-2017 AAP's. The notices were published in *The Californian* on November 4, 2016 and *El Sol* on November 12, 2016. The public notices were also posted in the City of Salinas website on November 4, 2016 at the following location: <http://www.cityofsalinas.org/our-city-services/community-development/documents-public-review>. To-date no public oral or written comments have been received and the formal 30-day review period per the Citizen Participation Plan ends on December 5th. The public hearing meeting provides the opportunity for the public to provide comments to the City Council regarding their concerns over the City's use of these proposed AAP amendments. These changes include proposed amendments to the aforementioned AAP's that govern the use of federal funds used by the City for housing and community development activities.

ISSUES:

Shall the City Council approve the Resolution authorizing the Substantial Amendment to FY 2009-2010 and FY 2014-2015 and Second amendment to FY 2015-2016 and FY 2016-2017 AAP's?

FISCAL IMPACT:

Approval of the Substantial Amendment to FY 2009-2010 and FY 2014-2015 and second amendment to FY 2015-2016 and FY 2016-2017 Annual Action Plans would provide staff the needed direction to move \$ 738,856.32 of HUD funding that is unspent into ready projects. The Substantial Amendment portion of funding includes \$458,856.32. The Old Municipal Swimming Pool Building Retrofit – Phase 1 Project No. 9535 was approved to be moved on November 29, 2016. However, staff is detailing the movement of HUD funds in this staff report.

Holding a public hearing has no direct fiscal impact. A public hearing provides the City and interested persons an opportunity to be heard on needs for the City's HUD funding.

TIME CONSIDERATIONS:

The time consideration of the Substantial Amendment to FY 2009-2010 and FY 2014-2015 and second amendment to FY 2015-2016 and FY 2016-2017 AAP's allows the City to move funding to ready eligible projects and spend HUD funding in a timely manner. HUD expects entitlement grantees to not exceed the regulatory standard for carrying out their programs in a timely manner. Under the provisions of 24 CFR 570.902 of the CDBG regulations, a grantee is considered to be timely, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times the annual grant. The City is taking a proactive role to maintain its timeliness by moving funds into ready eligible

activities. The public hearing for the substantial amendment and second amendment to the proposed AAP's keeps the AAP planning process on schedule.

ALTERNATIVES/IMPLICATIONS:

Council may choose to:

1. Reject the proposed Substantial Amendment to FY 2009-2010 and FY 2014-2015 and Second Amendment to FY 2015-2016 and FY 2016-2017 AAP's which would have implications on the timely expenditure of HUD funds.
2. Provide other direction to staff.

CITY COUNCIL GOALS:

The CDBG, HOME, and ESG funding received by the City allows the undertaking of a variety of programs that are instrumental in providing affordable housing, providing homeless and homelessness prevention services, improving public facilities, making infrastructure improvements in lower income areas, and furthering partnerships with public service organizations addressing the human service needs of the City's low-income, elderly, and special needs communities. The funding and its implementation supports activities and projects that implement all of the City Council's strategic goals: 1) Economic Diversity and Prosperity; 2) Safe, Livable Community; 3) Effective, Sustainable Government; 4) Excellent Infrastructure; and 5) Quality of Life.

CONCLUSIONS:

Following consideration of the public hearing, Council will consider a resolution approving the proposed Substantial Amendment to FY 2009-2010 and FY 2014-2015 and second amendment to FY 2015-2016 and FY 2016-2017 AAP's.

Back-Up Pages

City Council Resolution

Substantial Amendment of FY 2009-2010 and

FY 2014-2015 and second amendment of FY 2015-2016 and FY 2016-2017 Annual Action Plans