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RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE FEB 04 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO REPROGRAMMING UNEXPENDED COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS, AUTHORIZING THE CHIEF FINANCIAL OFFICER TO REDUCE THE CITY'S CAPITAL IMPROVEMENT PROGRAM BUDGET AND DE-APPROPRIATE CERTAIN CDBG FUNDS AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO APPROPRIATE AND EXPEND THE UNEXPENDED CDBG FUNDS TO DEFEASE CERTAIN IDENTIFIED HUD SECTION 108 LOANS.

WHEREAS, the City of San Diego (City), as an entitlement jurisdiction, receives Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) funds on an annual basis from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the CDBG regulations at 24 CFR 570.902(a), commonly known as the "timeliness rule," state that HUD will consider an entitlement jurisdiction to be failing to carry out its CDBG activities in a timely manner if, sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year; and

WHEREAS, HUD notified the City on May 17, 2010, that it is out of compliance with the timeliness rule; and

WHEREAS, on August 25, 2010, HUD placed the City on a "work-out plan" that identified a CDBG funds expenditure trend-line that must be adhered to and corrective actions that will be taken to bring the City into compliance with the timeliness rule by April 30, 2011; and

WHEREAS, City staff has completed a clean-up of CDBG Program accounting records and outstanding project balances; and

WHEREAS, City staff has identified a budget of \$859,395 in the City's accounting systems allocated to the San Diego Housing Commission (SDHC) in Fiscal Year 2002 that is no longer in SDHC's budget and was never entered in HUD's Integrated Disbursement and Information System (IDIS) project database and which therefore needs to be de-appropriated; and

WHEREAS, City staff has identified \$11,567,640.61 in unexpended CDBG funds allocated to projects by Council between 1992 and 2010 that cannot be expended on said projects by March 1, 2011, before HUD's next review of the City's timeliness rule compliance; and

WHEREAS, these CDBG funds must be expended and drawn from the U.S. Treasury in order to bring the City into compliance with the timeliness rule; and

WHEREAS, the City has a number of HUD Section 108 loans, which the City currently repays using City CDBG entitlement funds that could otherwise be awarded by Council to CDBG-eligible projects; and

WHEREAS, the repayment of these HUD Section 108 loans is the most expeditious method to fully and properly utilize these unexpended CDBG funds in order to comply with HUD's timeliness deadline; and

WHEREAS, on November 17, 2010, the Public Safety and Neighborhood Services Council Committee voted unanimously to recommend bringing this action forward for consideration by the full Council; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the reprogramming of all CDBG Program unexpended project balances

totaling \$11,567,640.61, which are identified in Attachment A to this resolution, to defease the City's HUD Section 108 loans is approved, contingent upon certification of fund availability by the Chief Financial Officer.

2. That the Chief Financial Officer or her designee is authorized to decrease the Fiscal Year (FY) 2011 Capital Improvement Project (CIP) Program Budget in Fund 600000, Community Development Block Grants, by \$1,578,108.93.

3. That the Chief Financial Officer or her designee is authorized to de-appropriate \$1,578,108.93 in Fund 600000, Community Development Block Grants, from CIP projects in the amounts listed in Attachment B to this resolution.

4. That the Chief Financial Officer or her designee is authorized to transfer appropriations in a total amount not to exceed \$10,855,783.61 in reprogrammed CDBG project balances to FY 2011 CDBG Grant, grant number 1000003-2011, which total consists of the following:

- (a) \$1,578,108.93 from CIPs;
- (b) \$8,946,380.35 from non-CIP projects; and
- (c) \$331,294.33 from OIG Audit Remaining Funds.

5. That the Chief Financial Officer or her designee is authorized to appropriate \$711,857.00 of program income from prior years to FY 2011 CDBG Grant, grant number 1000003-2011.

6. That the Chief Financial Officer or her designee is authorized to appropriate and expend the reprogrammed CDBG project balances up to \$11,567,640.61 to defease the identified HUD Section 108 loans in the following priority:

- (a) SEDC (Note No. B-96-MC-06-0542-A);


- (b) Cortez Hill Transitional Housing (Note No. B-99-MC-06-0542);
- (c) District 3 Public Improvements (Note No. B-02-MC-06-0542-B);
- (d) Ocean Beach Library (Note No. B-00-MC-06-0542-A);
- (e) Otay/Nestor Branch Library (Note No. B-03-MC-06-0542-C);
- (f) Vietnam Veterans Homeless Facility (Note No. B-99-MC-06-0542-A);
- (g) Logan Heights Library #2 (Note No. B-04-MC-06-0542-A); and
- (h) San Diego Food Bank (Note No. B-03-MC-06-0542-D), contingent upon certification of fund availability by the Chief Financial Officer.

7. That the Mayor or his designee is authorized to take any and all actions required to defease the identified HUD Section 108 loans, including but not limited to negotiating and executing any necessary agreements.

8. That the Chief Financial Officer is authorized to de-appropriate \$859,395 in CDBG funds from sponsored program SDHC-FORECLOSURE, grant number 1000003-2002, to reconcile an incorrect appropriation.

APPROVED: JAN I. GOLDSMITH, City Attorney

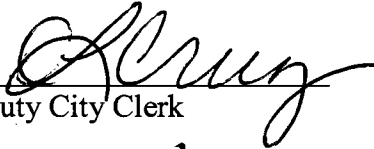
By


Kenneth So
Deputy City Attorney

KS:mm
01/19/2011
02/01/2011 Rev. Copy
Or.Dept: CPCI
R-2011-622
PL #2010-04489

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 31 2011.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 2-4-11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor