

**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: October 5, 2011

ORIGINATING DEPARTMENT: CDBG/Economic Development

SUBJECT: FY 2012 Community Development Block Grant (CDBG) Reprogramming of Project Balances and Section 108 Loan Reallocation.

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Angela Nazareno/619-236-6944 MS56D

DESCRIPTIVE SUMMARY OF ITEM:

The City's CDBG Program is taking action to expedite project expenditures in order to be in compliance with the U.S. Department of Housing and Urban Development's (HUD) timeliness rule by April 2012. CDBG staff is requesting City Council action to reprogram identified project balances dating back to 2000; to reduce the amount of the City's CIP Budget for identified Capital Improvement Projects from which CDBG funding is recommended for reprogramming; and to authorize the Mayor or his designee to utilize the CDBG funding from the reprogrammed project balances to defease the identified HUD Section 108 loans.

STAFF RECOMMENDATION:

Approve the Requested Actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The CDBG Program is administered by the Economic Development Division of the City Planning & Community Investment Department. CDBG Program staff is responsible for grant compliance, contracting, reimbursement payments, and overall administration of the City's CDBG Program. The City of San Diego has received CDBG funding annually since 1975.

Every year, HUD reviews the performance of the City's CDBG entitlement grant to determine whether the CDBG Program is carrying out its CDBG-funded activities in a timely manner. HUD performs this review 60 days prior to the end of each program year (April 30), to ensure that the City has no more than 1.5 times its current annual entitlement grant amount on hand in accordance with HUD's timeliness rule. In 2010, HUD performed its timeliness review on May 3 and found that the City had over 1.8 times its current annual entitlement amount on hand and that the City was not in compliance with the timeliness rule. HUD placed the City's CDBG Program on a Two Year "work-out plan" on August 25, 2010, which identifies an 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 2012 respectively. The city met the corrective action for year 1 of the workout plan.

For the 2nd year of the two year "work-out plan", the city must comply with the timeliness rule by April 30, 2012. In review of all remaining project balances (2000-current), fiscal has identified \$7,400,185.22 of unused CDBG funds that cannot be spent expeditiously.

CDBG staff requests that Council approve the recommendation to transfer the full amount of the balances to the defeasance of the City's existing HUD Section 108 loans. Defeasance is a financing tool wherein the bonds issued by HUD which funded the Section 108 loans are legally retired without a bond redemption, by using funds – in this case, CDBG funds - to purchase government securities whose principal and interest earned are sufficient to meet all future principal and interest payments on the bonds. After the defeasance of a Section 108 loan, all obligations of the loan recipient to repay the loans are removed.

The Section 108 loans recommended for defeasance using the \$7,400,185.22 in unused CDBG funds are: 1) District 4 Senior Center, 2) College Rolando Library, 3) Logan Heights Library 2nd draw, 4) Logan Heights Library, 5) Logan Heights Family Health Center, 6) Camp Hope, 7) LGBT. All outstanding principal and interest balances of these loans will be defeased and all City obligations to repay the loans will be removed. Defeasance of these loans will ensure that the City's unused CDBG funding can be expended and reported by April 1, 2012, in order to bring the City into compliance with the timeliness rule before HUD's next review in April 2012. The cost of the defeasance is anticipated to total more than the \$_____ principal and interest balance of these loans as of _____, as certain costs and fees will be incurred. Staff anticipates that the \$7,400,185.22 proposed for reprogramming will be sufficient to cover the full cost of defeasance. Any remaining balance after the completion of the loan defeasance will be held for the next reprogramming process.

The project balances recommended herein for reprogramming to Section 108 loan defeasance (listed by FY and project in Attachment A to the draft resolution) consist of those with the following statuses: 1) project was completed and left a remaining balance, 2) project did not have enough funding to be completed, 3) agency declined to use the funds, 4) project was an ineligible activity, or 5) project could not be completed by the contract end date to enable full expenditure and reporting to HUD by the April 2012 timeliness review.

In June 2004 the City executed a Note with HUD for a loan in the amount of \$280,000 to build Camp Hope, a camping victims of domestic violence. The project was proposed by San Diego Family Justice Center, due to conflicts with the camping ground's lease, the agency is unable to move forward with the Camp Hope project. HUD expects any loan funds to benefit low-moderate income individuals and requested that the City replace the original project with a viable project. Following this advice, the City proposes to cancel the Camp Hope project and to add the Green Build Barrio Logan [GBBL] project to the application as the new project.

GBBL is a residential property rehabilitation project that will benefit 15 low-moderate income households in the Barrio Logan area. GBBL is a collaborative project between the Urban Corps of San Diego County, Grid Alternatives and the Environmental Health Coalition. The activity proposed by the project includes the elimination of health and safety hazards, energy efficiency upgrades including the installation of solar energy systems, roof replacements and interior and exterior repairs.

The City has been making loan repayments since 2004 and the loan is expected to mature in 2013. By approving this action, the City will be able to report a completed activity to HUD and

to meet the obligation to provide a benefit to low-income individuals with HUD 108 loan activities.

FISCAL CONSIDERATIONS:

All funding for these actions comes from the U.S. Department of Housing and Urban Development. These actions will not result in any fiscal impacts to the City's General Fund.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This action does not authorize entering into any contract or agreement, however, future contract or agreements associated with this action will be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.72701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)..

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Public Safety and Neighborhood Services (PS&NS) Committee scheduled for November 2, 2011.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

A Public Notice for the proposed reprogramming is being published in the San Diego Daily Transcript, La Prensa, Voice & Viewpoint, Channel 24 (CityTV), and the City's CDBG Program web page (www.sandiego.gov/cdbg/general). The public will have an opportunity to comment at the City Council hearing.

Murray, Beth
Originating Department

Deputy Chief/Chief Operating Officer

DRAFT VERSION
PROJECTS TO BE REPROGRAMMED AS OF 10/26/2011

#	FISCAL YEAR	DESCRIPTION	IDIS	IO # (NON-CIP)/ WBS # (CIP)	REMAINING BALANCE
1	2002	JACKIE ROBINSON FAMILY YMCA-02	4002	CA1000003-02	0.18
2	2006	ADA SURVEY NEEDS CONTRACT-06	4297	FT1000003-06	12,558.36
3	2006	JACKIE ROBINSON YMCA-06	4187	FU1000003-06	247.37
4	2007	BAYSIDE COMM CTR FOUN REP-07	4810	IF1000003-07	913.93
5	2007	DISABILITY SERVICES PO II-07	4658	ID1000003-07	31,492.58
6	2007	RANCHO PENASQUITOS LIBR-ADA-07	4667	IE1000003-07	23,435.00
7	2007	SOUTHERN SUDANESE COMM CTR-07	4807	IG1000003-07	21,373.00
8	2008	CHOLLAS LAKE LITTLE LEA-PRE-08	5261	KC1000003-08	5,337.20
9	2008	CHOLLAS LAKE LITTLE LG-FEN-08	4870	KI1000003-08	10,001.15
10	2008	MARSHALL ELEMENTARY SCHOOL-08	4872	KD1000003-08	35,000.00
11	2008	NCCD COMBINATION INSP II-08	4943	KE1000003-08	57,071.28
12	2008	NORTH PARK MAIN TREE GRATES-08	4830	KH1000003-08	110.87
13	2008	PRESIDENT JOHN ADAMS MANOR-08	4853	JY1000003-08	25,000.00
14	2008	UNITY TECH FITNESS CENTER-08	4866	KB1000003-08	50.00
15	2009	CDBG ADMIN - AUDITORS SVCES-09	5084	MN1000003-09	19.21
16	2009	CDBG ADMIN DSD NEPA SVCS-09	5084	MM1000003-09	30,155.15
17	2009	CDBG ADMIN PE & NPE COSTS-09	5084	MO1000003-09	327,937.01
18	2009	CDBG CONSULTANTS(1)-09	5085	MP1000003-09	171,622.20
19	2009	CDBG CONSULTANTS(2)-09	5085	MS1000003-09	12,680.56
20	2009	CDBG INTERN-09	5085	MR1000003-09	2,942.22
21	2009	ECON DEVELOPMENT PROG-FY09	5140	OI1000003-09	1,993.70
22	2009	ECP NEPA SERVICES-09	5085	MQ1000003-09	4,141.41
23	2009	ELEVATOR INSTALLATION-09	5115	MZ1000003-09	47,000.00
24	2009	HOMELESSNESS CONSULTANT-09	5086	MU1000003-09	10,000.00
25	2009	INNER CITY YOUTH OF SD (ICY)-09	5109	NM1000003-09	8,600.00
26	2009	LANDSCAPING-RES-09	5124	NA1000003-09	25,000.00
27	2009	OCEAN BEACH GATEWAY PROJ-09	5132	NB1000003-09	50,000.00
28	2009	PE AND NPE COSTS PROJ MGMT-09	5086	MT1000003-09	72,212.71
29	2009	RENOVATION OF EXIST BLDG-FY09	5118	OC1000003-09	7,456.44
30	2009	ST STEPHENS DECENT AFF HSG-09	5316	OJ1000003-09	25,000.00
31	2009	SVDP MGT DBA-JOSUE HOME IMP-09	5314	OK1000003-09	1,347.38
32	2009	URBAN CORPS YOUTH TRNG CTR-09	5126	NY1000003-09	235.50
33	2010	2080 NEWTON REHABILITATION-10	5714	NE1000003-10	46,515.00
34	2010	ACQUISITION OF AFFORD HNG-10	5497	FT1000003-10	1,457,478.00
35	2010	BAYSIDE COMM FAIR HSG-10	5445	AI1000003-10	1,349.62
36	2010	BEACH WHEELCHAIR PROGRAM FY10	5504	NA1000003-10	2,676.83
37	2010	BECKY'S HOUSE SAFE ACCESS-10	5481	EQ1000003-10	211.13
38	2010	BRIDGE GRP HM DMG REPR-10	5473	IQ1000003-10	900.00
39	2010	CDBG ADMINISTRATION FY 2010	5447	AH1000003-10	91,696.17
40	2010	COMM & ECON DEV-AAA-10	5485	EU1000003-10	14,141.02
41	2010	CROSSROADS RDV DIS-ADA COMP 10	5569	ER1000003-10	40,075.00
42	2010	FAIRHOUSING CSA	5446	AJ1000003-10	104,774.00
43	2010	FAIRHOUSING FHC	5449	AM1000003-10	104,774.00
44	2010	INSTALL ELEVATOR FOR ADA-10	5466	IK1000003-10	51,000.00
45	2010	MICROLENDING DEVELOPMENT 10	5484	ET1000003-10	38,738.61
46	2010	OCEAN BEACH GATEWAY PROJECT 10	5482	ES1000003-10	100,000.00
47	2010	PRO-ACTIVE CODE ENF CD 3-10	5494	FQ1000003-10	48,475.09
48	2010	PRO-ACTIVE CODE ENF CD 6-10	5495	FR1000003-10	50,269.36
49	2010	PROJECT MGMT - E&C PROJ-10	5448	AL1000003-10	265,673.88
50	2010	REBUILD CITY HGHT-NBHD REV-10	5514	FW1000003-10	1.00
51	2010	SAFE HOMES PROJECT FY 2010	5489	HM1000003-10	19,199.88
52	2010	SAN DIEGO TEEN COURT-10	5510	NB1000003-10	3,085.50
53	2010	SUNBURST APARTMENT BUILD-10	5716	NK1000003-10	302.04
54	2010	SUSTAINABLE COMMUNITIES 10	5513	FV1000003-10	8,853.06
55	2010	TEEN HEALTH CENTER RENOV-10	5461	IG1000003-10	2,029.00
56	2010	THERAPEUTIC RECREATION SVCE-10	5512	FU1000003-10	16,509.92
57	2010	TOT LOT REHABILITATION-10	5709	MD1000003-11	1,723.81
58	2010	TURNING POINT RENOV-10	5718	ME1000003-10	0.16
59	2010	VIETNAM VETERANS OF SD APT 10	5479	EP1000003-10	25,000.00
60	2010	WOODS HOME RENOV-10	5454	IC1000003-10	17,710.00

#	FISCAL YEAR	DESCRIPTION	IDIS	IO # (NON-CIP)/ WBS # (CIP)	REMAINING BALANCE
61	2011	211 SD- HEALTHCARE NAVIGTN-11	5832	GU1000003-11	194.84
62	2011	4TH DIST SR RES CTR-EHANCEMT-11	5842	MH1000003-11	2,000.04
63	2011	ACCESS-MICROENTERPRISE-11	5816	CK1000003-11	6,978.03
64	2011	ALLIANCE AFR AST-CRSSRDS FL-11	5802	BQ1000003-11	45,000.00
65	2011	ALLIANCE AFR AST-MICROENT-11	5818	CM1000003-11	177,783.00
66	2011	BARRIO STATION-YTH PRG-11	5833	GV1000003-11	0.29
67	2011	BURN INSTITUTE-SR SMOKE-11	5824	DH1000003-11	9,798.75
68	2011	CASA FAMILIAR-SENIOR SVCS-11	5882	ML1000003-11	208.05
69	2011	CASA FAMILIAR-YOUTH SVCS-11	5900	MN1000003-11	7,792.77
70	2011	CIP-VIETNAM VETS SEC 108-11	5855	KS1000003-11	9,515.59
71	2011	CITY HGHTS CDC-NEIGH ENHANC-11	5848	IE1000003-11	78,872.13
72	2011	CITY NCC-PRO ACTIVE CODE-11	5830	EB1000003-11	20,947.72
73	2011	CITY PLAN/INVEST-SEDC SEC 108	5853	KB1000003-11	47,405.88
74	2011	CITY PLAN/INVEST-SMALL BUS-11	5819	CN1000003-11	150,000.00
75	2011	CPI - D4-SR CTR SEC 108-11	5861	KX1000003-11	0.05
76	2011	CPI-BARRIO LGN MERC SEC 108-11	5852	KQ1000003-11	59,884.75
77	2011	CPI-CAMP HOPE SEC 108-11	5862	KY1000003-11	0.40
78	2011	CPI-CENTRAL POLICE SEC 108-11	5854	KR1000003-11	49,616.01
79	2011	CPI-CLGE/RLNDO LIBR SEC 108-11	5857	KT1000003-11	0.05
80	2011	CPI-CORTEZ HILL FAMILY CTR 108	5856	KE1000003-11	36.22
81	2011	CPI-D3-PUBLIC IMPRV SEC 108-11	5860	KW1000003-11	0.25
82	2011	CPI-LGBT CMTY CTR SEC 108-11	5866	NB1000003-11	0.05
83	2011	CPI-LGN HGHT LIB #2 SEC 108-11	5867	NC1000003-11	24,365.95
84	2011	CPI-LGN HGHTS FAM HLTH 108-11	5864	KZ1000003-11	0.20
85	2011	CPI-LGN HGHTS LIB #1 SEC 11	5859	KV1000003-11	0.55
86	2011	CPI-OCEAN BCH LIBR SEC 108-11	5858	KU1000003-11	0.10
87	2011	CPI-OTAY MESA/NESTOR LIBRARY S	5863	KL1000003-11	5,144.69
88	2011	CPI-SD FOOD BANK SEC 108-11	5865	NA1000003-11	22,465.19
89	2011	ELDERHELP OF SAN DIEGO-11	5807	BU1000003-11	400,000.00
90	2011	FAIR HOUSING SERVICES-11	5801	AD1000003-11	314,321.00
91	2011	HOMELESS EMERG SHLTR-CED-11	5836	GY1000003-11	16,832.94
92	2011	HOMELESS EWSP-ECON DEV-11	5836	MD1000003-11	7,825.55
93	2011	HOMELESS EWSP-STREET DIV-11	5836	MB1000003-11	8,086.11
94	2011	HOMELESS EWSP-WATER SVCE-11	5836	MC1000003-11	5,000.00
95	2011	HORN OF AFRICA-CITY HGHTS-11	5820	CO1000003-11	480.37
96	2011	HUD ADMINISTRATION-11	5800	AE1000003-11	215,569.70
97	2011	LISC-NEIGH FIRST-11	5846	HC1000003-11	100,000.00
98	2011	SAY-TEEN COURT-11	5883	MM1000003-11	1,996.85
99	2011	SD FUTURES FOUNDATION-STORE-11	5821	CP1000003-11	62,896.37
100	2011	SD LGBT CMTY CTR-BEHAVIORAL HL 11	5843	MI1000003-11	1,001.94
101	2011	SD SECOND CHANCE-SELF SUFF-11	5844	MJ1000003-11	12,581.93
102	2011	STAR/PAL-CTR TO SERVE YTH-11	5845	MK1000003-11	9,120.36
103	2011	TUBMAN/CHAVEZ CTR-11	5806	BT1000003-11	203,344.00
104	2011	UPAC-ECON DEV-11	5823	CR1000003-11	3,819.46
105	2011	URBAN CORPS-WEER-11	5829	DM1000003-11	669.88
106	2011	YMCA-OZ RENOV-11	5815	LB1000003-11	118,000.00
107	2012	ALLIANCE AFR AST-MICROENTERPRI	6131	CC1000003-12	186,790.00
108	2012	BURN INSTITUTE-SR SMOKE ALARM	6135	DA1000003-12	27,035.00
109	2012	JEWISH FAMILY SERVICE OF SAN DIEGO	6138	DD1000003-12	100,000.00
				TOTAL NON-CIP PROJECTS	6,047,479.50

110	2011	6069-FY11 HUD 108 LOAN DEFEAS	6069	XZ1000003-11	1,282,814.65
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CIP					
THESE PROJECTS HAVE TECO FORMS SUBMITTED					
111	2006	SUNSHINE BERARDINI FIELDS	4212	S00759	3,319.03
112	2008	OCEAN BEACH RECREATION CENTER	4946	S01094	14,235.00
113	2008	MIRA MESA ADA	4952	S01039	2,767.10
114	2008	SCRIPPS RANCH LIBRARY ADA	4953	S01040	1.87
115	2008	LABOR COUNCIL CURB RAMPS	4966	S01028	374.47
116	2009	49TH AND ELM ST SIDEWALK IMPRV	5091	B00976	8,301.50

#	FISCAL YEAR	DESCRIPTION	IDIS	IO # (NON-CIP)/ WBS # (CIP)	REMAINING BALANCE
117	2009	MISSION BEACH COMMUNITY	5187	S01092	14,317.15
subtotal					43,316.12
THESE PROJECTS NEED TECO FORMS SUBMITTED					
118	2002	OCEAN BEACH CDC CITY MONITORI	2798	S01057	662.47
119	2006	FIRE STATION 10 REMODEL	4181	S01031	21,822.35
120	2007	BEACH AREA FAMILY HEALTH CARE	4552	S01029	817.79
121	2008	ENCANTO COMMUNITY PARK CONCES	5260	S01058	1,290.50
122	2009	THE WORLD BEAT CENTER	5128	S01025	1,981.84
subtotal					26,574.95
TOTAL CIP PROJECTS					69,891.07

FY12 Reprogramming Grant Total 7,400,185.22