

REPORT TO CITY COUNCIL

DATE: MARCH 14, 2012

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: MIKE KAMINO, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT

SUBJECT: CONDUCT A PUBLIC HEARING AND APPROVE RESOLUTION NO. 12-1663, AGREEING TO EXCHANGE FISCAL YEAR 2012-2013 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WITH THE CITY OF HAWAIIAN GARDENS FOR GENERAL FUNDS

The request before the City Council is to conduct a public hearing to consider approval of attached Resolution No. 12-1663, agreeing to exchange the City's Fiscal Year 2012-2013 allocated Community Development Block Grant (CDBG) funds of \$62,990 with the City of Hawaiian Gardens for \$44,093 of general funds. The County of Los Angeles Community Development Commission requires that any allocation or exchange of CDBG funds be conducted at a public hearing. The CDBG funds, if not exchanged, must be used for programs which address low and moderate income households and/or for programs which aid in the elimination of slum and blight.

The City exchanged CDBG funds for general funds, as is allowed by the Los Angeles County Community Development Commission (CDC), on several previous occasions. Since 2007, the City Council has approved seven agreements with various Cities in Los Angeles County to exchange allocated and unallocated CDBG funds for general funds at varied rates from 50% to 65%. In total, the City has exchanged \$650,248 of CDBG funds for \$367,256 of general funds, which equates to an average exchange rate of 56%. General funds received through an exchange of the City's CDBG funds can be used for any purpose the City chooses, without any regulatory oversight from the CDC.

The CDC has recently informed staff that the City's current allocation for Fiscal Year 2012-2013 is \$62,990, which the City can allocate to eligible CDBG programs. Such programs would be subject to federal low and moderate income requirements, slum/blight elimination provisions, and fair labor standards. The CDC also informed staff that CDBG funds can no longer be used for reimbursement of the costs incurred by the City staff and consultants for administering the programs. In the past, up to 25% of the CDBG funds were eligible to be used for administering and monitoring the programs. Since the City does not have active CDBG programs during this fiscal year, staff sought the exchange of these funds for general funds. Staff has received several offers, with the City of Hawaiian Gardens' offer being the highest. The City of Hawaiian Gardens has offered to purchase the full allocation of the City's CDBG funds at an exchange rate

of 70%, for \$44,093 of general funds. The City of Hawaiian Gardens' proposed exchange rate is the highest the City has ever been offered and can be accepted through approval of the attached Agreement.

The Agreement has been reviewed and approved as to form by the City Attorney and the City of Hawaiian Gardens. The resolution of approval would authorize the City Manager to execute the Agreement and any and all documents necessary to complete the exchange of funds contemplated by the Agreement.

RECOMMENDATION

Staff recommends the City Council conduct a public hearing and approve Resolution No. 12-1663, agreeing to exchange Fiscal Year 2012-2013 allocated Community Development Block Grant (CDBG) funds with the City of Hawaiian Gardens for general funds.

Attachment: Resolution No. 12-1663 (and attached Agreement with the City of Hawaiian Gardens)

RESOLUTION NO. 12-1663

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, APPROVING AN AGREEMENT BETWEEN THE CITY OF AGOURA HILLS AND THE CITY OF HAWAIIAN GARDENS REGARDING THE EXCHANGE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR FISCAL YEAR 2012-2013

WHEREAS, the City of Agoura Hills (“City”) has renewed its three-year cooperation agreement with the County of Los Angeles concerning Community Development Block Grant (“CDBG”) Funds for Fiscal Years 2012-2013, 2013-2014, and 2014-2015; and

WHEREAS, the use of CDBG funds is strictly limited by law; and

WHEREAS, although the City is a recipient of CDBG funds, the City nevertheless desires to exchange \$62,990.00 of its FY 2012-2013 allocated CDBG funds for \$44,093.00 of general funds from the City of Hawaiian Gardens; and

WHEREAS, the City Council of the City of Agoura Hills conducted a properly noticed public hearing on March 14, 2012, to consider the allocation of CDBG funds for Fiscal Year 2012-2013.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby approves the “Agreement for the Exchange of Community Development Block Grant (CDBG) Funds and General Funds between the City of Agoura Hills and the City of Hawaiian Gardens” (“Agreement”) in the form attached hereto as Exhibit A.

SECTION 2. The City Manager is hereby authorized and directed to execute the Agreement and any and all documents necessary to complete the exchange of funds contemplated by the Agreement.

SECTION 3. The City Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this ___ day of _____, 2012.

John M. Edelston, Mayor

State of California)
County of Los Angeles) SS
City of Agoura Hills)

I, Kimberly M. Rodrigues, City Clerk of the City of Agoura Hills, California, do hereby certify that the foregoing Resolution No. 12-1663 was duly approved and adopted by the City Council of the City of Agoura Hills at a regular meeting of said Council held on the _____ day of _____, 2012, by the following roll call vote:

AYES: (0)
NOES: (0)
ABSENT: (0)
ABSTAIN: (0)

Kimberly M. Rodrigues, MMC
City Clerk

EXHIBIT A

**AGREEMENT FOR EXCHANGE OF
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS
AND GENERAL FUNDS
BETWEEN THE CITY OF AGOURA HILLS
AND THE CITY OF HAWAIIAN GARDENS**

This Agreement is made and entered into as of _____, 2012, by and between the City of Agoura Hills, a municipal corporation, and the City of Hawaiian Gardens, a municipal corporation, collectively referred to herein as the "Cities."

RECITALS

- A. The Cities have executed self-renewing three-year Cooperation Agreements with the County of Los Angeles concerning Community Development Block Grant (CDBG) funds beginning in Fiscal Year 2012-2013 and continuing in FYs 2013-2014 and 2014-2015.
- B. The Cities have executed three-year Reimbursable Agreements with the County of Los Angeles concerning CDBG funds for FYs 2012-2013, 2013-2014, and 2014-2015.
- C. The City of Agoura Hills will receive CDBG funds that can be made available to the City of Hawaiian Gardens during Fiscal Year 2012-2013. In exchange for the assignment by the City of Hawaiian Gardens of the general funds indicated in Section 1 of this Agreement, the City of Agoura Hills will assign unexpended CDBG FY 2012-2013 entitlement funds to the City of Hawaiian Gardens.
- D. The Cities now desire to enter into an agreement by which the City of Hawaiian Gardens will exchange \$44,093.00 of its general funds for \$62,990.00 of unexpended entitlement CDBG funds for Fiscal Year 2012-2013.

NOW, THEREFORE, the Cities agree as follows:

1. EXCHANGE. The City of Agoura Hills agrees to assign \$62,990.00 of its unexpended CDBG funds for Fiscal Year 2012-2013 to the City of Hawaiian Gardens. In return, the City of Hawaiian Gardens agrees to assign \$44,093.00 of its general funds to the City of Agoura Hills. The exchange rate is \$.70/1.00. The table below summarizes the amount of unexpended CDBG funds to be transferred to the City of Hawaiian Gardens and indicates the portion of that amount received for public service authority and/or administrative authority.

FY	Amount	Public Service Authority Received	Administrative Authority Received
FY 2012-2013			
Entitlement Amount	\$62,990.00	\$9,448.00	\$0.00
Total	\$62,990.00	\$9,448.00	\$0.00

2. CONSIDERATION. The City of Agoura Hills shall assign the agreed upon CDBG funds in one lump sum payment. The City of Hawaiian Gardens shall assign the agreed upon general funds to the City of Agoura Hills in one lump sum payment. The lump sum payment shall be due and payable on or before July 31, 2012.

3. BEST EFFORTS. The City of Agoura Hills shall use its best efforts to obtain any consent required of any other governmental or administrative agency to effectuate the assignment of \$62,990.00 of its CDBG funds to the City of Hawaiian Gardens. The City of Agoura Hills and the City of Hawaiian Gardens agree to execute any and all additional documents which such agencies may request in connection with the assignment and receipt of the grant.

4. TERM. The Agreement is effective on the date above written and for such time as is necessary for both parties to complete their mutual obligations under this Agreement.

5. TERMINATION. Termination of this Agreement may be made by either party so long as written notice of intent to terminate is given to the other party at least five (5) days prior to termination.

6. NOTICE. Notices shall be given pursuant to this Agreement by personal service on the party notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

City of Agoura Hills
30001 Ladyface Court
Agoura Hills, CA 91301

City of Hawaiian Gardens
21815 Pioneer Boulevard
Hawaiian Gardens, CA 90716

7. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement this _____ day of _____, 2012.

Greg Ramirez, City Manager
City of Agoura Hills

Ernesto Marquez, City Administrator
City of Hawaiian Gardens

ATTEST:

Kimberly Rodrigues, City Clerk
City of Agoura Hills
(seal)

ATTEST:

Sue Underwood, City Clerk
City of Hawaiian Gardens

APPROVED AS TO FORM:

Craig Steele, City Attorney
City of Agoura Hills