

REPORT TO CITY COUNCIL

DATE: APRIL 26, 2006

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: MIKE KAMINO, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT

SUBJECT: CONTRACT AMENDMENT WITH MDG ASSOCIATES, INC. FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) CONSULTING SERVICES (FY 2005-06)

Staff requests the City Council approve a contract amendment, not to exceed \$43,351 with MDG Associates, Inc. for their Community Development Block Grant (CDBG) consulting services during the current 2005-06 Fiscal Year.

One of the two City programs that are supported with CDBG funds during fiscal year 2005-06 is the Single-Family Housing Rehabilitation Program. MDG Associates, Inc., administers the program through a contract with the City. The City is allowed to use up to 20% of the allocated funds for this program for administrative purposes.

For the current fiscal year, the City had signed an agreement with MDG Associates for program administration compensation not to exceed \$17,000. The total budget for the program year was \$81,426. Thus, in actuality, City reimbursements for MDG Associates' services could not exceed \$16,285. The agreement was approved by the City Council and all program costs are completely reimbursed through CDBG funds.

Earlier in this fiscal year, on behalf of the City, staff had transferred \$135,329 of the City's unallocated funds to the Single-Family Rehabilitation program. The unallocated CDBG funds consisted of loan repayments and unused administrative funds from the previous fiscal year. With this transfer of funds the total budget for the Single-Family Housing Rehabilitation program during this current fiscal year is \$216,755. Accordingly, staff is requesting the City Council's approval to amend the consulting service agreement with MDG Associates by allowing up to 20% of the program funds (\$43,351) to be used for their administrative purposes. Since this contract exceeds \$25,000, City Council approval is required. The contract amendment only affects the anticipated administrative costs and all other components of the program will remain the same. This attached contract applies strictly to this fiscal year and a new contract for program administrative services will be required for fiscal year 2006-07.

RECOMMENDATION

Staff requests the City Council approve a contract amendment, not to exceed \$43,351, with MDG Associates, Inc., for Community Development Block Grant consulting services during fiscal year 2005-06.

Attachments: Contract Amendment
Current Contract for FY 2005-06