

## REPORT TO CITY COUNCIL

**DATE: JANUARY 23, 2008**

**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. 08-1470, AGREEING TO EXCHANGE UNALLOCATED COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WITH THE CITY OF SAN FERNANDO FOR GENERAL FUNDS**

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The request before the City Council is to conduct a public hearing to consider approval of the attached Resolution No. 08-1470, agreeing to exchange the City's unallocated Community Development Block Grant (CDBG) funds with the City of San Fernando for general funds. The County of Los Angeles Community Development Commission requires that any allocation of CDBG funds be conducted at a public hearing.

June 27, 2007, the City Council approved an agreement with the City of Lawndale to exchange our City's full CDBG allocation of \$94,193 for Fiscal Year 2007-2008, at an exchange rate of 59%, for \$55,573 of general funds. At the same time, the City Council also approved an agreement with the City of San Marino for the exchange of \$60,000 of unallocated CDBG funds, at an exchange rate of 50%, for \$30,000 of general funds. The City had exchanged CDBG funds for general funds, as is allowed by the Los Angeles County Community Development Commission (CDC), on two previous occasions. When the City Council approved the exchanges for this fiscal year, it was noted that the exchange of the CDBG funds to general funds would release the City from any regulatory oversight from the CDC, including staff's time and costs in administering and monitoring the programs. The City Council also recognized that 25% of the total funds are used annually for administrative and consultant costs, and only 15% of the funds can be used for the Senior Citizen Recreation Program, which is now funded entirely with general funds. General funds, however, can be used for any purpose the City chooses. In addition, City's Single Family Residential Rehabilitation Program, which had a CDBG loan budget of less than \$58,000, was continued during this fiscal year with \$250,000 of Redevelopment Housing Set-Aside funds.

The CDC has since informed staff that the City has a current unallocated CDBG fund balance of \$119,532, which is an accumulation of the City's unexpended CDBG funds of previous years and Single-Family Housing Rehabilitation Program loan payoffs. This balance can be reallocated to eligible CDBG programs, however since the City does not have active CDBG program projects during this fiscal year, staff sought the exchange of the City's unallocated funds. Staff

received two offers for the exchange of the funds for general funds. The Cities of San Fernando and San Marino each offered to purchase the funds at an exchange rate of 50%, equating to \$59,766 of general funds. Staff was first contacted for the exchange by the City of San Fernando, whose City Council has already agreed to the proposal. The City of San Fernando's offer can be accepted through the attached separate agreement. The agreement has been approved as to form by the City Attorney and the City of San Fernando.

## **RECOMMENDATION**

Staff recommends the City Council conduct a public hearing and approve Resolution No. 08-1470, agreeing to exchange unallocated Community Development Block Grant (CDBG) funds with the City of San Fernando for general funds.

Attachment: Resolution No. 08-1470 (and attached Agreement with the City of San Fernando)