

REPORT TO CITY COUNCIL

DATE: MARCH 26, 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. 08-1471, AGREEING TO EXCHANGE FISCAL YEAR 2008-2009 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. 08-1471, agreeing to exchange the City's Fiscal Year 2008-2009 allocation of Community Development Block Grant (CDBG) funds with the City of Hawaiian Gardens for 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 City had exchanged CDBG funds for general funds, as is allowed by the Los Angeles County Community Development Commission (CDC), on several previous occasions. Most recently, in June of 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. In January of 2008, the City Council approved an exchange of this Fiscal Year's unallocated CDBG funds of \$99,532 with the City of San Fernando at an exchange rate of 50%, for \$49,766 of general funds. When the City Council approved these exchanges, 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, the City's Single Family Residential Rehabilitation Program, which had a previous 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 recently informed staff that the City's current allocation for Fiscal Year 2008-2009 is \$90,721. These funds can be allocated to eligible CDBG programs, however, since the City does not have active CDBG programs during this fiscal year, staff sought the exchange of these

funds and received one offer. The City of Hawaiian Gardens has offered to purchase the full allocation of the City's funds at an exchange rate of 60%, equating to \$54,432.60 of general funds. The City of Hawaiian Gardens' offer 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.

RECOMMENDATION

Staff recommends the City Council conduct a public hearing and approve Resolution No. 08-1471, agreeing to exchange Fiscal Year 2008-2009 allocated Community Development Block Grant (CDBG) funds with the City of Hawaiian Gardens for general funds.

Attachment: Resolution No. 08-1471 (and attached Agreement with the City of Hawaiian Gardens)