

## REPORT TO CITY COUNCIL

**DATE:** APRIL 22, 2009

**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. 09-1521, AGREEING TO EXCHANGE FISCAL YEAR 2009-2010 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WITH THE CITY OF HAWAIIAN GARDENS FOR GENERAL FUNDS

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The request before the City Council is to conduct a public hearing to consider approval of attached Resolution No. 09-1521, agreeing to exchange the City's Fiscal Year 2009-2010 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. 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. Most recently, in March of 2008, the City Council approved the exchange of this current Fiscal Year's funds of \$90,721 with the City of Hawaiian Garden at an exchange rate of 60%, for \$54,432 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 2009-2010 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 55%, equating to \$49,896.55 of general funds. The City of Hawaiian Gardens' offer can be accepted through approval of the attached agreement. The Affordable Housing Committee has reviewed the City of Hawaiian Gardens' offer and supports exchanging the City's allocation of CDBG funds for general funds for Fiscal Year 2009-2010.

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 any and all documents necessary to complete the exchange of funds contemplated by the agreement on behalf of the City.

## **RECOMMENDATION**

Staff recommends the City Council conduct a public hearing and approve Resolution No. 09-1521, agreeing to exchange Fiscal Year 2009-2010 allocated Community Development Block Grant (CDBG) funds with the City of Hawaiian Gardens for general funds.

Attachment: Resolution No. 09-1521 (and attached Agreement with the City of Hawaiian Gardens)

**RESOLUTION NO. 09-1521**

**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 2009-2010**

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 2009-2010, 2010-2011, and 2011-2012; 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 \$90,721.00 of its FY 2009-2010 allocated CDBG funds for \$49,896.55 of general funds; and

WHEREAS, the City Council of the City conducted a properly noticed public hearing on April 22, 2009, to consider the allocation of CDBG funds for Fiscal Year 2009-2010.

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

SECTION 1. 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”) attached hereto and incorporated herein as Exhibit A is approved.

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

PASSED, APPROVED, AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2009.

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Denis Weber  
Mayor

ATTEST:

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. 09-1522 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 22<sup>nd</sup> day of April, 2009, by the following roll call vote:

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

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Kimberly M. Rodrigues, MMC  
City Clerk

# 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

The Agreement is made on this \_\_\_\_ day of \_\_\_\_\_, 2009, by and between the City of Agoura Hills, a municipal corporation, and the City of Hawaiian Gardens, a municipal corporation.

## RECITALS

- A. The City of Agoura Hills has renewed its three-year cooperation agreement with the County of Los Angeles concerning Community Development Block Grant (CDBG) Funds for Fiscal Years 2009-2010, 2010-2011, and 2011-2012; and
- B. The City of Agoura Hills will receive CDBG Funds which can be made available to the City of Hawaiian Gardens during fiscal year 2009-2010. In exchange for the assignment by the City of Hawaiian Gardens of the amount of its general funds indicated in Section 1 below, the City of Agoura Hills is willing to assign unexpended CDBG funds to the City of Hawaiian Gardens; and
- C. The two cities desire to enter into an agreement under which the City of Hawaiian Gardens would exchange \$49,896.55 of its general funds for \$90,721.00 of the City of Agoura Hills' unexpended entitlement of CDBG Funds for Fiscal Year 2009-2010.

NOW, THEREFORE, the Cities agree as follows:

- 1. **EXCHANGE.** The City of Agoura Hills agrees to assign \$90,721.00 of its unexpended entitlement of CDBG Funds for Fiscal Year 2009-2010 to the City of Hawaiian Gardens. In return, the City of Hawaiian Gardens agrees to assign \$49,896.55 of its general funds to the City of Agoura Hills. The exchange rate is \$.55/1.00. The table below summarizes the amount(s) to be exchanged and any public service and/or administration authority to be transferred to the City of Hawaiian Gardens.

	<b>Amount</b>	<b>Public Service Authority Received</b>	<b>Administrative Authority Received</b>
FY 2009-10	\$90,721.00	\$13,608.00	\$9,072.00
Unallocated Balance	\$0	\$0	\$0
<b>Total</b>	<b>\$90,721.00</b>	<b>\$13,608.00</b>	<b>\$9,072.00</b>

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 payments shall be due and payable on or before July 31, 2009.
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 \$90,721.00 of its CDBG Funds to the City of Hawaiian Gardens. The City of Agoura Hills and the City of Hawaiian Gardens shall agree to execute any and all additional documents that 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 HAWAIIAN GARDENS  
 Ernesto Marquez  
 City Administrator  
 21815 Pioneer Boulevard  
 Hawaiian Gardens, CA 90716

CITY OF AGOURA HILLS  
 Greg Ramirez  
 City Manager  
 30001 Ladyface Court  
 Agoura Hills, CA 91301

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 the \_\_\_ day of \_\_\_\_\_, 2009.

CITY OF HAWAIIAN GARDENS

CITY OF AGOURA HILLS

\_\_\_\_\_  
 Ernesto Marquez  
 City Administrator

\_\_\_\_\_  
 Greg Ramirez  
 City Manager

ATTEST:

ATTEST:

\_\_\_\_\_  
 Sue Underwood  
 City Clerk

\_\_\_\_\_  
 Kimberly M. Rodrigues  
 City Clerk