

REPORT TO CITY COUNCIL

DATE: MARCH 23, 2011

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. 11-1624, AGREEING TO EXCHANGE FISCAL YEAR 2011-2012 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WITH THE CITY OF LAWDALE FOR GENERAL FUNDS

The request before the City Council is to conduct a public hearing to consider approval of attached Resolution No. 11-1624, agreeing to exchange the City's Fiscal Year 2011-2012 allocated Community Development Block Grant (CDBG) funds of \$93,345 with the City of Lawndale for \$60,674 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 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 six agreements with five different Cities to exchange allocated and unallocated CDBG funds for general funds at varied rates from 50% to 59%. In total, the City has exchanged \$556,903 of CDBG funds for \$306,582 of general funds, which equates to an average exchange rate of 55%.

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 CDBG 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 continues to be funded entirely with general funds. In addition, the City's Single Family Residential Rehabilitation Program, which had a previous CDBG loan budget of less than \$58,000 in 2007, was continued during this current Fiscal Year with \$100,000 of Redevelopment Housing Set-Aside Funds. General funds received through an exchange of the City's CDBG funds, however, can be used for any purpose the City chooses.

The CDC has recently informed staff that the City's current allocation for Fiscal Year 2011-2012 is \$93,345, which the City can allocate 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 for general funds. Staff has received several offers, with the City of Lawndale's being the highest. The City of Lawndale has offered to purchase the full allocation of the City's CDBG funds at an exchange rate of 65%, for \$60,674 of general funds. The City of Lawndale's 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 Lawndale. 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. 11-1624, agreeing to exchange Fiscal Year 2011-2012 allocated Community Development Block Grant (CDBG) funds with the City of Lawndale for general funds.

Attachment: Resolution No. 11-1624 (and attached Agreement with the City of Lawndale)

RESOLUTION NO. 11-1624

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 LAWDALE REGARDING THE EXCHANGE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR FISCAL YEAR 2011-2012

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 \$93,345.00 of its FY 2011-2012 allocated CDBG funds for \$60,674.25 of general funds; and

WHEREAS, the City Council of the City conducted a properly noticed public hearing on March 23, 2011, to consider the allocation of CDBG funds for Fiscal Year 2011-2012.

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 Lawndale” (“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 _____, 2011.

Harry Schwarz, 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. 11-1624 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 _____, 2010, by the following roll call vote:

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

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 LAWDALE

The Agreement is made on this _____ day of _____, 2011, by and between the City of Agoura Hills, a municipal corporation, and the City of Lawndale, a municipal corporation, to facilitate the exchange of Community Development Block Grant (“CDBG”) funds between the City of Agoura Hills and the City of Lawndale.

RECITALS

- A. The City of Agoura Hills and the City of Lawndale have executed three-year cooperation agreements 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 Lawndale during fiscal year 2011-2012. In exchange for the assignment by the City of Lawndale 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 Lawndale; and
- C. The two Cities desire to enter into an agreement under which the City of Lawndale would exchange \$60,674.25 of its general funds for \$93,345.00 of the City of Agoura Hills’ unexpended entitlement of CDBG Funds for Fiscal Year 2011-2012.

NOW, THEREFORE, the Cities agree as follows:

- 1. **EXCHANGE.** The City of Agoura Hills agrees to assign \$93,345.00 of its unexpended entitlement of CDBG Funds for Fiscal Year 2011-2012 to the City of Lawndale. In return, the City of Lawndale agrees to assign \$60,674.25 of its general funds to the City of Agoura Hills. The exchange rate is \$.65/1.00. 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 Lawndale.

	Amount	Public Service Authority Received	Administrative Authority Received
FY 2011-12	\$93,345.00	\$14,001.75	\$9,334.50
Unallocated Balance	\$0	\$0	\$0
Total	\$93,345.00	\$14,001.75	\$9,334.50

2. **CONSIDERATION.** The City of Agoura Hills shall assign the agreed upon CDBG Funds in one lump sum payment. The City of Lawndale 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 August 1, 2011.
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 \$93,345.00 of its CDBG Funds to the City of Lawndale. The City of Agoura Hills and the City of Lawndale 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:

If to City of Lawndale: Attention: City Manager
 City of Lawndale
 14717 Burin Avenue
 Lawndale, CA 90260

With copy to: Attention: Tiffany J. Israel, Esq.
 Aleshire & Wynder
 18881 Von Karman Ave., Suite 417
 Irvine, CA 92612

If to City of Agoura Hills: Attention: City Manager
 City of Agoura Hills
 30001 Ladyface Court
 Agoura Hills, CA 91301

With copy to: Attention: City Clerk
 City of Agoura Hills
 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 _____, 2011.

CITY OF LAWNSDALE

CITY OF AGOURA HILLS

Harold E. Hoffmann, Mayor

Harry Schwarz, Mayor

ATTEST:

ATTEST:

Paula Hartwill, City Clerk

Kimberly M. Rodrigues, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Aleshire & Wynder, LLP

Tiffany J. Israel, City Attorney

Craig Steele, City Attorney