



MEMORANDUM

TO: City Council

FROM: Bill Robeson, Assistant City Manager/Public Works Director

BY: Shannon Sweeney, City Engineer

SUBJECT: Community Development Block Grant (CDBG) Funding Reallocation

DATE: August 13, 2024

RECOMMENDATION:

- 1) Adopt a Resolution authorizing the City Manager to reallocate CDBG money previously assigned to various City projects, to the Curb Ramp and Sidewalk Improvement Element associated with the 2024 Pavement Maintenance Project. This CDBG money will be applied to costs associated with the addition and replacement of curb ramps to meet Americans with Disabilities Act (ADA) standards; and
- 2) Find that this item is not a project subject to the California Environmental Quality Act (CEQA) because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.)

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Table 1 shows existing funding available from the CDBG program for various City projects mentioned in Staff's Recommendation. The total CDBG funding amount shown in Table 1 for City projects is \$202,012.18.

Table 1: CDBG Funding Allocation

Item	Amount	Original Allocation	Recommended Allocation
1	\$59,416.49	2021 City Hall Front Entrance Project	Curb Ramp and Sidewalk Improvement
2	\$5,693.40	2023 CDBG Administration	Curb Ramp and Sidewalk Improvement
3	\$75,097.29	2023 CDBG Construction	Curb Ramp and Sidewalk Improvement
4	\$61,805.00	2024 CDBG Construction	Curb Ramp and Sidewalk Improvement

All available CDBG funds are budgeted for their respective projects. This reallocation does not impact various projects' budgets, but simply changes the source of those funds. Projects whose funding is recommended to be reallocated from CDBG will instead be funded through the general fund, and vice versa. This recommendation does not constitute a change in budget amounts, only the funding source. The carryovers and

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budget reallocation will be completed in the First Quarter Financial Status report. This approval will allow staff to move forward with the bidding process.

BACKGROUND:

On [March 9, 2021](#), City Council approved \$40,000 for a project named City Hall Front Entrance Barrier Removal Project. The proposed project would install an accessible entrance to the City Hall building, including installing exterior doors with automatic door openers that can be easily operated by citizens with mobility limitations. This project also addresses the first national CDBG objective by enhancing accessibility for individuals with disabilities on City-owned property.

Since this City Hall ADA project was identified, additional funding has been made available to it. County administrative staff has confirmed that a total of \$59,416.49 is allocated to this project (Item 1 in Table 1). The federal obligations associated with the CDBG funding for this project have presented insurmountable difficulties with the available funding. City staff still advocate for its completion and will be able to make progress on its implementation by removing the extra federal obligations.

On [February 14, 2023](#), City Council approved \$6,111 for City administration and \$56,749 for curb ramp and sidewalk improvement. Housing and Urban Development (HUD), the federal organization that administers and distributes CDBG funds, adjusted local available CDBG funds to \$5,693.40 (Item 2 in Table 1) and \$75,097.29 (Item 3 in Table 1), respectively.

On [February 13, 2024](#), City Council approved \$58,960 in CDBG funds towards curb ramp and sidewalk improvements on sidewalks adjacent to streets being paved and in conjunction with scheduled pavement improvements. HUD increased local available CDBG funds. As a result, the City's 2024 funds received has been increased to \$61,805 (Item 4 in Table 1).

ANALYSIS OF ISSUES:

The 2024 Pavement Maintenance Project is at 90% design review. The project originally included the installation or replacement of 61 curb ramps adjacent to the 4.6 miles of pavement scheduled to be treated, at a cost of \$1.6 million solely for curb ramp work. A review of existing curb ramps revealed that all but eleven of those curb ramps meet either exception or safe harbor elements of the ADA regulations, which negates the need to replace them.

The remaining eleven curb ramps need to be either installed or replaced. The engineer's estimate solely for constructing these eleven remaining curb ramps is \$167,000. A prorated portion of other curb ramp project costs, such as mobilization, stormwater monitoring, and traffic control can also be reimbursed using CDBG funds.

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City staff worked closely with County CDBG program administration staff to ensure that this reallocation is allowed. County staff has indicated that such an allocation can be addressed through City Council approval and a letter signed by the City Manager requesting the reallocation.

If any CDBG funds remain following the 2024 pavement maintenance project, these funds can be reallocated to another project at a future date.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Reallocate existing City CDBG funds as shown in Table 1;
2. Leave CDBG funds as currently allocated; or
3. Provide other direction to staff.

ADVANTAGES:

CDBG is a federally funded program. Federal programs have significant administrative requirements including environmental review, disadvantaged business entity verification, and Section 3 (economic opportunities for low – and very low – income persons) reporting.

These requirements are onerous to both City staff and contractors on small projects like the ones shown in Table 1. Smaller companies are often unwilling or unable to meet these requirements, which creates challenges in competitively bidding projects. Firms that compete on larger construction projects are more accustomed to meeting federal requirements, as larger construction projects are likely to have federal funding components associated with them.

By consolidating funds into a single larger project, CDBG funds can be used more efficiently. When contractors are required to meet federal obligations, administrative requirements are an added cost to the project. On smaller projects, these costs are a larger fraction of the project cost, leaving fewer funds available for construction. The administrative cost of meeting federal regulations becomes a smaller fraction of larger jobs, especially since larger firms are better equipped to address those requirements and are more familiar with what is needed.

The administrative load on City staff is reduced substantially if the funds are consolidated into one larger project rather than multiple smaller projects. City staff are required to submit regular reports, numerous forms demonstrating compliance with federal requirements, and reimbursement requests. By consolidating the funding, City staff will only be tasked with completing this paperwork for one large project rather than numerous small ones, which is a more efficient use of staff time.

DISADVANTAGES:

No disadvantages identified. All projects identified as previously funded by CDBG funds will be funded using other funding sources instead.

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ENVIRONMENTAL REVIEW:

This item is not a project subject to the California Environmental Quality Act (CEQA) because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.)

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Proposed Resolution Authorizing CDBG Reallocation