COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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William K. Huang
Acting Executive Director

ADOPTED
Community Development Commission

December 16, 2008

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SACHI A. HAMAI
EXECUTIVE OFFICER

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE COMMUNITY DEVELOPMENT BLOCK GRANT REIMBURSABLE CONTRACT AMENDMENTS FOR THE CITIES OF BEVERLY HILLS, TEMPLE CITY, MONROVIA, BELL, AND SAN DIMAS (Districts 1,3,5) (3 Vote)

SUBJECT:

This letter recommends approval of Community Development Block Grant (CDBG) Reimbursable Contract Amendments to reduce CDBG funding to the Cities of Beverly Hills and Temple City by $166,100 and $25,000, respectively, and to increase CDBG funding to Cities of Monrovia, Bell, and San Dimas by $68,990, $68,000, and $35,000, respectively.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that approval of CDBG Reimbursable Contract Amendments with the Cities of Beverly Hills, Temple City, Monrovia, Bell, and San Dimas is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

2. Approve Amendment No. 4 to CDBG Reimbursable Contract No. 70716 between the County of Los Angeles and the City of Beverly Hills, presented in substantially final form, to remove $166,100 in previously allocated CDBG funds, thereby reducing the amount allocated to the City of Beverly Hills from $716,115 to $550,015.

3. Approve Amendment No. 4 to CDBG Reimbursable Contract No. 70753 between the County of Los Angeles and the City of Temple City, presented in substantially final form, to remove $25,000 in previously allocated CDBG funds, thereby reducing the amount allocated to the City of Temple City from $571,663 to 546,663.

4. Approve Amendment No. 3 to CDBG Reimbursable Contract No. 70740 between the County of Los Angeles and the City of Monrovia, presented in substantially final form, to add $68,990 in CDBG funds thereby increasing the amount of CDBG funds allocated to the City of Monrovia from $1,145,928 to $1,214,918.

5. Approve Amendment No. 3 to CDBG Reimbursable Contract No. 70714 between the County of Los Angeles and the City of Bell, presented in substantially final form, to add $68,000 in CDBG funds, thereby increasing the amount of CDBG funds allocated to the City of Bell from $2,050,038 to $2,118,038.

6. Approve Amendment No. 3 to CDBG Reimbursable Contract No. 70744 between the County of Los Angeles and the City of San Dimas, presented in substantially final form, to add $35,000 in CDBG funds, thereby increasing the amount of CDBG funds allocated to the City of San Dimas from $635,472 to $670,472.

7. Instruct the Acting Executive Director of the Community Development Commission (Commission) to execute the necessary CDBG Reimbursable Contract Amendments for the cities of Beverly Hills, Temple City, Monrovia, Bell, and San Dimas, and all necessary non-monetary amendments thereto, on behalf of the County of Los Angeles, following approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The Commission conducted appeal hearings in May 2008 for the cities of Beverly Hills and Temple City, who had failed to meet the drawdown requirement for Fiscal Year (FY) 2007-2008, as described in further detail below. The appeals panel decided the cities of Beverly Hills and Temple City did not provide sufficient justification for failing to meet their drawdown requirement; and therefore, the appeals panel decided to withdraw a portion of these cities' CDBG funding.

In September 2008, the Commission conducted a selection process to distribute the funds recaptured from the cities of Beverly Hills and Temple City to other participating cities. Based upon a review of proposals, the Cities of Bell, Monrovia, and San Dimas were awarded funds for CDBG eligible ongoing projects that can expend the funds by June 30, 2009. To implement the fund transfers, the Board needs to approve Reimbursable Contract Amendments with Beverly Hills and Temple City to reduce their funding; and with Bell, Monrovia, and San Dimas to increase their funding.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Commission will recapture $166,100 from the City of Beverly Hills and $25,000 from the City of Temple City, for a total of $191,100. The Commission will award a total of $171,990 to the Cities of Monrovia, Bell, and San Dimas. The balance of $19,110 will be retained as an administrative fee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

U.S. Department of Housing and Urban Development (HUD) regulations require that grantees have a balance of no more than 150% of their annual CDBG allocation unused by April 30th of each year (the "drawdown requirement"). If grantees fail to meet this requirement, their allocations can be reduced ("recapture") by the amount exceeding 150% of their annual allocation. In March 2003, the Commission implemented a policy imposing this drawdown requirement and recapture penalty on participating cities.

Cities in danger of not meeting the drawdown requirement are notified twice before the deadline of March 31st of each year. If cities are still not in compliance by that date, they are notified that the amount by which they exceed their drawdown requirement will be recaptured.

Cities are afforded an opportunity to meet with a panel of Commission staff and a representative from another participating city to explain their failure to meet the drawdown requirement. The grounds for appeals are the extent to which circumstances beyond the city's control contributed to the failure to meet the requirement. After the hearings, the panel considers statements by city representatives, Commission performance reports, and any other relevant documentation. If a city is found to have failed to meet its drawdown requirement even though there were no circumstances beyond the city's control, the panel may decide to recapture all or part of the amount exceeding the drawdown requirement.

Funds that are recaptured are placed in a separate pool. A request is then sent to other participating cities to propose projects to utilize the recaptured funds. These may be existing or new projects. Priority is given to projects that reduce waiting lists or expand existing services and that expend the funds by June 30, 2009.

In May 2008, the Commission conducted the appeal hearings for cities that failed to meet their drawdown for Fiscal Year 2007-08. The appeals panel recaptured $166,100 from the City of Beverly Hills and $25,000 from the City of Temple City, for a total of $191,100. It was determined that neither city identified exigent circumstances which caused them to fail to meet their drawdown requirement.

In September 2008, the Commission conducted a proposal process and received four proposals. Proposals were reviewed by Commission staff, and $171,990 was awarded to the Cities of Monrovia, Bell, and San Dimas. Monrovia received $68,990 for its Residential Preservation Grant project; Bell received $68,000 for its Code Enforcement project; and San Dimas received $35,000 for its Single Family Rehabilitation project. The balance of $19,110 was retained as an administrative fee. A fourth proposal, from the City of Bell Gardens, was not accepted for several reasons: it proposed the construction of a parking lot for which all of the funding had not been identified; the project was unlikely to be completed by June 30, 2009; and the proposal requested all of the available funding. Commission staff determined that more persons would benefit by funding the other projects.

The attached standard CDBG Reimbursable Contract Amendments implementing these changes are presented in substantially final form, and will be effective following approval as to form by County Counsel and execution by all the parties.

ENVIRONMENTAL DOCUMENTATION:

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. These activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

The amendments allow the CDBG funds to be spent in a timely manner.

Respectfully submitted,

Bobbette A. Glover
for WILLIAM K. HUANG
Acting Executive Director

Attachments: 5

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER ____4_____

CITY: TEMPLE CITY

CONTRACT NUMBER: 70753

THIS AMENDMENT NO. 4 TO CONTRACT 70753 is made this_____ day of _____, 2008, by and between the County of Los Angeles, hereinafter called the "County," and the City of Temple City, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract, Contract Number 70753, dated July 1, 2006, and amended August 21, 2007, April 2, 2008, and July 3, 2008;

WHEREAS, the Community Development Commission of the County of Los Angeles administers this Contract on behalf of the County;

WHEREAS, the Operating Agency failed to meet its Fiscal Year 2008-2009 drawdown requirement and appeared before the Community Development Commission's Recapture Appeals Panel;

WHEREAS, the Recapture Appeals Panel determined the Operating Agency did not identify exigent circumstances that caused the Operating Agency to fail to meet its drawdown requirement; and

WHEREAS, the Recapture Appeals Panel ruled the Operating Agency must forfeit $25,000 in CDBG funds;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70753 be amended as follows:

1. **COMPENSATION AND METHOD OF PAYMENT** has been amended to show a revised compensation amount of five hundred forty-six thousand six hundred sixty-three dollars **($543.663)**. This is a decrease of twenty-five thousand dollars **($25,000)** to the contract amount.

2. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by the Acting Executive Director of the Community Development Commission, and the Operating Agency has subscribed the same through its duly authorized officers on the day, month, and year first above written.

COUNTY OF LOS ANGELES

BY: _____
WILLIAM K. HUANG,
Acting Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF TEMPLE CITY

BY: _____

TITLE: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

BY: _____
Deputy

APPROVED AS TO PROGRAM:

WILLIAM K. HUANG
Acting Executive Director
Community Development Commission
of the County of Los Angeles

BY: _____
Director, CDBG

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER ____4_____

CITY: BEVERLY HILLS

CONTRACT NUMBER: 70716

THIS AMENDMENT NO. 4 TO CONTRACT 70716 is made this_____ day of _____, 2008, by and between the County of Los Angeles, hereinafter called the "County," and the City of Beverly Hills, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract, Contract Number 70716, dated July 1, 2006, and amended August 14, 2007, November 13, 2007, and July 3, 2008;

WHEREAS, the Community Development Commission of the County of Los Angeles administers this Contract on behalf of the County;

WHEREAS, the Operating Agency failed to meet its Fiscal Year 2008-2009 drawdown requirement and appeared before the Community Development Commission's Recapture Appeals Panel;

WHEREAS, the Recapture Appeals Panel determined the Operating Agency did not identify exigent circumstances that caused the Operating Agency to fail to meet its drawdown requirement; and

WHEREAS, the Recapture Appeals Panel ruled the Operating Agency must forfeit $166,100 in CDBG funds;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70716 be amended as follows:

3. **COMPENSATION AND METHOD OF PAYMENT** has been amended as follows: to show a revised compensation amount of five hundred fifty thousand fifteen dollars **($550,015)**. This is a decrease of one hundred sixty-six thousand one hundred dollars **($166,100)** to the contract amount.

4. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by the Acting Executive Director of the Community Development Commission, and the Participating City has subscribed the same through its duly authorized officers on the day, month, and year first above written.

COUNTY OF LOS ANGELES

BY: _____
WILLIAM K. HUANG,
Acting Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF BEVERLY HILLS

BY: _____

TITLE: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

BY: _____
Deputy

APPROVED AS TO PROGRAM:

WILLIAM K. HUANG
Acting Executive Director
Community Development Commission
of the County of Los Angeles

BY: _____
Director, CDBG

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER ____3_____

CITY: SAN DIMAS

CONTRACT NUMBER: 70744

THIS AMENDMENT NO. 5 TO CONTRACT 70744 is made this_____ day of _____, 2008, by and between the County of Los Angeles, hereinafter called the "County," and the City of San Dimas, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract, Contract Number 70744, dated July 1, 2006, and amended August 9, 2007, and June 18, 2008;

WHEREAS, the Community Development Commission of the County of Los Angeles administers this Contract on behalf of the County; and

WHEREAS, the County and the Operating Agency desire to amend said Contract in order to reflect the distribution of CDBG funds recaptured from other participating cities so that the Operating Agency may better implement its CDBG-eligible projects;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70744 be amended as follows:

5. **COMPENSATION AND METHOD OF PAYMENT** has been amended as follows: to show a revised compensation amount of six hundred seventy thousand four hundred seventy-two dollars **($670,472)**. This is an increase of thirty-five thousand dollars **($35,000)** to the contract amount. The additional funds do not include any program administration or public service authority.

6. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by the Acting Executive Director of the Community Development Commission, and the Participating City has subscribed the same through its duly authorized officers on the day, month, and year first above written.

COUNTY OF LOS ANGELES

BY: _____
WILLIAM K. HUANG,
Acting Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF SAN DIMAS

BY: _____

TITLE: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

BY: _____
Deputy

APPROVED AS TO PROGRAM:

WILLIAM K. HUANG
Acting Executive Director
Community Development Commission
of the County of Los Angeles

BY: _____
Director, CDBG

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER 3

CITY: MONROVIA

CONTRACT NUMBER: 70740

THIS AMENDMENT NO. 3 TO CONTRACT 70740 is made this_____ day of _____, 2008, by and between the County of Los Angeles, hereinafter called the "County," and the City of Monrovia, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract, Contract Number 70740, dated July 1, 2006, and amended August 9, 2007, and June 28, 2008;

WHEREAS, the Community Development Commission of the County of Los Angeles administers this Contract on behalf of the County; and

WHEREAS, the County and the Operating Agency desire to amend said Contract in order to reflect the distribution of CDBG funds recaptured from other participating cities so that the Operating Agency may better implement its CDBG-eligible projects;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70740 be amended as follows:

7. **COMPENSATION AND METHOD OF PAYMENT** has been amended as follows: to show a revised compensation amount of one million two hundred fourteen nine hundred eighteen dollars **($1,214,918)**. This is an increase of sixty eight thousand nine hundred ninety dollars **($68,990)** to the contract amount. The additional funds do not include any program administration or public service authority.

8. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by the Acting Executive Director of the Community Development Commission, and the Participating City has subscribed the same through its duly authorized officers on the day, month, and year first above written.

COUNTY OF LOS ANGELES

BY: _____
WILLIAM K. HUANG,
Acting Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF MONROVIA

BY: _____

TITLE: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

BY: _____
Deputy

APPROVED AS TO PROGRAM:

WILLIAM K. HUANG
Acting Executive Director
Community Development Commission
of the County of Los Angeles

BY: _____
Director, CDBG

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER ___3_____

CITY: BELL

CONTRACT NUMBER: 70714

THIS AMENDMENT NO. 3 TO CONTRACT 70714 is made this_____ day of _____, 2008, by and between the County of Los Angeles, hereinafter called the "County," and the City of Bell, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract, Contract Number 70714, dated July 1, 2006, and amended June 25, 2007, and July 3, 2008;

WHEREAS, the Community Development Commission of the County of Los Angeles administers this Contract on behalf of the County; and

WHEREAS, the County and the Operating Agency desire to amend said Contract in order to reflect the distribution of CDBG funds recaptured from other participating cities so that the Operating Agency may better implement its CDBG-eligible projects;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70714 be amended as follows:

1. **COMPENSATION AND METHOD OF PAYMENT** has been amended to show a revised compensation amount of two million one hundred eighteen thousand thirty-eight dollars **($2,118,038)**. This is an increase of **($68,000)** to the contract amount. The additional funds do not include any program administration or public service authority.

2. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by the Acting Executive Director of the Community Development Commission, and the Participating City has subscribed the same through its duly authorized officers on the day, month, and year first above written.

COUNTY OF LOS ANGELES

BY: _____
WILLIAM K. HUANG,
Acting Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF BELL

BY: _____

TITLE: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

BY: _____
Deputy

APPROVED AS TO PROGRAM:

WILLIAM K. HUANG
Acting Executive Director
Community Development Commission
of the County of Los Angeles

BY: _____
Director, CDBG