



# Council Agenda Report

To: Mayor Wagner and the Honorable Members of the City Council

Prepared by: Elizabeth Shavelson, Assistant to the City Manager

Approved by: Reva Feldman, City Manager

Date prepared: March 5, 2019 Meeting date: March 25, 2019

Subject: Approval of Use of Community Development Block Grant Funds (CDBG) for the CDBG Revolving Grant Fund

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**RECOMMENDED ACTION:** 1) Conduct the public hearing; 2) Adopt Resolution No. 19-14 authorizing and approving the transfer of the City's Community Development Block Grant (CDBG) for Fiscal Year 2019-2020 and prior year unallocated funds to the CDBG Revolving Grant Fund; and 3) Authorize the City Manager to execute the Agreement between the City of Malibu and the Community Development Commission (CDC) of Los Angeles County to transfer CDBG Funds to the CDBG Revolving Grant Fund for later use in Malibu CDBG-eligible projects.

**FISCAL IMPACT:** There is no direct fiscal impact associated with the recommended action. If the item is approved by Council, the City's available capital project fund balance with CDBG will be temporarily reduced. Since the City does not have any eligible CDBG capital projects that are ready to move forward at this time, it is recommended that the \$80,971 be made available for the CDBG Revolving Grant Fund so that other municipalities can utilize the funds in the near term and the City can stay in compliance with CDBG program guidelines that determine the City's maximum allowable fund balance. The \$80,971 will be returned to the City for later use on CDBG eligible activities.

**DISCUSSION:** The City receives an allocation of CDBG funds every year. The funds are administered by the CDC. CDBG funds are distributed based on population and the City typically receives approximately \$46,000 each year. The CDC guidelines stipulate that only 15% of the City's annual allocation is available for public service programs within the community that meet the Department of Housing and Urban Development (HUD) criteria of benefitting low and moderate income residents. The remaining funds must be spent on capital projects. Historically, the City has awarded the public service program funds, approximately \$7,000, to the Malibu Community Labor Exchange Program. In years past, the City exchanged its CDBG fund balance with other cities; however, HUD discontinued this practice. Since that time, the City has worked with CDC to develop potential CDBG

eligible projects and has had difficulty identifying suitable projects to meet its annual drawdown requirements.

In Fiscal Year 2014-2015, the City allocated \$106,281 for the installation of a new trailer for the Malibu Community Labor Exchange on the Los Angeles County property at 23525 Civic Center Way Improvements. CDBG guidelines require that all capital funds be spent within three years. Due to delays on the Santa Monica College (SMC) Malibu Campus project on the property at 23525 Civic Center Way, the City was not able to purchase and install the trailer within the timeframe established by the CDBG guidelines. The City worked with CDC staff to close out the grant for the Malibu Community Labor Exchange Trailer Replacement Project in winter 2017 with the intention of reallocating the grant funds for the project once the logistics could be worked out with Los Angeles County and SMC.

The SMC Malibu Campus Project is currently underway and the campus is expected to be open in 2022. Staff has been working with representatives from the County and SMC to coordinate the trailer project with the construction of the SMC Malibu Campus Project.

In the meantime, the City's unallocated CDBG fund balance has grown to exceed the threshold established by the CDBG program guidelines. To meet the City's CDBG drawdown requirement while ensuring that the City will have sufficient funds in the future to complete the MCLE trailer project once the project timing and logistics are confirmed, CDC representatives suggested that the City transfer funds to the CDBG Revolving Grant Fund.

The CDBG Revolving Grant Fund provides funding to local municipalities for CDBG-eligible projects that have an identified funding shortfall. Municipalities are required to pay back the revolving grant with their annual CDBG funding allocations. Cities that transfer funds to the Revolving Grant Fund are repaid in full and can request repayment one year after the funds are initially transferred.

After discussions with CDC representatives, staff recommends allocating \$80,971 of the City's unallocated balance to the CDBG Revolving Fund Grant. \$80,971 is the minimum amount that the City can transfer to be in compliance with the CDBG's drawdown requirement and will leave the City with approximately \$60,000 remaining to be allocated to CDBG-eligible capital projects. In addition, the City is expected to receive another \$46,000 in Fiscal Year 2019-2020 bringing the City's total available balance to approximately \$106,000 by July 2019. The City will request repayment for the CDBG Revolving Fund Grant transfer as soon as it is eligible to ensure that sufficient funding is available for the MCLE Trailer Replacement Project.

#### ATTACHMENTS:

1. Resolution No. 19-14
2. Notice of Public Hearing

RESOLUTION NO. 19-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU  
AUTHORIZING AND APPROVING THE TRANSFER OF THE CITY'S  
COMMUNITY DEVELOPMENT BLOCK GRANT FOR FISCAL YEAR 2019-  
2020 AND PRIOR YEAR UNALLOCATED FUNDS TO THE COMMUNITY  
DEVELOPMENT BLOCK GRANT REVOLVING GRANT FUND

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

- A. The City of Malibu is a participating agency under the County of Los Angeles Community Development Block Grant (CDBG) Program.
- B. The Los Angeles County Community Development Block Grant (CDBG) Program has allocated \$45,598 to the City of Malibu for Fiscal Year 2019-2020 and the City has an unallocated balance of \$140,453.
- C. The City has considered and evaluated CDBG eligible projects and community needs.
- D. The Community Development Commission offers participating agencies the opportunity to transfer designated funding to a revolving grant fund which will be returned to the City to be used at a future time for a CDBG eligible project.

SECTION 2. After conducting a public hearing, the City Council hereby authorizes the transfer of \$80,971 in unallocated CDBG funds to the CDBG Revolving Grant Fund. The City Council authorizes adjustments to the programmed amounts as needed and available, as well as in the event that the City receives a different total funding amount. The City Manager or her designee is also authorized to approve all necessary contracts and agreements needed to transfer to the CDBG Revolving Grant Fund the minimum amount of its unallocated CDBG funds required for the City to be in compliance with the CDBG's drawdown requirements.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 25<sup>th</sup> day of March 2019.

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JEFFERSON WAGNER, Mayor

ATTEST:

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HEATHER GLASER, City Clerk  
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED  
BY THE CITY ATTORNEY'S OFFICE  
CHRISTI HOGIN, City Attorney

**NOTICE OF PUBLIC HEARING  
CITY OF MALIBU  
CITY COUNCIL**

The Malibu City Council will hold a public hearing on **Monday, March 25, 2019, at 6:30 p.m. in the City Council Chambers at Malibu City Hall**, located at 23825 Stuart Ranch Road, Malibu, CA, for:

**Approval of the City of Malibu's proposed allocation of Community Development Block Grants (CDBG) funds in the amount of \$80,971 to the CDBG Revolving Grant Fund. This proposed allocation will use both the City's 2018-2019 CDBG Fiscal Year and prior year unallocated funds.**

If there are any questions regarding this notice, please contact Ruth Piyaman, Finance Manager at (310) 456-2489, ext. 223. Copies of all related documents can be reviewed by any interested person at City Hall during normal business hours, Monday through Friday. Oral and written comments may be presented to the City Council on, or before, the date of the meeting.

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RUTH PIYAMAN, Finance Manager

Publish Date: Thursday, February 21, 2019