

City Council Report

Date: February 5, 2018

To: City Council

Through: Natalie Lewis, Deputy City Manager
Ruth Giese, Community Services Director

From: Elizabeth Morales, Housing and Community Development Director

Subject: FY 2017/18 Second Substantial Amendment to FY17/18 Annual Action Plan

Covering the Following Program:
Community Development Block Grant (CDBG)

Council District: 4

Purpose and Recommendation

The purpose of this report is to request City Council approve a resolution authorizing the City of Mesa's Second Substantial Amendment to the FY 2017/2018 Annual Action Plan ("Amendment") for submittal to the U.S. Department of Housing and Urban Development ("HUD"). Authorization is requested to approve the funding recommendations with a resolution authorizing the City Manager to proceed with the submittal of the Amendment to HUD.

The Amendment would allow the City to reallocate \$600,000 in Community Development Block Grant ("CDBG") funding from the Senior Center Renovation Project (247 N. Macdonald) to the Eagles Park Project (828 E. Broadway Road). The funds are being reprogrammed in order to meet HUD's 1.5 times expenditure timeliness requirements. The City Council will need to consider a new allocation of \$600,000 in CDBG funds to be provided in FY 2018/2019 to the Senior Center Renovation Project to ensure the renovations are completed. City staff proposes City Council approval of the Amendment allowing for reprogramming these CDBG funds.



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Background

The City allocated \$250,000 in CDBG funds for the Senior Center renovation in the FY 2015/2016 Annual Action plan to do lobby renovations. An additional \$750,000 in FY 2016/2017 CDBG funding was awarded for building system upgrades; thus, bringing the total allocation to \$1,000,000. Due to design challenges, the Senior Center Renovation Project has been delayed since the original award.

Discussion

The Amendment is necessary to ensure the timely expenditure of CDBG funds and it enables the City to provide some of the alternates for Eagles Park that would not have been funded due to budget constraints. Allocating additional funding to the Eagles Park Project will provide the residents in the area a higher quality park experience.

On January 11, 2018, the Housing and Community Development Advisory Board ("Board") voted 6-0 in favor of the Amendment. The Board did express the importance of providing an additional \$600,000 in CDBG funding for the Senior Center Renovation Project in FY2018/2019 to ensure its completion.

A 30-day public comment period for the Amendment began on December 25, 2017 and concluded on January 23, 2018. A public hearing for the Amendment was held at 20 E. Main St., Room 170E, Mesa AZ 85201 at 5:00 pm on January 9, 2018. The public hearing provided the general public with an opportunity to comment in person on the Amendment. No comments were received at the hearing or during the 30-day public comment period.

Fiscal Impact

Only CDBG funds will be used and this reallocation does not include any City General Funds. CDBG funds are required by HUD to be used in a timely manner. Only 1.5 times the City's CDBG annual allocation can remain in the line of credit unspent. Failure to meet the expenditure requirements may jeopardize future HUD funding allocations. Without the Amendment, the City may not meet HUD's 1.5 expenditure ratio requirement.

Coordinated With

The proposed Amendment was released for review and comment to the public, funding applicants, City departments affected by the potential funding allocation, and the Board.