



CITY COUNCIL AGENDA REPORT

MEETING DATE: NOVEMBER 16, 2010

ITEM NUMBER: VIII-2

SUBJECT: DOWNTOWN POOL, RECREATION ON CAMPUS (ROCKS), YOUTH SPORTS BASKETBALL AND FLAG FOOTBALL PROGRAMS BUDGET

DATE: OCTOBER 28, 2010

FROM: ADMINISTRATIVE SERVICES/RECREATION

PRESENTATION BY: ALLAN ROEDER, CITY MANAGER

FOR FURTHER INFORMATION CONTACT: Lisa McPherson, Recreation Supervisor 714-754-5322

RECOMMENDATION:

1. Provide direction to staff regarding the continued operation or closure of the Downtown Community Pool.
2. Approve the continuation or elimination of the Recreation on Campus for Kids at school sites where school matching funds have not been obtained.
3. Approve the 1st Amendment to the City of Costa Mesa's CDBG-R Substantial Amendment to fund a portion of the Whittier School site ROCKS program, and authorize staff to submit the 1st Amendment to the U.S. Department of Housing and Urban Development.

BACKGROUND:

At the Council Meeting of August 17, 2010, City Council approved the delayed closure of the Downtown Community Pool for 3 months to allow additional time for staff to seek grants, sponsorships, and partnerships with the private sector for alternative program funding sources; and to extend for 3 months the offer of the City's 50 percent matching funds for the ROCKS program for school sites that have not yet raised the required 50 percent matching funds (Council minutes Attachment 1).

Council also directed staff to bring to the Parks and Recreation Commission a full cost recovery fee program for the Youth Basketball and Flag Football programs. At the September 22, 2010 Parks and Recreation Commission meeting, the Commission approved "not to exceed" fee amounts of \$134 for the Youth Sports Flag Football Program (previously \$58) and a \$66 fee for the Youth Sports Basketball Program (previously \$39). The not to exceed fee amounts will allow staff to charge a lower fee should outside funding sources be obtained.

ANALYSIS:

Downtown Community Pool

Staff previously contacted the YMCA for their consideration of operating the Downtown Pool. After the YMCA's review of the Downtown Pool operation based on how they would program the pool per their operations, the YMCA determined there would be a sizeable operating deficiency and declined to submit a proposal. Staff again contacted the YMCA with a new proposal for operating the Gymnasium along with the Downtown Pool for their consideration. The YMCA was informed that any programming of the Pool and the Gymnasium would have to be open to the public with no YMCA membership requirements. The Pool and Gymnasium are required to be available and accessible to the public as a result of Federal regulations in effect due to Community Development Block Grant (CDBG) funds used in the construction of the facility. Federal regulations would also require that any revenue generated from the private or contract operation of the facility be returned to the CDBG fund, not the General Fund.

Staff has researched grant funding for the Downtown Pool from companies and organizations including Speedo, Big 5, Finish Line Youth Foundation, Nike, Women's Sport Foundation, USA Swimming Foundation, and others. The only organization offering a grant that the City qualifies for is the USA Swimming Foundation (USSF). The USSF organization offers a "Make A Splash" grant for \$3,000-\$5,000 for the purpose of providing swim lessons to the disadvantage youth in the community. This grant is a "scholarship" funding program to provide financial assistance to youth who cannot afford swim lessons. This grant does not provide additional funds to the City to offset our operating costs.

Staff contacted Orange Coast College and Newport Harbor High School to request their consideration of renting the Downtown Pool for their swim team's practice. Neither school expressed an interest. Staff then contacted Vanguard University after learning they had a Water Polo team. Vanguard University did rent the Downtown Pool for the month of September. Staff was hoping for a long-term rental agreement with Vanguard University, but Vanguard has moved their team to the new Costa Mesa High School Aquatic facility.

Staff held a meeting on Tuesday, September 21 at the Downtown Recreation Center with the lap swim participants to discuss their suggestions or recommendations to offset City costs and allow for the Downtown Pool to remain open. None of the lap swim participants attended the meeting.

Staff have had inquires from Home Schools in regards to implementing youth swim lessons and Water Aerobics in-between lap swim morning and afternoon weekday sessions. Staff have also had inquires from parents and the public to offer Saturday youth swim lessons and Water Aerobic classes, private swim lessons and lifeguard certification classes. These possible new class fees would offset the cost for lifeguard/instructor staff and some of the pool daily maintenance costs. These classes could be held in the Fall and Winter months when the pool normally has a low attendance. The classes would utilize the staff already scheduled and working at the Downtown Pool and would not increase the operating cost to the City.

If Council does not wish to proceed with offering new classes, and with no immediate funding alternatives, staff is recommending the Downtown Pool be closed for a 5 month period starting November 25, 2010 reopening May 2, 2011. The closure will result in the elimination of the full-time Recreation Specialist and all part-time lifeguard staff as of December 4. Aquatic staff will have a week (November 17-24) to notify the public of the 5 month closure and another week (November 29-Dec 4) to prepare the Aquatics Center for the closure. Part-time staff (Recreation Specialist and lifeguards) will need to be rehired during March-April 2011 to administer the recruitment, scheduling, hiring and training of aquatic staff in preparation for the Downtown Pool to reopen for the 2011 summer season (May-October). The 5-month closure is a cost saving of approximately \$66,000.

ROCKS After-School Program

At the beginning of the school year on Tuesday, September 7, four (4) schools had raised sufficient matching funds to begin offering the ROCKS program on their campuses (Sonora, Paularino, Davis and Whittier). With the City's extension of the matching funds offer, two (2) additional schools, California and Victoria, have been working towards obtaining matching funds to offer the ROCKS program during the month of November. The remaining school sites (College Park, Killybrooke, Pomona, Kaiser and Adams) have communicated to staff that they are unable to raise matching funds and will not be offering the ROCKS program on their campuses. Staff is recommending that the ROCKS Program be offered only at the six (6) school sites that have currently met or are continuing to raise the funding match requirement.

In the meantime, staff continues to work with NMUSD Principals and PTA members on additional fundraising opportunities such as offering the use of the TeWinkle Athletic Complex Snack Bar for the PTA organizations to sell concession items during Adult Sports Softball games and tournaments. In addition, the CDBG-R Neighbors for Neighbors "Clean Up Campus" program has been offered at schools that currently have a ROCKS afterschool program on their campus. Beginning November 15, schools may submit a "Clean Up Campus" proposal. Qualified proposals that can demonstrate a benefit to both the local neighborhood and the schools as a whole, may receive a grant (or stipend) of \$1,500 which could then be used to help local schools meet their individual fundraising goals to support their local ROCKS program.

The Community Foundation received \$13,200 of nondesignated ROCKS donations (\$12,450+ \$750 Daily Pilot Cup) which has been divided between the 6 school sites (\$2200 each site) to assist in the PTA's matching funds as well as designated school site donations.

Community Development Block Grant Recovery Funds and 1st Amendment of CDBG Funding: City Staff is proposing to use a portion of CDBG-R monies (\$10,562) to fund the City's matching portion for the ROCKS program at Whittier School which serves the CDBG target area. Because the City did not include CDBG-R funded public services in its original Substantial Amendment for CDBG-R funding, the City is required to prepare the subject 1st Amendment (Attachment 2). In accordance with federal regulations, the City is required to post the proposed amendment on its website and also make a hard copy of the document available for public review for a seven-day period. A notice was published in the Newport-Mesa Daily Pilot on October 29, 2010, announcing the required public review period which began on October 30, 2010, and ended on November 5, 2010. All written public comments (and applicable staff responses to public comments) will be summarized and included in the final amendment that is submitted to HUD.

Youth Sports Programs

In addition to the Parks & Recreation Commission's approval of full cost recovery fees for the Youth Basketball and Flag Football programs, staff is presenting to the Commission a proposal from the Aim High Hoops Organization for a contract youth basketball class. Staff has also received a request for use of Costa Mesa and NMUSD fields from the Orange County Youth Sports Association (OCYSA) for a Youth Flag Football program known as "Friday Night Lights". This flag football program would replace the City operated program.

ALTERNATIVES CONSIDERED:

City Council can choose to approve City funding to allow the Downtown Pool to remain open and direct staff to further explore offering one or more new instructional classes to help offset the pool operating costs.

Council can choose to close the pool for a period less than 5 months.

City Council can choose to approve City funding to continue the ROCKS program or Council can extend the City's matching funds offer for a specified time period at all school sites where matching funds have not been raised.

FISCAL REVIEW

Downtown Community Pool

Closing of the Downtown Community Pool for the five month period of December 2010 to April 2011 will result in a budget reduction of \$66,000. If City Council directs staff to pursue additional swim classes as discussed above, the anticipated net revenue could be in the range of \$3,000 to \$6,000 depending on number and duration of classes and actual enrollment.

ROCKS Program

If Council approves to fund the ROCKS program at the six (6) school sites that have or will be raising the 50 percent match funding requirement, it would require a matching contribution by the City of \$61,018 (Attachment 3).

If the City Council approves the CDBG-R 1st Amendment for the ROCKS Program at Whittier School, a portion of the funds will be utilized for program staff and supplies (\$10,562). The balance of funds will be utilized for ROCKS program administration including qualifying program beneficiaries and preparing quarterly and annual accomplishment reports.

Youth Sports Program

If the Parks and Recreation Commission approves the contract Youth Basketball class proposal from the Aim High Hoops Organization; the class fee revenue (\$54 per participant) will be split by the contract class allocation of 35 percent to the City and 65 percent to the Aim High Hoops instructors. Based on previous participation numbers of 300 participants, the contract class revenue to the City for the Youth Basketball class is estimated to be \$5,670. The \$5,670 is net revenue to the City since it is a contract class with no operating expenditures to be paid by the City. Without a City operated Youth Basketball program, the City will realize a budget savings of \$20,500 in reduced part-time staff hours.

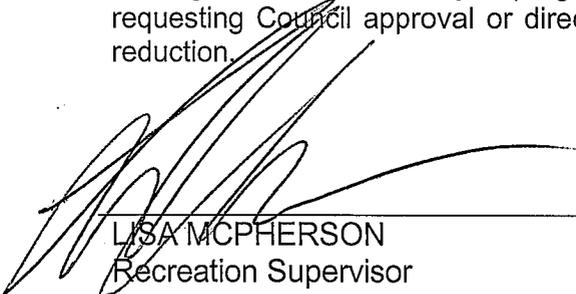
For the Youth Flag Football program, the City would receive \$6,160 in field rental fees, and a budget savings of \$17,000 in reduced part-time staff hours.

LEGAL REVIEW:

No legal review required.

CONCLUSION:

City Council has allowed additional time for staff to secure outside funding sources for the after school ROCKS Program, the Youth Sports programs, and the continued operation of the Downtown Pool. Staff has worked with community groups and businesses to find alternate funding or alternate delivery of programs to enable the continuation of these programs. Staff is requesting Council approval or direction on the programs, positions and staff hours slated for reduction.



LISA MCPHERSON
Recreation Supervisor



STEPHEN MANDOKI
Director of Administrative Services



COLLEEN O'DONOGHUE
Assistant Finance Director

DISTRIBUTION: City Manager
 City Attorney
 Assistant Finance Director
 City Clerk
 Staff

ATTACHMENTS: 1 Council Action Agenda - August 17, 2010
 2 CDBG-R 1st Amendment to the Substantial
 Amendment
 3 Recreation on Campus for Kids Program Cost

ATTACHMENT 1

City Council Agenda – August 17, 2010

9. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AUTHORIZING APPLICATION FOR, AND ACCEPTANCE OF, A GRANT AWARD FROM THE CALIFORNIA OFFICE OF TRAFFIC SAFETY FOR THE "SELECTIVE TRAFFIC ENFORCEMENT PROGRAM."

Recommendation: Adopt resolution

ACTION: Adopted Resolution No. 10-60, FOLEY/LEECE. (3-2, Council Member Bever and Council Member Monahan voting "no"). MOTION CARRIED.

- (a) Budget Adjustment No. 11-002 for \$364,000.

Recommendation: Approve; authorize Mayor to sign

ACTION: Approved; authorized the Mayor to sign.

-----END OF CONSENT CALENDAR-----

VII PUBLIC HEARINGS - 7:00 p.m. (Resolution No. 05-55)

No Public Hearings have been scheduled.

VIII OLD BUSINESS

1. Continued from the Special Council meeting of June 22, 2010, Administrative Services 2010-2011 budget regarding the approval or elimination of some of the 2010-2011 Administrative Services budget reductions.

Recommendation: Provide direction

ACTION: Directed staff to:

1. Youth Sports Programs – Authorize staff to bring forward to the Parks and Recreation Commission a full cost recovery fee program as the first priority.
2. Downtown Community Pool – to reduce the operations of the pool up through to the 2011 summer season, delaying the closure date by three months and that the funding be covered by the salary savings within the division.
3. Direct staff to seek grants, sponsorships, and partnerships with the private sector for alternative program funding sources.
4. Video Production Aide Position – Develop a sponsorship policy consistent with FCC requirements and submit for City Council consideration.
5. ROCKS Program – a) Provide City matching funds to retain the program at those schools where matching funds have been generated to date; b)

ATTACHMENT 1

City Council Agenda – August 17, 2010

Extend the matching offer by the City for the ROCKS program for 3 months for those schools that have not raised matching funds at this time; c) provide City matching funds to retain the TeWinkle Middle School Teen Center; d) Authorize the utilization of CDBG funds to provide a 50% City match for qualifying schools (Whittier Elementary, Pomona Elementary and College Park Elementary schools); e) Authorize operation of the snack bar at the TeWinkle Athletic Sports Complex by school organizations to generate matching revenues.

~~MONAHAN/FOLEY. (4-1, Council Member Bever voting “no”). MOTION CARRIED.~~

IX NEW BUSINESS

1. General Plan Screening Request GPS-10-01 for an assisted living facility at the former Glabman Furniture building located at 3089 Bristol Street.

Recommendation: Accept request for further processing

ACTION: Denied the General Screening Request. BEVER/LEECE. ALL AYES. MOTION CARRIED.

2. Development and implementation of a construction and demolition debris tracking system.

Recommendation: Provide direction

ACTION: Authorized development and implementation. MANSOOR/BEVER. ALL AYES. MOTION CARRIED.

3. Request for Group 1 Fee Waiver Status from California Youth Soccer League, Costa Mesa Chapter.

Recommendation: Approve

ACTION: Approved. MONAHAN/FOLEY. (3-1, Council Member Bever voting “no” and Mayor Mansoor absent). MOTION CARRIED.

4. Resolution recognizing a day of remembrance for those who sacrificed their lives in the Vietnam War.

Recommendation: Adopt resolution

ACTION: Adopted Resolution No. 10-61. MANSOOR/MONAHAN. ALL AYES. MOTION CARRIED.

CDBG-R SUBMISSION TEMPLATE & CHECKLIST

The American Recovery and Reinvestment Act of 2009 ("Recovery Act") was signed into law by President Obama on February 17, 2009. The Recovery Act awards \$1 billion in CDBG Recovery (CDBG-R) funds to be distributed to cities, counties, insular areas and states, of which \$10 million has been reserved by HUD for its administrative costs and \$10 million of which will be awarded to Indian tribes. Recipients of the remaining \$980 million of CDBG-R funds will be the approximately 1,200 jurisdictions that received CDBG funding in Fiscal Year 2008. This template sets forth the suggested format for grantees receiving funds from CDBG-R. A complete submission contains the information requested below, including:

- (1) The CDBG-R Substantial Amendment (template attached below)
- (2) Spreadsheet for Reporting Proposed CDBG-R Activities (see <http://www.hud.gov/recovery>)
- (3) Signed and Dated Certifications (see <http://www.hud.gov/recovery>)
- (4) Signed and Dated SF-424.

Grantees should also attach a completed CDBG-R Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): <u>City of Costa Mesa</u> Jurisdiction Web Address: <ul style="list-style-type: none"> • www.ci.costa-mesa.ca.us 	CDBG-R Contact Person: <u>Muriel Ullman</u> Address: <u>77 Fair Drive, Costa Mesa CA 92628</u> Telephone: <u>714-754-5167</u> Fax: <u>714-754-5330</u> Email: <u>mullman@ci.costa-mesa.ca.us</u>
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ENSURING RESPONSIBLE SPENDING OF RECOVERY ACT FUNDS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, the Department strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES

Grantees must provide information concerning CDBG-R assisted activities in an electronic spreadsheet provided by HUD. The information that must be reported in the spreadsheet includes activity name, activity description, CDBG-R dollar amount budgeted, eligibility category, national objective citation, additional Recovery Act funds for the activity received from other programs, and total activity budget. An electronic copy of the spreadsheet and the format is available on HUD’s recovery website at <http://www.hud.gov/recovery>.

B. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

- (1) Activity Name: (Grantees should follow the same order that activities are listed in the Spreadsheet for Reporting Proposed CDBG-R Activities – this will allow HUD to easily match activity narratives with the information provided in the spreadsheet.)

Pursuant to the ***American Recover and Reinvestment Act of 2009*** (Recovery Act), the City of Costa Mesa has been notified by HUD that it will receive **\$366,409** in Community Development Block Grant-Recovery (CDBG-R) funds. As prescribed by the Recovery Act, the City undertook an evaluation of CDBG-eligible activities that meet the intent and spirit of the Recovery Act. As delineated in the *Notice of Program Requirements*, “Funding available under the Recovery Act has a clear purpose - to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care.” Another key to the evaluation of activities to be funded with CDBG-R was to give priority to projects that can award contracts based on bids within 120 days of the HUD grant agreement execution date. Additional, consideration was to be given to activities that could be started and completed expeditiously, including a goal of using at least 50% of funds for activities that could be initiated no later than 120 days after Feb 17, 2009 (or June 20, 2009).¹

The City of Costa Mesa submitted a CDBG-R project for HUD’s consideration on June 4, 2009; however, under advisement from HUD-LA Field Office, that project has been withdrawn and in its place two public infrastructure improvement and one program administration activity are submitted for CDBG-R funding consideration. The public infrastructure improvement projects will meet several of the goals of the Recovery Act:

- Economic stimulus by infusing funds into the local economy
- Preservation of jobs – an estimated 25 between two construction projects
- Improving the city’s (i.e., nation’s) infrastructure
- Improving energy efficiency by reducing energy resources needed to produce construction materials.

The specific activities are as follows:

Knowell Place Roadway Rehabilitation: This project consists of the reconstruction of approximately 840 linear feet of asphalt roadway, plus the removal/reconstruction of damaged curb/gutter and sidewalks, and the installation of ADA-compliant ramps. Street reconstruction will be undertaken with non-traditional asphalt manufacturing process that will substantially reduce the amount of diesel fuel needed to heat the bitumen in order to create the asphalt cement (a.k.a. Warm-Mix Asphalt). To the greatest extent feasible, recycling of materials will be implemented for the concrete reconstruction portion of the project. The project is located in Census Tract: 0637.02, Block Group: 04; this area is 67.1% Low- and Moderate-income according to HUD estimates. In addition to providing an infusion of funds into the local economy, the project will also help preserve several jobs during various states of construction.

¹ Due to the delay in releasing the CDBG-R Funding Notice, the June 20, 2009 target date became moot.

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Ralcam Place Roadway Rehabilitation: This project consists of the reconstruction of approximately 550 linear feet of asphalt roadway, plus the removal/reconstruction of damaged curb/gutter and sidewalks, and the installation of ADA-compliant ramps. Similar energy savings/recycling efforts described above will be applied to this project. The project is located in Census Tract: 0637.02, Block Group: 01. This area is 55.5% Low- and Moderate-income according to HUD 2008 estimates. In addition to providing an infusion of funds into the local economy, the project will also help preserve several jobs during various states of construction.

CDBG-R Administration: As allowed, approximately 10 percent (\$36,409) of the City's CDBG-R funding will be reserved for program oversight and coordination. These efforts include preparation of quarterly and annual reports, IDIS data management, and preparing other required reports and documents for CDBG-R implementation. Funds may result in the preservation of full- or part-time staffing and also provide a small infusion of cash into the local economy.

No CDBG-R funding is allocated for public services.

Because both public facility improvement projects are located in the City's Low- and Moderate-Income area; therefore, 100% of the City's CDBG-R funds (excluding Admin) will be used to benefit the City's Low- and Moderate-income residents.

1st Amendment (November 2010): *The City is allowed to utilize up to 15 percent of CDBG-R funds (approximately \$54,960) for public services. As originally submitted, the City anticipated utilizing all CDBG-R funds for capital projects and a portion for program administration. Capital projects have been completed – both projects were completed under budget and a balance of approximately \$25,000 in CDBG-R funds remains available for programming.*

In an effort to address an existing community need for quality after-school programs for the City's youth, the City of Costa Mesa will utilize \$12,000 in CDBG-R funds to support the Recreation On Campus for Kids (R.O.C.K.S.) program staff, supplies and administration. Primarily, CDBG-R funds will be utilized to match privately raised funds to pay for 50 percent of staff costs to provide the R.O.C.K.S. program at Whittier Elementary School. According to School Accountability Report Cards, 99 percent of Whittier School students are considered "socially disadvantaged."² Furthermore, Whittier School is situated within the City's CDBG Target Area. Among the five block groups that comprise the school's attendance area boundaries, the percent of Low- and Moderate-Income residents ranges from 62.9 percent to 85.4 percent.

² *Students are considered socioeconomically disadvantaged if they participate in the free and reduced-price lunch program or if neither parent graduated from high school. The National School Lunch program provides free lunches to students whose family income is below 130% of the federal poverty line; it offers reduced-price lunches to students whose family income is between 130% and 185% of the poverty line. Lunch program participation is often used as an indication of family income levels at the schools.*

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee's CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee's narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act, by:

Both construction projects will take approximately 30 days to design; based on similar type projects, advertising, bidding and award of the construction contracts will take approximately 90 days. Assuming design begins as soon as HUD approves the City's CDBG-R substantial amendment, these projects should be ready to begin within 120 days of the receipt of the CDBG-R grant agreement. Similarly, CDBG-R administration will be operation upon the receipt of the grant agreement. Construction activities will be carried out by the City of Costa Mesa's Public Services Department, who will be responsible for the street rehabilitation design, bidding and construction management. The City's Housing and Community Development staff will be responsible for CDBG-R grant management. All construction project related funds will be expended within six to nine months from the award of construction contract (approximately completion date is September to October 2010); CDBG-R admin funds will be expended by September 30, 2012 or sooner.

- Preserving and creating jobs and promoting economic recovery: As with most capital improvement-related activities, job preservation/creation is achieved by infusing unanticipated funding into the local economy. In the case of street pavement rehabilitation, construction trade jobs will be preserved during the construction phase of the project. Additionally, job may be preserved/created indirectly. Examples of the latter include asphalt and concrete suppliers who will need crews to produce, prepare and deliver materials on-site, and heavy construction equipment suppliers whose inventory may be needed for demolition, removal and transportation of used asphalt/concrete to factories where materials can be recycled for new uses, and to bring materials to the construction site. The multiplier impact of this CDBG-R investment can be extensive, reaching well beyond the construction industry.

The current economic downturn has also significantly impacted the City's budget. Utilizing this supplemental funding to undertake infrastructure improvements will help the City spread very limited funds to other projects which may help preserve city jobs, especially those impacted by the retraction of the construction industry (e.g., civil engineers and construction inspectors). Funds used for CDBG-R administration may also help preserve jobs – due to projected budget deficits some activities that are partially supported by the City's general fund and HUD funds may be curtailed. CDBG-R administrative responsibilities may be shifted to staff faced with reduced work hours, thus possibly preserving one or more full- or part-time positions.

1st Amendment (November 2010): *The R.O.C.K.S. program is an ongoing City program offered in partnership with the local school district; however, due to severe budget constraints, the program was slated for elimination effective July 1, 2010. In order to*

ATTACHMENT 2

preserve the program, the City encouraged parents, the PTA and other community stakeholders to save the program by raising half the funds needed to maintain the program at the school site for the balance of the school year. The City will use CDBG-R funds to match private funds. The elimination of the program at Whittier Elementary School would have resulted in the loss of five part-time City Recreation Department jobs. Providing CDBG-R funding will help preserve three of these positions through June 2011.

- Assisting those most impacted by the recession: Based on federal labor reports, one of the industries hardest hit by the current recession is the construction industry. Both large and small construction businesses have experienced a significant reduction in work, which in many cases has necessitated the reduction of their respective workforce. Equally impacted are those businesses that depend on the construction industry, e.g., material and equipment suppliers. It is anticipated that quick infusion of CDBG-R funds into the construction industry will help those businesses and individuals facing financial difficulties.

Equally impacted by the recession are residents of the City's Low- and Moderate-Income areas. Homeowners in the CDBG-Target Area have experienced significant reduction in home values. This loss of paper-wealth has many implications to a household's financial stability. Similarly, renters may be experiencing raising rents as property owners struggle to maintain their investment properties. By investing in residential streets, the City is not only improving its transportation infrastructure but may also provide a positive impact on property values.

1st Amendment (November 2010): *As outlined above, there are two populations that have been impacted by the recession that will directly benefit from CDBG-R funding for the R.O.C.K.S. program – the parents of children accessing the afterschool programming offered by R.O.C.K.S., and the part-time program staff that would have been laid-off as a result of the elimination of all City funding for the program.*

A large percentage of Low- and Moderate-Income households reside within the Whittier Elementary School attendance area, and the even higher percentage of socially disadvantaged students attend the school. There is no current Census data for the Census Tracts and Block Groups that are encompassed by the Whittier School attendance area; however, based on 2009 American Community Survey 1-Year Estimates, 14.9 percent of Costa Mesa residents have an income below poverty (+/- 4.0 percent margin of error); among children under 18 years of age, an estimated 23.4 percent live in poverty (+/- 8.5 percent margin of error). According to the State of California Employment Development Department, the September 2010 non-seasonally adjusted unemployment rate for Costa Mesa is 8.6 percent. It is reasonable to assume these statistics are applicable to the residents of the school attendance area.

CDBG-R funding will help preserve an three part-time position (or an estimated one full-time position). Without the City's commitment to utilized these funds to match local funds, these three part-time positions would be eliminated.

- Providing investment needed to increase economic efficiency: The use of Warm-Mix Asphalt contributes to economic efficiencies in a number of ways:
 1. Warm-Mix Asphalt allows for the incorporation of a higher percent of reclaimed asphalt pavement into the production of new asphalt concrete thus encouraging the recycling of resources,
 2. The manufacturing of Warm-Mix Asphalt requires less energy to produce than new asphalt and may also reduce green-house gas emissions from the factory producing asphalt, and;
 3. Reduced energy costs will lower the overall cost of a project or may allow for the more street surfaces to be improved for the same cost as the traditional hot-mix asphalt project.

1st Amendment (November 2010): Utilizing CDBG-R funding for the R.O.C.K.S. program will not have a direct impact on economic efficiencies.

- Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits: Investing CDBG-R funds in these two street projects will result in replacing deteriorated street surfaces with new surfaces with an estimated 20-year life. As outlined above, Warm-Mix Asphalt production/construction will also result in a reduction in the consumption of fossil fuel. Research in Warm-Mix Asphalt applications indicates a 20 to 35 percent savings in “burner” fuel may be realized in the manufacturing of Warm-Mix Asphalt compared to traditional asphalt manufacturing techniques.³ There is also a reported reduction in green-house gas emissions. Per the National Asphalt Pavement Association, “Reduced emissions through the use of [Warm-Mix Asphalt] is dependent on several factors ... Generally speaking, less fuel translates directly to lower emissions at the plant, since the largest part of gaseous emissions is the result of fuel combustion during the [asphalt] drying and heating process.”⁴ All efforts to reduce the use of crude oil, both large and small, have the cumulative impact of providing long-term economic benefit throughout the nation.

1st Amendment (November 2010): Utilizing CDBG-R funding for the R.O.C.K.S. program is not a direct investment in transportation, environmental protection, or the City’s infrastructure.

- Minimizing or avoiding reductions in essential services: One of the essential municipal services most often impacted by a contracting economy is street maintenance (this includes street reconstruction). While delaying these types of projects provides an immediate benefit to the financial bottom line of a city, ultimately repairing or replacing the street will cost more. The investment of CDBG-R funds in these street projects will allow the City to provide an improvement in the City’s Low- and Moderate-Income area that will have a long-term impact on the neighborhood and may provide the opportunity for the City to redirect funds

³ Warm-Mix Asphalt: Best Practices. National Asphalt Pavement Association, 2007. Page 27.

⁴ Ibid.

that would have possibly been allocated to this project to another project, thus further stimulating the local economy and providing an additional investment in the city's/nation's infrastructure.

1st Amendment (November 2010): Utilizing CDBG-R funding for the R.O.C.K.S. program will help preserve an essential service that is presently being provided by the City in partnership with parents, the school district and the community - quality, low-cost afterschool childcare.

- Fostering energy independence: Asphalt (bitumen) is a crude oil product. When combined with aggregate materials, it becomes asphalt cement – the product most often referenced as “asphalt” and used for the construction of streets and roadways.

The manufacturing of Warm-Mix Asphalt allows for an increase amount of reclaimed asphalt pavement (i.e., recycled asphalt) to be used in the production of new asphalt cement thus boosting the conservation of petroleum-based materials. Additionally as outlined above, the National Asphalt Pavement Association has estimated Warm-Mix Asphalt can result in reduced energy usage during the production of asphalt of 20 to 35 percent. Finally, to the extent feasible, concrete rubble resulting from demolition of curbs, gutters and sidewalks will be kept on-site to be used as the base aggregate for the construction of new curbs. Keeping these materials on-site will reduce the number of trips trucks will have to make to haul materials from the construction site to the concrete factory where it will be recycled.

1st Amendment (November 2010): Utilizing CDBG-R funding for the R.O.C.K.S. program will not result in an increase in energy independence.

- (3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs)).

The City's Public Services staff estimates that approximately **25 full- and part-time jobs** will be retained as a result of the construction of both of these projects. (Projects will most likely be bid together in order to maximize the economies of scale.) Examples of jobs that will be needed to undertake these projects includes construction surveyors, excavation crews, haulers (materials from/to construction sites) and concrete crews. Not included in this estimate are jobs that may be created from the renting of equipment needed to carry out the project and jobs created by material suppliers. As previously stated, funding of CDBG-R admin may also result in the preservation of full- or part-time jobs; however, other City budget constraints make counting this job preservation effort impractical at this time.

1st Amendment (November 2010): As outlined above, funding of the R.O.C.K.S. program will help preserve three part-time City recreation positions (an equivalent of one full-time position).

- (4) Additional Activity Information: A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.

ATTACHMENT 2

- Promote energy conservation: The potential reduction in energy savings that may be realized via the use of Warm-Mix Asphalt has been discussed above; nonetheless by way of summary, it is estimated that the use of this asphalt production technique will result in a reduction in energy consumption of 20 to 35 percent during the manufacturing of asphalt. Additionally, since some of the concrete rubble resulting from demolition will be used as a base for the construction of the new concrete curbs, additional energy savings may be realized by reducing the number of trips trucks will make from the project site to the concrete factory and/or landfill.

1st Amendment (November 2010): *The R.O.C.K.S. program will have no direct impact.*

- Smart growth: Not applicable
- Green building technologies: The recycling of materials is a hallmark of green technology. Specifically for the proposed activities, to the greatest extent feasible, materials created from the demolition of sidewalks, curbs, gutters and roadway surfaces will be recycled on-site or at respective material production plants. Beyond recycling, the application of Warm-Mix Asphalt construction will result in a reduction in the use of fuel and a reduction in green-house gases emissions during the manufacturing of the asphalt - these production elements are also characteristics of green technology.

1st Amendment (November 2010): *The R.O.C.K.S. program will have no direct impact.*

- Reduced pollution emissions: As previously stated, the National Asphalt Pavement Association has stated that Warm-Mix Asphalt results in reduced emissions of green-house gases. While this reduction depends on several factors, it is reasonable to assert that reducing the amount of fuel burned to produce the product is directly associated with a reduction in fumes put into the atmosphere by the factories producing this asphalt product. Additionally, since the application of Warm-Mix Asphalt is done at a lower temperature, less fumes are generated during the "laydown" process. A reduction in fumes provides a direct health benefit to workers and may also create a more comfortable work environment.

1st Amendment (November 2010): *The R.O.C.K.S. program will have no direct impact.*

ATTACHMENT 2

- (5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

For CDBG-R Related Questions

Ms. Muriel Ullman
Neighborhood Improvement Manager
City of Costa Mesa
77 Fair Drive, Costa Mesa, CA 92628
Office: (714) 754-5167
Email: mullman@ci.costamesa.ca.us

For Street Rehabilitation Project Questions

Mr. Ernesto Munoz, City Engineer
Public Services Dept. City of Costa Mesa
77 Fair Drive
Cost Mesa CA 92628
Office: (714) 754-5173
Email: emunoz@ci.costamesa.ca.us

C. PUBLIC COMMENT

Provide a summary of public comments received to the proposed CDBG-R Substantial Amendment.

Note: A Proposed CDBG-R Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 7 calendar days for public comment.

Response:

Proof of publication and summary of comments were submitted with the City's original submission on June 5, 2009. Per HUD CPD Representative William Ward, no new public comments submission is required for this resubmission; however, a the revised CDBG-R Submission Template and Checklist has been posted on the City's webpage:
www.ci.costa-mesa.ca.us/departments/redevweb.htm

1st Amendment (November 2010): A notice in the Newport-Mesa Daily Pilot was published on October 29, 2010, announcing a seven-day public review and comment period. The comment period commenced on October 30 and ended on November 5, 2010. Additionally, the City notice informed the public that this draft 1st Amendment would be available for review on the City's web site and at City Hall.

A summary of public comments, if any, and the City's response to comments, will be incorporated into the final 1st Amendment at the conclusion of the comment period.

CDBG-R Substantial Amendment Grantee Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the CDBG-R Substantial Amendment, Spreadsheet for Reporting Proposed CDBG-R Activities, and SF-424.

Contents of a CDBG-R Action Plan Substantial Amendment

Jurisdiction(s): <u>City of Costa Mesa</u> Lead Agency: <u>Housing & Community Development Division, Office of the City Manager</u> Jurisdiction Web Address: <u>www.ci.costa-mesa.ca.us</u> (URL where CDBG-R Substantial Amendment materials are posted)	CDBG-R Contact Person: <u>Muriel Ullman</u> Address: <u>77 Fair Drive, Costa Mesa CA 92628</u> Telephone: <u>714-754-5167</u> Fax: <u>714-754-5330</u> Email: <u>mullman@ci.costa-mesa.ca.us</u>
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The elements in the substantial amendment required for the CDBG recovery funds are:

A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES

Does the submission contain a paper copy of the Spreadsheet for Reporting Proposed CDBG-R Activities?

Yes No Verification found on page 13

1st Amendment (November 2010): Verification now found on page 15

Does the submission include an electronic version of the Spreadsheet for Reporting Proposed CDBG-R Activities sent to the email box CDBG-R@hud.gov?

Yes No Date Spreadsheet was emailed: Original Submission – 6/4/09
Revised Submission – 6/23/09
1st Amendment (November 2010): To be Submitted – 4/17/10

Does the Spreadsheet for Reporting Proposed CDBG-R Activities include, for each activity:

- amount of funds budgeted for each activity, including CDBG-R funds, any additional Recovery Funds used and total activity budget,
 Yes No Verification found on page(s) 13
1st Amendment (November 2010): Verification now found on page 15
- the Eligibility citation (eligibility regulatory cite or HCDA cite),
 Yes No Verification found on page(s) 13
1st Amendment (November 2010): Verification now found on page 15
- the CDBG national objective citation,
 Yes No Verification found on page(s) 13
1st Amendment (November 2010): Verification now found on page 15

B. CDBG-R INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, including:

- a narrative for each activity describing how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit,
Yes No Verification found on page(s) 3 & 4
1st Amendment (November 2010): Verification now found on page(s) 5 & 6
- projected number of jobs created for each activity,
Yes No Verification found on page(s) 7
1st Amendment (November 2010): Verification now found on page(s) 5 & 8
- whether an activity will promote energy efficiency and conservation,
Yes No Verification found on page(s) 7
1st Amendment (November 2010): Verification now found on page 8
- the name, location, and contact information for the entity that will carry out the activity,
Yes No Verification found on page(s) 8
1st Amendment (November 2010): Verification now found on page 10
- evidence that no more than 10% of the grant amount will be spent on administration and planning,
Yes No Verification found on page (s) 4 & 13
1st Amendment (November 2010): Verification now found on page(s) 4 & 15
- evidence that no more than 15% of the grant amount will be spent on public services,
Yes No Verification found on page (s) 4
1st Amendment (November 2010): Verification now found on page(s) 4 & 15
- evidence that at least 70% of the grant amount will benefit persons of low and moderate income,
Yes No Verification found on page (s) 4
1st Amendment (November 2010): Verification now found on page 4

C. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the jurisdiction’s usual methods and on the Internet for no less than 7 calendar days of public comment?

Yes No Verification found on page(s) 9 (Note: this is a revised submission; City was advised by HUD-LA Field Office that a new comment period was not required.)

1st Amendment (November 2010): Verification now found on page 11

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page(s) 9

1st Amendment (November 2010): Verification now found on page 11

D. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--------------------------------------------------------------|-----------------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-displacement and relocation plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Drug-free Workplace | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Authority of jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Consistency with plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Community development plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Following a plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use of Funds | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with ARRA | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (16) Project selection | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (17) Timeliness of infrastructure investments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (18) Buy American provision | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (19) Appropriate use of funds for infrastructure investments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (20) 70% of CDBG-R for LMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Optional Certification

- | | | |
|------------------|------------------------------|----------------------------------------|
| (21) Urgent Need | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
|------------------|------------------------------|----------------------------------------|

D. STATE CERTIFICATIONS

NOT APPLICABLE

The following certifications are complete and accurate:

- | | | |
|--------------------------------------------------------------|------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-displacement and relocation plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Drug-free Workplace | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Anti-lobbying | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Authority of State | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Consistency with plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3 | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Community development plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Consultation with Local Governments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use of Funds | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) Excessive Force | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Compliance with anti-discrimination laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with ARRA | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (15) Project selection | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (16) Timeliness of infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (17) Buy American provision | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (18) Appropriate use of funds for infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (19) 70% of CDBG-R for LMI | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Optional Certification

- | | | |
|------------------|------------------------------|-----------------------------|
| (20) Urgent Need | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
|------------------|------------------------------|-----------------------------|

ATTACHMENT 2

CDBG-R Activity Data Spreadsheet

Jurisdiction/Grantee Name: CITY OF COSTA MESA		CDBG-R Formula Grant Amount: \$366,409					Date: November 17, 2010
Activity Name	Activity Description	Eligibility (Regulatory or HCDA Citation)	National Objective Citation	CDBG-R Project Budget (\$)	Additional Recovery Funds (\$)	Other Leveraged Funding (\$)	Total Activity Budget
Knowell Place Roadway Rehabilitation	Reconstruction of roadway pavement, removal and reconstruction of deteriorated curb/gutter and sidewalk, reconstruction of ADA compliant ramps	570.201 (c)	570.208 (a)(1)	\$145,000	\$0	\$15,000	\$160,000
Ralcam Place Roadway Rehabilitation	Reconstruction of roadway pavement, removal and reconstruction of deteriorated curb/gutter and sidewalk, reconstruction of ADA compliant ramps	570.201 (c)	570.208 (a)(1)	*\$173,000	\$0	\$15,000	*\$188,000
CDBG-R Administration <i>Recreation On Campus for Kids (R.O.C.K.S) Program</i>	Oversight and management of CDBG-R funding <i>Supervised Afterschool childcare services</i>	570.206 (a) 570.201 (e)	570.208 (d)(4) 570.208 (a) (2)	\$36,409 \$12,000	\$0 \$0	\$0 \$10,562	\$36,409 \$22,562

* Revised as part of 1st Amendment – November 2010

RECREATION ON CAMPUS FOR KIDS PROGRAM COSTS

School	Total Cost	50% School Match	School funds received or collected	Community Foundation	Remaining School funds	50% City Match
1 Sonora	38,488	19,244	19,244	2,200	-	19,244
2 Davis	29,188	14,594	6,161	2,200	6,233	14,594
3 Paularino	22,348	11,174	8,874	2,200	100	11,174
4 Whittier	21,124	10,562	6,550	2,200	1,812	10,562
5 California	16,912	8,456	5,470	2,200	786	8,456
6 Victoria	15,100	7,550	2,574	2,200	2,776	7,550
7 *College Park	29,366	14,683	759	-	13,924	-
8 *Killybrooke	22,347	11,174	-	-	11,174	-
9 *Pomona	18,109	9,055	-	-	9,055	-
10 *Kaiser	18,023	9,012	-	-	9,012	-
11 *Adams	17,996	8,998	513	-	8,485	-
Sub-total	249,001	124,502	50,144	13,200	63,358	71,580
CDBG-R Funds	(38,302)					(10,562)
Campus Clean Up	(30,000)				(30,000)	
TOTAL	\$ 180,699	\$ 124,502	\$ 50,144	\$ 13,200	\$ 33,358	\$ 61,018

*College Park, Killybrooke, Pomona, Kaiser and Adams schools have informed staff that their PTA's are unable to raise the matching 50%