



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 19, 2012

ITEM NUMBER:

SUBJECT: PUBLIC HEARING REGARDING APPROVAL OF AN AMENDMENT TO THE 2011-2012 ACTION PLAN

DATE: May 29, 2012

FROM: DEVELOPMENT SERVICES / HOUSING AND COMMUNITY DEVELOPMENT

PRESENTATION BY: MIKE LINARES CDBG/HOME COORDINATOR

FOR FURTHER INFORMATION CONTACT: MIKE LINARES AT (714) 754-5678

RECOMMENDATION

1. Hold public hearing to obtain additional input regarding the proposed amendment to the City's 2011-2012 Action Plan for use of Community Development Block Grant Funds.
2. Approve the proposed amendment.
3. Authorize staff to submit the Action Plan amendment to the U.S. Department of Housing and Urban Development.

BACKGROUND

The City of Costa Mesa is a recipient of Community Development Block Grant (CDBG) funds. These funds are awarded to the City by the U.S. Department of Housing and Urban Development (HUD). In order to receive CDBG funds, the City is required to prepare a five-year strategic plan known as the Consolidated Plan. The current Consolidated Plan was approved by the City Council in May 2010, and covers Fiscal Year 2010-2011 through 2014-2015. A component of the Consolidated Plan is the annual Action Plan. The Action Plan serves as the annual application to HUD for CDBG funding and also identifies the specific activities that will be funded with CDBG resources in a respective fiscal year. The 2011-2012 Action Plan was approved by the City Council on June 7, 2011.

In addition to this document, the City is also required to prepare and adopt a Citizen Participation Plan. This plan outlines the steps the City will take to ensure that residents and other interested parties are aware of the planned use of HUD funds. HUD requires that the Citizen Participation Plan outline the steps to make the public aware of amendments to an annual action plan. HUD requires that at a minimum, the City hold a public hearing and a 30-day public comment period when an activity that was not originally listed in an Action Plan is proposed.

Recently Housing and Community Development staff was contacted by Public Services staff regarding the possibility of utilizing CDBG funds not needed, to complete the Mission Alley Reconstruction project, to undertake the installation of three catch basins and a storm drain system on 20th Street, between Wallace Avenue and Placentia Avenue. The proposed storm drain project is located in the City's CDBG-eligible area, and storm water improvement projects are an eligible CDBG activity. According to

Public Services staff, all of the Master Plan improvements in the proposed project area are in; however due to the flat grades on Wallace, and because some residential homes were constructed below the curb grade, flooding continues to be a problem in this area.

Since reallocating CDBG funds to a previously unlisted project is considered a substantial amendment to the City's 2011-2012 Action Plan, a notice was published in the *Newport-Mesa Daily Pilot* on May 4, 2012, announcing the required 30-day public review period and the date that the Council would consider approving the amendment. No public comments were received during the public comment period.

ANALYSIS

The City is a recipient of CDBG funds, which can be used for a wide variety of public improvements, provided such improvements mainly benefit low- and moderate-income persons. For Fiscal Year 2011-2012, a total of \$372,455 in CDBG funds was allocated by the City Council to undertake the reconstruction of a portion of a public alleyway adjacent to properties on Mission Drive. Public Services Department has determined that not all of these funds will be needed to complete this project, and has requested that a total of \$130,000 in these project funds be allocated to a new storm drain improvement project. This new project will be situated on 20th Street between Wallace Avenue and Placentia Avenue. The project will entail the installation of three catch basins and an underground 27" Reinforced Concrete Pipe (RCP) storm drain system.

While this proposed project is eligible for CDBG funding, it was not originally listed in the City's annual Action Plan as an activity to be funded with CDBG funds during Fiscal Year 2011-2012. HUD regulations require that whenever a previously unidentified project is to be undertaken, the City is required to substantially amend its annual Action Plan. Such an amendment requires that the City hold a 30-day public comment period and also a public hearing.

The required public comment period commenced on May 6, 2012, and ended on June 4, 2012; no public comments were received. Upon City Council approval, staff will submit the amendment to HUD (see Attachment A) and will prepare the required environmental clearance. Once the environmental clearance is obtained, Public Services staff will be free to move forward with the proposed project.

ALTERNATIVES CONSIDERED

Two alternatives are presented for City Council consideration with respect to funding recommendations:

1. The City Council could choose to use the CDBG funds identified for this project on another eligible activity.
2. The City Council could choose to not fund this or any other project, in which case these unspent funds will be identified as fund balance and will be programmed for other eligible activities in Fiscal Year 2013-2014.

FISCAL REVIEW

A total of \$130,000 federal grant funds will be made available for Public Services to allocate for a new storm drain capital project. There is no fiscal impact to the City's general fund.

LEGAL REVIEW

There is no legal impact connected with this action.

CONCLUSION

It is recommended that the City Council:

Hold public hearing to obtain additional input regarding the proposed amendment to the City's 2011-2012 Action Plan for use of CDBG funds, approve the proposed amendment to fund the proposed storm drain capital project; and, authorize staff to submit the Action Plan amendment to the HUD.

Peter Naghavi
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Attachments: [A. Revised 2011-2012 Action Plan Activity Sheets](#)