



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Richard Thompson, Director of Community Development
Angelica Ochoa, Assistant Planner

DATE: February 17, 2009

SUBJECT: Consideration of Proposed Exchange of Community Development Block Grant (CDBG) Funds Received by the City of Manhattan Beach to the City of Hawaiian Gardens and the Allocation of Funds for the 2009-2010 Fiscal Year.

RECOMMENDATION:

Staff recommends that the City Council: **CONDUCT** the Public Hearing; **ADOPT** the attached Resolution (Exhibit A); **AUTHORIZE** the City Manager to execute the draft Agreement (Exhibit B) with the City of Hawaiian Gardens, and **CONSIDER** an allocation of general funds received to the identified public service agencies (Exhibit C).

FISCAL IMPLICATION:

If the City Council approves the exchange, then the City will sell approximately \$145,388 in CDBG fund for 60 cents on the dollar for \$87,232.80 in General Funds.

BACKGROUND:

The City receives CDBG funding every year as a participating City through the Los Angeles County Community Development Commission (LACDC). The City's CDBG allocation for FY 2009-2010 is approximately \$145,388. The LACDC informs cities what the CDBG allotment will be for the new fiscal year once the President signs the budget and the U.S. Department of Housing and Urban Development (HUD) calculates the national CDBG funding allocation for entitlement jurisdictions. The LACDC advises cities to use last fiscal year's CDBG allocation in preparation for determining next fiscal year's CDBG allocation. CDBG funds have declined over the years and it is anticipated that they will continue to decline an average of 5% annually. The Federal government has been, and is anticipated to continue, reviewing ways to restructure the program and possibly reduce funding even further.

The City has historically chosen to use its CDBG allocations to fund local public service agencies which meet the intent of the CDBG guidelines. Federal (HUD) regulations currently allow only 15% of CDBG funds to be allocated to public service agencies. Due to the limited amount of funding the City receives, Capital Improvement Projects (CIP), Low Income, and other types of

qualifying CDBG projects can be very difficult to program because of CDBG regulations. These regulations would include meeting the Federal prevailing wage laws and income guidelines, extensive documentation and other requirements that increase the construction and administrative costs of the program by 40 to 50%. Due to these limitations, using CDBG funds for an eligible project would result in minimal savings and an increase in costs.

Projects funded through the CDBG program must meet certain mandated objectives, such as: (1) activities benefiting low and moderate income persons; (2) activities which aid in the prevention or elimination of blight; (3) activities that meet urgent community development needs; and (4) additional criteria. Since Federal regulations require CDBG funding to comply with a 15% cap on expenditures for public service activities, Council has determined in the past that using the limited amount of CDBG funds for these types of projects was not cost effective, and would take valuable money away from the City's local public service agencies. Therefore in order to maximize the amount of funds available to public service agencies the City has historically sold its allocation.

DISCUSSION:

Last year the City Council approved Resolution No. 6127, authorizing the exchange of the City's entire CDBG allocation with the City of Hawaiian Gardens at a rate of 60 cents. The exchange rate for the upcoming 2009-2010 fiscal year will also be at a rate of 60 cents with the City of Hawaiian Gardens, which is consistent with the market. According to the LACDC, the current rate of exchange varies among cities due to the amount of funding needed for a project and the number of projects the exchanging city has programmed in their budget.

Every year staff reviews the possibility of using CDBG funds for City projects rather than exchanging the funds. On September 18th, 2008, staff met with the Department of Public Works/Engineering, and Parks and Recreation to discuss CDBG guidelines to determine whether any projects qualify for CDBG funding. Each department reviewed potential projects and concluded that no project would be eligible due to the limited amount of CDBG funds received by the LACDC and strict CDBG criteria that a project had to meet. As mentioned above, funding projects that meet all of the CDBG guidelines is difficult due to extensive documentation, increase in costs of administering the program, and meeting Federal requirements such as income guidelines. Additionally, CDBG funds may not be used as the local matching funds on projects that have other Federal funding.

Since no viable projects were identified by internal departments, staff recommends exchanging the CDBG funds with the City of Hawaiian Gardens for general funds.

If this recommendation is approved, the attached CDBG Exchange of Funds Worksheet (Exhibit D) signed by the City of Hawaiian Gardens starts the exchange and approval of CDBG funds between the City of Manhattan Beach and the City of Hawaiian Gardens. Since the payment received is general fund money, and not subject to CDBG guidelines, the City may allocate these funds as directed by the City Council. The two items below discuss the options for the allocation of general fund money.

a) ***Public Agencies***

The City has historically funded the attached public agencies that provide services to the residents of Manhattan Beach through the exchange of CDBG funds for general fund money.

Program descriptions of each public service agency are attached (Exhibit C). The proposed allocations (Exhibit E) are distributed in a manner that covers the costs of the Beach Cities Health District Care Management for Manhattan Beach Seniors contract and distributes the remaining funds to the other agencies based on the same percentages Council has deemed appropriate in the past. However, the City Council may decide to continue to fund the public agencies with general fund money independent of CDBG funds, at a separate rate.

b) ***Other General Fund Options***

Another option would be to not fund the public agencies, and use the exchanged general fund monies for other uses. Since the use of the monies are not restricted after they are exchanged they could be allocated as the Council deems appropriate through the budget process. Due to budget issues, the Council may choose to hold the proceeds in the General Fund and consider the funding of the public agencies during the budget process.

CONCLUSION:

Staff is recommending that the Council authorize the City Manager to enter into an Agreement with the City of Hawaiian Gardens implementing the proposed exchange of CDBG funds with general funds and discuss and provide direction on the allocation of this general fund money to the agencies historically funded by the City. Exhibit A is a Resolution of the Council approving the proposed draft agreement, and authorizing the City Manager to amend the attached agreement (Exhibit B) in order to complete the exchange of CDBG funds based on the final adopted agreement between the City of Hawaiian Gardens and the City of Manhattan Beach. The public hearing for this project was properly noticed in the Beach Reporter dated February 5, 2009.

Attachments: Exhibit A - Resolution No. 6173
Exhibit B - Proposed Draft Agreement with City of Hawaiian Gardens
Exhibit C - Public Service Agencies Descriptions
Exhibit D - CDBG Exchange Funds Worksheet with Hawaiian Gardens
Exhibit E - Distribution of Public Agencies Funding

c: Raymond White, LA County Community Development Commission
Richard Gill, Director of Parks & Recreation
Jim Arndt, Director of Public Works
Public Service Agencies (9)

RESOLUTION NO. 6173

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, APPROVING AN AGREEMENT BETWEEN THE CITY OF MANHATTAN BEACH AND THE CITY OF HAWAIIAN GARDENS REGARDING THE EXCHANGE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR THE FISCAL YEAR 2009-2010

The City Council of the City of Manhattan Beach conducted a public hearing, pursuant to applicable law, on February 17, 2009 to consider the allocation of CDBG funds for Fiscal Year 2009-2010; and

The City has historically (prior to 1997-1998 fiscal year) allocated 100% of its CDBG funds to regional public service agencies pursuant to a public service waiver from the Los Angeles County Community Development Commission (CDC); and

On June 7, 2005 the City of Manhattan Beach executed a three-year Cooperation Agreement with the County of Los Angeles concerning CDBG funds for Fiscal Years 2006-2007, 2007-2008, 2008-2009; and

The use of CDBG funds is strictly limited by law; and

The City Council on February 17, 2009 authorized the City Manager to sell the City's entire CDBG allocation; and

The City Manager is authorized to cooperate with the City of Hawaiian Gardens in the exchange of CDBG funds; and

The City Manager is authorized to amend the attached agreement as necessary to complete the exchange of funds on behalf of the City of Manhattan Beach based on the final adopted agreement from The City of Hawaiian Gardens; and

The City of Manhattan has the entire CDBG allocation of approximately \$145,388 available to purchase and exchange with The City of Hawaiian Gardens at a rate of .60 cents; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, FIND, DETERMINE AND ORDER AS FOLLOWS.

SECTION 1. The attached CDBG Exchange of Funds Worksheet and draft agreement between the City of Manhattan Beach and the City of Hawaiian Gardens and the findings stated therein, is hereby approved, and the City Manager is authorized and directed to execute the final adopted agreement with the City of Hawaiian Gardens on behalf of the City of Manhattan Beach,

SECTION 2. Pursuant to Government Code Section 65907 and Code of Civil Procedure Section 1094.6, any action or proceeding to attack, review, set aside, void or annul this decision, or concerning any of the proceedings, acts, or determinations taken, done or made prior to such decision or to determine the reasonableness, legality or validity of any condition attached to this decision shall not be maintained by any person unless the action or proceeding is commenced within 90 days of the date of this resolution and the City Council is served within 120 days of the date of this resolution. The City Clerk shall send a certified copy of this resolution to the applicant, and if any, the appellant at the address of said person set forth in the record of the proceedings and such mailing shall constitute the notice required by Code of Civil Procedure Section 1094.6.

SECTION 3. This resolution shall take effect immediately. The City Clerk shall make this resolution readily available for public inspection within thirty (30) days of the date this resolution is adopted.

SECTION 4. The City Clerk shall certify to the adoption of this resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 17th day of February, 2009.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

AGREEMENT

This Agreement is made on this 17th day of February 2009, by and between the City of Hawaiian Gardens, a municipal corporation, and the City of Manhattan Beach, a municipal corporation.

RECITALS

- A. The City of Manhattan Beach will execute a three-year cooperation agreement with the County of Los Angeles concerning Community Development Block Grant (CDBG) Funds for Fiscal Years 2009-2010, 2010-2011 and 2011-2012;
- B. The City of Manhattan Beach will execute a three-year reimbursable agreement with the County of Los Angeles concerning Community Development Block Grant Funds (CDBG) for Fiscal Years 2009-2010, 2010-2011, and 2011-2012;
- C. The City of Manhattan Beach will receive CDBG Funds which can be made available to the City of Hawaiian Gardens during fiscal year 2009-2010. In exchange for the assignment by the City of Hawaiian Gardens of the amount of its general funds indicated in Section 1 below, the City of Manhattan Beach is willing to assign unexpended CDBG funds to the City of Hawaiian Gardens.
- D. The two cities will enter into an agreement under which the City of Hawaiian Gardens would exchange \$87,232.80 of its general funds for \$145,388 of the City of Manhattan Beach's unexpended entitlement of CDBG Funds for Fiscal Year 2009-2010.

NOW, THEREFORE, the Cities agree as follows:

- 1. **EXCHANGE.** The City of Manhattan Beach agrees to assign one hundred forty five thousand, three hundred eighty eight dollars and zero cents (\$145,388) of its unexpended CDBG allocation to the City of Hawaiian Gardens. In return, the City of Hawaiian Gardens agrees to assign eighty seven thousand, two hundred thirty two dollars and eighty cents (\$87,232.80) of its general funds to the City of Manhattan Beach. The exchange rate will be \$.60/1.00.
- 2. **CONSIDERATION.** The City of Manhattan Beach shall assign the agreed upon CDBG Funds in one lump sum payment. The City of Hawaiian Gardens shall assign the agreed upon general funds to the City of Manhattan Beach in one lump sum payment. The City of Hawaiian Garden's lump sum payment shall be due and payable 30 days after the Community Development Commission of the County of Los Angeles notifies the City of Hawaiian Gardens in writing and on its letterhead that the funds have been transferred to the City of Hawaiian Gardens unallocated funds account.

3. **BEST EFFORTS.** The City of Manhattan Beach shall use its best efforts to obtain any consent required of any other governmental or administrative agency to effectuate the assignment of \$145,388 of its CDBG funds to the City of Hawaiian Gardens no later than 30 days after both cities have executed the agreement and any required documents. The City of Manhattan Beach and the City of Hawaiian Gardens shall agree to execute any and all additional documents which such agencies may request in connection with the assignment and receipt of grant.
4. **TERM.** The Agreement is effective on the date above written and for such time as is necessary for both parties to complete their mutual obligations under this Agreement.
5. **TERMINATION.** Termination of this Agreement may be made by either party so long as written notice of intent to terminate is given to the other party at least five (5) days prior to the termination.
6. **NOTICE.** Notices shall be given pursuant to this Agreement by personal service on the party to be notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

CITY OF HAWAIIAN GARDENS
Ernesto Marquez, City Administrator
21815 Pioneer Boulevard
Hawaiian Gardens, CA 90716

CITY OF MANHATTAN BEACH
Geoff Dolan, City Manager
1400 Highland Avenue
Manhattan Beach, CA 90266

7. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement the 17th day of February 2009.

CITY OF HAWAIIAN GARDENS:

CITY OF MANHATTAN BEACH:

Ernesto Marquez, City Administrator

Geoff Dolan, City Manager

ATTEST:

ATTEST:

Sue Underwood, City Clerk

Liza Tamura, City Clerk

PROJECT DESCRIPTIONS

THE WELLNESS COMMUNITY SOUTH BAY CITIES

The Wellness Community South Bay Cities provides free psychological, emotional and social support for cancer patients and their loved ones. The core of the program consists of 15 ongoing weekly support groups and specialized monthly networking groups for specific types of cancer offered in a homelike setting, 6 days a week with all groups led by professionally licensed psychotherapists. This program provides an alternative to these types of services provided in the marketplace, which are expensive, a great benefit to those already dealing with the costs of cancer treatment.

SOUTH BAY ADULT CARE CENTER INC.

The South Bay Adult Care Center currently operates an Adult Day Care Center in Redondo Beach. The purpose of the center is to enrich the lives of adults suffering from Alzheimer's, Parkinson's, stroke, frailty, loneliness, etc. The center is designed to maintain psychological functioning levels as much as possible, as well as provide respite to family members. The center currently functions with limited hours and wishes to expand these hours as much as possible.

PROJECT TOUCH

Project Touch provides tutoring, counseling, social, and therapeutic services to at-risk youth in the South Bay. The goal of Project Touch is to provide a supportive environment in which teens and pre-teens can strengthen their self-understanding, build self esteem, and develop positive attitudes and lifestyles before behavior becomes a problem. Project Touch also provides counseling, social, and therapeutic services at Mira Costa High School for “at risk” youths who are making the transition to a regular school environment. This part of the program provides once-weekly Alternative Classroom Education (A.C.E.) groups for 9th and 10th grade students, and individual counseling as needed.

SOUTH BAY CHILDREN’S HEALTH CENTER (formerly South Bay Youth Project)

The South Bay Children’s Health Center identifies and provides counseling to “at risk” youths who are from low and moderate income households and who are residents of Manhattan Beach. Through its In Class Students Assistance Program, this project targets local high school youths who encounter problems associated with parental neglect, truancy, substance abuse, or involvement with criminal activity.

SOUTH BAY FAMILY HEALTHCARE CENTER

The South Bay Free Clinic provides preventive and emergency dental care to low and moderate residents of Manhattan Beach. Specific services include cleanings, X-rays, fluoride treatments, full examinations, fillings, extractions, limited orthodontics and periodontal services, as well as referrals in cases where the needs of the patient are beyond the scope of the clinic.

1736 FAMILY CRISIS CENTER

The 1736 Family Crisis Center is a non-profit agency providing residents of Manhattan Beach with a variety of counseling services and shelter services to resolve problems associated with child abuse, spousal abuse, and homelessness. Specifically, the Center offers five shelters for battered women and their children; one 24-hour Emergency Adolescent Shelter; 24-hour hotline services; walk-in services; out-patient services; support group counseling and intervention for families and individuals; crisis referral and advocacy; the Mentor Program; assertiveness training; and, community outreach services.

SOUTH BAY CENTER FOR COUNSELING

South Bay Center for Counseling provides mental health care for low and moderate income household residents of Manhattan Beach through three counseling programs. The Parents and Children Together Program nurtures children traumatized by abuse, loss, neglect, or behavioral/emotional difficulties. The Counseling Services program provides low cost therapy to families, groups, and individuals. The Beach Cities Health District's Children's Program provides comprehensive screening and referrals to pregnant women and families with hospitalized children.

CARE MANAGEMENT FOR MANHATTAN BEACH SENIORS

The Care Management for Manhattan Beach Seniors Program provides care management assistance in obtaining services to seniors of the City of Manhattan Beach which help to promote and maintain their optimum level of functioning. The goal of this program is to keep seniors in the least restrictive environment possible, so as to reduce inappropriate institutionalization. The target age group for this program is those persons 85 years plus, who are at the most risks for physical, mental and/ or functional impairment.

THE SALVATION ARMY-SENIOR MEALS

The Salvation Army Senior Meals project provides groceries on a bimonthly basis to senior citizen residents of Manhattan Beach. The groceries are provided in order to nutritionally enhance and supplement their diets and are distributed through the Salvation Army's "Operation Sunshine" brown bag program.

CDBG EXCHANGE OF FUNDS WORKSHEET

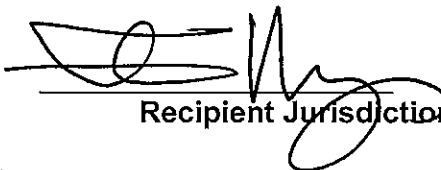
This worksheet is to be used for planning the exchange of Community Development Block Grant (CDBG) funds between jurisdictions participating in the Los Angeles County's CDBG Program.

Completion of the worksheet will be the responsibility of the jurisdiction offering CDBG funds for exchange and will include only funding information specific to the two (2) jurisdictions exchanging funds (the exchanging and recipient jurisdictions). If additional exchanges are planned, involving jurisdictions other than those indicated below they must be identified on a separate form.

This exchange will involve actions between City of Manhattan Beach (Exchanging Jurisdiction) and City of Hawaiian Gardens (Recipient Jurisdiction) and must be approved by both participants' governing bodies, as well as the Los Angeles County Board of Supervisor before becoming effective. Completion of this worksheet and approval by the Community Development Commission will formally start the authorization and approval process.

CDBG FUNDS TO BE EXCHANGED					
Type of Funding		Program Authority			Amount
	Total Amount		Yes	No	
• New Allocation FY 2009-2010 @ \$.60	\$ 145388	Administration (10% Max)	X		\$ 14,538
		Public Service (15% Max)	X		\$ 21,808
• Prior Year Unallocated Funds	\$	Administration	(No Authority Provided with Prior Year Funds)		
		Public Service	(No Authority Provided with Prior Year Funds)		
• District Funds	\$	Administration	(No Authority Provided with District Funds)		
		Public Service	(No Authority Provided with District Funds)		
Total Funding	\$ 145388				

Approval of the intent to exchange CDBG funding:

Exchanging Jurisdiction	Date		2/10/09 Date
-------------------------	------	--------------------------------------------------------------------------------------	-----------------

Approval of the availability of CDBG funds to be exchanged:

Community Development Commission	Date
----------------------------------	------

Public Service Agency	Final Allocation FY 2008-2009	Percentage of Total Allocation
Care Management for Manhattan Beach Seniors	37,315.00	NA
1736 Family Crisis Center	16,826.22	34%
South Bay Family Healthcare Center	12,689.78	25%
South Bay Center for Counseling	10,516.39	21%
South Bay Children's Health Center (formerly South Bay Youth Project)	3,715.79*	7%
The Salvation Army-Operation Sunshine	2,453.82	5%
Project Touch	1,752.73	4%
Wellness Community	981.53	2%
South Bay Adult Care Center	981.53	2%
Totals	83,517.00	100%

*Additional \$18,800 allocated from General Fund (approved by City Council on 5/22/07)