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City of South Gate
CITY COUNCIL

Item No. 3

JAN 19 2021

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

AGENDA BILL

7:40pm

For the Regular Meeting of January 26, 2021
Originating Department: Community Development

Interim Director:


Paul L. Adams

Interim City Manager:


Chris Jeffers

SUBJECT: RESOLUTION APPROVING SUBSTANTIAL AMENDMENT NO. 4 TO THE FISCAL YEAR 2019-2020 ANNUAL ACTION PLAN IN ACCORDANCE WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) REGULATIONS AND RATIFY THE AMENDED FY 2020-2021 CDBG AND HOME BUDGET ALLOCATIONS

PURPOSE: To consider amending the Fiscal Year (FY) 2019-2020 Annual Action Plan by programming \$863,385 in Community Development Block Grant Coronavirus (CDBV-CV3) funds to provide additional COVID-19 related programs and services, and to ratify the amended FY 2020-2021 CDBG and HOME budget allocations. This item was continued from the November 24, 2020, City Council meeting.

RECOMMENDED ACTIONS: Following the conclusion of the Public Hearing, the City Council will:

- a. Adopt Resolution approving Substantial Amendment No. 4 to the Fiscal Year 2019/20 Annual Action Plan; by programming \$863,385 in Community Development Block Grant Coronavirus (CDBV-CV3) funds to provide additional COVID-19 related programs and service;
- b. Authorize an appropriation of \$863,385 in CDBG-CV to the Fiscal Year 2019/20 Annual Action Plan; and
- c. Ratify the amended Fiscal Year 2020/21 CDBG and HOME budget allocations.

FISCAL IMPACT: There will be no impact on the General Fund as a result of this Substantial Amendment. The enacted Coronavirus Aid Relief and Economic Security (CARES) Act made available \$5 billion in Community Development Block Grant Coronavirus (CDBG-CV) funds. Of this amount, HUD has immediately allocated \$2 billion based on the FY 2019/20 CDBG formula. The City of South Gate's allocation from this latest round of CDBG-CV funding was \$863,385. It is recommended that the City Council authorize funds to be added to the FY 2019/20 budget and appropriate \$863,385 in CDBG-CV funds to the FY 2019/20 Annual Action Plan.

NOTICING REQUIREMENTS: Advertising and notification of the Public Hearing was conducted in compliance with the Municipal Code Section 11.50.020 (Public Hearing Notification) and was published in the Long Beach Press Telegram newspaper on January 16, 2021. The CARES Act adds additional flexibility to reduce the required public comment period from 30 days to not less than five (5) days. The noticing conducted by the City complies with these requirements.

ANALYSIS: This item requests two separate actions related to HUD funding received by the City. The first is the correction of a minor (\$394) error in the current fiscal year allocations and the second, is the allocation of a third round of CDBG-CV funds to specific programs.

Budget Adjustment: In 2019, HUD allocated \$1,487,150 in CDBG and \$664,918 funds for the FY 20-21 for the City of South Gate. Recently, the City was informed by HUD that there was an error in the formula calculation resulting in slight reduction to the City’s allocation. The City’s corrected allocation for CDBG is \$1,486,924, a difference of \$226; the corrected allocation for HOME is \$664,918, a difference of \$168.

The resulting budget adjustment does not require an amendment to the action plan, but does require City Council approval. City staff recommends reducing the amount previously allocated to the Administration of both the CDBG and HOME. If approved, the CDBG administration budget would be reduced by \$226, thus resulting in an amendment from \$273,430 to \$273,204 (as shown in the last table in the report). The HOME administration budget would be reduced by \$168, thus resulting in an amendment from \$166,229 to \$166,061. For a total reduction adjustment of \$394 to the original budget.

Allocation of New Funding: In order to allocate the additional CDBG funds granted to the City through the third round of CDBG funds, a Substantial Amendment to the City’s Annual Action Plan is required. This item was brought to the City Council at the November 24, 2020 City Council meeting. At that time staff requested to continue the Public Hearing to January 26th, 2021 and to take this item to the Citizen Advisory Committee for their review and recommendation. This procedure allowed for additional citizen input, which is required by HUD and is compliance with the policies listed in our Citizen Participation Plan. This procedure would normally happen with regular CDBG funding allocations.

On December 9, 2020, the Citizen Advisory Committee met to discuss the additional round of CDBG-CV funds. Below is the CAC’s recommendation:

CDBG-CV-3 Funds	
CDBG-CARES (CV-3) Allocation	\$863,385.00
Administrative Budget	\$172,677.00
Proposed Programs	
Food Insecurity Program	\$150,354.00
Illegal Dumping/ Youth Employment Program	\$100,000.00
Rental Assistance and Utility Program	\$240,354.00
Small Business Job Retention and Creation Program	\$200,000.00
Total	\$863,385.00
Balance	\$0

The CDBG-CV funds are supplemental CDBG funding that the City is eligible to receive from HUD for activities that prevent, prepare for, and respond to the economic effects of the ongoing Coronavirus Disease 2019 (“COVID-19”) pandemic. The funds are meant to be used in a timely manner to assist residents in need, but per HUD Guidelines, must be expended by June 30, 2022. There is a 20% cap on administrative funding, and HUD has waived the 15% cap on public service programs, thus allowing the City to program more funds towards public service programs as opposed previous CDBG funding years.

Following the December 9th CAC meeting, City staff emailed CDBG sub recipients informing them of the new CDBG-CV Funds Available.

Below is a summary of the CDBG-CV3 applications received:

- **Food Insecurity Program (\$150,354 recommended by the CAC)**
 - 1) No Applications Received. Staff is working to develop an appropriate food distribution program that will be managed by City staff.

- **Illegal Dumping Youth Employment Program (\$100,000 recommended by the CAC)**
 - 1) Long Beach Conservation Corporation- Submitted an application for \$100,000 for an Illegal Dumping Youth Employment program.

 - 2) The California Latino Leadership Institute, (CLLI)- Submitted an application for \$25,000 for a Southeast Youth Workforce Internship.

- **Rental Assistance and Utility Program (\$240,354 recommended by the CAC)**
 - 1) Compatior, Inc.- Submitted an application for \$240,354 for a Rental and Utility Assistance Program.

 - 2) Helpline Youth Counseling- Submitted an application for \$240,354 for a Rental and Utility Assistance Program.

- **Small Business Grants (\$200,000 recommended by the CAC)**
 - 1) South Gate Chamber of Commerce- Submitted an application for \$200,000 for Small Business Grant Assistance.

 - 2) Tweedy Mile Association- Submitted an application for \$200,000 for Small Business Grant Assistance.

BACKGROUND: The U.S. Department of Housing and Urban Development (HUD) enabled additional CDBG economic support as part of the Coronavirus Aid Relief and Economic Security (CARES) Act. The objectives of the CDBG program is to enable activities that respond to the economic effects of the Coronavirus Disease 2019 (COVID-19) pandemic, allowing grantees to reprogram existing or future CDBG funds as part of long-term social welfare and economic development recovery efforts. Given the immediate needs faced by communities, HUD has announced a third allocation of funds. The City of South Gate will be eligible to receive \$863,385 in CDBG-CV funds.

The South Gate City Council has already funded a number of programs using both regular CDBG and CDBG-CV funds in the past several months in response to the COVID-19 pandemic. Regular CDBG funds must be spent by June 30, 2021. If not, they will be reprogrammed for FY 2021/22. CDBG-CV funds must be spent by June 30, 2022. The following summary of prior allocations is provided for reference.

On April 28, 2020 the City Council programmed \$633,668 of the \$874,841 CDBG-CV funds. Below is a summary:

Program Funded	Organization	Amount Allocated
Admin Funds	City of South Gate	\$174,968.20
Covid-19 Testing	AltaMed	\$62,500
Senior Food Distribution	City of South Gate	\$286,200
Homeless Services	Salvation Army	\$45,000
Domestic Violence	City of South Gate	\$20,000
Rent and Utility Assistance Program	Helpline Youth Counseling	\$45,000
	Total	\$633,668

On June 9, 2020 and June 23, 2020 the City Council programmed \$241,173 in CDBG-CV funds.

Program Funded	Organization	Amount Allocated
Legal Advocacy Program	Bet Tzedek	\$80,000
Rental and Utility Assistance Program	Helpline Youth Counseling	\$80,000
Mental Health Counseling Program	Compatior, Inc.	\$81,173
	Total	\$241,173

On April 28, 2020 the City Council re-programmed \$375,000 of unspent FY 2019/20 CDBG Funds. Below is a summary:

Program Funded	Organization	Amount Allocated
Small Business Grant Program	City of South Gate	\$200,000
Workforce Development Program	Hub Cities	\$175,000
	Total	\$375,000

On September 22, 2020 the City Council programmed \$1,487,150 in regular CDBG funds for FY 2020/2021 and programmed \$1,006,581 of unspent CDBG funds from prior years for new programs. Below is a summary:

Program Funded	Organization	Amount Allocated
Administration	City of South Gate	\$273,430
Fair Housing Program	Fair Housing Foundation	\$24,000
Program Delivery - HOME Rehab	City of South Gate	\$100,000
Tweedy Blvd. Façade Improvements	Tweedy Mile	\$60,000
Commercial Façade	City of South Gate	\$200,000
Graffiti Abatement	City of South Gate	\$140,000
Homeless Services	Salvation Army	\$22,500
Family Violence Prevention	City of South Gate	\$140,000
Police Explorer	City of South Gate	\$25,000
Rent and Utility Assistance	Helpline Youth Counseling	\$22,500
Rehabilitation Services	Southern CA Rehab	\$8,000

Mental Health Program	Compatior, Inc.	\$325,000
Food Insecurity Program	City of South Gate	\$364,500
Small Business Program	South Gate Chamber of Commerce	\$300,000
Youth Employment Program	Hub Cities	\$157,500
Rent and Utility Assistance	Compatior, Inc.	\$175,000
Workforce Development	Hub Cities	\$50,000
Illegal Dumping Program	Conservation Corp of Long Beach	\$36,581
	Total	\$2,424,011

In addition to their recommendations regarding the allocation of current CDBG-CV funds, the CAC also considered other potential areas of need. Given the limited funding that the City receives, the CAC requested that staff include the following recommendations for possible future consideration. Staff and the members of the CAC recognize that all of these potential needs will require additional funding and study in order to be addressed and that the resources to do so are not currently available. These additional items for future consideration are:

- The City can consider adopting a rental protection ordinance
- The City can reach out to/partner with companies like AT&T and Spectrum to offer internet services to Low-income residents
- The City can create a platform on the City’s website of pro-bono legal services
- The City should explore partnering with large companies to offer internships to South Gate youth.
- The City should also reach out to undocumented households to inform them of the programs/ resources available to them.

All of these suggestions while having merit would require potentially substantial funding which may or may not be eligible for future CDBG funding. In addition, they likely would take several months to cultivate and during the current COVID environment would be difficult to undertake given the inability to have in-person discussions. Staff believes that these recommendations would best be addressed during the City’s budget process.

ATTACHMENTS: A) Proposed Resolution
B) Public Hearing Notice

RESOLUTION NO. _____

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE,
CALIFORNIA, APPROVING SUBSTANTIAL AMENDMENT NO. 4
TO THE CITY OF SOUTH GATE FISCAL YEAR 2019-2020
ANNUAL ACTION PLAN REALLOCATING CDBG FUNDS AND ALLOCATING
CDBG-CV FUNDS IN ACCORDANCE WITH THE U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT REGULATIONS**

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) requires all jurisdictions that receive federal entitlement funds to prepare an Annual Action Plan that identifies the projects to be funded with Community Development Block Grant (“CDBG”) and HOME Investment Partnerships (“HOME”);

WHEREAS, the City of South Gate (“City”) prepared and adopted a Five-Year Consolidated Plan for the City covering the period July 1, 2015 to June 30, 2020;

WHEREAS, the purpose of the Consolidated Plan and the Annual Action Plan is to identify housing and community development needs and to develop specific goals and objectives to address those needs over a five-year period and is a requirement of the U.S. Department of Housing and Urban Development that the City must meet in order for the City to continue to receive federal housing and community development funds;

WHEREAS, on May 28, 2019, the City Council approved the 2019-2020 Annual Action Plan for expenditure of the entitlement grants from HUD, including the CDBG program. The approved Annual Action Plan was subsequently submitted to HUD in May, 2019 and approved on September 5, 2019;

WHEREAS, HUD enabled additional CDBG economic support known as the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), allowing grantees to reprogram existing or future CDBG funds as part of long-term social welfare and economic development recovery efforts;

WHEREAS, the objectives of the supplemental CDBG funding is to enable activities that prevent, prepare for, and respond to the economic effects of the Coronavirus Disease 2019 (“COVID-19”) pandemic (“CDBG-CV”);

WHEREAS, the City is receiving \$863,385 in CDBG-CV funds;

WHEREAS, the City Council has determined that the 2019-2020 Annual Action Plan needs to be amended in accordance with HUD regulations through a Substantial Amendment, to indicate the increase allocated to a category of funding, and to reflect the changing needs of the community;

WHEREAS, the CARES Act adds additional flexibility to reduce the required public comment period from 30 days to not less than five (5) days. Grantees may use virtual public hearings when necessary for public health reasons and the public services cap is suspended during the emergency;

WHEREAS, City staff published a public hearing notice announcing the proposed amendments to the Fiscal Year (FY) 2019/20 CDBG allocations in the January 13, 2021 edition of the Long Beach Press telegram newspaper. The five (5) day public review and comment period ends on January 26, 2021; and

WHEREAS, the adopted budget and proposed changes to the FY 2019/20 Annual Action Plan for the CDBG Program proposes to allocate \$863,385 in CDBG-CV funds to the FY 2019/20.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council does hereby declare that the above recitals are true and correct and are incorporated herein by reference.

SECTION 2. The City Council does hereby adopt Substantial Amendment No. 4 to the 2019-2020 Annual Action Plan as follows: Allocating \$863,385 in CDBG-CV funds to the FY 2019/20.

SECTION 3. The City Manager and/or his designee is hereby authorized to make all conforming modifications and edits, and to execute all implementing documents required by HUD to receive and reallocate funding identified under the approved Substantial Amendment No. 4 to the 2019-2020 Annual Action Plan.

[Remainder of page left blank intentionally.]

SECTION 4. The City Manager and/or his designee is hereby directed to file a copy of said Substantial Amendment to HUD.

SECTION 5. The City Manager is hereby authorized to enter into agreements with eligible sub-recipients, in a form acceptable to the City Attorney.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED, and ADOPTED on this 26th day of January 2021.

CITY OF SOUTH GATE:

By: _____
Maria Davila, Mayor

ATTESTED:

By: _____
Carmen Avalos, City Clerk
(SEAL)

APPROVED AS TO FORM:

By:  _____
Raul F. Salinas, City Attorney

**PUBLIC NOTICE
CITY OF SOUTH GATE
CITY COUNCIL**

NOTICE OF PUBLIC HEARING

Hearing Date: Tuesday, January 26, 2021
Time: 6:30 p.m. or as soon thereafter as the matter may be heard
Place: Members of the public wishing to observe the meeting may join through a Call-In Conference. For the updated Dial-In Number and Conference Code for the January 26th City Council meeting please visit the City's website at www.cityofsouthgate.org/AgendaCenter

Description: Consider a substantial amendment to the 2019-2020 Annual Action Plan. The 2019-2020 Annual Action Plan, which sets forth specific activities and expenditures using funds received through the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) programs administered by the United States Department of Housing and Urban Development (HUD), was adopted by the City Council on May 28, 2019. When a substantial change (i.e. adding an activity, canceling an activity or redirecting funds) is proposed to the City Action Plan, the City requires that the public be notified and a Public Hearing be held to allow the public an opportunity to comment on the proposed substantial changes.

Proposed Amendment to the FY 19 Action Plan: CDBG and CDBG-CARES (CDBG-CV) Program:

The City is proposing to program funds under the CARES (CDBG-CV) program. The City Council will conduct a public hearing to consider the modification in activity funding levels for programs. The following programs may be added, increased, reduced, or eliminated:

CDBG-CV-3 Funds Available	
CDBG-CARES (CV-3) Allocation	\$863,385.00
Proposed Programs	
Administrative Budget	\$172,677.00
Food Insecurity Program	\$150,354.00
Illegal Dumping/ Youth Employment Program	\$100,000.00
Rental Assistance and Utility Program	\$240,354.00
Small Business Job Retention and Creation Program	\$200,000.00
Total	\$863,385.00
Balance	\$0

Reasonable Noticing: The City will publish a legal notice in a newspaper of general circulation and on the City website at least ten (10) days prior to the public hearing.

Public Review Comment: A five-day public comment period will be provided commencing on January 20, 2021. Citizens can submit email comments in advance of the public hearing to the attention of the City Clerk.

Public Hearing: A telephonic public hearing will be considered adequate. Citizens can submit verbal comments to the City Council at the time of the telephonic public hearing.

Availability of Document for Public Comment: The City of South Gate encourages citizen participation in the planning process. A Public Hearing regarding this proposed Substantial Amendment to the 2019-20 One Year Action Plan will be held on January 26, 2021, 6:30 p.m. via the City's Call-in Conference.

Invitation to be heard: All interested persons are invited to the Public Hearing to be heard. In addition, written comments may be submitted to the City Council prior to the hearing. Comments may be submitted in writing by mailing comments to City of South Gate, Community Development Department, Attn: Dianne Guevara, Management Analyst, 8650 California Avenue, South Gate, CA 90280.

Those desiring a copy of the staff report or further information related to this project should contact:

Contact: Dianne Guevara, Management Analyst
Phone: 323-563-9535
E-mail: dguevara@sogate.org

Mailing Address: Community Development Department
City of South Gate
8650 California Avenue
South Gate, CA 90280-3075

Accessibility: It is the intention of the City of South Gate to comply with the Americans with Disabilities Act (ADA) in all respects. The City of South Gate will attempt to accommodate attendees in every reasonable manner. Please contact at least 72 hours prior to the above scheduled public hearing to establish need and to determine if additional accommodation is feasible.

ESPAÑOL

Información en Español acerca de esta junta puede ser obtenida llamando al 323-563-9535

Dated: January 14, 2021

Published: January 16, 2021