

RESOLUTION NO. ____-2019

RESOLUTION OF THE FORT BRAGG CITY COUNCIL APPROVING FORGIVABLE LOAN AGREEMENT AND SUB-RECIPIENT AGREEMENT WITH PARENTS AND FFIRENDS, INC. FOR THE CYPRESS STREET RESIDENTIAL CARE FACILITY FOR THE ELDERLY PROJECT WITH FUNDS THROUGH COMMUNITY DEVELOPMENT BLOCK GRANT #17-CDBG-12020 AND AUTHORIZING CITY MANAGER TO EXECUTE SAME (AMOUNT NOT TO EXCEED: \$2,802,880; ACCOUNT NO. 333-5041-0632)

WHEREAS, the City was awarded funds from the 2017 State California Department of Housing and Community Development, State Community Development Block Grant (CDBG) to fund a Public Facility Activity to construct a Residential Care Facility for the Elderly (RCFE); and

WHEREAS, the City of Fort Bragg's 2017 CDBG Application for the Public Facility Activity states that the City will undertake the activity on behalf of Parent's and Friends, Inc.(PFI); and

WHEREAS, the City has worked with PFI previously to successfully implement several CDBG activities including Planning and Public Facility activities, and PFI is sufficiently experienced and knowledgeable of CDBG procedures and regulations such that its staff are competent to assist in implementing the Activity; and

WHEREAS, PFI owns the property at 350 Cypress Street; and

WHEREAS, a Sub-recipient Agreement and Loan Agreement is required by the State CDBG regulations to contractually obligate PFI to perform the grant-funded activities in accordance with the City's Standard Agreement with the State Department of Housing and Community Development, when executed, and in compliance with all State and Federal overlay requirements for the CDBG program; and

WHEREAS, Standard Agreement #17-CDBG-12020 also requires that a Regulatory Agreement must be recorded that specifies no change of use for a minimum of five years after expiration of the Standard Agreement, as well as performance requirements and associated sanctions if performance criteria are not met; and

WHEREAS, in addition to resulting in recording of a Deed of Trust to secure the Loan, the Loan Agreement also imposes a Regulatory Agreement to be recorded against the property in the Mendocino County Recorder's Office that specifies a twenty-year facility use limitation such that the facility must be used for services as described in the City's 2017 CDBG grant application during that period of time or appropriate sanctions including loan repayment may be imposed, which meets and exceeds the five-year use limitation required in the City's 2017 CDBG Standard Agreement #17-CDBG-12020; and

WHEREAS, the Loan Agreement imposes other covenants and restrictions on PFI to include, among other terms, a prohibition against transfer of the property, voluntarily or involuntarily, to any other party either by lease or sale or other manner; requirement for general maintenance of the property and specifically; requirement for adequate and on-going property insurance coverage; required payment of any property taxes that may become due;

and requirement that construction activities are to be planned and implemented in cooperation and compliance with, and under the supervision of, the City; and

WHEREAS, CDBG funding will not be released and made available to the City to implement the construction or the activity until all General Conditions for the Public Facility Activity are completed, submitted to CDBG, and cleared by CDBG; and

WHEREAS, other General Conditions to be completed, submitted to CDBG, and cleared by CDBG prior to CDBG General Conditions Clearance and release of grant funding include documentation of Site Control, including environmental compliance; relocation compliance relating to residential or commercial tenants; status of funding commitments if any; cost estimates; procurement status; Davis-Bacon Labor Standards Compliance; and Section 504 accessibility requirements; and compilation of these items to comprise the General Conditions Package is in progress but not completed.

WHEREAS, based on all the evidence presented, the City Council finds as follows:

1. Parents and Friends, Inc. is a qualified sub-recipient and with City assistance, is sufficiently capable and experienced in implementation and management of CDBG-funded projects.
2. There is adequate funding provided in the 2017 CDBG Public Facility Activity awarded to fund the construction, including direct project costs as well as administrative costs.
3. The Loan Agreement and Sub-recipient Agreement and related documents contain covenants and restrictions that comply with CDBG regulations related to the Public Facility Activity.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg does hereby approve a Forgivable Loan Agreement and Sub-recipient agreement with Parents and Friends, Inc. for the Cypress Street Residential Care Facility for the Elderly Project with funds through Community Development Block Grant #17-CDBG-12020 and authorizing the City Manager to execute same (Amount not to Exceed \$2,802,880; Account No. 333-5041-0632).

The above and foregoing Resolution was introduced by Councilmember _____, seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 8th day of April, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

WILL LEE
Mayor

ATTEST:

June Lemos, CMC
City Clerk