



AGENCY: City Council
MEETING DATE: Aug. 8, 2022
DEPARTMENT: Administration
PRESENTED BY: L. Peterson
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AGENDA ITEM SUMMARY

TITLE:

Receive Report, Conduct Public Hearing, and Consider Adoption of City Council Resolution Approving Application for 2022 Community Development Block Grant Funding, Execution of Agreement, and Any Amendment Thereto

ISSUE:

The deadline to submit applications to the State Department of Housing & Community Development (HCD) for the 2022 Community Development Block Grant (CDBG) program is August 19, 2022. On June 28, 2022, the Community Development Committee directed staff to prepare an application for CDBG funding for the Business Assistance Loan Program in the amount of \$750,000. A public hearing must be held and a resolution authorizing submittal of the application must be approved should Council decide to submit an application.

ANALYSIS:

On June 28, 2022, staff asked the Community Development Committee for direction regarding the 2022 CDBG Notice of Funding Availability (NOFA). Eligible non-entitlement jurisdictions may submit up to three applications for a combined maximum amount of \$1.5 million. HCD requires that over 50% of an open award be expended before a grantee is eligible to apply for additional funding of a like activity. This rule limits the type of programs and projects that the City of Fort Bragg may apply for, as the City currently has 10 open CDBG awards. Based on current expenditure of open CDBG awards and the application deadline of August 19, 2022, the Community Development Committee directed staff to prepare one Economic Development application and, if eligible, up to two Planning applications:

1. Economic Development Programs (Competitive): Business Assistance Loan Program: Up to \$750,000 for direct loans to for-profit businesses, activity delivery, and general administration staff time.
2. Planning: Sewer Infrastructure Planning: Up to \$250,000 for design and environmental review of the extension of sewer services north of Pudding Creek to the end of City Limits.
3. Planning: Ocean Water Intake Benthic Survey: Up to \$250,000 for one of several studies recommended to determine site feasibility. This study will determine the presence of sensitive habitat and benthic topography.

Staff has prepared an Economic Development application as directed. The City is not eligible to seek additional planning and technical assistance funding at this time because the City's current Fire Station Planning award will not meet the threshold of 50% expenditure before the August 19, 2022 application deadline.

Business Assistance Loan Program Budget

The Business Assistance Loan Program would be funded entirely with CDBG 2022 funding, with the following activities and amounts:

Funding Category	Amount
Activity (Direct Loans to Businesses)	\$585,000
Activity Delivery (15%)	\$112,500
General Administration (7%)	\$52,500
Total	\$750,000

About the Business Assistance Loan Program

The Business Assistance Loan Program serves start-ups or existing businesses within City limits. Funds may be used for purchase of equipment, inventory, real property, working capital, debt consolidation, and construction (Davis-Bacon Labor Law requirements must be followed for construction). Businesses may be loaned up to \$300,000, depending on available funds. For every \$35,000 loaned, one full-time job is created or retained, and 51% of those jobs are filled by members of the low- to moderate-income group. Loan amounts and terms are determined on a case by case basis, with interest rates starting as low as 1%. Terms are dependent on the recipient’s cash flow needs and risk level of the loan. Repayment terms are based on the capacity of the business to repay, with deferral of payments possible based on income and expense projections. There are no loan fees.

RECOMMENDED ACTION:

Conduct Public Hearing and Adopt Resolution Approving an Application for Funding, Execution of a Grant Agreement and Any Amendment Thereto from the 2022 Community Development Block Grant (CDBG) Program.

ALTERNATIVE ACTION(S):

No Action. Under this alternative, the City would not submit a 2022 CDBG application.

FISCAL IMPACT:

CDBG grants have a positive fiscal impact on the City as the programs and projects funded by CDBG would otherwise be unfunded and require allocation of General Fund resources. The City’s costs to administer the CDBG grant will be offset by General Administration funds. Business loan repayments are returned to the City as Program Income and may be used for other CDBG-eligible activities.

GREENHOUSE GAS EMISSIONS IMPACT:

No impact on greenhouse gas emissions.

CONSISTENCY:

The State CDBG mission is to improve the lives of low- and moderate-income residents through the creation and expansion of community and economic development opportunities, which supports livable communities for all residents. This mission is consistent with City Priority Areas established in City Council’s April 2019 Goal Setting process including Priority

Area “Jobs/Industry” (Economic Development Loans and Grants, Business Assistance Program).

IMPLEMENTATION/TIMEFRAMES:

If the grant application is approved by City Council, and after the Public Hearing is held, staff will complete the application and submit it by the August 19, 2022, submission date. The NOFA does not outline the award period, though awards are expected to be announced beginning in 2023. Program activities will commence immediately following Standard Agreement execution. The “National Benefit” for the Business Assistance Loan Program would fully achieved once all available loan funds have been dispersed to businesses.

ATTACHMENTS:

1. Proposed Resolution Authorizing Application Submittal
2. Exhibit A to Resolution - CDBG Required Format
3. Public Hearing Notice

NOTIFICATION:

1. Notify Me Subscribers: CDBG Activities