



CITY COUNCIL STAFF REPORT

TO: City Council

DATE: January 12, 2025

DEPARTMENT: Economic Development Department

PREPARED BY: Lacy Sallas, Grants Coordinator

PRESENTER: Lacy Sallas, Grants Coordinator

AGENDA TITLE: RECEIVE A REPORT, HOLD A PUBLIC HEARING, AND CONSIDER ADOPTING A RESOLUTION OF THE FORT BRAGG CITY COUNCIL APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2025 FUNDING YEAR OF THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

RECOMMENDATION

Receive report, hold the public hearing, and adopt a resolution of the Fort Bragg City Council approving an application for funding and the execution of a grant agreement and any amendments thereto from the 2025 funding year of the State Community Development Block Grant (CDBG) Program.

BACKGROUND

Every year, the California Department of Housing and Community Development (HCD) releases a funding opportunity under the Community Development Block Grant (CDBG) program. Funds for the program are made available to HCD from the United States Department of Housing and Urban Development (HUD). As a non-entitlement jurisdiction, the City is eligible to apply for grants through the CDBG program.

The 2025 Notice of Funding Availability (NOFA) was released on September 30, 2025. Design phase public hearings have already been held, public input has been received, and activities have been preliminarily selected. This public hearing provides an additional opportunity for the public to give input regarding the proposed activities prior to City Council adopting a resolution.

On November 13, 2025, City staff posted/published a Notice of a Public Hearing to be held on November 24, 2025. On November 17, 2025, the CDBG program sent an email to subscribers announcing (1) the rescheduling of pre-application webinars and (2) a pending Amendment to the 2025 NOFA, postponing the application portal opening from December 1, 2025 to February 2026 (the exact date was not specified at that time). Due to the pending NOFA amendment, staff determined it best to postpone the adoption of a resolution and

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continue the Public Hearing to a date certain, should any other details of the NOFA be amended. On December 15, 2025, the Amended NOFA was released; applications will be accepted by HCD from February 2, 2026 through April 3, 2026.

DISCUSSION AND ANALYSIS

CDBG Background

The primary federal objective of the CDBG program is the development of viable urban communities by providing decent housing and a suitable living environment and through expanding economic opportunities, principally, for persons of low- and moderate-income. “Persons of low and moderate income” are defined as families, households, and individuals whose incomes do not exceed 80 percent of the county median income, adjusted for family or household size. CDBG partners with rural cities and counties to improve the lives of their low- and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities. CDBG funds are provided as grants for a wide range of activities directed toward Economic Development (ED), improvement of community facilities and infrastructure, neighborhood revitalization, and public services. All CDBG activities must meet one of the following National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain urgent community needs. Depending on the type of project or program, benefit can be provided directly to low-moderate-income persons, or to a predominantly low-moderate income area.

Below are HCD’s current CDBG household income limits, effective June 1, 2025 and updated annually:

Persons in Household	1	2	3	4	5	6	7	8
Extremely Low 30%	\$19,750	\$22,550	\$25,350	\$28,150	\$30,450	\$32,700	\$34,950	\$37,200
Low 50%	\$32,900	\$37,600	\$42,300	\$46,950	\$50,750	\$54,500	\$58,250	\$62,000
60% Limit	\$39,480	\$45,120	\$50,760	\$56,340	\$60,900	\$65,400	\$69,900	\$74,400
Moderate 80%	\$52,600	\$60,100	\$67,600	\$75,100	\$81,150	\$87,150	\$93,150	\$99,150

CDBG 2025 Application Budget

Following is the proposed budget for the 2025 CDBG application:

Activity	Activity Costs	GA Costs	Total
City-Wide Sidewalk Rehabilitation	\$3,084,112	\$215,888	\$3,300,000
Coastal Marine Debris Interception Project Design Phase II Planning	\$280,374	\$19,626	\$300,000
Total	\$3,364,486	\$235,514	\$3,600,000

Activity costs include direct costs associated with completing the activity (e.g. construction costs or design costs) and Activity Delivery (AD) costs; AD costs include staff and consultant expenses in support of the specific activity (e.g. construction management). There is no specific cap on AD costs, though AD costs of less than twenty-five percent (25%) of the total activity cost is recommended as a reasonable amount. General Administration costs are associated with overall administration of the CDBG program. Following are detailed descriptions of the activities included in the 2025 application budget:

Proposed Applications

Project: City-Wide Sidewalk Rehabilitation Project:

This project was selected as an alternate should the first Project selection, the Fire Station Reconstruction Project, be found infeasible. As that is the case (described in more detail below), staff recommends selection of the City-Wide Sidewalk Rehabilitation Project as the Project application for the 2025 CDBG funding cycle. The proposed project would remove and replace deteriorated sidewalk segments across the City, addressing long-standing safety, accessibility, and aesthetic concerns. The scope combines locations identified in the 2022 sidewalk system inventory conducted by Precision Concrete Cutting (PCC)—which documented approximately \$1.2 million in removal and replacement (R&R) needs—with additional segments identified through recent infrastructure assessments. The total estimated cost is approximately \$3.3 million.

Unlike PCC’s annual concrete shaving contracts, which address minor surface lifts, this project targets full-depth R&R locations that will not be addressed through routine maintenance. The combined scope represents a system-wide rehabilitation effort that would restore safe pedestrian access and improve the visual integrity of the City’s public infrastructure.

Complete plans and specifications by the City’s On-Call engineering services team, Lumos & Associates, were submitted on December 12, 2025. CEQA and NEPA review are also underway and will be complete prior to February 2.

This project has an Economic Development nexus, as improved pedestrian infrastructure supports commercial activity, enhances access to local businesses, and contributes to a

livable, walkable community. It meets the Low-Moderate Income Area (LMA) National Objective and aligns with the City's strategic goals for infrastructure resilience and equity.

Planning: Coastal Marine Debris Interception Project Design Phase II (entitled Trash Capture Device Design Phase II in the staff report from the November 10, 2025 public hearing and renamed for consistency with other documents):

This planning grant would fund the preparation of 100% plans and specifications for the remaining five high-flow capacity (HFC) trash capture devices required to complete the citywide system (Phase I planning for the other nine devices is already underway). These five devices are the most technically complex—due to depth, pipe size, and location—and are estimated to require approximately \$300,000 in design costs. While construction funding has not yet been identified (for Phase I or Phase II), completion of this infrastructure is required by State Water Board regulations by 2030. Advancing design now ensures the City remains on track to meet compliance deadlines and positions the project for future construction funding opportunities, including potential CDBG applications in subsequent cycles. This planning activity supports the phased implementation of a critical environmental infrastructure project and demonstrates proactive progress toward regulatory goals. It has a Housing nexus, as it protects water quality and public health, and meets the Low-Moderate Income Area (LMA) National Objective.

CDBG staff have approved the City's request to submit this application for Planning Related to Another Activity.

Postponed Project: Fire Station Reconstruction (North Wing):

This project would result in reconstruction of the Fire Station to meet seismic standards, is shovel-ready with minimal modifications required, and staff have already incorporated it into the Capital Outlay planning for the year.

In the 2024 cycle, the City submitted a CDBG application to serve as the 25% match for a Cal OES Hazard Mitigation Grant Program (HMGP) request. Due to timing issues and oversubscription of the 2024 NOFA, the CDBG application was not funded, and HMGP subsequently deactivated our application.

The updated engineer's estimate, inclusive of inflation, is approximately \$3.3 million—making this project an ideal fit for the maximum CDBG project allocation. While the \$3.3 million covers Construction Costs, Construction Management, and Inspection Services, it does not include contingency. At the design phase public hearing, staff recommended consideration of a City match of \$330,000 (10%) to strengthen competitiveness and ensure coverage of potential cost increases during construction. With this match, the project would meet the CDBG threshold requirement for full funding. Potential sources of matching funds considered include dedication of both City and Fort Bragg Fire Protection Authority funds. Funds are not currently available to be encumbered from either source. At this point, the project is not viable without securing other grant funds in addition to CDBG. As the City must demonstrate dedication of 100% funding at the time of application (assuming the dedication of CDBG funds), the application is not currently

viable for the 2025 NOFA. This project could be considered for a future CDBG NOFA, as there is a chance the maximum construction amount may be increased to \$5 million for the 2026 cycle.

Plans and specifications are complete and would need to be updated to meet CDBG standards (dated within 90 days of application). CEQA and NEPA reviews are complete.

The project has both Housing and Economic Development nexus, and as an operational fire station serving a predominantly low- and moderate-income area, it meets the Low-Moderate Income Area (LMA) National Objective. Its completion would directly enhance public safety and community resilience.

Program Income

Program Income (PI), loan funds that have been repaid to the City, may be added to an application to increase the maximum, if available and desired. The City currently has PI, including cash on hand and future receipts up to the amount of \$570,000, encumbered for a Business Assistance Loan Program. For this funding cycle, adding PI to an application is not feasible.

Anticipated Timeline

Applications will be accepted from February 2, 2026 through April 3, 2026. Notification of award is expected by September 2026, and execution of Standard Agreements is expected to begin on a rolling basis in October 2026. Agreements will have a two-year, nine-month expenditure period. Project or programs funded under this solicitation are therefore expected to take place from approximately October 2026 through July 2029, subject to change based on actual Standard Agreement execution date.

FISCAL IMPACT/FUNDING SOURCE

CDBG funds allow the City to conduct activities and complete projects to benefit the community, in particular the City's low- and moderate-income residents, for which funding would otherwise be unavailable. CDBG activities also create job opportunities in the community. CDBG grant administration requires significant commitment of staff time, but CDBG provides funding for administrative activities that is generally adequate to service the program. If awarded, activities will be fully or partially funded through the CDBG program. Potential sources for matching funds as applicable include the City's General Fund.

ENVIRONMENTAL ANALYSIS:

All activities will be subject to National Environmental Protection Act (NEPA) review and California Environmental Quality Act (CEQA) review, as applicable.

STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN 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 Fort Bragg City Council Priority Areas.

Applying for CDBG funding is consistent with the *Strategic Plan 2024-2028+ Goal 5: Fund our Future with Financial and Fiscal Responsibility; 5B. Identify strategic partnerships to share investments and costs through a variety of models.* Utilizing CDBG funds allows the City to complete otherwise unattainable activities to benefit low-moderate income residents. Both proposed projects specifically support *Goal 2: Implement Resilient Infrastructure and Encourage Environmental Stewardship* by maintaining resilient streetscapes and stormwater infrastructure.

The proposed projects support the City's economic development strategy of business expansion, attraction, and retention (BEAR) by fostering a safer, visually pleasing, and overall more desirable community.

COMMUNITY OUTREACH

Public input was solicited regarding potential activities at a duly noticed public meetings on the following dates: April 29, 2025; October 22, 2025; and November 10, 2025.

Public input is solicited regarding the proposed activities at today's public hearing, which was also duly noticed, opened on November 24, 2025, and continued to January 12, 2026. As a courtesy, notices were posted on December 30, 2025, to remind the public of the hearing date of January 12, 2026.

ALTERNATIVES:

1. Direct staff to pursue other activities under the 2025 CDBG NOFA.
2. Direct staff not to prepare any applications for funding under the 2025 CDBG NOFA.

ATTACHMENTS:

1. Resolution
2. Exhibit A – Resolution in CDBG Required Format
3. Public Hearing Notices
4. Amended NOFA

NOTIFICATION:

CDBG Activities "Notify Me" subscriber list