



**AGENCY:** City Council  
**MEETING DATE:** November 25, 2024  
**DEPARTMENT:** Economic Development  
**PRESENTED BY:** L. Sallas  
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## AGENDA ITEM SUMMARY

**TITLE:**

**RECEIVE REPORT AND CONDUCT PUBLIC HEARING FOR DISCLOSURE OF ACCOMPLISHMENTS AND CLOSEOUT OF ACTIVITIES FUNDED BY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 20-CDBG-12080**

**ISSUE:**

The expenditure period for the City's 2020 Community Development Block Grant Program (CDBG) award 20-CDBG-12079 ended on November 8, 2024. Funds in the amount of \$117,000 were expended and the activity is complete. Per CDBG requirements, a public hearing before the governing body must be conducted to notify the public of accomplishments funded by the grant. The 2020-CDBG grant was awarded to fund a Microenterprise Financial Assistance Program activity and General Administration. Following is a description of accomplishments resulting from the funded activities.

**ANALYSIS:**

In 2020, the City applied for funding for an Economic Development Program activity from the Competitive 2020 CDBG program for a Microenterprise Financial Assistance Program and General Administration and was awarded \$117,000 in 2021. A Microenterprise Financial Assistance Program activity is an eligible CDBG activity and meets CDBG's low-moderate income limited clientele, microenterprises (LMCMC) National Objective.

This grant funded Microenterprise Financial Assistance loans to qualifying businesses, expenses for professional services from a contracted Business Loan consultant, staff time related to Microenterprise Financial Assistance loan activities and general administration of the CDBG program. For this program, a microenterprise business consists of five or fewer employees, including the owner(s). The intent of the grant was to fund low-interest, flexible-term loans for microenterprises within City limits where the owner qualifies as low-moderate income per CDBG standards, thus ensuring that this activity both supports economic development and predominantly benefits the low-moderate income community.

The grant was active for a three-year period from November 9, 2021 through November 8, 2024. This "regular" CDBG program was operated simultaneously with a Business Assistance Loan Program, which funded loans to for-profit businesses where jobs primarily filled by low-moderate income persons were created/retained, and a COVID-19 Business Assistance Loan Program, which funded loans to businesses with a COVID-19 nexus. Operating multiple loan programs concurrently ensured that the City had more options available to meet the needs of individual businesses. Closeout reports were completed separately for each loan program.

Prior to the award term, a Request for Proposals for a qualified loan consultant was released on October 21, 2020. Community Development Services was selected, and a contract was

**AGENDA ITEM NO.**

executed on June 1, 2021. The loan consultant assists with processing applications, completing loan documents, and loan underwriting. Throughout the grant period, funds in the amount of \$100,000.00 were expended on loans; \$15,000.00 were expended on consultant services in support of Activity Delivery; and \$2,000.00 were expended on general administration of the CDBG program.

Two businesses received loans from this program, and three jobs were created / retained. One business received \$35,000 and the other received two separate loans for \$30,000 and \$35,000.

As these Microenterprise Financial Assistance Loans are repaid, funds are deposited into the CDBG Program Income account, and then become available to be used for CDBG-eligible activities, as allowed by HCD. The City may either submit a Program-Income only application to HCD, or add Program Income to a Notice of Funding Availability (NOFA) application to increase the amount of funds used for a project. Currently, the City has applied to use up to \$570,000 in existing and projected future Program Income funds for the continuation of the Business Assistance Loan Program and is awaiting contracting.

**RECOMMENDED ACTION:**

No specific action is required of Council. The purpose of this item is to provide a report and conduct a required Public Hearing to disclose accomplishments and closeout of activities funded by CDBG #20-CDBG-12079.

**ALTERNATIVE ACTION(S):**

None.

**FISCAL IMPACT:**

The 2020 grant project was implemented with CDBG grant funds. The 2020 grant provided General Administration funding that was adequate to cover administrative costs; any on-going administrative tasks after grant close out may be covered by the City's CDBG grant administration funds from any active CDBG award. CDBG funding is intended to assist the low- and moderate-income population; as over 50% of the clientele assisted as a result of these loans were microenterprise owners who are considered low- and moderate- income as per CDBG income limits, this meets the low-moderate income limited clientele, microenterprises National Objective.

**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 the City Council's Priority Area "Jobs/Industry", established in City Council's April 2019 Goal Setting process, and with Goal 1: Invigorate Economic Opportunity and Community Vibrancy, from the City's Strategic Plan 2024-2028+, adopted August 12, 2024.

**IMPLEMENTATION/TIMEFRAMES:**

The expenditure deadline for the 2020 grant was November 8, 2024. Final Funds Requests for the grant have been submitted to HCD. Grant close-out reports, due to CDBG within 30 days of contract expiration, will be submitted to HCD after the close-out public hearing is held. The City's Agreement with CDBG expired on November 8, 2024. It is unclear when CDBG will authorize close-out of the City's contract with the state because final closeout is

subject to U.S. Department of Housing and Urban Development (HUD) monitoring and review of State CDBG funding allocations.

**ATTACHMENTS:**

1. Public Hearing Notice – English
2. Public Hearing Notice – Spanish

**NOTIFICATION:**

1. CDBG “Notify Me” Subscribers