



**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-CV2-2-00235**

**ISSUE:**

The expenditure period for the City's 2020 Community Development Block Grant Program – Coronavirus Response (CDBG-CV) award 20-CDBG-CV2-3-00235 ended on October 31, 2024. Funds in the amount of \$224,466.14 were expended and the activity is complete. Per CDBG requirements, a public hearing before the governing body shall be conducted to notify the public of accomplishments funded by the grant. The 2020-CDBG grant was awarded to fund a COVID-19 Business Assistance Loan 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 2020 CDBG Program - Coronavirus Response Tranches 2 & 3 for a COVID-19 Business Assistance Loan Program and General Administration and was awarded \$237,610.65 in 2021. A Business Assistance Loan Program activity is an eligible CDBG activity and meets CDBG's low-moderate income job creation and retention (LMJ) National Objective.

This grant funded Business Assistance loans to qualifying businesses, expenses for professional services from a contracted Business Loan consultant, staff time related to Business Assistance loan activities and general administration of the CDBG program. The intent of the grant was to fund low-interest, flexible-term loans to for-profit businesses impacted by COVID-19 within City limits, where the loans result in the creation or retention of jobs. Of those jobs, at least 50% are filled by low-moderate income persons, 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 October 13, 2021 through October 31, 2024. This CDBG-CV program was operated simultaneously with a "regular" Business Assistance Loan Program, which also funded loans to for-profit businesses where jobs primarily filled by low-moderate income persons were created/retained, and a Microenterprise program, which funded loans to low-moderate income Microenterprise businesses. 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.

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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 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 \$178,208.00 were expended on loans; \$15,669.25 were expended on consultant services; \$6,835.23 were expended on staff time in support of program activities; \$23,753.66 were expended on the general administration of the CDBG program; and \$13,144.51 was unspent and will be disencumbered.

One business received a loan for \$178,208.00 from this program, and six part-time / three full-time equivalent (FTE) jobs were created and/or retained. Note that an additional \$31,792.00 was loaned to this business under the 20-CDBG-12080 BALP grant award, for a total of \$210,000.00.

As Business 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 the 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-CV2-3-00235.

**ALTERNATIVE ACTION(S):**

None.

**FISCAL IMPACT:**

The 2020 grant project was implemented with CDBG-CV grant funds. The 2020 grant provided General Administration funding that was adequate to cover administrative costs; any ongoing administrative tasks after the grant close out may be covered by the City's CDBG grant administration funds from any active CDBG award. CDBG-CV funding is intended to assist the low- and moderate-income population and to prepare for, prevent, or respond to COVID-19; as over 50% of the jobs created and/or retained as a result of these loans are filled by persons considered low- and moderate-income as per CDBG income limits, this meets the low-moderate job creation and retention 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 October 31, 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 October 31, 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