



## Legislation Text

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**File #:** 20-776, **Version:** 1

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Adopt City Council Resolution Approving a Funding Increase to Grant #17-CDBG-12020 of the State Community Development Block Grant Program

### **ISSUE:**

The City was awarded a 2017 CDBG grant in July, 2018 in the amount of \$3,038,896 for the Parents and Friends, Inc. (PFI) Residential Care Facility for the Elderly (RCFE) project, known as the Cypress Street RCFE Project. On April 28, 2020, the City was notified by the Department of Housing and Community Development (HCD), of the opportunity to request Supplemental Assistance for the Cypress Street RCFE Project due to changing market conditions that have caused construction costs to increase. A request for Supplemental Assistance will increase the grant award and would ensure that the project has enough available funds to implement the full project scope. Before the City can request CDBG Supplemental Assistance funds a Resolution authorizing the increase of funds must be adopted by City Council.

### **ANALYSIS:**

The State CDBG program provides funding for a variety of housing, community development, and economic development activities. State CDBG funding is available for "non-entitlement" cities with fewer than 50,000 residents and counties with fewer than 200,000 residents. The City of Fort Bragg is a non-entitlement city and is generally eligible to apply for CDBG funding under the State CDBG program.

All CDBG activities must meet one of three National Objectives, including (1) benefit to low-and-moderate income persons; or (2) prevention of elimination of slums and blight; or (3) urgent need. The most commonly used National Objective is benefit to low- and moderate-income persons or households (LMI). The Cypress Street RCFE Project is a LMI activity under the CDBG program.

### **Project Scope & Funding**

The Cypress Street RCFE Project is comprised of three, four-bedroom, three-bathroom residential units constructed to be fully accessible and equipped for aging and disabled clients. The facility's three residential buildings will each be licensed by the Community Care Licensing Division of the State Department of Social Services as a Service Level 4-I (highest staffing level to correspond to escalating severity of disability levels). Each of the three homes will provide residential and care services to four extremely low-income, developmentally disabled adults who are age 59 and older and/or suffering from age-related dementia, Alzheimer's disease, or other age-related disabilities, providing services to a total of 12 individuals.

The Supplemental Assistance through CDBG will allow for the complete implementation of the project. The additional funds will lessen or eliminate the risk of having to reduce the project scope due to construction cost increases since the original cost estimate (dated October 12, 2017). The original project cost and grant award including construction, activity specific costs and general administration is \$3,038,896 and the updated project cost is \$3,645,636. The updated cost estimate was prepared by the procured design firm on the project, K. Boodjeh Architects, who is under contract with PFI. The requested Supplemental Assistance only includes construction cost increases (\$606,740), the Cypress Street RCFE Updated Cost Estimate is attached (Attachment 2). The Supplemental Assistance request should not exceed 20% of the original grant award. The addition of \$606,740 to the project is just under 20%, which meets the 20% requirement.

### **Supplemental Assistance Process**

To be considered for Supplemental Assistance funding the City must submit the following items to the HCD:

- Name of jurisdiction and Contract Number;
- Updated Cost Estimate (less than 45 days old);
- Updated Project Timeline (less than 45 days old);
- An updated project description including an explanation of the reason for the cost Increase;
- Most recent Single Audit if applicable;
- Documentation of Program Income on-hand and expected to be received during the duration of the contract;
- A request from the Authorized Representative and confirmation of no change in project scope; and
- A resolution authorizing the increased funding.

**RECOMMENDED ACTION:**

Adopt a Resolution to authorize funding increase to #17-CDBG-12020 Standard Agreement.

**ALTERNATIVE ACTION(S):**

Do not adopt Resolution and/or provide staff additional direction.

**FISCAL IMPACT:**

The Supplemental Assistance funding will ensure that the complete project scope for construction the RCFE can be implemented. The new residential facility to serve the City's most disadvantaged residents, a project for which no alternative funding has been identified. Property owner and facility operator Parents and Friends, Inc. has a long and stable fiscal history and has stated that they have access to adequate funding and resources to provide services to support residents housed in the facility. Implementation of CDBG-funded projects and programs brings funding to Fort Bragg to create job opportunities in the community. CDBG grant administration requires significant commitment of staff time, but CDBG provides funding for administrative activities (7% of grant funds) and there is sufficient general administration funding available.

**GREENHOUSE GAS EMISSIONS IMPACT:**

This project will require a Coastal Development Permit and CEQA review. CEQA review includes an analysis of a project's potential for having significant impacts on the environment, and includes specific analysis of a project's greenhouse gas impacts. The Planning Commission will review the project's potential for significant impacts associated with greenhouse gases, and will need to mitigate any potential impacts to a less than significant level in order to approve the permits for the project.

**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 City Council's April 2019 Goal Setting process including Priority Area "Housing" (housing projects and programs). The City's 2019 Housing Element includes "New affordable housing that serves our community's special needs populations" and "New market rate and affordable housing that serves our residents and businesses in Fort Bragg" as two of four broad housing priorities.

**IMPLEMENTATION/TIMEFRAMES:**

If the authorizing resolution is approved by City Council, staff will complete and compile all required documentation and submit the Supplement Assistance request for the Cypress Street RCFE Project to HCD for consideration. Staff confirmed

with HCD that funding is still available. If approved, HCD will process and execute a Standard Agreement amendment.

**ATTACHMENTS:**

1. Resolution
2. Cypress Street RCFE Project Updated Cost Estimate

**NOTIFICATION:**

Rick Moon, CEO Parents and Friend, Inc.