



Staff Report

City Council

Item No. {{section.number}}.E

Meeting Date: December 11, 2024

From: John A. Corella, Director of Public Works

Title: Administrative Amendment to the Community Development Block Grant (CDBG) FY 2020-21 and FY 2023-24 Annual Action Plans

RECOMMENDATION:

To approve an Administrative Amendment to the city's FY 2020-21 and FY 2023-24 Community Development Block Grant (CDBG) Annual Action Plans (AAP) to allocate remaining CDBG funds to supplement the Whitewater Neighborhood Road Improvement Project and reallocate remaining CDBG CARES Act (CDBG-CV) funds for Desert Access and Mobility for submittal to the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND:

The Community Development Block Grant (CDBG) program, administered by the U.S. Department of Housing and Urban Development (HUD), provides annual grants on a formula basis to states, counties, and cities to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

As an entitlement City, Cathedral City receives annual CDBG entitlement funds to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and improving community facilities and services, in HUD Qualified Census Tracts within the City limits.

Annual Action Plan Amendments

As part of the CDBG program, HUD requires the preparation of a 5-Year Consolidated Plan (Con Plan) to address the priority needs of the community, set goals for attaining identified objectives. The City Council adopted the FY 2022-27 Con Plan on June 6, 2022.

The implementation of the Con Plan is reflected in the Annual Action Plan (AAP) that is prepared every fiscal year. The AAP identifies specific projects to be funded that implement the strategies identified in the Con Plan.

When the City's CDBG funding situation changes, amendments to the AAP may be required. There are two types of amendments:

1. **Administrative Amendments:** Changes to a previously adopted Con Plan and AAP that does not meet the thresholds to qualify as a Substantial Amendment. These amendments are typically processed at a staff level with approval from the City Council.
2. **Substantial Amendments:**
 1. A change in the use of CDBG funds from one eligible activity to another; or
 2. The implementation of an activity not previously identified in sufficient detail to provide affected citizens an opportunity to submit comments; or
 3. A change in an activity's program budget which exceeds ten percent (10%) of the City's latest annual entitlement grant; and
 4. Council approval required for all substantial amendments.

For FY 2020-21, the city was awarded the annual entitlement CDBG funds in the amount of \$613,288 for public services and public improvements. Due to the corona virus pandemic and the enactment of the CARES Act, the city received additional CDBG-CV funds in the amount of \$927,207. In total, the city received the amount of \$1,540,495 in federal funding for FY 2020-21.

On May 24, 2023, the City Council approved the city's CDBG FY 2023-24 AAP that described the federal funding allocations from the city's annual entitlement grant. The city's entitlement apportionment was in the amount of \$569,557. The approval of the CDBG FY 2023-24 AAP included the amount of \$10,000 for the Sidewalk Repairs Assistance Program. There were no applications received for sidewalk repair during the programed year.

The City Council approved the FY 2024-25 AAP on May 8, 2024, which allocated funds for CDBG Administration, the Whitewater Neighborhood Road Improvement Project, and the Sidewalk Repair Assistance Program. This approval included the city's entitlement apportionment of \$533,139.

From August 21, 2024, through September 5, 2024, the city published a draft of the Consolidated Annual Performance Evaluation Report (CAPER). The FY 2023-24 CAPER described the accomplishments and expenditures for projects approved in the FY 2023-24 AAP. The city followed guidelines in the Community Participation plan (CPP) to give residents of the Cathedral City community an opportunity to review and comment on the information reported. During the public notice period, the city did not receive any public comments. On September 11, 2024, City Council approved the CAPER to publish on the city website and to submit to HUD. The CAPER was submitted to HUD and published on the city website on September 12, 2024.

In the FY 2023-24 CAPER, it is noted that there was a balance of \$14,756.15 in CDBG-CV funds that could be allocated to an eligible CDBG-CV activity, and that the city anticipated to allocate these funds for use in FY 2024-25. Following the commenting period and the City Council approval, Desert Access and Mobility, who had previously received CDGB-CV funding from Cathedral City in 2022, inquired about the \$14,756.15 balance and submitted a proposal to the city for these funds.

DISCUSSION:

The city has a remaining amount of \$14,756.15 from the FY2020-21 CDBG-CV Small Business Economic Assistance Program, and a remaining amount of \$10,000 from the FY 2023-24 Sidewalk Repair Assistance Program (no applications were received for sidewalk repair during the program year). Therefore, the administrative amendment proposes to allocate:

- \$14,756.15 in CDBG-CV funds to supplement Desert Access and Mobility, a transportation service for residents who are blind, handicapped, or elderly and unable to drive.
- \$10,000 in CDBG funds to supplement FY 2024-25 Whitewater Neighborhood Road Improvement Project

Desert Access and Mobility: The City of Cathedral City last provided funding to Desert Access and Mobility through an amendment to the 2021-22 Annual Action Plan in the amount of \$25,000. The funding provided assistance for elderly, blind, and those persons who cannot drive safely that had been impacted by the corona virus. Desert Access and Mobility will use the \$14,756.15 within the FY 2024-25 to continue providing transportation services to residents of Cathedral City in need of assistance.

Whitewater Neighborhood Road Improvement Project: In the CDBG FY 2024-25 AAP, funding in the amount of \$451,000 was programmed to the Whitewater Neighborhood Road Improvement Project. Staff are proposing to re-program the amount of \$10,000 remaining from FY 2023-24 Sidewalk Repair Assistance Program to supplement the Whitewater Neighborhood Road Improvement Project for a total amount of \$461,000.

The Whitewater Neighborhood Road Improvement Project is comprised of residential roads located within a low and moderate-income area of Census Tract 044915 which will serve approximately 2,500 people. Road improvements, like reconstruction, improvements, and/or rehabilitation will be performed at:

- 33rd Avenue: Shifting Sands Trail- Cathedral Canyon Drive- PCI=32
- Shifting Sands Trail: 33rd Avenue- Ortega Road- PCI=43
- Whispering Palms Trail: 33rd Avenue- Ortega Road- PCI=33
- Sky Blue Water Trail: 33rd Avenue- Ortega Road- PCI=27
- Navajo Trail: 33rd Avenue- Ortega Road- PCI=50
- Pueblo Trail: 33rd Avenue- Ortega Road- PCI=49

In addition to these streets being in a low and moderate-income area, the proposed Project is to be undertaken by the city because these streets are showing severe signs of degradation and pronounced cracking. Reconstructing these streets and making curb ramps upgrades will also provide better accessibility, benefiting the residents of this area.

Per the city's CPP, any programmatic changes in an amount less than ten percent (10%) of the city's total cumulative budget may be documented with an administrative amendment. The city's total budget for FY 2024-25 is \$553,139, and ten percent (10%) of the total budget is \$55,314. The sum of the proposed administrative amendment is \$24,756.15 which is less than ten percent (10%) of the city's total cumulative budget.

FISCAL IMPACT:

The city is proposing to utilize the remaining \$10,000 of CDBG funding from FY 2023-24 Sidewalk Repair Assistance Program to supplement the Whitewater Neighborhood Road Improvement Project. Any unallocated and/or remaining CDBG funding from previous years can only be allocated to public improvements as the city cannot exceed its annual required cap allowances for administrative (no more than 20%) and public service (no more than 15%) expenses.

The city is also proposing to utilize the remaining CDBG-CV funding of \$14,756.15 from FY2020-21 CDBG-CV Small Business Economic Assistance Program to supplement Desert Access and Mobility. Any unallocated and/or remaining CDBG-CV funding from previous years can only be allocated under the CARES Act guidelines. HUD does not have a cap allowance for CDBG-CV funding.

The approval of this Administrative Amendment will ensure that the city's records remain accurate and account for these programmatic changes. The reallocation of funds will also allow the city to maximize its reimbursement for costs related to the public improvement project.

The following table summarizes the city's proposed programming of unallocated CDBG (Fund 251) funding:

Program Year	Project (from)	Project (to)	Funding
FY 2020-21 CDBG-CV	Small Business Economic Assistance Loan Program	Desert Access and Mobility	\$14,756.15
FY 2023-24 CDBG	Sidewalk Repair Assistance Program	Whitewater Neighborhood Road Improvement Project	\$10,000.00
Total			\$24,756.15

FIVE-YEAR STRATEGIC PLAN:

Goal B- Community Investment

Objective: Cathedral City roads, gateways, public spaces, and other infrastructure are well planned, designed, constructed and maintained.

ATTACHMENTS:

1. CDBG Administrative Amendment
2. Desert Access and Mobility Proposal