TO: Mayor and City Council
FROM: Marshall Eyerman, Chief Financial Officer
AGENDA DATE: June 18, 2019
TITLE: PUBLIC HEARING TO ADOPT SUBSTANTIAL AMENDMENT #2 TO THE 2018-2023 CONSOLIDATED PLAN AND FISCAL YEAR 2018-2019 ACTION PLAN

RECOMMENDED ACTION

Recommendations: That the City Council:


3. Authorize a budget amendment as set forth in the fiscal impact section and authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant activities.

SUMMARY

This report recommends that the City Council conduct a Public Hearing to update the 2018-2023 Consolidated Plan and FY 2018-2019 Annual Action Plan to add the following to the projects funded by the Community Development Block Grant (CDBG):

1. Pavement Rehabilitation for four Project Areas

The amendment to the Consolidated Plan and Action Plan would provide the funding necessary for both the design and construction of four street segments as outlined in the Attachment 1. These four street segments are all located in the CDBG low mod target areas. The pledging of grant dollars will help the City to meet the commitment and expenditure deadlines as imposed by the Department of Housing and Urban
Development (HUD). The allocation of these CDBG funds will not impact any projects, as previously approved by the City Council.

**DISCUSSION**

As a recipient of federal grant funding, the City of Moreno Valley completes a five-year Consolidated Plan and an Annual Action Plan Update that details the use of the grant funds issued to the City by the Department of Housing and Urban Development (HUD). Federal law requires that in cases where there are substantial changes to an approved Plan that cities notify its citizens of the proposed amendment(s) and provide them the opportunity to comment by holding a Public Hearing, then submitting the Council-approved ‘Substantial Amendment(s)’ to HUD for final approval.

This staff report requests the City Council approve the amendment and award of funding to add the following project:

1. The design and construction phase for four Project Areas
   a. Project Area 1: Hemlock Ave from Pigeon Pass Road to Heacock St.
   b. Project Area 2: Sunnymead Blvd from Graham St. to Heacock St.
   c. Project Area 3: Heacock St. from Alessandro Blvd. to Cottonwood Ave.
   d. Project Area 4: Cottonwood Ave. from Heacock St. to Indian St.

Pavement rehabilitation consists of the removal of 1.5-inch thick of existing asphalt concrete pavement surface and replacement of new asphalt concrete surface of same thickness for street areas that are severely distressed. Rehabilitation also includes the crack sealing and application of slurry seal for areas of street pavement that are less distressed. The activity is to improve the street pavement and extend the service life of the pavement while enhancing the safety and aesthetic appearance of various communities within the HUD-CDBG Low/Mod Census Tract 2019 areas.

If City Council chooses to approve these projects for CDBG funding, it would not only assist the City to meet its upcoming grant commitment deadlines but also its future expenditure deadlines.

**ALTERNATIVES**

**Alternative 1.** Conduct the Public Hearing, adopt Substantial Amendment #2, affecting CDBG, to the 2018-2023 Consolidated Plan and FY 2018/19 Annual Action Plan; and authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant activities. *Staff recommends this action because it complies with HUD’s substantial amendment requirements, would allow for the City to better meet the commitment goals established for the CDBG Program and assist to meet future spend down requirements.*

**Alternative 2:** Decline to adopt Substantial Amendment #2, affecting CDBG to the 2018-2023 Consolidated Plan and FY 2018/19 Annual Action Plan; and not authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant
activities. Staff DOES NOT recommend this action because it does not comply with HUD’s substantial amendment requirements, would not allow for the City to meet its upcoming commitment goals established for the CDBG Program and would not assist to meet future spend down requirements.

FISCAL IMPACT

The allocation of the CDBG funds has been made available from the previously approved allocation by the City Council. The allocation of the CDBG funds will not impact any projects, as previously approved by the City Council. **This amendment would have no impact on the General Fund.**

The following allocation of grant funds is proposed:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fund</th>
<th>GL Account No.</th>
<th>Type (Rev/Exp)</th>
<th>FY 18/19 Budget</th>
<th>Proposed Adjustments</th>
<th>FY 18/19 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Rev.</td>
<td>CDBG</td>
<td>2512-99-99-92512-485000</td>
<td>Rev</td>
<td>3,967,977</td>
<td>797,222</td>
<td>4,765,199</td>
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<td>Project Exp.</td>
<td>CDBG</td>
<td>2512-70-76-80001-720199</td>
<td>Exp</td>
<td>1,462,891</td>
<td>797,222</td>
<td>2,260,113</td>
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</tbody>
</table>

NOTIFICATION

Notice of this meeting was published in the Press-Enterprise newspaper on May 16, 2019. The official 30-day public review period occurred from May 16, 2019 to June 18, 2019. Respondents were given the opportunity to provide comments via email, telephone, and in person. Staff would like to note that at the time of submission of this report there were no comments received from the public either in support or opposing the project.

PREPARATION OF STAFF REPORT

Prepared By: Dena Heald
Financial Operations Division Manager

Concurred By: Michael L. Wolfe
Public Works Director

Department Head Approval: Marshall Eyerman
Chief Financial Officer

CITY COUNCIL GOALS

Public Facilities and Capital Projects. Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

Positive Environment. Create a positive environment for the development of Moreno Valley's future.
Community Image, Neighborhood Pride and Cleanliness. Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

ATTACHMENTS

1. Map of Project Areas
2. Press Enterprise Notice - Substantial Amendment #2

APPROVALS
PROPOSED STREET SEGMENTS FOR PAVEMENT REHABILITATION

Legend:
- Proposed Street Segments for Pavement Rehabilitation
- District
  - 1
  - 2
  - 3
  - 4
- HUD LowMod Block Groups 4-1-2019