



AGENDA REPORT

Meeting Date: March 6, 2012
Item Number: H-5
To: Honorable Mayor & City Council
From: James R. Latta, Human Services Administrator
Subject: RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE CITY OF HAWAIIAN GARDENS, REGARDING THE EXCHANGE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG) FOR THE FISCAL YEAR 2011-2012

Attachments:

1. Resolution
2. Agreement

RECOMMENDATION

Staff recommends that City Council adopt the attached resolution approving an agreement with the City of Hawaiian Gardens to exchange \$90,000 in Beverly Hills' unallocated federal CDBG funds for \$63,000 in unrestricted general funds.

INTRODUCTION

On February 7, 2012 City Council approved in concept the sale of unexpended CDBG funds from the City of Beverly Hills for \$63,000 from a willing buyer. Proceeds from the sale have no restrictions and could be used to support any city need. The City receives an annual allocation of federal Community Development Block Grant (CDBG) funds through the Los Angeles Community Development Commission (LACDC). These funds must be used to assist low to moderate income persons and households in the City. CDBG funds that the City does not expend in a particular year may be retained by the City in the form of unallocated funds. These funds are termed unallocated because they have not been programmed for specific projects.

The City may use unallocated funds to fund CDBG-eligible activities in future years; however, as of March 31st of each year, the City may have no more than 150 percent of its current year's allocation unexpended. This is known as the "drawdown requirement." Most years because of limited opportunities, the City does not expend all of its CDBG funds so unallocated funds accumulate. The CDBG regulations are stringent and it can

be difficult to identify projects in the City that are eligible for CDBG funding. Staff has been researching promising projects but none are ready to fund. If a City does not meet the drawdown requirement, the County may opt to recapture some of the City's CDBG funds. An alternative is for a city to exchange CDBG funds with another city for unrestricted general funds. Staff is proposing a one-time exchange of \$90,000 in CDBG funds with the City of Hawaiian Gardens in return for \$63,000 in unrestricted general funds.

DISCUSSION

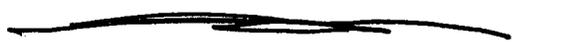
It can be particularly difficult for cities such as Beverly Hills, which does not have any qualified low-income areas, to find CDBG-eligible projects. The City is proud of its record in spending its CDBG funds on eligible projects since 1974. The City has previously accumulated CDBG funds and has contributed the funds to construction projects such as the Beverly Hills Senior Housing building, as well the recent Upward Bound House Project in Culver City. It is noted that all CDBG-funded projects must be located within the City's jurisdiction except for projects serving the homeless which may be located anywhere in the County where they will still benefit homeless persons from the city providing the CDBG funds. On February 21, 2012, City Council approved the use of these funds on the Step Up On Second Home For Good project located at 1146 Tamarind Avenue in Los Angeles.

A number of cities in Los Angeles County have exchanged all of their CDBG funds on a yearly basis. Other cities may exchange some of their CDBG funds because they need to meet the drawdown requirement in a given year or because they may wish to obtain unrestricted general funds for a particular use. Cities shop around CDBG dollars and negotiate for the best rate from cities interested in buying CDBG funds. Because of the restrictions on CDBG funds, the exchange rate can vary. In August of 2008, the City was able to obtain a rate from the City of San Fernando of \$.55 per CDBG dollar. In February of 2009, the City was able to obtain a rate from the City of Hawaiian Gardens of \$.55 to the CDBG dollar. For this transaction, the City was able to negotiate a rate of \$.70 per CDBG dollar.

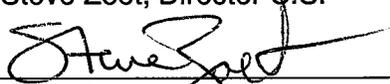
FISCAL IMPACT

The sale of the City's unexpended funds to an established willing buyer will provide \$63,000 to the City of Beverly Hills' general fund for the \$90,000 of CDBG unusable funds.

Scott Miller, Chief Financial Officer


Finance Approval

Steve Zoet, Director C.S.


Approved By

Council will be advised if agreement is not signed by Tuesday.

Attachment 1

RESOLUTION NO. 12-R-_____

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE CITY OF HAWAIIAN GARDENS, REGARDING THE EXCHANGE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG) FOR THE FISCAL YEAR 2011-2012

The City Council of the City of Beverly Hills does hereby resolve as follows:

- A. The City Council of the City of Beverly Hills conducted a public hearing, pursuant to applicable law, on February 7, 2012, to consider the allocation of CDBG funds for the Fiscal Year (“FY”) 2011-2012;
- B. The use of CDBG funds is strictly limited by law; and
- C. The City of Beverly Hills executed a three-year Cooperation Agreement with the County of Los Angeles concerning CDBG funds for Fiscal Years 2012-2013, 2013-2014, and 2014-2015; and
- D. The City of Beverly Hills, a recipient of CDBG funds, desires to exchange \$90,000 of its FY 2011-2012 CDBG funds for \$63,000 of the City of Hawaiian Gardens’ General Funds.

NOW, THEREFORE, BE IT RESOLVED by the City of Beverly Hills City Council as follows:

Section 1. The attached Agreement between the City of Beverly Hills and City of Hawaiian Gardens (“Agreement”) is hereby approved.

Section 2. In accordance with the Agreement, the City of Beverly Hills will exchange \$90,000 of its FY 2011-2012 CDBG funds for \$63,000 of Hawaiian Gardens' General Funds.

Section 3. The City Manager is authorized and directed to execute any and all documents necessary to complete the exchange of funds on behalf of the City of Beverly Hills.

Section 4. This Resolution shall take effect immediately.

Section 5. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

Adopted:

BARRY BRUCKER
Mayor of the City of
Beverly Hills, California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:



STEVE ZOET
Director of Community Services

SCOTT G. MILLER
Director of Administrative Services/
Chief Financial Officer

Attachment 2

**AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS
AND THE CITY OF HAWAIIAN GARDENS TO EXCHANGE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS**

This Agreement is made by and between the City of Beverly Hills, a municipal corporation ("Beverly Hills") and the City of Hawaiian Gardens, a municipal corporation ("Hawaiian Gardens"), (collectively the "Cities").

RECITALS

A. Beverly Hills has executed a three-year cooperation agreement with the County of Los Angeles concerning Community Development Block Grant (CDBG) Funds for Fiscal Years 2012-2013, 2013-2014, and 2014-2015;

B. Beverly Hills has executed a three-year reimbursable agreement with the County of Los Angeles concerning CDBG funds for Fiscal Years 2012-2013, 2013-2014, and 2014-2015.

C. Beverly Hills has unexpended CDBG Funds which could be made available to Hawaiian Gardens in exchange for the assignment of the amount of Hawaiian Garden's general funds indicated in Section 1 below and, Beverly Hills is willing to assign unexpended CDBG funds to Hawaiian Gardens.

D. The Cities now desire to enter into an agreement under which Hawaiian Gardens would exchange Sixty Three Thousand (\$63,000) of its general funds for Ninety Thousand (\$90,000) of Beverly Hills's unexpended CDBG Funds.

NOW, THEREFORE, the Cities agree as follows:

Section 1. EXCHANGE. Beverly Hills agrees to assign \$90,000 of its unexpended CDBG Fund for Fiscal Year 2011-2012 to Hawaiian Gardens. In return Hawaiian Gardens agrees to assign \$63,000 of its general funds to Beverly Hills. The exchange rate is \$.70/\$1.00. The table below summarizes the amount(s) to be exchanged and any public service or administrative authority to be transferred to Hawaiian Gardens:

Fiscal Year	Amount	Public Service Authority Received	Administrative Authority Received
FY 2011-2012	\$0	\$0	\$0
Unallocated Balance	\$90,000	\$0	\$0
TOTAL	\$90,000	\$0	\$0

Section 2. CONSIDERATION. Beverly Hills shall assign the agreed upon CDBG Funds in one lump sum payment. Hawaiian Gardens shall assign the agreed upon funds to Beverly Hills in one lump sum payment. Hawaiian Gardens' lump sum

payment shall be due and payable 30 days after the Community Development Commission of the County of Los Angeles notifies Hawaiian Gardens in writing and on its letterhead that the funds have been transferred to Hawaiian Gardens' unallocated funds account.

Section 3. BEST EFFORTS. Beverly Hills shall use its best efforts to obtain any consent required of any other governmental or administrative agency to effectuate the assignment of \$90,000 of its CDBG Funds to Hawaiian Gardens. Beverly Hills agrees to execute any and all additional documents which such agencies may request in connection with the assignment and receipt of the grant.

Section 4. TERM. The Agreement is effective on the date below written and for such time as it is necessary for both parties to complete their mutual obligations under this Agreement.

Section 5. TERMINATION. Termination of this Agreement may be made by either party, so long as written notice of intent to terminate is given to the other party at least five (5) days prior to termination.

Section 6. NOTICE. Notices shall be given pursuant to this Agreement by personal service on the party notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

City of Hawaiian Gardens
21815 Pioneer Boulevard
Hawaiian Gardens, CA 90716

Section 7. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California

IN WITNESS WHERE, the parties have executed this Agreement the ____ day of _____, 201__.

CITY OF BEVERLY HILLS

CITY OF HAWAIIAN GARDENS

BARRY BRUCKER
Mayor of the City of
Beverly Hills, California

ERNESTO MARQUEZ
City Administrator

ATTEST:

ATTEST:

BYRON POPE
City Clerk

SUE UNDERWOOD
City Clerk

[Signatures continue]

APPROVED AS TO CONTENT:

JEFFREY KOLIN
City Manager

SCOTT G. MILLER
Director of Administrative Services/
Chief Financial Officer

STEVE ZOET
Director of Community Services

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney