

CATEGORICAL EXEMPTION and HOUSING COMMITTEE REPORT relative to the 2020-21 46th Program Year of the Housing and Community Development Consolidated Plan (PY 46 Con Plan).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the PY 46 Con Plan Action Plan will not have a significant effect on the environment, pursuant to the City's California Environmental Quality Act (CEQA) Guidelines, and in compliance with the CEQA of 1970; that the Notice of Exemption reflects the independent judgement of the lead agency of the City; that the documents constituting the record of proceedings in this matter are located in the Council File (CF) in the custody of the City Clerk, and acknowledge the Notice of Exemption for the PY 46 Con Plan, to be submitted by the Los Angeles Housing and Community Investment Department (HCIDLA) and attached to the Council File.

All new federally-funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and pursuant to the U.S. Department of Housing and Urban Development (HUD) regulations, prior to any commitment of federal funds for expenditure, unless they are exempt from such review. HCIDLA has determined that some action is programmatically exempted per Code of Federal Regulations (CFR) 58.34 and categorically excluded per CFR 58.35 (a)(b) from the annual environmental requirement.

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment are also subject to environmental review under the CEQA, if implementation of the projects is authorized as part of the budgeting process. HCIDLA has determined that some action is programmatically exempt annually under CEQA Guidelines for General Exemptions, Article 18 Statutory Exemptions Section 15260 through 15285, and Article 19 Categorical Exemptions Section 15300 through 15333.

Those projects that are not exempt or not yet defined are approved, subject to: 1) confirmation that the project to be funded is categorically excluded under NEPA pursuant to 24 CFR Part 58 and exempt under CEQA pursuant to the Guidelines prior to project implementation; or, 2) appropriate environmental review prior to project implementation.

All projects involving new construction and/or major rehabilitation will require the preparation of a Mitigated Negative Declaration/Environmental Assessment and Finding of No Significant Impact or Environmental Impact Report/Environmental Impact Statement on a site-by-site basis.

2. APPROVE the PY 46 Con Plan and the related budget for the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) Program, Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Grant included as Attachments A of the Chief Legislative Analyst report dated June 3, 2020.
3. AUTHORIZE the General Manager, HCIDLA, or designee, to sign, on behalf of the City,

the application for Federal Assistance for the CDBG, HOME, HOPWA, and ESG Programs and the associated Grantee Certifications, subject to the review and approval of the City Attorney as to form.

4. AUTHORIZE the General Manager of HCIDLA, or designee, to submit the annual 2020-21 PY 46 Action Plan to HUD after Council and Mayor approval and the public comment period ends.
5. INSTRUCT the General Manager, HCIDLA, or designee to:
 - a. Provide written notification to PY 46 Action Plan applicants, as follows:
 - i. To successful applicants, advising them of final award recommendations and required contracting process to facilitate program implementation.
 - ii. To unsuccessful applicants, informing them that they are not recommended for award and further advising them of current and forthcoming alternative competitive application processes.
 - iii. For all categories, notify all departments that have requested CDBG funding, the relevant Council Offices, and the City Attorney of these correspondences.
 - b. Monitor public services and administrative services expenditures against the PY 46 statutory spending limitations respectively and report to the Mayor and Council within 30 days with recommendations for necessary adjustments in the event it is anticipated that either cap will be exceeded.
 - c. Prepare, with the assistance from the Economic and Workforce Development Department (EWDD) and the Community Redevelopment Agency of the City of Los Angeles (Designated Local Authority), quarterly reports for submission to the Mayor and Council on program income receipts for all Con Plan sources.
 - d. Prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with the intent of the PY 46 Con Plan actions, upon approval of the Chief Legislative Analyst (CLA), and request the Controller to implement these instructions.
6. INSTRUCT the HCIDLA, with the assistance of the City Administrative Officer (CAO), and CLA, to ensure that PY 46 projects recommended for funding are in compliance with the City's CDBG expenditure policy and guidelines (CF No. 01-2765-S2), to establish a multi-year future projects priority-funding list, and to revise the current CDBG expenditure policy to comply with the aforementioned multi-year funding list for future Program Years.
7.
 - a. Authorize the City Controller to process a Reserve Fund loan for up to \$10 million, to be available July 1, 2020 or soon thereafter for the period of July 1, 2020 through October 31, 2020 for cash flow purposes related to the Con Plan Grants (CDBG, ESG, HOME, HOPWA) with said loan to be fully reimbursed from grant receipts in PY 2020-21, and subject to the availability of Reserve Funds for this purpose.

b. Instruct the CAO to work with HCIDLA on cash flow issues to minimize the need for a Reserve Fund Loan.

8. APPROVE the reprogramming of \$3,015,504 in HOPWA prior year savings, as a source of revenue for the PY 46 Action Plan Budget.
9. AUTHORIZE the General Managers, or their designees, of program implementing departments to negotiate and execute contracts, contract amendments and/or interdepartmental agreements as needed with grants recipients, as identified and listed in the attached Contract Authorities and consistent with Council action, in an amount not to exceed that set forth in Revenues and Allocations, as attached to this report, in consultation with HCIDLA as grant administrator, and in substantial conformance with the pro forma agreements for public service activities or construction as provided in CF 06-2366, subject to City Attorney review and approval as to form and review and approval by the Public Works Bureau of Contract Administration as to compliance with the City's contracting requirements.
10. INSTRUCT all departments receiving CDBG funds to submit billing and reimbursement documentation on a quarterly basis to HCIDLA, and to continue to work with the CLA and CAO to identify salary and expense savings throughout the fiscal year and transfer those savings to the General Fund to compensate for unrecovered related costs.
11. INSTRUCT the HCIDLA, with the assistance of the CLA and CAO, to meet with all departments with active CDBG projects on an as-needed basis to determine if additional savings can be realized and, if such savings are found, direct HCIDLA, with the assistance of the CLA, to report to Council with recommendations for new expenditures of these funds.
12. INSTRUCT the HCIDLA to provide the CLA with a quarterly, at minimum, of the CDBG timeliness ration and CDBG balances and notify the CLA immediately should the City be at risk for missing the timeliness test.
13. FIND that work can be performed more economically or feasibly by independent contractors than by City employees and, in accordance with Charter Section 1022, approve of the use of the contractors listed in the Contract Authorities as attached to this report.
14. INSTRUCT the General Manager, HCIDLA, or designee, with the assistance of the CLA and CAO to report within 30 days of the Council and Mayor's approval of the PY 46 Con Plan with an analysis, recommendations and any necessary additional implementing language for related authorities and administrative allocations.
15. INSTRUCT the HCIDLA to report with an update on Program Income receipts for CDBG and HOME grants on an as-need basis and to identify other sources of funds that may be leveraged to address any potential need for administrative costs.
16. APPROVE the attached updated CDBG Future Vested and Priority Projects List (Attachment E), which adds the following projects: Chavez Community Garden (CD1) and Martin Luther King, Jr. Boulevard Street Lighting (CD9).

17. INSTRUCT the HICDLA to consider the following projects for future reprogramming opportunities, subject to determination of eligibility: All Neighborhood Improvement projects subject to the approximately 11.5 percent reduction; Martin Luther King Jr. Street Lighting (CD9); and, Elysian Valley Lighting Project Phases III to VII (CD13).
18. INSTRUCT the Economic and Workforce Development Department (EWDD) to report within 30 days on: 1) the number of clients served, outreach efforts, jobs created, and program outcomes for the GRID110, Los Angeles Cleantech Incubator; and, 2) an update of the Los Angeles Cleantech Incubator's efforts to reduce and eventually eliminate its CDBG amount starting in PY 46 and future Program Years thereafter (CF No. 18-0106).
19. INSTRUCT the EWDD to issue a Request for Proposal (RFP) for the proposed CD 8 - Small Business Technical Assistance Project.
20. INSTRUCT the HICDLA to issue Request for Proposals for the following programs as described in the Contract Authorities as attached to this report, and report to the Council with the recommended award: Systems for Various Programs (Information Technology), Urgent Repair Program Construction Services, and the Real Estate Information Services.
21. INSTRUCT the HICDLA to prepare any additional contract authorities, Controller instructions, and/or any other documents necessary to meet HUD deadlines, and instruct the CLA to submit these documents to the City Council for approval.
22. RECOGNIZE the \$2,344,545.44 General Fund reimbursement to the Letter of Credit to resolve HUD findings regarding previous CDBG projects as revenue, subject to the Mayor and Council's approval of the General Fund appropriation in the 2020-21 budget process (CF No. 17-1392-S1).
23. REALLOCATE \$1,327,695 from line item number 36 in the Mayor's Economic Development Budget that funds CEDS (incentive zone for commercial districts) to fund the JEDI Zone Facade Improvement Program as specified in the 46th year Con Plan Program.

Fiscal Impact Statement: The CAO reports that PY 46 CDBG will provide approximately \$28.7 million to support positions (direct salaries: \$13.5 million; expenses including contracts: \$6.4 million; and related cost reimbursement: \$8.8 million). For PY 46, the CAO has calculated total related costs to be approximately \$9.4 million. Of this amount, approximately \$8.8 million can be funded with CDBG dollars. This will result in a balance of approximately \$600,000 in unfunded related costs that may be considered by the Council and Mayor to be potentially funded with a General Fund allocation. For reference, the previous year's PY 46 fiscal impact was estimated at \$300,000 in related costs paid by the General Fund. The City's Financial Policies state that the City will pursue programs grants, but will limit financial support of these programs to avoid commitments beyond available funding.

It should be noted that Cost Allocation Plan (CAP) 42 is the plant used to calculate related costs for 2020-21, and in some cases, CAP 42 is higher than CAP 41, the rate used to calculate related costs in PY 45. These estimated also do not include the impact of potential furloughs on direct salary expenditures. A reduction in salary expenditures could result in additional funding

available to reimburse the General Fund for related costs, reducing the estimated impact of the Consolidated Plan on the General Fund. It is a policy decision regarding how and at what level the City will contribute City resources, specifically the General Fund, to leverage CDBG grant program activities.

Community Impact Statement: Yes.

For: Arroyo Seco Neighborhood Council

SUMMARY:

At a special meeting held on June 4, 2020 the Housing Committee telephonically considered a CLA report dated June 3, 2020 relative to the PY 46 of the Housing and Community Development Consolidated Plan (2020-21). After providing an opportunity for public comment, the Committee approved the recommendations as read by the CLA and as amended by Councilmember Krekorian, as detailed above. The committee also received and filed two Mayor reports. This matter is now transmitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	YES

KK 6/4/20

-NOT OFFICIAL UNTIL COUNCIL ACTS-