



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 15, 2021**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT** **WARDS: ALL**

**SUBJECT: PUBLIC HEARING FOR AN AMENDMENT TO THE 2019-2020 CITY OF RIVERSIDE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ANNUAL ACTION PLAN TO MODIFY THE SCOPE OF WORK OF THE COMMUNITY DEVELOPMENT BLOCK GRANT CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY CARES ACT (CDBG-CV) AGREEMENT WITH THE UNITED WAY OF THE INLAND VALLEYS TO ALLOW FOR ADMINISTRATIVE COSTS**

## **ISSUE:**

Adopt the amended 2019-2020 United States Department of Housing and Urban Development (HUD) Annual Action Plan to include a First Amendment to the Community Development Block Grant CARES Act (CDBG-CV) agreement with the United Way of the Inland Valleys (UWIV) to amend the Scope of Services and the Budget to allow for an administrative allowance to be paid to the United Way of the Inland Valleys.

## **RECOMMENDATIONS:**

That the City Council:

1. Conduct a Public Hearing;
2. Authorize the amendment to the 2019-2020 United States Department of Housing and Urban Development (HUD) Annual Action Plan to amend the scope of work and budget of the CDBG CARES Act (CDBG-CV) agreement with the United Way of the Inland Valleys (UWIV) to allow for payment of administrative costs;
3. Approve the First Amendment to the 2019-2020 CDBG CARES Act agreement with the United Way of the Inland Valleys to amend the Scope of Services and the Budget to allow for an administrative allowance to be paid to the United Way of the Inland Valleys that will not exceed \$167,800 or 20% of the amount of grant assistance paid out, whichever is less; and
4. Authorize the City Manager or his designee to execute the First Amendment to the United States Department of Housing and Urban Development (HUD) CDBG CARES Act (CDBG-CV) with the United Way of the Inland Valleys (UWIV), including making minor and non-substantive changes, and to sign all documents and instruments necessary to complete the action.

## **BACKGROUND:**

As a designated entitlement jurisdiction, the City receives annual federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. On March 27, 2020 the Coronavirus, Aid, Relief and Economic Security (CARES) Act was signed into law. Through the CARES Act, the City was allocated \$1,870,896 in addition to its traditional HUD CDBG entitlement grant for coronavirus response.

On May 25, 2020 the City Council agreed to allocate \$1,496,717 in CDBG-CV funding to the UWIV to administer the Microenterprise Business Grant Assistance Program.

## **DISCUSSION:**

The current CDBG-CV Agreement authorized the United Way of the Inland Valleys to administer the Microenterprise Grant Assistance Program on behalf of the City. The program functions to assist local small businesses with five or fewer employees which are owned and operated by low-moderate income individuals that were impacted by the Coronavirus Pandemic with one-time grants not to exceed \$7,500. The proposed amendment would allow for administrative costs to be paid to the United Way of the Inland Valleys that will not exceed \$167,800 or 20% of the amount of grant assistance paid out, whichever is less. This administrative funding will be utilized to cover UWIV staff costs. The proposed amount of administrative allowance would not halt the progress of the program. However, it will reduce the amount of available funding to be provided to businesses from \$1,496,717 by \$167,800 to a maximum of \$1,328,917.

Initially the UWIV declined the administrative costs associated with the Microenterprise Business Grant Program. At the time the program was new and had not been previously attempted with HUD funding. However, as the program progressed it became apparent that the program would require more administrative time than originally thought, as well as additional staff assigned specifically to the program. The strict requirements of the federally funded program and the high demand for grant assistance has resulted in an unanticipated amount of staff time for UWIV. Administrative costs will not exceed \$167,800 or 20% of the amount of grant assistance paid out, whichever is less.

## **FISCAL IMPACT:**

The original funding amount allocated to the UWIV Microenterprise Business Grant Program on May 25, 2020 will remain the same at \$1,496,717. The proposed First Amendment will allow for administrative costs to be included in the budget and scope of work. Administrative costs will not exceed \$167,800 or 20% the amount of grant assistance paid out, whichever is less.

Prepared by: David Welch, Community & Economic Development Director

Certified as to

availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Kristi J. Smith, Interim City Attorney

Attachment: First Amendment to the CDBG-CARES Act Allocation (CDBG-CV)  
Subrecipient Agreement-United Way of the Inland Valleys