



Legislation Text

File #: 19-376, **Version:** 1

Staff Report for a City of San Leandro City Council Resolution to Approve Two Loans totaling \$600,000 (\$300,000 in federal Community Development Block Grant Program Funds and \$300,000 in City General Funds) to assist the San Leandro Boys and Girls Club with the Rehabilitation of Buildings and Improvements on Property Owned by the City at 401 Marina Boulevard

SUMMARY AND RECOMMENDATIONS

The San Leandro Boys and Girls Club (B & G Club) is undergoing a major capital improvement project at its facility located at 401 Marina Boulevard. The building was constructed in 1966 on land that is owned by the City. The building is in need of renovations and modernization, especially since it is a highly utilized community facility for San Leandro families and children. The B & G Club formally submitted a capital improvement funding application for \$600,000 to the City in Spring 2019. At a public hearing on May 6, 2019, the FY 2019-2020 Annual Action Plan (AAP) for the U.S. Department of Housing and Urban Development (HUD) was adopted by the City Council. In this plan, City Council approved the allocation of \$300,000 in available CDBG funds for the rehabilitation of the B & G Club building. In addition to the \$300,000 in CDBG funds, staff also recommends that the City Council approve \$300,000 of General Funds for a total of \$600,000.

BACKGROUND AND ANALYSIS

Since the 1970s, the B & G Club has been an important community service provider and facility for San Leandro children. B & G Club has also in that time partnered with the City of San Leandro to operate and maintain the pool facility at the B & G Club's building at 401 Marina Boulevard. The B & G Club provides an aquatics program at the site that is available to City residents. The B & G Club serves approximately 900 low-income youth ages 6-14 years of age each year.

City funding will be used to renovate and modernize the building's locker rooms and showers, meeting spaces, and infrastructure upgrades. The \$600,000 from the City represents one of several funding sources for the B & G Club. The estimated total project cost for the renovations is currently estimated to be \$9.9 million. (The City is separately funding and directly managing the renovation of the pool itself.)

Staff proposes that the City Council provide the \$600,000 to the B & G Club as forgivable loans. The interest rate for each loan would be 3% and the loan term would be 10 years. As long as the B & G Club complies with all of the loans' requirements, one tenth (1/10) of each loan will be forgiven each year. After the 10 year period, each loan and any accrued interest will be completely forgiven. If B & G Club defaults or fails to cure after notice any breach of the loans' covenants or conditions, the City has available to it various remedies, including specific performance, and acceleration of the loan payments, amongst others.

Current Agency Policies

HUD Five Year Consolidated Plan for 2015-2020: This five year plan was adopted by Resolution No. 2015-080 on April 20, 2015. One of the priorities identified in this document for Community Development Block Grant (CDBG) expenditures is “Non-Housing Community Development Projects.” HUD requests that cities identify specific action areas where CDBG funds can be spent. In “Actions Planned to Develop Institutional Structure” staff named capital improvement projects conducted by area non-profit organizations that provide social services to the City as a priority area that CDBG funds could support.

Previous Actions

The City Council initially allocated these funds as part of the Fiscal Year 2018-19 budget. Those funds will be carried over to FY 2019-20 upon adoption of the attached resolution.

HUD FY 2019-2020 Action Plan: On May 6, 2019, the City Council approved the FY 2019-2020 Action Plan, which contains the B & G Club Organization Capital Improvement Project described above.

Environmental Review

A National Environmental Protection Act (NEPA) review was conducted and found this project to be in compliance with those standards.

Legal Analysis

The City Attorney’s Office has reviewed and approved the staff report and resolution. In close coordination with staff, the City Attorney’s Office drafted the loan agreements, and promissory notes.

Fiscal Impacts

The City of San Leandro will commit \$600,000 to the B & G Club Organization Capital Improvement Project. This will be funded by the City’s Community Development Block Grant entitlement funds in the amount of \$300,000 (Account 165-43-214-5240) and \$300,000 from the General Fund unrestricted fund balance to account 010-41-003-5890.

ATTACHMENT

Attachment to the Staff Report

- None

Attachment to the Resolution

- CDBG Loan Agreement Between the City of San Leandro and San Leandro Boys and Girls Club, Inc.
- Capital Improvement Loan Agreement Between the City of San Leandro and San Leandro Boys and Girls Club, Inc.

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