



CITY COUNCIL

STAFF REPORT

November 6, 2024

ITEM TITLE: RESOLUTION 2024-78 TO AUTHORIZE SUBMITTAL OF AN APPLICATION FOR FISCAL YEAR 2025-2026 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS. (0650-33)

ORIGINATING DEPARTMENT:

Fire

EXECUTIVE SUMMARY:

At their meeting on October 5, 2022, the City Council authorized the purchase of a new Pierce-Arrow XT Multi-Purpose Response Vehicle (fire engine). In anticipation of this purchase, the City set aside \$500,000 in the Vehicle Maintenance Fund to assist in the funding of the engine. It was anticipated that the City would continue to reserve funds each year until the necessary amount was available and the fire engine purchase would be executed. However, due to manufacturing timelines and ongoing maintenance issues with the current engines, it was decided to immediately begin the process of purchasing the new engine. To ensure the funding was available for the purchase, it was determined that it would be appropriate to enter into a lease-purchase arrangement with PNC Bank.

While continuing to investigate funding options, staff also ascertained that the fire engine purchase, or the annual payments for the engine, could qualify for Federal Community Development Block Grant (CDBG) funding. CDBG is administered locally through the County of San Diego Department of Housing and Community Development Services (County HCD). The County HCD allocates CDBG funds to participating cities based on a formula that considers factors such as population and income level. The funds are to be used to meet at least one of the National Objectives which involve benefiting low- or moderate-income areas and can be used in a variety of activities including Public Facilities and Improvements, Public Services and Economic Development. Pursuant to conversations with County HCD, it has been confirmed that the City of Imperial Beach Fire Department service area qualifies as a low- or moderate-income census area and CDBG funds can be used towards the purchase of a new apparatus. The application for the FY2025-2026 CDBG funding, the next funding cycle, must be submitted to the County HCD by November 27, 2024.

RECOMMENDATION:

Adopt Resolution 2024-78, a Resolution of the City of Imperial Beach, California Authorizing the Submittal of an Application for Fiscal Year 2025-2026 Community Development Block Grant Funds.

OPTIONS:

- Adopt Resolution 2024-78 approving the submission of the FY2025-2026 CDBG application
- Provide direction to the City Manager to take a specific action

- Request additional information and an additional report

Delay in the adoption of the resolution could result in staff missing the submission deadline for the FY2025-2026 CDBG funding. The result of missing the deadline could be the need to fund the FY2025-26 lease payment from either the General Fund or the Vehicle Maintenance reserves.

BACKGROUND/ANALYSIS:

At their meeting on October 5, 2022, the City Council authorized the purchase of a new Pierce-Arrow XT Multi-Purpose Response Vehicle (fire engine). The total cost of the fire engine and equipment is estimated to be \$1.2 million. The engine cost, along with a performance bond, is approximately \$1,052,000, and it is anticipated that the fire engine would be made available to the City toward the end of 2025. The City opted to pay a \$500,000 downpayment and finance the remaining \$509,858 of the engine cost with a 5 year, 4.89% interest lease. Lease payments would be approximately \$116,700 per year, for 5 years and are due each September with the final payment due in September 2027. The lease includes a \$1.00 buyout option at the end of the lease term. The annual payments are now budgeted as part of the bi-annual budgeting process beginning in FY2023-24.

While researching the potential funding methods for the engine, staff obtained information that the fire engine purchase could qualify for Federal Community Development Block Grant Funding (CDBG). CDBG Funding is administered locally through the County of San Diego Department of Housing and Community Development Services (County HCD). The County HCD allocates funds to participating cities based on a formula that considers factors such as population and income level. The funds are to be used to meet at least one of the National Objectives which involve benefiting low- or moderate-income areas and can be used in a variety of activities including Public Facilities and Improvements, Public Services and Economic Development. Pursuant to conversations with County HCD, it has been confirmed that the City of Imperial Beach Fire Department service area qualifies as a low- or moderate-income census area and the City could apply to use their CDBG funds towards the annual lease payments/purchase of the new fire apparatus.

In the past, several years' worth of CDBG allocations could be requested in advance for funding towards a project such as this. Now, staff must apply for and receive approval for use of the funds on an annual basis. Since the County HCD approval is annual and the funding is not guaranteed, staff will need to budget funds from the General Fund on an annual basis for the yearly lease payments in case the County does not approve a future application for CDBG funding.

The estimated allocation for Imperial Beach for FY 2025-2026 is \$131,256. Applications for the CDBG funding cycle are due to the County by November 27, 2024. County HCD staff will review all proposed projects and present the list of projects to the Board of Supervisors for approval in approximately April 2025. Upon Board approval, all sub-recipient projects will need to undergo environmental review (if applicable) and contract execution. Funds should be available for distribution in August 2025.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

FISCAL YEAR:	2025-26 thru 2027-2028
BUDGETED:	N/A

BUDGET AMENDMENT N/A
ACCOUNT NO(S): 210-0000-334.500 CDBG Revenue
210-0000-391.9001 – Transfer Out
501-0000-391.9004 – Transfer In
PROJECT NO(S): N/A
FISCAL ANALYSIS: Lease payments for the Arrow XT
Multi-Purpose Response Vehicle
are budgeted in FY26 and will
continue to be budgeted in future
fiscal years until the lease
purchase is fully paid off.
CURRENT BUDGET: N/A
**ANTICIPATED
EXPENDITURE:** FY 2025-2026 thru 2027-2028
Approximately \$116,700 per year

ATTACHMENTS:

ATT 1 - Resolution 2024-78 – Authorizing the Submission of an Application for Fiscal Year 2025-2026 Community Development Block Grant Funds