

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DAVID GOUIN, DIRECTOR  
HOUSING & COMMUNITY SERVICES  
SUBJECT: RESOLUTION – SECOND AMENDMENT TO PROFESSIONAL  
SERVICES AGREEMENT WITH HAGERTY CONSULTING, INC.  
AND APPROVAL OF APPROPRIATION AND TRANSFER OF  
FUNDS

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution, 1) approve the Second Amendment to Professional Services Agreement Number F001835 with Hagerty Consulting, Inc. of Evansville, IL to update the source of funds from the Santa Rosa Block Grant Fund (Community Development Block Grant – Disaster Recovery) to the City's General Fund; 2) appropriate \$1,299,084.86 of unallocated General Fund reserves in fiscal year 2019-2020; and 3) authorize the Chief Financial Officer to transfer \$198,015.14 from the City's General Fund to the Santa Rosa Grant Fund in prior fiscal year 2018-2019.

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EXECUTIVE SUMMARY

This resolution amends Professional Services Agreement (PSA) No. F001835 with Hagerty Consulting, Inc. (Hagerty) to update the source of funds from the Santa Rosa Block Grant Fund (CDBG) to the General Fund, authorizes a transfer from General Fund to the Santa Rosa Block Grant Fund for the PSA expenditures paid in fiscal year 2018-2019, and appropriates unallocated General Fund reserves in fiscal year 2019-2020. Professional Services Agreement (PSA) No. F001835 with Hagerty was approved on August 7, 2018, via resolution 2018-133 in the amount of \$1,497,100 to coordinate and implement the City's Community Development Block Grant – Disaster Recovery (CDBG-DR) process and assist with other State and Federal grant opportunities associated with recovery from the October 2017 wildfires. At the closing of fiscal year 2018-2019, \$198,015.14 of the total PSA amount had been expended.

At the time the PSA was executed, the City was advocating to be a direct recipient of CDBG-DR funds from the U.S. Department of Housing and Urban Development (HUD). However, in Spring 2019, HUD approved the State of California Department of Housing

and Community Development's (HCD) Action Plan which includes a CDBG-DR allocation of \$38.5 Million for Santa Rosa. Program guidelines for HCD's Multifamily Housing Program have not yet been published, and HCD has not yet presented an agreement to the City to award the CDBG-DR funds. Meanwhile, Hagerty assisted with the ongoing and evolving recovery needs of the City, including efforts beyond the CDBG-DR Multifamily Housing Program, as proposed by HCD in the State's Action Plan. Absent an agreement with HCD to award CDBG-DR funding and taking into consideration the City's evolving recovery assistance needs from Hagerty, moving the source of the contract funds from the Santa Rosa Block Grant Fund to the General Fund is both necessary and appropriate.

### BACKGROUND

In October 2017, the Tubbs/Nuns Fires destroyed approximately 3,000 housing units and 31 businesses in Santa Rosa. Following the issuance of the Presidential Disaster Declaration (DR-4344), Santa Rosa became eligible for disaster recovery assistance through the Robert T. Stafford Disaster Relief and Emergency Assistance Act. In spring 2018, a total of \$124 Million in CDBG-DR funds were allocated to the State of California for disaster-affected areas. The City was advocating to be a direct recipient of funding and solicited proposals for disaster recovery consulting services from organizations to assist with coordinating and implementing CDBG-DR programs, including:

- Conducting a Needs Assessment;
- Creating an Action Plan for approval by Council and HUD;
- Implementing the program outlined in the approved Action Plan;
- Completing all required reporting to the City, HCD, and HUD; and
- Assisting with other State and Federal grant opportunities associated with disaster recovery.

Council awarded the PSA to Hagerty on August 7, 2018 and they immediately began assisting with the following:

1. Advocating for a direct CDBG-DR allocation from HUD;
2. Quantifying the unmet needs in Santa Rosa, including a review of damaged structures;
3. Reviewing HCD's draft Action Plan in November 2018 to obtain the most resources for Santa Rosa;
4. Coordinating with EY (Ernst & Young) to maximize other funding opportunities to assist with recovery; and
5. Assisting with funding strategies for rebuilding Fire Station 5.

### PRIOR CITY COUNCIL REVIEW

On August 8, 2018, the City Council, by Resolution No. 2018-133, approved the Professional Services Agreement with Hagerty.

### ANALYSIS

The scope of work being performed by Hagerty has expanded beyond CDBG-DR to include guidance on upcoming mitigation funding and the rebuilding of Fire Station 5. These additional tasks, in addition to the timing and allocation of CDBG-DR funds from HCD necessitate updating the funding source for the PSA from the Santa Rosa Block Grant Fund to the City's General Fund.

Hagerty is assisting City staff in working with HCD on the requirements of CDBG-DR funds for Multifamily Housing Programs; establishing HUD- and HCD-protocols for project selection; selecting, monitoring, and reporting upon projects; and providing ongoing compliance monitoring. The work that has been completed by Hagerty thus far, in addition to what will be conducted in the upcoming year, will aid in the deployment of funds to create new multifamily affordable rental units in Santa Rosa, as well as other recovery related projects within the City.

### FISCAL IMPACT

The proposed resolution, if approved, will approve the Second Amendment to the PSA with no increase in compensation, appropriate \$1,299,084.86 (the balance of the PSA) of unallocated General Fund reserves in JL Key 42131- "CDBG-DR Consultant" in fiscal year 2019-2020, and approve the transfer \$198,015.14 from the General Fund to the Santa Rosa Block Grant Fund 002280, JL Key 42127, in prior year 2018-2019.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

### NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution
- Exhibit A - Second Amendment to Professional Services Agreement No. F001835 with Hagerty Consulting, Inc.

CONTACT

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