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Paul McCoy, Mayor Pro tempore
Colleen Baker, Councilmember
Drake Davis, Councilmember
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Jason Ledbetter, City Manager
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Emily Aldrich, Finance Director
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John Elsnab, Human Resources Director
Mark Gilman, Police Chief
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Jerry Lemos, Fire Chief
Juliana Lucchesi, Planning Director

**YREKA CITY FINANCE COMMITTEE
SPECIAL MEETING AGENDA**

November 1, 2023

Special Meeting: 2:00 PM

Yreka City Council Chamber, 701 Fourth Street, Yreka, CA

Phone 530-841-2386, Facsimile 530-842-4836, email: cityclerk@ci.yreka.ca.us

The full agenda packet can be found on the City's website: www.ci.yreka.ca.us/AgendaCenter

Join this meeting via Zoom:

Link: <https://us02web.zoom.us/j/6194957056>
Meeting ID# 619-495-7056

Members of the public may also remotely listen to and participate in the meeting via teleconference. If you wish to listen or participate in this meeting through teleconference, simply dial into the conference number below, and enter the meeting ID#.

Conference call in Number: 669-900-6833 (Toll-Free 888 788 0099)

"RAISE YOUR HAND" to provide public comment for your desired item. Speakers will be asked to identify themselves.

- **Online:** If you are online, click on "raise hand" on the bottom of your screen.
- **Mobile App:** In the mobile app, you can raise your hand by tapping the "Raise Hand" option in the "More" tab.
- **Telephone:** If you are calling in via telephone, to raise your hand, dial *9 (star-nine). Speakers will be called on by the last four digits of their phone number. To unmute yourself dial *6 (star-six).

The full agenda packet can be found on the City's website at www.ci.yreka.ca.us/AgendaCenter. Copies of all staff reports and documents subject to disclosure that relate to any item of business referred to on the agenda are available for public inspection 24 hours before each regularly scheduled meeting at the City Clerk's office at City Hall, located at 701 4th St, Yreka, California during normal business hours.

Materials distributed are available for public inspection on the City's website at www.ci.yreka.ca.us/AgendaCenter.

1. CALL TO ORDER and PLEDGE OF ALLEGIANCE:

The Finance Committee is a standing subcommittee consisting of two (2) councilmembers, currently Paul McCoy and Colleen Baker, the City Manager, the City Treasurer, and the Finance Director.

The Finance Committee considers and makes recommendations on matters referred to it by the City Council relating to finance, budget, audits, capital planning and debt.

2. PUBLIC COMMENTS:

Public participation is limited to those items listed on the agenda.

If your comments do not concern an item listed on this Agenda, please address the City Council at the next regular meeting.

The City requests that persons addressing the Finance Committee refrain from making personal, slanderous, profane, or disruptive remarks.

Committee Members, when recognized by the Committee Chair may ask questions from the presenter but no action may be taken by the Committee during the public comment section of the meeting. Under the Brown Act, the Committee is prohibited from discussing or taking action on any item not listed on the posted agenda.

- Please speak from the podium.
- Please state your name for the record prior to providing your comments.
- Please address the Committee as a whole.
- If you have documents to present, please provide a minimum of six (6) copies.
- Please limit your remarks to three (3) minutes.

3. PUBLIC COMMENT FOLLOW-UP:

This is the time for the Finance Committee or the City Manager to respond to public comments and may direct staff to prepare a report or place an item on a future agenda.

4. DISCUSSION:

- a. Discussion on CDBG Main Street Construction Mitigation Small Business Grant Draft Program Guidelines

5. FUTURE MEETING:

6. ADJOURNMENT.

In compliance with the requirements of the Brown Act, notice of this special meeting has been posted in a publicly accessible place, 24 hours in advance of the meeting.

All documents produced by the City which are related to an open session agenda item and distributed to the City Council are made available for public inspection in the City Clerk's Office during normal business hours.

Public Hearings: If, in the future, you wish to challenge in court any of the matters on an agenda for which a public hearing is to be conducted, you may be limited to raising only those issues which you (or someone else) raised orally at the public hearing or in written correspondence received by the City at or before the hearing. Any person seeking to challenge a City Council decision made as a result of a proceeding in which by law a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that action 90 days following the date on which the decision becomes final as provided in Code of Civil Procedure Section 1094.6. Please refer to Code of Civil Procedure 1094.6 to determine how to calculate when a decision becomes "final."

"CHALLENGING DECISIONS OF CITY ENTITIES The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City of Yreka is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision, including without limitation Government Code section 65009 applicable to many land use and zoning decisions, Government Code section 66499.37 applicable to the Subdivision Map Act, and Public Resources Code section 21167 applicable to the California Environmental Quality Act (CEQA). Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. Government Code section 65009 and 66499.37, and Public Resources Code section 21167, impose shorter limitations periods and requirements, including timely service in addition to filing. If a person wishes to challenge the above actions in court,

they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Yreka, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies."

The City of Yreka does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disability, or any other legally protected classes in employment or provision of services. In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the City Clerk 2 hours prior to the meeting at (530) 841-2336 or by notifying the Clerk at clerk@ci.yreka.ca.us.

AFFIDAVIT OF NOTIFICATION AND POSTING

STATE OF CALIFORNIA)
COUNTY OF SISKIYOU) SS
CITY OF YREKA)

I, Rhetta Hogan, City Clerk for the City of Yreka, hereby declare under penalty of perjury that a copy of the above Agenda of the Regular Meeting of the City Council of the City of Yreka, California, was delivered and/or notice by email not less than 24 hours, before the hour of 2:00PM on November 1, 2023 to the members of the governing agency, and caused the agenda to be posted on the City's website at www.ci.yreka.ca.us and posted at Yreka City Hall, 701 Fourth St., Yreka, California.

City of Yreka

CDBG Main Street Construction Mitigation Small Business Grant Program Guidelines

Adopted by City Council:

DRAFT

Version Control Document

Version Number	Date	Amendments
1.0		Original document

Contents

1. About the Program.....	- 1 -
1.1 Introduction.....	- 1 -
1.2 The Highway 3 Rehabilitation Project:.....	- 1 -
1.3 Negative Business Impacts During Construction.....	- 1 -
2. Program Overview	- 1 -
2.1 Source of Program Funds.....	- 1 -
2.2 CDBG National Objective	- 2 -
2.3 Program Administrator.....	- 2 -
2.4 Program Service Area: “Impact Area”	- 2 -
3. Program Eligibility & Requirements.....	- 2 -
3.1 Eligible Businesses.....	- 3 -
3.2 Ineligible Businesses.....	- 3 -
3.3 No Conflict of Interest Allowed.....	- 4 -
3.4 Required Documents.....	- 4 -
3.5 Eligible Use of Funds.....	- 4 -
4. Program Processing.....	- 5 -
4.1 Grant Application.....	- 5 -
4.2 Program Participant Confidentiality.....	- 5 -
4.3 Determining Eligibility	- 5 -
Meeting the LMJ National Objective	- 5 -
CDBG Public Benefit Standard.....	- 5 -
4.4 Underwriting Standards.....	- 6 -
4.5 Other Federal Requirements.....	- 7 -
National Environmental Policy Act (NEPA).....	- 7 -
Davis Bacon Federal Prevailing Wage Compliance.....	- 7 -
Acquisition and Relocation laws	- 7 -
Universal Entity Identifier and check for debarment:	- 7 -
5. Program Award and Disbursement	- 7 -
5.1 Awarding the Grant	- 7 -
5.2 Grant Disbursement:	- 8 -

5.3 General Grant/Grant Closing Process – CDBG Drawdown Process- 8 -

6. Program Monitoring and Closeout- 8 -

6.1 Program Participant Monitoring- 8 -

6.2 Administrator Monitoring- 8 -

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1. About the Program

1.1 Introduction

The City of Yreka (City) offers its Small Business Grant Program (Program) to assist small businesses in Yreka who have been negatively impacted by the Highway 3 Rehabilitation Project that is scheduled from 2022-2024. The Program is designed to provide direct financial assistance to eligible for-profit businesses in the form of grants, to mitigate the negative financial impact that substantial construction can cause.

1.2 The Highway 3 Rehabilitation Project:

The Yreka Rehab Project, under management by the California Department of Transportation District 2, is a pavement rehabilitation project in the City of Yreka that will bring State Route 3, also known as Main Street, up to current design standards and increase its service life. The project spans from Westside Road (south end) to Montague Road (north end).

This project will make for a significantly smoother ride for motorists driving on State Route 3. Other improvements include a clean, pedestrian-friendly look as well as upgraded traffic signals, drainage improvements and curbs and sidewalks that comply with current Americans With Disabilities Act standards.

This project also includes decorative lighting, planters, vegetation and textured sidewalks and crosswalks along State Route 3/Main Street in the City of Yreka funded by Clean California, a \$1.1 billion initiative to clean and beautify areas around the state.

This is a three-season project beginning summer of 2022, with completion expected in 2024. Construction will begin at the south (Westside Road) and north (Montague Road) ends of the project for the 2022 construction season. Construction will then move to the area between Moonlit Oaks Avenue and Yreka Street during 2023, with Yreka Street to Montague being constructed in 2024.

1.3 Negative Business Impacts During Construction

Due to the extensive construction timeline and exhaustive nature of the road construction, which is bringing significant delays and road closures, businesses may feel significant negative financial impacts from loss of foot traffic. The design of the roads provide limited access points to many commercial storefronts during road construction, making alternative entrances and updated signage an insufficient remediation to these impacts. To ameliorate these impacts, the City applied for CDBG funding to create this Program to provide direct financial relief to impacted businesses.

2. Program Overview

2.1 Source of Program Funds

This program is made possible with funding from the California Department of Housing and Community Development (Department), through its non-entitlement funding program. The source of funds is the Community Development Block Grant, originating from the US

Department of Housing and Urban Development. The Program Contract Number is 22-CDBG-ED-30045.

2.2 CDBG National Objective

As a recipient of this funding the City and its recipients, (i.e., businesses) are required to meet a national objective. The City's Program meets the national objective noted below, depending on the individual businesses' eligibility:

- **LMJ** – Business will create or retain permanent jobs, at least 51% of which, on a full time equivalent (FTE) are held by LMI (low- and moderate-income) or considered to be available to LMI persons

2.3 Program Administrator

The City will procure the services of a qualified program administrator (Administrator) who has experience in originating business assistance grants and is familiar with state CDBG requirements. The Administrator's detailed scope of services will be negotiated and included in a formal agreement for services executed between the City and Administrator. In general, the Administrator will market the Program, accept and process applications, underwrite and recommend approval of grants, ensure proper grant closing and disbursement of funds, maintain grant files and fiscal records and support the City's staff in administration of CDBG funding used in this Program. The Administrator will follow and ensure compliance with these guidelines.

2.4 Program Service Area: "Impact Area"

This program will be offered exclusively for businesses with a commercial storefront that have a direct impact from the ongoing Main Street/Highway 3 rehabilitation project that began in 2022 and will run through 2024.

This area shall include:

- All areas within 300 feet from Main Street, with a southern cutoff from Moonlit Oaks Avenue, until a northern cutoff on Montague Road

3. Program Eligibility & Requirements

Only one application will be accepted per applicant, even if the applicant has multiple interests/businesses within the City. Businesses that are owned and operated by individuals who are considered low-to-moderate income and/or are considered a socially or economically disadvantaged individual (SEDI) will be prioritized.

3.1 Eligible Businesses

Businesses interested in applying to be Program participants and receiving award funding must meet all requirements to establish eligibility. Eligibility requirements are outlined below:

1. Business is located within the City of YREKA city boundaries and within the Impact Area (defined in Section 2.4)
2. Business has a valid City of YREKA business license at the time of applying
3. Business does not have any active code violations
4. Business is currently operating out of a commercial storefront
5. Business employs no more than 25 employees (not including business owner)
6. Business is required to register for a free UEI number via sam.gov website
7. Business must meet the national objective as noted below:
 - a. **LMJ:** Currently employ and retain permanent jobs, at least 51% of which, on a full time equivalent (FTE) are held by LMI (low- and moderate-income) or considered to be available to LMI persons and provide evidence that without the assistance received the business would have faced employee layoffs (i.e., notices issued to employees, analysis of financial records, etc.)

3.2 Ineligible Businesses

The following businesses are considered ineligible to apply or receive assistance from the Program.

- Businesses with active code violations
- Home-based businesses
- Businesses outside of the City of YREKA city boundaries
- Businesses outside of the Impact Area (defined in Section 2.4)
- Businesses currently in the process of bankruptcy proceedings
- a government entity (other than an entity owned and/or operated by a Native American tribe) or elected official office;
- a business primarily engaged in political or lobbying activities;
- a passive business, investment company or investor who files a Schedule E on its tax returns;
- a church or other religious institution;
- a financial business primarily engaged in the business of lending, such as a bank, finance company or factoring company;
- a business engaged in any activity that is illegal under federal, state or local law;
- a business of a prurient sexual nature, including a business which presents live performances of a prurient sexual nature or a business which derives directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature;
- a business engaged in any socially undesirable activity or activity that may be considered predatory in nature such as rent-to-own businesses or check cashing businesses;
- a business that restricts patronage for any reason other than capacity;

- a speculative business;
- a business that is affiliated (as such term is defined in 13 C.F.R. § 121.103) with another Program participant; or
- a business, franchise or location of which the undersigned has already applied for and received a grant under the Program.

3.3 No Conflict of Interest Allowed

In accordance with Title 24, Section 570.611 of the code of federal regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the Grant committee and officers, employees, and agents of the Grant committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the CDBG program shall directly or indirectly be eligible for this program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body and authorized in writing by City's legal counsel.

3.4 Required Documents

Businesses will be required to submit the following documents as part of the application and eligibility review.

- Completed application (online via JotForm)
- Property lease, mortgage or other proof of business ownership
- Active City of Yreka business license
- Payroll report documenting number of persons employed, hourly wages, fringe & benefits (if applicable) and YTD wages paid
- Business tax returns and income statements for 2021 & 2022
- UEI number and active SAM.gov registration
- If grant is awarded, business will be required to submit receipts demonstrating how grant funds were used, and sign a job retention report that demonstrates the retention of 1 FTE (or equivalent) throughout the three-month performance period of the grant.

3.5 Eligible Use of Funds

Businesses are required to note their intended use of funds as part of their application. Eligible use of funds include:

- Commercial lease or mortgage payments
- Employee payroll: wages, fringe and benefits
- Utilities
- Equipment or inventory pertinent to business operations (costs of goods sold)

4. Program Processing

Due to limited funds, the City will only accept and process applications until all funds have been exhausted. If the City has remaining available funds, the City reserves the right to re-open the application period.

4.1 Grant Application

Grant applications will be fully electronic and encrypted to protect Personally Identifiable Information (PII), and will be processed on a first come first served basis. The Administrator will accept Grant applications and review them for initial eligibility. Applications that do not meet basic requirements of the program will be returned with an explanation of requirements needing to be met. Applications that do meet basic eligibility requirements will be sent out instructions with requests for additional information.

Program participants will be assigned a Grant ID number, and Grant files will be set up as applications are received and proper information gathered. Technical assistance will be provided as needed to help businesses who wish to be Program participants provide proper and accurate information for Grant underwriting.

4.2 Program Participant Confidentiality

Persons serving as the Administrator and City for this Program will not disclose any of the Program participant's personal confidential information as part of Grant approval process. All confidential information of businesses will only be disclosed to persons required to view the information as part of Grant review and approval. All personal and business confidential information of Grant applicants will be kept in a locked secured storage facility and not be available to persons outside of the program. If the City or Administrator or Department get a request for public records for a Grant applicant then only non-confidential information, as verified by legal counsel, will be provided.

4.3 Determining Eligibility

Businesses must submit a completed application and all documents listed in the "Required Documents" section of these guidelines to establish eligibility.

Meeting the LMJ National Objective

Under the LMJ objective activities are meant to retain jobs and/or create jobs that will benefit low-and moderate- income (LMI) persons. Under this national objective, the business must create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) are to be made available to or held by LMI persons. For businesses creating jobs, jobs must be created and filled no later than six (6) months after receipt of grant funds.

As part of follow up monitoring requirements, the business will be required to submit documentation (i.e., payroll report, timecards) on the average hours worked by employees.

CDBG Public Benefit Standard

When CDBG funds are used for certain economic development projects or infrastructure improvements carried out for the purpose of creating/retaining jobs for LMI persons, or to assist

local businesses that provide essential goods and services in predominately LMI communities, the CDBG rules require the application of public benefit standards.

To meet the public benefit standard by applying the job creation/retention standard, the public benefit calculation begins by determining the total number of jobs to be directly created or retained by each business as a result of CDBG assistance.

The total CDBG cost per job is then calculated by:

- The total dollar amount of CDBG funds to be spent for the activity (not including general administration costs), divided by the total number of jobs to be created or retained as a result of the project being undertaken.
 - HCD defines an FTE as at least 30 hours per week or 1,560 hours per year. If a permanent, part-time job is created, determine the proportion of an FTE that is created and use it in the calculation.
 - This calculation may not include the following jobs: temporary workers, temporary construction jobs related to the construction of the CDBG-funded project, third-party contractors, persons working less than 469 hours per year, or existing jobs that were relocated to another facility. o If the activity is a public facility or infrastructure improvement that benefits multiple businesses directly, then all jobs from all businesses directly benefitting must be included in this calculation
- The amount of assistance provided to the eligible business (if the assistance is provided directly to the business) or the cost of the public facility/infrastructure that will directly benefit the business(es) **cannot exceed \$35,000 of CDBG** assistance per full-time equivalent, permanent job created or retained.

4.4 Underwriting Standards

In addition to documenting that the project meets CDBG public benefit standard, the project must also be documented as meeting six HUD underwriting standards, per federal regulation 24 CFR Part 570.483(e). These underwriting standards are required to document a minimum “due diligence” of the Lender and ensure projects are financially sound enough to meet public benefit and national objective standards, i.e. create new or retain existing job positions.

The Six Underwriting Standards are:

1. project costs are documented as reasonable (typically, third party cost estimates);
2. all sources of funding for the project are documented with final commitments;
3. to the extent practicable, CDBG funds are not substituted for private (non-federal) funds;
4. documentation that project is financially feasible (based on cash flow projections to support jobs and debt service, etc.);
5. to the extent practicable, the return of the owner’s equity investment is not unreasonable (based on level of equity and proposed CDBG loan terms);
6. to the extent practicable, CDBG funds are disbursed on a pro-rata basis with other financing provided for the project.

4.5 Other Federal Requirements

National Environmental Policy Act (NEPA) regulations require an Environmental Review Record (ERR) to be submitted for each project / business funded with CDBG monies **prior** to authorization to use grant funds for award or approval of funds. The City is required to complete the proper NEPA review along with any state review under California's Environmental Quality Act (CEQA) review. The ERR level of review is based on the type of project proposed and ALL aggregated activities to be undertaken. The Administrator may complete the ERR for the City but the City must sign and take legal responsibility for the review.

Davis Bacon Federal Prevailing Wage Compliance is required when CDBG funding is used to pay for certain construction costs. This can add additional costs to projects that require CDBG funds for construction (for example: equipment installation or tenant improvements). In addition, state prevailing wage may be triggered in the use of CDBG funding. Grant processing staff will work with businesses to ensure funded businesses and projects are in compliance and disclose any additional time or work required due to the HUD federal prevailing wage regulations and federal procurement standards. Any additional costs resulting from this regulation will be incorporated into the business Grant and subsidized with the CDBG funds.

Acquisition and Relocation laws may be triggered when using CDBG funds (24 CFR 570.606). Acquisition laws, both federal and state, must be followed when CDBG funds are used to assist in the purchase of real property. In the same way, federal and state relocation laws apply whenever there may be displacement of a person or business because of the use of CDBG funding. Grant processing staff will work with Grant applicants to ensure the business is in compliance any state or federal acquisition/relocation laws triggered by the project. Applicants will be informed of any additional time or costs or administrative work required due to acquisition or relocation regulations.

Universal Entity Identifier and check for debarment: All businesses who wish to receive funds under this Program will be required to obtain a Universal Entity Identifier (UEI) from SAM.gov. The UEI number is free and can be obtained online. In addition, prior to funding, the City will require that each business be checked to confirm they are not on the federal debarred contractors list. HUD also requires that the Department and the City collect certain income and demographic data from the business and any new hires resulting from the investment of CDBG funds. Applicants will be required to obtain all proper licenses and insurance to operate legally in the community.

5. Program Award and Disbursement

5.1 Awarding the Grant

Upon verification of eligibility the Administrator will confirm with the Program participant via email that their grant award has been approved. The Administrator will then provide the Program participant with an agreement outlining the terms and conditions of the award. Upon receipt of a

signed agreement the City will disburse the one-time grant up to the amount of \$35,000, or three (3) months of operating expenses, whatever amount is lower, for eligible business expenditures.

Grant amounts will be determined based on the level of financial need and the reasonableness of the costs to be paid for by CDBG. If there are not sufficient CDBG funds for the project then the program Administrator can assist in locating other public or private funding to leverage CDBG funding with.

5.2 Grant Disbursement:

Grant/Grant disbursement will take place only after all conditions have been met, Grant documents executed. Grant disbursement(s) will be prepared according to the terms of Grant approval. The procedure for Grant disbursement will vary dependent upon the purpose of the Grant funding.

Regardless of the purpose, all requests for disbursement must be authorized by the program participant, or its authorized representative, and the Administrator must approve all disbursements.

5.3 General Grant/Grant Closing Process – CDBG Drawdown Process

Upon approval by the CDBG Program Administrator, the City will prepare for the Grant closing. The Program participant will sign all the necessary documents and agreements. The City will request a drawdown of CDBG funds from the Department, will issue payment to the listed owner of the Microenterprise, and will issue a 1099-G upon the end of the tax year.

6. Program Monitoring and Closeout

6.1 Program Participant Monitoring

The Program participant is responsible for providing the Program with documentation demonstrating that grant funds were used in the way they were intended.

The Administrator will review the Program participant's application to identify how the business said they would use funds and will collect supporting documents. Although this list is not intended to be exhaustive, supporting documents may include but is not limited to:

- Lease agreement and rent receipts
- Invoices with receipts/proof of payment for any purchases
- Payroll documents. Reports, registers
- Low Income Job Self-Certification Form
- Job Creation/Retention Forms

All collected documents will be placed in the Program participant's program file.

6.2 Administrator Monitoring

The City is ultimately the responsible entity for the CDBG Program. The City will oversee the Administrator and communicate with the Program participants as needed to explain CDBG compliance.

The Administrator is responsible to the City and Program participants to assure that the Program is implemented in compliance with these program guidelines, and state and federal regulations. In addition, Administrator staff will ensure that grant applicant projects are underwritten in a timely and responsible manner. This includes working closely with Program participants to ensure they provide accurate financial statements through documenting BA project compliance for project close-out with Department and HUD. Administrator will review all grant documents with borrowers prior to loan closing.

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