



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO COUNCIL

#### **SUBJECT**

Authorize the City Manager to Execute a Grant Agreement with Second Harvest of Silicon Valley from Council Set Aside Funds and Approve Budget Modification No.11 in the Amount of \$47,569.86

#### **BACKGROUND**

In 1992, the City provided a loan of \$25,000 in Community Development Block Grant (CDBG) funds to Second Harvest of Silicon Valley to construct a food distribution center at 750 Curtner Avenue in San Jose. Since construction thirty years ago, the food distribution center has continued to operate, serving residents in Santa Clara County (Sunnyvale Community Services is a major partner), and the larger Bay Area. The loan terms outlined in the Deed of Trust, executed in 1992, include a thirty-year term, 3% simple interest, and provide that no payments are due until the loan maturity. Upon loan maturity on July 20, 2022, principal and interest on the loan would be immediately due and payable for a total of \$47,569.86.

#### **EXISTING POLICY**

##### **2020-2025 Consolidated Plan, Strategic Plan-25, Priority Needs**

##### **Goal 3: Other Community Development Efforts**

Description: support the provision of essential human services, particularly for special needs populations and maintain/expand community facilities and infrastructure.

##### **Council Policy 5.1.3 Human Services**

The City established the Human Services Policy to ensure that Human Services are identified and provided in the most efficient and effective manner. The Policy establishes guidelines for funding programs/services that may be provided on behalf of the City by outside groups.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it is a fiscal action that has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### **DISCUSSION**

In early 2022, the City notified Second Harvest of Silicon Valley that the loan was soon maturing, and the balance would be due. Soon after the notification, Second Harvest of Silicon Valley sent a letter

to the City formally requesting the City forgive the CDBG loan in full.

On December 13, 2022, City Council considered the loan forgiveness request, and denied the request. Instead, City Council directed staff to return in January 2023 with an action item that would facilitate a grant award of Council Set Aside funds in the amount of \$47,569.86 to Second Harvest of Silicon Valley for the purpose of paying back the CDBG loan.

Approval of Budget Modification No. 11 in the amount of \$47,569.86 will provide the funding necessary for the City Manager to execute a grant agreement with Second Harvest that will permit Second Harvest to repay the 1992 CDBG loan. The grant agreement will restrict the grant purpose to repaying the City CDBG loan within thirty (30) days of receipt of grant funds.

### **FISCAL IMPACT**

Budget Modification No. 11 has been prepared to award \$47,569.86 in Council Set Aside Funds to Second Harvest of Silicon Valley to repay the CDBG loan that was issued in 1992. Each year, the Adopted Budget includes the Council Set Aside project in the amount of \$100,000, which is intended to provide funding to the City Council for unplanned projects, services, or other initiatives that come up over the course of the fiscal year. To date, the Council has deployed \$5,040 of this funding to enhance the City's airplane noise monitoring system. Approval of this budget modification will reduce the remaining Council Set Aside budget by \$47,570 and leave a remaining balance of \$47,390. With execution of the grant agreement, Second Harvest will make loan repayment to Fund 2043, CDBG Housing Revolving Loan Fund, which will facilitate continuing operation of the City's in-house Home Improvement Program for residents with low incomes.

#### **Budget Modification No. 11 FY 2022/23**

	<b>Current</b>	<b>Increase/ (Decrease)</b>	<b>Revised</b>
<b>General Fund</b>			
<u>Expenditures</u>			
Project 829630 - Council Set Aside	\$94,960	(\$47,570)	\$47,390
	\$0	\$47,570	\$47,570
New Project – Second Harvest Loan Repayment Grant			

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Public Library, Senior Center, Community Center and in the Department of Public Safety Lobby. In addition, the agenda and report are available at the Sunnyvale Public Library, Office of the City Clerk, and on the City's website.

### **STAFF RECOMMENDATION**

Authorize the City Manager to Execute a Grant Agreement, in a form acceptable to the City Attorney,

with Second Harvest of Silicon Valley from Council Set Aside Funds for repayment of a 1992 Community Development Block Grant loan and Approve Budget Modification No. 11 in the Amount of \$47,569.86.

Prepared by: Jenny Carloni, Housing Officer

Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Jaqui Guzmán, Deputy City Manager

Approved by: Kent Steffens, City Manager