

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

521



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 28, 2009

**SUBJECT:** Repayment of Community Development Block Grant (CDBG) funds – North Shore Yacht Club and Community Center

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the repayment \$90,000.00 of CDBG funds, from the Riverside County Palm Desert Financing Authority Bond Proceeds, for undisclosed expenses associated with the acquisition of the North Shore Yacht Club facility; and
2. Authorize the Assistant County Executive Office/EDA, or designee, to execute all necessary documents and to administer all necessary actions to complete this transaction.

**BACKGROUND:** On July 29, 2008, the Board approved the purchase of the North Shore Yacht Club located in the unincorporated community of North shore, adjacent to the Salton Sea.

(Continued)

Dan Martinez for

*Dan Martinez*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 90,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 90,000	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009-2010

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> Palm Desert Redevelopment Pass-Through Funds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY *Jennifer L. Sargent*  
Jennifer L. Sargent

**County Executive Office Signature**

Reviewed by  
CCP TEAM  
*Christopher Hans*  
Christopher Hans

Policy  Policy

Consent  Consent

Dep't Recomm.:  Per Exec. Ofc.:

Prev. Agn. Ref.: 3.22, 7/22/09; 3.23, 3/17/09; 3.23, 11/25/08; 3.44, 10/21/08; 3.44, 7/29/08; 3.35, 7/01/08; 3.13, 4/08/08

**District:** 4

**Agenda Number:**

3 22

RF:DM:SH:JT

**BACKGROUND (Continued):**

The two-story, 6,400 square foot facility was purchased for \$25,000 from the Desert Alliance for Community Empowerment (DACE), a nonprofit organization, to be renovated and serve as a multi-purpose community center for North Shore.

At the time of the transaction, the Department of Facilities Management was not made aware of an undisclosed CDBG encumbrance upon the property. In 2004, DACE had received two CDBG grants totaling \$90,000 from the County to pay for the acquisition and renovation of the North Shore Yacht Club. CDBG regulations require that any facility funded with CDBG must meet a National Objective of the program (e.g., benefitting a low/moderate income community) for a minimum of five (5) years from the date that a project is reported as "complete". DACE never completed the North Shore Yacht Club renovations, and consequently, never met the National Objective of the CDBG program.

The responsibility to accomplish a National Objective cannot be transferred or assigned to another party. Therefore, in accordance with CDBG regulations, and Section 24 (b) (1) of the CDBG Sponsor's Agreement between DACE and the County, DACE is required to repay the \$90,000 of CDBG funds to the County. Subsequently, the County is required by HUD to report all repaid CDBG funds as "program income" to then be used as regular CDBG funds.

DACE lacks sufficient resources to repay the CDBG funds and has requested assistance from the County. On July 21, 2009, the Board approved a total project budget of \$3,500,000 including a contingency of \$318,182. The Agency has determined that the \$90,000 repayment can be considered as part of the approved project budget and recommends approval of the motions.

**FINANCIAL IMPACT:**

All costs associated with this project, including the CDBG repayment, will be funded through the Riverside County Palm Desert Finance Authority Bond Proceeds. Thus, no additional Net County Costs will be incurred as a result of these activities.