

# County of Ventura – Community Development Block Grant Program Timeliness Workout Plan

This Workout Plan is presented in response to HUD’s letter of September 13, 2023, regarding the County’s noncompliance with the Timely Expenditure Requirements for our CDBG program for a second consecutive year. It has been developed in accordance with resources provided by HUD, including the following HUD publications:

- Developing and Implementing a CDBG Workout Plan
- Keeping Your CDBG Funds Moving
- Ensuring CDBG Subrecipient Timeliness

By adhering to this plan, the County anticipates meeting our next Timeliness test on May 2, 2024.

## **Identification of Causes**

Prior to the COVID-19 pandemic, the County was able to expend its CDBG funds in a timely manner. The pandemic delayed projects and expenditures, as HUD acknowledged when they suspended corrective actions for fiscal year 2020 (FR-6218-N-01, Section IV. B. 1.). Several new programs were created in response to the pandemic – such as CARES Act relief funds. Locally and throughout the State, there was an increased focus on the need for housing which was aided by many new Federal and State grant programs (HOME-ARP, Homekey, etc.).

The County’s CDBG program was the subject of an unintended consequence of these new, easy to access housing funds: our affordable housing developers are no longer seeking CDBG funds for acquisition/demolition for affordable housing. Historically, the County ensured its timeliness requirement, at least in part, by allocating large amounts of CDBG funds for property acquisition. The last activity of this type was funded in the 2019-20 Annual Action Plan for just over \$1M. Developers’ aversion to CDBG funding, preferring to seek newer sources with fewer strings attached, has impacted our compliance with timely expenditure requirements.

The County has historically attempted to be “subrecipient friendly.” With the exception of Public Service activities, we avoided the use of deadlines or grant termination dates in our Subrecipient Agreements. Recognizing the challenges many of our partners face in using CDBG funds, relieving them of the fear that funds would expire was an area where we could provide some assistance. It was not uncommon for activities to stretch beyond their initial year of funding as cross-cutting requirements are satisfied, additional funding is identified, and permits obtained. Under this model, we only once cancelled an activity in the past decade, and only after extensive technical assistance was provided to confirm that the project wasn’t viable.

In 2021-22 we tried to support new partners, as encouraged by HUD, by allocating funds for two renovation activities proposed by enthusiastic, but inexperienced, organizations. Despite extensive technical assistance, \$475,000 had to be recaptured from these projects as it became evident that the subrecipients lacked the capacity to manage funds in compliance with CDBG requirements.

Many of our experienced local partners are experiencing staff capacity limitations. Whether it is experienced employees retiring after a long career, changing jobs in search of higher pay, or leaving the area due to the high cost of living, the level of turnover in the past few years has been unparalleled. Finally, finding qualified firms to perform environmental reviews or provide architecture and engineering services has been significantly delayed due to supply and demand.

### **Activities To Be Modified or Terminated and Reprogramming of Available Funds**

During development of our 2023-24 Annual Action Plan, one activity was identified for funding restructuring. The Fillmore-Piru Veterans Memorial District (VMD) Building Rehabilitation, originally funded in 2022-23 for \$852,412, has been experiencing significant delays. We therefore made \$600,000 of those funds available for other, more timely activities.

Based on HUD's advice to consider reprogramming available funds to existing projects in need of additional funds, and in accordance with our Citizen Participation Plan (CPP), we are requesting a substantial amendment to our 2023-24 Annual Action Plan (AAP). On November 7, 2023, we will conduct a Public Hearing to reprogram \$800,000 previously reserved for affordable housing acquisition or rehabilitation to the existing Saticoy Sanitary District Wastewater Treatment Plant Rehabilitation activity. This project will be put to bid on or about November 2, 2023, with contractor selection scheduled for early December 2023 and construction soon thereafter.

Lastly, two remaining programs will be carefully watched for potential increases to their existing allocations – Habitat for Humanity's Home Repair Program and the Ventura County Community Development Corporation's Direct Homeownership Assistance Program. Both of these activities rely on reacting to the needs of qualified individuals, and as such, needs are difficult to predict. If warranted, the County will consider increasing their allocations should other activities lag.

### **Other Current and Planned Actions**

In response to our timeliness issues, the County has instituted the following actions:

- Pre-application meetings are required for all new applicants and activities. This has allowed us to clearly communicate CDBG requirements specific to proposed projects, and determine whether the activity, or portions thereof, are not yet ready for funding.
- Periodic (monthly or bi-weekly) office hours with subrecipients that are new recipients of CDBG public service funds, as well as those with major projects.
- All new Subrecipient Agreements now include provisions for funding recapture and/or expenditure deadlines.

Planned actions include:

- Consider requiring workout plans from subrecipients for select slow-moving activities, should they fail to meet milestones in the coming months.
- Implement backup activities in future AAPs to allow us to quickly reprogram funds if needed. This will allow us to keep funds moving should any activities experience unexpected delays.

- Implement phased funding for future large, multi-year activities.
- Prioritize shovel-ready activities for the 2024-25 AAP. In particular, we are encouraging multi-family affordable housing rehabilitations or energy efficiency upgrades that will not require extensive environmental reviews.

### **Longer Range Plans**

State specific deficiency, planned remedial action, and how they will improve the likelihood we will keep our program timely:

- Subrecipients with multiple slow-moving activities will be deprioritized for new activity funding. Reducing the number of CDBG funded activities for each organization will help them focus their efforts on existing project completion.
- Place more effort into providing technical assistance and capacity building for future applicants. This will ensure potential projects in the pipeline for future year funding cycles.
- Consider requiring monthly as opposed to quarterly draws. Currently, we offer subrecipients the option to draw monthly or quarterly. While this is beneficial for our Public Service providers, we will evaluate whether it is appropriate for larger projects.
- Determine how to fund pre-award costs in accordance with 570.200(h). This may be especially beneficial for conducting environmental reviews and design early that we are currently able.

### **Progress Reports**

The County currently meets on a bi-weekly basis with our HUD Representative. Moving forward, we will submit progress reports to HUD on a quarterly basis during the 2023-24 Program Year. The attached Milestone Schedule and Drawdown Projection tables identify the key actions and corresponding drawdown dates necessary to achieve timeliness compliance.

Grantee: County of Ventura

**CDBG Workout Plan**

Preparation date: October 27, 2023

Contact person: Mary Ann Guariento

Original plan date: October 27, 2023

MaryAnn.Guariento@ventura.org / 805-654-2852

**Milestone Schedule/ Progress Report**

Amended plan date: N/A

Project Name	Milestone	Nov 2023		Dec 2023		Jan 2024		Feb 2024		Mar 2024		Apr 2024		May 2024		Jun 2024		Jul 2024		Aug 2024	
		Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
<b>Program Management</b>	Consideration of Subrecipient Workout Plans	Beg 11/1		Develop Request by 12/31				Plans from Subs by 2/29													
	Identify backup activities			12/26 Beg Appl Review				2/6 Prelim Recs Compl		3/14 Final Recs											
	Implement phased funding			12/26 Beg Appl Review				2/6 Prelim Recs Compl		3/14 Final Recs											
	Prioritize shovel-ready activities			12/26 Beg Appl Review				2/6 Prelim Recs Compl		3/14 Final Recs											
<b>AHACV - Grand Avenue Apartments Rehab (1910)</b>	Mobilization & Material Delivery	11/27 Beg		12/1 Compl																	
	Demolition and Wood Deck Repairs			12/4 - 12/8																	
	Roofing Underlayment Installation Metal Trim Detail and Tile Installation			12/11 - 12/15 12/18 Beg		1/5 Compl															
	Punch List and Project Closeout					1/8 - 1/12															
<b>CEDC - Santa Paulan Apartments Rehab (1822)</b>	Execute Contract Documents	11/6																			
	Pre-Con Meeting	11/9																			
	Issue NTP	11/10																			
	Construction	11/20 Beg				2/20 Compl															
	Final Walk-Through Final Closeout, Retention Payment					2/20						4/20									
<b>CEDC - Courtyard at Harvard Rehab (1892)</b>	NEPA completion	11/21																			
	Bid period			1/15 - 1/31																	
	Execute Contract Documents					2/10 - 2/25															
	Permits & Construction							3/5 Beg											7/31 Compl		
	Final Closeout, Retention Payment																			8/30	

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		Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<b>CEDC - Rancho Sespe Apartments Rehab (1911)</b>	Receive Engineer's Report	11/3 Draft				1/5 Final																
	NEPA	11/24 Beg						2/23 Compl														
	Plan check					1/8 Beg				3/5 Compl												
	Bid period									3/19 Open		4/10 Close										
	Construction (5 mos.)													5/1 Beg								
<b>Fillmore/Piru VMD - Facility Rehab (1893)</b>	Architecture & Engineering				12/1 Beg Phase 1					3/1 Compl Phase 1, Beg Phase 2							6/28 Compl Phase 2, Beg Phase 3					
	NEPA / CEQA	11/1 Beg											5/1 Comp									
	Phase 1 - Roof Replacement:																					
	Issue RFP											4/15										
	Select Contractor													5/15								
	Construction																6/1 Beg				8/30 Comp	
	Construction Phase 2 - Community Resiliency Center Modifications																					
	Construction Phase 3 - Miscellaneous Renovations																					
<b>Habitat for Humanity - Home Repair (1912)</b>	Ongoing																					

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		Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<b>Saticoy Sanitary District - WWTP Rehabilitation (1859)</b>	Manhole:																					
	Replacement									3/11 Beg		4/26 Compl										
	Concrete Repair											4/29 Beg		5/3 Compl								
	Headworks:																					
	Channel Repair and Reline												4/29 Beg		5/3 Compl							
	Gates Replace and Repair												4/15 Beg		5/10 Compl							
	Augur Screen Replace				12/4 Beg										5/10 Compl							
	Electrical: Pumps and Lights												4/15 Beg		5/10 Compl							
	SBR Tanks Rehab:																					
	Tanks Refinishing										3/11 Beg		4/12 Compl									
	Equipment Replacement					12/4 Beg									5/24 Compl							
	Miscellaneous														5/20 - 5/24							
<b>VCCDC - A New Way Home (1913)</b>	Ongoing																					

Note: Dates include equipment lead time.

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 Amended plan date: N/A

**Funds Projected/Funds Drawn**

Activity Name (IDIS Activity #)	Amount Budgeted	Amt Drwn as of 10/10/23	Balance as of 10/27/23	Drawdown Nov 2023		Drawdown Dec 2023		Drawdown Jan 2024		Drawdown Feb 2024		Drawdown Mar 2024		Drawdown Apr 2024		Drawdown May 2024		Drawdown Jun 2024		Drawdown Jul 2024		Drawdown Aug 2024		Cumulative as of Prep. Date		Undrawn Balance as of Prep. Date	
				Proj	Actual	Proj	Actual	Proj	Actual																		
AHACV - Grand Avenue Apartments Rehab (1910)	230,000	6,038	223,962	1,259	-	-	-	150,000	-	72,703	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223,962	-	223,962
CEDC - Santa Paulan Apartments Rehab (1822)	250,000	46,000	204,000	-	-	-	-	100,000	-	40,000	-	40,000	-	24,000	-	-	-	-	-	-	-	-	-	-	204,000	-	204,000
CEDC - Courtyard at Harvard Rehab (1892)	100,000	7,500	92,500	2,250	-	-	-	-	-	-	-	-	3,000	25,000	-	25,000	-	15,000	-	15,000	-	-	-	85,250	-	92,500	
CEDC - Rancho Sespe Apartments Rehab (1911)	250,000	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000	
Fillmore/Piru VMD - Facility Rehab (1893)	252,412	-	252,412	-	-	-	-	10,000	-	3,000	-	25,900	-	25,900	-	25,900	-	20,384	-	20,384	-	20,384	-	-	151,852	-	252,412
Habitat for Humanity - Home Repair (1912)	200,000	43,761	156,239	-	-	-	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-	-	-	150,000	-	156,239	
Saticoy Sanitary District - WWTP Rehabilitation (1859)	2,000,744	475,041	1,525,703	-	-	-	-	-	-	250,000	-	350,000	-	455,000	-	165,000	-	115,000	-	-	-	-	-	1,335,000	-	1,525,703	
VCCDC - A New Way Home (1913)	500,000	280,000	220,000	40,000	-	-	-	40,000	-	40,000	-	40,000	-	40,000	-	-	-	-	-	-	-	-	-	200,000	-	220,000	
Balance Public Services	188,318	-	188,318	87,255	-	-	-	49,568	-	-	-	-	16,250	-	-	-	-	35,245	-	-	-	-	-	188,318	-	188,318	
Balance Administration	277,758	-	277,758	19,695	-	-	-	172,908	-	-	-	-	85,155	-	-	-	-	-	-	-	-	-	-	277,758	-	277,758	
Balance Other	78,937	-	78,937	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,937	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	-	50,000	-	50,000	-	150,000	-	-	
<b>Total</b>	<b>4,328,169</b>	<b>858,340</b>	<b>3,469,829</b>	<b>150,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>547,476</b>	<b>-</b>	<b>430,703</b>	<b>-</b>	<b>480,900</b>	<b>-</b>	<b>674,305</b>	<b>-</b>	<b>240,900</b>	<b>-</b>	<b>235,384</b>	<b>-</b>	<b>120,629</b>	<b>-</b>	<b>85,384</b>	<b>-</b>	<b>2,966,140</b>	<b>-</b>	<b>3,469,829</b>	

LOC Balance			3,469,829	3,319,371	3,469,829	3,319,371	3,469,829	2,771,895	3,469,829	2,341,192	3,469,829	1,860,292	3,469,829	1,185,987	3,469,829	945,087	3,469,829	709,703	3,469,829	589,073	3,469,829	503,689	3,469,829
Current Grant			1,388,790																				
Ratio of Balance to Grant			2.50	2.39	2.50	2.39	2.50	2.00	2.50	1.69	2.50	1.34	2.50	0.85	2.50	0.68	2.50	0.51	2.50	0.42	2.50	0.36	2.50