

**COOPERATION AGREEMENT BETWEEN THE COUNTY OF  
SANTA BARBARA AND THE CITY OF BUELLTON FOR  
PARTICIPATION IN THE SANTA BARBARA URBAN COUNTY  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
PROGRAM FOR  
THREE FEDERAL FISCAL YEARS (2016-2018)**

This Cooperation Agreement (“Agreement”) for participation in the Santa Barbara CDBG Urban County (“Urban County”) is made and entered into this \_\_\_ day of \_\_\_\_\_ 2015, by and between the County of Santa Barbara, a subdivision of the State of California, (“COUNTY”), and the City of Buellton, a municipal corporation within COUNTY (“CITY”).

**WHEREAS**, the Housing and Community Development Act of 1974, as amended (24 U.S.C. 93-383 et seq.), (the “Act”), provides that Community Development Block Grant, (“CDBG”) funds may be used for the support of activities that provide decent housing and suitable living environments and expanded economic opportunities principally for persons of low- and moderate-income; and,

**WHEREAS**, CDBG regulations allow contiguous units of general government to join together to qualify as an urban county; and,

**WHEREAS**, the Community Development Block Grant Regulations issued pursuant to the Act provide that qualified urban counties must submit an application to the U.S. Department of Housing and Urban Development (“HUD”) for funds, and that cities and smaller communities within the metropolitan area not qualifying as metropolitan cities may join the County in said application and thereby become a part of a more comprehensive countywide effort; and

**WHEREAS**, the COUNTY and the CITY have participated in the HOME Consortium Program since 1994, the Santa Barbara Urban County Program since 2007, and the Emergency Solutions Grant (formerly Emergency Shelter Grant) Program since 2008; and

**WHEREAS**, 24 CFR 570.307(a) sets forth requirements for the qualifying and requalifying of counties for the CDBG Urban County program, and that the current three- (3) year cycle is set to expire in June 2016 and that a new Agreement for Program Years 2016-2018 for Fiscal Years 2016-17, 2017-18, and 2018-19 must be executed and submitted to HUD by the deadline of July 2015; and

**WHEREAS**, as a member of the CDBG Urban County, which includes the cities of Buellton, Carpinteria and Solvang, the CITY also agrees to participate in the Santa Barbara HOME Consortium, which includes the City of Goleta, since the Urban County is a member of the HOME Consortium and the Emergency Solutions Grant (ESG) Program, as the Urban County receives funding under the ESG program; and

**WHEREAS**, the Urban County is concurrently revising and renewing the HOME Agreement which requires execution by the Urban County; and

**WHEREAS**, HUD will review and certify this Agreement in order to assure compliance with HUD requirements; and,

**WHEREAS**, COUNTY has complied with all requirements for Counties seeking entitlement status under the CDBG program; and

**WHEREAS**, as the urban county applicant, the COUNTY must take responsibility and assume all obligations of an applicant under federal statutes, including: the analysis of needs, the setting of objectives, the development of community development and housing assistance plans, the consolidated plan, and the assurances of certifications; and

NOW THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the parties agree as follows:

1. GENERAL

The above recitals are true and correct.

This Agreement covers the COUNTY and CITY'S participation in the federal CDBG Program, and supersedes and replaces prior Urban County Agreements.

The COUNTY shall apply to HUD pursuant to 24 CFR 570.307(a) for a renewal of its designation as an urban county as that term is defined in 42 U.S.C.A. Sec. 5302 (a) (6) (A) ("Urban County").

The COUNTY shall have the authority to undertake or assist in accepting CDBG funding as an Urban County and undertaking eligible community development activities for the next three Federal Fiscal Years (2016-2018), funded from the CDBG program and from any CDBG program income generated from the expenditure of such funds. COUNTY and CITY agree to cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities.

2. TERM AND AUTOMATIC RENEWAL

The term of this Agreement shall be the COUNTY CDBG Urban County qualification period of the federal fiscal years 2016-2018, commencing on October 1, 2015 and ending on September 30, 2019 which overlaps with Program Years 2016-17, 2017-18, 2018-19, commencing on July 1, 2016 and ending on June 30, 2019, unless an earlier date of termination is fixed by HUD, pursuant to the Act. Notwithstanding the above, if there are activities undertaken pursuant to this Agreement that are not yet completed or funded, then for the purpose of those activities only, this AGREEMENT shall remain in effect until all CDBG funds received pursuant to this AGREEMENT, and any program income received with respect to activities carried out pursuant to this Agreement, are expended, and the funded activities are completed.

Process

COUNTY will notify CITY no later than May of the renewal year, or in accordance with the applicable Community Planning and Development (CPD) notice pertaining to Urban County qualification, of its right to be excluded from the Urban County prior to the start of a successive three-year term. CITY will have until June of the renewal year, or in accordance with the applicable CPD notice pertaining to Urban County qualification, to notify COUNTY and the HUD Field Office of its decision to cease participating in the Urban County. The specific dates for these deadlines will be based on the most recent HUD CPD notice. The dates specified in the most recent HUD CPD notice will supersede timelines and dates described in this Agreement.

In addition, this Agreement automatically renews to new consecutive three-year terms unless CITY provides written notice to COUNTY at least 30 days prior to the end of the term ending June 30, 2019 that CITY elects not to participate in a new qualification period.

The Parties agree to adopt amendments to this Agreement incorporating any changes necessary to meet the requirements for cooperation agreements set forth in the Urban County Qualification Notice by HUD, prior to a subsequent three-year extension of the term. Any amendment to this Agreement shall be submitted to HUD as required by the regulations. Failure to adopt amendments incorporating changes necessary to meet HUD requirements shall result in the automatic renewal provisions being voided.

### 3. PREPARATION OF CDBG APPLICATION

The parties agree that CITY shall be included in the application COUNTY shall submit to HUD for Title I Housing and Community Development Block Grant funds under the Act.

COUNTY shall be responsible for preparing and submitting to HUD, pursuant to 24 CFR 91, all necessary applications and materials to maintain CDBG entitlement as an Urban County under the Act. This duty shall include complying with all applicable noticing requirements, the preparation and processing of COUNTY Housing, Community and Economic Development Needs Identification, Citizen Participation Plans, the County Consolidated Plan, and other CDBG related programs which satisfy the application requirements of the Act and all applicable regulations. Further, COUNTY shall, as applicant, be responsible for holding public hearings and preparing and submitting the CDBG funding application and supporting materials in a timely and thorough manner, as required by the Act and the federal regulations established by HUD to secure entitlement grant funding.

CITY shall assist COUNTY by preparing a community development plan, for the period of this Agreement, which identifies community development and housing needs, projects and programs for the CITY; and specifies both short- and long-term CITY objectives, consistent with requirements of the Act. COUNTY agrees to: (1) include the CITY plan in the program application, and (2) include CITY's desired housing and community development objectives, policies, programs, projects and plans as submitted by CITY in COUNTY's consolidated plan.

4. COMPLIANCE WITH FINAL PROGRAMS AND PLANS

COUNTY and CITY shall comply in all respects with final community development plans and programs, which are developed through mutual cooperation pursuant to the application requirements of the Act and its regulations and approved by HUD.

5. COMPLIANCE WITH ACT AND REGULATIONS

COUNTY and CITY shall comply with all applicable requirements of the Act and its regulations in undertaking all acts under this Agreement, and shall take all actions necessary to meet the requirements of other applicable laws including the National Environmental Policy Act of 1969, the Uniform Relocation Act, the Fair Housing Act and affirmatively furthering fair housing, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11988, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Section 109 of Title I of the Act, Section 104(b) of Title I of the Act as amended, the Americans with Disabilities Act of 1990, and other applicable federal laws.

CITY agrees CDBG funding for activities in or in support of CITY are prohibited if CITY does not affirmatively further fair housing within its own jurisdiction or impedes COUNTY actions to comply with its fair housing certification.

6. PROHIBITION ON CITY APPLICATION TO OTHER CDBG PROGRAM

By executing this Agreement, CITY understands and agrees it may not apply for grants from appropriations under the Small Cities or State CDBG Programs during the period in which the City participates in the Urban County's CDBG program.

7. POLICIES

COUNTY and CITY have adopted and are enforcing policies prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations and a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within jurisdictions.

8. DISTRIBUTION OF FUNDS

CDBG funds will be suballocated by COUNTY to CITY pursuant to a pro rata distribution based on the most current census data. Upon allocation, CITY may distribute funds at its discretion subject to all applicable CDBG rules and regulations.

|   |                          |  |
|---|--------------------------|--|
| <b>2013 ACS Five-Year<br/>Population Estimate</b> | <b>CDBG Urban County</b> | <b>CDBG Urban County<br/>Population Percentage</b> |
|---|--------------------------|--|

|         |  |         |
|---------|--|---------|
| 134,865 | Santa Barbara County -<br>unincorporated | 85.24%  |
| 4,862   | City of Buellton                         | 3.07%   |
| 13,184  | City of Carpinteria                      | 8.33%   |
| 5,298   | City of Solvang                          | 3.35%   |
| 158,209 | <b>Sub-Total CDBG Urban<br/>County</b>   | 100.00% |

9. METHOD OF DISTRIBUTION

- a. On or about November of each year, the COUNTY will issue a Notice of Funding Availability (NOFA) for Community Development Block Grant (CDBG) funds for public services, capital and other eligible projects. CITY may issue its own NOFA to solicit applications for CITY’s suballocation of CDBG funds. COUNTY may also issue an ‘off-cycle’ NOFA at any time throughout the year. The COUNTY NOFA will describe the process to apply for CDBG funds, including applications for funding from the pro-rata shares of the cities of Carpinteria, Solvang and Buellton, should the cities choose not to issue their own NOFA. The COUNTY’s CDBG application requires applicants to identify which jurisdiction’s(’) funding is requested.
- b. Applicants of eligible projects that are located within the jurisdiction of CITY may apply to COUNTY for additional CDBG funds from the remaining COUNTY allocation. CITY also may contribute all or a portion of its own suballocation to these eligible projects.
- c. COUNTY is responsible for directing the NOFA process and ensuring CDBG eligibility of projects submitted for funding consideration. Project funding requests from applicants for CITY’s suballocation must include a letter of support from CITY. COUNTY will review all applications submitted for eligibility. On or about February of each year, COUNTY will convene various steering and technical advisory committees to advise COUNTY on the use of CDBG Urban County funds. COUNTY will take funding recommendations to the County Board of Supervisors for consideration and final funding decisions on the use of the unincorporated COUNTY’S allocation of funds.
- d. Applications approved by the BOS will be included in the draft Annual Action Plan which will be posted for public comment for 30 days. CITY’s approved applications will be included in the Action Plan. The NOFA will contain a calendar (NOFA calendar) to assisting in meeting deadlines for the submission of the Action Plan to HUD. CITY agrees to have its proposed projects approved by its City Council before the start of the 30-day comment period listed in the NOFA calendar.
- e. Prior to the disbursement of any CDBG funds to a project or to CITY for eligible program costs, COUNTY and CITY will execute a subrecipient agreement,

pursuant to CDBG regulations at 24 CFR 570.501(b) and 570.503. COUNTY will execute a subrecipient agreement with a contractor or subrecipient if CITY will not directly administer the project.

- f. HUD will hold the County responsible for any violation of the CDBG regulations at 24 CFR 570.501 and 570.906, therefore the subrecipient agreement between COUNTY and CITY will contain provisions that enable COUNTY to recover from CITY any funds expended in violation of CDBG regulations.

10. Method of Redistribution

- a. At least thirty days (30) days prior to the date that COUNTY issues the annual NOFA for CDBG funds (on or about November) for the upcoming program year (July – June), COUNTY will notify CITY of the date that COUNTY will issue the NOFA. At least ten (10) days prior to the NOFA issue date, CITY must notify COUNTY if it plans to use all or a portion of its upcoming program year suballocation for eligible projects to be identified by CITY, or if CITY will issue its own NOFA to solicit applications for CITY’s suballocation of CDBG funds. If CITY does not notify COUNTY of CITY’s planned use of CDBG funds at least ten (10) days prior to the date that the NOFA will be issued, then CITY’s funds will be included in COUNTY’s pro rata allocation amount and be made available to projects which apply for COUNTY funds. CITY agrees that it will forego the ability to identify uses of CDBG funds for the upcoming program year.
- b. On or before the application deadline published in the NOFA, CITY must identify proposed projects for the use of all or a portion of CITY’s suballocation of funds; unless CITY’s funds were included in COUNTY’s pro rata allocation amount in accordance with subsection a. of this section. CITY agrees to work with COUNTY to get CITY’s proposed projects approved through CITY’s City Council process in time to be included in the draft Urban County Action Plan and approved by the County Board of Supervisors for the upcoming program year.
- c. In the interest of fair share allocations and broad county-wide use of funds, an eligible project identified by a member CITY that did not receive allocation awards in the previous three-year cycle shall be given funding priority in the current cycle. This funding priority will consist of a minimum level of funding from the County’s pro-rata allocation equal to the share of unspent funds turned back into the CDBG pool in the prior years. This provision does not apply to the use of CDBG funds for public service projects.
- d. The three-year cycle in paragraph c. presumes the member CITY participated in the previous three-year cycle in order to be given funding priority in the current three-year cycle.
- e. When considering funding of projects, consideration shall be given to project readiness, the number of persons served, Consolidated Plan priority and urgency of project. COUNTY shall be responsible for tracking unspent funds returned to the

CDBG funding pool, and prior year's projects and associated funding amounts.

- f. Projects funded with CDBG funds must be reasonably expected to be completed within one year and the expenditure of CDBG funds must meet the CDBG expenditure requirements set forth in 24 CFR 570.902 (a), which states, in part, that HUD will find COUNTY to be failing to carry out its CDBG activities if sixty (60) days prior to the end of the grantee's current program year, the amount of CDBG funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the CDBG funding amount for its current program year.
- g. COUNTY as Lead Entity of the Urban County reserves the right to determine CDBG eligibility of proposed projects and to reallocate uncommitted funds, or funds committed to projects that are not satisfactorily progressing pursuant to program requirements, to other eligible projects in order to meet CDBG program deadlines and requirements.

11. OTHER REQUIREMENTS

- a. The Urban County is a member of the Santa Barbara County HOME Consortium. As a member of the Urban County, CITY may only receive a suballocation of HOME funds under the HOME Consortium. If the Urban County does not receive a HOME formula allocation, CITY cannot form a HOME Consortium with other local governments. This does not preclude CITY from applying to the State for HOME funds, if the state allows.
- b. COUNTY is authorized to execute a HOME Consortium Agreement on behalf of the Urban County (as specified in CPD Notice CPD 13-002, page 1, section II. A. (1)). COUNTY is authorized to execute an ESG agreement on behalf of the Urban County.
- c. City may receive a formula allocation under the ESG Program only through the Urban County. This does not preclude CITY from applying to the state for ESG funds, if the state allows it.
- d. Pursuant to the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2014, Pub.L. 113-76, CITY may not sell, trade or otherwise transfer all or any portion of such funds to another such metropolitan city, urban county, unit of general local government, Indian tribe or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title 1 of the Act.

12. DISPOSITION OF PROGRAM INCOME

- a. COUNTY shall retain any income generated by the expenditure of CDBG funds received by CITY under this Agreement and such income shall be used only for

eligible activities selected by CITY in accordance with all applicable CDBG requirements and regulations. Consistent with CDBG regulations, the COUNTY reserves the right to use twenty percent (20%) of all CDBG program income earned in the program year for General Administration, and fifteen percent (15%) of all program income earned in the prior year for Public Services.

- b. Any income generated from the disposition or transfer of real property acquired and/or improved with CDBG funds prior to any close out or change of status shall be treated as program income. COUNTY shall be responsible for monitoring and reporting to HUD on the use of any such program income.
- c. In the event of CDBG close-out or the non-participation of CITY under the CDBG program, any unexpended CDBG program income generated from CITY-awarded CDBG activities pursuant to this Agreement, shall be the property of COUNTY. Any CDBG program income generated from the disposition or transfer of real property acquired or improved with CDBG funds prior to any such close-out or change of status shall be treated the same as CDBG program income.

13. ADMINISTRATION OF PROGRAM

- a. COUNTY shall have the responsibility of administering the CDBG program including but not limited to preparation of plans to be submitted to HUD, issuance of notices, requests for project submittals, evaluation, administration and monitoring of projects, tracking and receiving program income and reporting to HUD. COUNTY is, to the greatest extent permissible by law and regulations, responsible for compliance with the National Environmental Protection Act (NEPA) and for all required noticing and documentation for projects funded under this Agreement. The COUNTY is not responsible for compliance with the California Environmental Quality Act (CEQA) for projects undertaken in CITY.
- b. COUNTY will retain up to twenty percent (20%) of the Urban County annual allocation, prior to the calculation of the allocation formula at Section 8 is applied, to cover COUNTY costs to administer the CDBG Program, as permitted by HUD regulations.
- c. COUNTY will be responsible for reports to be prepared as may be required by CDBG regulations, including but not limited to the Consolidated Plan, the Annual Action Plan and the Comprehensive Annual Performance Report (CAPER), and Cash and Management Information System reports. COUNTY and CITY will cooperate in the collection of, and will furnish any and all information required for, reports to be prepared as may be required by applicable laws and regulations.
- d. COUNTY agrees to abide by program administrative costs parameters stated in 24 CFR 570.206.



- e. CITY agrees to act in good faith and with due diligence in performance of CITY obligations and responsibilities under this Agreement and under all subrecipient agreements. CITY further agrees that it shall fully cooperate with COUNTY in all things required and appropriate to comply with the provisions of any grant agreement received by COUNTY pursuant to the Act and its Regulations.

14. CITY AWARD OF CDBG FUNDS

CITY maintains sole authority over the selection of CDBG-eligible activities awarded funds from the formula allocation pursuant to this AGREEMENT.

15. DISPOSITION OF REAL PROPERTY

- a. The provisions of this paragraph set forth the standards and rules that shall apply to real property acquired or improved in whole or in part using CDBG funds received by CITY pursuant to this Agreement. Prior to any modification or change in the use of said real property from the use or ownership planned at the time of its acquisition or improvements, CITY shall notify COUNTY and obtain authorization for said modification or change. CITY shall reimburse COUNTY with non-CDBG funds in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of non-CDBG funds) of property acquired or improved with CDBG funds that is sold or otherwise transferred to a use that does not qualify for funding under CDBG laws and regulations.
- b. CITY is to include 'change in use' requirements in 24 CFR 570.505 in its agreements executed with CITY's subrecipients. Subrecipients must adhere to the change of use requirements, which includes a provision that the project improved with CDBG funds meet a CDBG national objective for five (5) years after closeout of the Urban County's participation in the CDBG program or, with respect to other recipients, until five (5) years after the close-out of the grant from which the assistance to the property was provided.

16. CONTINUATION OF BENEFITS OF THIS AGREEMENT

Notwithstanding the above, for any future year, in no event shall COUNTY be obligated to distribute more funds to CITY under this Agreement than COUNTY receives for a given fiscal year under the CDBG Program. If HUD or another federal agency does not award CDBG funds to COUNTY, COUNTY will not award CDBG funds to CITY.

17. EFFECTIVE DATES

This Agreement shall be effective for all purposes when this Agreement and like agreements have been executed by COUNTY and CITY, properly submitted to HUD, the grantor, by the designated deadline, and approved by HUD.

18. INDEMNIFICATION

a. INDEMNIFICATION

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to California Government Code Section 895.6, the parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead all parties agree that pursuant to California Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

b. INSURANCE

Each party shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.

19. OTHER AGREEMENTS

Pursuant to federal regulations at 24 CFR 570.501(b), CITY is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement set forth in federal regulations at 24 CFR 570.503. COUNTY and CITY will enter into a further written agreement that contains these minimum requirements. Prior to disbursing any CDBG funds to CITY, COUNTY, shall execute said written agreement with CITY. Said agreement shall remain in effect during any period that CITY has control over CDBG funds, including program income.

20. NOTIFICATION

Any and all notices, writings, correspondences, etc., sent pursuant to this Agreement shall be directed to CITY and COUNTY as follows:

CITY

City of Buellton  
CDBG Program Coordinator  
PO Box 1819  
Buellton, CA 93427

COUNTY

Housing and Community Development Div.  
Deputy Director  
123 E. Anapamu Street, 2<sup>nd</sup> floor  
Santa Barbara, CA 93101

21. AGREEMENT NOT APPLICABLE TO OTHER FUNDS

This Agreement applies only to those funds received under the CDBG Program and program income generated by CDBG funds, the HOME Program and the ESG Program. This Agreement does not apply to or control funds other than those described in this paragraph.

22. RECORDS

CITY and COUNTY shall maintain, on a current basis, complete records, including but not limited to contracts, loan documents, rehabilitation write-ups, final inspection reports, books of original entry, source documents supporting accounting transactions, eligibility and service records any of which may be applicable, a general ledger, personnel and payroll records, canceled checks and related documents and records to assure proper accounting of funds and performance of this Agreement in accordance with CDBG regulations. To the extent permitted by law, COUNTY and CITY will also permit access to all books, accounts or records of any kind for purposes of audit or investigation, in order to ascertain compliance with the provisions of this Agreement.

HUD specifies record retention requirements in 24 CFR 85.42 as modified by 570.502(a) (16), 24 CFR 84.53(b) as modified by 570.502(b) (3) (ix) (A) and (B). Records are to be retained for four years from the date of submission of the COUNTY's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the four-year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular four-year period, whichever is longer.

23. NONDISCRIMINATION

CITY shall comply with COUNTY laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara County Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefor.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date set forth above.

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

“COUNTY”  
COUNTY OF SANTA BARBARA:

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Janet Wolf  
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:

ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy Auditor-Controller

By: \_\_\_\_\_  
Renée E. Bahl  
Interim Community Services Director

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

By: \_\_\_\_\_  
Deputy County Counsel

APPROVED AS TO FORM:  
RAY AROMATORIO  
RISK MANAGEMENT

By: \_\_\_\_\_  
Risk Manager

CITY OF BUELLTON

By: \_\_\_\_\_  
Marc P. Bierdzinski  
City Manager

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_  
Stephen A. McEwen  
City Attorney

Dated: \_\_\_\_\_

6/5/2015 7:40 AM

**COOPERATION AGREEMENT BETWEEN THE COUNTY OF  
SANTA BARBARA AND THE CITY OF CARPINTERIA FOR  
PARTICIPATION IN THE SANTA BARBARA URBAN COUNTY  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
PROGRAM FOR  
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**WHEREAS**, the Housing and Community Development Act of 1974, as amended (24 U.S.C. 93-383 et seq.), (the “Act”), provides that Community Development Block Grant, (“CDBG”) funds may be used for the support of activities that provide decent housing and suitable living environments and expanded economic opportunities principally for persons of low- and moderate-income; and,

**WHEREAS**, CDBG regulations allow contiguous units of general government to join together to qualify as an urban county; and,

**WHEREAS**, the Community Development Block Grant Regulations issued pursuant to the Act provide that qualified urban counties must submit an application to the U.S. Department of Housing and Urban Development (“HUD”) for funds, and that cities and smaller communities within the metropolitan area not qualifying as metropolitan cities may join the County in said application and thereby become a part of a more comprehensive countywide effort; and

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**WHEREAS**, 24 CFR 570.307(a) sets forth requirements for the qualifying and requalifying of counties for the CDBG Urban County program, and that the current three- (3) year cycle is set to expire in June 2016 and that a new Agreement for Program Years 2016-2018 for Fiscal Years 2016-17, 2017-18, and 2018-19 must be executed and submitted to HUD by the deadline of July 2015; and

**WHEREAS**, as a member of the CDBG Urban County, which includes the cities of Buellton, Carpinteria and Solvang, the CITY also agrees to participate in the Santa Barbara HOME Consortium, which includes the City of Goleta, since the Urban County is a member of the HOME Consortium and the Emergency Solutions Grant (ESG) Program, as the Urban County receives funding under the ESG program; and

**WHEREAS**, the Urban County is concurrently revising and renewing the HOME Agreement which requires execution by the Urban County; and

**WHEREAS**, HUD will review and certify this Agreement in order to assure compliance with HUD requirements; and,

**WHEREAS**, COUNTY has complied with all requirements for Counties seeking entitlement status under the CDBG program; and

**WHEREAS**, as the urban county applicant, the COUNTY must take responsibility and assume all obligations of an applicant under federal statutes, including: the analysis of needs, the setting of objectives, the development of community development and housing assistance plans, the consolidated plan, and the assurances of certifications; and

NOW THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the parties agree as follows:

1. GENERAL

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The COUNTY shall have the authority to undertake or assist in accepting CDBG funding as an Urban County and undertaking eligible community development activities for the next three Federal Fiscal Years (2016-2018), funded from the CDBG program and from any CDBG program income generated from the expenditure of such funds. COUNTY and CITY agree to cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities.

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In addition, this Agreement automatically renews to new consecutive three-year terms unless CITY provides written notice to COUNTY at least 30 days prior to the end of the term ending June 30, 2019 that CITY elects not to participate in a new qualification period.

The Parties agree to adopt amendments to this Agreement incorporating any changes necessary to meet the requirements for cooperation agreements set forth in the Urban County Qualification Notice by HUD, prior to a subsequent three-year extension of the term. Any amendment to this Agreement shall be submitted to HUD as required by the regulations. Failure to adopt amendments incorporating changes necessary to meet HUD requirements shall result in the automatic renewal provisions being voided.

3. PREPARATION OF CDBG APPLICATION

The parties agree that CITY shall be included in the application COUNTY shall submit to HUD for Title I Housing and Community Development Block Grant funds under the Act.

COUNTY shall be responsible for preparing and submitting to HUD, pursuant to 24 CFR 91, all necessary applications and materials to maintain CDBG entitlement as an Urban County under the Act. This duty shall include complying with all applicable noticing requirements, the preparation and processing of COUNTY Housing, Community and Economic Development Needs Identification, Citizen Participation Plans, the County Consolidated Plan, and other CDBG related programs which satisfy the application requirements of the Act and all applicable regulations. Further, COUNTY shall, as applicant, be responsible for holding public hearings and preparing and submitting the CDBG funding application and supporting materials in a timely and thorough manner, as required by the Act and the federal regulations established by HUD to secure entitlement grant funding.

CITY shall assist COUNTY by preparing a community development plan, for the period of this Agreement, which identifies community development and housing needs, projects and programs for the CITY; and specifies both short- and long-term CITY objectives, consistent with requirements of the Act. COUNTY agrees to: (1) include the CITY plan in the program application, and (2) include CITY's desired housing and community development objectives, policies, programs, projects and plans as submitted by CITY in



COUNTY's consolidated plan.

4. COMPLIANCE WITH FINAL PROGRAMS AND PLANS

COUNTY and CITY shall comply in all respects with final community development plans and programs, which are developed through mutual cooperation pursuant to the application requirements of the Act and its regulations and approved by HUD.

5. COMPLIANCE WITH ACT AND REGULATIONS

COUNTY and CITY shall comply with all applicable requirements of the Act and its regulations in undertaking all acts under this Agreement, and shall take all actions necessary to meet the requirements of other applicable laws including the National Environmental Policy Act of 1969, the Uniform Relocation Act, the Fair Housing Act and affirmatively furthering fair housing, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11988, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Section 109 of Title I of the Act, Section 104(b) of Title I of the Act as amended, the Americans with Disabilities Act of 1990, and other applicable federal laws.

CITY agrees CDBG funding for activities in or in support of CITY are prohibited if CITY does not affirmatively further fair housing within its own jurisdiction or impedes COUNTY actions to comply with its fair housing certification.

6. PROHIBITION ON CITY APPLICATION TO OTHER CDBG PROGRAM

By executing this Agreement, CITY understands and agrees it may not apply for grants from appropriations under the Small Cities or State CDBG Programs during the period in which the City participates in the Urban County's CDBG program.

7. POLICIES

COUNTY and CITY have adopted and are enforcing policies prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations and a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within jurisdictions.

8. DISTRIBUTION OF FUNDS

CDBG funds will be suballocated by COUNTY to CITY pursuant to a pro rata distribution based on the most current census data. Upon allocation, CITY may distribute funds at its discretion subject to all applicable CDBG rules and regulations.

| <b>2013 ACS Five-Year Population Estimate</b> | <b>CDBG Urban County</b>              | <b>CDBG Urban County Population Percentage</b> |
|---|---------------------------------------|--|
| 134,865                                       | Santa Barbara County - unincorporated | 85.24%   |
| 4,862   | City of Buellton                      | 3.07%  |
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| 5,298   | City of Solvang                       | 3.35%  |
| 158,209                                       | <b>Sub-Total CDBG Urban County</b>    | 100.00%  |

9. METHOD OF DISTRIBUTION

- a. On or about November of each year, the COUNTY will issue a Notice of Funding Availability (NOFA) for Community Development Block Grant (CDBG) funds for public services, capital and other eligible projects. CITY may issue its own NOFA to solicit applications for CITY’s suballocation of CDBG funds. COUNTY may also issue an ‘off-cycle’ NOFA at any time throughout the year. The COUNTY NOFA will describe the process to apply for CDBG funds, including applications for funding from the pro-rata shares of the cities of Carpinteria, Solvang and Buellton, should the cities choose not to issue their own NOFA. The COUNTY’s CDBG application requires applicants to identify which jurisdiction’s(’) funding is requested.
- b. Applicants of eligible projects that are located within the jurisdiction of CITY may apply to COUNTY for additional CDBG funds from the remaining COUNTY allocation. CITY also may contribute all or a portion of its own suballocation to these eligible projects.
- c. COUNTY is responsible for directing the NOFA process and ensuring CDBG eligibility of projects submitted for funding consideration. Project funding requests from applicants for CITY’s suballocation must include a letter of support from CITY. COUNTY will review all applications submitted for eligibility. On or about February of each year, COUNTY will convene various steering and technical advisory committees to advise COUNTY on the use of CDBG Urban County funds. COUNTY will take funding recommendations to the County Board of Supervisors for consideration and final funding decisions on the use of the unincorporated COUNTY’S allocation of funds.
- d. Applications approved by the BOS will be included in the draft Annual Action Plan which will be posted for public comment for 30 days. CITY’s approved applications will be included in the Action Plan. The NOFA will contain a calendar (NOFA calendar) to assisting in meeting deadlines for the submission of the Action Plan to HUD. CITY agrees to have its proposed projects approved by its City Council before the start of the 30-day comment period listed in the NOFA calendar.

- e. Prior to the disbursement of any CDBG funds to a project or to CITY for eligible program costs, COUNTY and CITY will execute a subrecipient agreement, pursuant to CDBG regulations at 24 CFR 570.501(b) and 570.503. COUNTY will execute a subrecipient agreement with a contractor or subrecipient if CITY will not directly administer the project.
- f. HUD will hold the County responsible for any violation of the CDBG regulations at 24 CFR 570.501 and 570.906, therefore the subrecipient agreement between COUNTY and CITY will contain provisions that enable COUNTY to recover from CITY any funds expended in violation of CDBG regulations.

10. Method of Redistribution

- a. At least thirty days (30) days prior to the date that COUNTY issues the annual NOFA for CDBG funds (on or about November) for the upcoming program year (July – June), COUNTY will notify CITY of the date that COUNTY will issue the NOFA. At least ten (10) days prior to the NOFA issue date, CITY must notify COUNTY if it plans to use all or a portion of its upcoming program year suballocation for eligible projects to be identified by CITY, or if CITY will issue its own NOFA to solicit applications for CITY’s suballocation of CDBG funds. If CITY does not notify COUNTY of CITY’s planned use of CDBG funds at least ten (10) days prior to the date that the NOFA will be issued, then CITY’s funds will be included in COUNTY’s pro rata allocation amount and be made available to projects which apply for COUNTY funds. CITY agrees that it will forego the ability to identify uses of CDBG funds for the upcoming program year.
- b. On or before the application deadline published in the NOFA, CITY must identify proposed projects for the use of all or a portion of CITY’s suballocation of funds; unless CITY’s funds were included in COUNTY’s pro rata allocation amount in accordance with subsection a. of this section. CITY agrees to work with COUNTY to get CITY’s proposed projects approved through CITY’s City Council process in time to be included in the draft Urban County Action Plan and approved by the County Board of Supervisors for the upcoming program year.
- c. In the interest of fair share allocations and broad county-wide use of funds, an eligible project identified by a member CITY that did not receive allocation awards in the previous three-year cycle shall be given funding priority in the current cycle. This funding priority will consist of a minimum level of funding from the County’s pro-rata allocation equal to the share of unspent funds turned back into the CDBG pool in the prior years. This provision does not apply to the use of CDBG funds for public service projects.
- d. The three-year cycle in paragraph c. presumes the member CITY participated in the previous three-year cycle in order to be given funding priority in the current three-year cycle.

- e. When considering funding of projects, consideration shall be given to project readiness, the number of persons served, Consolidated Plan priority and urgency of project. COUNTY shall be responsible for tracking unspent funds returned to the CDBG funding pool, and prior year's projects and associated funding amounts.
- f. Projects funded with CDBG funds must be reasonably expected to be completed within one year and the expenditure of CDBG funds must meet the CDBG expenditure requirements set forth in 24 CFR 570.902 (a), which states, in part, that HUD will find COUNTY to be failing to carry out its CDBG activities if sixty (60) days prior to the end of the grantee's current program year, the amount of CDBG funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the CDBG funding amount for its current program year.
- g. COUNTY as Lead Entity of the Urban County reserves the right to determine CDBG eligibility of proposed projects and to reallocate uncommitted funds, or funds committed to projects that are not satisfactorily progressing pursuant to program requirements, to other eligible projects in order to meet CDBG program deadlines and requirements.

11. OTHER REQUIREMENTS

- a. The Urban County is a member of the Santa Barbara County HOME Consortium. As a member of the Urban County, CITY may only receive a suballocation of HOME funds under the HOME Consortium. If the Urban County does not receive a HOME formula allocation, CITY cannot form a HOME Consortium with other local governments. This does not preclude CITY from applying to the State for HOME funds, if the state allows.
- b. COUNTY is authorized to execute a HOME Consortium Agreement on behalf of the Urban County (as specified in CPD Notice CPD 13-002, page 1, section II. A. (1)). COUNTY is authorized to execute an ESG agreement on behalf of the Urban County.
- c. City may receive a formula allocation under the ESG Program only through the Urban County. This does not preclude CITY from applying to the state for ESG funds, if the state allows it.
- d. Pursuant to the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2014, Pub.L. 113-76, CITY may not sell, trade or otherwise transfer all or any portion of such funds to another such metropolitan city, urban county, unit of general local government, Indian tribe or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title 1 of the Act.

12. DISPOSITION OF PROGRAM INCOME

- a. COUNTY shall retain any income generated by the expenditure of CDBG funds received by CITY under this Agreement and such income shall be used only for eligible activities selected by CITY in accordance with all applicable CDBG requirements and regulations. Consistent with CDBG regulations, the COUNTY reserves the right to use twenty percent (20%) of all CDBG program income earned in the program year for General Administration, and fifteen percent (15%) of all program income earned in the prior year for Public Services.
- b. Any income generated from the disposition or transfer of real property acquired and/or improved with CDBG funds prior to any close out or change of status shall be treated as program income. COUNTY shall be responsible for monitoring and reporting to HUD on the use of any such program income.
- c. In the event of CDBG close-out or the non-participation of CITY under the CDBG program, any unexpended CDBG program income generated from CITY-awarded CDBG activities pursuant to this Agreement, shall be the property of COUNTY. Any CDBG program income generated from the disposition or transfer of real property acquired or improved with CDBG funds prior to any such close-out or change of status shall be treated the same as CDBG program income.

13. ADMINISTRATION OF PROGRAM

- a. COUNTY shall have the responsibility of administering the CDBG program including but not limited to preparation of plans to be submitted to HUD, issuance of notices, requests for project submittals, evaluation, administration and monitoring of projects, tracking and receiving program income and reporting to HUD. COUNTY is, to the greatest extent permissible by law and regulations, responsible for compliance with the National Environmental Protection Act (NEPA) and for all required noticing and documentation for projects funded under this Agreement. The COUNTY is not responsible for compliance with the California Environmental Quality Act (CEQA) for projects undertaken in CITY.
- b. COUNTY will retain up to twenty percent (20%) of the Urban County annual allocation, prior to the calculation of the allocation formula at Section 8 is applied, to cover COUNTY costs to administer the CDBG Program, as permitted by HUD regulations.
- c. COUNTY will be responsible for reports to be prepared as may be required by CDBG regulations, including but not limited to the Consolidated Plan, the Annual Action Plan and the Comprehensive Annual Performance Report (CAPER), and Cash and Management Information System reports. COUNTY and CITY will cooperate in the collection of, and will furnish any and all information required for, reports to be prepared as may be required by applicable laws and regulations.

- d. COUNTY agrees to abide by program administrative costs parameters stated in 24 CFR 570.206.
- e. CITY agrees to act in good faith and with due diligence in performance of CITY obligations and responsibilities under this Agreement and under all subrecipient agreements. CITY further agrees that it shall fully cooperate with COUNTY in all things required and appropriate to comply with the provisions of any grant agreement received by COUNTY pursuant to the Act and its Regulations.

14. CITY AWARD OF CDBG FUNDS

CITY maintains sole authority over the selection of CDBG-eligible activities awarded funds from the formula allocation pursuant to this AGREEMENT.

15. DISPOSITION OF REAL PROPERTY

- a. The provisions of this paragraph set forth the standards and rules that shall apply to real property acquired or improved in whole or in part using CDBG funds received by CITY pursuant to this Agreement. Prior to any modification or change in the use of said real property from the use or ownership planned at the time of its acquisition or improvements, CITY shall notify COUNTY and obtain authorization for said modification or change. CITY shall reimburse COUNTY with non-CDBG funds in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of non-CDBG funds) of property acquired or improved with CDBG funds that is sold or otherwise transferred to a use that does not qualify for funding under CDBG laws and regulations.
- b. CITY is to include 'change in use' requirements in 24 CFR 570.505 in its agreements executed with CITY's subrecipients. Subrecipients must adhere to the change of use requirements, which includes a provision that the project improved with CDBG funds meet a CDBG national objective for five (5) years after closeout of the Urban County's participation in the CDBG program or, with respect to other recipients, until five (5) years after the close-out of the grant from which the assistance to the property was provided.

16. CONTINUATION OF BENEFITS OF THIS AGREEMENT

Notwithstanding the above, for any future year, in no event shall COUNTY be obligated to distribute more funds to CITY under this Agreement than COUNTY receives for a given fiscal year under the CDBG Program. If HUD or another federal agency does not award CDBG funds to COUNTY, COUNTY will not award CDBG funds to CITY.

17. EFFECTIVE DATES

This Agreement shall be effective for all purposes when this Agreement and like agreements have been executed by COUNTY and CITY, properly submitted to HUD,

the grantor, by the designated deadline, and approved by HUD.

18. INDEMNIFICATION

a. INDEMNIFICATION

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to California Government Code Section 895.6, the parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead all parties agree that pursuant to California Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

b. INSURANCE

Each party shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.

19. OTHER AGREEMENTS

Pursuant to federal regulations at 24 CFR 570.501(b), CITY is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement set forth in federal regulations at 24 CFR 570.503. COUNTY and CITY will enter into a further written agreement that contains these minimum requirements. Prior to disbursing any CDBG funds to CITY, COUNTY, shall execute said written agreement with CITY. Said agreement shall remain in effect during any period that CITY has control over CDBG funds, including program income.

20. NOTIFICATION

Any and all notices, writings, correspondences, etc., sent pursuant to this Agreement shall be directed to CITY and COUNTY as follows:

CITY

COUNTY

City of Carpinteria  
CDBG Program Coordinator  
5775 Carpinteria Avenue  
Carpinteria, CA 93013

Housing and Community Development Div.  
Deputy Director  
123 E. Anapamu Street, 2<sup>nd</sup> floor  
Santa Barbara, CA 93101

21. AGREEMENT NOT APPLICABLE TO OTHER FUNDS

This Agreement applies only to those funds received under the CDBG Program and program income generated by CDBG funds, the HOME Program and the ESG Program. This Agreement does not apply to or control funds other than those described in this paragraph.

22. RECORDS

CITY and COUNTY shall maintain, on a current basis, complete records, including but not limited to contracts, loan documents, rehabilitation write-ups, final inspection reports, books of original entry, source documents supporting accounting transactions, eligibility and service records any of which may be applicable, a general ledger, personnel and payroll records, canceled checks and related documents and records to assure proper accounting of funds and performance of this Agreement in accordance with CDBG regulations. To the extent permitted by law, COUNTY and CITY will also permit access to all books, accounts or records of any kind for purposes of audit or investigation, in order to ascertain compliance with the provisions of this Agreement.

HUD specifies record retention requirements in 24 CFR 85.42 as modified by 570.502(a) (16), 24 CFR 84.53(b) as modified by 570.502(b) (3) (ix) (A) and (B). Records are to be retained for four years from the date of submission of the COUNTY's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the four-year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular four-year period, whichever is longer.

23. NONDISCRIMINATION

CITY shall comply with COUNTY laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara County Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefor.



IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date set forth above.

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

“COUNTY”  
COUNTY OF SANTA BARBARA:

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Janet Wolf  
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:

ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Renée E. Bahl  
Interim Community Services Director

By: \_\_\_\_\_  
Deputy Auditor-Controller

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

By: \_\_\_\_\_  
Deputy County Counsel

APPROVED AS TO FORM:  
RAY AROMATORIO  
RISK MANAGEMENT

By: \_\_\_\_\_  
Risk Manager

CITY OF CARPINTERIA

By: \_\_\_\_\_  
Dave Durlinger  
City Manager

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_  
Peter N. Brown, on behalf of  
Brownstein, Hyatt, Farber, Schreck, LLP  
Acting as City Attorney for the City of  
Carpinteria

Dated: \_\_\_\_\_

**COOPERATION AGREEMENT BETWEEN THE COUNTY OF  
SANTA BARBARA AND THE CITY OF SOLVANG FOR  
PARTICIPATION IN THE SANTA BARBARA URBAN COUNTY  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
PROGRAM FOR  
THREE FEDERAL FISCAL YEARS (2016-2018)**

This Cooperation Agreement (“Agreement”) for participation in the Santa Barbara CDBG Urban County (“Urban County”) is made and entered into this \_\_\_ day of \_\_\_\_\_ 2015, by and between the County of Santa Barbara, a subdivision of the State of California, (“COUNTY”), and the City of Solvang, a municipal corporation within COUNTY (“CITY”).

**WHEREAS**, the Housing and Community Development Act of 1974, as amended (24 U.S.C. 93-383 et seq.), (the “Act”), provides that Community Development Block Grant, (“CDBG”) funds may be used for the support of activities that provide decent housing and suitable living environments and expanded economic opportunities principally for persons of low- and moderate-income; and,

**WHEREAS**, CDBG regulations allow contiguous units of general government to join together to qualify as an urban county; and,

**WHEREAS**, the Community Development Block Grant Regulations issued pursuant to the Act provide that qualified urban counties must submit an application to the U.S. Department of Housing and Urban Development (“HUD”) for funds, and that cities and smaller communities within the metropolitan area not qualifying as metropolitan cities may join the County in said application and thereby become a part of a more comprehensive countywide effort; and

**WHEREAS**, the COUNTY and the CITY have participated in the HOME Consortium Program since 1994, the Santa Barbara Urban County Program since 2007, and the Emergency Solutions Grant (formerly Emergency Shelter Grant) Program since 2008; and

**WHEREAS**, 24 CFR 570.307(a) sets forth requirements for the qualifying and requalifying of counties for the CDBG Urban County program, and that the current three- (3) year cycle is set to expire in June 2016 and that a new Agreement for Program Years 2016-2018 for Fiscal Years 2016-17, 2017-18, and 2018-19 must be executed and submitted to HUD by the deadline of July 2015; and

**WHEREAS**, as a member of the CDBG Urban County, which includes the cities of Buellton, Carpinteria and Solvang, the CITY also agrees to participate in the Santa Barbara HOME Consortium, which includes the City of Goleta, since the Urban County is a member of the HOME Consortium and the Emergency Solutions Grant (ESG) Program, as the Urban County receives funding under the ESG program; and

**WHEREAS**, the Urban County is concurrently revising and renewing the HOME Agreement which requires execution by the Urban County; and

**WHEREAS**, HUD will review and certify this Agreement in order to assure compliance with HUD requirements; and,

**WHEREAS**, COUNTY has complied with all requirements for Counties seeking entitlement status under the CDBG program; and

**WHEREAS**, as the urban county applicant, the COUNTY must take responsibility and assume all obligations of an applicant under federal statutes, including: the analysis of needs, the setting of objectives, the development of community development and housing assistance plans, the consolidated plan, and the assurances of certifications; and

NOW THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the parties agree as follows:

1. GENERAL

The above recitals are true and correct.

This Agreement covers the COUNTY and CITY'S participation in the federal CDBG Program, and supersedes and replaces prior Urban County Agreements.

The COUNTY shall apply to HUD pursuant to 24 CFR 570.307(a) for a renewal of its designation as an urban county as that term is defined in 42 U.S.C.A. Sec. 5302 (a) (6) (A) ("Urban County").

The COUNTY shall have the authority to undertake or assist in accepting CDBG funding as an Urban County and undertaking eligible community development activities for the next three Federal Fiscal Years (2016-2018), funded from the CDBG program and from any CDBG program income generated from the expenditure of such funds. COUNTY and CITY agree to cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities.

2. TERM AND AUTOMATIC RENEWAL

The term of this Agreement shall be the COUNTY CDBG Urban County qualification period of the federal fiscal years 2016-2018, commencing on October 1, 2015 and ending on September 30, 2019 which overlaps with Program Years 2016-17, 2017-18, 2018-19, commencing on July 1, 2016 and ending on June 30, 2019, unless an earlier date of termination is fixed by HUD, pursuant to the Act. Notwithstanding the above, if there are activities undertaken pursuant to this Agreement that are not yet completed or funded, then for the purpose of those activities only, this AGREEMENT shall remain in effect until all CDBG funds received pursuant to this AGREEMENT, and any program income received with respect to activities carried out pursuant to this Agreement, are expended, and the funded activities are completed.

Process

COUNTY will notify CITY no later than May of the renewal year, or in accordance with the applicable Community Planning and Development (CPD) notice pertaining to Urban County qualification, of its right to be excluded from the Urban County prior to the start of a successive three-year term. CITY will have until June of the renewal year, or in accordance with the applicable CPD notice pertaining to Urban County qualification, to notify COUNTY and the HUD Field Office of its decision to cease participating in the Urban County. The specific dates for these deadlines will be based on the most recent HUD CPD notice. The dates specified in the most recent HUD CPD notice will supersede timelines and dates described in this Agreement.

In addition, this Agreement automatically renews to new consecutive three-year terms unless CITY provides written notice to COUNTY at least 30 days prior to the end of the term ending June 30, 2019 that CITY elects not to participate in a new qualification period.

The Parties agree to adopt amendments to this Agreement incorporating any changes necessary to meet the requirements for cooperation agreements set forth in the Urban County Qualification Notice by HUD, prior to a subsequent three-year extension of the term. Any amendment to this Agreement shall be submitted to HUD as required by the regulations. Failure to adopt amendments incorporating changes necessary to meet HUD requirements shall result in the automatic renewal provisions being voided.

3. PREPARATION OF CDBG APPLICATION

The parties agree that CITY shall be included in the application COUNTY shall submit to HUD for Title I Housing and Community Development Block Grant funds under the Act.

COUNTY shall be responsible for preparing and submitting to HUD, pursuant to 24 CFR 91, all necessary applications and materials to maintain CDBG entitlement as an Urban County under the Act. This duty shall include complying with all applicable noticing requirements, the preparation and processing of COUNTY Housing, Community and Economic Development Needs Identification, Citizen Participation Plans, the County Consolidated Plan, and other CDBG related programs which satisfy the application requirements of the Act and all applicable regulations. Further, COUNTY shall, as applicant, be responsible for holding public hearings and preparing and submitting the CDBG funding application and supporting materials in a timely and thorough manner, as required by the Act and the federal regulations established by HUD to secure entitlement grant funding.

CITY shall assist COUNTY by preparing a community development plan, for the period of this Agreement, which identifies community development and housing needs, projects and programs for the CITY; and specifies both short- and long-term CITY objectives, consistent with requirements of the Act. COUNTY agrees to: (1) include the CITY plan in the program application, and (2) include CITY's desired housing and community development objectives, policies, programs, projects and plans as submitted by CITY in COUNTY's consolidated plan.

4. COMPLIANCE WITH FINAL PROGRAMS AND PLANS

COUNTY and CITY shall comply in all respects with final community development plans and programs, which are developed through mutual cooperation pursuant to the application requirements of the Act and its regulations and approved by HUD.

5. COMPLIANCE WITH ACT AND REGULATIONS

COUNTY and CITY shall comply with all applicable requirements of the Act and its regulations in undertaking all acts under this Agreement, and shall take all actions necessary to meet the requirements of other applicable laws including the National Environmental Policy Act of 1969, the Uniform Relocation Act, the Fair Housing Act and affirmatively furthering fair housing, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11988, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Section 109 of Title I of the Act, Section 104(b) of Title I of the Act as amended, the Americans with Disabilities Act of 1990, and other applicable federal laws.

CITY agrees CDBG funding for activities in or in support of CITY are prohibited if CITY does not affirmatively further fair housing within its own jurisdiction or impedes COUNTY actions to comply with its fair housing certification.

6. PROHIBITION ON CITY APPLICATION TO OTHER CDBG PROGRAM

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7. POLICIES

COUNTY and CITY have adopted and are enforcing policies prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations and a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within jurisdictions.

8. DISTRIBUTION OF FUNDS

CDBG funds will be suballocated by COUNTY to CITY pursuant to a pro rata distribution based on the most current census data. Upon allocation, CITY may distribute funds at its discretion subject to all applicable CDBG rules and regulations.

|   |                          |  |
|---|--------------------------|--|
| <b>2013 ACS Five-Year<br/>Population Estimate</b> | <b>CDBG Urban County</b> | <b>CDBG Urban County<br/>Population Percentage</b> |
|---|--------------------------|--|

|         |  |         |
|---------|--|---------|
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| 4,862   | City of Buellton                         | 3.07%   |
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| 5,298   | City of Solvang                          | 3.35%   |
| 158,209 | <b>Sub-Total CDBG Urban<br/>County</b>   | 100.00% |

9. METHOD OF DISTRIBUTION

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- b. Applicants of eligible projects that are located within the jurisdiction of CITY may apply to COUNTY for additional CDBG funds from the remaining COUNTY allocation. CITY also may contribute all or a portion of its own suballocation to these eligible projects.
- c. COUNTY is responsible for directing the NOFA process and ensuring CDBG eligibility of projects submitted for funding consideration. Project funding requests from applicants for CITY’s suballocation must include a letter of support from CITY. COUNTY will review all applications submitted for eligibility. On or about February of each year, COUNTY will convene various steering and technical advisory committees to advise COUNTY on the use of CDBG Urban County funds. COUNTY will take funding recommendations to the County Board of Supervisors for consideration and final funding decisions on the use of the unincorporated COUNTY’S allocation of funds.
- d. Applications approved by the BOS will be included in the draft Annual Action Plan which will be posted for public comment for 30 days. CITY’s approved applications will be included in the Action Plan. The NOFA will contain a calendar (NOFA calendar) to assisting in meeting deadlines for the submission of the Action Plan to HUD. CITY agrees to have its proposed projects approved by its City Council before the start of the 30-day comment period listed in the NOFA calendar.
- e. Prior to the disbursement of any CDBG funds to a project or to CITY for eligible program costs, COUNTY and CITY will execute a subrecipient agreement,

pursuant to CDBG regulations at 24 CFR 570.501(b) and 570.503. COUNTY will execute a subrecipient agreement with a contractor or subrecipient if CITY will not directly administer the project.

- f. HUD will hold the County responsible for any violation of the CDBG regulations at 24 CFR 570.501 and 570.906, therefore the subrecipient agreement between COUNTY and CITY will contain provisions that enable COUNTY to recover from CITY any funds expended in violation of CDBG regulations.

10. Method of Redistribution

- a. At least thirty days (30) days prior to the date that COUNTY issues the annual NOFA for CDBG funds (on or about November) for the upcoming program year (July – June), COUNTY will notify CITY of the date that COUNTY will issue the NOFA. At least ten (10) days prior to the NOFA issue date, CITY must notify COUNTY if it plans to use all or a portion of its upcoming program year suballocation for eligible projects to be identified by CITY, or if CITY will issue its own NOFA to solicit applications for CITY’s suballocation of CDBG funds. If CITY does not notify COUNTY of CITY’s planned use of CDBG funds at least ten (10) days prior to the date that the NOFA will be issued, then CITY’s funds will be included in COUNTY’s pro rata allocation amount and be made available to projects which apply for COUNTY funds. CITY agrees that it will forego the ability to identify uses of CDBG funds for the upcoming program year.
- b. On or before the application deadline published in the NOFA, CITY must identify proposed projects for the use of all or a portion of CITY’s suballocation of funds; unless CITY’s funds were included in COUNTY’s pro rata allocation amount in accordance with subsection a. of this section. CITY agrees to work with COUNTY to get CITY’s proposed projects approved through CITY’s City Council process in time to be included in the draft Urban County Action Plan and approved by the County Board of Supervisors for the upcoming program year.
- c. In the interest of fair share allocations and broad county-wide use of funds, an eligible project identified by a member CITY that did not receive allocation awards in the previous three-year cycle shall be given funding priority in the current cycle. This funding priority will consist of a minimum level of funding from the County’s pro-rata allocation equal to the share of unspent funds turned back into the CDBG pool in the prior years. This provision does not apply to the use of CDBG funds for public service projects.
- d. The three-year cycle in paragraph c. presumes the member CITY participated in the previous three-year cycle in order to be given funding priority in the current three-year cycle.
- e. When considering funding of projects, consideration shall be given to project readiness, the number of persons served, Consolidated Plan priority and urgency of project. COUNTY shall be responsible for tracking unspent funds returned to the



CDBG funding pool, and prior year's projects and associated funding amounts.

- f. Projects funded with CDBG funds must be reasonably expected to be completed within one year and the expenditure of CDBG funds must meet the CDBG expenditure requirements set forth in 24 CFR 570.902 (a), which states, in part, that HUD will find COUNTY to be failing to carry out its CDBG activities if sixty (60) days prior to the end of the grantee's current program year, the amount of CDBG funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the CDBG funding amount for its current program year.
- g. COUNTY as Lead Entity of the Urban County reserves the right to determine CDBG eligibility of proposed projects and to reallocate uncommitted funds, or funds committed to projects that are not satisfactorily progressing pursuant to program requirements, to other eligible projects in order to meet CDBG program deadlines and requirements.

11. OTHER REQUIREMENTS

- a. The Urban County is a member of the Santa Barbara County HOME Consortium. As a member of the Urban County, CITY may only receive a suballocation of HOME funds under the HOME Consortium. If the Urban County does not receive a HOME formula allocation, CITY cannot form a HOME Consortium with other local governments. This does not preclude CITY from applying to the State for HOME funds, if the state allows.
- b. COUNTY is authorized to execute a HOME Consortium Agreement on behalf of the Urban County (as specified in CPD Notice CPD 13-002, page 1, section II. A. (1)). COUNTY is authorized to execute an ESG agreement on behalf of the Urban County.
- c. City may receive a formula allocation under the ESG Program only through the Urban County. This does not preclude CITY from applying to the state for ESG funds, if the state allows it.
- d. Pursuant to the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2014, Pub.L. 113-76, CITY may not sell, trade or otherwise transfer all or any portion of such funds to another such metropolitan city, urban county, unit of general local government, Indian tribe or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title 1 of the Act.

12. DISPOSITION OF PROGRAM INCOME

- a. COUNTY shall retain any income generated by the expenditure of CDBG funds received by CITY under this Agreement and such income shall be used only for

eligible activities selected by CITY in accordance with all applicable CDBG requirements and regulations. Consistent with CDBG regulations, the COUNTY reserves the right to use twenty percent (20%) of all CDBG program income earned in the program year for General Administration, and fifteen percent (15%) of all program income earned in the prior year for Public Services.

- b. Any income generated from the disposition or transfer of real property acquired and/or improved with CDBG funds prior to any close out or change of status shall be treated as program income. COUNTY shall be responsible for monitoring and reporting to HUD on the use of any such program income.
- c. In the event of CDBG close-out or the non-participation of CITY under the CDBG program, any unexpended CDBG program income generated from CITY-awarded CDBG activities pursuant to this Agreement, shall be the property of COUNTY. Any CDBG program income generated from the disposition or transfer of real property acquired or improved with CDBG funds prior to any such close-out or change of status shall be treated the same as CDBG program income.

13. ADMINISTRATION OF PROGRAM

- a. COUNTY shall have the responsibility of administering the CDBG program including but not limited to preparation of plans to be submitted to HUD, issuance of notices, requests for project submittals, evaluation, administration and monitoring of projects, tracking and receiving program income and reporting to HUD. COUNTY is, to the greatest extent permissible by law and regulations, responsible for compliance with the National Environmental Protection Act (NEPA) and for all required noticing and documentation for projects funded under this Agreement. The COUNTY is not responsible for compliance with the California Environmental Quality Act (CEQA) for projects undertaken in CITY.
- b. COUNTY will retain up to twenty percent (20%) of the Urban County annual allocation, prior to the calculation of the allocation formula at Section 8 is applied, to cover COUNTY costs to administer the CDBG Program, as permitted by HUD regulations.
- c. COUNTY will be responsible for reports to be prepared as may be required by CDBG regulations, including but not limited to the Consolidated Plan, the Annual Action Plan and the Comprehensive Annual Performance Report (CAPER), and Cash and Management Information System reports. COUNTY and CITY will cooperate in the collection of, and will furnish any and all information required for, reports to be prepared as may be required by applicable laws and regulations.
- d. COUNTY agrees to abide by program administrative costs parameters stated in 24 CFR 570.206.

- e. CITY agrees to act in good faith and with due diligence in performance of CITY obligations and responsibilities under this Agreement and under all subrecipient agreements. CITY further agrees that it shall fully cooperate with COUNTY in all things required and appropriate to comply with the provisions of any grant agreement received by COUNTY pursuant to the Act and its Regulations.

14. CITY AWARD OF CDBG FUNDS

CITY maintains sole authority over the selection of CDBG-eligible activities awarded funds from the formula allocation pursuant to this AGREEMENT.

15. DISPOSITION OF REAL PROPERTY

- a. The provisions of this paragraph set forth the standards and rules that shall apply to real property acquired or improved in whole or in part using CDBG funds received by CITY pursuant to this Agreement. Prior to any modification or change in the use of said real property from the use or ownership planned at the time of its acquisition or improvements, CITY shall notify COUNTY and obtain authorization for said modification or change. CITY shall reimburse COUNTY with non-CDBG funds in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of non-CDBG funds) of property acquired or improved with CDBG funds that is sold or otherwise transferred to a use that does not qualify for funding under CDBG laws and regulations.
- b. CITY is to include 'change in use' requirements in 24 CFR 570.505 in its agreements executed with CITY's subrecipients. Subrecipients must adhere to the change of use requirements, which includes a provision that the project improved with CDBG funds meet a CDBG national objective for five (5) years after closeout of the Urban County's participation in the CDBG program or, with respect to other recipients, until five (5) years after the close-out of the grant from which the assistance to the property was provided.

16. CONTINUATION OF BENEFITS OF THIS AGREEMENT

Notwithstanding the above, for any future year, in no event shall COUNTY be obligated to distribute more funds to CITY under this Agreement than COUNTY receives for a given fiscal year under the CDBG Program. If HUD or another federal agency does not award CDBG funds to COUNTY, COUNTY will not award CDBG funds to CITY.

17. EFFECTIVE DATES

This Agreement shall be effective for all purposes when this Agreement and like agreements have been executed by COUNTY and CITY, properly submitted to HUD, the grantor, by the designated deadline, and approved by HUD.

18. INDEMNIFICATION

a. INDEMNIFICATION

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to California Government Code Section 895.6, the parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead all parties agree that pursuant to California Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

b. INSURANCE

Each party shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.

19. OTHER AGREEMENTS

Pursuant to federal regulations at 24 CFR 570.501(b), CITY is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement set forth in federal regulations at 24 CFR 570.503. COUNTY and CITY will enter into a further written agreement that contains these minimum requirements. Prior to disbursing any CDBG funds to CITY, COUNTY, shall execute said written agreement with CITY. Said agreement shall remain in effect during any period that CITY has control over CDBG funds, including program income.

20. NOTIFICATION

Any and all notices, writings, correspondences, etc., sent pursuant to this Agreement shall be directed to CITY and COUNTY as follows:

CITY

City of Solvang  
CDBG Program Coordinator  
1644 Oak Street  
Solvang, CA 93427

COUNTY

Housing and Community Development Div.  
Deputy Director  
123 E. Anapamu Street, 2<sup>nd</sup> floor  
Santa Barbara, CA 93101

(805) 688-5575

(805) 568-3520

21. AGREEMENT NOT APPLICABLE TO OTHER FUNDS

This Agreement applies only to those funds received under the CDBG Program and program income generated by CDBG funds, the HOME Program and the ESG Program. This Agreement does not apply to or control funds other than those described in this paragraph.

22. RECORDS

CITY and COUNTY shall maintain, on a current basis, complete records, including but not limited to contracts, loan documents, rehabilitation write-ups, final inspection reports, books of original entry, source documents supporting accounting transactions, eligibility and service records any of which may be applicable, a general ledger, personnel and payroll records, canceled checks and related documents and records to assure proper accounting of funds and performance of this Agreement in accordance with CDBG regulations. To the extent permitted by law, COUNTY and CITY will also permit access to all books, accounts or records of any kind for purposes of audit or investigation, in order to ascertain compliance with the provisions of this Agreement.

HUD specifies record retention requirements in 24 CFR 85.42 as modified by 570.502(a) (16), 24 CFR 84.53(b) as modified by 570.502(b) (3) (ix) (A) and (B). Records are to be retained for four years from the date of submission of the COUNTY's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the four-year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular four-year period, whichever is longer.

23. NONDISCRIMINATION

CITY shall comply with COUNTY laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara County Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefor.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date set forth above.

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

“COUNTY”  
COUNTY OF SANTA BARBARA:

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Janet Wolf  
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:

ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy Auditor-Controller

By: \_\_\_\_\_  
Renée E. Bahl  
Interim Community Services Director

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

By: \_\_\_\_\_  
Deputy County Counsel

APPROVED AS TO FORM:  
RAY AROMATORIO  
RISK MANAGEMENT

By: \_\_\_\_\_  
Risk Manager

CITY OF SOLVANG

By: \_\_\_\_\_  
Brad Vidro  
City Manager

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_  
Ron Hanley  
City Attorney

Dated: \_\_\_\_\_

6/5/2015 7:40 AM