

**DRAFT/PROPOSED APPLICATION FOR
SECTION 108 LOAN GUARANTEE PROGRAM**

Grantee: City of Downey, CA
11111 Brookshire Avenue
Downey, CA 90241
DUNS#: 067790386

The City of Downey is submitting an application for \$500,000 in loan guarantee funds under Section 108 of the Housing and Community Development Act of 1974. The City intends to use this Federal program along with \$500,000 from the Rancho Los Amigos South Campus Sport Fields Section 108 Loan project. After procuring the Rancho Los Amigos South Campus Sport Fields project, it has been determined that there will be \$500,000 excess funding that the City intends to use in conjunction with its new request to construct the Solar Photovoltaic and Battery Energy Storage Systems at City Buildings Project, specifically, at the Barbara J. Riley Community/Senior Center. The development of the Solar Photovoltaic and Battery Energy Storage Systems Project includes the installation of energy efficiency upgrades, including solar photovoltaic (PV) panels, carport canopies and battery energy storage systems (BESS) at six City-owned buildings and facilities, including: City Hall, Downey Police Department, Downey City Library, Downey Theater, Columbia Memorial Space Center and the Barbara J. Riley Community/Senior Center. The requested 108 Loan funds will only be used for the Solar Photovoltaic and Battery Energy Storage Systems at the Barbara J. Riley Community/Senior Center.

The proposed project will meet the national objective of principally benefitting persons of low and moderate income and serves as part of the City of Downey's on-going efforts to fulfill the City's General Plan Conservation Element's established goals and policies to improve air quality, promote environmental sustainability, develop renewable energy sources in our community, and reduce energy consumption by City operations. The project is proposing to install energy efficiency upgrades, including solar photovoltaic (PV) panels, carport canopies and battery energy storage systems (BESS) at City-owned buildings and facilities. The proposed total solar PV system size is 1.2 MW DC and total BESS system size is 4,408 kWh. The total projected annual solar energy production of these systems is 1,920,000 kWh, which will offset approximately 82 percent of the overall annual electricity usage at these building and facilities. It should be noted that in times of need, these facilities also serve as a cooling centers for nearby elderly residents during the hot summer months.

Activity Details

Project Name: Solar Photovoltaic & Battery Storage Systems Project
Project Location: Barbara J. Riley Community/Senior Center
Funding Requested: \$500,000 (with associated application fee of 2% or \$10,000.00, to be paid with CDBG entitlement funds)
National Objective: 2 CFR Part 570.208 Benefit to low-and moderate income (LMI) persons
Eligibility Citation: 24 CFR 570.703 (I) - 570.703(I) Acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities

(except for buildings for the general conduct of government) to the extent eligible under § 570.201(c), including public streets, sidewalks, other site improvements and public utilities, and remediation of known or suspected environmental contamination in conjunction with these activities. Remediation may include project-specific environmental assessment costs not otherwise eligible under § 570.205.

Activity Carryout: Project overseen by Downey Public Works Department; Construction to be completed by contractors through competitive seal bid process.

Project Description: The proposed project will meet the national objective of principally benefitting persons of low and moderate income and serves as part of the City of Downey's on-going efforts to improve air quality, promote environmental sustainability and develop renewable energy sources in our community. The project is proposing to install energy efficiency upgrades, including solar photovoltaic (PV) panels, carport canopies and battery energy storage systems (BESS) at City-owned buildings and facilities. The proposed total solar PV system size is 1.2 MW DC and total BESS system size is 4,408 kWh. The total projected annual solar energy production of these systems is 1,920,000 kWh, which will offset approximately 82 percent of the overall annual electricity usage at these building and facilities. It should be noted that in times of need, these facilities also serve as a cooling centers for nearby elderly residents during the hot summer months.

Project Eligibility: Barbara J. Riley Community/Senior Center – Area Benefit Activity:

The City has determined that the Barbara J. Riley Community/Senior Center would qualify under the area benefit category. An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons. Under this category, the activity must benefit all LMI residents in a service area and thus are the type of activity that may qualify under the LMI area benefit category for the purposes of meeting a national objective. To document compliance with the LMA national objective, the City must determine the service area of the activity and document that the service area meets the 51 percent LMI criteria.

The City, in consultation with HUD, has conducted this analysis to document compliance of the Barbara J. Riley Community/Senior Center project with the aforementioned area benefit requirements. Based on the analysis, the City has determined that the percentage of low- and moderate-income beneficiaries for the service area is 58.08 percent (see CDBG – Low and Moderate Income Area Map), therefore qualifying under the LMA national objective.

Project Financing: The scope of this project including soft and hard cost, and loan fees associated to the Section 108 loan will be financed through the loan funds from the Section 108 Loan Program. Additional funding in the amount of \$500,000 will be coming from excess funds from the Rancho Los Amigos South Campus Sport Fields Section 108 Loan project, totaling \$1,000,000 in Section 108 loan funds. Any costs over this Section 108 Loan funding will be covered by the City's general fund.

Project Schedule: The City expects to complete the project before the end of the program year 2021-2022. The design phase will be completed within 6 months of receiving approval on the Section 108 loan. The Construction phase will be completed 12 months after completion of the design phase.

Under the proposed project schedule and cost budget, this project will be compliant with the overall benefit requirement under 24 CFR 570.200 (a)(3). Where over program years 2020 – 2021 at least 70 percent of the CDBG funded activities will benefit persons of low and moderate income.

Section 108 Program Borrowing Limits

The amount of loan proceeds requested by the City of Downey is approximately 42% of the total current available to the City under the Section 108 Program. Based on *Current Availability of Section 108 Financing – Entitlement Grantees Calculations, updated March 2020, See Attachments*, the City can borrow up to \$1,189,000 million. This figure is based on the City's current year CDBG allocation of \$1,094,600 multiple by a factor of 5 years and subtracting the loan balance on two existing Section 108 obligations. The City is limiting this application to just the \$500,000.

Loan Repayment Structure

The City is requesting a 20-year loan term with a flexible nonconforming repayment plan. The City is proposing a payment plan consisting of interest only payments for the first (5) five years of the loan followed by interest and principal payment from year 6 through 20. All payments on this product will be made from the City's annual Community Development Block Grant (CDBG) allocation. The preferred payment plan is reflected below:

Requested Amount: \$500,000

Repayment Term: 20-Years

Payment Plan: Year 1-5: Interest only payments
Year 6-20: Annual principal payment plus accruing loan interest

Collateral: Debt Service Reserve, funded by the General Fund

Year	Principal	Interest (payment amount based on interest rate)
2022	\$0.00	payment
2023	\$0.00	payment
2024	\$0.00	payment
2025	\$0.00	payment
2026	\$0.00	payment
2027	\$34,000	payment
2028	\$34,000	payment
2029	\$34,000	payment
2030	\$34,000	payment
2031	\$34,000	payment
2032	\$34,000	payment
2033	\$34,000	payment
2034	\$34,000	payment
2035	\$34,000	payment
2036	\$34,000	payment
2037	\$34,000	payment
2038	\$34,000	payment
2039	\$34,000	payment
2040	\$34,000	payment
2041	\$24,000	payment
Total: \$500,000 + Interest		

Citizen Participation Process

The City of Downey adopted a Citizen Participation Plan in May 2020. The Plan establishes the process for public input and notification pertaining to the substantial changes and amendments to the CDBG program. A public notice was published in the local newspaper, the Downey Patriot, on September 24, 2021, initiating the start of the 30-day public review and comment period. A public hearing scheduled for October 26, 2021 allowed for public input and comment prior to the action on this matter by the Downey City Council.

Public Comment Received

Note: This section to be completed after the October 26, 2021 public hearing process: And will provide a summary of comments received from any individual(s) who spoke at the public hearing on the proposed application and expressed support or opposition for the City's utilization of the federal resources.

Local Agency Contacts

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APPLICATION ATTACHMENTS

- Current Availability of Section 108 Financing Table
- Project Area Benefit Low/Moderate Income Data Analysis
- Program Certifications
- City Council Resolution No. XX

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