

AGENDA
ITEM

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CITY COUNCIL AGENDA STAFF REPORT

DATE: December 17, 2025

TO: Mayor and City Council

APPROVED BY: Benjamin A. Martinez, City Manager *Bm*

PREPARED BY: Laura Bowen, Grants Manager *LB*

SUBJECT: Status as of the end of November, 2025 of Monitoring Findings from the California Department of Housing and Community Development (CDHCD) for the Community Development Block Grant (CDBG) and Home Investment Partnership Act (HOME) Programs.

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Recommendation:

Accept and file report.

Background:

On October 15, 2025, staff submitted to the City Council an informational report regarding California Department of Housing and Community Development Monitoring Visit (CDHCD) for the Community Development Block Grant (CDBG) and Home Investment Partnership Act (HOME) Programs. Please see attached.

Discussion and Analysis:

CDBG

Since our last report, staff has continued to meet biweekly with representatives from CDHCD. The City has provided CDHCD staff with additional requested information, which has since been reviewed. Based on that review, CDHCD has identified several expenditures to be eligible but still requiring reclassification between funding sources (CDBG and HOME). Our next step will be to identify, reconcile and correct those expenditures as recommended. The goal is to ensure that all eligible expenses are properly recorded under the correct fund in order to avoid potential repayments.

Additionally, the Policies and Procedures Manual drafted by staff has been reviewed by CDHCD and they made recommended revisions. The purpose of this manual is to establish comprehensive Policies and Procedures to address specific monitoring findings and to ensure the City remains accountable for all future CDBG transactions.

HOME

For the HOME-related findings CDHCD informed the staff that they will not be addressed until the early part of 2026 due to CDHCD workloads.

Conclusion

When all monitoring findings have been fully resolved, staff goal is to re-establish both CDBG and HOME funding for Calexico. At this time, we cannot predict when this reinstatement will occur; however, the staff is committed to completing all corrective actions as quickly and thoroughly as possible to restore eligibility for these important sources that benefit the community.

Fiscal Impact:

No Fiscal Impact

Coordinated With:

City Manager's Office

Attachments:

Attachment 1 - Agenda Item #25 October 15, 2025

AGENDA
ITEM

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CITY COUNCIL AGENDA STAFF REPORT

DATE: October 15, 2025

TO: Mayor and City Council

APPROVED BY: Benjamin A. Martinez, City Manager *Bm*

PREPARED BY: Laura Bowen, Grants Manager *LB*

SUBJECT: Status of Audit Findings from the California Department of Housing and Community Development (CDHCD) for the Community Development Block Grant (CDBG) and Home Investment Partnership Act (HOME) Programs.

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Recommendation:
Accept and file report.

Background:
The City of Calexico, due to its population, is a non-entitled city, therefore, CDBG and HOME funds are allocated through CDHCD. In September 2014 and in June 2015 CDHCD conducted monitoring review visits to the City of Calexico with the purpose of assessing the City's implementation and administration of their CDBG and HOME programs in accordance with the applicable federal and state statutory requirements, regulations and policies. As a result, several findings (deficiency in a program performance) were addressed, and corrective actions were required by CDHCD. Currently, the City is working cooperatively to address all corrective actions so that CDBG and HOME funding can be restored.

Discussion and Analysis:
To reestablish eligibility and conclude the audit, the City of Calexico created a team consisting of Finance Department staff and the Grants Manager to work on addressing each one of the findings. This team meets every two weeks with representatives from CDHCD to follow up on any required information to complete the responses. The following are status highlights:

- The City is making good progress on the CDBG-related findings. CDHCD does not anticipate a repayment of CDBG funds, as we are finding that activities were eligible. There are some cost that will need to be reclassified, which we are working on identifying.
- Once reconciled, cleared, and reported to CDHCD, there is also a good possibility that CDBG Program Income Funds (PI) funds will be able to be used.
- CDHCD informed the City that HOME-related findings will not be addressed until the early part of 2026 due to CDHCD workloads.

- If all outstanding monitory findings are cleared, the expected time to reestablish eligibility for new grant funding for CDBG and HOME will be during the second quarter of Fiscal Year 2026-2027 (Fall/Winter of 2026).

Fiscal Impact:

No Fiscal Impact

Coordinated With:
City Manager's Office

Attachments:
None