TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: JULY 9, 2007

CMR: 278:07

SUBJECT: APPROVAL OF AN AGREEMENT IN THE AMOUNT OF $86,575 WITH LYTTON GARDENS, INC. FOR FUNDS ALLOCATED DURING FISCAL YEAR 2005/06 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

RECOMMENDATION
Staff recommends that the City Council approve, and authorize the City Manager or his designee to execute the attached agreement in the amount of $86,575 with Lytton Gardens, Inc. for a bathroom countertop and sink renovation project at the skilled nursing facility located at 437 Webster Street in Palo Alto.

BACKGROUND
The Lytton Gardens Health Care Facility opened in 1986, and there have been no significant improvements to the rooms since they were originally built. Lytton Gardens is one of the few skilled nursing facilities in the area that takes MediCal patients.

Lytton Gardens, Inc. provides nursing care, long-term care and rehabilitation services for up to 137 patients. Most of the patients are elderly or have disabilities, and approximately 58% are very-low income. Lytton Gardens, Inc. applied for and received an award of $86,575 in fiscal year 2005/06 CDBG funds to replace the sinks, countertops and grab bars in the long-term care rooms occupied by low-income elderly. The renovations will improve the accessibility and functionality of the area for the frail residents.

DISCUSSION
Economic and Social Opportunities (ESO) were originally going to provide project management and oversight services to Lytton Gardens for this project. Unfortunately, ESO was declared a “high risk” agency by the State of California, and they are currently not capable of performing this task. Lytton Gardens will now provide their own project management services with assistance from City CDBG staff.
Although CDBG funds have previously been awarded for rehabilitation work at the Lytton Gardens residential facilities, this is the first time that funds have been awarded to the health care portion of the facility. Rehabilitation of a public facility is an eligible activity under CDBG regulations as long as a requisite number of the residents are low-income. The floors to be rehabilitated would be those that accommodate long-term care residents, the majority of whom are low or very-low income.

**RESOURCE IMPACT**
The $86,575 cost of the agreement will be funded with federal CDBG funds provided through the U.S. Department of Housing and Urban Development (HUD). Repayment of the loan will not be required unless the property is sold or the use is changed without City consent, prior to the end of the 30-year affordability restriction in 2037.

**POLICY IMPLICATIONS**
There are no policy implications.

**ENVIRONMENTAL REVIEW**
HUD environmental regulations for the CDBG program are contained in 24 CFR 58 “Environmental Review Procedures for Title I Community Development Block Grant Programs.” The Lytton Gardens Health Care Facility’s bathroom countertop and sink renovation project is determined to be Categorically Excluded under the National Environmental Policy Act (NEPA).

**ATTACHMENTS**

Attachment A: Agreement between the City of Palo Alto and Lytton Gardens, Inc. for the bathroom countertop and sink renovation project at Lytton Gardens Health Care Facility.

Prepared by:  
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Department Head:  
STEVE EMSLIE, Director  
Planning and Community Environment

City Manager Approval:  
EMILY HARRISON  
Assistant City Manager

cc: Lytton Gardens, Inc.