



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Community Development Director

PREPARER: Jennifer Dart, Community Development Deputy Director

DATE: March 4, 2026

TITLE: Public Hearing to Consider Accomplishments to be Reported for Arcata’s Community Development Block Grant (CDBG) Grant Numbers 22-CDBG-PL-20035 Valley West Neighborhood Center Assessment for Final Closeout.

RECOMMENDATION:

It is recommended that the Council:

- 1) Open public hearing, consider the accomplishments to be reported to CDBG for the close out of the Valley West Neighborhood Center Assessment (22-CDBG-PL-20035);
- 2) Direct staff to submit final reports and closeout package to the State; and
- 3) Authorize City Manager to execute all applicable documents.

INTRODUCTION:

The purpose of this hearing is to receive public input on the grant accomplishments for the Valley West Neighborhood Center Assessment. The City of Arcata was awarded \$250,000 in Community Development Block Grant funds to research opportunities and implementation approaches for a neighborhood center in the underserved Valley West area.

BACKGROUND:

In 2022, the City was awarded \$250,000 in Community Development Block Grant (CDBG) Planning funds (22-CDBG-PL-20035) to evaluate the feasibility of establishing a neighborhood center in the underserved Valley West area. The intent of the grant was to assess community needs, identify potential sites and partnership opportunities, evaluate operational models, and develop implementation strategies.

The City contracted with Housing Tools to prepare the Valley West Neighborhood Center Assessment (Attachment A). The assessment was accepted by the City Council on December 17, 2025, and provides analysis of community demand, potential programming, conceptual development approaches, and high-level cost considerations.

The Community Development Department expended \$225,904.61 (90%) of the total grant funds and will disencumber the remaining \$24,095.39. As part of the CDBG closeout process, the City is required to hold a public hearing to report on grant accomplishments and submit a final closeout package to the State.

DISCUSSION:

The Valley West Neighborhood Center Assessment represents an important step in understanding community needs and exploring long-term opportunities for investment in the Valley West area. The assessment provides data, community input, and conceptual implementation pathways that may assist the City in pursuing future funding should an opportunity arise.

However, the analysis also highlights that development and long-term operation of a neighborhood center would require substantial capital investment and ongoing operational funding. At this time, the project would be cost-prohibitive without securing significant external funding and strong partnership commitments.

While no immediate development is proposed, the completed assessment positions the City to respond more competitively to future grant opportunities and to advance the project incrementally if funding becomes available. Closing out the CDBG grant formally concludes the planning phase and fulfills the City's reporting obligations to the State

ENVIRONMENTAL REVIEW (CEQA):

The California Environmental Quality Act (CEQA) includes a statutory exemption for feasibility and planning studies pursuant to CEQA Guidelines Sec. 15262.

The Study was determined Categorically Excluded from the National Environmental Policy Act by the Community Development Director as Certifying Officer under City Council Resolution No. 212-71.

BUDGET/FISCAL IMPACT:

The City received \$17,500 in administration funds to offset staff costs associated with the grant.

RECOMMENDED COUNCIL ACTION:

1. Open the Public Hearing.
2. Receive a staff report and review questions with staff.
3. Open public comment.
4. Close public comment/the public hearing.
5. Motion to direct staff to prepare and submit the final closeout to the State for Arcata's Community Development Block Grant (CDBG) Grant Numbers 22-CDBG-PL-20035 Valley West Neighborhood Center Assessment; and authorize the City Manager to execute all applicable closeout documents.

ATTACHMENTS:

Attachment A. Valley West Neighborhood Center Assessment