CITY OF TUCSON, ARIZONA

APPLICATION FOR
SECTION 108 LOAN GUARANTEE

ADA SIDEWALKS & CURBS PROJECT

FROM

U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

ADOPTED BY MAYOR AND COUNCIL: _____

SUBMITTED TO HUD: _____

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CITY OF TUCSON, ARIZONA

PROJECT SUMMARY: ADA SIDEWALKS & CURBS PROJECT

- **Project Description**
    - **Installation of ADA improvements in concert with street projects funded through Proposition 409 funds**

- **Section 108 Guaranteed Loan: $1,769,000**
    - **Other project financing: $100,000,000 General Obligation Bonds**

- **Timeline**
    - **Funds to be used during FY 2014 & FY 2015**
    - **Payback - $100,000 plus interest annually/17 years, balance $69,000 year 18**

- **Eligible Activity**
    - **Eligible Activity 570.201(c)/570.703(l) : Acquisition, construction, reconstruction, rehabilitation or installation or public facilities (except for buildings used for the general conduct of government), public streets, sidewalks, and other site improvements, and public utilities**

- **National Objective**
    - **CDBG National Objective 570.208(a)(2)(ii)(A): Limited clientele activities to remove material or architectural barriers to the mobility or accessibility of elderly and disabled persons. In addition, activities will benefit those areas with at least 51% low-and-moderate income persons, within the City's FY 2014 'CDBG Target Area'**

- **Collateral**
    - **The City will repay the Section 108 Guaranteed Loan over an 18-year term. The City's annual CDBG allocation will be used to make the loan repayments. To ensure repayment, The City pledges its full faith to repay the loan.**

BACKGROUND

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with a means of leveraging their CDBG funds to obtain additional financing resources for economic development, public facilities, large-scale physical development projects, housing rehabilitation, etc.

The City of Tucson successfully applied to the Department of Housing and Urban Development (DHUD) for loan guarantee assistance in the principal amount of $20,000,000. HUD approved the 'Economic and Community Development Loan Pool' loan program for projects' gap financing of between $2 million and $10 million. Potential projects will be required to go through a stringent multi-step vetting process, including a review for compliance with HUD's CDBG regulations requiring that primarily low- to moderate-income populations are served. Once the City's Housing & Community Development Department (HCDD) has conducted a thorough review, a loan proposal can be submitted to HUD.

In the November 2012 elections, City of Tucson voters approved a $100 million General Obligation bond program to improve the condition of City streets. Bond funds will be used to restore, repair and resurface streets inside Tucson City limits. Approximately 130 miles of major streets and 114 miles of neighborhood streets will be resurfaced as part of the bond program. All work will be competitively bid out to private sector contractors. See **Attachment 1** for an overview of streets to be assisted through bond funds. Streets were selected based on a comprehensive engineering analysis of the condition of City streets and a determination of the appropriate paving treatment based on the condition. Bond funds will be used for street resurfacing from curb to curb*, no monies are permitted for sidewalks, ADA improvements*, bus stops or other transportation improvements. In the past, the City had relied on HURF (Highway User Revenue Fund) to pay for investments in streets, however, there has been a significant decline in HURF allocations to cities. **The City's General Fund does not have the capacity to cover lost HURF revenues, which has resulted in a pressing need to apply for Section 108 funds to undertake primarily ADA upgrades in low- to moderate-income areas.**

The City of Tucson, Arizona, is applying to the Department of Housing and Urban Development for a Section 108 loan in amount of $1,769,000 for the ADA Sidewalks & Curbs Project.

PROJECT DESCRIPTION

This project consists of constructing sidewalk improvements along approximately fourteen and a half miles of roadway within Tucson. The work will consist of construction new sidewalks, new curb access ramps, reconstructing driveway aprons and curb access ramps that are not compatible with the Americans with Disabilities Act, and other measures to ensure that each roadway segment is fully compliant with ADA. The road segments are as follows:

Oracle Road - Glenn Street to Drachman Street

Mission Road - Starr Pass Blvd to Ajo Way

Grande Avenue - Starr Pass Blvd to Congress Street

Tucson Blvd - Valencia Road to Corona Road

Auto Mall Drive - Wetmore Road to Oracle Road

Ajo Way - I-19 to Country Club Road

Prince Road - Oracle Road to Stone Avenue

Stone Avenue - Roger Road to Prince Road

6th Street - Stone Avenue to Country Club Road

Speedway Boulevard - Main Avenue to 2nd Avenue

Installation of ADA improvements in concert with the street project funded through Proposition 409 funds. Public rights-of-way and facilities are required to be accessible to persons with disabilities through the following statutes: Section 504 of the Rehabilitation Act of 1973 (Section 504) (29 U.S.C. §794) and Title II of the Americans with Disabilities Act of 1990 (ADA) (42 U.S.C. §§ 12131-12164). These statutes require that the City provide pedestrian access for persons with disabilities to streets and sidewalks, to the extent technically feasible. Regulations implement this requirement by imposing standards for accessible.

The following low- to moderate income areas are proposed for infrastructure upgrades:

Attachment 2

1. Grande Avenue from Congress Street to Star Pass Boulevard CT 25.01
2. Tucson Boulevard from Valencia Road to City limits CT 41.11
3. Auto Mall Drive from Wetmore Road to Oracle Road CT 45.08

Attachment 3

1. Mission Road from Star Pass Boulevard to Ajo Way CT 25.01
2. Oracle Road from Glenn Street to Drachman CT 13.01 & 13.02

Attachment 4

1. Ajo Way from I-19 to Country Club Road CT 21, 22, 24 and 25.01
2. Prince Road from Oracle Road to Stone Avenue CT 26.01
3. Stone Avenue from Roger Road to Prince Road CT 26.01
4. 6th Street from Stone Avenue to Country Club Road CT 4
5. Speedway Boulevard from Main Avenue to 2nd Avenue CT 3 and 4

TIMELINE/IMPLEMENTATION

All construction activities will be completed by June 30, 2016.

The City will comply with HUD environmental review procedures (24 CFR part 58) for the release of funds.

ELIGIBLE ACTIVITIES

The Section 108 loan fund is intended to be used primarily for eligible economic development activities such as those identified under §570.703(a) (acquisition); §570.703(e) (clearance, demolition, removal); §570.703(f) (site preparation); §570.703(i) (economic development activities); or §570.703(l) (public facilities). In addition, Section 108 loan funds may be used for other related, eligible activities. These activities are all necessary to assist with our efforts to stimulate economic and community development activities in the City of Tucson.

For purposes of determining eligibility, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. In general, the City of Tucson desires to use the Section 108 fund to provide economic stimulus by means of real estate loans for projects that will create and/or retain jobs. These funds may also be used in direct support of these projects for such purposes as acquisition of land and the development of public facilities and improvements.

24 CFR 570.703(l) confirms that guaranteed loan funds may be used for the acquisition, construction, reconstruction, rehabilitation or installation or public facilities (except for buildings used for the general conduct of government), *public streets, sidewalks*, and other site improvements, and public utilities.

NATIONAL OBJECTIVES

Section 570.200(a)(2) requires that all CDBG activities meet one of three National Objectives. Section 570.208 defines the three national objectives as: 1) benefit to low and moderate income families; 2) aid in the prevention or elimination of slums or blight; and 3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

The Section 108 Loan Fund will be used primarily to assist in financing projects designed to meet the national objective of benefiting low- and moderate-income individuals by creating jobs, however, when deemed appropriate by the City, it may also be used to assist projects that help eliminate conditions of slum or blight, and/or to meet urgent needs of the community.

This project will meet a CDBG National Objective pursuant to 24 CFR 570.208(a)(2)(ii)(A): Limited clientele activities to remove material or architectural barriers to the mobility or accessibility of elderly and disabled persons. In addition, activities will benefit those areas with at least 51% low-and-moderate income persons, within the City's FY 2014 'CDBG Target Area' – **see Attachment 5**.

Without this vital funding in income-qualified CDBG areas, the improvements would not occur. These activities will improve safety for our disabled residents and also instill a sense of pride in target area neighborhoods. Residents of the residential neighborhoods impacted will have better access to community facilities, commercial developments and public transit. All improvements will be in the right-of-way and will be owned by the City and maintained by the City following construction completion.

An additional benefit of Section 108 funding will be the economic benefit to private construction companies, creating positions that pay Davis Bacon wage rates. The City will track jobs created as a result of this project through Section 3.

PUBLIC BENEFIT STANDARDS

This project is exempted from the Public Benefit Standards as not classified under low/mod jobs citation. In the shorter term, this project will stimulate the local economy due to the availability of construction jobs. Job creation will be tracked pursuant to Section 3, and Davis Bacon wage rates will apply.

PROJECT FUNDING/COST ESTIMATES

Cost estimates were prepared by the City's Department of Transportation staff, who will act as in-house project managers for Section 108 activities.

No program income will be generated by the project

PROPOSED REPAYMENT SCHEDULE

The City will repay the Section 108 Guaranteed Loan over an 18-year term, using funds from its annual CDBG allocation. To ensure repayment, The City pledges its full faith to repay the loan.

Proposed repayment schedule is as follows:

Year	Payment	Principal Balance
1.	$100,000	$1,769,000
2.	$100,000	$1,569,000
3.	$100,000	$1,469,000
4.	$100,000	$1,369,000
5.	$100,000	$1,269,000
6.	$100,000	$1,169,000
7.	$100,000	$1,069,000
8.	$100,000	$969,000
9.	$100,000	$869,000
10.	$100,000	$769,000
11.	$100,000	$669,000
12.	$100,000	$569,000
13.	$100,000	$469,000
14.	$100,000	$369,000
15.	$100,000	$269,000
16.	$100,000	$169,000
17.	$100,000	$69,000
18.	$69,000	-

This repayment schedule includes principal payments only as interest will be determined at time of bond issuance.

PROJECT PARTICIPANTS

The City's Department of Transportation (TDOT) will manage the design, construction oversight and development of this project, and the Housing & Community Development Department will be the borrower of Section 108 Loan Program funds.

Further information regarding street improvements can be located at TDOT's web pages, see: http://cms3.tucsonaz.gov/street-bonds.

CITIZEN PARTICIPATION PLAN REQUIREMENTS

As required by HUD, the City of Tucson complies with 24 CFR 91.105, Citizen Participation Plan (CPP) for local governments. The CPP is provided in **Attachment 6**.

The City published its proposed Section 108 application in the Arizona Daily Star and provided a summary on its web site so as to afford citizens a chance to examine this application's contents and provide comments. A public hearing was held at City Hall, 1st Floor, 255 W. Alameda, Tucson, AZ 85701. In addition, the City has requested a Substantial Plan Amendment of HUD.

See certifications and information as attached covering publish dates, legal notices and a summary of comments received/project revisions made.

This project is consistent with the City's Five Year Consolidated Plan which has outlined an objective to support economic development activities and employment, focusing on employment convenient to public transportation and working in partnership with workforce investment agencies.

Contact Information:

Interested parties may obtain additional information about proposed activities by contacting:

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