

June 30, 2015

Rami Kahlon, Director  
Division of Water and Audits  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Subject: Response to June 23, 2015 Protest by the Town of Apple Valley to Apple Valley Ranchos Water Company's Advice Letter 200-W Requesting Termination of the Tariff Deviation Agreement for Provision of Irrigation Service to James Woody Park

Dear Mr. Kahlon:

This response is filed pursuant to the rules adopted by Decision 05-01-032, Third Interim Opinion Adopting Certain Requirements Regarding Advice Letter Filing, Service, Suspension, and Disposition. Apple Valley Ranchos Water Company (AVR) respectfully submits this reply to the "Town of Apple Valley Protest to Apple Valley Ranchos Water Company's Advice Letter 200-W Requesting Termination of the Tariff Deviation Agreement Authorized by Resolution No. W-4499" (Protest) filed by the Town of Apple Valley (Town) on June 23, 2015.

AVR notes that Advice Letter 200-W was filed with the Commission's Division of Water and Audits and served on the Town by electronic mail on June 2, 2015. In accordance with General Order 96-B, and as stated in the advice letter, a response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date the advice letter is filed. On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to AVR. The deadline for protests to this advice letter was June 22, 2015. Therefore Town's protest is not timely. Nonetheless, AVR provides this response.



P.O. Box 7005  
21760 Ottawa Road  
Apple Valley, CA 92308  
760.247.6484

## **I. Introduction**

In Advice Letter 200-W (Advice Letter) AVR requests approval to terminate a tariff deviation agreement (Agreement) for provision of irrigation service to the Town at James Woody Park which was authorized by Resolution W-4499, issued on September 23, 2004 in response to AVR's Advice Letter 126-W. The Town protests the Advice letter on the grounds that the Town claims that the relief requested would violate the Commission's Order; that AVR's purported cost-benefit analysis contains material errors and omissions as to costs to AVR and benefits to ratepayers; that the terms of the Agreement invoke a balancing of equities that is not amenable to advice letter treatment and must be considered in a GRC; and that the relief requested is a "punitive and retaliatory response to the Town" rendering it unjust, unreasonable and discriminatory. These claims are incorrect and unfounded. AVR's request is entirely consistent with the terms of the Agreement approved by the Commission in Resolution W-4499, which allows AVR to request termination of the Agreement based on changed circumstances. In its protest the Town makes a number of statements about the basis for the Agreement, the provisions of the Agreement with respect to water rights, the basis for AVR's current request, and benefits to AVR's ratepayers that are also incorrect and do not support the Town's protest.

The Agreement for irrigation service to the Town at James Woody Park (Park) is a "bypass avoidance" agreement, entered into and approved by the Commission because it provides a net benefit to ratepayers as compared to bypass. As noted in Resolution W-4499 (page3) "If the Town constructs its own well and bypasses the AVRW water system, the portion of AVRW's fixed costs recovered from the sales to the Park must be recovered from AVR's remaining customers." The resolution then provides a table of comparative savings to the Town and revenue loss to AVR and goes on to state "The above table shows that the tariff deviation Agreement scenario provides a greater benefit for the Town and a lesser loss for AVRW." The benefits to ratepayers in terms of fixed cost recovery provided by the discounted rate are less than the benefits resulting from payment by the Town of the regular tariff rate. Such agreements are approved, on the premise that some ratepayer benefit is better than none, in cases where there is a credible threat of bypass and the provision of a discounted rate that provides a subsidy to the customer threatening bypass is a means of removing that threat.

In the Advice Letter AVR proposes that the Agreement be terminated because circumstances have changed since the Agreement was signed in that: 1) the cost to the Town of constructing a well have increased substantially; 2) the Town has substantial current and future demands upon its available capital resources, resulting from its decision to pursue acquisition of AVR, which make its financial capability to undertake bypass very unlikely; and 3) the Town's plan to acquire AVR would render a new well redundant and therefore further reduces the likelihood of its construction. AVR concludes "Given all the circumstances described above,

AVR does not find it credible that the Town will spend the additional money necessary to construct and operate a well at James Woody Park at this time and does not believe there is a credible threat of bypass.” (AL 200-W, page 4). Absent a credible and imminent threat of bypass, which is a basic prerequisite, there is not a reasonable basis for providing the Town a discounted rate which results in a lesser benefit to the rest of AVR’s ratepayers.

The Town states vociferously and repeatedly that the requirement for a credible threat of bypass is “ginned-up”, “ad hoc”, and “recently concocted”. The Town also repeatedly misstates the benefits of the Agreement to AVR’s ratepayers, incorrectly claiming that they receive the benefit of an additional 10% of water rights at no cost. Both of these statements are incorrect. The Town then makes a number of arguments which also contain incorrect statements, unfounded and unsupported allegations, and mischaracterizations. None of these arguments changes the fact that circumstances have changed such that the Town does not meet the requirements established by Commission policy for a deviation from tariff at the Park and none of these arguments provide a basis for the Town’s request that the Advice Letter be denied. ,

## **II. The Town’s Protest Contains Repeated Incorrect Statements of Basic Facts.**

### **1) The Town’s Claim That Credible Threat of Bypass is a Newly-Invented Requirement by AVR is Incorrect; It is Based on Commission Policy and was Communicated to the Town Prior to the Agreement.**

AVR proposes termination of the Agreement because there is not a credible threat of bypass by the Town for service to the Park. The Town describes the requirement for a credible threat of bypass is “ginned-up”, “ad hoc”, and “recently concocted” and “devoid of evidence in both the Agreement and the Resolution”.

Resolution W-4499, while not using the precise term “credible threat of bypass”, describes the act of Town in constructing a well and providing its own service to the Park as “bypassing” (page 3) and, prior to approving the Agreement, takes note that the Town had actually made plans to design and construct a well at the Park (page 2).

The requirement for a credible and imminent threat of bypass is clearly stated in the Commission’s Decision 05-12-020, in Application 05-02-005 (for AVR’s Test Year 2006 GRC) in which the Commission declined to continue a lower rate for the Jess Ranch Golf Course as a customer on AVR’s gravity irrigation system:

“The Commission has a long-standing practice for energy utilities that allows a special contract rate for customers where there is **an immediate threat of bypass**, i.e., to leave the utility system. For the energy companies, a series of decisions granted special contract rates subject to certain limitations. In D.92-11-052 the Commission adopted an expedited review

process to consider approval for special deals that would allow the utility an opportunity to retain a customer who may otherwise depart the system and leave the utility with stranded facilities.

The following criteria were established:

1. Bypass should be prevented if it is uneconomic, that is, if the customer's cost to bypass is more than the marginal cost of utility service.
2. Where uneconomic bypass is threatened, it should be possible to offer utility service at a negotiated rate that still contributes to the utility's fixed costs.
3. The utility's marginal cost to serve a customer is the appropriate standard to differentiate economic from uneconomic by pass.
4. The use of LRMCs [long-run marginal cost] as floor rates should ensure that long-term contracts generate a positive contribution to the utility's fixed costs.

Apple Valley failed to meet its burden of proof for gravity-fed rates. It made no evidentiary showing to **substantiate a credible threat of bypass**. It also failed to substantiate that the existing rate of \$0. 575/Ccf is a reasonable antibypass rate (**assuming a credible threat exists**) that would meet any bypass avoidance criteria such as those in D.92-11-052 above.

Apple Valley may subsequently file a separate application if it can demonstrate that a **credible uneconomic bypass threat exists** and the bypass avoidance rate covers Apple Valley's marginal costs to serve the customer. The Commission has also spoken on the appropriate standard for review.

Apple Valley must show:

1. **Imminent customer bypass** (customer's sworn affidavit)
  2. Bypass would be uneconomic (criterion 3 above)
  3. The avoidance rate is reasonable (criteria 2 and 4 above)"
- (D. 05-12-020, Pages 40-42, emphasis added)

The discussion in D.05-12-020 clearly shows that a credible imminent, immediate, threat of bypass is a prerequisite for the Commission to approve a tariff deviation which effectively allows for one customer to be subsidized by the remaining customers because it is the lesser of two evils compared to bypass.

Further, AVR made this requirement clear to the Town when AVR and the Town were initially discussing the Agreement. The Town initially requested that AVR consider a similar arrangement for discounted rates for service at all of the Town's parks. AVR informed the Town, "As we also discussed, Ranchos is not in a position, at this time to reach any similar arrangement in regard to service provided to all of the Town's parks. **The imminent threat of bypass, which serves as the basis for our request to the CPUC to approve a deviation from tariff**, does not apply on a global basis." (emphasis added) (see February 3, 2004 letter to Dennis Cron, Assistant Town Manager (then Public Works Manager), from Leigh Jordan, Executive VP of AVR, attached as Attachment 1.)

The Town's claims that the requirement of a credible threat of bypass is a newly concocted theory by AVR with no evidentiary support are incorrect.

2) **The Town's Description of the Water Rights Provided Under the Agreement and the Town's Claim of Benefit to AVR's Ratepayers from Additional Water Rights is Incorrect**

The Town states (page 3) "For example on[e] ratepayer benefit under the Agreement is that AVR receives 110 acre-feet of water for each 100 acre-feet it serves to the Town. However, AVR makes no effort to quantify the value of that free water." This statement is incorrect; under the Agreement the Town does not provide AVR 10% more water than is necessary to provide irrigation service to the Park for free – AVR pays the Town for any water beyond the amount necessary to serve the Park.

Section 2 of the Agreement states that the Town will lease to AVR "one-hundred ten percent (110%) of the average annual irrigation water use at James Woody Park for the prior ten (10) years, as determined by Ranchos' billings for water service ("Annual Lease Amount"), subject to the following conditions::" (emphasis added). Among those conditions are:

- d. Any portion of the Annual Lease Amount used to irrigate James Woody Park shall be leased at no charge to Ranchos.
- e. On October 1<sup>st</sup> of each year that this Agreement is in effect, or upon termination of this Agreement, Ranchos shall pay Town, at the prevailing price for leased water, as determined by the average of lease prices recorded by the Watermaster over the prior six months, for any portion of the Annual Lease Amount not used to irrigate James Woody Park; and

Therefore, the Annual Lease Amount set at 110% of estimated annual usage serves only as a mechanism to help ensure that the Town makes sufficient water rights available for provision of irrigation service to the Park. The only water rights that the Town provides at no cost are the water rights actually necessary to produce the water actually used to provide irrigation service to the Park. If the Annual Lease Amount exceeds the amount actually used to provide service to the Park, AVR pays the Town for the lease of those excess water rights. Town's claim that AVR ends up with an additional 10% of water rights provided at no cost by the Town, providing a benefit to AVR's ratepayers, is simply incorrect.

The provision of water rights necessary to provide service to the Park at no charge is a condition of the heavily –discounted commodity rate, a commodity rate that the Town notes in its Protest (Section B.4.) is about 1/3 the regular tariff rate. The provision of the water rights necessary to provide service was included in the cost-benefit analysis of the Agreement and is effectively an offset against the low commodity rate charged under the tariff deviation – absent that provision of water rights at no costs, the Town would have to pay a higher rate. The only

marginal benefit that AVR's ratepayers receive from the Town's provision of water rights is an assured source of supply. However, AVR has not had difficulty leasing water rights from others in recent years.

### **III. The Town's Arguments Also Contain Numerous Incorrect Statements and Do Not Support its Protest**

In Section B of its Protest, the Town makes a number of allegation and arguments attempting to support its protest. These allegations and arguments are based on numerous incorrect statements and/or mischaracterizations and are without merit:

#### **1) The Town asserts that AVR's request is in violation of Resolution W-4499.**

The Town asserts that the termination of the Agreement would violate Resolution W-4499. This assertion is incorrect. The Agreement authorized by Resolution W-4499 specifically contemplated that circumstances might change, warranting termination of the Agreement. AVR is simply exercising its rights, under Section 3(b) of the Agreement authorized by resolution W-4499, to request a termination of the Agreement if AVR determines in good faith that any or all of the deviations are no longer in its best interest of AVR and/or its ratepayers because of a change in circumstances.

There has been a change in circumstances since the Agreement was entered into in 2004. As explained on page 4 of the Advice Letter, not only has the cost of constructing a well increased significantly since that time, but the Town is now actively pursuing acquisition of AVR's system. This decision by the Town has required, and will continue to require, a substantial commitment of the Town's financial resources both to pursue acquisition and, if ultimately successful, to purchase the system leaving the Town little if any financial capacity for constructing a well at the Park. Further, the Town's plan to acquire AVR's system would render the construction of an additional well at the Park redundant. Given those changed circumstances, AVR does not believe that there is a credible imminent threat of bypass which, as explained above, is a prerequisite for the Agreement.

The Town asserts that the Agreement remains justified and the resulting rates just and reasonable as much as it was in 2004. The Town offers no proof of this statement. The instructions for protesting an advice letter state "A protest shall provide citations or proofs where available to allow staff to properly consider the protest." The Town provides no such proof.

The Town argues that: the Agreement provides benefits of fixed cost recovery to in terms of that AVR would not receive if Town constructed its own well and that those benefits continue today; that Resolution W-4499 concluded that the Agreement provides a benefit to Town while allowing a much more significant recovery for AVR; and that the Resolution states that the lost

revenue under the Agreement was only .17% of AVR's total revenues. The Town ignores the fact that this "much more significant recovery" is only the case as compared to the scenario of bypass. Resolution W-4499 (page 3) shows that for irrigation service to the Park, recovery under the Agreement is only about half the amount that AVR and its ratepayers would recover if Town were paying the regular tariff rate. The Town ignores the fact that the benefit to ratepayers is premised on the credible imminent threat of bypass. Without the credible imminent threat of bypass there is no basis for providing the Town a discounted rate which provides a lesser benefit to AVR's remaining ratepayers.

**2) The Town asserts that the Advice Letter should be denied because its analysis and calculations materially omit ratepayer benefits associated with the Agreement**

The Town asserts that the Advice Letter should be denied because its analysis and calculations materially omit ratepayer benefits associated with the Agreement. The only benefit that the Town specifically points to is the alleged benefit of an additional 10% of free water that AVR receives from the Town. As explained in Section II.2. above, this claimed benefit does not exist.

The Town takes issue with what it describes as an "awkward cost benefit analysis" which "materially omit ratepayer benefits associated with the Agreement". The Town completely mischaracterizes AVR's presentation in the Advice Letter. AVR is not presenting a cost/benefit analysis. AVR is presenting a case for the absence of a credible and imminent threat of bypass by the Town. There is no reason to perform a cost/benefit analysis to determine the point of uneconomic bypass or the appropriate rate for bypass prevention if there is no credible threat of bypass.

The Town states that the Advice Letter is premised on the absence of a credible threat of bypass "due to current well construction costs" which Town argues does not constitute a change in circumstances. This is incorrect. The Town ignores the fact that, as explained above, AVR presents the increase in construction costs as just one contributory and exacerbating factor to the changed circumstances listed by AVR in the Advice Letter that result in the absence of a credible threat of bypass. .

**3) The Town's claims that the Advice Letter should be denied because the relief requested requires a formal hearing have no basis.**

The Town claims that terminating the Agreement would have a "dramatic financial impact on the Town and its residents" and that the Town must be provided with an opportunity to dispute the issue. This argument is completely inconsistent with the position took with respect to the impact on AVR's ratepayers in connection with the exact same revenue difference. There the Town argued that the impact was negligible, representing only a .17% loss in revenue. The Total Budget of the Town for fiscal year 2015-16, at over \$103 million, is roughly five times the total revenue requirement of AVR, so any amount that is negligible for AVR must be more



negligible for the Town. Yet somehow when it is the Town that must pay that same amount of revenue difference, the impact has become dramatic.

The Town also points to 1) its contention that the requirement for a credible threat of bypass is a recent invention by AVR; and 2) the explicit references to condemnation in the Advice Letter. The Town asserts that these bring AVR's motivation into question and require that the Town be allowed "the opportunity to cross-examine and otherwise bring into question AVR's motivation."

As explained above, the requirement for a credible threat of bypass is a long-standing Commission policy which the Town was informed of prior to entering into this Agreement.

The Town alleges (section B, page 2) that AVR's motivation to request termination of the Agreement is that "AVR is retaliating because Town expressed interest in condemning the AVR system." and describes it as "punitive" (page 1). The Town claims that AVR is discriminating against the Town because "it is exercising its legal right to examine potential condemnation of the system." (Section B.4.)

The Town's claim that references to the Town's intent to acquire AVR's system in the Advice Letter indicate that AVR is motivated by retaliation is unfounded. The Advice Letter refers to the Town's stated intent to acquire AVR and the potential of condemnation action because it is a changed circumstance that has a significant bearing on whether there is a credible and imminent threat of bypass. The fact is that the Town has done substantially more than "express interest" or "examine potential". As stated in the Advice Letter, the Town passed a resolution to make a formal offer to acquire AVR's system pursuant to Government Code section 7267.2 (a)(2), which is the initial step in the eminent domain process. AVR does not dispute the Town the exercise of its legal rights. However, the Town cannot pretend that the financial impacts and other consequences of its decision do not exist. As stated in the Advice Letter (page 4), the Town has chosen to embark on an acquisition effort that has and will consume its financial resources and, if successful, would render a new well at the Park redundant. This changed circumstance, exacerbated by the increased cost of construction, makes the threat of imminent bypass by the Town less than credible.

The Town does not dispute any of these assertions regarding the Town's financial capacity or willingness to construct a well under the current circumstances. Most tellingly, while the Town presents any manner of other arguments, focusing primarily on the position that no credible threat of bypass is required and that AVR's request is retaliatory, it never once asserts that there is a credible and imminent threat of bypass, that the Town actually stands ready to construct a well at the Park under the current circumstances.

The Town's claim that hearings are necessary to examine AVR's motivation is unfounded. AVR's motivation is to maximize the benefit to its ratepayers consistent with Commission policy. Hearings are not necessary because there are no disputed issues of fact; a credible and imminent threat of bypass is a prerequisite of a tariff deviation agreement as a



matter of established Commission policy and the Town does not dispute the absence of such a threat.

**4) The Town claims that the relief requested in the Advice Letter is unjust, unreasonable and discriminatory.**

In Section B.4 the Town makes a number of claims that AVR's request is unjust, unreasonable and discriminatory, primarily based on the same arguments it raises in other portions of its protest which have already been discussed above.

The Town also claims that AVR's request to terminate the Agreement is unjust because "it completely ignores the fact that the Town chose to forgo accepting Community Development Block Grant Funds in reliance on water service pursuant to the Agreement." The Town makes this claim without any substantiation or support, again ignoring the instructions for protesting an advice letter which state "A protest shall provide citations or proofs where available to allow staff to properly consider the protest." If the Town had chosen to forgo accepting Community Development Block Grant (CDBG) Funds, surely the Town would have some record of that decision.

AVR's understanding, based on conversations between the Town and AVR personnel at the time the Agreement was being developed, was that the Town had the ability to re-purpose CDBG funds into other projects and would simply spend the grant money on other projects if the well was not constructed. The website of the US Department of Housing and Urban Development ([www.HUD Exchange.info](http://www.HUDExchange.info)) shows that the CDBG program provides annual grants based on an allocation formula and that use of the grants is fairly flexible within a number of eligible activities. The website also shows that the Town received CDBG awards consistently over the timeframe that the Agreement was developed and the time that the Town would otherwise have drilled a well at the Park; \$759,000 in 2003, \$747,000 in 2004, and \$711,384 in 2005. (See Attachment 2) This does not support the Town's contention that it chose to "forgo accepting CDBG funds".

AVR's request is not discriminatory against the Town – as illustrated above in the excerpt from D.05-12-020, it applies the same criteria applied in the case of another AVR customer which was denied a lower rate by the Commission.

In fact, allowing the Town to pay a different and lower rate than all other customers is, by definition, discriminatory in favor of the Town and is not allowed by Commission rules unless it is justified.

## **VI. Conclusion**

For all of the reasons set forth above, AVR requests that the Division of Water and Audits dismiss and reject the recommendations contained in the Town's protest to Advice Letter

200-W. The Town's objections to Advice Letter 200-W stem from incorrect statements and mischaracterizations of AVR's request, the Agreement, Commission policy, and Resolution W-4499. The Town's request to continue receiving a discounted rate in the absence of meeting the established Commission criteria is not in the best interests of AVR's ratepayers.

If you have any questions regarding this response, please contact me.

Sincerely,

APPLE VALLEY RANCHOS WATER COMPANY

/s/ Leigh K. Jordan  
LEIGH K. JORDAN  
Executive Vice President  
Apple Valley Ranchos Water Company  
C/O Park Water Company  
9750 Washburn Road  
Downey, CA 90241  
562.299.5107  
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cc: James Boothe, DWA, [james.booth@cpuc.ca.gov](mailto:james.booth@cpuc.ca.gov)  
Ting Yuen, DRA-Water, [ting-pong.yuen@cpuc.ca.gov](mailto:ting-pong.yuen@cpuc.ca.gov)  
Dennis Cron, Town of Apple Valley, [dcron@applevalley.org](mailto:dcron@applevalley.org)

AVR Response to Town Protest to Advice Letter 200-W

Attachment 1

**APPLE VALLEY RANCHOS  
WATER CO.**

P.O. BOX 7005  
21760 OTTAWA ROAD  
APPLE VALLEY, CA 92307  
(760) 247-6484 • FAX (760) 247-1654



February 3, 2004

Dennis Cron  
Public Works Manager  
Town of Apple Valley  
14955 Dale Evans Parkway  
Apple Valley, CA 92307

Dear Mr. Cron,

This letter will memorialize our conversation of yesterday during our videoconference with Jack Clarke.

It is the intent of Apple Valley Ranchos Water Company (Ranchos), subject to the approval of the California Public Utilities Commission (CPUC), to enter into a contract to provide service to the Town of Apple Valley (Town) for the irrigation of James Woody Park under rates or conditions deviating from Ranchos' tariffs. The general provisions of the contract would be as follows:

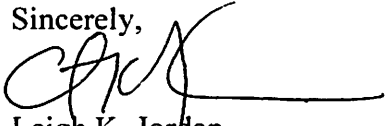
- 1) The rates for the service would consist of a monthly service charge equal to that set forth in Ranchos' Schedule No.1 – General Metered Service, the schedule under which service is currently provided to the park, and a commodity rate of \$0.45 per Ccf, subject to change on a percentage basis according to future changes approved by the CPUC for the Schedule No. 1 – General Metered Service commodity rate.
- 2) The condition for receipt of service at the above rate would be that the Town provides to Ranchos, at no charge (Ranchos retains responsibility to pay whatever pump fees, make-up assessments, etc. are charged by the Mojave Water Agency for pumping the water rights), sufficient water rights to provide the service to James Woody Park.

There are some details that will need to be worked out for the actual contract, especially, given the timing of water rights transfers, the mechanism to ensure the availability of sufficient water rights to serve the park. However, as we discussed, there seem to be workable solutions.

As we also discussed, Ranchos is not in a position, at this time to reach any similar arrangement in regard to service provided to all of the Town's parks. The imminent threat of bypass, which serves as the basis for our request to the CPUC to approve a deviation from tariff, does not apply on a global basis. However, Ranchos will commit to including the proposal of a special arrangement ( either through contract or a special tariff applicable to irrigation service at Town's parks), at the request of the Town,

commit to including the proposal of a special arrangement ( either through contract or a special tariff applicable to irrigation service at Town's parks), at the request of the Town, in Ranchos next General Rate Increase application to the CPUC which is scheduled to be filed in January of 2005.

Sincerely,



Leigh K. Jordan  
Executive Vice President

AVR Response to Town Protest to Advice Letter 200-W

## Attachment 2



HUD > Program Offices > Community Planning and Development > Community Development > Community Development Block Grant Program - CDBG

# Community Development Block Grant Program - CDBG

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.

## Program Areas

### Entitlement Communities

The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

### State Administered CDBG

Also known as the Small Cities CDBG program, States award grants to smaller units of general local government that carry out community development activities. Annually, each State develops funding priorities and criteria for selecting projects.

### Section 108 Loan Guarantee Program

CDBG entitlement communities are eligible to apply for assistance through the section 108 loan guarantee program. CDBG non-entitlement communities may also apply, provided their State agrees to pledge the CDBG funds necessary to secure the loan. Applicants may receive a loan guarantee directly or designate another public entity, such as an industrial development authority, to carry out their Section 108 assisted project.

### HUD Administered Small Cities

The HUD Honolulu Office directly administers the CDBG program for non-entitlement communities in the State of Hawaii.

### Insular Areas

The Insular Areas CDBG program provides grants to four designated insular areas: American Samoa; Guam; Northern Mariana Islands; and the Virgin Islands.

### Disaster Recovery Assistance

HUD provides flexible grants to help cities, counties, and States recover from Presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations.

### Neighborhood Stabilization Program

HUD provides grants to communities hardest hit by foreclosures and delinquencies to purchase, rehabilitate or redevelop homes and stabilize neighborhoods.

### Colonias

Texas, Arizona, California, and New Mexico set aside up to 10 percent of their State CDBG funds for improving living conditions for colonias residents.

## About the Program

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a



### [Learn about the Community Development Block Grant Program \(CDBG\)](#)

#### Featured Tools and Resources

For additional Community Development resources, visit the [Community Development](#) pages on the HUD Exchange.

### Básicamente CDBG -

preparado para realizar un entrenamiento en Puerto Rico, el manual es un buen recurso para todos los administradores hispanohablantes del programa "Entitlement CDBG"

### "Basically CDBG"

### Entitlement Course

### Training Manual (May

2014) - developed to guide and assist CDBG

entitlement grantees in the implementation of local Community Development Block Grant programs

### "Basically CDBG" State Course Training Manual

(April 2012) - developed to guide and assist State CDBG grantees in the implementation of



difference in the lives of millions of people and their communities across the Nation.

The annual CDBG appropriation is allocated between States and local jurisdictions called "non-entitlement" and "entitlement" communities respectively. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

### **Citizen Participation**

A grantee must develop and follow a detailed plan that provides for and encourages citizen participation. This integral process emphasizes participation by persons of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must provide citizens with the following: reasonable and timely access to local meetings; an opportunity to review proposed activities and program performance; provide for timely written answers to written complaints and grievances; and identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

### **Eligible Activities**

Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons. In addition, each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs

local Community Development Block Grant programs

### **HUD Income Limits**

applicable to the CDBG program, include-- Extremely Low (30%), Very Low (50%) and Low (80%) of area median income

### **IDIS Resources for the CDBG Program**

#### **IDIS Training Manual for CDBG Entitlement Communities**

This manual explains how to set up, fund, draw funds, and report accomplishments and performance measures for CDBG activities in IDIS

#### **Memo on Fair Housing Agencies Eligible for CDBG Funds**

- guidance on the definition of fair housing organizations in a memorandum dated January 11, 2008

#### **CDBG Toolkit on**

#### **Crosscutting Issues**

- designed to provide Entitlement and State grantees, as well as sub-recipients, with information on crosscutting regulations that apply to the CDBG program. The Toolkits cover five disciplines-- financial management, environmental review, federal labor standards, acquisition/relocation, and

having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

## **CDBG Contacts**

Access a listing of CDBG grantees in a particular state.

fair housing and serve as a resource guide for grantees.

### **CDBG Grantee Reports**

- **Expenditure Reports**
- **Accomplishment Data**
- **Performance Profiles**

### **Related Information**

- **Census Data - 2000**
- **CPD Notices**
- **CPD Monitoring Handbook**
- **CDBG Contacts**
- **Field Office Directors**
- **Formula Allocations**
- **Guidance for reporting CDBG accomplishments | PDF**
- **Section 108 Project Summaries - 2006**

### **HUD Resources**

- **Guide to National Objectives and Eligible Activities for Entitlement Communities**  
This Guide is designed to help entitlement and urban county grantees understand what activities are eligible to be assisted under the Community Development Block Grant (CDBG) program and to guide them in interpreting the Housing and Community Development Act of 1974 (HCDA).

**more...**

- **Help Yourself to a Healthy Home: Protect Your Children's Health**

**more... | en Español**

- **The Impact on CDBG Spending on Urban Neighborhoods**

**more...**

- **Use of Community Development Block Grant (CDBG) Funds to Assist Individual Development Accounts**

**more...**



[About Grantees \(/grantees/\)](#)

## Apple Valley, CA

Display Organization Data for

2003

Website: <http://www.applevalley.org> (<http://www.applevalley.org>)

### CDBG: Community Development Block Grant Program

CDBG provides grants to states and localities to provide decent housing and a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income persons.



#### 2003 CDBG Awards

[View All CPD Awards \(/grantees/cpd-allocations-awards/\)](#)

##### Award Amount

\$759,000.00

[View Reports \(/community-development/cdbg-reports-program-data-and-income-limits/\)](#)

#### 2003 CDBG Reports

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For information on legacy programs, please see the Manage a Program

(<https://www.onecpd.info/manage-a-program/>) page.

[About Grantees \(/grantees/\)](#)

## Apple Valley, CA

Display Organization Data for

2004

Website: <http://www.applevalley.org> (<http://www.applevalley.org>)

### CDBG: Community Development Block Grant Program

CDBG provides grants to states and localities to provide decent housing and a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income persons.



#### 2004 CDBG Awards

[View All CPD Awards \(/grantees/cpd-allocations-awards/\)](#)

#### Award Amount

\$747,000.00

[View Reports \(/community-development/cdbg-reports-program-data-and-income-limits/\)](#)

#### 2004 CDBG Reports

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[About Grantees \(/grantees/\)](/grantees/)

## Apple Valley, CA

### Display Organization Data for

2005



**Website:** <http://www.applevalley.org> (<http://www.applevalley.org>)

### CDBG: Community Development Block Grant Program

CDBG provides grants to states and localities to provide decent housing and a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income persons.



#### 2005 CDBG Awards

[View All CPD Awards \(/grantees/cpd-allocations-awards/\)](/grantees/cpd-allocations-awards/)

#### Award Amount

\$711,348.00

[View Reports \(/community-development/cdbg-reports-program-data-and-income-limits/\)](/community-development/cdbg-reports-program-data-and-income-limits/)

#### 2005 CDBG Reports

CDBG Accomplishment Report - Apple Valley, CA - PY2005  
([/reports/CDBG\\_Accomp\\_Granttee\\_APPL-CA\\_CA\\_2005.xls](/reports/CDBG_Accomp_Granttee_APPL-CA_CA_2005.xls))

CDBG Expenditure Report - Apple Valley, CA - PY2005  
([/reports/CDBG\\_Expend\\_Granttee\\_APPL-CA\\_CA\\_2005.pdf](/reports/CDBG_Expend_Granttee_APPL-CA_CA_2005.pdf))

CDBG Performance Profile - Apple Valley, CA - PY2005  
([/reports/CDBG\\_Perform\\_Granttee\\_APPL-CA\\_CA\\_2005.xls](/reports/CDBG_Perform_Granttee_APPL-CA_CA_2005.xls))

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