



Legislation Text

File #: 20-288, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: February 26, 2020

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Budget

EXECUTIVE: Elizabeth Reich

SUBJECT

A public hearing to receive comments on the adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan to: (a) use unspent prior year Community Development Block Grant funds in the total amount of \$2,098,680 for the Residential Development Acquisition Loan Program and \$400,000 to complete renovation of the Vickery Meadow Community Court; and (b) re-allocate funds in the Housing Opportunities for Persons with AIDS Grant/Program Administration category from the Office of Homeless Solutions to the Office of Budget in the amount of \$86,000; and at the close of the public hearing, authorize final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan - Financing: No cost consideration to the City (see Fiscal Information)

BACKGROUND

On August 18, 1993, Resolution No. 93-3001 established specific timeframes for the obligation and expenditure of Community Development Block Grant (CDBG) funds. Funds are to be obligated within 12 months and expended within 24 months of budget adoption. On March 28, 2007, Resolution No. 07-0992, enhanced the City's existing expenditure policy with additional benchmarks. Additional time to obligate and expend funds may be granted by City Council.

Timely expenditure of CDBG funds by entitlement cities continues to be a primary concern of the U.S. Department of Housing and Urban Development (HUD). HUD requires that cities expend CDBG funds so that at least 60 days prior to the start of a new program year, the unexpended balance of CDBG funds should be less than 1.5 times the cities' CDBG allocation amount for the current year.

For FY 2019-20, a review of the projects based on the timely expenditure policy (including the benchmarks), identified unspent funds remaining in 5 projects recommended for extension for a total of \$276,263 and unspent funds remaining in 10 projects recommended for reprogramming for a total of \$2,498,680.

Additionally, following approval of the FY 2019-20 HUD Consolidated Plan Budget in June 2019,

operating costs including staff for the HOPWA grant was moved from the Office of Homeless Solutions to the Grant Administration Division in the Office of Budget.

The Community Development Commission (CDC) Financial Monitoring/Performance Standards Committee met on December 18, 2019, to review and make recommendations to the City Manager's proposed extensions and reprogramming of CDBG funds and no amendments were recommended.

On January 14, 2020, the City Council's Government Performance and Financial Management (GPFM) Committee was briefed on the FY 2019-20 CDBG Extensions and Reprogramming recommendations. The GPFM Committee approved the CDBG Extensions and Reprogramming as recommended by the CDC to be used for the Residential Development Acquisition Loan Program (RDALP).

The briefing to the GPFM Committee also included a recommendation for \$400,000 in CDBG funds to complete renovation of the Vickery Meadow Community Court.

This budget was available for public review and comment from January 23, 2020 through February 26, 2020. Notice was published in the newspaper of general circulation during the comment period.

This item includes a public hearing to receive comments on the adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan and re-allocate funds in the Housing Opportunities for Persons with AIDS Grant/Program Administration category from the Office of Homeless Solutions to the Office of Budget; and at the close of the public hearing, authorize final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2).

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 18, 1993, City Council authorized to establish specific timeframes for the obligation and expenditure of Community Development Block Grant (CDBG) Funds by Resolution No. 93-3001.

On March 28, 2007, City Council authorized to enhance the City's existing expenditure policy with additional benchmarks by Resolution No. 07-0992.

On January 6, 2020, the Community Development Commission recommended extending and reprogramming CDBG project funds.

On January 14, 2020, the Government Performance and Financial Management Committee was briefed on the need to maintain ongoing compliance with HUD's timely expenditure policy and proposed Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan to use unspent prior year CDBG funds in the amount of \$2,498,680.

On January 22, 2020, City Council authorized (1) an extension through September 30, 2020 for Community Development Block Grant (CDBG) funded projects which have not met the City's twelve-month obligation or twenty-four-month expenditure requirement; (2) preliminary adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan to: (a) use unspent prior year CDBG Funds in the amount of \$2,098,680 for the Residential Development

Acquisition Loan Program and \$400,000 to complete renovation of the Vickery Meadow Community Court; and (b) re-allocate funds in the Housing Opportunities for Persons with AIDS Grant/Program Administration category from the Office of Homeless Solutions to the Office of Budget in the amount of \$86,000; and (3) a public hearing to be held on February 26, 2020 to receive comments on the proposed use of funds for Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2019-20 Action Plan by Resolution No. 20-0206.

FISCAL INFORMATION

CDBG - Source of Funds:

Reprogramming Budget No. 1 (Substantial Amendment No. 2)

- Unspent Prior Year CDBG Funds - \$2,498,680

CDBG - Use of Funds:

- Residential Development Acquisition Loan Program \$2,098,680
- Vickery Meadow Community Court \$400,000

HOPWA - Source of Funds:

Reprogramming Budget No. 1 (Substantial Amendment No. 2)

- MGT Program Administration - \$186,000

HOPWA - Use of Funds:

- MGT Program Administration - \$100,000
- BMS Program Administration - \$ 86,000