



Legislation Text

File #: 19-2044, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: January 22, 2020

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Budget

EXECUTIVE: Elizabeth Reich

SUBJECT

Authorize **(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 \$2,098,680.00 for the Residential Development Acquisition Loan Program and \$400,000.00 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 \$86,000.00; 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 - Financing: This action has 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 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 \$276,263.00 and unspent funds remaining in 10 projects recommended for reprogramming for a total of \$2,498,680.00.

Additionally, following approval of the FY 2019-20 HUD Consolidated Plan Budget in June 2019, operating costs including staff for the Housing Opportunities for Persons with AIDS (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 6, 2020, the CDC reviewed and approved the CDC Financial Monitoring/Performance Standards Committee's recommendation.

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.

The briefing to the GPFM Committee also included a recommendation for \$400,000.00 in CDBG Funds to complete renovation of the Vickery Meadow Community Court.

This item includes authorization to adopt the preliminary FY 2019-20 Action Plan Reprogramming Budget No. 1 (Substantial Amendment No. 2) and calls for a public hearing to be held on February 26, 2020. This budget will be available for public review and comment from January 23, 2020 through February 26, 2020. Notice will also be published in the newspaper of general circulation during the comment period.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 18, 1993, City Council authorized to establish specific timeframes for the obligation and expenditure of 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.

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 \$2,498,680.00 on January 14, 2020.

FISCAL INFORMATION

This action has no cost consideration to the City. February 26, 2020 agenda item will include request to increase and establish appropriations in departments for Reprogramming Budget No. 1 (Substantial Amendment No. 2).

CDBG - Source of Funds:

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

- Unspent Prior Year CDBG Funds - \$2,498,680.00

CDBG - Use of Funds:

- Residential Development Acquisition Loan Program - \$2,098,680.00
- Vickery Meadow Community Court - \$400,000.00

HOPWA - Source of Funds:

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

- MGT Program Administration - \$186,000.00

HOPWA - Use of Funds:

- MGT Program Administration - \$100,000.00
- BMS Program Administration - \$86,000.00