

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-303
JULY 22, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
1996 CDBG REPROGRAMMING FUNDS	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JIM GRANT COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS —

The City Council is requested to proceed with the allocation of program income and reprogramming of unspent Community Development Block Grant (CDBG) funds from the 1995 program year which ended on December 31, 1995. As the City now has received official notice of its 1996 CDBG allocation, the Council is being asked to initiate the process at this time in order to: (1) balance the 1996 budget; (2) fund Council-intended commitments made at the Consolidated Plan Public Hearing last November; and (3) align 1995 year-end commitments with expenditures in two City-operated projects as noted below.

The Community Development monitoring division has provided a detailed listing of CDBG-funded projects that shows a balance of \$334,994.00 of unspent funds. The aforementioned listing also includes a number of projects which have generated program income that has been returned to the City.

FISCAL IMPACT —

The funding recommendations are specific to Federal CDBG dollars and will have limited impact on the General Fund. Not included in the above amount is \$103,208 of program income generated from loan proceeds in the City's Neighborhood Conservation Services (NCS) Program. Unlike other program income, NCS has immediate use for these funds with a certainty that they will be spent by December 31, 1996. NCS staff received a favorable recommendation from the Neighborhood Advisory Board at its July 3, 1996, meeting to carry over these funds (\$103,208) for use during the 1996 NCS Program. Council should note that \$275,903 of the available reprogramming dollars have been recommended for commitment as follows:

Human Services Coordinating Board	\$ 28,501
Cleanup Crew	\$100,000
Recreation Activity Program (RAP)	\$ 2,000
Economic Development Financing Incentive Account (EDFIA)	\$ 7,402
1996 CDBG Entitlement Shortfall	<u>\$138,000</u>
	\$275,903

RECOMMENDATION —

Approval.

BACKGROUND —

Traditionally, excess or unused CDBG dollars are considered for reprogramming in March/April on an annual basis. The timing of this year's reprogramming effort was slowed by the inability of Congress and the President to finally agree on a 1996-97 Budget until June of this year. The Human Services Coordinating Board (HSCB) and Cleanup Crew allocations were *committed* by the City Council on

November 20, 1995, by Roll Call No. 95-4403, at the time Council approved the City's 1996 Consolidated Plan. The \$2,000 listed for RAP represents costs associated with the provision of rides for children to the Easttown Pool. This amount was committed by the Logan Community Services Task Force (CSTF) from its RAP funds and the children's rides were set up and announced before the Logan CSTF was informed that sufficient funds were not available. Procedures now have been put in place to improve the Operating Agency's communications with CSTFs regarding RAP expenditures. The amount listed for the City's EDFIA represents a correction to the EDFIA budget for costs associated with the transition of the Mid-City Business Center to a freestanding nonprofit corporation.

In summary, the amount available for reprogramming is as follows:

Unspent Funds and Program Income	\$334,994
Commitments	\$275,903
Uncommitted Balance	\$ 59,091

As you are aware, the CSTF's/DMAB and NAB have already begun to develop the City's 1997 Consolidated Plan, and their recommendations for 1997 funds will be formulated between August 17 and 24. Since the allocation process for the 1997 program will begin next month and since the amount of funds remaining is quite small, my recommendation is that the unexpended balance listed above (\$59,091) not be programmed at this time, but be made available as part of the August allocation process. I believe that both the NAB and DMAB, as well as City staff have rather *full plates* at this time, and reprogramming the unexpended balance of funds at this time would likely be a time-consuming and costly process for a relatively small amount of funds when it can easily be incorporated in the process for allocating funds for the 1997 CDBG program year.

On June 19, 1996, I submitted the above recommendations for use of Program Year 1995 CDBG Program Income and Unspent Funds to both the NAB and DMAB for citizen review and recommendation. At their respective meetings of July 3 and July 9, both boards approved motions recommending use of Program Income and Unspent Funds in accordance with my June 19, 1996, communication and this City Council Communication.