

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-601	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
AGENDA: DECEMBER 3, 2001	SYNOPSIS - City Council commitment of additional Community Development Block Grant (CDBG) funds for the Institute for Social and Economic Development (ISED) in Program Year (PY) 2002, contingent on project performance and the availability of funding.
SUBJECT: ADDITIONAL COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING FOR THE INSTITUTE FOR SOCIAL AND ECONOMIC DEVELOPMENT	FISCAL IMPACT - ISED would receive up to \$15,000 in CDBG funding from prior years' unspent funds. RECOMMENDATION - Approval.
TYPE:	BACKGROUND -
<u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	At the November 19, 2001, City Council hearing to approve the 2002 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan for the CDBG, HOME, and Emergency Shelter Grant programs, the City Council received correspondence from ISED requesting reconsideration of their CDBG allocation for 2002.
SUBMITTED BY: ERIC A. ANDERSON CITY MANAGER	Community Development staff, the Neighborhood Revitalization Board (NRB), and the City Manager had recommended an allocation of \$60,000 for PY2002. In their letter, ISED stated that \$85,500 was needed to fully fund their micro-enterprise training operation in 2002. The agency further stated that it was their understanding that the staff recommendation was based on the assumption that unspent funds from PY2001 would be carried over to 2002. ISED stated that all funding for PY2001 would be fully expended by December 31, 2001. The 2001 contract with ISED was approved by the City Council on

May 21, in the amount of \$40,585 for the period ending December 31, 2001. The Community Development staff prepared their recommendations to the NRB for PY2002 in the middle of August 2001. At that time, ISED had spent \$623.31 of their 2001 allocation. They also reported that they were having difficulty in finding a bilingual Business Trainer to increase minority participation in ISED's micro-enterprise programs. Based on the information available at the time, staff recommended a \$60,000 allocation and informed the NRB that they could also recommend that unspent 2001 funds be carried over by the agency to help fund the 2002 program.

It should be pointed out that staff did not recommend that any agency be funded at the level they requested. In addition, this is the first contract that the City has had with this agency and a record of accomplishment with the use of CDBG funds has not been established.

A bilingual Business Trainer was hired by ISED in September 2001. The agency originally allocated an annual salary of \$19,031 for this position, but was required to raise the salary to \$31,000 in order to hire a qualified person. Based on their current average expenditures, it appears the agency could have at least \$5,000 unspent by December 31, 2001.

Activity reports from the agency indicate that they are on track to meet the goals and objectives contained in their 2001 contract.

The City Council may want to consider increasing ISED's 2002 allocation by up to \$15,000, by allowing them to carryover any unspent 2001 funds and allocating any additional funding needed to make up a total of \$15,000 from unspent CDBG funds from prior year projects.

The above action would be contingent on project performance and a monitoring review to be conducted early in 2002. It will be late in the first quarter of 2002 before it is known how much, if any, unspent CDBG funding is available from prior year projects.

A report on ISED's performance and the status of available funds will be submitted to the City Council by the April 8, 2002 City Council meeting along with a recommendation on allocating additional funding to ISED.
