



Agenda Item:

61

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/28/05

Communication

No.:05-127

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Eric Anderson, City Manager

SUBJECT—

Reprogramming of prior years Community Development Block Grant (CDBG) funding.

SYNOPSIS—

City Council approval to reprogram prior years unspent CDBG funding to the 2005 Program Year (PY).

FISCAL IMPACT—

Carry over \$309,865.76 of unspent CDBG funds to supplement the PY 2005 Consolidated Plan.

RECOMMENDATION—

Staff recommends that Council approve the allocation of \$222,119.19 in unspent CDBG funds for PY 2005, the retention of \$87,746.57 in unspent CDBG funds for PY 2006, the allocation of \$1,820 of additional ESG funds to the 2005 IHYC Transitional Living/Street Outreach project, and a reduction in the 2005 NCS New Construction HOME allocation by \$86,490.

BACKGROUND—

The following is a list of CDBG projects, which have unspent funds from the 2003 and 2004 Program Years:

2003 Projects	Amount
Administration	\$16,313.46
Neighborhood Inspection Division	59,207.60
NCS Investor/Owned	52,948.74

Engineering Demolition	8,499.89
Subtotal	\$136,969.69
2004 Projects	Amount
NFC Tool Lending	\$ 12.96
Engineering Demolition	2,760.29
HSPA Child Care	12,909.95
MTA Opportunities Thru Transit	12,266.25
CIETC	64.00
Lead-based Paint	25,405.00
Public Works Cleanups	113,515.09
Neighborhood Small Grants Program	5,962.53
Subtotal	\$172,896.07
Grand Total	\$309,865.76

The Cleanup project received \$411,595 in program income in 2004. Added to the \$125,000 of program income carried over from 2003, the program had \$536,595 available for the 2004 program year. Project expenditures in 2004 totaled \$273,080 leaving \$263,515 unspent. Staff recommends that \$150,000 be carried over for the 2005 cleanup project and that the remaining \$113,515 be reprogrammed.

NFC, Engineering, HSPA, MTA, CIETC, and Lead-based paint all under-spent their 2004 allocations. The funding for the Neighborhood Small Grants Program (\$10,000) was allocated in 2003 and carried over for another year. HSPA is not requesting an extension and the funds are available for reprogramming.

The following shows actual 2005 Consolidated Plan funding compared to what was projected last August.

<u>2005</u>	<u>CDBG</u>	<u>HOME</u> (includes ADDI)*	<u>ESG</u>
Estimated	\$5,000,000	\$1,225,000	\$185,000
Actual	4,865,142	1,132,133	186,820
Difference	(134,858)	(92,867)	+ 1,820
Reprogrammed	+ 218,081	-0-	-0-
Admin.	(973,028)	(108,623)	(19,000)
Available for Projects	4,110,195	1,023,510	167,820
Allocated 11/08/04	4,318,081	1,110,000	166,000

Short/Over	(207,886)	(86,490)	1,820
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* Estimated ADDI for 2005 was \$75,000 – actual allocation is \$45,908

At the Public Hearing, to approve the 2005 Consolidated Plan, on November 8, 2004, the City Council allocated \$75,000 to Creative Visions and \$25,000 to IHYC Transitional Housing/Street Outreach contingent on there being either additional grant funds or reprogramming funds available to fund these activities. In addition, part of the \$218,081 reprogrammed into the 2005 plan included \$47,629 from the Home, Inc. Affordable Housing Employment Collaborative (AHEC) project which was closed out on June 30, 2004. However, the final draw down had not been processed as previously thought and there is \$7,967.38 less for reprogramming. Also, the final payment on the Sec. 108 Loan for the Pioneer-Columbus Community Center was \$6,265.81 more than estimated, because of a floating interest rate.

Deducting the shortfall of \$207,886, the \$7,967.38 from the Home, Inc. project and the \$6,265.81 for the Sec. 108 Loan payment from the \$309,865.76 in unspent funds from previous years leaves a balance of \$87,746.57 in unspent/unallocated funding.

The City Council has at least two options to consider on how the unallocated funds should be dealt with at this time.

- 1) Retain these funds and allocate them during the planning session for the 2006 Consolidated Plan. Current information indicates that we can expect cuts in federal funding levels next year, which will make it difficult to maintain the current level of activities.
- 2) Distribute a Notice Of Funding Availability (NOFA) either for select activities or any eligible activities and allocate the remaining unspent funds.

Because of the very real likelihood of reduced federal funding in 2006, Option One is recommended. If the final decision is to take proposals for the remaining \$87,746.57, notices, application period and the review period will require several months and it will most likely be July before any new projects can get underway.

Staff recommends that the \$86,490 HOME funding shortfall be addressed by deducting this amount from the HOME funds allocated to NCS for New Construction. This would leave a balance of \$443,510 in this activity. Under New Construction there is also \$190,000 and \$45,000 earmarked for Home, Inc. and Spectrum Resources, respectively.

It is also recommended that the \$1,820 of additional ESG money be allocated to the 2005 IHYC Transitional Living/Street Outreach project. This would reduce the amount needed from the unspent CDBG funds by a like amount and make \$89,566.57 available for the 2006 program year.

The City's Neighborhood Revitalization Board (NRB) reviewed and approved the recommendations for unspent prior year CDBG funding and PY 2005 funding shortfall at their meeting on March 16, 2005. I concur with the NRB's recommendations.

