



**Council  
Communication**  
Office of the City Manager

**Date**

April 10, 2006

**Agenda Item No.** 40A  
**Roll Call No.** ~~06-~~  
**Communication No.** 06-191  
**Submitted by:** Richard A. Clark, City  
Manager

**AGENDA HEADING:**

Reprogramming of prior years Community Development Block Grant (CDBG) funding to balance Program Year (PY) 2006 funding shortfall.

**SYNOPSIS:**

City Council approval to reprogram a portion of prior years unspent CDBG funding to balance the PY 2006 Consolidated Plan, fund additional projects, and allocate the balance to supplement the PY 2007 Consolidated Plan; and allocate \$7,340 of additional PY 2006 HOME Investment Partnership Program (HOME) funds to the Neighborhood Conservation Services (NCS) Division HOME Pool.

**FISCAL IMPACT:**

Amount: \$275,766

Funding Source: PY 2005 CDBG and program income.

Reallocating \$275,766 of unspent CDBG funds will balance the PY 2006 Consolidated Plan, fund additional projects, and supplement the PY 2007 Plan in anticipation of lower funding levels.

**ADDITIONAL INFORMATION:**

Approve allocating \$111,084 of unspent CDBG funds for PY 2006 CDBG and Emergency Shelter Grant (ESG) projects; allocate \$25,000 to Community Housing Development Corporation's (CHDC) Homeownership Maintenance Program; \$20,000 to the Excel Homeless Prevention Project and \$40,000 to the Excel Youth Enrichment Program; retain \$79,682 of unspent CDBG funds for PY 2007, and increase the NCS HOME Pool with \$7,340 of additional HOME funding.

The following is a list of CDBG projects, which have unspent funds from previous program years:

<b>2005 Projects</b>	<b>Amount</b>
Administration	\$80,168

Central Iowa Employment & Training Consortium (CIETC)	3,739
NCS Technical Assistance	21,249
Public Works Property cleanups	70,000
Des Moines Metropolitan Transit Authority (MTA)	
Opportunities Thru Transit	<u>610</u>
Subtotal	\$175,766
<b>1993 Projects</b>	<b>Amount</b>
Program Income from the sale of acquired	
Flood properties	\$100,000
<b>Total</b>	<b>\$275,766</b>

NCS Technical Assistance, MTA, CIETC, and Administration all under-spent their 2005 allocations. Program income from the Public Works Private Property Cleanup program exceeded project costs by \$115,548. Reprogramming \$70,000 of program income at this time will leave \$45,548 plus projected program income of \$400,000, which will be sufficient to operate the program in 2006. Program income was also realized from the sale of property acquired with CDBG Urgent Need and Federal Emergency Management Agency (FEMA) funds as a result of the 1993 flood. The City will use the proceeds to purchase other flood-prone properties but there will be at least \$100,000 that can only be used for CDBG eligible activities.

The following shows actual 2006 Consolidated Plan funding compared to what was projected in August 2005.

<u>2006</u>	<u>CDBG</u>	<u>HOME</u> (includes American Dream Downpayment Initiative (ADDI))*	<u>ESG</u>
Estimated	\$4,560,000	\$1,035,000	\$190,000
Actual	4,408,400	1,044,499	187,139
Difference	(151,600)	+ 9,499	(2,861)
Reprogrammed	+168,043	-0-	+ 9,454
Admin.	(902,231)	(102,159)	(19,500)
Available for Projects	3,674,212	942,340	177,093
Allocated 11/21/05	3,782,435	935,000	179,954
Short/Over	(\$108,223)	+\$ 7,340	(\$2,861)

\* Estimated ADDI for 2006 was \$35,000 – actual allocation is \$22,908.

At the Public Hearing to approve the 2006 Consolidated Plan on November 21, 2005, the City Council approved a motion to allocate an additional \$50,000 to Demolition, \$25,000 to the CHDC Homeownership Maintenance Program, \$20,000 to the Excel Homeless Prevention Project and \$40,000 to Excel's Youth Enrichment Program, contingent on the availability of reprogramming funds.

The Demolition Program had \$168,366 of unspent funds as of January 31, 2006. This amount together with the \$300,000 allocation for 2006 and projected program income of \$50,000 will provide adequate funding for the current program year.

There are concerns concerning CDBG and ESG funding for Excel's programs, since the City would be adding new projects at a time of declining federal resources. Also, the Youth Enrichment Project does not address an objective in the current 5-Year Consolidated Plan Strategy. It is part of the juvenile justice system, which is the responsibility of the state and county. In fact, both the state and the county refer juvenile offenders to Excel's program and the state has recognized them as a high achiever in this area. If the City Council wishes to fund this project, the City Manager recommends that it be for 2006 only and that the Neighborhood Revitalization Board (NRB) and the City Council request that the state and county provide funding to the program in future years.

Deducting the CDBG (\$108,223) and ESG (\$2,861) shortfall of \$111,084 plus the allocation of \$85,000 for the three additional projects, from the \$275,766 of unspent funds leaves a balance of \$79,682.

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 2007 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 2007, Option One is recommended. If the final decision is to take proposals for the remaining \$79,682, 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.

It is recommended that the \$7,340 of additional HOME funds be allocated to the NCS HOME Pool, which was recently approved by the City Council on March 20, 2006.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: March 20, 2006

Roll Call Number: 06-569

Action: Adoption of new policies and procedures for administration of the HOME Investment Partnership Program (HOME PROGRAM). (Council Communication No. 06-140) Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 21, 2005

Roll Call Number: 05-2812

Action: On proposed Second Year Action Plan (2006) for the 2005-2009 HUD Consolidated Plan. (Council Communication No. 05-651) Moved by Hensley to adopt the City Manager's recommendation, the City Manager to come back after January 1 with a recommendation on the reprogramming dollars with priority given to Demolition, CHDC and Excel. Motion Carried 6-1. Nays: Brooks.

**BOARD/COMMISSION ACTION(S):**

Date: April 5, 2006

Roll Call Number: NA

Action: The Neighborhood Revitalization Board recommended approval.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**