



Council Communication

Office of the City Manager

Date July 24, 2006

Agenda Item No. 37
Roll Call No. 06-
Communication No. 06-449
Submitted by: **Richard A. Clark, City Manager**

AGENDA HEADING:

Approval of the suspension of 2006 Community Development Block Grant (CDBG) allocation for the Central Iowa Employment and Training Consortium (CIETC) Project Employment Program.

SYNOPSIS:

Recommend approval to suspend the 2006 CDBG allocation for the CIETC Project Employment Program and conditions for potential reinstatement.

FISCAL IMPACT:

Amount: \$75,000

Funding Source: HUD/Community Development Block Grants 2006-2007 Operating Budget, Page 313, CDBG2006040.

ADDITIONAL INFORMATION:

On November 21, 2005, the City Council authorized and directed the City Manager to submit the 2006 HUD Consolidated Plan to the U.S. Department of Housing and Urban Development. Included in the 2006 HUD Consolidated Plan was an allocation of \$75,000 of 2006 CDBG funding for the CIETC Project Employment Program. Based on investigations currently underway regarding CIETC's administration of publicly funded programs, staff recommends a suspension of this allocation for CIETC.

Staff has established a number of conditions that, if completed to the City's satisfaction, could result in the release of the CDBG funding to either CIETC or an eligible successor agency. These conditions include the following:

- Approval by the CIETC Board of Directors of a new management structure.
- Approval by the CIETC Board of Directors of management protocols (administrative guidelines), which will ensure the proper management of public funds.
- The repayment of any CDBG funds found by the investigations to be ineligible expenditures under previous contracts with the City.

All of the above conditions would have to be met before the City would consider reinstating the CDBG funding. In addition, all contract requirements regarding the documentation of eligible costs and program operations would have to be submitted to the City for review before any Program Year (PY) 2006 expenses could be reimbursed.

PREVIOUS COUNCIL ACTION(S):

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 rerprogramming dollars with priority given to Demolition, CHDC and Excel. Motion Carried 6-1. Nays: Brooks.

BOARD/COMMISSION ACTION(S):

Date: September 17, 2005

Roll Call Number: N/A

Action: Neighborhood Revitalization Board (NRB) recommended City Council approval of NRB funding recommendations.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE