

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 26, 2015
	Agenda Item No.	54
	Roll Call No.	<u>15-0145</u>
	Communication No.	<u>15-040</u>
	Submitted by:	Scott E. Sanders, City Manager

AGENDA HEADING:

Authorizing the City Manager and Legal Department to negotiate agreement with the Red Rock Area Community Action Program, Inc. (Red Rock) in anticipation of Red Rock assuming Community Action Agency programs and services within Des Moines.

SYNOPSIS:

Authorizing the City Manager and Legal Department to negotiate agreement with Red Rock in anticipation of the City ceasing to serve as the Community Action Agency and Red Rock being designated as the Community Action Agency to assume Agency programs and services within Des Moines.

FISCAL IMPACT:

Amount: \$67,481 less revenue that is currently allocated from the Community Action Agency for Indirect Cost Allocations to the General Fund of \$52,500 and to the Enterprise Funds of approximately \$15,000. Of the \$200,000 Community Development Block Grant (CDBG) that is currently allocated to the Community Action Agency, a portion could be reprogrammed toward other CDBG initiatives.

Funding Source: Special Revenue Funds, Community Services Block Grants (CSBG) and Energy Grants, page 120

ADDITIONAL INFORMATION:

Red Rock has hired an interim executive director to assist their organization in planning for the future of their Community Action Agency upon the retirement of their longtime executive director. During this transition, Housing Services Director Doug Romig reached out to Red Rock to see if there would be any interest in Red Rock assuming Agency programs and services within Des Moines. This consideration was predicated on: impacts of reduced federal funding; greater efficiencies through consolidation of services; greater service delivery to low-income families at a regional level and greater ability of Red Rock, a non-profit entity, to privately fundraise additional support dollars.

Currently Iowa has 18 Community Action Agencies with Des Moines being the only public Community Action program and the only agency whose boundaries are contained within one (1) individual city. Red Rock provides services to Boone, Jasper, Marion, Polk (non-Des Moines) and Warren counties, therefore making the City of Des Moines a doughnut hole within their existing jurisdiction. If the City of Des Moines ceases to serve as the Community Action Agency, under

applicable federal and state law it appears that Red Rock could be designated by the Governor as the replacement Agency to serve the area of Des Moines.

Red Rock currently provides similar programs/services as the City of Des Moines' Community Action Agency with the exception of the BankOn Program. Staff has received the State of Iowa's Department of Human Rights, Division of Community Action Agencies reviews/audits of the Red Rock Area Community Action Program which show overall compliance with the federally funded programs. Minor corrective actions were required and have been satisfied by Red Rock. Additionally, the City of Des Moines Finance Department has reviewed Red Rock's last two (2) fiscal audits, which did not have any significant findings. Staff believes that Red Rock is well managed and would have the capability to expand their jurisdiction to include the City of Des Moines.

Staff is requesting authorization to negotiate with Red Rock in anticipation of Red Rock assuming Community Action Agency programs and services in Des Moines. On October 6, 2014, by Roll Call No. 14-1601, the Des Moines City Council authorized the City Manager to enter into formal discussion to evaluate the provision of Community Action Agency Programs in the City of Des Moines by Red Rock Area Community Action Program, Inc. As a part of the Council action the following Guiding Principles were established:

- City of Des Moines to have equal representation as each existing county on the Red Rock Board of Directors as part of the one-third public official membership mandated by federal and state law;
- All current Des Moines Community Action Programs would be provided by Red Rock at or above current service and funding levels;
- The percentage of service dollars currently distributed to Des Moines residents to the total amount of service dollars distributed in the Red Rock and Des Moines areas will not be decreased;
- All current employees administering the Community Action Agency program, with the exception of the housing services director, would be guaranteed placement and retained based on performance. Salary and benefit packages shall be subject to Red Rock's compensation and benefit offerings based on tenure (Red Rock employees are Iowa Public Employees' Retirement System (IPERS) eligible); and
- The Red Rock Administrative site office would be located at Polk County Riverplace subject to Polk County approval and agreeable lease terms. (The City of Des Moines and Polk County have previously approved resolutions to relocate the Des Moines Community Action Agency as a part of the Housing Services Department move to Polk County Riverplace 2309 Euclid Avenue in the summer of 2016).

Other items for consideration include the loss of Indirect Cost Allocations to other City funds from the Agency in the amount of \$67,481 and use of the City's CDBG dollars allocated to the Agency in the amount of \$200,000. These funds have been utilized to assist in lease payments and staffing costs to operate the Des Moines Community Action Agency's programs and services. The recommendation regarding the future use of these funds would be to provide \$200,000 in the first year, \$100,000 in year two (2) and \$50,000 each year thereafter to support services being delivered to Des Moines' low-income residents. This action would ultimately allow the reallocation of \$150,000 in CDBG funding by the Council.

During the City Council workshop on December 8, 2014, the City Council requested consideration of additional representation from the City of Des Moines on the new Red Rock Board in addition to the

above Guiding Principles. The Red Rock Board of Directors have agreed to all of the above Guiding Principles and have recommended that it establish a Policy Advisory Board relating to funding and provision of services and programs in Des Moines. This Board would be comprised of the following membership:

- One (1) representative appointed by the Mayor and each Council Member and confirmed by the City Council;
- Seven (7) low-income representatives from the City of Des Moines neighborhoods served by the Agency confirmed by the City Council.
- The Policy Advisory Board would select two (2) of the low-income representatives from its board to serve as low-income voting members on the Red Rock Board of Directors.

The anticipated transition date for assumption of the Community Action Agency programs and services by Red Rock would be July 1, 2015.

PREVIOUS COUNCIL ACTION(S):

Date: October 6, 2014

Roll Call Number: [14-1601](#)

Action: [City](#) Manager to enter into formal discussions to evaluate the provision of Community Action Agency Programs in the City of Des Moines by Red Rock Area Community Action Program, Inc. ([Council Communication No. 14-477](#)) Moved by Gatto to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Housing Services Board

Date: September 17, 2014

Resolution Number: N/A

Action: Consensus to recommend authorizing City staff to enter into discussion with Red Rock Area Community Action Program to consolidate services.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of agreement.

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