

Memorandum



CITY OF DALLAS

DATE February 1, 2013

TO The Honorable Mayor and Members of the City Council

SUBJECT FY 2012-13 Community Development Block Grant
Extensions and Reprogramming

On Wednesday February 6, 2013 you will be briefed on the FY 2012-13 Community Development Block Grant (CDBG) Extensions and Reprogramming. The briefing is attached for your review.

If you have questions, please let me know.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Daniel F. Solis, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Stephanie Pegues-Cooper, Assistant to the City Manager
Jack Ireland, Director, Office of Financial Services

FY 2012-13 Community Development Block Grant Extensions and Reprogramming



City Council Briefing – February 6, 2013



Purpose of Briefing

- Review Community Development Block Grant (CDBG) timely expenditure requirements and compliance
- Recommend extension and reprogramming of funds not in compliance
- Review next steps

HUD Timely Expenditure Requirements

- U.S. Department of Housing and Urban Development (HUD) requires that CDBG funds be expended in a timely manner
 - Federal regulations limit amount of CDBG funds that may be unspent to no more than 1.5 times grantee's annual grant allocation
 - Compliance with this regulation is tested annually on July 31st
 - Non-compliance will result in reduction of next annual grant amount by amount grantee exceeds 1.5 requirement
- City continues to be in compliance with this requirement (last tested on July 31, 2012)

City Timely Expenditure Requirements

- In Aug 1993, Council established a spending policy for all CDBG projects that requires funds to be obligated within 12 months and fully expended within 24 months
- In March 2007, Council added criteria and benchmarks to be used in determining compliance with City's timely expenditure policy (see attachment A)
 - Categorized various CDBG projects based on intended use of funds: (1) On-going Programs, (2) Unspecified Programs, (3) Public Improvement Projects, (4) Non-profit Public Improvement Projects, and (5) Davis Bacon Restitution Funds
 - Set timeframes regarding obligation and expenditure of funds for each category of project
- Council has authority to approve extensions outside of policy and benchmark timeframes

City Timely Expenditure Requirements

- An annual review is conducted to determine compliance of each project
- Project funding determined to not be in compliance is either reprogrammed as part of next CDBG budget cycle or an extension is required
- Based on review of CDBG projects and timely expenditure policies, City Manager's recommended action includes:
 - Unspent funds remaining in 24 projects recommended for extension – total \$2.3m
 - Unspent funds remaining in 24 projects recommended for reprogramming – total \$0.8m



City Timely Expenditure Requirements

- Community Development Commission's (CDC) Financial Monitoring Committee reviewed City Manager's recommendation on Dec 18th and made no amendments
- On Jan 3rd, CDC reviewed and approved Financial Monitoring Committee's recommendation and made no amendments
- Detail information provided in Attachment B

City Timely Expenditure Requirements - Recommendation

- Approval of Feb 13th resolution authorizing extensions of CDBG funds
 - Recommend extension of \$2.3m and 24 projects
- Reprogrammed funds will be included as part of FY 2013-14 CDBG budget recommendation to be presented to CDC on March 7th and to City Council on April 17th
 - Recommend reprogramming of \$0.8m from 24 projects
 - Grant amounts for FY 2013-14 are not yet available. FY13 grant amount was reduced by 9%; FY12 grant amount was reduced by 16%
 - City Manager strongly encourages reprogramming funds to be used in conjunction with FY 2013-14 CDBG budget to help offset potential reduction in grant funds from HUD and to help cover existing program/project budget needs

Next Steps

- Feb 13 – City Council consideration of Extension Requests
- Mar 7 – City Manager’s recommended FY 2013-14 Consolidated Plan Budget briefed to CDC
- April 4 – CDC recommends FY 2013-14 Consolidated Plan Budget to City Council
- Apr 17 – FY 2013-14 Consolidated Plan Budget with CDC recommended amendments briefing to Council
- May 1 – Council amendments and straw votes on FY 2013-14 Consolidated Plan Budget
- May 22 – Preliminary adoption of FY 2013-14 Consolidated Plan Budget and call public hearing
- Jun 12 – Hold public hearing
- Jun 26 – Final adoption of FY 2013-14 Consolidated Plan Budget



Attachment A

Timely Expenditure Requirements

Timely Expenditure Requirements

1. On-Going Programs - Description: On-going programs are continuing operating programs that are funded annually
 - Individual program budgets are an annual allocation and include these types of costs
 - Staffing, supplies and materials
 - Contracted services
 - Direct assistance to benefit low/mod clientele
 - Programs are designated in specific categories (Public Services, Housing, Economic Development, Planning & Program Oversight)
 - Following categories have spending caps which limit annual obligation and expenditure of funds
 - Public Services cap - 15% of allocation
 - Planning & Program Oversight cap - 20% of allocation
 - Extension of funds in these 2 categories may cause City to exceed caps and should be considered carefully

Timely Expenditure Requirements

1. On-Going Programs (continued)

Benchmarks:

- Reprogram unobligated funds for all categories of on-going programs at end of fiscal year
 - Exception: allow 2 year period to obligate funds in programs that provide direct assistance to low/mod clientele in non-capped Economic Development and Housing categories
 - These programs include: Home Repair Programs, SHARE, Reconstruction, Relocation Assistance, Mortgage Assistance
- Extension of encumbered funds will be considered each year in accordance with current policy
- Reprogram unobligated staff and contract costs

Timely Expenditure Requirements

2. Unspecified Programs – Description: Projects that are budgeted without specific details for implementation (examples include Business Development Program, Fair Park Commercial Corridor Demonstration Program, and Residential Development Acquisition Loan Program)

Benchmarks:

- 1 year to identify project
- 1 year to secure additional financing and complete design
- 1 year to initiate implementation or construction
- Annually, extension of funds will be evaluated for project viability and potential for reimbursement of ineligible CDBG expenses to HUD from General Fund
 - Extension recommendation will be submitted to Council for approval, in accordance with current policy

Timely Expenditure Requirements

3. Public Improvement Projects - Description: Capital improvements - Projects generally require more time to implement (examples include NIP Public Improvements, Park Facilities Improvements, City Facilities Major Maintenance, Sidewalk Improvements, Barrier Free Ramps)

Benchmarks:

- Specific Public Improvement Projects (project location identified in budget)
 - 1 year for design
 - 1 year to initiate construction
- Non-specific Public Improvement projects (project location not identified in budget)
 - 2 years to identify project(s) and complete design
 - 1 year to initiate construction
- Annually, extension of funds will be evaluated for project viability and potential for reimbursement of CDBG expenses to HUD from the General Fund
 - Extension recommendation will be submitted to Council for approval, in accordance with current policy

Timely Expenditure Requirements

4. Non-profit Public Improvement Projects - Description: Capital improvement projects located at non-profit facilities.

Benchmarks:

- Specific Public Improvement Projects (project location identified in budget)
 - 1 year for design
 - 1 year to initiate construction
- Non-specific Public Improvement projects (project location not identified in budget)
 - 2 years to identify project(s) and complete design
 - 1 year to initiate construction
- Annually, extension of funds will be evaluated for project viability and potential for reimbursement of CDBG expenses to HUD from the General Fund
 - Extension recommendation will be submitted to Council for approval, in accordance with current policy

Timely Expenditure Requirements

5. Davis Bacon Restitution

Description:

- Davis Bacon Act requires minimum wage rates for certain construction work classifications
- City staff evaluates contractor's compliance with Act
- To resolve violations, a restitution amount is determined and City or contractor has to contact effected employees
- Payments to contractor are suspended and funds are retained to pay restitution to effected employees
- Restitution funds must be held for 3 years, beginning from 1st documented notification to employee (escrow period)

Benchmarks:

- Unclaimed restitution funds will be reprogrammed at end of project's 3 year escrow period



Attachment B

Extensions & Reprogramming Project Listing By Department

**FY 2012-13 COMMUNITY DEVELOPMENT BLOCK GRANT
EXTENSION REQUEST AND REPROGRAMMING FUNDS
As recommended by the CDC on 1/03/13**

	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench- mark	Extension	Reprogram	Explanation
CITY ATTORNEY											
1	11-12	ATT	South Dallas/Fair Park Community Court	\$294,653	\$294,397	\$0	\$256	B-1		\$256	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
2	11-12	ATT	South Oak Cliff Community Court	\$280,443	\$268,544	\$190	\$11,709	B-1		\$11,709	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
3	11-12	ATT	West Dallas Community Court	\$150,000	\$113,561	\$4,425	\$32,014	B-1		\$32,014	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
4	11-12	ATT	West Dallas Community Court	\$80,000	\$78,535	\$0	\$1,465	B-1		\$1,465	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL CITY ATTORNEY				\$805,096	\$755,037	\$4,615	\$45,443		\$0	\$45,443	
DALLAS POLICE DEPARTMENT											
5	11-12	DPD	City Crisis Assistance	\$230,000	\$216,867	\$0	\$13,133	B-1		\$13,133	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
6	11-12	DPD	Dedicated SAFE II Expansion Code Inspection-DPD	\$74,657	\$64,970	\$212	\$9,475	B-1		\$9,475	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL DALLAS POLICE DEPARTMENT				\$304,657	\$281,837	\$212	\$22,608		\$0	\$22,608	
HOUSING/COMMUNITY SERVICES											
7	97-98	EHS	E's Haven Academy Renovation and Expansion	\$100,000	\$82,869	\$17,131	\$0	B-4	\$17,131		Project complete. Extension requested to pay final project expenses.
8	10-11	HOU	Adolescent Substance Abuse-Inpatient	\$65,000	\$64,680	\$0	\$320	B-1		\$320	Unobligated balance to be reprogrammed.
9	09-10	HOU	Bexar Street Mixed-Used Project	\$475,800	\$257,580	\$0	\$218,220	B-3	\$218,220		Extension requested to fund additional commercial/retail phase at Bexar St.
10	03-04	HOU	Business Development Program	\$317,351	\$269,929	\$8,624	\$38,798	B-2	\$47,422		Extension requested for acquisition of 3 lots for future commercial development in Bexar St. project.
11	03-04	HOU	Business Development Program	\$350,000	\$256,790	\$93,210	\$0	B-2	\$93,210		Extension requested to pay outstanding invoices for completed mixed use project at Bexar St. Funds to be spent by 04/2013.
12	11-12	HOU	Business Incentive Program	\$180,813	\$24,000	\$0	\$156,813	B-2	\$156,813		Extension requested to continue to assist new Bexar St. corridor businesses with rental assistance and existing businesses with facade improvements.
13	11-12	HOU	City Office of Senior Affairs	\$160,000	\$157,711	\$0	\$2,289	B-1		\$2,289	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
14	09-10	HOU	Community Based Development Organization (CBDO)	\$700,000	\$604,598	\$95,402	\$0	B-2	\$95,402		Extension requested to complete Bexar St. Townhomes construction. Expected completion date 09/2013.
15	10-11	HOU	Geriatric Health Services	\$129,677	\$118,028	\$0	\$11,649	B-1		\$11,649	Unobligated balance to be reprogrammed.
16	10-11	HOU	Housing Assistance Support	\$1,720,412	\$1,718,677	\$0	\$1,735	B-1		\$1,735	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
17	11-12	HOU	Housing Development Support	\$1,058,540	\$933,852	\$59,860	\$64,828	B-1		\$64,828	Unobligated balance to be reprogrammed. Program funded in FY 12-13.

**FY 2012-13 COMMUNITY DEVELOPMENT BLOCK GRANT
EXTENSION REQUEST AND REPROGRAMMING FUNDS
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	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench- mark	Extension	Reprogram	Explanation
18	08-09	HOU	Housing Services Program	\$100,000	\$96,316	\$0	\$3,684	B-2	\$3,684		Extension requested to complete CHDO contract.
19	11-12	HOU	Housing/Community Services-Contract Monitoring (P/PO)	\$554,971	\$460,656	\$307	\$94,008	B-1		\$94,008	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
20	09-10	HOU	Major Systems Repair Program	\$1,498,372	\$1,498,077	\$0	\$295	B-1	\$295		Extension requested to fund closing costs for FY 12-13 individual home repair projects.
21	10-11	HOU	Major Systems Repair Program	\$1,501,500	\$1,480,827	\$18,773	\$1,900	B-1	\$20,673		Extension requested to fund projects under construction, and closing costs for FY 12-13 projects.
22	08-09	HOU	NEP-Neighborhood Enhancement Program	\$250,000	\$158,475	\$35,707	\$55,818	B-3	\$91,525		Extension requested to complete the Congo St. landscaping project.
23	09-10	HOU	NEP-Neighborhood Enhancement Program	\$280,000	\$155,657	\$85,009	\$39,334	B-3	\$124,343		Extension requested to complete Dolphin Heights Pedestrian lights design phase, construction to begin Summer 2013; Crozier St. Park Public Improvements (scheduled to begin Spring 2013).
24	08-09	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$678,971	\$631,583	\$26,890	\$20,497	B-3	\$47,388		Extension requested to complete Bexar St. Phase II Employment Center design project.
25	06-07	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$925,000	\$661,817	\$101,954	\$161,230	B-3	\$263,183		Extension requested to complete pre-development for Spring Ave. Phase I, to be completed by 02/2014, and for Bexar St. Phase III design to be completed by 06/2013.
26	09-10	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$210,217	\$129,023	\$81,194	\$0	B-3	\$81,194		Extension requested to fund infrastructure improvements to facilitate the Bexar St. Employment Center. Improvements to begin Winter 2012/13 with an expected completion date Fall 2013.
27	08-09	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$1,494,154	\$1,125,373	\$119,930	\$248,852	B-3	\$368,781		Extension requested to complete Spring Ave. Phase I construction beginning 12/2012, completed by 02/2014; Miller Family Park Pavilion construction beginning 01/2013, completed by 04/2013; Bexar St. Employment Center construction beginning Winter 2012/13, completed by Fall 2013; and Bexar St. Bike Ln design completed by 05/2013.
28	10-11	HOU	Offender Re-entry Program	\$130,054	\$130,041	\$0	\$13	B-1		\$13	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
29	10-11	HOU	People Helping People- Volunteer Home Repair	\$1,242,127	\$1,030,696	\$35,838	\$175,593	B-1	\$211,431		Extension requested to provide materials for volunteer projects and to extend professional contractor services contract.
30	08-09	HOU	Reconstruction/SHARE Program	\$335,554	\$327,844	\$0	\$7,710	B-1	\$7,710		Extension requested to fund single family reconstruction project.
31	08-09	HOU	Reconstruction/SHARE Program	\$2,281,740	\$2,195,597	\$86,143	\$0	B-1	\$86,143		Extension requested to complete project under construction.

**FY 2012-13 COMMUNITY DEVELOPMENT BLOCK GRANT
EXTENSION REQUEST AND REPROGRAMMING FUNDS
As recommended by the CDC on 1/03/13**

	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench- mark	Extension	Reprogram	Explanation
32	09-10	HOU	Reconstruction/SHARE Program	\$1,474,200	\$1,378,119	\$93,400	\$2,681	B-1	\$96,081		Extension requested to complete project under construction.
33	10-11	HOU	Senior Services Program	\$85,000	\$82,550	\$2,450	\$0	B-1	\$2,450		Extension requested to pay final program expenses.
34	09-10	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$100,000	\$87,422	\$1,137	\$11,441	B-1	\$12,578		Extension requested to fund future qualified applicants in South Dallas/Fair Park area.
35	10-11	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$100,000	\$16,416	\$11,268	\$72,316	B-1	\$83,584		Extension requested to fund future qualified applicants in South Dallas/Fair Park area.
36	06-07	HOU	Southern Sector Housing & Economic Development	\$1,138,732	\$1,118,044	\$34	\$20,654	B-2	\$20,688		Extension requested to complete Bexar III Gateway design by 06/2013.
37	06-07	HOU	Southern Sector Housing & Economic Development	\$1,350,000	\$1,207,374	\$0	\$142,626	B-2	\$142,626		Extension requested for property acquisition by 06/2013.
38	10-11	HOU	Women's Outreach Program	\$26,683	\$26,117	\$0	\$566	B-1		\$566	Unobligated balance to be reprogrammed.
TOTAL HOUSING/COMMUNITY SERVICES				\$21,014,868	\$18,486,738	\$974,260	\$1,553,870		\$2,292,555	\$175,409	
OFFICE OF ECONOMIC DEVELOPMENT											
39	10-11	ECO	BAC#1 Maple Ave Greater Dallas Hispanic Chamber	\$80,000	\$68,836	\$4,969	\$6,195	B-1		\$11,164	Unspent balance to be reprogrammed. Program funded in FY 12-13.
40	10-11	ECO	BAC#3 Singleton Blvd Greater Dallas Hispanic Chamber	\$80,000	\$67,572	\$6,880	\$5,549	B-1		\$12,428	Unspent balance to be reprogrammed. Program funded in FY 12-13.
41	10-11	ECO	BAC#4 Zang Blvd Greater Dallas Hispanic Chamber	\$80,000	\$68,962	\$11,038	\$0	B-1		\$11,038	Unspent balance to be reprogrammed. Program funded in FY 12-13.
42	10-11	ECO	BAC#8 Indo-American Chamber of Commerce	\$80,000	\$79,631	\$0	\$369	B-1		\$369	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
43	11-12	ECO	Economic Development Program Oversight (P/PO)	\$283,986	\$200,196	\$529	\$83,261	B-1		\$83,261	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL OFFICE OF ECONOMIC DEVELOPMENT				\$603,986	\$485,196	\$23,416	\$95,373		\$0	\$118,260	
OFFICE OF FINANCIAL SERVICES											
44	11-12	BMS	Citizen Participation/CDC Support/HUD Oversight	\$806,437	\$732,684	\$38,314	\$35,439	B-1		\$35,439	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
45	11-12	BMS	Grant Compliance	\$412,931	\$232,985	\$4,325	\$175,620	B-1		\$175,620	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL OFFICE OF FINANCIAL SERVICES				\$1,219,368	\$965,669	\$42,639	\$211,060		\$0	\$211,060	
PARK & RECREATION											
46	11-12	PKR	After-School/Summer Outreach Program-Community Center	\$157,539	\$157,156	\$0	\$383	B-1		\$383	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
47	11-12	PKR	Parks and Recreation Program Oversight (P/PO)	\$81,897	\$81,186	\$0	\$711	B-1		\$711	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL PARK AND RECREATION				\$239,436	\$238,343	\$0	\$1,093		\$0	\$1,093	
SUSTAINABLE DEV & CONSTRUCTION											
48	09-10	DEV	Relocation Assistance	\$319,287	\$119,287	\$0	\$200,000	B-1		\$200,000	Unobligated balance to be reprogrammed. Program funded in FY 12-13.
TOTAL SUSTAINABLE DEV & CONSTRUCTION				\$319,287	\$119,287	\$0	\$200,000		\$0	\$200,000	
TOTAL				\$24,506,698	\$21,332,107	\$1,045,143	\$2,129,447		\$2,292,555	\$773,873	