

Memorandum



CITY OF DALLAS

DATE January 31, 2014

TO The Honorable Mayor and Members of the City Council

SUBJECT FY 2013-14 Community Development Block Grant Extensions and Reprogramming

On Wednesday February 5, 2014 you will be briefed on the FY 2013-14 Community Development Block Grant (CDBG) Extensions and Reprogramming. The briefing is attached for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: A.C. Gonzalez, Interim City Manager
Warren M. S. Ernst, City Attorney
Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Frank Libro, Public Information Officer
Jack Ireland, Director, Office of Financial Services
Elsa Cantu, Assistant to the City Manager

FY 2013-14 Community Development Block Grant Extensions and Reprogramming



City Council Briefing – February 5, 2014



Purpose of Briefing

- Review Community Development Block Grant (CDBG) timely expenditure requirements
- Recommend extension and reprogramming of unspent funds
- Review next steps



Timely Expenditure Requirements

- There are two tests to ensure that CDBG funds are spent in a timely manner
 1. U.S. Department of Housing and Urban Development (HUD) as required by federal regulations
 2. City as directed by Council policy

HUD Timely Expenditure Requirements

- 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
 - This requirement is tested annually on July 31st
 - Failure to meet this requirement would result in a reduction of the next annual grant allocation by the amount grantee exceeds 1.5 requirement
- City continues to meet this requirement (last tested on July 31, 2013)

City Timely Expenditure Requirements

- In Aug 1993, Council established an additional spending policy for all CDBG projects to further ensure timely expenditure of funds
 - The City policy 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 conformity 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 the status of each project
- Unspent project funding determined to not meet the City's policy 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 Management's recommended action includes:
 - Unspent funds remaining in 37 projects recommended for extension – total \$5.5 m
 - Unspent funds remaining in 16 projects recommended for reprogramming – total \$1.1m

City Timely Expenditure Requirements

- Reprogrammed funds are identified as a “source of funds” to be included as part of FY 2014-15 CDBG budget recommendation to be presented to CDC on March 6th and to City Council on April 16th
 - Approximately \$1.1m from 16 projects
 - Grant amounts for FY 2014-15 are not yet available. FY14 grant amount was reduced by 3%; FY13 grant amount was reduced by 9%
 - City Management recommends continuing the practice of reprogramming funds being used in conjunction with FY 2014-15 CDBG budget to help cover existing program/project budget needs

City Timely Expenditure Requirements

- Community Development Commission's (CDC) Financial Monitoring Committee reviewed City Management's recommendation on Dec 19th and made no amendments
- On Jan 2nd, CDC reviewed and approved Financial Monitoring Committee's recommendation and made no amendments
- Detail information provided in Attachment B

Recommendation

- Consider approval of Feb 12th resolution authorizing extensions of CDBG funds
 - Recommend extension of \$5.5m and 37 projects

Next Steps

- Feb 12 – City Council consideration of Extension Requests
- Mar 6 – City Management's recommended FY 2014-15 Consolidated Plan Budget briefed to CDC
- April 3 – CDC recommends FY 2014-15 Consolidated Plan Budget to City Council
- Apr 16 – FY 2014-15 Consolidated Plan Budget with CDC recommended amendments briefing to Council
- May 2 – Council amendments and straw votes on FY 2014-15 Consolidated Plan Budget
- May 21 – Preliminary adoption of FY 2014-15 Consolidated Plan Budget and call public hearing
- Jun 11 – Hold public hearing
- Jun 25 – Final adoption of FY 2014-15 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 2013-14 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
As recommended by the CDC on 1/02/14											
	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench- mark	Extension	Reprogram	Explanation
CITY ATTORNEY											
1	12-13	ATT	South Oak Cliff Community Court	\$241,013	\$237,046	\$633	\$3,334	B-1	\$3,967		Payment of outstanding year-end expenses pending; unspent balance to be reprogrammed.
TOTAL CITY ATTORNEY				\$241,013	\$237,046	\$633	\$3,334		\$3,967	\$0	
DALLAS POLICE DEPARTMENT											
2	12-13	DPD	Dedicated SAFEII Expansion Code Inspection -DPD	\$74,657	\$23,959	\$2,018	\$48,679	B-1	\$50,698		Payment of outstanding expenses pending; unspent balance to be reprogrammed.
TOTAL DALLAS POLICE DEPARTMENT				\$74,657	\$23,959	\$2,018	\$48,679		\$50,698	\$0	
HOUSING/COMMUNITY SERVICES											
3	10-11	HOU	Bexar Street Mixed-Used Project	\$475,800	\$321,230	\$0	\$154,570	B-3	\$154,570	\$0	Extension requested to complete projects currently underway in the area. Remaining funds to be expended by 09/30/2014.
4	05-06	HOU	Business Development Program	\$317,351	\$295,466	\$3,463	\$18,422	B-2	\$21,885	\$0	Extension requested for final payments. Remaining funds to be expended by 06/30/2014.
5	01-02	HOU	Business Incentive Program	\$180,813	\$54,005	\$8,995	\$117,813	B-2	\$126,808	\$0	Extension requested for projects in development.
6	12-13	HOU	Child Care Services Program	\$189,129	\$169,129	\$0	\$20,000	B-1	\$0	\$20,000	Unobligated balance to be reprogrammed. Program funded in FY 13-14.
7	12-13	HOU	Clinical Dental Care Program	\$100,000	\$99,982	\$0	\$18	B-1	\$0	\$18	Unobligated balance to be reprogrammed. Program funded in FY 13-14.
8	10-11	HOU	Community Based Development Corp -EDCO	\$500,000	\$262,485	\$237,515	\$0	B-2	\$237,515	\$0	Funds are encumbered to the EDCO Bexar St. Townhome Project that is in another Phase of construction. The remaining funds will be expended by 07/2014.
9	10-11	HOU	Community Based Development Corporation	\$200,000	\$86,068	\$113,932	\$0	B-2	\$113,932	\$0	Funds were committed to a project. The reworked project is under contract with EDCO as the Bexar St. Seniors Project. Funds will be expended by 07/2014.
10	09-10	HOU	Community Based Development Organization (CBDO)	\$700,000	\$695,000	\$5,000	\$0	B-2	\$5,000	\$0	Funds are encumbered to the EDCO Bexar St. Townhome Project that is in another Phase of construction. The remaining funds will be expended by 3/2014.

FY 2013-14 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
As recommended by the CDC on 1/02/14											
	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench-mark	Extension	Reprogram	Explanation
11	12-13	HOU	Housing Contract Administration	\$505,474	\$396,409	\$0	\$109,065	B-1	\$0	\$109,065	Unobligated balance to be reprogrammed. Program funded in FY 13-14.
12	11-12	HOU	Housing Development Support	\$996,048	\$942,628	\$0	\$53,420	B-1	\$0	\$53,420	Unobligated balance to be reprogrammed. Program funded in FY 13-14.
13	12-13	HOU	Housing Development Support	\$1,169,179	\$790,988	\$85,679	\$292,512	B-1	\$0	\$378,191	Unspent balance to be reprogrammed. Program funded in FY 13-14.
14	12-13	HOU	Housing Management Support (P/PO)	\$730,167	\$710,430	\$1,724	\$18,013	B-1	\$19,737	\$0	Payment of outstanding year-end expenses pending; unspent balance to be reprogrammed.
15	11-12	HOU	Housing/Community Services-Contract Monitoring (P/PO)	\$461,173	\$461,146	\$0	\$27	B-1	\$0	\$27	Unobligated balance to be reprogrammed.
16	10-11	HOU	Major Systems Repair Program	\$1,501,500	\$1,500,742	\$65	\$693	B-1	\$758	\$0	Funds will be expended by 3/14.
17	11-12	HOU	Major Systems Repair Program	\$2,104,848	\$2,066,296	\$16,514	\$22,038	B-1	\$38,552	\$0	Funds will be expended by 3/14.
18	10-11	HOU	NEP-Bexar Street Phase I	\$44,220	\$36,679	\$6,120	\$1,421	B-3	\$7,541	\$0	Extension requested to install trees in public right-of-way in the South Dallas Rochester Park neighborhood and also install sign toppers (est. completion 6/2014).
19	10-11	HOU	NEP-Bexar Street Phase I	\$25,000	\$22,198	\$0	\$2,802	B-3	\$2,802	\$0	Extension requested to install trees in public right-of-way in the South Dallas Rochester Park neighborhood and also install sign toppers (est. completion 6/2014).
20	10-11	HOU	NEP-West Dallas Improvements	\$14,111	\$13,848	\$0	\$262	B-3	\$0	\$262	Project completed; unspent balance to be reprogrammed.
21	09-10	HOU	NEP-Neighborhood Enhancement Program	\$280,000	\$272,917	\$3,067	\$4,016	B-3	\$7,083	\$0	Extension requested to (1) complete improvements underway at T.G. Terry Park (est. completion 3/2014); and (2) complete installation of monument and other improvements at Miller Family Park (est. completion 3/2014).
22	11-12	HOU	NIP-Bexar Street Phase I	\$200,000	\$166,447	\$15,059	\$18,494	B-3	\$33,553	\$0	Extension requested for the Office of Cultural Affairs art installation project at the Bexar St. Redevelopment Investment Center. (est. completion 03/2014).

FY 2013-14 COMMUNITY DEVELOPMENT BLOCK GRANT												
EXTENSION REQUEST AND REPROGRAMMING FUNDS												
As recommended by the CDC on 1/02/14												
	FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench- mark	Extension	Reprogram	Explanation	
	23	10-11	HOU	NIP-Ideal/Rochester Park Street Improvements	\$264,924	\$77,176	\$81,388	\$106,361	B-3	\$187,749	\$0	Extension requested to (1) fund the construction of the Bexar St. Employment Center (est. completion Summer 2014); and (2) complete sidewalk and street repair within the Ideal neighborhood (est. completion 3/2014).
	24	07-08	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$925,000	\$766,398	\$51,686	\$106,916	B-3	\$158,602	\$0	Extension requested to complete (1) Spring Ave. Phase I construction, estimated completion date pending ROW acquisition; (2) Bexar II Gateway design and construction (est. completion date 07/2014).
	25	09-10	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$1,494,154	\$1,277,384	\$51,297	\$165,474	B-3	\$216,770	\$0	Extension requested to (1) complete improvements underway at the T.G. Terry Park (est. completion 3/2014); (2) complete pavilion installation and improvements at Miller Family park (est. completion date 3/2014); and (3) fund the construction of the Bexar St. Employment Center (est. completion Summer 2014).
	26	08-09	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$678,971	\$645,028	\$13,445	\$20,497	B-3	\$33,943	\$0	Extension requested to (1) fund the construction of the Bexar St. Employment Center (est. completion date Summer 2014); and (2) complete improvements currently underway at the T.G. Terry Park (est. completion date 3/2014).
	27	09-10	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$210,217	\$158,833	\$51,384	\$0	B-3	\$51,384	\$0	Extension requested to fund the construction of the Bexar St. Employment Center (estimated completion Summer 2014).
	28	10-11	HOU	NIP-Neighborhood Investment Program-Reprogram	\$1,000,000	\$982,899	\$0	\$17,101	B-3	\$17,101	\$0	Extension requested to complete (1) pavilion installation and other improvements at Miller Family Park (est. completion 3/2014); (2) improvements and canopy installation at T.G. Terry Park (est. completion 3/2014); and (3) complete improvements at William Blair Park (est. completion 3/2014).
	29	11-12	HOU	NIP-North Oak Cliff Improvements	\$1,500,000	\$853,296	\$6,770	\$639,934	B-3	\$646,704	\$0	Extension requested to facilitate acquisition of 138 W. Davis St. and for streetscape improvements to 200 block of W. 7th.

FY 2013-14 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
As recommended by the CDC on 1/02/14											
FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench-mark	Extension	Reprogram	Explanation	
30	11-12	HOU	NIP-Spring Avenue Infrastructure	\$219,511	\$18,868	\$0	\$200,643	B-3	\$200,643	\$0	Extension requested to (1) complete Spring Ave. Phase I construction (estimated completion date pending ROW acquisition); and (2) complete sidewalk improvements on Jamaica St. (est. completion 3/2014).
31	10-11	HOU	NIP-Spring Avenue Infrastructure	\$1,500,000	\$195,829	\$1,293,864	\$10,307	B-3	\$1,304,171	\$0	Extension requested to complete Spring Ave. Phase I construction (est. completion date pending ROW acquisition).
32	11-12	HOU	NIP-Spring Avenue Infrastructure	\$334,216	\$157	\$259,990	\$74,069	B-3	\$334,059	\$0	Extension requested to complete Spring Ave. Phase I construction (estimated completion date pending ROW acquisition).
33	11-12	HOU	Offender Re-entry Program (HOU)	\$110,000	\$104,986	\$0	\$5,014	B-1	\$0	\$5,014	Unobligated balance to be reprogrammed.
34	12-13	HOU	Offender Re-entry Program (HOU)	\$94,534	\$62,290	\$0	\$32,244	B-1	\$0	\$32,244	Unobligated balance to be reprogrammed.
35	11-12	HOU	People Helping People- Volunteer Home Repair	\$1,242,127	\$960,206	\$56,915	\$225,005	B-1	\$56,915	\$225,005	Unobligated balance to be reprogrammed. Program funded in FY 13-14.
36	10-11	HOU	People Helping People- Volunteer Home Repair	\$1,242,127	\$1,040,560	\$39,950	\$161,617	B-1	\$0	\$201,567	Unspent balance to be reprogrammed. Program funded in FY 13-14.
37	11-12	HOU	Public Improvement for Non-Profits	\$85,000	\$0	\$0	\$85,000	B-4	\$85,000	\$0	Extension requested for anticipated applications.
38	10-11	HOU	Residential Development Acquisition Loan Program	\$478,509	\$0	\$0	\$478,509	B-2	\$478,509	\$0	Extension requested for 1701 Canton Street project, pending HUD release of funds.
39	11-12	HOU	Residential Development Acquisition Loan Program	\$228,509	\$158,290	\$0	\$70,219	B-2	\$70,219	\$0	Extension requested for 1701 Canton Street project, pending HUD release of funds.
40	11-12	HOU	Residential Development Loan Program -EVERgreen	\$521,491	\$0	\$312,686	\$208,805	B-2	\$521,491	\$0	Extension requested for 1701 Canton Street project, pending HUD release of funds.
41	09-10	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$100,000	\$96,359	\$0	\$3,641	B-1	\$0	\$3,641	Funds limited to SDFP area. Project completed. Unobligated balance to be reprogrammed.
42	10-11	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$100,000	\$39,135	\$0	\$60,866	B-1	\$60,866	\$0	Funds limited to SDFP area. Application process ongoing.
43	11-12	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$50,000	\$0	\$0	\$50,000	B-1	\$50,000	\$0	Funds limited to SDFP area. Application process ongoing.
44	07-08	HOU	Southern Sector Housing & Economic Development	\$1,350,000	\$1,207,374	\$0	\$142,626	B-2	\$142,626	\$0	Extension requested for 1701 Canton Street project, pending HUD release of funds.

FY 2013-14 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
As recommended by the CDC on 1/02/14											
FY	Dept	Project Name	Appr.	Expended	Encum.	Unobligated	Bench-mark	Extension	Reprogram	Explanation	
45	07-08	HOU	Southern Sector Housing & Economic Development	\$1,138,732	\$1,118,068	\$20,654	\$10	B-2	\$20,664	\$0	Extension requested to fund Bexar St. Phase III Gateway design and construction contract. Estimated completion date is 07/2014. Unspent balance to be reprogrammed.
46	10-11	HOU	Reconstruction/SHARE Program	\$1,474,200	\$1,379,811	\$93,400	\$989	B-1	\$94,389	\$0	Funds are encumbered as of 9/30/13 for Reconstruction; to be expended by 3/14.
TOTAL HOUSING/COMMUNITY SERVICES			\$27,037,034	\$20,507,037	\$2,830,562	\$3,699,435			\$5,501,543	\$1,028,454	
OFFICE OF ECONOMIC DEVELOPMENT											
47	11-12	ECO	BAC#1 Greater Hispanic Chamber of Commerce	\$80,000	\$76,801	\$3,199	\$0	B-1	\$0	\$3,199	Unspent balance to be reprogrammed.
48	11-12	ECO	BAC#2 Innerscity Community Development Corporation	\$80,000	\$79,617	\$383	\$0	B-1	\$0	\$383	Unspent balance to be reprogrammed.
49	11-12	ECO	BAC#4 Greater Dallas Hispanic Chamber of Commerce	\$80,000	\$79,322	\$678	\$0	B-1	\$0	\$678	Unspent balance to be reprogrammed.
50	11-12	ECO	BAC#8 Greater Dallas American Indo Chamber of Commerce	\$80,000	\$57,245	\$22,755	\$0	B-1	\$0	\$22,755	Unspent balance to be reprogrammed.
51	12-13	ECO	Economic Development Oversight	\$248,000	\$245,549	\$0	\$2,451	B-1	\$2,451	\$0	Payment of outstanding year-end expenses pending; unspent balance to be reprogrammed.
TOTAL OFFICE OF ECONOMIC DEVELOPMENT			\$568,000	\$538,533	\$27,016	\$2,451			\$2,451	\$27,016	
OFFICE OF FINANCIAL SERVICES											
52	12-13	BMS	Grant Compliance -Monitoring	\$412,931	\$396,381	\$0	\$16,550	B-1	\$16,550	\$0	Payment of outstanding year-end expenses pending; unspent balance to be reprogrammed.
53		BMS	Reprogrammed Funds	\$130,180	\$0	\$0	\$130,180			\$130,180	Unspent funds from projects completed per HUD guidance.
TOTAL OFFICE OF FINANCIAL SERVICES			\$543,111	\$396,381	\$0	\$146,729			\$16,550	\$130,180	
TOTAL			\$28,463,815	\$21,702,956	\$2,860,229	\$3,900,629			\$5,575,209	\$1,185,650	