

Memorandum



DATE January 29, 2016

TO Members of the Economic Development and Housing Committee:
Rick Callahan (Chair), Casey Thomas, II, (Vice-Chair), Adam Medrano, Lee M. Kleinman,
Carolyn King Arnold, B. Adam McGough
Scott Griggs, (Chair), Carolyn King Arnold, (Vice-Chair), Mayor Pro Tem Monica R. Alonzo,
Tiffinni A. Young, Mark Clayton, Casey Thomas, II

SUBJECT **FY 2015-16 Community Development Block Grant Extensions and Reprogramming**

On Monday, February 1, 2016, you will be briefed on the FY 2015-16 Community Development Block Grant Extensions and Reprogramming.

Briefing material is attached.

Please let me know if you have any questions.


Jeanne Chipperfield
Chief Financial Officer

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Sana Syed, Public Information Officer
Kari Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor & Council

FY 2015-16 Community Development Block Grant Extensions and Reprogramming

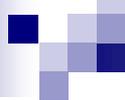
Economic Development and Housing Committee
Briefing – February 1, 2016





Purpose of Briefing

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



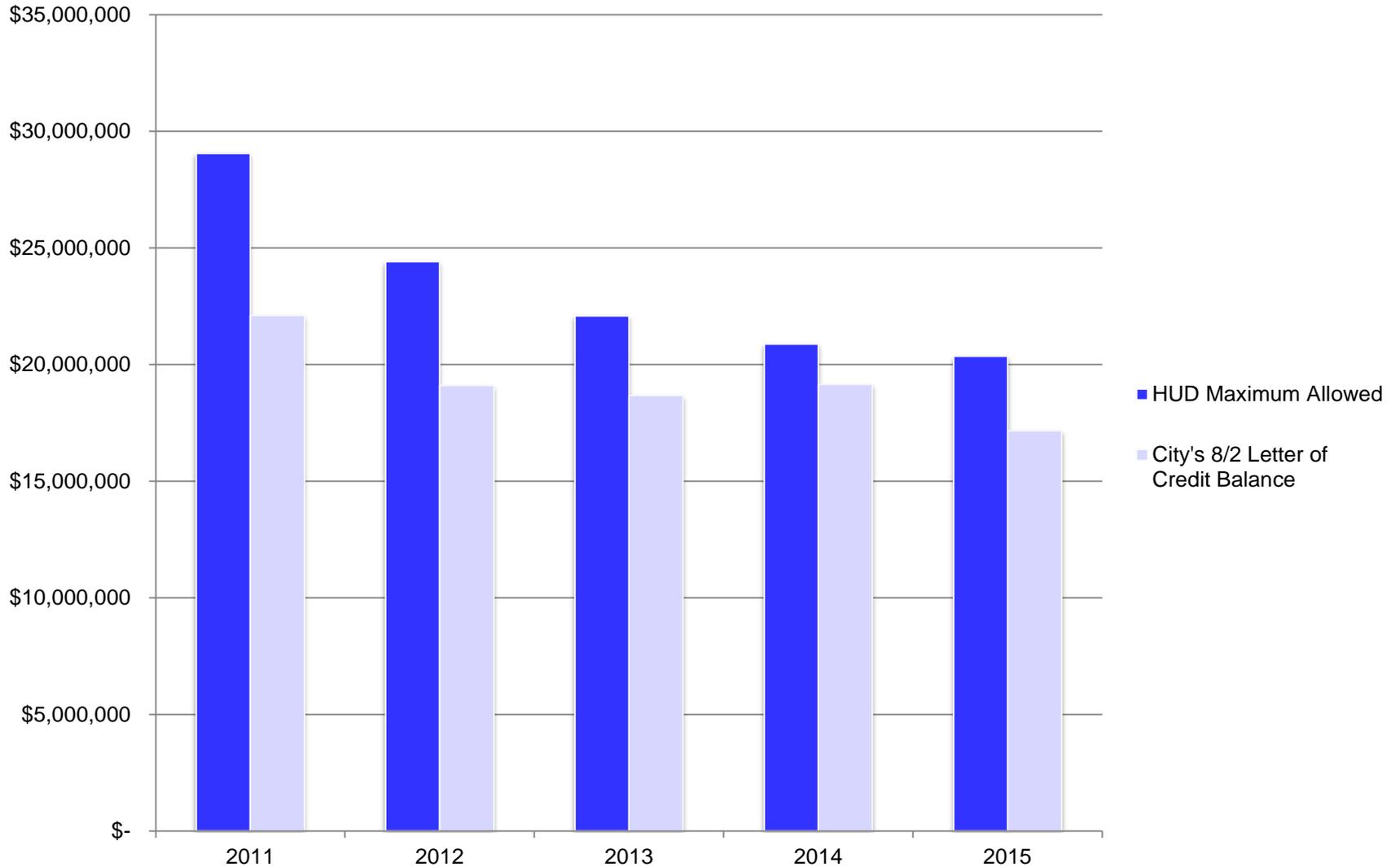
Timely Expenditure Requirements

- 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 for expenditures through August 1st
 - 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 August 2, 2015)

HUD Timeliness Test



City Timely Expenditure Requirements

- In August 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 project category
- 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 Manager's recommended action includes:
 - Unspent funds remaining in 28 projects recommended for extension – total \$4.2 m
 - Unspent funds remaining in 13 projects recommended for reprogramming – total \$1.0 m

City Timely Expenditure Requirements

- Reprogrammed funds are identified as a “source of funds” to be included as part of FY 2016-17 CDBG budget recommendation to be presented to CDC on March 3rd and to City Council on April 20th
 - Approximately \$1.0 m from 13 projects
 - Grant amounts for FY 2016-17 are not yet available.
 - FY 2015-16 grant amount was reduced by 1%
 - FY 2014-15 grant amount was reduced by 3%
 - City Manager recommends continuing the practice of reprogramming funds being used in conjunction with the next year CDBG budget to help cover existing program/project budget needs

City Timely Expenditure Requirements

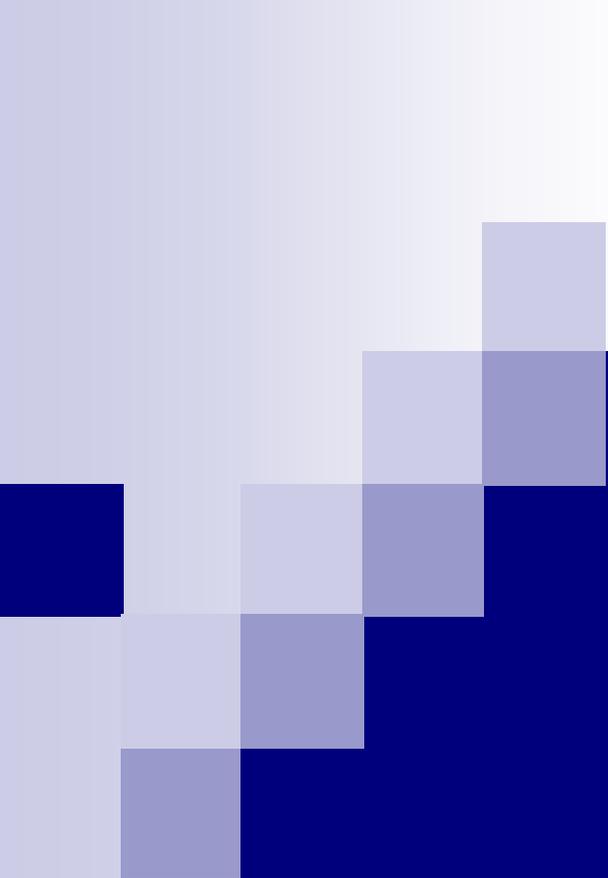
- Community Development Commission's (CDC) Financial Monitoring Committee reviewed City Manager's recommendation on January 7th and made no amendments
- On January 7th, CDC reviewed and approved Financial Monitoring Committee's recommendation and made no amendments
- Detail information provided in Attachment B

Recommendation

- Consider approval of February 10th resolution authorizing extensions of CDBG funds
 - Recommend extension of \$4.2 m and 28 projects

Next Steps

- February 10 – City Council consideration of Extension Requests
- March 3 – City Manager's recommended FY 2016-17 Consolidated Plan Budget briefed to CDC
- April 7 – CDC recommends FY 2016-17 Consolidated Plan Budget to City Council
- April 20 – FY 2016-17 Consolidated Plan Budget with CDC recommended amendments briefing to Council
- May 11 – Preliminary adoption of FY 2016-17 Consolidated Plan Budget and call public hearing
- May 18 – Council amendments and straw votes on FY 2016-17 Consolidated Plan Budget
- June 8 – Hold public hearing
- June 22 – Final adoption of FY 2016-17 Consolidated Plan Budget



Attachment A

City Timely Expenditure Requirements

Timely Expenditure Requirements

1. On-Going Programs - 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, 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 – Projects that are budgeted without specific details for implementation (examples include Business Development 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 - Capital improvements - Projects generally require more time to implement (examples include Public Improvements in NIP areas, Park Facilities Improvements, City Facilities Major Maintenance)

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 - 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

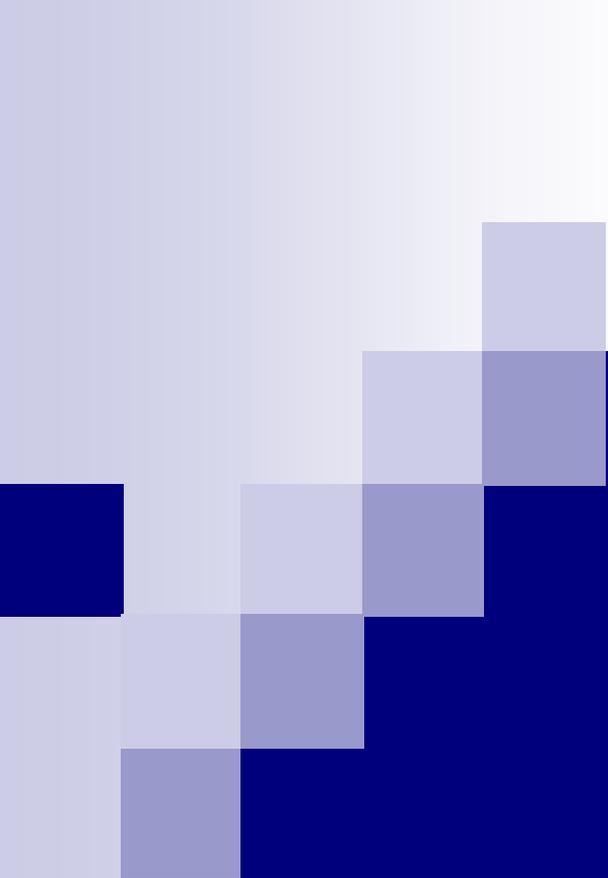
Timely Expenditure Requirements

5. Davis Bacon Restitution

- 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 affected employees
- Payments to contractor are suspended and funds are retained to pay restitution to affected 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 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
as of September 30, 2015											
FY	Dept	Project Name	Budget Appropriation	Expended	Encumbrance	Not Yet Under Contract	Benchmark	Extension	Reprogram	Explanation	
DALLAS POLICE DEPARTMENT											
1	14-15	DPD	Dedicated SAFEII Expansion Code Inspection - DPD	\$51,994	\$26,360	\$0	\$25,634	B-1	\$0	\$25,634	Program funded in FY16; unobligated prior year balance to be reprogrammed.
TOTAL DALLAS POLICE DEPARTMENT			\$51,994	\$26,360	\$0	\$25,634		\$0	\$25,634		
HOUSING/COMMUNITY SERVICES											
2	10-11	HOU	Business Incentive Program - Façade Improvements	\$122,813	\$0	\$89,207	\$33,606	B-2	\$122,813	\$0	Extension requested for Bexar Street Corridor projects. Estimated completion: May 2016
3	14-15	HOU	City Office of Senior Affairs	\$142,379	\$109,471	\$0	\$32,908	B-1	\$0	\$32,908	Program funded in FY16; unobligated prior year balance to be reprogrammed.
4	14-15	HOU	Clinical Dental Care Program	\$100,000	\$0	\$100,000	\$0	B-1	\$0	\$100,000	Program funded in FY 16; unspent prior year funds to be reprogrammed.
5	12-13	HOU	Community Based Development Org - CWCDC	\$300,000	\$202,783	\$12,988	\$84,229	B-2	\$97,217	\$0	Extension requested. NOFA for proposals is underway; funds to be obligated by February 2016 and spent by July 2016.
6	11-12	HOU	Community Based Development Org - EDCO	\$300,000	\$15,583	\$284,417	\$0	B-2	\$284,417	\$0	Extension requested. Funds to be spent by July 2016.
7	10-11	HOU	Community Based Development Org - EDCO	\$200,000	\$98,492	\$101,508	\$0	B-2	\$101,508	\$0	Extension requested. Funds to be spent by July 2016.
8	10-11	HOU	Community Based Development Org - EDCO	\$500,000	\$485,895	\$14,105	\$0	B-2	\$14,105	\$0	Extension requested. Funds to be spent by July 2016.
9	14-15	HOU	Housing Development Support	\$895,465	\$634,072	\$75,000	\$186,393	B-1	\$75,000	\$186,393	Extension requested for payment of obligated funds; unobligated prior year balance to be reprogrammed.
10	12-13	HOU	Mortgage Assistance Program	\$1,264,863	\$1,202,356	\$62,507	\$0	B-1	\$62,507	\$0	Extension requested. Funds to be spent by July 2016.
11	13-14	HOU	Mortgage Assistance Program	\$1,300,000	\$889,375	\$54,749	\$355,876	B-1	\$410,625	\$0	Extension requested. Funds to be spent by July 2016.
12	10-11	HOU	NIP-Ideal/Rochester Park Street Improvements	\$189,829	\$178,301	\$11,528	\$0	B-3	\$11,528	\$0	Extension requested to complete design of the Bexar St. Pocket Park. Estimated Completion: December 2015.
13	09-10	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$1,494,154	\$1,413,781	\$0	\$80,373	B-3	\$80,373	\$0	Extension requested for Spring Avenue Redevelopment Project. Estimated Completion: May 2016.
14	07-08	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$925,000	\$924,846	\$154	\$0	B-3	\$154	\$0	Extension requested for retainage.
15	13-14	HOU	NIP-South Dallas/Fair Park Public Improvements	\$757,318	\$201,039	\$221,086	\$335,193	B-3	\$556,279	\$0	Extension requested for Spring Avenue Redevelopment Project Phase I and design of Beall and Mingo Street improvements. Estimated Completion: July 2016.
16	10-11	HOU	NIP-Neighborhood Investment Program-Infrastructure	\$1,500,000	\$479,541	\$0	\$1,020,459	B-3	\$1,020,459	\$0	Extension requested to complete additional infrastructure needs in target areas to be identified by May 2016.
17	12-13	HOU	NIP-South Dallas/Ideal-Rochester Public Improvements	\$100,000	\$25,452	\$0	\$74,548	B-3	\$74,548	\$0	Extension requested for installation of Bexar Street Public Art project. Estimated Completion: June 2016.
18	10-11	HOU	NIP-Spring Avenue Infrastructure	\$219,511	\$157,031	\$0	\$62,480	B-3	\$62,480	\$0	Extension requested for Mill City Neighborhood bike lanes and Spring Avenue Redevelopment Project. Estimated Completion: May 2016.

FY 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
as of September 30, 2015											
FY	Dept	Project Name	Budget Appropriation	Expended	Encumbrance	Not Yet Under Contract	Benchmark	Extension	Reprogram	Explanation	
19	11-12	HOU	NIP-Spring Avenue Infrastructure	\$334,216	\$104,601	\$229,615	\$0	B-3	\$229,615	\$0	Extension requested for Spring Avenue Redevelopment Project Phase I. Estimated Completion: April 2016.
20	10-11	HOU	NIP-Spring Avenue Infrastructure	\$1,500,000	\$1,288,210	\$211,790	\$0	B-3	\$211,790	\$0	Extension requested for Spring Avenue Redevelopment Project Phase I. Estimated Completion: April 2016.
21	10-11	HOU	NIP-West Dallas Public Improvement	\$75,095	\$67,692	\$0	\$7,403	B-3	\$7,403	\$0	Extension requested for Pueblo Park improvements. Estimated Completion: March 2016.
22	13-14	HOU	Reconstruction Program	\$400,000	\$214,611	\$185,389	\$0	B-2	\$185,389	\$0	Extension requested. Funds to be spent by May 2016.
23	13-14	HOU	Reconstruction Program	\$937,326	\$893,403	\$43,923	\$0	B-2	\$43,923	\$0	Extension requested. Funds to be spent by May 2016.
24	11-12	HOU	Residential Development Acquisition Loan Program	\$228,509	\$163,790	\$0	\$64,719	B-2	\$64,719	\$0	Extension requested for Heroes House Project. Estimated completion: December 2016.
25	12-13	HOU	Residential Development Acquisition Loan Program	\$500,000	\$3,202	\$405,129	\$91,669	B-2	\$496,798	\$0	Extension requested for EDCO Bexar Senior Project. Estimated completion: December 2016.
26	14-15	HOU	Senior Services Program	\$73,049	\$69,039	\$0	\$4,010	B-1	\$0	\$4,010	Program funded in FY16; unobligated prior year balance to be reprogrammed.
27	12-13	HOU	South Dallas/Fair Park - Major Systems Repair Program	\$50,000	\$37,648	\$12,352	\$0	B-1	\$12,352	\$0	Extension requested to complete identified projects.
TOTAL HOUSING/COMMUNITY SERVICES			\$14,409,527	\$9,860,214	\$2,115,447	\$2,433,864			\$4,226,002	\$323,310	
MANAGEMENT SERVICES											
28	14-15	MGT	Fair Housing Enforcement	\$627,714	\$599,402	\$2,799	\$25,513	B-1	\$8,168	\$20,144	Payment of outstanding year-end expenses pending. Program funded in FY16; remaining unobligated prior year balance to be reprogrammed.
TOTAL MANAGEMENT SERVICES			\$627,714	\$599,402	\$2,799	\$25,513			\$8,168	\$20,144	
OFFICE OF ECONOMIC DEVELOPMENT											
29	13-14	ECO	BAC#1 Maple Ave Greater Dallas Hispanic Chamber	\$80,000	\$69,715	\$10,285	\$0	B-1	\$0	\$10,285	Project completed; remaining prior year balance to be reprogrammed.
30	13-14	ECO	BAC#3 Singleton Blvd Greater Dallas Hispanic Chamber	\$80,000	\$45,691	\$34,309	\$0	B-1	\$0	\$34,309	Project completed; remaining prior year balance to be reprogrammed.
31	13-14	ECO	BAC#6 Greater Dallas Asian American Chamber of Commerce	\$80,000	\$73,561	\$6,439	\$0	B-1	\$0	\$6,439	Project completed; remaining prior year balance to be reprogrammed.
32	13-14	ECO	BAC#8 Business & Community Lenders of Texas	\$80,000	\$62,753	\$17,247	\$0	B-1	\$17,247	\$0	Payment of outstanding year-end expenses pending. Program funded in FY16; remaining unobligated prior year balance to be reprogrammed.
33	14-15	ECO	Economic Development Program Oversight (P/PO)	\$258,853	\$211,499	\$0	\$47,354	B-1	\$0	\$47,354	Program funded in FY16; unobligated prior year balance to be reprogrammed.
TOTAL OFFICE OF ECONOMIC DEVELOPMENT			\$578,853	\$463,220	\$68,279	\$47,354			\$17,247	\$98,386	
OFFICE OF FINANCIAL SERVICES											
34	14-15	BMS	Citizen Participation/CDC Support/HUD Oversight (P/PO)	\$649,774	\$536,923	\$11,766	\$101,085	B-1	\$34,078	\$78,773	Payment of outstanding year-end expenses pending; remaining prior year unobligated balance to be reprogrammed.
35		BMS	Reprogrammed Funds	\$242,386	\$0	\$0	\$242,386		\$0	\$242,386	Unawarded and unspent funds from projects completed per HUD guidance.
TOTAL OFFICE OF FINANCIAL SERVICES			\$892,160	\$536,923	\$11,766	\$343,471			\$34,078	\$321,159	

FY 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
as of September 30, 2015											
FY	Dept	Project Name	Budget Appropriation	Expended	Encumbrance	Not Yet Under Contract	Benchmark	Extension	Reprogram	Explanation	
PARK & RECREATION											
36	14-15	PKR	After-School/Summer Outreach Program-School Sites	\$419,678	\$414,471	\$3,520	\$1,687	B-1	\$5,207	\$0	Payment of outstanding year-end expenses pending; remaining prior year balance to be reprogrammed.
37	14-15	PKR	Park and Recreation Program Oversight (P/PO)	\$97,378	\$96,608	\$0	\$770	B-1	\$770	\$0	Payment of outstanding year-end expenses pending; remaining prior year balance to be reprogrammed.
TOTAL PARK AND RECREATION			\$517,056	\$511,079	\$3,520	\$2,457		\$5,977	\$0		
PLANNING & NEIGHBORHOOD VITALITY											
38	14-15	PNV	Neighborhood Vitality Project Delivery	\$473,541	\$197,841	\$0	\$275,700	B-1	\$0	\$275,700	Project completed; unobligated prior year balance to be reprogrammed.
TOTAL PLANNING & NEIGHBORHOOD VITALITY			\$473,541	\$197,841	\$0	\$275,700		\$0	\$275,700		
Grand Total			\$17,550,845	\$12,195,039	\$2,201,812	\$3,153,992		\$4,291,471	\$1,064,334		