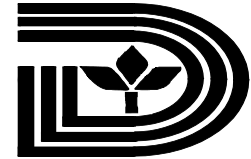


# Memorandum



DATE August 23, 2019

CITY OF DALLAS

TO Honorable Mayor and Members of the City Council

SUBJECT **Substantial Amendment No. 4 to the FY 2018-19 Action Plan**

On August 28, 2019, Housing and Neighborhood Revitalization Department will ask City Council to approve the preliminary adoption of Substantial Amendment No. 4 to the FY 2018-19 Action Plan, specifically for City of Dallas' Home Investment Partnerships Program (HOME) regarding an appropriation of unanticipated program income. This memorandum provides additional information regarding management of program income (PI) and the upcoming item.

## **Recommendation**

Staff recommends appropriating unallocated funding recorded in Integrated Disbursement Information System (IDIS) to AMS Advantage (AMS) to make it available for current projects, which will assist the city in meeting its October 30, 2019 expenditure deadline. Going forward, PI will be reconciled (2 x year) with AMS and forecast incoming PI to determine appropriations needed to achieve expenditure deadlines.

## **Background**

Housing & Neighborhood Revitalization Department (Housing) currently has an approved project, Palladium, that will expend HOME Investment Partnership funds (HOME) prior to October 30, 2019. As we approach the FY14 expenditure deadline of October 30, 2019 that has \$3.6M expiring, Housing can expend the HOME funds on the Palladium project. To do so, the City must perform a Substantial Amendment to the FY2018-19 Action Plan.

HUD provides annual allocations to the city for HOME funds and Housing tracks allocations in the city's financial system, AMS and in the U.S. Department of Housing and Urban Development's (HUD) system, IDIS. Housing also tracks program income (PI) received in IDIS and requests annual appropriations for the PI in AMS that City Council must approve. Prior to 2014, HUD used first-in-first-out (FIFO) accounting practices, and IDIS was structured to expend on FIFO basis, while AMS was structured to expend on annual accounting basis. For Example, \$1 expended in FY14 will draw from FY14 in AMS and the same \$1 could draw from FY12 in IDIS. The exception to the FIFO accounting practices is that any PI received must be spent before allocated dollars, regardless of age. For example, \$1 expended in FY14 will draw from FY14 PI instead of FY12 allocations or any other year of allocations. Between FY12-17, the city expended \$7.6M in PI on projects instead of expending allocated funds and the city has been playing catch up while not funding new projects between FY16-FY18. After FY14, HUD switched to

DATE August 23, 2019  
SUBJECT **Substantial Amendment No. 4 to the FY 2018-19 Action Plan**

grant-based accounting, which ties expenditures to a particular year even though older funds may be available.

Should you have any questions please contact my office at (214) 670-3390.



**Michael A. Mendoza**  
Chief of Economic Development and Neighborhood Services

c: T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
M. Elizabeth Reich, Chief Financial Officer  
Laila Aleqresh, Chief Innovation Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors