

Memorandum



CITY OF DALLAS

DATE February 16, 2018

Honorable Members of the Government Performance & Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Community Development Block Grant: Timely Expenditure of Funds**

On Tuesday, February 20, 2018, the Office of Budget will brief the Government Performance & Financial Management Committee on Community Development Block Grant: Timely Expenditure of Funds. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, 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
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Community Development Block Grant: Timely Expenditure of Funds

**Government Performance & Financial Management
Committee**

February 20, 2018

**Chan Williams, Assistant Director
Office of Budget**

**M. Elizabeth Reich, Chief Financial Officer
Jack Ireland, Director, Office of Budget**



Purpose of Briefing

- Review Community Development Block Grant (CDBG) timely expenditure requirements
- Recommend extension of prior year unspent funds
- Seek Committee's favorable recommendation to move forward with the February 28 resolution authorizing the extension of unspent funds
- Review Next Steps

Timely Expenditure Requirements

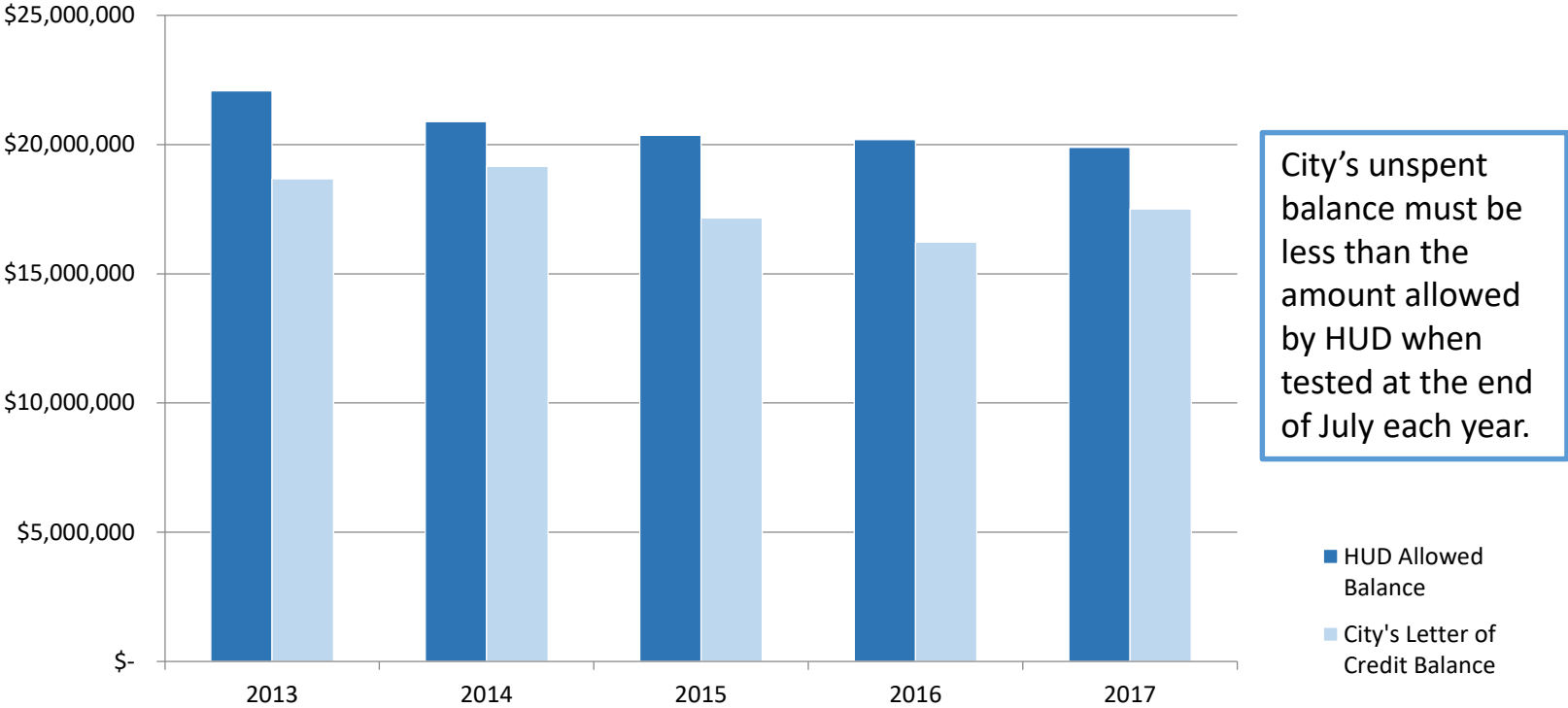
- There are two tests to ensure that CDBG funds are spent in a timely manner
 1. U.S. Department of Housing and Urban Development (HUD) regulations
 2. City Council resolution



HUD 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
 - Failure to meet this requirement would result in a reduction of the next annual grant allocation
- Dallas continues to comply with this requirement (last tested on August 2, 2017)

HUD Expenditure Requirements



City Expenditure Requirements

- Council established additional policy in August 1993 to ensure timely expenditure of CDBG funds
 - CDBG funds must be obligated within 12 months and expended within 24 months
- Council added criteria and benchmarks in March 2007 to further define compliance with the policy
- Council has authority to extend the time allowed for the expenditure of CDBG funds



City Expenditure Requirements

- Annual review is conducted during the Fall of each year to determine the status of each project
- Unspent project funds that are not in compliance are either recommended for an extension or reprogrammed to another eligible purpose
- Based on the most recent review, the following is recommended by the City Manager
 - Unspent funds remaining in 29 projects recommended for extension (total \$3.9m)



Extensions

- Review by the Community Development Commission (CDC) occurred during December and January
- On January 4, CDC agreed with the City Manager's recommendation to seek extensions for 29 projects (\$3.9m)
- On February 28, Council will be asked to extend the expenditure policy for 29 projects (\$3.9m)

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Note: List of projects included as an Attachment



Reprogramming

- On February 1, CDC reviewed City Manager's recommendation to use reprogrammed funds (\$3.3m) for Housing Activities
- As a result of discussion with CDC, it is recommended to delay reprogramming of \$3.3m from 13 projects until after completion of the Housing Policy and redesign of housing programs anticipated for later this Spring

Recommendations

- Approval of extension of the timely expenditure policy for 29 CDBG projects and \$3.9m by City Council on February 28
- Include reallocation of CDBG funds totaling \$3.3m from 13 projects with the City Manager's FY 2018-19 CDBG annual budget
 - Defer until after completion of Housing Policy and redesign of housing programs

Next Steps

Date	Step
Feb 28	City Council consideration of request to extend expenditure policy for 29 projects (\$3.9m)
March/April	Housing Policy and redesigned housing programs developed and approved
April 5	City Manager's recommended FY 2018-19 Consolidated Plan Budget briefed to CDC (will include use of reprogrammed funds from 13 projects totaling \$3.3m)
May 3	CDC recommends FY 2018-19 Consolidated Plan Budget to City Council
May 16	FY 2018-19 Consolidated Plan Budget with CDC recommended amendments briefed to Council
May 23	Preliminary adoption of the Budget and call public hearing
June 6	Council amendments and straw votes on FY 2018-19 Consolidated Plan Budget
June 13	Hold public hearing
June 27	Final adoption of FY 2018-19 Consolidated Plan Budget

Community Development Block Grant: Timely Expenditure of Funds

**Government Performance & Financial Management
Committee**

February 20, 2018

**Chan Williams, Assistant Director
Office of Budget**

**M. Elizabeth Reich, Chief Financial Officer
Jack Ireland, Director, Office of Budget**



Attachment

Extensions & Reprogramming Project Listing By Department



FY 2017-18 COMMUNITY DEVELOPMENT BLOCK GRANT										
EXTENSION REQUESTS AND REPROGRAMMING FUNDS										
as of SEPTEMBER 30, 2017										
		Dept	Project Name	A Appropriations	B ITD Expended	C Encumbrances	D Unobligated	E Extension Request	F Reprogramming Funds	G Explanation
CITY ATTORNEY										
1	2016-17	ATT	South Dallas/Fair Park Community Court	\$299,445	\$282,049	\$716	\$16,680	\$0	\$16,680	Unobligated amount due to operating cost savings. Funds to be reprogrammed.
2	2016-17	ATT	South Oak Cliff Community Court	\$233,032	\$204,589	\$110	\$28,334	\$0	\$28,334	Unobligated amount due to operating cost savings. Funds to be reprogrammed.
3	2016-17	ATT	West Dallas Community Court	\$220,529	\$210,120	\$136	\$10,274	\$0	\$10,274	Unobligated amount due to operating cost savings. Funds to be reprogrammed.
TOTAL CITY ATTORNEY				\$753,006	\$696,758	\$961	\$55,287	\$0	\$55,287	
CODE COMPLIANCE SERVICES										
4	2016-17	CCS	Neighborhood Investment Program - Code Compliance	\$600,833	\$514,490	\$31	\$86,312		\$86,312	Grant program ended FY17. Unspent funds to be reprogrammed.
TOTAL CODE COMPLIANCE SERVICES				\$600,833	\$514,490	\$31	\$86,312	\$0	\$86,312	
HOUSING/COMMUNITY SERVICES										
5	2016-17	HOU	Child Care Services Program	\$488,826	\$422,778	\$17,113	\$48,935	\$66,048		Contracts delayed. Extension requested to pay invoices to child care providers. Expected to be completed by April 2018.
6	2016-17	HOU	City Office of Senior Affairs	\$180,143	\$157,402	\$0	\$22,741		\$22,741	Reprogram - unspent funds from staffing costs.
7	2011-12	HOU	Community Based Development Org - EDCO	\$300,000	\$24,218	\$275,782	\$0	\$275,782		The developer was delayed due to lack of available contractors. Project is underway. Estimated completion: July 2018
8	2010-11	HOU	Community Based Development Org - EDCO	\$500,000	\$494,592	\$5,408	\$0	\$5,408		The developer was delayed due to lack of available contractors. Project is underway. Estimated completion date: July 2018
9	2010-11	HOU	Community Based Development Org - EDCO	\$200,000	\$116,096	\$83,904	\$0	\$83,904		The developer was delayed due to lack of available contractors. Project is underway. Estimated completion date: July 2018
10	2016-17	HOU	Housing Assistance Support	\$1,703,154	\$1,671,452	\$0	\$31,702		\$31,702	Reprogram - unspent funds from staffing costs.
11	2016-17	HOU	Housing Development Support	\$1,152,459	\$57,877	\$0	\$1,094,582		\$1,094,582	Staff removed from grant funding due to compliance in FY16-17. Reprogram funds.

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12	2016-17	HOU	Housing Management Support (P/PO)	\$1,218,291	\$1,129,409	\$0	\$88,882		\$88,882	Reprogram - unspent funds from staffing costs.
13	2016-17	HOU	Housing Services Program	\$50,000	\$0	\$0	\$50,000	\$50,000		The City did not provide a NOFA to accept applications for these funds. The NOFA will be provided in March 2018.
14	2015-16	HOU	Housing Services Program - CWCDC	\$10,000	\$7,134	\$0	\$2,866	\$2,866		Funds will be included in NOFA along with other Housing Services Program funds. The NOFA will be provided in March 2018.
15	2015-16	HOU	Major Systems Repair Program	\$123,755	\$109,305	\$0	\$14,450	\$14,450		Eligibility and approval process delays. Extend funds to assist qualified citizens. Estimated completion date FY 17-18.
16	2014-15	HOU	Major Systems Repair Program	\$1,642,626	\$1,620,250	\$20,157	\$2,219	\$22,376		Funds have been allocated for MSRP project, awaiting inspection report to encumber funds. Estimated expend date: April 2018
17	2014-15	HOU	Major Systems Repair Program	\$1,410,006	\$1,392,678	\$17,328	\$0	\$17,328		Payment pending. Estimated expended date: April 2018
18	2014-15	HOU	Mortgage Assistance Program	\$1,165,856	\$1,165,856	\$0	\$0	\$0		Program temporarily halted by HUD, Funds will be spent by end of FY2018
19	2015-16	HOU	Mortgage Assistance Program	\$1,165,856	\$760,793	\$86,469	\$318,594	\$405,063		Program temporarily halted by HUD, Funds will be spent by end of FY2018
20	2010-11	HOU	NIP-North Oak Cliff Public Improvements	\$1,500,000	\$479,541	\$0	\$1,020,459		\$1,020,459	Original scope of project changed. Funds to be reprogrammed for other use.
21	2013-14	HOU	NIP-SDFP/Mingo/Beall Streets Public Improvement	\$414,000	\$103,650	\$17,595	\$292,755	\$310,350		Funds are needed to complete the improvements to Mingo and Beall Street. Project is currently in the design/engineering phase (special design requests from DART). Delays in this project was due to needing Right-of Way (ROW) and Easement from DART. Estimated Construction Start Date: April 2018 - Estimated Completion Date: April 2019
22	2012-13	HOU	NIP-South Dallas Ideal/Rochester Park Public Improv	\$100,000	\$92,551	\$3,052	\$4,397	\$4,397		Funds are needed to make final payment to Artist for the Bexar Streetscape Wall Art Project. Final Payment: Scheduled by April 2018.

FY 2017-18 COMMUNITY DEVELOPMENT BLOCK GRANT

EXTENSION REQUESTS AND REPROGRAMMING FUNDS

as of SEPTEMBER 30, 2017

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23	2015-16	HOU	NIP-South Dallas Ideal/Rochester Park Public Improv	\$800,000	\$12,259	\$13,705	\$774,036	\$787,741		Funds are needed to complete the improvements to Wells St. Delays with the project was due to design modifications. Estimated Construction Start Date: March 2018 - Estimated Completion Date: August 2018
24	2013-14	HOU	NIP-South Dallas/Fair Park Public Improvements	\$343,318	\$188,352	\$148,040	\$6,925	\$154,966		Funds are needed to complete payments to contractors and pay retainage.
25	2010-11	HOU	NIP-Spring Avenue Infrastructure	\$162,355	\$141,278	\$6,536	\$14,541	\$21,077		Funds are needed to completed payments for charges related to the purchase right-of-way, easements, etc. Funding is also needed to pay Oncor for installed lighting along Spring Ave. corridor etc. Estimated Completion Date: December 2018
26	2010-11	HOU	NIP-Spring Avenue Infrastructure	\$1,500,000	\$1,425,000	\$0	\$75,000	\$75,000		Funds are needed to pay retainage to contractor for the Spring Ave. Phase I project.
27	2011-12	HOU	NIP-Spring Avenue Infrastructure	\$334,216	\$211,210	\$115,640	\$7,366	\$123,006		Funds are needed to complete payments to contractor and pay retainage for the Spring Ave. Phase I project.
28	2015-16	HOU	NIP-West Dallas Public Improvement	\$149,127	\$147,746	\$0	\$1,381	\$1,381		Funds are needed to pay retainage to contractor for the West Dallas Sidewalk Phase III project. Project is completed
29	2016-17	HOU	People Helping People - Home Repair Program	\$1,019,051	\$165,473	\$8,562	\$845,016	\$0	\$845,016	Extend \$8,562 to pay final invoices. Program ended FY17, reprogram unspent balance.
30	2015-16	HOU	Reconstruction Program	\$1,221,964	\$907,059	\$308,757	\$6,149	\$314,905		Projects are in process. Estimated Completion date: May 2018
TOTAL HOUSING/COMMUNITY SERVICES				\$18,855,003	\$13,003,960	\$1,128,048	\$4,722,995	\$2,736,048	\$3,103,382	
OFFICE OF ECONOMIC DEVELOPMENT										
31	2015-16	ECO	BAC#1 Maple Ave Greater Dallas Hispanic Chamber	\$80,000	\$76,494	\$3,506	\$0		\$3,506	
32	2015-16	ECO	BAC#2 Dallas Black Chamber of Commerce	\$80,000	\$53,063	\$26,937	\$0	\$26,937		Review in progress
33	2014-15	ECO	BAC#2 Dallas Black Chamber of Commerce	\$40,000	\$23,660	\$16,340	\$0	\$16,340		Review in progress
34	2015-16	ECO	BAC#3 Sammons Business & Community Lenders of Texas	\$80,000	\$3,743	\$76,257	\$0	\$76,257		Review in progress
35	2014-15	ECO	BAC#3 Sammons Business & Community Lenders of Texas	\$40,000	\$7,224	\$32,776	\$0	\$32,776		Review in progress

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36	2015-16	ECO	BAC#6 Hampton Regional Hispanic Contractors	\$80,000	\$13,285	\$66,715	\$0	\$66,715		Review in progress
37	2014-15	ECO	BAC#6 Hampton Regional Hispanic Contractors	\$40,000	\$34,499	\$5,501	\$0	\$5,501		Review in progress
38	2014-15	ECO	BAC#7 Illinios Regional Hispanic Contractor Association	\$80,000	\$78,422	\$1,578	\$0	\$1,578		Review in progress
39	2015-16	ECO	BAC#8 Record Crossing - BCL of Texas	\$80,000	\$13,807	\$66,193	\$0	\$66,193		Review in progress
TOTAL OFFICE OF ECONOMIC DEVELOPMENT				\$600,000	\$304,197	\$295,803	\$0	\$292,297	\$3,506	
OFFICE OF FINANCIAL SERVICES										
40	2016-17	BMS	Citizen Participation/CDC Support/HUD Oversight (P/PO)	\$721,050	\$682,833	\$13,004	\$25,213	\$0	\$25,213	Unspent funds due to vacancy. Position filled October 2017. Funds to be reprogrammed.
41		BMS	Reprogrammed Funds	\$50,170	\$0	\$0	\$50,170		\$50,170	Holding unit for unspent funds from projects completed during the fiscal year.
TOTAL OFFICE OF FINANCIAL SERVICES				\$771,220	\$682,833	\$13,004	\$75,383	\$0	\$75,383	
PLANNING & NEIGHBORHOOD VITALITY										
42	2014-15	PNV	NIP-South Dallas Ideal/Rochester Park Public Improv	\$138,208	\$9,600	\$1,736	\$126,873	\$128,609		Funds are needed to complete the Bexar Street Pocket Park. Estimated Construction Start Date: March 2018 - Estimated Completion Date: August 2018
43	2014-15	PNV	NIP-South Dallas/Fair Park Public Improvements	\$836,408	\$19,670	\$23,987	\$792,751	\$816,738		Funds are needed to complete Spring Ave. Phase II. Project is currently in the design phase. Estimated Completion of Design Date: October 2017 - Estimated Construction Date: April 2018 - April 2019
TOTAL PLANNING & NEIGHBORHOOD VITALITY				\$974,616	\$29,269	\$25,723	\$919,624	\$945,347	\$0	
GRAND TOTAL				\$22,554,678	\$15,231,506	\$1,463,570	\$5,859,601	\$3,973,691	\$3,323,870	