



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
GRANTS MANAGEMENT DIVISION
M E M O R A N D U M

TO: Bruce K. Walden, Chief Administrative Officer
FROM: Bob Grewe, AICP, Division Manager
DATE: September 19, 2001
RE: Consideration of: *An Ordinance Revising the Annual Budget Ordinance (C.D. Sink Fund)*

Brief Description of the Issue

In the course of reviewing the 1998 Consolidated Annual Performance and Evaluation Review (CAPER), HUD has determined that the semi-annual Neighborhood Clean Up Program cannot be funded as an Interim Assistance Activity. Rather, these activities meet the definition of a Public Service Activity and must be funded as such. Therefore, budgetary and/or program changes must be implemented in order to remain in compliance with HUD regulations.

To achieve compliance with HUD regulations and continue the FY 2001-2002 GMD activities at their present level, staff believes it necessary to fund a portion of Public Service Activities from another, non-federal source of revenue. Staff believes that the Community Development Sink Fund is the most viable funding source to accomplish this objective.

Identification of the Issue(s) and Any Approvals Required

The issue before Council is whether to approve a budget amendment whereby \$15,000 from the Community Development Sink Fund will be used to fund a portion of the Transitional Housing Program in order to address the cap requirement. Further, the budget amendment would rebudget the \$15,000 taken from the Transitional Housing as follows:

- \$10,000 Series Streetlight Replacement Area 3B
- \$5,000 Acquisition of Real Property

Background/Facts

The City of Urbana received a June 18 correspondence from Mr. Victor Thornton, Director, U.S. Department of Housing and Urban Development, Illinois State Office. The subject of the correspondence was the review of the 1998 Consolidated Annual Performance and Evaluation Report (CAPER). While there are a number of questions in HUD's correspondence, the most pressing concern is the determination that the Neighborhood Clean Up Program does not qualify as an Interim Assistance Activity. This is referenced on page 3, note activity 253. (The balance of the questions were readily addressed by staff to HUD's satisfaction as they were minor record keeping/reporting errors.)

In order to continue the Neighborhood Clean Up Program, this activity must be included in the Public Service Funding component of the Annual Action Plan.

Below is a revised budget for Public Service Activity funding:

\$44,900 Transitional Housing

\$1,400 Yard maintenance for Transitional Housing units
 \$1,725 Encumbered expenses from previous year
 \$39,550 Consolidated Social Service Funding
\$26,500 Neighborhood Clean Up
 \$114,075 TOTAL

The Public Service Funding category has a cap of 15% of the CDBG annual grant, plus 15% of the previous year's program income. FY 2001-2002 Public Service Activity funding Cap is \$100,369.

The revised budget exceeds the cap by \$13,706.

\$114,075 Budget
-\$100,369 Cap
\$13,706 Over - Public Service Cap

In order to fund all activities, \$13,706 must be removed from the Public Service Activity budget and be accounted for by another source of non-federal funding.

Keep in the mind, the issue not the availability of funds; it is the 15% cap that HUD puts on the use of CDBG funds. We cannot spend more than \$100,369 for Public Service-type activities.

Staff and the Community Development Commission recommend that the City utilize funds from the Community Development Sink Fund to fund \$15,000 of the Transitional Housing Program budget. The difference of \$1,294, between \$15,000 and \$13,706, provides a small contingency for the Public Service Activity budget.

There is \$77,000 currently in the Community Development Sink Fund. It was designed years ago to serve as "float" when there was a time lag in paying bills and receiving draws from HUD. The fund is composed of non-federal funds.

Fiscal Impact

There would be limited negative impact on the City's General Fund in the amount of \$15,000.

Currently there is \$77,997 in the Community Development Sink Fund. Using \$15,000 would keep the fund above the minimum recommended balance of \$50,000.

Recommendation

Grants Management Division recommends that the Council approve the *Ordinance Revising the Annual Budget Ordinance (C.D. Sink Fund)*

Prepared by:
 Bob Grewe, AICP, Manager
 Grants Management Division

ORDINANCE NO. 2001-09-115

AN ORDINANCE
REVISING THE ANNUAL BUDGET ORDINANCE
(C.D. Sink & C.D.B.G. Funds)

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2001, and ending June 30, 2002, (the "Annual Budget Ordinance") has been duly adopted according to sections 8-2-9.1 et seq. of the Illinois Municipal Code (the "Municipal Code") and Division 2, entitled "Budget", of Article VI, entitled "Finances and Purchases", of Chapter 2, entitled "Administration", of the Code of Ordinances, City of Urbana, Illinois (the "City Code"); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Annual Budget Ordinance be and the same is

hereby revised to provide as follows:

FUND: C.D. Sink
AMOUNT: \$15,000
ADD EXPENSE: Transitional Housing Costs
REDUCE: Fund Balance

FUND: C.D.B.G.
AMOUNT: \$15,000
REDUCE EXPENSE: Transitional Housing Costs
INCREASE EXPENSE: Street Lighting \$10,000
INCREASE EXPENSE: Property Acquisition \$5,000

Section 2. This Ordinance shall be effective immediately upon passage and approval and shall not be published.

Section 3. This Ordinance is hereby passed by the affirmative vote of two-thirds of the members of the corporate authorities then holding office, the "ayes" and "nays" being called at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Tod Satterthwaite, Mayor