

Urban Design Ventures' Comments on O-7-14

In response to a request from Alderman Jared Littmann, Urban Design Ventures, LLC, CDBG Consultants to the City of Annapolis, has reviewed the proposed O-7-14 legislation before the Rules and City Government Committee. We offer the following comments concerning the proposed legislation.

In reference to Page 3 lines 9 to 15, the City should consider expanding the language to cover all eligible activities under CDBG regulations. The standards in its current draft exclude eligible projects under CDBG regulations and could possibly limit the City's ability to fully utilize its Community Development Block Grant funds.

In reference to Page 3 lines 16 to 17, the inclusion of quantifiable goals and a timetable for project completion is an excellent addition.

In reference to Page 3 lines 18 to 20, the inclusion of demonstrating additional funding sources is important.

In reference to Page 3 lines 21 to 23, I would suggest revising the language to be more lenient in reviewing the financial position of grantees.

There is a tendency for communities to favor funding non-profits that demonstrate the strongest financial positions. Unfortunately, some of the agencies that provide services to the most at risk populations can have financial positions that do not meet the proposed legislation.

For example, OHLA is a City of Annapolis agency that serves the needs of ethnic Latinos. OHLA has received CDBG funding in the past in the amount of \$2,000 that was used to reimburse volunteers for travel expenses that served 2,000 Latinos in the City. OHLA has a very limited operating budget and under the proposed legislation would not qualify for funding. As such, an extremely efficient organization would not have served a much needed public service in the City. Additionally, the City's CDBG program over the past 17 years has not had a sub grantee that did not meet its grant agreement for financial capacity reasons.

It is important to provide some level of subjective review of the overall capacity of an organization to deliver the proposed service under the grant funds. The following is an excerpt from HUD's Managing CDBG: A Guidebook for CDBG Grantees on Sub recipient Oversight, Chapter 2: *"There are no perfect sub recipients. You should not view the pre-award assessment of potential sub recipients, or the review of the prior performance of current sub recipients, as attempts to weed out all organizations except those with a perfect track record. Ideal sub recipients probably do not exist. Instead, you should treat the assessment process as a way to measure the strengths and weaknesses of prospective organizations and to identify potential problem areas in working with them, so that you can develop support mechanisms to strengthen these organizations in the future."*

I propose that the City use the following advice HUD offers its grantees in evaluating sub grantee applications: *"Does the organization have the capacity to complete the activity as proposed? A Grantee should assess the prospective sub recipient's overall organizational capacity.*

- *Has the organization ever undertaken the proposed activity before, and what was the result?*

- *Does the organization have experience with the Community Development Block Grant or other Federal programs?*
- *Do the prospective sub recipient's staff appreciate the additional requirements associated with Federal funding (for example, when staff split their time between CDBG and non-CDBG functions, keeping detailed records of time spent on specific activities)?*
- *Is the organization familiar with the specific regulatory requirements associated with the proposed activity (such as Davis-Bacon prevailing wage requirements for new construction or rehabilitation projects involving eight units or more)?*
- *What is the organization's "track record" regarding compliance with such requirements?*
- *Does the prospective sub recipient have adequate administrative and fiscal structures in place to deal with these guidelines (particularly record keeping)?*
- *If not, does it recognize its organizational weaknesses, and has it developed a plan for upgrading these aspects of its operations?*
- *Does the organization have qualified staff for all the necessary functions associated with the proposed activity, and is there adequate staff time available?*
- *If not, how does the organization plan to fill these gaps in personnel?"*

It should be pointed out that the CDBG sub-grantee program is a reimbursement system, where the City pays for services after the service has been provided and receipts or reimbursement have been reviewed for appropriateness. As long as the City continues to use this system, the City limits its risk in dealing with organizations that may not have traditionally strong financial statements, while continuing to provide the highest level of public service to its residents.

In reference to Page 3 lines 24 to 28, the additional wording make sense.

In reference to Page 3 line 38 to Page 4 line 3, I have not reviewed 6.16.060 C.

In reference to Page 4 lines 5 to 19, I would consult the Community Development Division to confirm the scoring system already in use for CDBG fund application to confirm the scoring systems are consistent.

In reference to Page 4 lines 21 to 42, the requirement to review quarterly status reports is a prudent measure by the City to ensure and anticipate any grant compliance problems.