

City of Annapolis Budget Revision Request

Control number GT-11-16

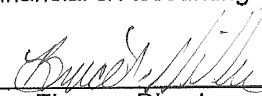
Department:
Planning & Zoning - CDBG Program Income

Date 28-Jan-2016

Account Name Only	Transfer FROM	Transfer TO
CDBG Program Income	134,065.00	
Light House Permanent Supportive Housing		30,000.00
Stanton Center Rehabilitation		35,000.00
Funding for Public Services		19,337.00
Administration		49,728.00

The City received an unusually large amount of Program Income in FY2015. The City is required to use program income before entitlement funds. At the request of HUD, this Budget Revision authorizes the reallocation of funds, from Program Income to ongoing projects that can incur expenses this fiscal year.

Approved for Financial & Accounting Sufficiency:



Finance Director



Department Director

Approved by:

- Mayor _____
- Finance Committee _____
- City Council _____
- City Manager _____



City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

145 Gorman Street, 3rd Floor, Annapolis, Maryland 21401

Chartered 1708

Annapolis 410-263-7961 • FAX 410-263-1129 • MD Relay (711)

C. PETE GUTWALD, AICP
DIRECTOR

December 10, 2015

MEMORANDUM

TO: Housing and Community Development Committee

FROM: C. Peter Gutwald, Director of Planning and Zoning
Theresa Wellman, Community Development Administrator

RE: Community Development Block Grant Program Income

HUD is requesting that the city allocate its FY 2015 program income of approximately \$136,000 for activities that can incur expenses in this fiscal year. The reason for this request is twofold. First, the city is required to use its program income before its entitlement funds. Second, the city is required to meet a timeliness standard for drawing down its CDBG funds. This standard is maintaining a ratio of 1.5 of funds that are in its line of credit divided by its most recent award. Currently the city ratio is well above that number (1.99) because of the unusually large amount the City receipted (\$128,000) in FY 2015. This amount greatly increased the amount of funds that we have on hand. Typically, the city receives approximately \$12,000 or less in program income annually.

After consulting with our HUD representative, we determined that the best course of action is to allocate the \$136,000 as follows:

- Light House Permanent Supportive Housing (\$30,000): This project is underway, the environmental review is complete, and the city is currently supporting the project with two CDBG awards in FY 2014 and FY 2015. The Light House has applied for \$25,000 in FY 2017 funds, however because they have already signed a construction contract, they have pre-incurred costs. This prevents the city from funding them with FY 2017 funds. By adding funds to the current year award, the city can fund the Light House request for \$25,000 in CDBG capital funds for FY 2017 and make up the difference between last year's request of \$25,000. We were only able to award \$18,000 in FY 2015.
- Stanton Center Rehabilitation (\$35,000): Again, improvements to the Stanton Center are underway and the environmental review is completed. Funding the improvements with grant funds saves the city money it could use on other projects.
- Additional Funding for Public Services (\$19,337): HUD rules also allow the city to use of 15% of the prior year's program income for public services. Because this program income was received after the Action Plan, it was not available for funding FY 2016 projects. The addition of this program income would allow the city to increase each public service project allocation by 52%.
- Administration (\$49,728): Each year HUD regulations allow the city to expend 20% of its entitlement allocation on general administration. Over the past several years departmental budget cuts have necessitated the use of these funds for administrative purposes.