



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

GROWTH MANAGEMENT

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MEMORANDUM

TO: Legal & Finance Committee

FROM: Barbara Garcia, Community Development Specialist

DATE: February 1, 2006

RE: Final Review and Approval of the Community Development Block Grant
FY 2006 Annual Action Plan

Staff is seeking Council final approval of the FY 2006 Community Development Block Grant Annual Action Plan. Attached please find a copy of the amended recommended funding allocations and the FY 2006 Annual Action plan that was approved by the Council on December 19, 2005.

The City received notice from HUD on January 17, 2006 regarding the amount of Entitlement funds we will receive for FY 2006. This was received after Council's initial approval of the FY 2006 allocations in December.

Due to the deadline for filing the City's Annual Action Plan, the allocation process and initial approval must be accomplished before Congress approves the final budget and releases that information to HUD. HUD directs Entitlement Cities to base their new plans on the previous year's entitlement amount, and make amendments to the plan, if needed, after the budget is released. HUD suggested in November, 2005 that all entitlement cities use an estimated 6% reduction from the previous year allocation when making their FY 2006 plans, due to the disasters in the south. Based on the Congressional reports from the House and Senate in early December, I decided to use an 8% reduction. Our actual allocation is a 10.1% reduction over FY 2005.

Rapid City's Entitlement for FY 2006 is \$507,911, and Council will have to make additional cuts to the plan totalling \$7,089. The Subsidy Committee was notified of the need for additional cuts and have made the following plan amendment recommendation to Council:



EQUAL HOUSING
OPPORTUNITY

EQUAL OPPORTUNITY EMPLOYER

- 1) Reduce the City Administration allocation by \$1,418, to \$111,029 (Mandatory due to HUD CAP of 20%);
- 2) Reduce the amount for Public Services by \$1,063 to \$83,272 (Mandatory due to HUD CAP of 15%); It is the Subsidy Committee's recommendation that within the Public Service category the full \$1,063 be taken from the allocation to Salvation Army, reducing their allocation to \$32,937;
- 3) Reduce Housing and Public Facilities & Improvements by \$4,608; It is the Subsidy Committee's recommendation that within the Housing and Public Facilities category the full amount of \$4,608 be taken from the City's Rehab Program, reducing their allocation to \$192.

Attached, for your review, are the comments received during the thirty-day public comment period from December 21, 2005 to January 20, 2006, and at the Public Meeting held on January 19, 2006.

RECOMMENDATION: The Subsidy Committee's recommendation is to approve the FY 2006 CDBG Annual Action Plan as revised and authorize the Mayor to sign the Application For Federal Assistance form, HUD Form 424 and the CDBG Certifications of Compliance. (See Attached)