



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

COMMUNITY DEVELOPMENT DIVISION

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MEMORANDUM

TO: Legal & Finance Committee

FROM: Barbara Garcia, Community Development Specialist

DATE: November 12, 2008

RE: Subsidy Committee Recommendations for FY 2009 Annual Action Plan CDBG Grant Allocations and Reallocation to FY 2009 of Funds from Previous Years.

Staff is seeking preliminary approval of the Fiscal Year 2009 Community Development Block Grant recommended allocations.

A spreadsheet showing requests in the amount of \$1,283,989 for Community Development Block Grant funding and the Subsidy Committee's recommendations for allocations is attached for your review.

Due to the timing of our program year and the Congressional budgeting cycle, the Subsidy Committee must use a "best guess" estimated amount for the CDBG allocation. The actual allocation amount will not be known until Congress passes the 2009 budget and HUD releases the Entitlement allocation amount to the City. We usually receive that notice in the January to March time frame. If the allocated amount is greater or less than the amount estimated (\$500,000), the Subsidy Committee will meet again and will have to make the appropriate adjustments, up or down, and the new recommendations will be sent back to City Council for approval and then published for public comment. HUD requires us to send in the estimated FY 2009 Annual Action Plan by February 15, 2009, and will allow us to amend the plan, following the above mentioned steps, upon notification of the actual Entitlement amount. Therefore, all sub-grantees will be notified that these allocations are subject to change.

Staff notes that federal regulations limit the amount the City can allocate to public service activities to 15% of the entitlement amount plus the program income from the most recently completed program fiscal year (2007), which amounts to \$86,591. The City may approve less than this amount or may choose not to fund public service activities.

Administration costs for the CDBG program may not exceed the 20% of the entitlement grant plus program income received during the program year, which is estimated to be \$101,200.



EQUAL OPPORTUNITY EMPLOYER

Estimated funding available for FY 2009 allocations:

Estimated FY 2009 Entitlement	\$ 500,000.00
Estimated Program Income from landslide loans and lease property	\$ 2,200.00
Estimated Revolving Loan Income from City Rehab program	\$ 3,800.00
Funds to be reallocated from previous years (Program income & Entitlement)	<u>\$ 27,414.65</u>
Estimated Total Funds Available =	\$ 533,414.65
<u>Less Program Administration funds</u>	<u>\$ 101,200.00</u>
Estimated funds remaining for Sub-grantee allocations	<u>\$ 432,214.65</u>
Balance Remaining for Activities:	
Estimated funds available for Public Services (Max 15%)	\$ 86,591.00
Estimated funds available for Housing, Economic Development, & Public Facilities and Improvements	\$345,623.65

Funding recommendations made by the Subsidy Committee were based upon:

- Department of Housing and Urban Development eligibility requirements;
- the benefit to low-and-moderate income persons in the community;
- project feasibility and cost effectiveness;
- compliance with the needs and priorities of the community as identified in the Rapid City Five Year Consolidated Plan; and
- the applicant's demonstrated ability to complete the project in the program year.

The Subsidy committee is recommending the reallocation of \$10,625.89 of program income received in previous years 2005, 2006 and 2007 and \$27,414.65 of entitlement funds allocated to Oglala Lakota College in 2007 for construction of an addition to the college that remain unspent. These funds are included in the total amount available for FY 2009 of \$533,414.65.

The activities approved for funding will be included in the FY 2009 Annual Action Plan. After preliminary Council approval of the proposed activities, a draft of the Annual Action Plan will be put on public display for a 30-day comment period. A Public Hearing to gather community comments will also be held during the 30-day comment period. All comments received will be provided to the Council for review and final approval of the Annual Action Plan prior to submission to HUD by February 15, 2008.

Staff Recommendation is for Council to provide preliminary approval of the Subsidy Committee Recommendations for the FY 2009 Annual Action Plan and for the reallocation of program income from 2005, 2006 and 2007 in the amount of \$10,625.89 and entitlement funds allocated to Oglala Lakota College in FY 2007 in the amount of \$27,414.65 to FY 2009 for allocations in the FY 2009 Annual Action Plan.