

STAFF REPORT

DATE: October 26, 2010

TO: City Council

FROM: Elvia García-Ayala, Community Services Director
Danielle Foster, Housing and Human Services Superintendent
Patrick Conway, Administrative Analyst II

SUBJECT: Budget Adjustment for the 2010 -2011 Community Development Block Grant (CDBG) Program

Recommendations:

Approve the attached budget adjustment (Attachment 1) to distribute the current year's federal Community Development Block Grant (CDBG) program funds to designated activities, as directed by the City Council with their funding decisions in April and as subsequently modified and approved by the federal government.

Fiscal Impact

CDBG funds are a federal funding source from the US Department of Housing and Urban Development (HUD) and are designated as Fund 215. During the budget process these funds are generally allocated to the CDBG program under administration and existing projects, without final details of approved projects and a final fund award amount for the year. A budget adjustment is necessary to correctly distribute the current year's allocation to specific activities, as authorized by the City Council during the public hearing and approval of the City's Annual Action Plan for use of these funds. That Action Plan was then reviewed and approved by HUD. The CDBG allocation from HUD for the current year is \$873,693.

Council Goal(s)

- **Financial Stability:** The proposed action supports the City Council's goal of financial stability by maximizing the use of federal grant funding to meet local needs.

Background and Analysis

HUD annually provides the City with an allocation of CDBG funds that are used locally to implement economic development programs, public accessible barrier removal projects, and social service programs that principally benefit low-income and very-low income persons and families. At the time that the preliminary budget for the upcoming fiscal year is prepared, staff does not know the specific activities and amounts that will be approved for funding. Therefore, it is necessary at the start of the fiscal year to complete a budget adjustment assigning specific accounts and funding levels to each approved activity.

The CDBG allocation from HUD for the current year is \$873,693 and the uses of these funds were approved by the City in April after conducting a public hearing. Staff submitted the City Council's funding decisions in the form of an Action Plan, which now has one variation from the original proposal because of federal limitations on one of the previously envisioned projects.

Since the City Council's approval of the Annual Action Plan, HUD directed the City to stop funding the ADA Self-Evaluation and Transition Plan activity as a project, deeming it an administrative activity that would be required to comply under the 20 percent administrative cap for the program. Staff was able to complete the bulk of the tasks under the Self-Evaluation and Transition Plan during the 09-10 fiscal year, and is now attributing costs related to this activity to their corresponding projects and locations. The funds, previously budgeted to the Self Evaluation and Transition Plan, have now been moved to two existing ADA project activities for the current fiscal year that had plenty of work to absorb an increase in funding. A total of \$28,291 was added to the High Priority ADA Repairs and Improvement activity increasing the funding to \$53,291 and \$10,000 was added to the ADA Parking and Facility Compliance activity increasing the budget to \$335,000. These budgeting changes maintain the staff time needed to implement these projects, as part of the Self Evaluation and Transition Plan, while also addressing the concerns of HUD staff that the City not create an administrative activity that does not tie to project expenses. Making these budgeting changes addresses how time for the Self Evaluation and Transition Plan project was charged in prior years and improves its budgeting for the upcoming year.

Approval of the proposed budget adjustment contained in Attachment 1 will allow the City to proceed with the implementation of the Annual Action Plan that has been authorized by HUD for Program Year 2010-2011.

Attachment

1. Budget Adjustment

F-928-20
07/90
TO: City Manager
VIA: Budget Analyst

CITY OF DAVIS
Request for Budget Adjustment

Agenda Item: 4K
City Council Meeting Date: 10-26-10

FROM: Community Services Department

Dept Head

Signature and Date

[Signature]
10/14/10

I request the following budget adjustments.

A. Internal Transfers of Currently Appropriated Funds:

TRANSFERS FROM PROGRAM NAME	FUND NO.	DIV/ PROG.	ACTIVITY	ELEMENT/ OBJECT	AMOUNT (CR)	HOURS
CDBG Admin-Professional Services	215	48-50	470	45-50	129,990	✓
ADA Parking & Facility Compliance	215	81-26	410	45-30	161,860	✓
Facility ADA Assessment & Imprv	215	81-78	410	<i>See Defon</i> 01-01	25,838	✓ 603
TOTAL					\$317,688	

B. New Appropriation's Source of funding/Revised Revenue Change:

Unallocated Reserve	Fund Name	Fund No.	
Unallocated Reserve	Fund Name	Fund No.	
New/Revised Revenue (215-0000-321-3000)	HUD/CDBG	215	-31,797
Circle One	Activity Elem Obj	Fund Name	Fund No.
			-31,797

C. Allocation of Internal Transfers and/or New Appropriations:

TRANSFERS TO PROGRAM NAME	FUND NO.	DIV/ PROG.	ACTIVITY	ELEMENT/ OBJECT	AMOUNT (DR)	HOURS
Public Facility ADA Improvements	215	48-56	470	85-41	37,785	
Facility ADA Assessment & Imprv	215	81-78	410	85-41	83,838	
VMC Restroom Accessibility	215	82-16	410	85-41	121,430	
Playground ADA Improvements	215	48-57	470	85-41	17,000	
Public Facility ADA Improvements	215	48-56	470	01-01	15,506	360
ADA Parking & Facility Compliance	215	81-26	410	01-01	6,762	160
VMC Restroom Accessibility	215	82-16	410	01-01	3,570	83
TOTAL					\$285,891	

D: Reason For Adjustment (Explain fully. Attach sheet if necessary. If new revenue, record a description on reverse side on Part VI.)
See attached staff report.

FINANCE DIRECTOR

A. Funds have been appropriated & are available.

B. Funds have been appropriated.

Funds must be ~~appropriated~~ *de-appropriated*

Comments:

[Signature]
Signature and Date

Date: 10/14/10 BA No. 028

CITY MANAGER

A. Approved
 Disapproved

B. City Council appropriated funds.

City Council informed of revised revenue estimate.

Comments:

Signature and Date

Posted By: _____