



CITY OF POMONA COUNCIL REPORT

April 1, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

SUBJECT: ADOPT A RESOLUTION AMENDING THE FY 2018-19 CITY OPERATING BUDGET, BY DECREASING REVENUE ESTIMATES AND APPROPRIATIONS FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM BY \$186,569 AND INCREASING APPROPRIATIONS FOR THE LOW-MOD HOUSING ASSET FUND BY \$29,887

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Adopt the following resolution:

RESOLUTION NO. 2019-38 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE FY 2018-19 CITY OPERATING BUDGET, BY DECREASING REVENUE ESTIMATES AND APPROPRIATIONS FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM BY \$186,159 AND INCREASING APPROPRIATIONS FOR THE LOW-MOD HOUSING ASSET FUND BY \$29,887; and

- 2) Authorize the City Manager to take necessary actions needed to ensure the repayment of \$29,887 in non-federal funds to the U.S. Department of Housing and Urban Development (HUD) per HUD finding.

EXECUTIVE SUMMARY

Annually, the Housing Services Division administers and implements over 15 different grants, including those from the U.S. Department of Housing and Urban Development (HUD) totaling over \$30 million in program funds. Staff has identified \$186,569 in budget line items where there are expenditure overages for which funds must be appropriated and un-appropriated in the FY 2018-2019 Operating Budget, and others that must be returned to HUD. Some of these funds are available in eligible CDBG program activity line items and \$29,887 will be taken from a non-federal source, Low-Mod Housing Asset Funds, per HUD finding. The proposed budget amendments will increase or decrease revenue estimates and appropriations to the budget.

FISCAL IMPACT: There will be no impact to the General Fund. This action involves decreasing or increasing revenue estimates and appropriations to the FY 18-19 Operating Budget, and repayment of funds to HUD for over expenditure of CDBG Administrative funds. The proposed appropriations/un-appropriations are as follows:

Project	Funds	Account No.	Amount
CDBG Program Administration	CDBG	213-1315-40393-65101	-\$14,943
		213-1315-40848-65101	-\$21,626
Housing Services	CDBG	213-1791-40848-65103	-\$150,000
Administration Costs	Low-Mod Housing Asset Funds	131-6201-52080-00000	+\$29,887

PUBLIC NOTICING REQUIREMENTS: No public noticing is required as the appropriations do not constitute a substantial amendment per the City's Consolidated Plan and Citizen Participation Plan.

PREVIOUS RELATED ACTION: On June 4, 2018, the City Council approved the 2018-2019 City Operating Budget.

DISCUSSION

Un-appropriation of Grant Funds

Housing Services

On April 23, 2018, Council approved miscellaneous appropriations including \$150,000 in CDBG funds for Housing Services. These funds were reallocated to the Emergency Shelter Annex project and budgeted in the Capital Improvement Budget. However, there was no subsequent reduction of funds in the FY 18-19 Operating Budget to the Housing Services Project. This budget amendment will reduce the revenue estimate and appropriation in the City's FY 18-19 by un-appropriating \$150,000 from Housing Services.

CDBG Program Administration Costs

The CDBG Program allows up to 20% of the entitlement award amount to be used for planning and program administration costs. In addition to annual CDBG entitlement funding, the City also receives program income from pay-offs received from CDBG-funded loan programs. The City may utilize 20% of its entitlement funding, plus 20% of program income for program administration costs. As in past practice, funds were committed to FY 17-18 eligible activities and eligible activities for the current year.

On February 28, 2019, HUD notified the City that it had exceeded its CDBG Program Administration Cap for FY 17-18 due to changes in regulatory guidelines. Staff was informed that program income must now be used only in the year it is generated and posted. Funds totaling \$36,569 were budgeted in the FY 18-19 Operating Budget and must be unappropriated along with reductions in revenue estimates in order to not exceed program administration caps for the current year.

Appropriation of Grant Funds

Low-Mod Housing Asset Funds

As noted in the scenario above, CDBG Program income funds were budgeted in FY 17-18 and the administration cap was exceeded. This amount of expenditure overage totals \$29,887 and must be repaid to HUD with non-federal funds. It has been determined that the City is able to utilize Low-Mod Income Funds for this obligation.

The requested amendments to the FY 2018-2019 City Operating Budget are as follows:

	Change to 18-19 Revenue Estimate	Requested 18-19 Appropriation
<u>Community Development Block Grant Funds</u>		
Housing Services (213-1791-40848-65103)	- \$ 150,000	-\$ 150,000
CDBG Program Admin (213-1315-40393-65101)	- \$ 14,943	- \$ 14,943
CDBG Program Admin (213-1315-40848-65101)	- \$ 21,626	- \$ 21,626
 <u>Low-Mod Housing Asset Funds</u>		
Administrative Costs (131-6201-52080-00000)	+ \$ 29,887	+ \$ 29,887

Prepared by:

Beverly Johnson
Housing Services Manager

ATTACHMENT(S):

Attachment 1 - Resolution No. 2019-38