

## INTEROFFICE MEMORANDUM

June 14, 2011

**MEMO TO:** J. Russell Allen  
City Manager

**FROM:** Jamie Brown, Budget & Management Analyst

**SUBJECT:** Budget Note 31 – FY12 Community Development Federal Grant Awards

The Community Development (CD) department has received final grant award numbers for the Community Development Block Grant (CDBG), Home Grant, and Emergency Shelter Grant (ESG) programs from the federal government. The final awards are less than those estimated and included in the FY12 Proposed Operating Budget and will necessitate the adjustment of several line items in various CD program budgets.

The final grant awards are as follows:

Grant	Final Award	Projected	Variance
CDBG	\$ 2,256,455	\$ 2,548,391	\$ (291,936)
HOME	\$ 1,255,728	\$ 1,355,189	\$ (99,461)
ESG	\$ 108,680	\$ 102,272	\$ 6,408
		<b>Total</b>	<b>\$ (384,989)</b>

To offset the loss of grant revenues, CD has identified reductions in the various program expenditures associated with each grant fund. However, the total amount of administrative costs reimbursable by the federal grants is capped at 10% for Home and 20% for CDBG. The final award reduction, reduced the total grant support of the operational funds by \$66,007. The majority of the department operational expenses are tied to positions and the department is currently fully staffed. Unless forced to reduce staffing, the department will need to increase their general fund subsidy by \$66,007.

Please see the attached document for details related to budget line item account changes.

Fund	Description	DeptID	Program	Acct	Descr	Original Proposed	Updated Proposed
<b>Revenues</b>							
741	Community Dev Block Grant (CDBG)	3210	987	513280	Federal Grants	\$ 2,548,391	\$ 2,256,455
751	Home Grant	3210	987	513280	Federal Grants	\$ 1,355,189	\$ 1,255,728
775	Emergency Shelter Grant	3210	987	513280	Federal Grants	\$ 102,272	\$ 108,680
Total						\$ 4,005,852	\$ 3,620,863
<b>Variance</b>							<b>\$ (384,989)</b>

<b>Expenses</b>							
741	Community Dev Block Grant (CDBG)	3210	987	725200	Administration - Gr	\$ 184,616	\$ 125,383
741	Community Dev Block Grant (CDBG)	3210	987	725330	Rehabilitation/Rehab Loans - G	\$ 442,045	\$ 209,342
751	Home Grant	3210	987	725200	Administration - Gr	\$ 110,935	\$ 100,942
751	Home Grant	3210	987	725300	Program Expenditures - Gr	\$ 203,278	\$ 188,359
751	Home Grant	3210	987	725330	Rehabilitation/Rehab Loans - G	\$ 512,513	\$ 437,964
775	Emergency Shelter Grant	3210	987	725300	Program Expenditures - Gr	\$ 102,272	\$ 108,680
Total						\$ 1,555,659	\$ 1,170,670
<b>Variance</b>							<b>\$ (384,989)</b>

**Changes Related to Administrative Cap Requirement**

<b>Revenues</b>							
735	Housing Development-Operating	0000	-	550000	Fr 100 General Fd	\$ 912,280	\$ 1,000,654
736	Housing Development-Projects	3210	-	550000	Fr 100 General Fd	\$ 369,073	\$ 346,706
Total						\$ 1,281,353	\$ 1,347,360
<b>Variance</b>							<b>\$ 66,007</b>

<b>Expenses</b>							
735	Housing Development-Operating	3210	310	725990	Grant Expend Reimb	\$ (1,042,178)	\$ (953,804)
736	Housing Development-Projects	3210	320	725020	Grant Match City Share	\$ 128,128	\$ 109,491
736	Housing Development-Projects	3210	320	725020	Grant Match City Share	\$ 50,820	\$ 47,090
Total						\$ (863,230)	\$ (797,223)
<b>Variance</b>							<b>\$ 66,007</b>

**Changes to General Fund Expenditure Accounts**

100-1040-877350-102	To 735 Housing Operations	\$ 88,374
100-1040-877360-102	To 736 Housing Projects	\$ (22,367)
100-1040-720090-102	Rsv - M&O	\$ (19,917)
100-2250-601300-232	Salary Reserve	\$ (46,090)