



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2005-0676

TO: Mayor and City Council Members
FROM: Joe Snyder, Senior Financial Analyst / (248) 841-2534
DATE: October 10, 2005
SUBJECT: Community Development Block Grant (C.D.B.G.) Planning Year 2006-07 Application

REQUEST:

I recommend City Council adopt the proposed Community Development Block Grant (C.D.B.G.) program allocation amounts for the 2006–2007 Program Year.

REASON FOR PURCHASE:

In keeping with Congressional and the Department of Housing and Urban Development (HUD) guidelines there must be a Public Hearing for the elected officials of each community to hear public comments regarding the proposed uses of Community Development Block Grant (C.D.B.G.) funding. The City of Rochester Hills has been involved in the C.D.B.G. program since its inception in 1975. Over that time the City has allocated nearly \$4.0 million to provide needed services for our residents.

In keeping with Congressional and the Department of Housing and Urban Development (HUD) guidelines, the City of Rochester Hills held a public hearing regarding the 2006/07 CDBG funding allocation on November 2, 2005. A resolution from the Rochester Hills City Council is required to adopt the following CDBG programs and funding amounts:

- \$52,678 **Minor Home Repair (731227)** – To assist approximately twenty (20) low-moderate income households with a variety of necessary home repairs, connections to the city water and sewer system (*does not include capital or lateral fees*) and/or corrections of city ordinance violations. Repairs and/or improvements will conform to City of Rochester Hills and Oakland County guidelines and State of MI Lead Based Paint requirements.

- \$30,000 **Planning (731360)** – Planning Services including comprehensive Environmental Assessment, Thoroughfare and Master Planning and Historic District Surveys located within the City of Rochester Hills.

- \$36,144 **Public Services / Yard Services (732170)** – Home Chore Program to service approximately ninety (90) very-low income senior citizens and disabled adult households by providing for spring and fall yard clean-up services, bi-weekly lawn mowing services (May- mid Oct.), and snow plowing services during the winter months.

- \$14,000 **Public Services / Youth Services (732185)** – Rochester Area Youth Assistance - Provide youth enrichment programs including summer camp and tutoring for approximately 100 youths from low-moderate income families.

\$5,250	Public Services / Battered & Abused Spouses (730137) – HAVEN - Provide shelter and counseling services for approximately 150 abused spouses and their children who are residents of the City of Rochester Hills.
\$5,250	Public Services / Legal Services (731073) – Provide legal and counseling services for approximately 100 abused spouses and their children who are residents of the City of Rochester Hills.
\$3,500	Public Services / Emergency Clothing (730571) – Reimburse the administrative costs of one or more non-profit agencies that provide emergency clothing services to approximately 200 low-moderate income residents of the City of Rochester Hills.
\$3,500	Public Services / Youth Services (732185) – Avondale Youth Assistance - Provide youth enrichment programs including summer camps and tutoring for approximately 50 youths from low-moderate income families.
<u>\$150,322</u>	Grand Total 2006–2007 C.D.B.G. Allocation

There are several differences between the current 2005-06 Program Year and the proposed 2006-07 Program Year. There was much discussion at the Federal Government level early this year regarding the possible elimination of the C.D.B.G. program. The City of Rochester Hills City Council passed a unanimous resolution opposing the elimination of the C.D.B.G. program, which was forwarded on to state and federal legislators to show our support of the importance this program has to our community. After lengthy deliberations, the C.D.B.G. program was continued into 2006-07, however at a 10% reduction from last year's level.

Another change at the Oakland County level relates to the amount of funding that can be allocated towards Public Service type activities versus Construction / Planning type activities. In the past, communities were able to allocate a maximum of 50% of their total allocation towards Public Service activities, with the remainder being allocated towards construction/planning activities. Beginning with the 2006-07 plan year however, the maximum allocation that can be used for public service type activities has been reduced to 45% of the total allocation, with the remainder going towards construction/planning type activities.

In developing the 2006-07 program it is proposed to allocate the full 45% maximum allowable of \$67,644 (= \$150,322*45%) to Public Service activities. This amount is a reduction of 24% from 2004-05 funding levels. Clearly there are far more needs than available funds.

From discussions with the Older Person's Commission it has been decided to reduce the eligible income criteria for the Home Chore Program from the 'Low Income Bracket' to the 'Very-Low Income Bracket', this will result in a reduction of the number of qualified seniors from approximately 120 seniors currently, down to approximately 90 seniors. Over the past few years on average, each senior has received approximately \$400 worth of services per year (including snow, lawn and clean-ups). This adjustment will save approximately \$12,000 per year.

The various service agencies that the City of Rochester Hills has supported for a number of years have also been contacted and informed of the current funding situation. Due to existing financial constraints, each Public Service agency will receive a 30% decrease in allocated funding from 2005-06 levels.

On the Construction / Planning type activities allocations, it is proposed to allocate just under the 20% maximum of the annual allocation towards Planning type activities of \$30,000 (= \$150,322*20%). These funds can be used to provide for environmental site testing, master planning or historic district surveys.

The Minor Home Repair program would receive \$52,678 towards 2006-07 funding that will be used for a variety of purposes for low-moderate income families including but not limited to furnace replacements, connections to the city water and/or sewer system (*does not include capital or lateral fees*), corrections of ordinance violations, or other health/safety issues that need to be addressed. This proposed allocation is an increase from prior year levels.

PROCESS:

Vendor Name and Address:

Each vendor will be procured according to City of Rochester Hills and Oakland County Community and Home Improvement Division procedures.

Reason for Selection:

Best value to the benefiting clients

Method of Purchase:

Request for Proposal (RFP)

BUDGET:

As long as all expenditures qualify and all C.D.B.G. guidelines are followed, all expenditures are completely reimbursed through the program. Amounts vary from 2006 Adopted Budget figures due to the fact that communities are not informed of their annual allocations until late September each year, after the budget has been prepared and submitted.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
General Fund	C.D.B.G.	Professional Services	\$45,000	\$31,500	\$13,500
General Fund	C.D.B.G.	Prof. Services – Other	\$36,000	\$30,000	\$6,000
General Fund	C.D.B.G.	Prof. Services – MHR	\$52,280	\$52,678	(\$398)
General Fund	C.D.B.G.	Contractual Services	\$43,270	\$36,144	\$7,126
		TOTAL	\$176,550	\$150,322	\$25,728

RECOMMENDATION:

I recommend City Council adopt the proposed Community Development Block Grant (C.D.B.G.) program allocation amounts for the 2006–2007 Program Year.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		

Document3