



APPROVED by CD Commission 7-24-12
MINUTES
COMMUNITY DEVELOPMENT COMMISSION STUDY SESSION
Tuesday, June 26, 2012, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the study session to order at 7:00 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Chris Diana, George Francis, Theresa Michelson, Jerry Moreland, Dennis Vidoni

Commission Members Absent: Janice Bengtson, Anne Heinze Silvis

Others Present: Kelly Mierkowski, Jenell Hardy, and Connie Eldridge, Community Development Services; Laurel Lunt Prussing, Mayor, City of Urbana.

Petitions and Communications: Mayor Laurel Prussing presented a Certificate of Appreciation to Commissioner Theresa Michelson, who is leaving the Community Development (CD) Commission after being a member for eight years.

Discussion: **Community Development Block Grant (CDBG) Public Facilities Scoring of Applications** – Kelly Mierkowski discussed the Department of Housing and Urban Development (HUD) CDBG Regulation Section 570.309, Restriction on Location of Activities. The following attachments, which are from *Managing CDBG – A Guidebook for CDBG Grantees on Subrecipient Oversight*, were also discussed: Application Rating System form, Subrecipient Selection Checklist, and Risk Analysis Matrix. Also included was an excerpt from the *City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Fiscal Year (FY) 2010-2014 Consolidated Plan* entitled “Goals, Strategies and Activities to Address Local Funding Priorities and Community Need.”

In response to Commissioner Roof, Ms. Mierkowski stated that the Cities of Urbana and Champaign and the Village of Rantoul are entitlement communities that receive their own CDBG funds. In contrast, the Urbana HOME Consortium is composed of three entities: the Cities of Urbana and Champaign and Champaign County. HUD provides HOME Investment Partnerships (HOME) funding to the Urbana HOME Consortium, which then allocates a percentage of HOME funds to each entity. There is no equivalent CDBG consortium.

Referencing Section 570.309, Commissioner Roof felt the City could use funds outside the entitlement’s jurisdiction for purposes that met the spirit of CDBG funds. Ms. Mierkowski clarified CDBG funds must still benefit citizens of Urbana, for example, an agency located in Champaign that serves Urbana residents.

There was discussion on the application rating system, number of applications, and filtering based on number of points. Commissioner Roof asked about scoring applications in Phase 1, with agencies receiving 50 points moving to Phase 2. Ms. Mierkowski responded that in the last few

years all agencies have scored more than 50 points, with most applicants receiving a score near 100. Jenell Hardy added that this scoring system would be more useful if there were a large number of applicants. However, most applicants for Urbana CDBG Public Facilities funds make it to Phase 2. Commissioner Diana remembered in the past there were occasions when some applicants did not meet the minimum threshold. Ms. Mierkowski noted some applicants did not have eligible activities, so those applications were not forwarded to the CD Commission. Commissioner Roof suggested including an additional rating system in Phase 2 to identify need. Ms. Mierkowski said the CD Commission could choose to do this.

Referencing the bonus points at the bottom of the scoring sheet, Commissioner Francis remembered the system did not give the number of points equal to the percentage of the total population of Urbana, and he felt the interpretation was not justified. Ms. Mierkowski clarified it was not the population of Urbana; rather, it was based on the number of Urbana residents served by the applicant. For example, a program serving a total four persons, of which two were Urbana residents, would be calculated at 50%, which would equal 50 points. Commissioners Francis and Roof did not agree with this. Ms. Mierkowski remarked that most programs serve more people. Chairperson Cobb agreed this section should be clarified. The number of residents as compared to the population of Urbana is different from the number of people served in an organization.

Commissioner Diana remarked that the bonus points section could be interpreted different ways. Ms. Hardy explained that the application asks the total number people served by the agency, and of that number, how many are Urbana residents. Commissioner Diana asked if these were HUD questions. Ms. Hardy answered no, those were written in-house. Ms. Mierkowski explained this was included to further assist with the scoring based on direction from City Council.

Commissioner Michelson noted that the application rating system was not directly from HUD. Ms. Mierkowski stated that HUD provided this form, which was created by Palm Beach, FL, as a good example for entitlements. At Urbana's last CDBG monitoring, the HUD representative liked the City's file folder system and planned to use it as an example for other entitlements.

There was discussion on rating applications based on percentage of Urbana residents versus actual number of Urbana residents served. Chairperson Cobb asked commissioners to consider the desired outcome, since different wording would generate a different outcome. His goal was to benefit as many Urbana residents as possible. Using percentages, it was possible for an agency to receive a higher score than another agency that actually benefitted a higher number of Urbana residents.

Commissioner Diana discussed the issue of the dollar outcome to Urbana residents. In one example, serving more Urbana residents may result in spending more CDBG funds outside of rather than inside of Urbana. Section 570.309 refers to, "...reasonable benefits from the activity will accrue to residents within the jurisdiction of the grantee." Chairperson Cobb felt that meant fewer dollars per person, but more persons would receive dollars. Commissioner Diana stated that using percentages to determine funding is skewed; however, using number of persons will also be skewed, but in a different way.

Commissioner Francis said this only refers to the proposal's merits, while the CD Commission has a separate discussion on dollar amounts. At that point the CD Commission considers benefit to the City. He suggested eliminating the bonus points. Commissioner Diana remembered that the CD Commission rarely changed the amount of requested funding. The key to the application process is

that all applicants know the rules and guidelines, which need to be straightforward. Referencing the difference between functional and cosmetic needs, Commissioner Roof agreed with removing the bonus points and suggested a more formal mechanism for agencies to justify need. Noting that bonus points were a slippery slope, Commissioner Diana said the scorecard already addresses need.

Commissioner Vidoni asked Mayor Prussing if there was guidance from City Council on the issue of bonus points. Mayor Prussing was interested in the CD Commission's thoughts on funding. She noted that Urbana's Consolidated Social Service Funds (CSSF) help social service agencies, which are located in Champaign, but also serve Urbana residents. Urbana spends about six times more per capita on social services than Champaign. Because Urbana cannot afford to subsidize another jurisdiction, Council must take into consideration whether another jurisdiction has grant funds but chooses not to use them in that manner. Ms. Mierkowski stated that each entitlement community sets its own priorities, with the City of Champaign choosing to use their federal funds in their Bristol Park redevelopment rather than for public facilities. Mayor Prussing questioned whether it was Urbana's obligation to fund a Champaign agency's project, if the City of Champaign had the opportunity to fund it but chose not to. Should Urbana fund a project in Champaign instead of another project in Urbana? Commissioner Roof noted that while the social service agency was located in Champaign, its doors were open to anyone. Mayor Prussing remarked that the City of Urbana is the only community that is funding social services for an agency located in Champaign. While Urbana is willing to do its share, Urbana cannot accept responsibility that another jurisdiction did not accept.

Commissioner Francis said the location of social service agency was irrelevant and noted all disapprove with how the City of Champaign uses its funds. He disagreed with using city boundaries to determine funding for social service agencies that help people in need. This brought a political dimension to the issue. Mayor Prussing stated the social service needs are far greater than Urbana can possibly fund. The issue is not partisan; rather, the issues are fairness, taking responsibility for unmet needs, and good use of HUD funds. Urbana is struggling to fund all it can, and this should be recognized. Ms. Mierkowski commented that the City of Champaign's priority is neighborhood based. They use city rather than CDBG funds to help agencies that provide programs within those neighborhoods.

Chairperson Cobb reviewed the points of discussion and agreed with eliminating the bonus points. Commissioner Michelson felt it was important to know the total number of persons served and the number of Urbana residents; however, she did not want to award bonus points. Commissioner Roof suggested that staff rank applications relative to each other for that fiscal year. Referencing the FY 2012-2013 applicants, Ms. Hardy noted that one agency already had a carryover project. The concern was this agency did not have capacity to accomplish both projects. She discussed HUD's timeliness deadlines for expending CDBG funds. When allocating CDBG funds, staff must consider whether agencies can spend the funds in a timely manner. In response to Commissioner Roof, Ms. Hardy explained this issue became apparent near the end of FY 2011-2012. He agreed this was an important component of the funding process.

Commissioner Roof suggested that staff rank applications for a fiscal year and then justify the ranking relative to the other applications. Priority should be based of functionality of physical need.

Commissioner Vidoni thanked Mayor Prussing for her articulation on the City's resources. He wanted Council to consider when the greater good does not easily convert into proportionality.

Commissioner Francis moved to recommend that Grants Management Division staff remove the bonus points category on the Application Rating System and provide more information on how funding decisions are made. Commissioner Roof proposed a friendly amendment to add percent and number of Urbana residents served but not award points. Noting that a general condition cannot solve every case, Commissioner Francis rejected the friendly amendment. There was discussion on receiving the scorecards earlier, ability of an agency to finish current projects, an agency's administrative functionality, and including the number and percentage of Urbana residents served. Commissioner Francis stated that by reducing the impact of the rating system, it increases the CD Commission's responsibility to meet HUD's Section 570.309 technically and practically. Commissioner Roof agreed. Commissioner Diana seconded the motion.

Commissioner Moreland was concerned with limiting assistance based on location, which may put a social service agency in a position where it may not be able to provide assistance or the same level of assistance. Ms. Hardy clarified that CDBG Public Facility funds are not necessarily a direct benefit to clients; rather, the funds benefit the agency overall. Therefore, all persons served by that agency's public facility would benefit. In contrast, social service agencies use Consolidated Social Service Funds to directly benefit Urbana residents.

In agreement with Mayor Prussing, Commissioner Diana stated that politics cannot be taken out of this issue. Due to the City of Champaign's decision not to fund social service agencies with CDBG funds, those organizations are now requesting funds from the City of Urbana rather than the City of Champaign. Referencing HUD's Section 570.309, the CD Commission must do its best to justify spending CDBG funds outside of Urbana's jurisdiction. He proposed asking applicants why Urbana dollars should be spent outside of Urbana. Commissioner Francis agreed, and Commissioner Roof supported the motion on the table. After learning the scorecards were an internal tool, Commissioner Roof requested the applicant's relative score be included as part of the meeting packet so that it is in the public domain.

The motion carried unanimously.

Adjournment: Chairperson Cobb adjourned the meeting at 8:02 p.m.

Connie Eldridge, Recording Secretary