

**COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION
McHenry County Government Center – Administration Building
667 Ware Road – Conference Room B
Woodstock, IL 60098**

MINUTES OF JUNE 23, 2010

CALL TO ORDER

Chairman Draffkorn called the meeting to order at 8:15 a.m.

ROLL CALL/ATTENDANCE

Members Present: Sue Draffkorn (Chairman), Yvonne Barnes, Scott Breeden, Tina Hill, Barbara Wheeler, Carol Louise, Phil Bartman, Mark Ruda, Robert Miller, Robert Pierce, Lowell Cutsforth, Rosemary Kurtz, Stanley Duda, Kimberly Larson and Craig Hubert.

Members Absent: Randy Donley and Robert Martens

Staff Present: John Labaj, Deputy County Administrator; Dennis Sandquist, Director of Planning & Development; Maryanne Wanaski, Community Development Administrator, Sarah Ciampi, Community Development Coordinator; Faith Taylor, Community Development Specialist; Jean Niemann, Community Development Specialist and Pat Melone, CDBG Administrative Specialist

Chairman Draffkorn called the roll and confirmed a quorum was present.

MINUTES

Mr. Miller made a motion seconded by Ms. Louise to approve the minutes from May 26, 2010. Chairman Draffkorn asked if there were any corrections or additions – there were none. The minutes were approved on a voice vote with all members present voting aye.

PUBLIC PARTICIPATION

None

OLD BUSINESS

Staff Report: Ms. Barnes asked for clarification on “rapid expenditure and potential re-allocations,” as to which program that applied to. Ms. Ciampi confirmed that it was HOME. Ms. Barnes then asked for clarification on the meaning of “on-site desk monitoring.” Ms. Ciampi said it is HUD terminology for a site visit and review of items that are kept on a desk. There were no further questions.

NEW BUSINESS

Resolution – Amendment to Resolution R-200911-10-332 and Resolution R-200911-10-333 – Allocations of 2010 CDBG and 2009 CDBG funds and related Action Plans: There was discussion in depth regarding cuts to pending projects for 2010 and 2009 rollover funding. Some commissioners felt the need for additional time to debate this topic prior to voting and the need to notify agencies affected by this vote. Motions were made, amended and rescinded. Motion by Ms. Wheeler seconded by Mr. Pierce to table the vote on resolution Item 6.1 for a meeting June 30 at 8:15 in Conference Room B. On a roll call vote all members present voted aye and the motion carried. There was then further in depth discussion on this topic and the need to invite sub-grantees to the June 30 meeting.

Ms. Hill asked Staff if the criteria used to make reduction recommendations were based on HUD criteria or whether Staff used their own criteria or professional judgment. Ms. Barnes stated that she had contacted Staff prior to the meeting in order to understand what criteria was used for making the reduction recommendations, and to ascertain whether that criteria used was based on HUD requirement or professional judgment. Ms. Barnes stated her understanding from speaking with Staff was that there were no formal HUD criteria for making fund reductions, and Staff had made professional judgments. Ms. Barnes stated the Commission had the responsibility to come up with criteria on their own and it is the Commission’s final decision.

Maryanne Wanaski stated the decisions are the Commission's to make, and that HUD does not have formal criteria to be used for reduction decisions because HUD is not in the practice of de-funding grants; however, Staff asked for guidance from the HUD Region V Office. Staff was advised to stay within funding caps (20% Administration and 15% Public Services), to consider the total amount of money from the County as a whole that was going to an agency, and to consider how much unspent money is obligated to each agency from previous grant years. Staff had three meetings internally to evaluate each agency, and final funding recommendations were presented in the Resolution.

Mr. Duda asked Staff if the caps were a capped percentage for each Public Service agency. Ms. Wanaski explained that the caps are HUD required. The 15% cap for Public Services is 15% of the total grant allocation for the program year; further, HUD caps Public Services because the CDBG grant is a brick and mortar grant, not Public Services focused. The 20% Administration cap is set because HUD recognizes that a Grantee needs money to administer a grant. Staff did not recommend de-funding all Public Services across the board because some agencies were slated to receive only a small amount of funds, which could make the project infeasible or a program under-funded.

Public Services expected to receive over \$10,000.00 were considered for de-funding.

Mr. Duda stated that the Commission should keep in mind, when de-funding agencies with lower amounts of funds; the Commission needs to look at tackling a single project to be more meaningful. If the Commission decides to de-fund across the board as a percentage, the Commission is getting back into the old mindset of trying to spread out funds ultimately rendering no great real value to any organization. Mr. Pierce stated that originally, the money was intended to be seed money, not to fund the same agency every year. Ms. Wanaski said that the agencies receiving funds were not new agencies, thus not needing seed money but that Mr. Duda was referring to funding two or three agencies with enough money to do a whole rehabilitation of a structure so they do not need additional funding every year.

Then Staff assessed all the funding that was still on the books from the previous year to determine what organizations had some wiggle room if de-funded in order to make it to the next funding round. Most of the projects are for the same use from last year that was proposed from 2010 year. Ms. Barnes asked if Staff had made an assumption that an agency can use the balance from the previous year to make up the difference in the amount of the de-funded 2010 allocation and still be able to get the 2009 project completed. Ms. Ciampi stated that agencies can ask to use the previous year's funds for other purposes if those funds should need to be re-programmed for another use. Ms. Ciampi stated Staff was concerned about loading an agency with too much money to spend because past money needs to be spent related to the CDBG timeliness of expenditure. Also, Ms. Ciampi stated Staff was concerned that remaining money for agency staff services not expended last year, in addition to 2010 agency money for the same staff services, could not feasibly be spent in the same time period.

Ms. Louise stated that 2009 rollover contracts were not signed until December last year and therefore they only had six months to expend money, therefore they have balances. Ms. Wanaski stated 2009 rollover contracts were **not** issued and those agencies were in the same boat as 2010 agencies. Ms. Louise stated that the agencies should be invited to the June 30, 2010 meeting. After discussion, staff was directed to make Public Notice and personal invites to agencies for their participation at the next open public meeting because the Commission believed that agencies did not know from the agenda that funding reductions were being discussed.

Mr. Bartman stated that the public notice should state the word "reduction" to be clear as to the purpose of the meeting, also Mr. Bartman said the Staff should have involved the agencies directly in the beginning of our Staff meetings before coming to the Commission to ask their input for awareness of the problem and ask them for their input. Mr. Duda said regarding getting agencies involved in this decision, due to the fact that there is no procedure for de-funding agencies, discussions with agencies to debate the approach to be taken could put Staff in a precarious position due to personal interests of the parties in discussion. Mr. Duda said that Staff should have a procedure in place before having a discussion with the agencies. Mr. Bartman agreed, adding that discussion with the agency then should take place before coming to the Commission. Mr. Barnes stated Commission has the right to suggest criteria also, and that using the

criteria that an agency had funds from other County sources was perhaps not so important, and did not seem to be a valid point in the decision making process but that thought over the next week about the subject would be required. Ms. Hill stated the most important criteria are the consideration for the amount of funds allocated to a project that could be rendered infeasible if the project was de-funded.

Ms. Barnes is concerned that Staff made an assumption that money was not spent because the agency is being negligent. Ms. Wanaski stated that agencies McHenry County Housing Authority and Pioneer Center have HPRP funds to spend that more than compensate for the de-funding. Staff is working with those agencies to assist with the spend down problems. Commission is mainly concerned that the agencies understand that de-funding was coming and how the decision was made is done in a very open public participation format to dispel any rumors about how the decisions came about.

Ms. Wanaski went through the funding recommendations in detail as to what Staff looked at:

Public Services:

CASA-the 2009 grant allocation was \$20,000.00, the 2010 award was \$27,500.00, with a de-funding recommendation of \$3,000.00 and they still have a \$6,500.00 balance from the 2009 grant.

CCCS- the 2010 award is \$20,000.00, with de-funding recommendation of \$10,000.00 because they have NSP money and HPRP grant funds.

Family Alliance, Services to Frail Elderly-the 2009 grant allocation was \$25,000.00, the 2010 award was \$20,000.00, they still have \$10,000.00 plus balance from 2009, with a de-funding recommendation of \$6,000.00

Home of the Sparrow-the 2009 grant allocation was \$25,000.00, the 2010 award was \$ 20,000.00, with a de-funding recommendation of \$ 7,500.00, and they still have a \$ 12,800.00 balance from the 2009 grant.

Pioneer, PCN -awarded \$50,000.00 for PCN from the HPRP grant, the 2010 award was \$ 29,600.00, with a de-funding recommendation of \$14,800.00.

Agencies not considered for de-funding:

Catholic Charities-pharmaceutical assistance-this agency does not have any outstanding awards so Staff did not recommend de-funding.

Faith in Action, Northern IL Food Bank, Transitional Living Services, Turning Point, were at or below \$10,000.00, and consideration was made to agencies receiving more than \$10,000.

Family Services-emergency medications, and Hospice-charity care, use their funds very rapidly.

Administration:

Planning and Development, and Corporation for Affordable Homes of McHenry County, Continuum of Care, recommended 20% de-funding for each.

Planning and Development is using the Administration funds for the oversight of CDBG-R, in addition to general related administration items such as HUD reporting and monitoring, planning activities related to fair housing activities. Administration funds cannot be used to fund Public Services because the amount of funds to Public Services is capped. Funds from Administration can be used for Infrastructure or Public Facilities or Housing related. HUD cautions that de-funding grant administration can jeopardize the program operations due to lack of monitoring and oversight.

General Projects:

McHenry County Housing Authority, emergency repair services – award of 2010 funds in the amount of \$200,000.00, with multiple grant and funding years open in HOME, CDBG and they have HPRP grant funds available. The CDBG grant is the only grant wherein they can assist with emergency repairs such as: furnace, water heater, septic system repair/replacement, and water repairs/replacement. A recommendation to de-fund the 2010 CDBG activity to \$87,947.00, but to add the unallocated funds returned from projects in 2007 and 2009 combined with the remaining contingency funds in the amount of \$18,904.00 back to this project for a total to be provided of \$106,851.00.

Rollover Projects:

Pioneer Center-Roof Rehab – per their first round of bid proposals for the repair, bid results indicate that the project cost will come in under budget, the awarded 2009 rollover \$127,000.000, with recommended de-funding of \$7,160.00.

Family Alliance-parking lot, award for 2009 rollover \$8,160.00. Ms. Wanaski went to the property and considered the condition of the parking lot to be well maintained with sealing and crack filling in place, striping in good condition, but one minor pothole existed at the entrance. HUD determines parking lots to be quite controversial for funding, Family Alliance received \$19,000.00 in emergency assistance for the Wandering Alert system; therefore the recommendation to de-fund the whole amount of \$8,160.00 was given.

Ms. Barnes expressed concerns about emergency repair for Housing Authority. Ms. Taylor explained what types of activities are done with the emergency repair funds (see above description). Ms. Hill said that the Housing Authority had State funds that were being expended prior to expending our County grant funds. Ms. Ciampi explained the progress the Housing Authority has made as a result of monitoring and staff efforts to work with the Housing Authority to overcome staffing shortages and to create a spend down plan. Commission and Staff discussed the positive results of the efforts of the Housing Authority and Staff to resolve spending issues.

9:45 a.m. Ms. Hill left the meeting

9:47 Mr. Breedon Left the meeting

9:50 a.m. Mr. Duda left the meeting.

Resolution – Allocation protocol for existing HOME fund allocations: Ms. Ciampi referred to the presentation by HUD Region V who addressed the problem with HOME expenditures. The identified problems will be brought to the Commission in July. Region V identified part of the problem as the approval process. Approval goes through the CDBG Commission, Planning & Development Committee and then County Board. What is being asked for is the authority for HOME dollars (money already previously allocated) that staff be able to bring resolutions directly to the P& D Committee and then to the County Board. There is a need to be able to re-allocate funds from one project that is having problems moving forward to another project that is “shovel ready” so money can be spent and to avoid funding being “swept” by HUD. Another condition that HUD has started enforcing is any grant that has been allocated funds that have not expended any dollars within twelve months, will be automatically swept from that entity. These type of funds also need to be re-allocated. This only applies to HOME. Motion by Ms. Wheeler seconded by Mr. Cutsforth to approve the Resolution to change allocation protocol for HOME 2006 thru 2009 funds. On a roll call vote the following members voted aye: Draffkorn, Wheeler, Louise, Bartman, Ruda, Miller, Pierce, Cutsforth, Kurtz, Larson and Hubert. Barnes voted nay. They ayes have it and the motion carried

Resolution Authorizing the use of HOME funds for NSP Programming: Ms. Ciampi said this one was developed because of problems with the NSP Program and rental properties. On the suggestion of the HUD Representative and the NSP technical assistance, Staff was advised to put the HOME dollars into the NSP program. This creates a match problem that Staff has with the HUD Region and Washington office in resolving per interpretations of the regulations. At one point the property we are acquiring in NSP falls out of the guise of the federal program, because it is in a sale transaction, and the net difference between the

sale price and the appraisal price can be made as match for our HOME program. In due course there will be a larger discussion regarding HOME match, because the County has set precedent for matching federal programs with general fund dollars. At this time Staff is trying to derive match on its own. Staff is asking to be able to put HOME money into the NSP Program, in order to make the properties work for those at 50% of AMI (Area Median Income) and the need to meet the 25% set aside required by the NSP Program Statutorily. The County will lose the entire grant and need to repay funding already spent of \$1.8 million dollars if the grant is not allocated by September.. Motion by Mr. Ruda, seconded by Mr. Miller to authorize the use of HOME funds for NSP Programming. Ms. Ciampi confirmed this method of generating match has been approved by HUD. Ms. Wanaski and Ms. Ciampi responded to commissioners' questions. On a roll call vote the following members voted aye – Draffkorn, Barnes, Wheeler, Louise, Bartman, Ruda, Miller, Pierce, Cutsforth, Kurtz, Larson and Hubert. Chairman Draffkorn declared the motion carried.

Reorganization of Community Development Division: Ms. Wanaski said that she has been working to re-organize the Division and that with County Board approval, on June 15th the Division has been restructured. The following position changes apply:

Community Development Administrator	Maryanne Wanaski
Community Development Coordinator	Sarah Ciampi
Community Development Specialist 1	Faith Taylor
Community Development Specialist 2	Jean Niemann
Community Development Administrative Assistant	Pat Melone

Ms. Wanaski then said she wanted to make the County Board members in attendance aware that the Division has been using the Department inspectors and they have been invaluable in monitoring and helping the agencies when they have projects.

Ms. Barnes referred to a memo that was passed out to County Board members. She then pointed out that there were five no votes by County Board members to the re-organization and that three of them were CDBG Commission members. She urged all Commissioners to fully understand the implications of it, then said she was very glad that any administrative cut would not benefit the service agencies but wanted to point out that any cuts in administrative funding could benefit general areas of CDBG funding and asked Ms. Wanaski to confirm this. Ms. Wanaski did so. Additional questions and comments were posed by Commissioners. Ms. Wanaski and Ms. Ciampi responded to the questions.

10:18 a.m. Messrs Miller, Bartman and Pierce left the meeting.

Off-site Meetings and Visits: Ms. Ciampi said the July meeting will be at Family Alliance. They were able to meet the requirements needed to comply with the Open Meeting Act. A record has been made of submissions for suggested off-site meeting places. We have been cautioned by the State Attorney's Office to not move a lot of meetings off-site because this is the officially noticed site for this Commission. We will be issuing a public notice to move the meeting in July as per the Open Meeting Act. Staff suggests for the summer doing only two meetings off-site, but to offer special open houses for other agencies.

MEMBERS' COMMENTS, MISCELLANEOUS BUSINESS AND ANNOUNCEMENTS

There was discussion on the manner and timing of Commissioner's packet information for the future meetings.

ADJOURNMENT

Motion by Ms. Kurtz seconded by Ms. Louise to adjourn. The meeting adjourned at 10:27 a.m.