

Community Development Committee

Meeting date: August 4, 2014

For the Metropolitan Council meeting of August 13, 2014

Subject: Authorization to Amend the 2014 Unified Budget: Third Quarter Amendment

District(s), Member(s): All

Policy/Legal Reference: MN Statutes Section 473.13, Subd. 1

Staff Prepared/Presented: Beth Reetz, Director of Housing and Livable Communities

Division/Department: Community Development

Proposed Action

That the Metropolitan Council:

1. Authorize the amendment of the 2014 HRA Operating Budget in accordance with the table below:

| <u>Description</u> | <u>Adopted</u> | <u>Proposed</u> | <u>Change</u> |
|------------------------|----------------|-----------------|---------------|
| HRA Operating Revenue | \$5,967,347 | \$5,967,347 | \$0 |
| HRA Operating Expense | \$6,061,808 | \$6,261,808 | \$200,000 |
| Change in Fund Balance | (\$94,461) | (\$294,461) | (\$200,000) |

2. Authorize the amendment of the 2014 Parks Operating Budget by adding \$225,000 to the Parks operating budget from Natural Resources Fund (Lottery in Lieu of Sales Tax Revenue) to allocate to regional park implementing agencies to partially finance operations and maintenance of the Regional Parks System for the first half of State Fiscal Year 2015 (July-December 2014).
3. Authorize the amendment of the 2014 Parks Capital Program as indicated and in accordance with this memorandum and the attached table 1.

Background

HRA Amendment

This budget amendment request is being made to allow the Council's Housing and Redevelopment Authority (HRA) to purchase a new housing software package. The U.S. Department of Housing and Urban Development (HUD) requires the electronic submittal of household data on each Section 8 participant served. This information is submitted upon program admittance and annually thereafter and includes names, dates of birth, social security numbers, income and assets. HUD also collects information on the rental unit assisted such as contract rent, unit type, utility information and inspection data.

The HRA has been using an internally developed Oracle database system since the 1970's for the administration of the Section 8 and other rental assistance

programs. Data collected through this system is used to calculate rent portions for program participants and landlords, is uploaded electronically to HUD's system and is uploaded to PeopleSoft for the generation of rent payments. The system is used to generate approximately \$50 million annually in rent payments to 2,000 private landlords.

Although the system has worked well for many years, there are many efficiencies to be gained by purchasing an "off the shelf" software package, designed specifically to administer rental assistance programs. These efficiencies include electronic inspections, electronic caseload tracking, automated workflow, automated scheduling and on-line portals to include waiting list updates, tenant and landlord payment information and change requests.

The cost of the software is a \$200,000 initial year cost which includes purchase, training and first year service. The service costs going forward will be approximately \$30,000 annually.

Parks Amendment

The proposed Parks operating program and budget amendment includes the following change:

Add \$225,000 to the Parks operating budget from Natural Resources Fund (Lottery in Lieu of Sales Tax Revenue) to allocate to regional park implementing agencies to partially finance operations and maintenance of the Regional Parks System for the first half of State Fiscal Year 2015 (July-December 2014) under MN Laws 2014, Chapter 312, Article 12, Section 7.

The propose Parks capital program and budget amendment includes the following changes:

Increasing Funding Commitments

Two grants to the Minneapolis Park & Rec. Board financed totaling \$1,261,000 financed with \$776,000 of 2014 State bonds matched with \$485,000 of regional bonds from the 2014 State bonding bill as part of the project specific CIP (Laws of MN 2014, Chapter 294, Section 17, Subd. 3). These projects are consistent with Council approved park and trail master plans. These grants are shown in Attachment 1 under "**New Legislative Authorization 2014 State bonds and Metro Council bond match for Project Specific CIP**". Additional grants will be presented for authorization for projects funded from this appropriation that are in new or updated park and trail master plans that the Council will consider in the future.

Change in Current Year Expenditures:

Based on projected expenditures for the proposed amendment in the remainder of 2014, the 2014 Capital Budget is proposed to be increased by \$416,130 as shown in Attachment 1 in the "**2014 Budget**" column on the bottom line "**Parks and Open Space Total**".

The Multi-Year Authorization is increased by \$1,261,000 based on the net results of deducting reduced funding commitments from increased funding commitments and is shown in Attachment 1 in the "**Multi-Year Authorization**" column on the bottom line "**Parks and Open Space Total**".

Rationale

HRA Amendment

The Council's target fund balance threshold is 8.3% of the HRA's annual budgeted operating expenses or \$5.25 million. The HRA's current reserve fund balance is \$8.2 million. Using \$297,000 in reserves will result in the reserve fund balance remaining well above the Council's threshold at year end 2014.

Parks Amendment

This amendment to the 2014 Authorized Operating Budget and Capital Programs implements legislation and funds operations and maintenance of the Regional Parks System and two capital projects as part of the 2014 State bond/Metro Council bond Project Specific CIP.

Funding

HRA Amendment

Funding for the Section 8 program is provided through HUD. The proposed expenditure is an approved use of Section 8 reserves.

Parks Amendment

The operating budget amendment is financed with 2014 Natural Resources Fund appropriation for regional parks operations and maintenance.

The capital budget amendment is financed with 2014 State bonds and Metro Council bonds for State bond/Metro Council bond Project Specific CIP.

Known Support / Opposition

HRA Amendment

No known support or opposition.

Parks Amendment

The Park grants are consistent with legislative and Metropolitan Council policies/requirements. There is no known opposition to the amendment.

2014 Capital Program and Budget Amendment
 Community Development Committee -August 4, 2014
 Management Committee - July 23, 2014
 Metropolitan Council - August 13, 2014

Attachment 1

Item 2014-157

| Agency | Park/Trail | Description | CURRENTLY AUTHORIZED | | | PROPOSED CHANGES | | | AMENDED | | | 2014 | Multi-Year |
|---|--|--|----------------------|-------------|-------------|-------------------|-------------------|---------------------|-------------------|-------------------|------------------------|-------------------|---------------------|
| | | | State | Regional | Total | State | Regional | Total | State | Regional | Total | Budget | Authorization |
| PARKS AND OPEN SPACE | | | | | | | | | | | | | |
| | | | | | | | | | | | Original Adopted | \$ 32,069,110 | \$ 106,084,538 |
| | | | | | | | | | | | After Prior Amendments | \$ 34,901,730 | \$ 112,675,429 |
| | | | | | | | | | | | After This Amendment | \$ 35,317,860 | \$ 113,936,429 |
| RP=Regional Park, PR=Park Reserve, RT=Regional Trail | | | | | | | | | | | | | |
| Increasing Funding Commitments | | | | | | | | | | | | | |
| | | | State | Regional | Total | State | Regional | Total | State | Regional | Total | | |
| New Legislative Authorization 2014 State bonds and Metro Council bond match for Project Specific CIP | | | | | | | | | | | | | |
| Mpls. Park & Rec. Bd. | Ridgway Parkway RT | New overlook plaza adjacent to Ridgway Parkway to match \$500,000 federal funding. | \$ - | \$ - | \$ - | \$ 249,000 | \$ 133,000 | \$ 382,000 | \$ 249,000 | \$ 133,000 | \$ 382,000 | \$ 126,060 | \$ 382,000 |
| Mpls. Park & Rec. Bd. | Parkways to and through Regional Parks | Repave parkway streets and parking lots, associated stormwater management and lighting. 50% grant matched with 50% non-state funds . | \$ - | \$ - | \$ - | \$ 527,000 | \$ 352,000 | \$ 879,000 | \$ 527,000 | \$ 352,000 | \$ 879,000 | \$ 290,070 | \$ 879,000 |
| Subtotal 2014 State bonds and Metro Council match for Project Specific CIP | | | \$ - | \$ - | \$ - | \$ 776,000 | \$ 485,000 | \$ 1,261,000 | \$ 776,000 | \$ 485,000 | \$ 1,261,000 | \$ 416,130 | \$ 1,261,000 |
| PARKS AND OPEN SPACE TOTAL | | | \$ - | \$ - | \$ - | \$ 776,000 | \$ 485,000 | \$ 1,261,000 | \$ 776,000 | \$ 485,000 | \$ 1,261,000 | \$ 416,130 | \$ 1,261,000 |