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OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

Amended
Agenda Item No. 8(K)(1)(B)

Resolution No. R-19-11

Date: January 20, 2011

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Repayment to US HUD Regarding Miami-Dade County's 2007 CDBG Program

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This item was amended at the January 20, 2011 Board meeting to clarify that the first $181,632 payment will come from the countywide general fund and the remaining balance will be covered from non-federal revenues to be identified.

RECOMMENDATION

It is recommended that the Board of County Commissioners (Board) approve a reimbursement plan for $3,632,636 from the countywide general fund to the County's Community Development Block Grant (CDBG) line of credit with the United States Department of Housing and Urban Development (US HUD). Each payment under the reimbursement plan will be credited to the County's CDBG line of credit, which can then be reallocated to other CDBG-eligible activities. This reimbursement is to be made to the line of credit for failure to demonstrate compliance with US HUD's requirements in meeting the national objectives and performance goals as outlined in the US HUD Office of Inspector (OIG) audit of the 2007 Program Year. The repayment plan includes an initial payment of five percent ($181,632) of the total amount and equal disbursements of the remaining balance of $3,451,004 over a three year period.

It is important to note that activities originally funded in Program Years 1994 through 2006 were also closed in the 2007 Program Year; therefore, the findings in the OIG's audit are also associated with activities funded prior to the 2007 Program Year.

SCOPE

The countywide general fund and other non-federal funds are recommended to repay the line of credit on the County's CDBG program, which serves low to moderate income residents throughout Miami-Dade County with priority in the Neighborhood Revitalization Strategy Areas and eligible census tracts.

FISCAL IMPACT/FUNDING SOURCE

Approval of this resolution will have an impact of $3,632,636 on the County's general fund over a three-year period. The first payment of $181,632, a five-percent upfront payment, will be paid within 60 days after US HUD approves the County's repayment plan and the remaining balance of $3,451,004 will be disbursed equally over a three-year period as indicated in the table below. This payment will be made from the reserve set aside for community redevelopment studies. Staff does not anticipate the creation of any community redevelopment areas this fiscal year. The balance in the reserve after this payment will be $18,400. Future payments will be included in the budget from non-federal funds that need to be identified.

Repayment Amount	Due Date
$181,632	January 31, 2011
1,150,334	January 31, 2012
1,150,335	January 31, 2013
1,150,335	January 31, 2014
$3,632,636	

It is important to note that each time the County makes a repayment to the line of credit, that same amount of funding becomes available for other CDBG-eligible activities. Upon each payment to the line of credit, the additional funds will be reallocated to CDBG eligible activities through an Action Plan amendment.

TRACK RECORD/MONITORING

The repayment plan will be monitored by the County's Office of Strategic Business Management. The Department of Housing and Community Development (DHCD) staff will supervise implementation of the corrective action plan to address the audit findings.

BACKGROUND

Miami-Dade County receives annual CDBG program funds from US HUD to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services, principally for low and moderate income persons. The program is managed by DHCD (formerly Office of Community and Economic Development), which funds several entities, including County departments to complete approved projects/programs in targeted communities. US HUD provides funding through a line of credit to the County from which the County requests draw downs to make progress payments on approved program activities. An activity that receives CDBG funds must meet one of three national objectives:

- Benefit low and moderate income families;
- Aid in prevention or elimination of slums or blight; or
- Meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and when other financial resources are not available

In late December 2008, US HUD's OIG began an audit of Miami-Dade County's CDBG Program for those activities closed in the 2007 Program Year and concluded its audit on June 1, 2009. At that time, the US HUD OIG identified seven activities without adequate documentation to demonstrate that the national objectives were met; one activity without adequate documentation to demonstrate that performance goals specified in the sub-recipient agreement were met; and eight cancelled activities for which the County had not recaptured the funds expended by the recipient. The audit also cited the County for failure to report CDBG financial and program information according to federal requirements. The US HUD OIG initially recommended a total repayment amount of $4,728,807. The County subsequently met with US HUD on several occasions and provided documentation to clear several findings which reduced the total repayment amount to $3,632,636 (See Attachment).

Based on the results of the audit, DHCD's detailed assessment of reporting requirements and discussions with US HUD's Miami Office, DHCD took steps in June 2009 to improve oversight and administration of the CDBG program:

- Revised the progress report format and review procedures. This includes a checklist that staff must complete to confirm the review of progress reports and identifies items the implementing agencies must include with each report to confirm the completion of the projects and the achievement of proposed national objectives.
- Provide a higher level of technical assistance to agencies regarding the proper documentation needed to demonstrate achievement of the national objectives and performance goals.

- Promptly suspend payments to those agencies that do not comply with reporting requirements per US HUD rules and regulations.
- Provide ongoing training to DHCD staff on US HUD rules and regulations, data collection, reporting and monitoring practices to ensure recipients can demonstrate achievement of the national objectives and performance goals.
- Ensure that projects awarded federal funds are eligible for funding and that receiving agencies have the capacity to meet the stipulated national objectives and performance goals.

We are confident that these reforms and additional ongoing improvements in DHCD have strengthened our ability to meet the national objectives. Building upon these advancements will be a top priority for the new DHCD director. Following Board approval of the repayment plan, US HUD will be formally notified and the initial five percent payment will be credited to the line of credit.

Attachment

Assistant County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners

DATE: January 20, 2011

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Amended Agenda Item No. 8(K)(1)(B)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

✓ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Amended
Agenda Item No. 8(K)(1)(B)
1-20-11

RESOLUTION NO. R-19-11

RESOLUTION AUTHORIZING APPROVAL OF A REIMBURSEMENT PLAN TO CREDIT $181,632 FROM GENERAL FUND AND $3,451,004 FROM NON-FEDERAL FUNDS TO BE IDENTIFIED TO MIAMI-DADE COUNTY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LINE OF CREDIT WITH US HUD; TO MAKE A MINIMUM INITIAL PAYMENT OF $181,632 AND PAY THE REMAINING BALANCE IN INSTALLMENTS OVER A PERIOD OF THREE YEARS; AND AUTHORIZING THE MAYOR OR MAYOR'S DESIGNEE TO EXECUTE ALL AGREEMENTS AND AMENDMENTS NECESSARY TO CARRY OUT THE PAYMENT PLAN

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board authorizes a reimbursement plan of $3,632,636 - of which $181,632 is to come from general funds with the balance to come from non-federal funds to be identified - to Miami-Dade County's Community Development Block Grant (CDBG) Line of Credit with US HUD; authorizes a minimum initial payment of $181,632 within sixty (60) days after the approval of the payment plan by US HUD and pay the remaining balance in installments over a period of three years; and further authorizes the Mayor or Mayor's Designee to execute such agreements and amendments, as are required, following approval by the County Attorney's Office and subject to proper execution by the parties to initiate the payment plan.

The foregoing resolution was offered by Commissioner **Jose "Pepe" Diaz**, who moved its adoption. The motion was seconded by Commissioner **Rebeca Sosa** and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman			aye
Audrey M. Edmonson, Vice Chairwoman			aye
Bruno A. Barreiro	aye	Lynda Bell	aye
Jose "Pepe" Diaz	aye	Carlos A. Gimenez	aye
Sally A. Heyman	absent	Barbara J. Jordan	absent
Jean Monestime	absent	Dennis C. Moss	aye
Natacha Seijas	aye	Rebeca Sosa	aye
Sen. Javier D. Souto	aye		

The Chairperson thereupon declared the resolution duly passed and adopted this 20th day of January, 2011. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By. **DIANE COLLINS**
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Shannon D. Summerset

FINDINGS ASSOCIATED WITH FY 2009 US HUD OIG AUDIT

YEAR	Project I.D.	AGENCY NAME	ACTIVITY NAME	PROJECT DESCRIPTION	ACTIVITY	FUNDED AMOUNT	EXPENDED AMOUNT	REPAYMENT AMOUNT	DESCRIPTION
2003	3264	NEHEMIAH PROJECT OF HOMESTEAD, INC., THE	NEHEMIAH PROJECT OF HOMSTD/SF HOMEOWNERS	(12) Construction of Housing	Housing	$140,000	$139,208	$27,862	Provide homownership assistance to five low and moderate income households. Assistance was provided to five individuals. However, one of the five households was not income eligible. The National Objective to provide low to moderate housing to four low to moderate income individuals was met.
1994	804	MIAMI-DADE OCED UD	MD OCED/UD SUPPLEMENTAL FUNDS EAST GOULDS	(01) Acquisition	Acquisition/ Property-Related	$170,000	$101,572	$101,572	Acquire of substandard structures for renovate and improve the area. Only pre-acquisition assessment was completed and the National Objective to serve the low to moderate-income area was not met.
1997	1645	MIAMI-DADE OCED UD	MD OCED/UD GLENWOOD HEIG. LAND ACQUISITION	(01) Acquisition	Acquisition/ Property-Related	$75,000	$14,181	$14,181	Acquire of land for development of five affordable housing units. Only pre-acquisition assessment was completed and the National Objective to provide low to moderate-income housing was not met.
2001	2737	MIAMI-DADE OCED UD	MD OCED/UD ALI BABA-OPA-LOCKA ACQUIS	(01) Acquisition	Acquisition/ Property-Related	$395,000	$145,058	$145,058	Acquire of vacant/built up parcels for low- to moderate- income housing and/or commercial use. Only pre-acquisition assessment was completed and the National Objective to provide low to moderate income housing was not met.
2002	3037	EAST LITTLE HAVANA COMMUNITY DEVELOPMENT CORPORATION	ELH CDC BRICKELL VIEW CONDOS PHASE	(12) Construction of Housing	Housing	$62,500	$62,500	$62,500	Pre-development and administrative costs for the new construction of 80 multi-family units. Only pre-development work was completed and National Objective to provide low to moderate income housing was not met.
2003	3324	MIAMI-DADE OCED UD	MD OCED/UD PERRINE SECTOR 1 STREET DESIG	(03K) Street Improvements	Public Facilities / Improvement	$63,000	$62,078	$62,078	Design of street improvements. Only pre-development work was completed and the National Objective to serve the low to moderate income area was not met.
2004	3701	SOUTH FLORIDA BOYS CHOIR, INC.	SFBC-SOUTH FLORIDA BOYS CHOIR ACADEMY	(03) Public Facilities & Improvements – General	Public Facilities / Improvement	$144,000	$53,144	$53,144	Repair center that provides academic and artistic education to at-risk youths. Only pre-development work was completed and the National Objective to serve low to moderate income individuals was not met.
2006	4180	HAITIAN AMERICAN FOUNDATION, INC.	HAITIAN AMER. FOUNDATION, INC. HAFI ELDE	(05A) Senior Services	Public Service	$20,000	$1,860	$1,860	Provide public services to Haitians and Haitian-American Seniors and other minority seniors.Project was cancelled and the Naional Objective to serve low to moderate income residents was not met.
1994	332	MIAMI-DADE OCED UD	MD OCED/UD S. MIAMI UTILITY CONNECTIONS	(03J) Water / Sewer Improvements	Public Facilities / Improvement	$335,000	$335,000	$321,041	Improve 24 housing units through installation of sewer connections to residential units of low or moderate income persons. Project was completed. However, the department did not have the documentation to substantiate the income status of the 24 households/individuals and demonstrate that the National Objective of serving low to moderate income individuals was met.
1998	1853	MIAMI-DADE OCED ED	MD OCED/ED CDBG REVOLVING LOAN FUND PROG	(18A) ED Direct Financial Assistance to For-Profits	Economic Development	$2,588,369	$1,438,869	$1,038,097	Create jobs for low and moderate income persons by providing economic development loans to businesses. Project was completed. However, the department did not have the payroll documentation to substantiate that the National Objective of creating low to moderate jobs was met.
2000	2453	MIAMI-DADE OCED ED	MD OCED/ED COMMERCIAL REVITALIZATION PGM	(14E) Rehab: Publicly / Privately Owned C/I	Economic Development	$816,246	$712,460	$712,460	Create or retain jobs for low to moderate income persons by providing grants to qualified business owners to rehabilitate the exterior of their commercial buildings. Documentation on file failes to confirm that the National Objective of creating low to moderate income jobs was met.
2002	3173	BARGAIN TOWN, INC.	BARGAIN TOWN USA REDLAND MARKET VILLAGE	(17A) C/I Land Acquisition / Disposition	Economic Development	$500,000	$500,000	$500,000	Create 14 jobs for low to moderate income persons. The department has documentation to substantiate the creation of 30 part-time jobs. However, the information was not sufficient to determine if if the 30 part-time jobs were equivalent to 14 full-ime time jobs. As such, the National Objective of creating low to moderate jobs was not met.
2005	4001	ACCION USA	ACCION USA MICRO LOAN PROGRAM	(18C) Micro-Enterprise Assistance	Economic Development	$200,000	$200,000	$200,000	Create jobs for nine low and moderate income persons. The department does not have the appropriate documentation to demonstrate that the National Objective of creating nine low to moderate jobs was met.
2004	3561	LITTLE HAVANA ACTIVITIES & NUTRITION CENTERS OF DADE COUNTY, INC.	LHAN-ELDERLY MEALS PROGRAM	(05A) Senior Services	Public Service	$321,058	$320,605	$184,033	Provide meals to 642 elderly persons. The department does not have the proper documenation to substantiate that the National Objective of serving meals to 642 low to moderate clientele was met.
2002	3099	NEIGHBORS AND NEIGHBORS ASSOCIATION, INC.	NEIGHBORS & NEIGHBORS ASSOC. WHOLESALE C	(18B) ED Direct Technical Assistance	Economic Development	$300,000	$208,750	$208,750	Establish wholesale distribution center. Funds were exhausted on the feasibility study. The Project was cancelled and the National objective of creating low to moderate jobs was not met.
							TOTAL	$3,832,636	