

ST. PETERSBURG CITY COUNCIL
(Non-Consent Agenda Item)

Meeting of January 9, 2020

TO: The Honorable Ed Montanari, Chair and Members of City Council

SUBJECT:

A resolution 1) approving a supplemental appropriation in the amount of \$2,190,674.05 from the increase in the unappropriated balance of the Community Development Block Grant ("CDBG") Fund (1111), resulting from a previously approved transfer in the amount of \$2,190,674.05 from the General Fund to the CDBG Fund ("Local Account") as required by HUD for the repayment for the uncompleted Commerce Park project, to the Housing and Community Development Department, Housing Administration Division (082-1089), resulting in an amended CDBG FY 2019/20 Annual Action Plan ("Plan") budget of \$5,352,537.95 2) approving a substantial amendment ("Amendment") to the Plan to: **a)** move a portion of the previously appropriated funding of \$3,161,863.90 (\$1,780,777 in CDBG B-19 Entitlement Grant and \$1,281,086.90 in carry forward funding and \$100,000 in estimated program income) with the CDBG Local Account totaling \$2,190,674.05, **b)** transfer \$504,702.83 in previously appropriated funding from the Carter G. Woodson Museum project (16241) to the rehabilitation of the Jordan Park School Improvement project (17568) that is currently funded in the Plan at \$88,020.39; **c)** add \$7,000 from the Local Account funding and \$33,836.78 of the unobligated CDBG B-19 Entitlement Grant plus the estimated undesignated funding of \$104,515 to fully fund the Jordan Park School Improvement Project (17568) at \$738,075; and **d)** add a new 22nd Street South Corridor/Deuces Live Main Street Project (17589) totaling \$2,052,904.22 that will be funded from the remainder of the unobligated CDBG B-19 Entitlement Grant of \$1,746,940.22 plus \$100,000 in estimated Program Income and Reprogrammed Funds of \$205,964, and **e)** increase CDBG Administrative Funding by \$96,933.05 as a result of the increase in administrative duties from receiving the Local Funding; 3) approving a supplemental appropriation in the amount of \$249,717.19 from the increase in the unappropriated balance of the CDBG Fund (1111), resulting from additional revenue received during FY 2019, to the Housing and Community Development Department, Housing Administration Division (082-1089); and authorizing the mayor or his designee to submit the Amendment to the U.S. Department of Housing and Urban Development ("HUD") and to execute all documents necessary to implement the Amendment and providing an effective date.

EXPLANATION:

In 2007, approximately \$2.2 million in Community Development Block Grant ("CDBG") funds were expended to acquire land and pay predevelopment costs to complete the Dome Industrial Park (now Commerce Park) under the category of economic development with the national objective of low/moderate income job creation. While the City made several significant attempts to create the required jobs, for a variety of the reasons the jobs were not created, and the City must pay back the funds to our CDBG account. The final aggregate amount to be paid back into the City's CDBG fund Local Account totals \$2,190,674.05.

In order for the City to use this funding, a supplemental appropriation in the amount of \$2,190,674.05 from the unappropriated balance of the CDBG Fund (1111) to the Housing and Community Development Department, Housing Administration Division (082-1089) is necessary.

In addition, the City must also substantially amend its FY 2019/20 Annual Action Plan (Plan) approved by City Council in August 2019, which budgeted eligible Community Development Block Grant projects to receive a total of \$3,161,863.90 (\$1,780,777 in CDBG B-19 Entitlement Grant, \$1,281,086.90 in carry forward funding and \$100,000 in estimated program income) to fund the programs/projects for FY 2019/20. However, with the increase of \$2,190,674.05 in local funding, the FY 2019/20 CDBG budget will be amended to total \$5,352,537.95.

The City must further substantially amend the Plan to expedite the timely expenditure of CDBG funds temporarily redirecting some of the funding by doing the following:

1) transferring \$504,702.83 from the Carter G. Woodson Museum project (16241) and \$7,000 from the Local Account to the rehabilitation of Jordan Park School Improvement project (17568) which is currently funded in the Plan at \$88,020.39, adding \$33,836.78 of the unobligated CDBG B-19 Entitlement Grant and an estimated \$104,515 of undesignated funding to fully fund the Jordan Park School Improvement project at \$738,075,

2) add to its Plan a new 22nd Street South Corridor/Deuces Live Mainstreet project (17589) totaling \$2,052,940.22 that will be funded from the remainder of the unobligated CDBG B-19 Entitlement Grant of \$1,746,940.22 and \$305,964 in Program Income and reprogrammed funds.

A public notice was published on December 6, 2019, in the Tampa Bay Times to notify the public of the proposed Amendment and of the public hearing to be held on January 9, 2020, which complies with the Citizen participation requirements of the Consolidated Plan.

RECOMMENDATION:

The Administration recommends 1) approving a supplemental appropriation in the amount of \$2,190,674.05 from the increase in the unappropriated balance of the Community Development Block Grant ("CDBG") Fund (1111), resulting from a previously approved transfer in the amount of \$2,190,674.05 from the General Fund into the CDBG Fund ("Local Account") as required by HUD for the repayment for the uncompleted Commerce Park project, to the Housing and Community Development Department, Housing Administration Division (082-1089), resulting in an amended CDBG FY 2019/20 Annual Action Plan ("Plan") budget of \$5,352,538.05; 2) approving a substantial amendment ("Amendment") to the FY 2019/20 Annual Action Plan ("Plan") to: **a)** move a portion of the previously appropriated funding of \$3,161,863.90 (\$1,780,777 in CDBG B-19 Entitlement Grant and \$1,281,086.90 in carry forward funding and \$100,000 in estimated program income) to the CDBG Local Account totaling \$2,190,674.05; **b)** transfer \$504,702.83 in previously appropriated funding from the Carter G. Woodson Museum project (16241) to the rehabilitation of the Jordan Park School Improvement project (17568) that is currently funded in the Plan at \$88,020.39; **c)** add \$7,000 from the Local Account funding and \$33,836.78 of the unobligated CDBG B-19 Entitlement Grant and the estimated undesignated funding of \$104,515 to fully fund the Jordan Park School Improvement project (17568) at \$738,075; and **d)** add a new 22nd Street South Corridor/Deuces Live Main Street project (17589) totaling \$2,052,940.22 that will be funded from the remainder of the unobligated CDBG B-19 Entitlement Grant of \$1,746,840.22 plus \$100,000 in estimated Program Income and reprogrammed funds of \$205,964, and **e)** increase CDBG Administrative Funding by \$96,933.05 as a result of the increase in administrative duties from receiving the Local Funding; 3) approving a supplemental

appropriation in the amount of \$249,717.19 from the increase in the unappropriated balance of the CDBG Fund (1111), resulting from additional revenue received during FY 2019 to the Housing and Community Development Department, Housing Administration Division (082-1089); and authorizing the Mayor or his designee to submit the Amendment to the U.S. Department of Housing and Urban Development ("HUD") and to execute all documents necessary to implement the Amendment and providing an effective date.

COST/FUNDING ASSESSMENT INFORMATION:

Funding will be available after a supplemental appropriation in the amount of \$2,190,674.05 from the increase in the unappropriated balance of the Community Development Block Grant ("CDBG") Fund (1111), resulting from a previously approved transfer in the amount of \$2,190,674.05 from the General Fund (0001) to the CDBG Fund (1111), to the Housing and Community Development Department, Housing Administration Division (082-1089); and a supplemental appropriation in the amount of \$249,717.19 from the increase in the unappropriated balance of the CDBG Fund (1111), resulting from additional revenue received during FY 2019, to the Housing and Community Development Department, Housing Administration Division (082-1089).

ATTACHMENT: Resolution
Letter from HUD
Explanation Chart

Approvals:

Administration:

A handwritten signature in black ink, appearing to be "R. H. G.", written over a horizontal line.

Budget:

A handwritten signature in blue ink, appearing to be "M. M.", written over a horizontal line.

A RESOLUTION 1) APPROVING A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$2,190,674.05 FROM THE INCREASE IN THE UNAPPROPRIATED BALANCE OF THE COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG") FUND (1111), RESULTING FROM A PREVIOUSLY APPROVED TRANSFER IN THE AMOUNT OF \$2,190,674.05 FROM THE GENERAL FUND TO THE CDBG FUND ("LOCAL ACCOUNT") AS REQUIRED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") FOR THE REPAYMENT OF THE UNCOMPLETED COMMERCE PARK PROJECT, TO THE HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT, HOUSING ADMINISTRATION DIVISION (082-1089), RESULTING IN AN AMENDED CDBG FY 2019/20 ANNUAL ACTION PLAN ("PLAN") BUDGET OF \$5,352,537.95; 2) APPROVING A SUBSTANTIAL AMENDMENT ("AMENDMENT") TO THE PLAN TO: a) REPLACE A PORTION OF THE PREVIOUSLY APPROPRIATED FUNDING OF \$3,161,863.90 (\$1,780,777 IN CDBG B-19 ENTITLEMENT GRANT AND \$1,281,086.90 IN CARRY FORWARD FUNDING AND \$100,000 IN ESTIMATED PROGRAM INCOME) WITH THE CDBG LOCAL ACCOUNT FUNDING TOTALING \$2,190,674.05, b) TRANSFER \$504,702.83 IN PREVIOUSLY APPROPRIATED FUNDING FROM THE CARTER G. WOODSON MUSEUM PROJECT (16241) TO THE REHABILITATION OF THE JORDAN PARK SCHOOL IMPROVEMENT PROJECT (17568) THAT IS CURRENTLY FUNDED IN THE PLAN AT \$88,020.39, c) ADD \$7,000 FROM THE LOCAL ACCOUNT FUNDING AND \$33,836.78 OF THE UNOBLIGATED CDBG B-19 ENTITLEMENT GRANT PLUS THE ESTIMATED UNDESIGNATED FUNDING OF \$104,515 TO FULLY FUND THE JORDAN PARK SCHOOL IMPROVEMENT PROJECT (17568) AT \$738,075, d) ADD A NEW 22nd STREET SOUTH CORRIDOR/DEUCES LIVE MAIN STREET PROJECT (17589) TOTALING \$2,052,904.22 THAT WILL BE FUNDED FROM THE REMAINDER OF THE UNOBLIGATED CDBG B-19 ENTITLEMENT GRANT OF \$1,746,940.22 PLUS \$100,000 IN ESTIMATED PROGRAM AND REPROGRAMMED FUNDS OF \$205,964, AND e) INCREASE CDBG ADMINISTRATIVE FUNDING BY \$96,933.05 AS A RESULT OF THE INCREASE IN ADMINISTRATIVE DUTIES FROM RECEIVING THE LOCAL FUNDING; 3) APPROVING A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$249,717.19 FROM THE INCREASE IN THE UNAPPROPRIATED BALANCE OF THE CDBG FUND (1111), RESULTING FROM ADDITIONAL REVENUE RECEIVED DURING FY 2019 TO THE HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT, HOUSING ADMINISTRATION DIVISION (082-1089); AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SUBMIT THE AMENDMENT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") AND TO EXECUTE ALL DOCUMENTS NECESSARY TO IMPLEMENT THE AMENDMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City received a letter from the U.S. Department of Housing and Urban Development (“HUD”) dated October 7, 2019 stating that sufficient time had been granted to the Commerce Park Project for the creation of jobs and that the activity must be closed in the HUD reporting system and that the City is to repay to its Community Development Block Grant (“CDBG”) local account funding that was used to acquire the Commerce Park property in the amount of \$2,152,560 (\$2.2 million minus \$47,440 in lease payments reported as program income to the activity); and

WHEREAS, subsequent to the issuance of the October 7, 2019 HUD letter to close the project in HUD’s reporting system as directed, staff discovered that the City had an additional \$38,114.05 in program income that had to be repaid as well, and

WHEREAS, HUD and the City have agreed the final aggregate amount to be placed in the City’s CDBG fund Local Account totals \$2,190,674.05; and

WHEREAS, with the increase of the \$2,190,674.05 local funding, the FY 2019/20 CDBG budget will be amended to total \$5,352,537.95; and

WHEREAS, HUD requires the City to use this funding before any subsequent entitlement funding may be disbursed to the City; and

WHEREAS, in order to use this funding, a supplemental appropriation in the amount of \$2,190,674.05 from the unappropriated balance of the CDBG Fund (1111) to the Housing and Community Development Department, Housing Administration Division (082-1089) is necessary, and

WHEREAS, the City must substantially amend its FY 2019/20 Annual Action Plan (“Plan”) approved by City Council in August 2019, which budgeted to eligible projects CDBG funding of \$3,161,863.90 (\$1,780,777 in CDBG B-19 Entitlement Grant and \$1,281,086.90 in carry forward funding and \$100,000 in estimated program income) so that it can replace a portion of the \$3,161,836.90 funding with the \$2,190,674.05 local account to address this additional funding; and

WHEREAS, the City must further substantially amend the Plan to expedite the timely expenditure of CDBG funds temporarily redirecting some of the funding by transferring \$504,702.83 from the Carter G. Woodson Museum project (16241) to the rehabilitation of Jordan Park School Improvement project (17568), currently funded in the Plan at \$88,020.39, transferred funds will be replaced by the City when the museum is prepared to utilize those funds; and

WHEREAS, the City would like to fully fund the Jordan Park School Improvement project (17568) at \$738,075 and in order to do so will add \$7,000 from the Local Account funding, \$33,836.78 of the unobligated CDBG B-19 Entitlement Grant, and the estimated undersigned funding of \$104,515; and

WHEREAS, the City must further substantially amend the Plan as it desires to add a new 22nd Street South Corridor/Deuces Live Main Street project (17589), totaling \$2,052,904.22 that will be funded from the remainder of the unobligated CDBG B-19 Entitlement Grant of \$1,746,940.22, \$100,000 of estimated program income and reprogrammed funds of \$205,964; and

WHEREAS, because additional administrative duties will result from the increase of the local funding, \$96,933.05 will be added to the administrative funding for the CDBG program for FY 2019/20; and

WHEREAS, a public notice was published on December 6, 2019 in the Tampa Bay Times to notify the public of the proposed Amendment and of the public hearing to be held on January 9, 2020 to comply with the Citizen Participation Plan of the Consolidated Plan; and

WHEREAS, Administration supports the request and believes it is in the best interest of the City to approve the recommendations.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that, as required by HUD for the repayment related to the uncompleted Commerce Park Project, there is hereby approved from the increase in the unappropriated balance of the Community Development Block Grant Fund (1111), resulting from a previously approved transfer from the General Fund to the CDBG Fund, the following supplemental appropriation for FY20:

Community Development Block Grant Fund (1111)

Housing and Community Development Department,
Housing Administration Division (082-1089)

\$2,190,764.05

BE IT FURTHER RESOLVED that there is hereby approved a substantial amendment ("Amendment") to the FY 2019/20 Annual Action Plan ("Plan") to increase the CDBG budget to \$5,352,537.95 and to: a) replace a portion of the previously appropriated funding of \$3,161,863.90 (\$1,780,777 in CDBG B-19 Entitlement Grant and \$1,281,086.90 in carry forward funding and \$100,000 in estimated program income) to the CDBG Local Account totaling \$2,190,674.05, b) transfer \$504,702.83 in previously appropriated funding from the Carter G. Woodson Museum project (16241) to the rehabilitation of the Jordan Park School Improvement project (17568) that is currently funded in the Plan at \$88,020.39, c) add \$7,000 from the Local Account and \$33,836.78 of the unobligated CDBG B-19 Entitlement Grant and the estimated undesignated funding of \$104,515 to fully fund the Jordan Park School Improvement project (17568) at \$738,075, and d) add a new 22nd Street South Corridor/Deuces Live Main Street project (17589) totaling \$2,052,904.22 that will be funded from the remainder of the unobligated CDBG B-19 Entitlement Grant of \$1,746,940.22, \$100,000 in estimated program income, and reprogrammed funds of \$205,964, and e) add \$96,933.05 to the administrative funding for the CDBG program for FY 2019/20; and

BE IT FURTHER RESOLVED that there is hereby approved from the increase in the unappropriated balance of the Community Development Block Grant Fund (1111), resulting from additional revenues received during FY 2019, the following supplemental appropriation for FY20:

Community Development Block Grant Fund (1111)

Housing and Community Development Department,
Housing Administration Division (082-1089)

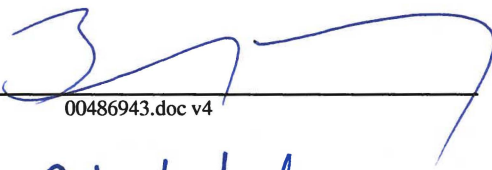
\$249,717.19

BE IT FURTHER RESOLVED that the Mayor or his designee is authorized to submit the amendment to the U.S. Department of Housing and Urban Development ("HUD") and to execute all documents necessary to implement the amendment.

This resolution shall become effective immediately upon its adoption.

Approvals:

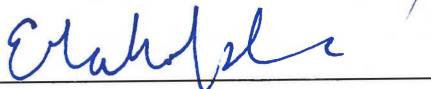
Legal:


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Administration:



Budget:





OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OCT 07 2019

The Honorable Rick Kriseman
Mayor
City of St. Petersburg
St. Petersburg City Hall
175 Fifth St. N.
St. Petersburg, FL 33701

Dear Mayor Kriseman:

HUD is in receipt of correspondence dated August 20, 2019, from Robert Gerdes, Neighborhood Affairs Administrator for the city of St. Petersburg, that was forwarded by the HUD Jacksonville Field Office. Mr. Gerdes' office has been overseeing the administration of the St. Petersburg Commerce Park activity, which was assisted with Community Development Block Grant (CDBG) funds. Mr. Gerdes is asking if the city may request an extension to complete the activity or close it out by repaying the approximately \$2.2 million that was expended on this activity.

In 2007, approximately \$2.2 million in Community Development Block Grant (CDBG) funds were expended to acquire land and pay predevelopment costs to complete the Dome Industrial Park (now St. Petersburg Commerce Park) under the category of economic development with the national objective of low/moderate income job creation. The city previously requested and received a one-year and a two-year extension from HUD Headquarters to complete this project. In March 2018, the city requested an additional one-year extension, and in May 2018, the request was denied by HUD Headquarters. The city's July 2018 response stated that a company had started operations on the site and created seven jobs and that two other companies had submitted requests for building permits. As a result, the city requested that HUD reconsider its denial of its request for an extension until May 2019 and give it until October 2018 to show it had construction permits in place and provide evidence that construction had started. The city was notified on September 14, 2018, that HUD approved this request and the construction commencement evidence had to be provided by October 31, 2018. On October 30, 2018, a photo was forwarded to HUD Headquarters showing that a company had broken ground on its parcel.

On August 12, 2019, Cloudburst, on behalf of HUD, contacted the city advising it that it had a long-standing open activity (St. Petersburg Commerce Park) and that steps must be taken to close this activity. The city received two reminders thereafter that it needed to resolve the activity and close it out. The correspondence from Mr. Gerdes to the HUD Jacksonville Office was the city's response requesting an extension to complete the activity or repay its CDBG local account.


Mr. Gerdes' correspondence states that the city is making progress on this activity. He stated that six companies will be locating at the Commerce Park site in the next few months and that a total of 77 jobs are projected to be created on site. It also states that there is a new

development team in place and that the new development agreement includes strict performance requirements for the developer to execute the terms of the contract or the city may terminate it. The new Development Agreement also contains a provision for the development of approximately 150 residential units at a later phase that requires 50 percent of the units be available at workforce housing rates (80-120 percent of area median income). The previous agreement did not contain a provision for the development of residential units.

The St. Petersburg Commerce Park activity has been ongoing since 2007, and the city did not meet the deadlines previously identified in progress reports. In addition, the city has been stating over the years that several businesses were relocating to Commerce Park and would create jobs. This has not occurred to date. Finally, you stated in your March 5, 2018, letter to the HUD Jacksonville Office that "the city commits to no more extension requests". Therefore, Mr. Gerdes may not request an extension to complete this activity, and HUD will not consider any additional requests for an extension from the city. The city is advised to repay \$2,152,560 (\$2.2 million minus \$47,440 in lease payments reported as program income to this activity) expended for the St. Petersburg Commerce Park Project. The payment should be made to the city's local CDBG program account within 60 days of the date of this letter.

Additional questions or concerns regarding this determination should be sent to Lisa Hill, Director, Community Planning and Development Division in the HUD Jacksonville Office at (904) 208-6077 or lisa.a.hill@hud.gov.

Sincerely,

A handwritten signature in black ink that reads "Virginia Sardone". The signature is fluid and cursive, with the first name "Virginia" written in a larger, more prominent script than the last name "Sardone".

Virginia Sardone
Acting Deputy Assistant Secretary for
Grant Programs

City of Saint Petersburg
Community Block Grant Program (CDBG)
FY 2019/20 Projects and Funding

FY 2020 Approved Annual Action Plan	Total	Commerce Park Repayment from General Fund to CDBG Local Account (LA)	Use/Moved to Jordan School Renovations #17568	22nd Street South Corridor/Deuces Live Main Street #17589	Total Amended Plan	Comments
Approved Projects in Action Plan						
Subrecipient	1,024,613.00	1,024,613.00			1,024,613.00	
Housing Program (Habitat)	50,000.00	50,000.00			50,000.00	
Jordan School Renovations	88,020.39	95,020.39	95,020.39		95,020.39	Add \$7,000 for Jordan School Renovations from initial approved amount of \$88,020.39.
Section 108 Repayment	197,952.21	197,952.21			197,952.21	
Administration Support Services (B-19)	726,155.40 *	726,155.40			726,155.40	\$350,000 Program Delivery plus \$376,155.40 for administration of the grant (20 percent of B-19 Entitlement and Program Income which must be used in the program year awarded).
Administration Support Services (LA)	*	96,933.05			96,933.05	HUD has approved 20 percent for administration for LA funding as said to treat like program income so this is what is remaining of LA funding to be used on administration. This is the estimated program income funding for FY 2020.
Total Approved Projects	2,086,741.00 **			100,000.00	100,000.00	
Carryforward Projects from FY 2019						
Subrecipient	401,036.54				401,036.54	
Housing Program (Habitat)	37,962.45				37,962.45	
Low Mod Housing (HUD funding that must be used for Housing)	26,906.08				26,906.08	
Carter G. Woodson Museum	504,702.83		504,702.83		504,702.83	
Undesignated Funding	104,515.00		104,515.00		104,515.00	
				205,964.00	205,964.00	Funding that was the initial reprogram funding
Total Carryforward Projects	1,075,122.90					
Projects for B-19 Entitlement			33,836.78	1,746,940.22	1,780,777.00	This is the B-19 Entitlement Funding
Total Amended Action Plan	3,161,863.90	2,190,674.05	738,075.00	2,052,904.22	5,352,537.95	
					5,352,537.95	
					0.00	
Total Funding Resources						
B-019 Entitlement Funding	1,780,777.00					
Estimated Program Income	100,000.00					Program Income is an estimate and needs to earn before can use
Total Appropriations FY 2020	1,880,777.00				1,880,777.00	
Total Carry Forward Funding that should have been roll forward	1,281,086.90 ***				1,281,086.90	
Total Transfer from General Fund		2,190,674.05 ****			2,190,674.05	
Total Funding Resources	3,161,863.90	2,190,674.05			5,352,537.95	
					5,352,537.95	
Difference					0.00	

Notes:

*Allowed Administration	814,290.21
Budgeted Administration	473,088.45
Administration not taken	341,201.76

** \$205,964 funding for these projects was from carryforward number (reprogram)

***Supplemental Appropriation of \$249,717.19 in Resolution determined as followed:

Carryforward	1,281,086.90
Less Carryforward in Ordinance	994,911.00
Less Encumbered Funds	36,458.71
Total	249,717.19

**** Supplemental Appropriation of this Funding in Resolution