

**JOURNAL OF COMMISSION WORK SESSION**  
**December 6, 2011**

City Commission Work Session

Mayor Winters presiding

**CALL TO ORDER:** 5:30 p.m.

**ROLL CALL:** City Commissioners present: Michael J. Winters, Bill Bronson, Fred Burow, and Mary Jolley. Commissioner Robert Jones was excused. Also present were the City Manager; Deputy City Manager; Directors of Fiscal Services, Park and Recreation, Planning and Community Development, and Public Works; Fire Chief; Interim Police Chief; and the Administrative Secretary.

**1. CDBG/HOME FUNDING SITUATION**

Deputy Director of Planning and Community Development Wendy Thomas presented a PowerPoint presentation on CDBG funding priorities. The timeline includes a “Needs” Public Hearing, CDBG Funding Priorities, and Annual Action Plan Update, all requiring Commission action.

Ms. Thomas reported an application workshop was held at the beginning of December and was very well attended, and the “Needs” public hearing is on the December 6, 2011 City Commission meeting agenda. At the beginning of January, the Commission will set the priorities for the CDBG funding. The applications submittal date will be at the end of January, and the applications will come back to the Commission for approval and incorporation into the annual action plan.

Ms. Thomas explained CDBG funding is provided from HUD to support activities in the local community. HUD uses up to 19 different categories to classify how the money can be spent. Requirements that must be met include the timeliness of the dispersal of the funds. She noted the annual allocation is approved as part of the budget every year.

Ms. Thomas reviewed the categories approved as part of the 2010-2015 Consolidated Plan. The allocations are tracked and compared to the approved priorities and reported to HUD.

Commissioner Burow questioned if the categories were ranked. Ms. Thomas responded they were listed as equal priorities.

Ms. Thomas reported funding increased from the late 1990s to the early 2000s. The trend has changed the last couple of years, and funding from the federal government is anticipated to continue to decrease.

Ms. Thomas reviewed the 2009-2011 funding allocation. She noted that administration is capped by HUD at 20%, and public services are capped at 15%. Economic development was funded for two years but was not funded last year because the money from the prior year had not been expended. She stated there is variability in affordable housing and in public facilities. She

noted there is talk on the federal and local level to cut back the 20% in the administration fund. The fund supports CDBG staff salaries and a portion of the salaries for the Deputy Director and Director of Planning and Community Development. The fund also supplements the general fund.

Ms. Thomas provided examples of notable projects funded the last couple years. The Boys & Girls Club roof was upgraded; three new HVAC units were provided; and scholarships were provided for after-school and summer programs for low-income children. The electrical system was upgraded in the Recreation Center. Daycare scholarships were provided to the Young Parents Education Center for young parents trying to pursue educational opportunities specifically for GED or to finish high school. McLaughlin Research received a grant that created eight jobs for low and moderate income people. The Center for Mental Health received a kitchen remodel for use in teaching clients life skills.

Mayor Winters questioned if the allocation for Meals on Wheels is anticipated to be increased or maintained. Ms. Thomas responded that it depends on the application that is submitted. She explained that many not-for-profits in the community are tied together. Last year behind-the-scenes negotiations took place to decide critical needs. She anticipates that most groups will request additional funding because a lot of their funding sources have been cut.

Ms. Thomas commented that needs are going up and dollars are going down. There were 63 people from 48 agencies at the application workshop, most looking for funding from the 15% allocation in the public services realm.

City departments provided priorities for road and infrastructure of \$761,938. The anticipated allocation is \$880,000.

Ms. Thomas reported HUD continues to escalate requirements for monitoring, site visits, auditing, applicants, etc. She noted the CDBG staff does such a good job that they are held out by the Denver regional office as examples of policies and procedures for other communities, but HUD continues to require expanding mandates on decreasing dollar amounts. Also, there was talk in the federal government this year to limit the amount of administrative funding to 10%, and that may be a trend in the future.

Ms. Thomas reported the HOME program also is receiving decreased funding; the slow housing market is creating additional difficulties; and the federal government is requiring a greater down payment.

Ms. Thomas reviewed the funding priorities approved last year. She recommended careful consideration in the public needs hearing because the 15% public services allocation cannot be increased. Though the Community Development Council (CDC) will make really good recommendations, the decision process will be very difficult.

Ms. Thomas reported the next steps for the Commission are to gather public input, assess needs, and allocate the funds in the Annual Action Plan.

City Manager Greg Doyon commented the economic development allocation does not have a disqualification this year. He noted there may be other opportunities for the public facility allocation with unused funds in the other categories, keeping in mind the costs associated with the 20% administration level. Mr. Doyon added that as revenues are shrinking at all levels, the Commission could allocate the public facility funds to help manage some of the capital projects for the City.

Commissioner Burow questioned if funding could be used for the Natatorium. Ms. Thomas responded the funding would probably come from affordable housing. She added she has worked in communities where public facilities have used all of the CDBG money. Everything went to public infrastructure, except administration costs.

Commissioner Burow asked what is included in public service. Ms. Thomas responded programs include social programs such as Meals on Wheels and Big Brothers Big Sisters.

Mr. Doyon believes there will be good feedback from the organizations at the public hearing. Consideration must be given to the community as a whole, keeping in mind what is happening in the budget environment and prioritizing areas most important.

Commissioner Jolley commented she is not on any board/committee that might be speaking at the public hearing.

Mayor Winters invited comment from Sheila Rice, NeighborWorks Great Falls, 509 1<sup>st</sup> Ave. South.

Ms. Rice noted no comparable organization like NeighborWorks Great Falls exists in the state. She emphasized the value in having a strong neighborhood community development program. When NeighborWorks started in 1980, there was one three-block section of 5<sup>th</sup> Ave. South that had 14 boarded-up houses – one in every three houses. The blighted areas, which tend to exist in the historic areas in cities, don't exist in Great Falls today.

Ms. Rice noted the work isn't done, but having a strong community development corporation with good construction experience allows the opportunity to jump on programs such as Neighborhood Stabilization. Great Falls had the first Neighborhood Stabilization program house for sale in the state. Thirteen foreclosed houses had been abandoned, were a drag on the community, and weren't helping a family. Today a family lives in an affordable house with a reasonable mortgage.

Ms. Rice stated the affordable housing allocation allows NeighborWorks to continue fixing up neighborhoods and providing homeownership opportunities for hardworking Great Falls families. The community provides tremendous support, but the CDBG funding is really big.

Ms. Rice reported NeighborWorks has a large HOME loan portfolio. HOME dollars have provided deferred mortgages over the last 10-15 years, allowing hardworking families homeownership who otherwise would not have been able to afford it. When those loans are paid off, those HOME dollars can be re-loaned.

Ms. Rice reported this year NeighborWorks has too much program income, so will probably suggest others can use HOME dollars this year. She noted affordable rentals are a huge problem in Great Falls and the state, exacerbated by the mortgage crisis.

**ADJOURN**

There being no further discussion, Mayor Winters adjourned the work session of December 6, 2011, at 5:55 p.m.