



CITY OF POQUOSON

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January 22, 2018

TO: City Council

THROUGH: Randy Wheeler, City Manager

FROM: Tonya A. O'Connell, Director of Finance
Tom Jones, Director of Public Works
Ellen Roberts, City Engineer

RE: CDBG – Program Income Plan

After Hurricane Isabel in September 2003, the City applied for and received funds, through the Virginia Department of Housing and Community Development, a Community Development Block Grant (CDBG). These funds were used to raise houses damaged by the storm for low or moderate income owners. This grant required a lien be placed on the property that would require, if the home was sold within 10 years of the Grant, a portion of the Grant must be returned to the City. We have received funds from two houses \$42,600 in FY 2013 and \$36,540 in FY 2011. The funds were put into a separate interest bearing account. Interest has been earned and some funds have been used for qualified expenditures throughout the years. The balance of the program revenue of \$75,954.35 needs to be spent as soon as possible.

The City inquired to CDBG if the funds could be utilized to reimburse homeowners effected by Hurricane Isabel and did not receive any assistance on elevating their homes from the approved grant assuming they would have met the requirements of the grant at that time. It was clearly indicated that the grant funds could not be used to reimburse homeowners any expenses that they themselves incurred to elevate their homes. Based on this information, we were provided the guidelines of the program which indicate that the funds could be used to elevate a home that was damaged by Hurricane Isabel for low or moderate income owners or erosion so long as Isabel can be determined to be the cause of the program.

Based on current elevation cost that the City has received from current on-going grants, the funds available would not be enough to elevate a single home. However, we were able to determine a project that would qualify under the program. The project that has been identified is a roadside ditch located on the southerly side of Victory Boulevard near its intersection with Wythe Creek Road, next to the McDonald's restaurant. This ditch experienced erosion during Hurricane Isabel and continues to be an ongoing problem for ditch maintenance. We have verified with CDBG that the ditch identified will satisfy the requirements of the program.

It is anticipated that the City will perform the work necessary to ensure the cost of the project can be done with the funds available through this program and the funding that has been approved in fiscal year 2018 Capital Improvement Fund. In order to proceed with utilizing the funds, the City is required to approve a resolution declaring that the funds will be used to stop the erosion of the ditch which occurred during Hurricane Isabel and submit the approved resolution along with a project income plan outlining the project, timeframe in which the City will complete the project and accountability of funds used. Attached is a resolution for City Council's consideration to allow for the City to proceed with submitting a program income plan to CDBG for approval to utilize the funds.

RESOLUTION NO. _____

A RESOLUTION DECLARING THAT THE CITY WILL PROVIDE A PROGRAM INCOME PLAN FOR THE INACTIVE PROGRAM FUNDS RECEIVED FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT TO THE VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

WHEREAS, Hurricane Isabel in September 2003 caused flood damaged to numerous houses; and

WHEREAS, the City applied for and received funds through the Virginia Department of Housing and Community Development, a Community Development Block Grant (CDBG); and

WHEREAS, the funds were used to raise houses damaged by the storm for low or moderate income owners; and

WHEREAS, the grant required a lien to be placed on the property that would require, if the home was sold within 10 years of the grant, a portion of the grant must be returned to the City; and

WHEREAS, the City has received inactive program funds associated with the CDBG Grant due to liens placed on two houses elevated and sold;

WHEREAS, the City has to submit a program income plan to receive approval to spend the inactive program funds on improvements to a roadside ditch that has been identified to have experienced erosion during Hurricane Isabel and continues to be an ongoing problem for ditch maintenance for the City.

WHEREAS, the project identified is located on the southerly side of Victory Boulevard near its intersection with Wythe Creek Road, next to the McDonald's restaurant.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Poquoson, Virginia:

Section 1: That the City Manager is hereby authorized to do all things necessary to provide a program income plan to the Virginia Department of Housing and Community Development outlining the activity in which the City will use the inactive program funds received from the CDBG Grant associated with Hurricane Isabel.

Section 2: That this resolution shall become effective immediately upon adoption.

ADOPTED: _____

TESTE: _____
City Clerk