

EM SUBMISSION NO.: 2012EFM093

PRESENTED: 10/10/12

ADOPTED: 10/11/12

BY THE EMERGENCY MANAGER:

**Resolution to Repay the U. S. Department of Housing and Urban Development \$98,079.15
For Ineligible Neighborhood Stabilization Program (NSP1) Expense**

The City of Flint received a Neighborhood Stabilization Program (NSP1) grant B-08-UN-26-0005 in the amount of \$4,224,621 in February 2009. The previous administration awarded several contracts which have been under scrutiny by the U.S. Department of Housing and Urban Development. Funds were awarded in the amount of \$30,000 to Spartan-Akers to provide spec writing and cost estimates for NSP1 structures. Funds in the amount of \$250,000 were also awarded to Circle of Love for homebuyer counseling.


HUD monitored the City's NSP1 program in May, 2011, and again in July, 2012. They cited the City for not following regulations. The City must repay funds expended on these two activities.


The repayment is in response to *Finding #3 – Failure to Follow Procurement Regulations* that cited the City for failure to conduct an open and competitive bid process when entering into contract with Spartan-Akers to prepare specifications and cost estimates. The City made draws from HUD totaling \$17,205.00 for work performed by Spartan-Akers from October 2010 to June 2011.

The second is in response *Finding # 2 – Ineligible Activity – Housing counseling services provided by non-HUD certified housing counseling organization and failure to provide certification to potential homebuyers* that cited the city for the Circle of Love contract. The City made draws from HUD totaling \$80,874.15 for Circle of Love from February through July 2011.

IT IS RESOLVED, That appropriate City officials are authorized to do all things necessary to repay the U. S. Department of HUD \$98,079.15 for ineligible Neighborhood Stabilization Program (NSP1) expense from account 101-000.000-229.000

APPROVED AS TO FORM:

for


Peter M. Bade, City Attorney


Michael K. Brown, City Administrator

APPROVED AS TO FINANCE:



Gerald Ambrose, Finance Director

EFM DISPOSITION:

ENACT ☒ REFER TO COUNCIL _____ FAIL _____


Edward J. Kurtz, Emergency Financial Manager

DATED: 10-11-12

RESOLUTION STAFF REVIEW

Date: September 11, 2012

Agenda Item Title **Resolution to Repay the U. S. Department of Housing and Urban Development \$17,205.00 for ineligible Neighborhood Stabilization Program (NSP1) Expense**

Prepared by:
Cynthia Cheshier

Summary of Proposed Action:

The City of Flint received a Neighborhood Stabilization Program (NSP1) grant B-08-UN-26-0005 in the amount of \$4,224,621 in February 2009. The previous administration awarded several contracts which have been under scrutiny by the U.S. Department of Housing and Urban Development. Funds were awarded in the amount of \$30,000 to Spartan-Akers to provide spec writing and cost estimates for NSP1 structures. Funds in the amount of \$250,000 were also awarded to Circle of Love for homebuyer counseling.

HUD monitored the City's NSP1 program in May, 2011. In a July, 2011 monitoring letter they cited the City for not following regulations concerning procurement with regards to the Spartan-Akers contract. The previous administration never responded to the monitoring letter. DCED is continues to review actions undertaken by the previous administration and has found the specs to be inadequate. New specifications and cost estimates are required and are being incorporated into the current contractor's scope of work. The City cannot draw funds for the same work twice and so the funds must be returned to HUD. Of the original \$30,000 contract with Spartan-Akers, \$17,205 has been expended.

HUD monitored the City again in April 2012 and determined that the funds awarded to Circle of Love were ineligible for reimbursement due to the fact that Circle of Love was not a HUD- certified housing counseling organization and that the organization failed to provide certifications to potential homebuyers. Of the original \$250,000, \$80,874.15 has been paid to Circle of Love from February through July 2011.

The attached resolution authorizes the repayment to HUD of \$17,205.00 for Spartan- Akers ineligible expenses, and \$80,874.15 for Circle of Love ineligible expenses, for a total repayment amount of \$98,079.15.

Financial Implications:

Funds will come from the general fund grant ineligible account 101-000.000-202.600.

Pre-encumbered: Yes ☐ No ☒ Requisition: *NA*

Account No.

Revenue:

Expense:

101-000.000 - 202.600 - Liabilities - Accts Payable

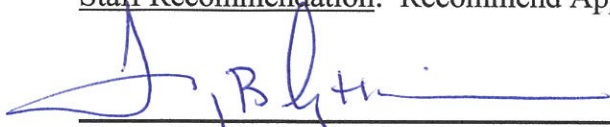
Reviewed by C. Cheshier

Cynthia Cheshier

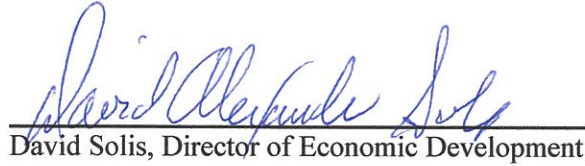
Other implications (i.e. collective bargaining):

No other implications are known at this time.

Staff Recommendation: Recommend Approval

A handwritten signature in blue ink, appearing to read 'T. B. Atkinson', written over a horizontal line.

Tracy B Atkinson, DCED Director

A handwritten signature in blue ink, appearing to read 'David Solis', written over a horizontal line.

David Solis, Director of Economic Development

A handwritten signature in blue ink, appearing to read 'Howard Croft', written over a horizontal line.

Howard Croft,
Director of Infrastructure and Development