



## Legislation Details (With Text)

**File #:** 16-247      **Version:** 1      **Name:**  
**Type:** Agreement      **Status:** Withdrawn  
**File created:** 6/29/2016      **In control:** City Council  
**On agenda:** 7/26/2016      **Final action:** 7/26/2016  
**Title:** REQUEST TO RECONSIDER the Vote on Item No. 16-247 Regarding the Communication from Council Member Tim Rigenbach with a Recommendation to AMEND an AGREEMENT with EAST BLUFF NEIGHBORHOOD HOUSING SERVICES (EBNHS) For FY2016, to Modify the Amount of Special Service Area (SSA) Funds Devoted to the Health and Safety Loan Program from Previous Years, with the Inclusion of Additional Performance Measures.

**Sponsors:**

**Indexes:** Goal 3 - Beautiful Peoria, Reinvest in neighborhoods

**Code sections:**

**Attachments:** 1. AGMT NO 16-247 EBNHS - SSA, 2. Attachment A to Memo - AGREEMENT A from Rigenbach, 3. Attachment B to Memo - Default Letter, 4. Attachment C to Memo - EBNHS Response Letter

Date	Ver.	Action By	Action	Result
7/26/2016	1	City Council	withdrawn	Pass
7/12/2016	1	City Council	approved	Pass

**ACTION REQUESTED:**

REQUEST TO RECONSIDER the Vote on Item No. 16-247 Regarding the Communication from Council Member Tim Rigenbach with a Recommendation to AMEND an AGREEMENT with EAST BLUFF NEIGHBORHOOD HOUSING SERVICES (EBNHS) For FY2016, to Modify the Amount of Special Service Area (SSA) Funds Devoted to the Health and Safety Loan Program from Previous Years, with the Inclusion of Additional Performance Measures.

**BACKGROUND:** On December 8, 2015, the City Council approved an agreement with EBNHS for 2016. The agreement estimated a levy amount of \$51,000 for 2016. The actual projected amount is **\$48,570.37**. Please note that the amount of SSA funds collected annually continues to decrease.

The agreement adopted for 2016 included the following:

- ❖ The EBNHS will receive EBNHS Special Service Area funds for revenue received by the City from January 1, 2016 to December 31, 2016, for the use of personnel and operating expenses. No SSA funds for 2016 were required to be devoted to specific programs for 2016, as EBNHS has received program funds from other sources. This was proposed only for 2016 and will be revisited in future years as part the annual agreement.
- ❖ Funds designated for the Health and Safety Loan Program from 2012 through 2015, must continue to be used toward the issuance of Health and Safety Loans, per the Health and Safety Loan Program guidelines approved by the City Council; however, no additional SSA funds will be devoted to the Health and Safety Loan Program in 2016. Funds devoted to the Health and Safety Loan program for 2012 through 2015 included the following breakdown:
  - 2012 = \$30,000 total (\$15,000 of City SSA funds and \$15,000 of EBNHS private corporation funds).
  - 2013 = \$30,000 total (\$15,000 of City SSA funds and \$15,000 of EBNHS private corporation funds).
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- funds).
- 2015 = \$20,217.72 total (\$10,108.86 of City SSA and \$10,108.86 of EBNHS private corporation funds).
- This results in a total \$110,217.72 devoted to the Health and Safety Loan Program to date.

To date, EBNHS has approved 12 Health and Safety Loans, for a total amount of \$48,853.02. Four loans were issued in 2015, when the program was first opened for application, and 8 loans have been issued thus far for 2016. Repayment has begun on the first 6 loans, which goes back into the EBNHS Health and Safety Loan account to be used for the issuance of future loans.

During 2015, EBNHS borrowed \$15,000 from the Health and Safety Loan account for operations. Per the SSA agreement with the City, these funds were restricted for the issuance of Health and Safety Loans. In addition, \$10,108.86 of SSA funds designated to the Health and Safety Loan fund, and required to be matched by EBNHS, were not matched. As a result, the EBNHS Health and Safety Loan account is \$25,108.86 short. Please note that \$4,337.57 was used for improvements in the Community Core, as the cost exceeded the community core budget provided by LISC. The remainder was used for operations.

Please note that full account detail, for all EBNHS accounts receiving City SSA funds, was not required per the 2015 SSA agreement. EBNHS approached the City after the end of the 2015 fiscal year explaining that funds from the Health and Safety Loan account were used for operations of the Organization, and proposed a repayment plan. The City then sent a notice to EBNHS, indicating the Organization was in default of the SSA agreement with the City (Attachment B).

A formal response to the default notice was provided by EBNHS to the City, detailing the repayment plan proposed by EBNHS (Attachment C). EBNHS then opened their financial records for both accounts that contained SSA funds. Upon review of EBNHS financials, the City believes that funds borrowed from the Health and Safety Loan account were spent in a manner to further the EBNHS mission and the intent of the Special Service Area. In addition, EBNHS indicated that a lower than expected 2014 SSA assessment and a delay in income from the IFF duplexes, which EBNHS manages, contributed to the lack of funds for operations. To date, EBNHS has 9 of the 16 duplex units occupied, with 2 lease agreements pending, and they continue to work to fill the remaining units.

In place of the repayment plan, as proposed by EBNHS, the following items are proposed to be included as part this amended agreement (Attachment A). The agreement will not take effect, and first quarter 2016 SSA funds will not be disbursed, until the agreement is approved by the EBNHS board:

1. SSA funds for 2016 will continue to be devoted to personnel and operating expenses, with no additional funds designated to the Health and Safety Loan Program.
2. The EBNHS shall immediately open all financial records to the City. These records will remain fully available to the City as long as Special Service Area funds are provided to the EBNHS.
3. The EBNHS Executive Director and/or other staff shall complete a course of training on budgeting, technical, and financial management acceptable to the City by December 31, 2016.
4. The composition of the EBNHS Board shall be restructured and the bylaws revised, as necessary, following a board retreat facilitated by the LISC and the City of Peoria.

Please note, at the present date, if none of borrowed Health and Safety Loan funds are repaid, there will be approximately \$40,000 in Health and Safety Loan funds available for new loans to be issued.

**FINANCIAL IMPACT:** FY2016 SSA funds will be dispersed quarterly per the agreement terms.

**NEIGHBORHOOD CONCERNS:** No public meetings were held regarding the 2016 SSA agreement.

**IMPACT IF APPROVED:** The EBNHS will receive EBNHS Special Service Area funds for revenue received

by the City from January 1, 2016 to December 31, 2016, with all funds designated for personnel and operating expenses. EBNHS will not be required to repay Health and Safety Loan funds used for operations and additional performance measures incorporated will be incorporated as part of EBNHS quarterly reporting.

**IMPACT IF DENIED:** The agreement would remain unchanged and continue as approved on December 8, 2015; however, quarterly payments would be held due to default of the agreement.

**ALTERNATIVES:** An amended agreement with different terms than currently proposed.

**EEO CERTIFICATION NUMBER:** 00725-151231

**WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2014 - 2029 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?**

1. Attractive Neighborhoods with Character: Safe and Livable

**WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?**

1. Reinvest in neighborhoods.