

REDISTRIBUTION

&

RECAPTURE POLICY

**(FOR THE EXPENDITURE OF COMMUNITY
DEVELOPMENT BLOCK GRANT (CDBG) FUNDS)**

JUNE 22, 2000

REDISTRIBUTION & RECAPTURE POLICY

**FOR THE
EXPENDITURE OF COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG) FUNDS**

June 22, 2000

**COUNTY OF HIDALGO
URBAN COUNTY PROGRAM**

*Approved by
ccc on
7-5-00*

POLICY

The purpose of this policy is to ensure that the County of Hidalgo-Urban County Program complies with the Timeliness Requirement as it applies to the expenditure of Community Development Block Grant funds [24 CFR 570.902 (CPD Notice 89-39)]. Grantees are required to achieve an expenditure ratio of 1.5 by April 30 each year, meaning that the grantee's letter of credit has no more than 1.5X (times) the funding of the CDBG current allocation. Due to the failure of the County to meet the Timeliness Requirement in FY 1998 and 1999, the Hidalgo County Commissioners' Court is implementing the following Redistribution and Recapture Policy.

Effective with Program Year 2000 funding, consortium cities and precincts will be expected to meet the expenditure ratio required by HUD as it pertains to their allocation. The expenditure ratio is based on the amount approved for each city and precinct in their Interlocal Agreement. The following list, with the exception of the two highlighted items, may be used as milestones to gauge spending progress. (The October 31 figure will be used to begin certain Remedial Actions as defined below. The April 30 figure of 1.50 is binding.)

July 31	2.25
August 31	2.19
September 30	2.08
October 31	2.00*
November 30	1.92
December 31	1.83
January 31	1.75
February 28	1.67
March 31	1.58
April 30	1.50*

Method of Calculation

The formula to be used to calculate the Expenditure Ratio is U divided by A equals ER ; where U is the total of Unexpended funds and A is the amount of the current Allotment.

Redistribution and Recapture

It shall be understood that cities and precincts are required to meet expenditure ratio requirements or risk recapture of their funds by the Urban County Program. It shall be further understood that the cities and precincts may lower their expenditure ratios through "loaning" their present funds to other cities and precincts. These "loans" will be repaid from future allotments, and the terms of these transactions shall be formally approved by each participating entity and ratified by Commissioners' Court.

Those entities "borrowing" funds will be also be subject to recapture should their spending ratios

exceed required levels, and any such recapture will in no way affect the terms and conditions of the original "loan" transactions.

Procedures

1. Cities and precincts will receive monthly reports tracking their expenditure rates and providing data so that progress can be measured.
2. Cities and precincts can make arrangements to "loan" or "borrow" current funds from other consortium members, and arrange to repay or to be repaid from future allotments.
3. All such arrangements will be approved by the governing bodies of the entities involved and ratified by Commissioners' Court.
4. Cities and precincts must comply with appropriate procedures where necessary, including environmental review, budget and program amendment procedures, public hearings and eligibility requirements.
5. If the city or precinct has a spending ratio above 2.0 on October 31 of any year, the Hidalgo County Commissioners' Court shall require the following Remedial Action:
 - A. That city or precinct shall prepare a work-out plan outlining upcoming projects and expenditures which will satisfy the Timeliness Requirement, and shall submit the plan to the Urban County Director by November 15 of that year. The Director will present the plan to the Advisory Council at a properly called meeting, as soon as practicable.
 - B. The Advisory Council will make recommendations to the Commissioners' Court as to the disposition of the funding of each city or precinct required to present a work-out plan. These recommendations may include, but not be limited to, the following:
 1. Acceptance of the city or precinct's plan, and allowing them to continue to administer their funds;
 2. Recapture of funds, and a reallocation plan for those funds; or
 3. Recapture of funds, and leaving the reallocation of those funds to Commissioners' Court.
 - C. Final action will be taken by the Hidalgo County Commissioners' Court.

Other Actions as Warranted

The adoption of this policy would not prohibit the Hidalgo County Commissioners' Court from taking any other type of remedial action or any other action at any time of the year to assure itself of meeting HUD Timeliness requirements.

URBAN COUNTY PROGRAM
 Hidalgo County Commissioners' Court
 Agenda Request Form

No. _____

Date: June 23, 2000
 Deadline for Action: July 05, 2000
 Department: Urban County Program

Meeting Date Request: July 05, 2000
 Contact Person: Alan Kamasaki
 Phone: (956) 318-2619 Fax: (956) 383-5971

Alan Kamasaki, Interim Urban County Director *AK*

Caption:

Approval of a Redistribution and Recapture Policy for the Urban County Program.

Background:

The Urban County Program has failed to meet HUD spending guidelines in the last two years. Therefore, it is necessary to implement a mechanism to increase the rate of spending by allowing members with excess funds to "loan" these funds to other members who have projects that are ready to be implemented. It is anticipated that the attached Redistribution and Recapture Policy will provide such a mechanism. The Policy would also permit funds to be recaptured from members who cannot develop a satisfactory spending plan.

This Policy was unanimously adopted by the Urban County Advisory Council on June 22, 2000, and would take effect immediately upon approval by the Commissioners' Court.

APPROVED Co. Comm.
 DATE 7/5/00 *AK*

Mgr. _____
 Fin. _____

Please initial for approval:

AK County Judge _____ Commissioner Pct. 1
 County Attorney _____ Commissioner Pct. 2
 Budget _____ Commissioner Pct. 3
 Personnel _____ Commissioner Pct. 4
 Purchasing _____

Dept./Fund No. _____
 Amt. Expended: \$ _____
 Funds/Staffing Budgeted: Yes: _____
 No: _____

Account Code: _____
 Impact on Future Budget:
 Yes: _____
 No: _____

Comments:

Action taken by Commissioner's Court:

proved _____ Tabled _____ Denied _____ Motion made by _____ Seconded _____ Vote _____