



**Request for City Council Committee Action
From the Department of Health & Family Support**

Date: September 25, 2007

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Paul Ostrow, Chair, Ways & Means/Budget Committee

Subject: **TRANSFER OF THE CDBG FUNDED CHILD CARE LOAN RENOVATION PROGRAM FROM THE GREATER MINNEAPOLIS DAY CARE ASSOCIATION TO THE DEPARTMENT OF HEALTH & FAMILY SUPPORT**

Recommendation:

Council authorization for the proper City officials to:

1. Accept the assignment of the loans from the CDBG funded Child Care Loan Renovation Program administered by the Greater Minneapolis Day Care Association to the City.
2. Increase both the revenue budget (revenue source code 3210/14) and the 2007 appropriation in fund/org 0400-860-8605 by \$186,641.68.
3. Expend program income for renovation services already completed but not paid for by GMDCA, and for future support for the continuation of the program.

Previous Directives:

May 25, 2007 Council session on settlement.

Prepared or Submitted by: Becky McIntosh, Director of Planning & Administration
Phone: x2884

Approved by:

Gretchen Musicant, Commissioner of Health

Permanent Review Committee (PRC): Approval ____ Not Applicable X
Policy Review Group (PRG) Approval ____ Date of Approval ____ Not Applicable X

Presenters in Committee: Becky McIntosh, Health & Family Support

Financial Impact (Check those that apply)

- X Action requires an appropriation increase to the ____ Capital Budget or X Operating Budget.
- X Action provides increased revenue for appropriation increase.

Community Impact (use any categories that apply)

City Goals: A Safe Place to Call Home and One Minneapolis

Background/Supporting Information Attached

In early October 2006 the department was notified that Greater Minneapolis Day Care Association (GMDCA) would be discontinuing their child care support services effective October 31, 2006. This action came as a result of unresolved audit problems and the cancellation of major contracts from the county and the state. Since that time discussions have been in progress with GMDCA for the transfer of loans made through the CDBG funded Child Care Loan Renovation Program to the City. The discussions also included the resolution of questioned costs from the 2005 audit and the return of program income from the child care provider repayments of loans which have been maintained by GMDCA in special revolving loan accounts (Program Income). On July 23, 2007, the GMDCA Board passed a resolution approving repayment of Program Income and authorizing the assignment of the loans to the City.

The partial settlement amount of \$186,641.68 includes the following amounts:

\$247,220.73	Loan Program Account Balance as of 12/31/06 confirmed by Rogers & Co.
\$ 13,778.95	Loan repayments from 1/1/07 – 4/30/07.
<u>\$ 2,000.00</u>	Unresolved questioned costs related to year ending 2005 audit finding (all other questioned costs from the audit were resolved)
\$262,999.68	Amount owed to the City of Minneapolis
<u>(76,358.00)</u>	Less amount owed to GMDCA under the CDBG grants
\$186,641.68	

GMDCA is prepared to make a final settlement for loan repayments once the numbers are finalized for the time period of April 30, 2007 through the transfer of the loans. This amount is estimated to be about \$30,000.

The department is requesting approval to accept the \$186,642.68 as a partial payment of Program Income. Staff is also requesting authorization to utilize the \$186,642.68 to pay for renovation work already completed, but not paid for by GMDCA, and to use the remaining appropriation to continue to provide child care loan renovation services through a revolving loan program under the oversight of Health & Family Support with technical assistance from CPED.

The department is working collaboratively with Development Finance to restructure the Child Care Loan Renovation Program. The department will take advantage of existing CPED contracts to run the Child Care Loan Renovation Program. Development Finance administers existing CPED contracts with the Greater Metropolitan Housing Corporation (GMHC) and Community Reinvestment Fund (CRF). GMHC currently provides home renovation services for CPED programs and is well suited to provide services for the Child Care Loan Renovation Program. CRF currently services loans originating through various CPED programs and staff is proposing to utilize the services of CRF for servicing of the loans originated through the Child Care Loan Renovation Program.

Child Care Loan Renovation Program guidelines previously utilized by GMDCA are being reviewed and updated with the assistance of CPED, and with technical assistance from GMHC. The department is also exploring additional programmatic supports outside of the direct management of the Child Care Loan Renovation Program, including marketing of the service, opportunities for child care providers to become licensed which allows them to be eligible for loan renovation funding, and other assistance to enhance the capacity of child care providers in Minneapolis.

These actions will help the City meet public health goals of increasing the quality and safety of child care facilities and services in Minneapolis, as well as expanding the community's capacity to meet demands for child care services. In addition, these actions will meet economic development goals of assisting small businesses, improving the quality of the City's housing stock, and reducing hazards from lead and indoor air concerns.