



City Council

Approval of Appropriations Ordinance in the Amount of \$100,000 Transferring Funds From the General Fund Balance to the HUD Fund

Agenda Date: 9/15/2015
Agenda Item Number: 4.E
File Number: 15-0801

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of Appropriations Ordinance in the Amount of \$100,000 Transferring Funds From the General Fund Balance to the HUD Fund

Recommended Action

Finance Committee Recommendation:

Move to approve an Appropriations Ordinance in the amount of \$100,000 transferring funds from the General Fund's fund balance to the HUD Fund.

City Manager Recommendation:

Move to pass an Ordinance appropriating \$100,000 from the General Fund's fund balance to the HUD Fund on second reading.

Report

Issue:

Determine whether or not to approve an Ordinance appropriating \$100,000 from the General Fund's fund balance to assist the HUD Fund with cash flow needs.

Staff Contact:

Stacie Tellers, Senior Accountant, Administrative Services, 360.753.8599
Dean Walz, Finance Director, Administrative Services, 360.753.8465

Presenter(s):

None - consent calendar item.

Background and Analysis:

The background and analysis have not changed from first to second reading.

Fund 107 - Housing and Urban Development (HUD) Fund

Fund 107 uses HUD-related program income: income received from housing rehabilitation loan repayments and interest for these loans; the proceeds from the HUD Community Development Block Grant (CDBG); Section 108 Loan proceeds; and other funds as appropriate or designated by the City

Council for approved projects. These funds may be used for any legal purpose as authorized by the City Council, subject to the authorization from the Federal Department of Housing and Urban Development (HUD).

HUD requires the City to use program income on eligible project expenses prior to the receipt of CDBG funding; in addition, HUD requires that the City request Section 108 Loan draws after payment of eligible expenses.

The City spends program income first which may result in a timing issue for cash availability in the HUD Fund. The General Fund Balance could transfer \$100,000 to the HUD Fund to address the cash flow issue. The funding would return to the General Fund should the HUD Fund be discontinued, and unless authorized by Council the funds would not be spent on CDBG related projects.

The Finance Committee considered this issued at its August 12, 2015 meeting, directed staff to prepare an ordinance and recommended the Council approve the ordinance.

Neighborhood/Community Interests (if known):

None, this is an administrative amendment.

Options:

1. Move to approve an Ordinance appropriating \$100,000 from the General Fund's fund balance to the HUD Fund, therefore addressing the cash flow issue in the Fund.
2. Do not approve the appropriation Ordinance in the amount of \$100,000 from the General Fund Balance to the HUD Fund, therefore continuing the cash flow issue in the Fund.

Financial Impact:

This recommendation would authorize the transfer of funds from the General Fund's fund balance to the HUD Fund to avoid any possible negative cash flow issues.