

Memorandum



DATE September 14, 2018

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rickey D. Callahan (Vice-Chair), Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Consideration of the second of four one-year renewal options to the service contract with PeopleFund to administer the City of Dallas CDBG Revolving Loan Program - City Council Agenda – September 26, 2018**

Summary

At your September 26, 2018, Council meeting you will consider authorizing the second of four one-year renewal options to the service contract with PeopleFund to administer the City of Dallas Community Development Block Grant (CDBG) Business Revolving Loan Program.

Background Information

Since 1989, the City of Dallas has used a portion of its Community Development Block Grant (CDBG) funds to support the City of Dallas CDBG Business Revolving Loan Program (BRLP), as approved by Council Resolution No. 89-0815. Since inception the CDBG Business Revolving Loan Program has provided approximately 202 business loans totaling an estimated \$20,270,565.00. These loans have been used to leverage an estimated \$42,439,502 in private investment and have created/retained approximately 2,024 jobs.

PeopleFund is the current sub-recipient of the CDBG funds and administers the BRLP on behalf of the City as an activity to meet a national objective of Low-to-Moderate Job Creation or Retention (LMJ). The program provides funding and access to capital to eligible businesses that create or retain jobs for low-to-moderate income persons to foster community, economic development and revitalization within the city limits.

PeopleFund will continue to service all loans and will make a minimum of five new loans in this upcoming contract year to eligible for-profit businesses located within the City of Dallas. Every \$35,000.00 of funds loaned under BRLP must result in the creation or retention of one full-time equivalent permanent job where at least 51 percent of jobs, computed on a full-time equivalent basis, involve the employment of a low-to-moderate income individual, in accordance with the Department of Housing Urban Development (HUD) regulations.

Program income generated from the BRLP will be revolve back into the fund and retained by PeopleFund to make new loans to eligible borrowers and to offset the

cost of program operation as defined by the contract and HUD regulations. No general fund dollars will be used for this loan program. This action does not encumber funds.

In the previous four years, BRLP has made 8 new loans:

Program Year	Number of Loans/Loaned Amount	Jobs Created/Retained
2014-15	3 / \$243,000	22
2015-16	1 / \$75,000	9
2016-17	2 / \$126,000*	3
2017-18	2 / \$171,500	11

*\$126,000 reflects the total loan amount approved for the year. One borrower was approved for \$75,000 but has only drawn down \$34,146, which aligns with one job created.

The existing CDBG loan portfolio and accounts receivable consist of 16 loans totaling \$1,119,865.00 and a cash bank balance of \$637,322.19, as of July 31, 2018.

FY 2017/2018 program income is projected to be \$670,819.00 with projected expenses of approximately \$115,194.00. Eligible program delivery costs will be reimbursed from the program income. Funds have revolved and no additional CDBG funds have been allocated to the program since 2005. There is no cost consideration to the City.

Issue

The existing contract term will expire on September 30, 2018. This agenda item would authorize the second of four renewal options for a one-year term, from October 1, 2018 to September 30, 2019. The renewal will also authorize the City to cancel the contract with a 30-day notice for cause or convenience.

Alternatives

If the contract is not renewed, the City would need to notify HUD of a material change to the CDBG program and Office of Economic Development Staff would assume management of the program.

Coordination

The Office of Economic Development will continue to work with Office of Budget to keep the program in compliance with HUD regulations and with PeopleFund to promote City loan programs for the purpose of making loans to for profit businesses to create and retain jobs for low-to-moderate income persons.

Fiscal Impact

No Cost Consideration

Recommendation

Staff recommends approval of the second renewal options to the contract with PeopleFund to administer the CDBG Business Revolving Loan Program.

Should you have any questions, please contact me at (214) 670-3297.



Courtney Pogue
Director, Office of Economic Development

- c: Chris Caso, City Attorney (I)
Craig Kinton, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
- Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and
Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors

Memorandum



DATE September 14, 2018

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Consideration of the second of two service contract renewals to Foundation Communities to administer a Volunteer Income Tax Assistance Program for low to moderate income families or individuals citywide – Foundation Communities, Inc., -- Not to exceed \$200,000 – Financing: Current Funds (subject to appropriations)**

Summary

At your September 26, 2018 Council meeting, you will consider authorizing the second of two service contract renewals to Foundation Communities to administer a Volunteer Income Tax Assistance Program for low to moderate income families or individuals citywide.

Background Information

The City has supported Volunteer Income Tax Assistance (VITA) through payments to the United Way or Foundation Communities for the past six years. These payments have supported a VITA program that provided free tax help to over 8700 Dallas tax filers for the 2017 tax year at seven different sites throughout the city. The VITA program offers free tax assistance to families and individuals who make less than \$54,000 a year, and are full time sites, operating 6 days a week and 6-8 hours a day. Approximately 25% of the tax returns completed through the VITA program claimed the Earned Income Tax Credit (EITC). Additionally, over 780 individuals requested referrals for financial education classes or one-on-one financial coaching sessions with a partner agency.

In 2016, the City issued an RFCSP to solicit proposals for the administration of a Program Tax Preparation and Financial Education Services Program for low to moderate income families or individuals citywide. Foundation Communities won the solicitation and has provided a city-wide program for free tax assistance with a secondary goal of enhancing financial literacy by using the Earned Income Tax Credit (EITC) as the anchor for wrap-around services. This program scope aligns with the recommendations from the Mayor's Task Force on Poverty's briefing to City Council to develop an awareness campaign to get more people to VITA sites.

During the 2018 tax season (Spring 2019), Foundation Communities intends to prepare 9,500 tax returns within the City of Dallas. Foundation Communities will operate seven site locations in the City dedicated to tax preparation and continue its a robust bilingual marketing program, which includes direct mailings, social media campaigns and grassroots efforts. Sites will be open from mid-January through the tax deadline in April 2019. Each site location recruits at least 50 active volunteers, secures and maintains appropriate and sufficient equipment, and

hires and manages paid staff to ensure proper coverage. At least 50% of the program's seasonal positions will be filled by employees who are bilingual. All returns completed undergo review and quality control by experienced staff and volunteers. During the previous tax year, 464 trained volunteers provided more than 9,300 of volunteer hours. Additionally, Foundation Communities will operate one year-round sites for on-going assistance at North Dallas Shared Ministries.

Foundation Communities will continue to emphasize financial literacy and coaching by referring tax clients to financial coaching sessions and assisting clients with establishing savings accounts and purchasing savings bonds. During the previous tax season, more than 7,000 clients completed a survey to assess what referrals the clients wanted. The most common responses were savings opportunities and financial aid. Foundation Communities offers two programs to assist with savings, a savings bond program and Dallas Saves. DallasSaves, the savings account program, offers clients the opportunity to establish or add to a savings account meant for use during financial emergencies or to deal with an unanticipated expense and offers matching funds as an incentive to families who set aside between \$200 and \$500 of their tax return through the tax return process and maintain the balance for a year. 120 families participated in Dallas saves, with a current total savings balance of over \$13,000. Additionally, 115 individuals purchased savings bonds through that program.

A summary of program highlights is attached to this memo.

Issue

The existing contract term will expire on September 30, 2018. This agenda item would authorize the second of two renewal options for a one-year term, from October 1, 2018 to September 30, 2019. The total program cost is approximately \$552,000. City funds will provide up to \$200,000 of that program cost (from current funds).

Alternatives

Foundation Communities would reduce the scope of the VITA program, by either offering fewer sites or no financial literacy or savings program, or a combination of the two.

Coordination

The Office of Economic Development has worked with Dallas Public Libraries and the United Way to help coordinate volunteers and support the mymoneydfw.com website to provide a coordinated information for tax preparation assistance. Dallas Public Libraries host the AARP's tax assistance program, which offer free tax assistance, primarily to those 55 and older.

Fiscal Impact

\$200,000 of current year funds.

Recommendation

Staff recommends approval of the second renewal term.

Should you have any questions, please contact me at (214) 671-5257.



Courtney Pogue
Director, Office of Economic Development

c: Chris Caso, City Attorney (I)
Craig Kinton, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and
Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors