

# BOARD OF ALDERMEN

ITEM NO. E(2)

## AGENDA ITEM ABSTRACT MEETING DATE: November 9, 2004

**TITLE: A request from the Grape Arbor Development Corporation for the Town to Serve as Fiscal Agent for Federal Grant**

<b>DEPARTMENT: Community and Economic Development</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>A. Resolution</b> <b>B. U.S. Department of Housing and Urban Development LTR DTD April 14, 2004</b> <b>C. Memorandum of understanding between both parties, description of the project</b>	<b>FOR INFORMATION CONTACT:</b> <b>James R. Harris, 918-7319</b>

### PURPOSE

The purpose of this item is to present to the Board of Aldermen a request from the Grape Arbor Development Corporation for the Town of Carrboro to assist the organization by serving as a fiscal agent for Economic Development Initiative (EDI) funds in the amount of \$198,820.

### INFORMATION

The funds are a part of the Consolidated Appropriations Act of 2004 (PL 108-199), signed into law by President Bush on January 23, 2004. These funds are to be used by the Grape Arbor Development Corporation for the acquisition, renovation, and/or build out of a youth enhancement center. The grant guidelines allow for 20% of the grant to be spent for:

- Project financing fees, expenses, taxes and insurance;
- Development and construction management fees and costs;
- Professional services necessary to implement the project (architectural, engineering, surveying, appraisal, legal, accounting, etc); and
- On-site services during construction (security, temporary utilities, etc.)

Now that the Department of Housing and Urban Development (HUD) has set aside the funds for the project, a formal application must be submitted by the corporation to HUD to be reviewed for consistency with the intent of congress. Upon final approval of the project, HUD will send the grantee the grant agreement forms, and guidance for electronic transfer of federal funds into the local bank account on a draw down basis. If Carrboro agrees to serve as the fiscal agent for the

project, the funds will come to the town. The town would ensure that the funds are spent in accordance with federal regulations. Clear guidelines are provided by HUD to administer the funds.

To establish a formal relationship for the Town of Carrboro to serve as fiscal agent, the Board of Aldermen must approve the relationship and enter into a memorandum of understanding with the non-profit stating specifically what the responsibilities are for each party. Attached for your review is the memorandum of understanding that will serve as the contract between the Town and Grape Arbor. A budget amendment to appropriate the HUD funds will be done at a later date upon official notice of approval of the grant application from HUD.

RECOMMENDATION

Staff recommends that the Board agree to serve as the fiscal agent for this organization and to authorize the Town Manager to sign the memorandum of understanding that states the responsibility of both parties.