



City of Madison
Meeting Minutes - Final
COMMUNITY DEVELOPMENT BLOCK
GRANT COMMISSION

City of Madison
Madison, WI 53703
www.cityofmadison.com

Thursday, July 5, 2007

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room 260 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

Sanders called the meeting to order at 5:00 PM

Present: Thuy Pham-Remmele, Marsha A. Rummel, Arthur V. Robinson, Lina Trivedi, Steven C. Bartlett, Carl G. Silverman, Justin O. Markofski and Charlie R. Sanders

Excused: Tim Bruer, Monya A. Choudhury and Kristina L. Dux

Staff present: Hickory Hurie, Mary Charnitz, Nancy Dungan, and Sue Wallinger

PUBLIC COMMENT

No one wished to make any comments.

WELCOME-CHAIR'S REPORT

Community Action Coalition (CAC) - Status of Community Garden Efforts, Janet Parker, CAC and Bill Barker City Gardens Committee

Saunders announced a slide presentation by CAC and the Gardens Committee regarding the status of their community gardening efforts. Barker said that the community gardens are growing more than just vegetables. They are also growing communities. He said that Madison has benefited from 31 community gardens over the last 4 years, and the gardens have increased the amount of land they use and the number of persons who participate. He presented slides that showed various gardening activities, along with the people who participated in the gardens over the past year.

Parker explained CAC's contribution to gardens. She also said that the Gardens Committee still needs a representative from the CDBG Commission. The Gardens Committee meets once a month except for July, August, and December. She announced that CAC will be doing a bike tour on August 25 from Sheboygan Garden to Marlborough Garden.

Saunders thanked Parker and Barker for their informative presentation. Silverman said that Monya Choudhury has expressed interest in serving on the Gardens Committee.

STAFF REPORT FOCUS ITEM

30 Years of Community-based Economic Development

Hurie informed the Commission that Madison Development Corporation (MDC) is celebrating its 30th anniversary this year, and referred commissioners to MDC's 30th Anniversary Report for details on their organization and their accomplishments over the years. Hurie described MDC's work over past 30 years and their collaboration with CDBG to do economic development in Madison. He said that MDC has spun off the Madison Capital Foundation, now called Venture Investors of Wisconsin, with CDBG seed money.

APPROVAL OF MINUTES

A motion was made by Bartlett, seconded by Markofski, to Approve the Minutes. The motion passed by acclamation.

REQUEST FOR RESERVE FUNDS OR MAJOR CHANGES IN PREVIOUSLY APPROVED PROJECTS.

Rainbow Project: Wall Repair, Sharyl Kato, Director, and Elizabeth Lipp, Executive Assistant

Kato said that Rainbow Project is celebrating its 10th year being in their current building. She described how the exterior wall of the building is crumbling and has caused safety concerns. After two incidents involving tiles falling off the building, Rainbow has found it necessary to make repairs to ensure the safety of everyone utilizing the building. Kato said they had someone from WHEDA do an estimate of what's required to fix the wall.

Discussion highlights:

- The Rainbow Project provides counseling for the prevention, early intervention, & treatment of children and families who are addressing trauma they've experienced in their lives, including family and community violence. They offer parent education and support. They may work with a family as a whole or with an individual or individuals from a family depending on the need.*
- Dane County doesn't do as much treatment, and Rainbow receives referrals from the County.*
- Rainbow works with schools quite a bit. They provide consultation to schools and daycare centers, and they often work together with the school or daycare counselors to help children. Rainbow provides services above & beyond what schools are able to provide.*
- Rainbow has point of service contracts with other agencies to avoid duplication of services that other agencies provide to families.*
- Rainbow's services are always in demand, and they always have a waiting list of potential clients.*
- One-third to one-fourth of their clients are referred from the courts. Others come to Rainbow voluntarily.*

Silverman moved to approve staff recommendations to provide up to \$10,000 in CDBG funds (not to exceed 80% of the total cost) as a long-term deferred loan under the terms of the 2007-2008 Framework. Rummel seconded. The Commission voted unanimously to approve the motion.

Interfaith Hospitality Network (IHN): Housing and Hope, Rachel Krinsky, Executive Director

Krinsky said that IHN serves homeless families with children, providing shelter and helping them obtain housing. They have long-term relationship with the families they serve. She said more homeless families need assistance than there are services and providers. She said more low-income quality housing is needed in Madison.

Krinsky said that half of the (non-city) money that IHN receive would go toward purchasing and renovating eight-plex apartment buildings with managers onsite. The other half of the money would go to a "forever fund" to provide continued support. Their goal is to provide permanent housing for families with no official time limit to the housing. IHN would help families get training and apply for jobs. Some families will always be <30% AMI due to disability, she said.

IHN is a faith-supported organization, supported by 50 churches in the area, but they are a secular 501(3)(c), not a faith-based non-profit.

Krinsky said that the average stay for families is artificial now because of time limits that are imposed on shelter. She believes five years is a reasonable estimate for the amount of time a homeless family would need housing assistance of this kind from IHN.

Krinsky said that for families to receive assistance from IHN, they must be homeless, <30% AMI, and unable to get into other situations. IHN has created its own rent structure, which is not like HUD's.

Bartlett moved to approve staff recommendations to provide \$308,000 now to purchase available property, with the balance to be reconsidered by the CDBG Commission in 2008. Bartlett added the additional stipulation that \$154,000 be available for each building up to two buildings. Funds would be in the form of a long-term deferred loan, using CDBG Office funds, including, but not limited to HOME, Match, Scattered Site, and Housing Trust Funds. Markofski seconded.

Discussion highlights:

- This funding approval would exhaust HOME funds from 2007 unless the CD Office receives more money from repayments of previous HOME loans.*

The Commission voted unanimously to approve the motion.

Porchlight: Porchlight Products, Steve Schooler, Executive Director

Schooler passed out copies of Porchlight's 2006 Annual Report. He said that Porchlight's mission is to provide shelter, housing, supportive services, and a sense of community to homeless persons. He also described Porchlight's request for funding for Porchlight Products. They hope to use CDBG funds to capitalize some of the start-up costs of their new business, which would use local food suppliers and employee persons with disabilities, some of whom are Porchlight participants in their housing and supportive services programs, to create condiments and other food products for sale to area restaurants. He said that this project would engender a sense of pride in its workers.

Schooler said that the program currently provides food items to the Washington Hotel in Door County and to vending machines and coffee carts. Schooler brought a sample the raspberry jam that Porchlight residents produce and sell to the Washington Hotel.

Discussion highlights:

- Participants would be hired in a way similar to an employment selection process. Persons with disabilities would be hired based on their ability to do the work.
- Utilizing produce from community gardens would raise issues of food safety and regulations, as well as uniform quality of product, so it is doubtful that Porchlight would be able to use products grown in community gardens.
- Porchlight has four perspective local buyers of their products, including Old Fashioned Tavern and Restaurant, Marigold Kitchen, and two others.
- Participants employed in the program would establish an employment record, and Porchlight hopes that some might become permanent employees or go out into the general working population for employment.

Trivedi moved to accept staff recommendations to fund up to \$30,000 as a one-time capitalization grant over a two-year period, with the expectation that the enterprise will create at least four jobs for income-eligible persons by the end of the second year. Silverman seconded. The Commission voted unanimously to approve the motion.

Urban League of Greater Madison (ULGM) - Center for Economic Development, Scott Gray, President and CEO

Trivedi, an employee of Urban League, left the meeting room for discussion of this item.

Gray gave the Commission a handout describing Urban League's three-pronged approach to building the road to economic success, which he said includes (1) workforce development, (2) homeownership and business development, and (3) college readiness and career development. He said that ULGM has programs that address each of the three prongs and that the new Center for Economic Development would more efficiently deliver those programs to its clients. The Center for Economic Development would be located in the Villager Mall and provide 13,000 square feet of space in which to accommodate ULGM's office and various programs. Gray said that the Urban League has also talked with the South Madison Branch Library about co-locating in the same building. Both groups have reached a tentative agreement with respect to the 26,000 square foot phase one of the Center for Economic Development where the library would occupy the first floor of the building and ULGM would occupy the second floor. The second phase of the Center for Economic Development project would add 7,000 square feet for entrepreneurial expansion.

Gray discussed ULGM's development budget and their fundraising efforts. So far, they have raised \$1.4 million, and they plan to start development at the Villager Mall by the first quarter of 2008.

Discussion highlights:

- *Rather than renting their space from ULGM, the library would purchase the shell of their facility after construction of the entire building is completed by Urban League's developer. The total cost of the project will be \$6.7 million. The prorated cost after sale to the library is \$2.4 million.*
- *The CD Office has \$150,000 available now for the project, and Hurie believes another \$150,000 may be available by Spring 2008.*
- *Having CDBG committed to funding would help ULGM leverage its fundraising. ULGM will also talk to the Mayor about getting money in the Capital Budget.*
- *The library would be the first development of the first quarter. The library wants to co-locate in the same building as ULGM for similar programs, such as job searches and after-school programs.*

- *ULGM has some background in real estate development, but they will also have an attorney, construction firm, and architect who will provide a strong partnership with ULGM in the development phase.*
- *Five new jobs will open up at ULGM through expansion of their program.*
- *Pham-Remmele expressed concern that ULGM serves African Americans more than other populations and would like to see them reach out to other low-income individuals in the community. Gray said that ULGM does not discriminate on the basis of race with respect to any of its programs. He said that ULGM was created almost 100 years ago to support African Americans, but now their charge is to support low-income individuals of all ethnicities, as well as to help African Americans.*
- *Commissioners expressed concern about ULGM's ability to conduct the project, and Bartlett said they need someone to orchestrate the entire project, such as a for-profit developer who has a financial stake in project who will be rewarded for success and penalized for failure.*
- *Because ULGM's funding requested of \$150,000 is three times the amount approved in the Framework for acquisition/rehab projects, the Commission would have to approve an exception to the Framework for the project.*

Markofski moved to make an exception to the 2007-2008 Framework and commit \$150,000 in 2007 Acquisition/Rehab Funds for development of the ULGM Center for Economic Development but not to commit another \$150,000 in 2008 funds until further review. Pham-Remmele seconded.

Gray said that ULGM needs CDBG help to position capital budget for leverage.

Robinson said he preferred to keep the motion as it stands, committing only \$150,000 of 2007 funds.

Hurie said that Commissioners are supportive of the project in general; but with questions about how the project will change in the months to come, they would like the chance to revisit the topic before committing the total \$300,000.

The Commission voted three to three on the motion with Bartlett, Markofski, and Pham-Remmele voting aye and Robinson, Rummel, and Silverman voting nay. Chairperson Saunders broke the tie by voting aye. The motion passed four in favor to three against.

Trivedi returned to the meeting at 7:00 PM after the Commission voted on the ULGM request.

Atwood/Goodman Community Center, Becky Steinhoff, Executive Director

Steinhoff gave Commissioners background on the neighborhood's plans for the construction of a new center facility that will replace the existing three community buildings owned by Atwood. The center complex will be built on the former Kupfer Ironworks property on Waubesa Street. A complex corporate structure has been established to create both a center and a gym facility. Each facility will be owned by a different corporate entity in order to maximize financial benefits. Atwood will be owner of the gymnasium portion of the project.

Currently, Atwood has deferred payment loans on their existing three community buildings. Repayment of the deferred loans would return to the City the original amount of the loans, plus a percentage of the appreciated value of the buildings. Atwood is seeking approval to use the total repayment due, which is estimated to be \$587,566 in principle plus appreciated value (approximately \$1.2 million), for construction of the new gymnasium. Steinhoff said a new deferred loan from CDBG for the anticipated \$1.2

million would be better for Atwood than a loan from a commercial bank.

Atwood is also seeking approval of an additional \$150,000. Steinhoff stated the transfer of the CDBG loans is costing Atwood an additional \$300,000. The request for the additional CDBG funds would help offset these costs.

Discussion highlights:

- Silverman said he feels it is inappropriate for a community center to have such a high-end gym built with public funds and called for modesty and restraint in the design. Steinhoff said that the features to be incorporated into the gym are already part of the Lussier Teen Center, so the new project isn't out of scope with the one currently operating.*
- Pham-Remmele expressed concern that such a large amount of public funds was being invested in a center that would serve only a small portion of the community. Steinhoff said that Atwood's service area would be greatly expanded beyond its current boundaries with completion of the new center.*

Markofski moved to accept staff recommendations to allocate up to \$1,261,812 of funds previously invested in the Atwood Center that will be repaid to CDBG for construction of the gym facility of the new center. Rummel seconded. Markofski's motion made no mention of the extra \$150,000 to defray costs of transferring the loans. Bartlett, Markofski, Rummel, and Silverman voted aye. Pham-Remmele, Robinson, Trivedi voted nay. The motion passed four in favor and three against.

Community Coordinated Child Care, (4-Cs), Inc.

Hurie explained 4Cs' request to subordinate their existing loan with the CD Office to a new first mortgage. 4Cs wants to borrow money to establish a line of credit with their first mortgager so that they can have access to the money immediately, but their bank wants the security of first place.

Bartlett moved to accept staff recommendations to subordinate the City's mortgage provided the current appraisal supports the current estimated value of \$700,000. Silverman seconded.

Bartlett noted that approving the subordination strengthens CDBG's client with a line of credit and makes us no weaker.

The Commission voted unanimously to approve the motion.

OTHER BUSINESS FOR ACTION

Issues and/or referrals to or from the Common Council

There were none.

Reports from committees with CDBG Commission representation and designation of Commission representatives

There were none.

Update on Allied strategies

There was nothing to update.

STAFF REPORT

Hurie deferred to the report included in the July Commission packet for information, unless Commissioners had comments or questions.

There were none

Notice of potential conflict of interest situation and request

Trivedi, an employee of Urban League of Greater Madison, left the meeting for discussion of this item due to the potential for conflict of interest.

Hurie explained that the Urban League has developed a Board of Directors with representatives from various businesses that help them carry out their mission, including some businesses that provide technical assistance, some that create employment for graduates of the League's programs and some that provide special resources for the League's operations.

The League approached Tri-North, a local construction firm, and asked for a representative of the company to serve on their board. Darrin Noak is employed by Tri-North and volunteered to serve on the League's Board of Directors, helping to provide technical expertise to the group.

The Urban League is now exploring the use of Tri-North as a construction manager for its upcoming new office building project. The League has employed Barrientos and Associates to do the design work and has now applied to the City for the use of HUD CDBG funds to apply toward the construction of the building.

The membership of Mr. Noak on the Urban League's Board and his employment with a business which may act as construction manager for the office building may constitute a conflict of interest as defined by the Federal Department of Housing and Urban Development CDBG funding regulations. In such cases, the usual course of action is for the individual to abstain from all participation in the Urban League Board discussions regarding construction choices for the Urban League and for the Urban League to request that the City request of HUD a waiver to the HUD conflict of interest requirements.

The CDBG Commission adopted an operating policy that permits CD Office staff to pursue with HUD exceptions to the Federal conflict of interest rules as permitted by HUD regulations, unless the Commission takes action to prohibit such a request in specific cases when presented to the Commission and officially noticed on the Commission agenda. HUD makes the final decision on all such requests for an exception.

The Commission presented no objections to Urban League's request for an exception to HUD's conflict of interest regulations.

Trivedi returned to the meeting at 7:51 PM.

Schedule of the next meeting

Hurie said there would be no meeting of the CDBG Commission in August and that the Commission would meet next in September.

ADJOURNMENT

A motion was made by Markofski, seconded by Silverman, to Adjourn. The motion passed by acclamation.

The meeting was adjourned at 7:55 p.m.

Respectfully submitted,

Anne Kenny