

**MEETING SUMMARY OF THE
COMMUNITY DEVELOPMENT COMMITTEE (CDC)
MEETING AND PUBLIC HEARING
TUESDAY, JANUARY 31, 2012 – 6:00 P.M.
CITY COUNCIL CHAMBERS – DULUTH CITY HALL**

Present: Debra Branley, Daniel Nyquist, Bill Kimbler, Michael Ramsey, Daryl Yankee, Patricia Tyler, Jim Gaylord, and Kristi Gordon

Staff: Keith Hamre, Char McLennan, Karen Olesen, Suzanne Kelley, Charles Froseth, and Ben VanTassel.

Others Present: List Attached.

Roll Call: A quorum was present. Kimbler acting as Chair called the meeting to order at 6:04 p.m.

1. Introductions

Hamre gave an overview of the funds and reductions. He stated that the budget would go to City Council on February 13, 2012 and then it would be sent to HUD on February 15, 2012.

Hamre stated that it was important for speakers to explain the impact of the budget cuts on the project.

Chair Kimbler stated that this was a long and very difficult process.

2. Public Hearing-Continuation from December 6, 2011 Opportunity to on the FY 2012 Action Plan Funding Recommendations

Chair Kimbler opened the Public Hearing and advised those planning to speak that their comments will be limited to 3 minutes. Speakers included:

Mavis Brehn-spoke on behalf of Lake Superior Community Health Center, and stated the funds were critical to provide health care to people who could not afford it. Without the funds, there could be fewer staff and/or longer waits. She asked for the least impact option, prorating the reduction among all the agencies.

Lynn Snyder-spoke on behalf of Housing Redevelopment Authority, and stated that the HRA was working with the City to consolidate services in the new housing service center and making progress.

Thomas Flaschberger-spoke in support of of MAC-V, and stated that Duluth was a yellow ribbon community and asked the Committee to not cut funding to MAC-

V. He stated with more veterans coming back from the war, the need for MAC-V programs was high and that MAC-V also helps families of veterans.

Eric Lutz-spoke on behalf of Life House, and stated that over 600 youths age 14-20 were served every year by their programs. He stated that 654 youths were served last year and 31% of them were homeless. He stated of the 91 youths that were housed, 71 are still stable today. He spoke to the program empowering youth and ending the cycle of poverty.

Tim Peterson-spoke on behalf of Life House, and stated it was hard to say what would happen with the budget cuts, but it would impact all parts of the program and efficiencies would be lost. With cuts, there could be fewer staff which would hurt services which would mean fewer successes.

Kim Crawford- spoke on behalf of Life House, and stated they were the only drop- in center in Northern Minnesota and that there has been a 46% increase in the number of homeless youth since 1996. In 2011, 650 kids were assisted, 9600 meals were served, 500 articles of clothing were given out, 218 kids learned life skills, 78% have stable housing, 77% increased their academic level, and 68% were stabilized. She said the cuts would put a strain on services and staff and that she welcomed new partnerships.

Steve Saari- spoke on behalf of MAC-V, and stated that his agency provided vital services and he is passionate about providing housing for veterans. He said the need is not going down and any cut will result in cuts in services.

Tim Caines-spoke on behalf of Boys and Girls Club, and stated they have a great relationship with the schools. Their program tutors children, giving them a greater chance to succeed in life. They provide evening meals to 600 kids a year. Many parents could not afford this type of daycare program if they didn't have this option and the Lincoln Park neighborhood doesn't have any other similar programs.

Dustin Anderson- spoke on behalf of Boys and Girls Club, and stated that the program was providing the opportunity for every child to be successful and teachers noticed improvements in the children attending the program.

Todd Johnson- spoke on behalf of Boys and Girls Club, and stated 900 families were assisted with the program, 600 children/families at the center and 300 children/families with outreach. He said the school district provides buses from Piedmont Elementary to the site. There was a delay in George Sherman purchasing the building due to the change in superintendent. He said the first year, Mr. Sherman will be responsible for costs, but they will need to either update or have a new mechanical system. The potential cost would be \$50,000 for this work.

Heather Smith-spoke on behalf of Salvation Army, and stated the cuts would impact staff, could reduce daycare and/or case management. She said there were 16 units for homeless families, 31 families were served and 133 were turned away.

Bruce Solem-spoke in support of MACV, and stated that national homelessness is a national disgrace. He said ¼ of homeless people are veterans. He said the lack of employment after coming home from serving is a major distress and that the jobless rate for veterans is 11.1%.

Susan Utech- spoke on behalf of Safe Haven, and stated that they had a 39 bed emergency shelter which has a 98% occupancy rate. She said the state shutdown had a huge impact. The reductions will impact staffing and food.

Rebecca Ellenson- spoke on behalf of SOAR, and stated the Duluth at Work program has produced positive results. The deeper cuts would threaten long term stability of the program. She said the Duluth at Work program has created tax payers and is making a real difference in people's lives.

Dave Shaeffer-spoke on behalf of YMCA, and stated that they have already reduced their staff levels. They provide the only dinner many children receive. With the proposed cuts, staffing or food would be impacted. He encouraged the prorated option when making the cuts.

Amber Watheson-spoke on behalf of YMCA, and stated the importance of feeding children and how it helps them think. Without their program, many children would be hungry.

Dave Benson-spoke on behalf of the Damiano Center and represented three applications, the Duluth Hunger Project, the Clothes that Work, and Soup Kitchen Renovation, he stated that they could survive cuts to Clothes that Work, but not to the Hunger project. He is very worried about the condition of the Soup Kitchen and is working with architects to make the most cost effective changes. He said the Soup Kitchen provides food to the Kids Café, about 500 meals a year.

Jim Sodenberg-spoke on behalf of CHUM, and represented two applications, the Duluth Hunger Project and Homeless Stabilization Services for Shelter, he said these programs provide basic services for people. The cuts would reduce the quality in food and demand for food has increased. The shelter program is providing shelter to the highest number of people in 30 years and the demand continues to increase. He said there was a 34% increase in the number of families with children being housed at CHUM. They have had 8 to 10 families a night at the shelter. Churches are assisting with the sheltering of families, but it is difficult to provide case management in these situations.

Rachel Forsyth-spoke on behalf of CAD ,and stated the down payment assistance to first time homebuyers has allowed many people to purchase homes and have lower mortgage rates that are less than the rent people were paying.

Sarah Priest-spoke on behalf of CAD, and stated how the program was a pilot and only a small handful of jurisdictions have similar programs. The success of this program is an innovative way to address homelessness in the cycle of poverty.

Rick Klun-spoke on behalf of Center City Housing, and stated that without the funds, the 88 units of affordable housing acquired from WCDO would not be able to be maintained which would negatively impact housing stability. He said the prorated option was the preferred option. He also said Center City was willing to withdraw their application for 12-CD-02 Housing Predevelopment for \$15,000.

He also said that they would withdraw their application for 12-CH-01 Multi-family development (Hillside apartments) for \$200,000 in exchange for a precommitment for the 2013 year in the amount of \$250,000.

3. Overview of Public Comments received since December 6, 2011- Keith Hamre

Keith Hamre listed the public comments that were received by the Committee since December 6, 2011.

Letter from Steve Saari, MACV

Letter from Jeff Corey, on behalf of Duluth Affordable Housing Coalition

Letter from Jodi Broadwell, Homeowner

Letter from Sarah Priest, Community Action Duluth (also included following)

Michelle Lyons, Port Cities Realty, LLC

Beth Austin, Homeowner

Tanya Oswalt, Homeowner

Dennis L. Hansen M. Sc., Homeowner

George Whitebird, Homeowner

Emily Kniskern, Homeowner

Tanya Danner, Homeowner

Rachel Forsyth, Community Action Duluth

Alexis Grounds and family, Homeowner

Coleen J. Chasko, Prospective Homeowner

Sara Softich, Past FAIM Participant

Rheanna, Prospective Homeowner

Debra J. Smith, Prospective Homeowner

Jordan Sundberg, Prospective Homeowner

Lora and Thomas Garvey, Homeowner

Ginga B. Newton, Homeowner

Alex Mohrbacher, FAIM Participant
Lisa Luokka, Homeowner
Letter from Angie Miller, Community Action Duluth
Letter from Sammy Differding, MACV Participant
Letter from James L. Bonneville, MACV Participant
Letter from Michelle Falson, CCHC Transitional Housing Participant
Letter from Amber M Cowley, Women's Transitional Housing Participant
Letter from Anonymous Resident, CCHC Transitional Housing Participant
Letter from Cher Obst, Piedmont Elementary School
Letter from Durbin M. Keeney, MACV (Retired)
Letter from Joyce Lewis, CCHC Transitional Housing Participant

At this time, the Public Hearing was closed.

4. Approval of Meeting Summary for January 17, 2012.

Motion by Bill Kimbler, seconded by Daniel Nyquist to approve the Summary for January 17, 2012. Motion Passed, unanimously.

5. Final FY 2012 Action Plan and Funding Recommendations for Transmittal to City Council

Emergency Solutions Grant (ESG) Category Discussion: Hamre stated that the Action Plan will be amended in April to include the additional funds that the City will be receiving for the ESG program later on this year. He stated that programs for these funds would be coordinated with the County and were to focus on rental assistance. Nyquist asked if the funds could be used to offset the CDBG cuts, Hamre responded that may be possible.

At this time, no changes were needed to be made to the ESG fund line item, because all of the existing money had been allocated.

Motion by Bill Kimbler, Seconded by Daniel Nyquist to accept the ESG Funding. Motion Passed, unanimously.

HOME Program Discussion: Kimbler stated Center City's offer to remove applications CH-01 for \$200,000 and CD-02 for \$15,000 was generous. Hamre stated that due to HOME regulations, a percentage of funds had to be used for predevelopment dollars. It was agreed that the funding for the predevelopment programs, CD-01 and CD-02 could be reduced by \$2,110 respectively.

Motion by Bill Kimbler, Seconded by Darryl Yankee to remove CH-01 in the amount of \$200,000 and reduce CD-01 and CD-02 in the amount of \$2110 respectively, resulting in the budget amount of \$12,890 each and make a precommitment in the amount of \$250,000 for the Hillside Apartment project. Motion Passed, unanimously.

Motion by Bill Kimbler, Seconded by Jim Gaylord to accept the revised HOME funding. Motion Passed, unanimously.

Hamre stated with the removal of CH-01 and the reductions of CD-01 and CD-02, the amount of funds in the Program Administration would need to be reduced. Home Program Administration AD-03 would be reduced by \$13,100 and AD-05 would be reduced by \$7,300.

Motion by Darryl Yankee, Seconded by Patricia Tyler to reduce the Program Administration funds in AD-03 and AD-05. Motion Passed, unanimously.

Hamre stated with these reductions, there was \$20,289 that could be reprogrammed.

Motion by Daniel Nyquist, Seconded by Darryl Yankee to add \$20,289 into HM-01, Homeless Rental Assistance Program. Motion Passed, unanimously.

Administration Program Discussion: Hamre told the Committee that due to the resignation of the Planning Manager, he was now temporarily functioning as the Planning Manager as well as the Community Development Manger. This allocation in time to the Planning Department would be paid by the General Fund and not by CDBG funds; therefore \$17,215 could be reprogrammed from the AD-01 and put in the CDBG projects.

Motion by Bill Kimbler, Seconded by Jim Gaylord to reprogram the \$17,215 into CDBG projects. Motion Passed, unanimously.

CDBG Economic Development Discussion: Although the Committee thought this project was an investment in Duluth's future, cutbacks were needed to have a balanced budget. The submitted funding proposal was to reduce the Duluth at Work projects (ED-01, ED-02, ED-03, ED-05 and ED-06) by one person or \$8,000 a piece. Hamre told the Committee that a LISC program, NWAFF could provide an additional \$16,000 to ED-03 and \$8,000 to ED-05.

Motion by Daniel Nyquist, Seconded by Michael Ramsey to approve the submitted funding proposal, reducing the Duluth At Work (ED-01, ED-02, ED-03, ED-05 and ED-06) projects \$8,000 a piece. Motion Passed, unanimously.

Housing Category Discussion: Discussion was to go along with the submitted proposal.

Motion by Daniel Nyquist, Seconded by Michael Ramsey to approve the submitted funding proposal for HS-01, HS-02, and HS-03. Motion Passed, unanimously.

Public Facilities Discussion: Committee members discussed Todd Johnson's (Boys and Girls Club) statement that the mechanical system could be repaired or replaced for \$50,000. Mr. Johnson verified this statement when asked. Committee members asked Mr. Hamre about the City's reimbursement program for street repairs. Mr. Hamre stated that eligible households could defer the assessment costs until there was a change in ownership. Based on this reasoning, Committee members agreed to eliminate the funding for PF-03, Street Assessment Assistance. Dave Benson, representing the Damiano Center was asked if the repairs to the soup kitchen could be made if the project was reduced by \$25,000. Dave Benson said he could not guarantee the project's progress with a \$25,000 reduction.

Motion by Bill Kimbler, Seconded by Jim Gaylord to allocate \$313,790 to PF-01 Soup Kitchen Renovation, to allocate \$50,000 to PF-02 Lincoln Park School Redevelopment, and to not fund PF-03, Street Assistance. Motion Passed with a 7 to 1 vote.

Public Services Category Discussion: Hamre told the Committee that PS-04, the Emergency Heating Assistance program could be removed because it could be funded with the new ESG funds coming in later this year.

Motion by Bill Kimbler, Seconded by Michael Ramsey to remove PS-04, the Emergency Heating Assistance from CDBG programming. Motion Passed, unanimously.

Motion by Jim Gaylord, Seconded by Patricia Tyler to reduce the remaining Public Service projects by \$40,275 on a prorated basis. Discussion: Kimbler stated some groups were taking a larger hit than others with this selection. Committee members discussed not reducing MAC-V by the prorated amount of \$1,673 and distributing that amount among the remaining Public Service projects. Gaylord withdrew his Motion.

Motion by Dan Nyquist, seconded by Debra Branley to reduce the remaining Public Service projects by \$40,275 on a prorated basis, except to MAC-V and thereby redistributing the \$1,673 amount. Motion Failed on a 6 vote nay, 1 vote yes, and 1 vote abstained.

Kimbler asked Mavis Brehm, of Lake Superior Community Health Center, if a \$20,000 reduction would have a significant impact on services. Mavis stated the entire budget includes patients who receive health insurance and pay fees on a sliding scale and the money being requested from the CDBG funds goes only to low income people who could not contribute any money.

Motion by Jim Gaylord, Seconded by Michael Ramsey to reduce the remaining Public Service projects by \$40,275 on a prorated basis. Motion Passed with a 5 to 3 vote.

Hamre told the Committee that this item would be heard at the February 13, 2012 City Council Meeting at 6:30.

Motion by Darryl Yankee, Seconded by Debra Branley to adjourn the meeting. Motion passed, unanimously.

Meeting adjourned at 8:22 p.m.

Submitted:
Suzanne Kelley

Attendance for Public Hearing (1/31/12)

NAME	ORGANIZATION
Erich Lutz	Life House
Tim Peterson	Life House
Kim Crawford	Life House
Rebecca Ellenson	SOAR Career Solution
Jim Sodenberg	CHUM
Kelly Looby	NYS
Dave Schaeffer	Duluth YMCA
Amber Warthesen	Duluth YMCA
Rachel Forsyth	Community Action Duluth
Dave Benson	Damiano Center
Martin Lepak	AEOA
Sarah Priest	Community Action Duluth
Bruce Solem	Disabled American Veteran
Paula A. Dallum	Disabled American Veteran
Don Person	Disabled American Veteran
F. Lasehbergert	Disabled American Veteran
Mavis Brehm	Lake Superior Community Health Center
Lynne Snyder	HRA of Duluth
Steve Sarri	MACV
Beth Elstad	Safe Haven
Pam Benson	HRA
Susan Utech	Safe Haven
Todd Johnson	Boys & Girls Club
Dustin Anderson	Boys & Girls Club
Tim Caines	Boys & Girls club
Angie Miller	Community Action Duluth
Pam Kramer	LISC

Heather Smith
Kim Crawford
Jerry Uecker
Mary Mathews

Salvation Army
Life House
Disabled Veteran
Entrepreneur Fund