


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-471	Meeting:	October 23, 2023
	Agenda Item:	34	Roll Call:	23-1432
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Preliminary commitment of \$1,000,000 of Community Development Block Grant (CDBG) funds for the Ellipsis Campus at 5525 Meredith Drive.

SYNOPSIS:

Ellipsis is planning on renovating the two (2)-story Meredith Building at 5525 Meredith Drive to support their new campus facility. This program is designed to serve Iowa foster youth by providing Qualified Residential Treatment Programming (QRTP) and Supervised Apartment Living (SAL). The first floor will include 10 QRTP bedrooms with a classroom, common space, laundry, and staff offices. The second floor will include eight (8) efficiency apartments and offices.

FISCAL IMPACT:

Amount: Up to \$1,000,000

Funding Source: CDBG from the U.S. Department of Housing and Urban Development (HUD)

ADDITIONAL INFORMATION:

- The total project cost is anticipated to be approximately \$3.9 million. A CDBG award is expected not to exceed \$1,000,000.
- This is a preliminary commitment only. A full agreement has not been completed, at this time, because exact loan terms have not been agreed upon and the expected funding source has recently changed, requiring additional documentation and communications to complete the project underwriting process. Ellipsis has requested a preliminary commitment in order to potentially secure additional funding.
- Ellipsis will cover property acquisition through cash-on-hand (18% of project costs) and a low-interest loan (14%). The additional \$2,668,255 (68%) in project costs will be covered through fundraising efforts. If fully awarded, Des Moines CDBG funds will cover 35% of the total project, with cost directed to the eight (8) efficiency apartments. Ellipsis is reviewing other public and private funding sources as part of the capital campaign feasibility study.

- After renovation, there will be eight (8) Efficiency apartments with rents of \$236.25, and 10 QRTP bedrooms. Rent payments are generally subsidized through Ellipsis contract with the State of Iowa.
- This project will be subject to Davis-Bacon Act requirements, which ensures contractors are paid federal wage rates. Ellipsis is reviewing contract language and attachments to include in future bids and expects to work with the City to comply with the requirements.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Formal approval of future CDBG Agreement with Ellipsis at a future date.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.