

Date July 24, 2006

SUSPENSION OF 2006 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ALLOCATION FOR THE CIETC PROJECT EMPLOYMENT PROGRAM

WHEREAS, on November 21, 2005, by Roll Call No. 05-2812, the City Council held a public hearing regarding the 2006 HUD Consolidated Plan and authorized and directed the City Manager to submit the 2006 HUD Consolidated Plan to the U.S. Department of Housing and Urban Development; and

WHEREAS, included in the 2006 HUD Consolidated Plan was an allocation of \$75,000 of 2006 CDBG funding for the CIETC Project Employment Program; and

WHEREAS, based on recent disclosures regarding CIETC's administration of publicly funded programs, the City Manager has established a number of conditions upon the satisfactory resolution of which, as set out in the attached Council Communication No. 06-\_\_\_\_\_, could result in the release of the CDBG funding to either CIETC or an eligible successor agency.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, that the City Manager's recommendations regarding the suspension of CIETC's 2006 CDBG funding allocation and conditions for reinstatement, as set out in Council Communication No. 06-\_\_\_\_\_, is hereby approved.

BE IT FURTHER RESOLVED that the City Manager is authorized and directed to sign and forward the attached letter regarding this suspension to the CIETC Board Chairman.

(Council Communication No. 06-449)

APPROVED AS TO FORM:

*Ann DiDonato*  
Ann DiDonato  
Assistant City Attorney

MOVED BY \_\_\_\_\_ TO ADOPT

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BROOKS				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
VLASSIS				
TOTAL				

MOTION CARRIED

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

July 25, 2006

Mr. David Reed, Chairman of the Board  
Central Iowa Employment and Training Consortium  
430 East Grand Ave.  
Des Moines, Iowa 50309

Dear Mr. Reed:

At their meeting on July 24, 2006 the Des Moines City Council voted to suspend the allocation of \$75,000 of 2006 HUD Community Development Block Grant (CDBG) funds for the CIETC – Project Employment Program.

These funds were allocated at the City Council meeting on November 21, 2005 as part of the City's Second Action Year of the 5-year HUD Consolidated Plan for the contract period from January 1, 2006 to December 31, 2006.

This action was taken based on recent disclosures regarding CIETC's lack of capacity to properly administer publicly funded programs.

Part of the Council's action on July 24, was to establish a number of conditions upon the satisfactory resolution of which, could result in the release of the CDBG funds to either CIETC or an eligible successor agency.

These conditions include the following:

- Approval by the CIETC Board of Directors of a new management structure.
- Approval by the CIETC Board of management protocols (administrative guidelines), which will ensure the proper management of public funds.
- A review of the findings of the outstanding investigations in so far as they impact the ongoing operations of the CIETC Board.
- The repayment of any CDBG funds found by the investigations to be ineligible expenditures under previous contracts with the City.

All of the above conditions would have to be met before the City Council would consider reinstating the CDBG funding. In addition, all contract requirements regarding the documentation of eligible costs and program operations would have to be submitted to the City for review before any PY 2006 expenses could be reimbursed. We suggest that the agency use the 2005 contract as a guide to the requirements for reimbursement.

If you have any questions or need additional information, please contact me.

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Richard A. Clark, City Manager

cc: Mayor and City Council  
Jack Cline, CIETC Interim Program Manager  
Chris Johansen, Housing Services Director