



REPORT TO TOWN BOARD

FROM: Kyle Patterson, Township Supervisor

DATE: June 13th, 2024

SUBJECT: EXPLANATION OF RESOLUTION NOS 2024-0601 , 2024-0602 , 2024-0603

A. Introduction: The purpose of these Township Resolutions is to approve three agreements with the City of Champaign. The first Township Resolution would approve a second amendment to a subrecipient agreement for the year-round, low-barrier emergency shelter known as STRIDES. The amendment would extend the duration and funding amount of the existing agreement. The second Township Resolution would approve an intergovernmental agreement between the City of Champaign and the Township to allow the City to provide bridge loan financing to the Township. The third Township Resolution would approve an updated version of the Township's Governmental Services agreement changing the calculation and timing of payments for services provided to the Township by the City

B. Recommended Action: The Township Administration recommends approval of the Resolutions.

C. Previous Action:

- - City Council established a policy regarding the provision of financial services by the City of Champaign to the City of Champaign Township ([CB 2008-129](#)).
- Council provided direction on the priority areas of utilization of American Rescue Plan Act funding, which includes services for people without an address on September 14, 2021. [[SS 2021-026](#)]
- Council adopted the 2021-2023 City Council Vision and Goals. Within the goal *Our City Invests to Support Vibrant, Diverse Neighborhoods* was the key project: *Work to create and sustain year-round emergency shelters in the City that address the needs of all unhoused populations.* [[CB 2021-162](#)].
- Council directed staff to finalize an agreement with the City of Champaign Township for creation of year-round, low-barrier emergency shelter on April 26, 2022. [[SS 2022-011](#)]
- On August 16, 2022, Council adopted [[CB 2022-136](#)] which approved a subrecipient agreement between the City of Champaign Township and the City for the creation of a year-round, low-barrier emergency shelter in an amount not to exceed \$3.9M. [[SS 2022-011](#)]

D. Background:

1. Original Emergency Shelter Agreement. On April 26, 2022, staff sought direction from Council during [\[SS 2022-011\]](#) to provide up to \$5.1 million for housing solutions for people without an address through a combination of IGAs and a competitive Request for Proposals (RFP). One of the results of that process was a Subrecipient agreement with the City of Champaign Township for creation of a year-round, low-barrier emergency shelter. Under this agreement, approved by Council in August 2022, the City would provide the Township with up to \$3.9 million from ARPA funds for the operation of a shelter, later to be known as STRIDES. The agreement provided operational funding support related to leasing a building, funding operations and paying staff. The duration of the original agreement was for two years, with the agreement ending in December 2024 or when funding was exhausted.

a. First Amendment to the Agreement. When the original agreement was adopted in August 2022, it was anticipated that the Township would rent a facility on University Avenue for the shelter. Shortly after adoption of the agreement, the opportunity was then presented to purchase the building at 70 East Washington Street for what would become known as “STRIDES.” The purchase price of the building was approximately \$1M. The Township purchased the building in November 2022 and the original agreement was amended to reflect the purchase price as part of the \$3.9M allocated from the City’s ARPA funding. Since the duration of the agreement and the amount of funding provided did not change, this amendment was executed administratively and did not require Council action. The purchase of the building left the Township with approximately \$2.9 million to fund operations for the remainder of the two-year period. Since that time, the cost of operating STRIDES has been estimated at approximately \$162,750 per month meaning the original \$3.9 million will be exhausted by September 2024, several months before the agreement expires in December 2024.

b. Proposed Second Amendment to the Agreement. The proposed Second Amendment to the agreement with the Township would allocate the remaining ARPA funding the City has generally designated for housing insecurity to the Township for the continued operation of STRIDES. This amount totals \$1.9 million. The second amendment would also extend the duration of the agreement from December 2024 to June 30, 2025. This would provide a consistent funding source to keep STRIDES operational from where the original funding would end through the end of FY2025. At that time, the Township would need to begin allocating a new funding source for the continued operation of the facility. As with the first amendment, there is no proposed change to the operational expectations of the facility. The amendment simply provides an increased revenue source and duration of the agreement.

2. Bridge Loan Intergovernmental Agreement. Outside of grants and contributions for specific programs, about 73% of the Township’s revenues come from property taxes. About half of property tax revenue is typically received in June, with the other half being received in September. The timing of the receipt of property taxes can result in very low cash flow in the month of May and early June if the Township does not maintain a large fund balance. During 2021, the Township’s fund balance decreased primarily due to assistance provided to residents negatively impacted by COVID. The Township’s cash flow issues have been further exacerbated by delays in receiving property tax revenue from the County. In order to avoid a situation where the Township would be unable to pay its employees due to low cash

flow, City staff recommends approving an agreement whereby the City Manager or the City Manager's designee could extend a no-interest bridge loan to the Township for up to 6 weeks, or 3 pay periods, worth of the Township's payroll expenditures if the Township's Cash Balance were to drop below one month's average expenses. The loan would be paid back upon receipt of property tax funding by June 30 of the fiscal year in which the bridge loan is made.

3. Contract for Services. In August 2013, the Township Board approved a resolution to compensate the City for services provided to the Township. The resolution stated that the Township values the volume and quality of services provided by City staff and recognizes the costs to the City associated with providing these services. The resolution also specified that an annual payment amount would be agreed upon by the City Manager and the Township Supervisor. In July 2021, the City administratively entered into Memorandum of Understanding ("MOU") with the Township regarding these services. At the time, the total services provided by the City to the Township amounted to less than \$35,000 annually. The current payment terms are a 2-year average of reported estimated costs, from quarterly information-only reports to Council which summarizes the estimated quarterly hours and cost by the City to provide services to the Township, plus a 15% contingency multiplier to cover uncaptured administrative and software costs. Over the past few years, the Township has expanded its services to include the operations of STRIDES. This has resulted in a significant increase in City staff time and significant fluctuation in that time from quarter to quarter. Given the fluctuations in City staff time, City staff is proposing a change to the agreement to allow for the calculation at the beginning of each fiscal year the payment owed based on the City's Township Quarterly Reports for the prior fiscal year, plus a 15% multiplier for overhead and software costs. In addition, due to the increasing staff time, there is a likelihood that the amount the Township will pay the City will exceed \$35,000 in the coming fiscal year. Because the amount is now likely to exceed \$35,000, Staff is now seeking Township Board approval of a revised version of the MOU that would alter the payment method.

4. Next Steps. Both the City of Champaign Township Board and the City of Champaign City Council are required to approve three agreements. For the agreement amendment for STRIDES, once approved and executed, funding would continue as currently provided to the Township for the operation through FY25 or until the total of the remaining funding allocated for operations is exhausted. For the bridge loan, if the Township is in need of funds, it will submit a request to the City and the City will process the loan documents.

E. Alternatives

- 1.** Approve these Township Resolutions, approving an amended agreement for the funding of the low-barrier emergency shelter, an intergovernmental agreement to provide bridge loan financing and an agreement to contract for staff services with the City of Champaign.
- 2.** Do not approve these Township Resolutions and provide further direction to staff.

F. Discussion of Alternatives:

Alternative 1 would approve an amended agreement for the funding of the low-barrier emergency shelter, an intergovernmental agreement to provide bridge loan financing, and an agreement to contract for staff services with the City of Champaign.

a. Advantages

- Continue to fund services and shelter for the homeless.
- Would allocate resources to address immediate housing needs in the community.
- Would ensure that the Township has adequate cash flow to meet its commitments.
- Ensures that the costs of the City provided services to the Township are appropriately captured in a timely manner.

b. Disadvantages

- Not extending the agreement for the low-barrier emergency shelter will result in operational funding ending by the end of September likely causing a disruption in services.
- The tracking and management of any loans provided to the Township would incur additional City staff time.
- During the time that the funds are loaned to the Township, the City would not be earning any interest on those funds.

Alternative 2 would reject the Township Resolutions and provide further direction to staff.

a. Advantages

- City staff time would not be spent managing a loan.

b. Disadvantages

- Delayed action could put the operation of STRIDES in jeopardy as funding is likely to expire by September.

- The Township could run out of cash to pay for vital services or be forced to take out other short-term loans at high interest rates to pay for services during periods of low cash flow.
- The costs of the City providing services to the Township would not be appropriately captured in a timely manner.

G. Community Input: Input can be given during the public comment section of the meeting at which these items are considered.

H. Budget Impact: The original agreement provided \$3.9M of ARPA funds for the low-barrier emergency shelter for 24 months ending December 2024. As of June 2024, approximately \$720,000 remains with seven months left on the agreement. It is currently estimated by the Township that operating expenses are \$162,500 per month. This means the original \$3.9M funding will be exhausted by September 2024. At that point there would be nine months left on the proposed amended agreement which would conclude on June 30, 2025. The additional \$1.9M of reallocated ARPA funding would allow for enough monthly funding between September 2024 and June 2025 to cover operating expenses. Any remaining funds at the end of the agreement could be reallocated for housing insecurity goals or facility improvements as appropriate.

There is no City budget impact for the bridge loan. The budget impact of the amendment to the Township's services agreement would fund STRIDES through June of 2025, an additional 9 months beyond what is currently funded.

I. Staff Impact: Staff from the Neighborhood Services Department will spend approximately 250 hours providing program oversight, which includes developing the agreements, processing pay requests and monitoring for compliance with the agreement for the low-barrier emergency shelter. For that agreement, staff from the Legal Department and Finance Department will spend time reviewing pay requests and processing payment.

There is no staff impact for the amendment of the Township services agreement. The bridge loan would involve Legal and Finance staff time in reviewing the requests for a loan, **preparing** loan documents and monitoring outstanding loan balances and payments. It is estimated that City staff time would be 20 hours per loan.

Prepared by:

Kyle Patterson
Township Supervisor