



Office of the Finance Director/Treasurer

**To:** Mayor Welch, Common Council Members  
**From:** Dan Nelson, Finance Director/Treasurer  
**Date:** April 8, 2020  
**Subject:** Discussion and Possible Action regarding contract changes for the CDBG program with MSA

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**Discussion and Background**

The City of Milton has been providing CDBG RLF (Community Development Block Grant, Revolving Loan Fund) Housing Program funds since the 1990's or 1980's for the purposes of providing interest free housing loans to qualified homeowners to make improvements their personal, primary residences. The dollars were provided by the Federal government and have been tracked by the City since.

The City contracted with MSA Professional Services since November 2013 to administer the requirements of the City's CDBG funds. This change occurred because of the constant changing rules with the program.

***Fees***

The previous rules of the program allowed for 15% collection of "administrative" fees and recently the Department of Administration allowed for this to be increased to 17%, effective January 1, 2020. As a result, MSA is requesting a new contract to collect 8% on all deposits and each withdrawal into the CDBG account. This is an increase of 1% on each side of the transaction. Essentially, they collect the fee every time a loan is made and repaid.

All fees paid to MSA are paid from the program and no local dollars have been put into the fund or utilized to pay the administrative fees to MSA.

**Recommendation**

Authorize the Mayor to sign the updated contract with MSA Professional Services for the City of Milton's CDBG RLF Housing Program.