

TOWN OF PLATTSBURGH  
LOCAL DEVELOPMENT CORPORATION, INC.

Program Income Plan (5.2.11)

The Town of Plattsburgh does not have, nor does it receive, program income as a municipality. All grants are administered by the Town of Plattsburgh Local Development Corporation, Inc. (LDC) as a sub recipient. As such, the Town of Plattsburgh LDC will administer all program income for the Town of Plattsburgh.

The purpose of this Program Income Plan is to establish policies and procedures for the use of program income received as a result of activities funded by the New York State Office of Community Renewal's Community Development Block Grant (CDBG) Program. Only accrued amounts greater than \$25,000 per fiscal year are to be classified as program income and therefore are subject to the policies and procedures outlined in this plan.

According to the guidelines set forth in the New York State Community Development Block Grant Administration Manual, "recipients are permitted to retain program income if it will be used to continue the activity from which it was derived." In accordance with such regulation, the Town of Plattsburgh via its sub-recipient the Town of Plattsburgh LDC, intends to use program income from economic development programs for additional economic development programs such as micro enterprise activities, small business development programs, business training programs and strategic planning.

The manual states that, "if authorized by the Office of Community Renewal (OCR), recipients may also retain program income to fund additional community development activities eligible under the New York State Community Development Block Grant Program." The Town of Plattsburgh Local Development Corporation, Inc. will consult with OCR representatives for guidance in the event that opportunities arise to spend program income on community development activities that differ from the original activities that garnered the program income.

Regardless of the method by which program income funds are distributed, all such funds will be used to support eligible CDBG activities that meet a defined national objective. As suggested in the NYS CDBG Administration Manual, the Town of Plattsburgh LDC will, "consult with their OCR Community/Economic Developer when it has been determined that revenue generated from CDBG activities will exceed \$25,000." The use of all program income funds will comply with CDBG program requirements, including citizen participation, equal opportunity and maintenance of adequate accounting and recordkeeping systems.

The program income funds will be managed by the same entity responsible for the original CDBG funds. Program income exists only when miscellaneous funds reach \$25,000 in one fiscal year, and as such, program income will be disclosed to OCR through annual and semi-annual reports as required. Should program income funds become available, they will be deposited into an interest-bearing LDC Program Income Account. Such funds will be utilized before the drawing down of remaining CDBG funds for a current program. These funds will be treated as additional NYS CDBG funds and will be subject to all applicable requirements. As such, up to 18% will be used toward administrative and program delivery expenses.

If the program is complete but not yet closed out, additional cases will be recruited. Advertisements may be distributed to Town of Plattsburgh residents and businesses, and flyers will be posted in conspicuous places where potential applicants are likely to see them. Completed applications will be requested from potential program participants and each applicant will be required to submit the same forms of supporting documentation that were obtained from the first-round applicants.

The LDC will re-convene to review and discuss the new applications and to determine the projects on which program income money will be spent. As was the case in previous rounds, participants will be chosen on a first-come/first-serve basis and/or feasibility of the project. All original program policies and procedures will remain in place for the second-round participants and will be conducted according to those guidelines.

Eligible forms of economic development assistance under the Program Income Account include revolving loan, grant funding for the establishment and/or expansion of a micro-enterprise business activity or a strategic planning development project. If program income is used for administration and program delivery costs associated with either project type, the percentages will be the same as originally distributed and will not exceed 18%, as per Office of Community Renewal (OCR) guidelines.

Should the CDBG Economic Development Account receive less than \$25,000 in a calendar year, the funds are to be considered miscellaneous income and transferred to the Business Development Fund account.

### Active LDC Accounts

- LDC Loans Receivable Account (Interest Bearing): This account is established for the deposit of the loan repayments and for managing the day to day activities of the LDC. As of December 31<sup>st</sup> of each year, funds in this account will be transferred to either the Program Income Account or Business Development Fund Account.
- LDC Program Income Account (Interest Bearing): At the end of each year in which the LDC has accrued \$25,000 or more, ALL funds will be deposited into this account with the understanding that it will be used for further CDBG approved projects as defined above.
- LDC Business Fund Account (Interest Bearing): At the end of each year in which the LDC has accrued less than \$25,000 ALL funds will be deposited into this account for use by the LDC as “miscellaneous income.”
- CDBG Economic Development Account (Non Interest Bearing): This is a “pass through” account. When CDBG funds are awarded to the LDC they are deposited in this account and must be loaned/granted to the recipient within five days. No other funds may be co-mingled in this account.