

COUNCIL ACTION FORM

SUBJECT: HEARTLAND SENIOR SERVICES REQUEST FOR ADDITIONAL 2011/12 ASSET FUNDING

BACKGROUND:

Heartland Senior Services has submitted a request to the ASSET funders for additional funds to supplement its 2011/12 allocations in the Nutrition Program. Heartland is projecting a deficit of \$36,052 for Nutrition, split between Congregate Meals (\$10,328 deficit) and Home-Delivered Meals (\$25,723.80 deficit). The City currently pays only for a portion of the Congregate Meals program. The Congregate Meals program was allocated \$14,781 in City funds through the ASSET process for 2011/12. As of June 21, all but \$1,264.23 of that allocation had been drawn down.

Heartland is requesting an additional \$5,990.47 in City funds for this year based on the proportionate share of City clients participating in Congregate Meals. Story County and United Way of Story County are being asked for additional funding for both Congregate Meals and Home-Delivered Meals. The City does not fund Home-Delivered Meals. Heartland's 2011/12 projection during budget hearings for Congregate Meals served was 21,500 meals. From July 2011 to April 2012, 19,737 meals were served.

Requested 2011/12 Increases

<u>Funder</u>	<u>Congregate Meals</u>	<u>Home-Delivered Meals</u>	<u>Total Request</u>
City of Ames	\$5,990.47	-	\$5,990.47
Story County	\$3,511.66	\$21,093.52	\$24,605.18
United Way	\$826.27	\$4,630.28	\$5,456.55
Total	\$10,328.40	\$25,723.80	\$36,052.20

ASSET staff has been working with Heartland over the past several months to determine an accurate accounting of the costs to provide Heartland's services. In previous years, Heartland's requested increases from ASSET have not been made by considering the actual cost of providing service, but rather by asking for a consistent percentage increase year after year. This has resulted in the ASSET allocations not keeping pace with the actual costs of service. Over the past nine months, staff has been aware that Heartland was in the process of revising its budget to provide a true cost of service. Heartland staff has indicated that without the requested funds, other ASSET-funded Heartland programs may have to be reduced to cut costs. Heartland has cited the rising cost of food and fuel as part of the rationale for the additional cost.

Staff cannot recall a time in the past when an agency has requested additional funds after the allocation process has concluded. ASSET Administrative Staff has

determined that the request should be presented to each Funder for consideration.

Since the fiscal year ends on June 30, a delay in action would make it difficult or impossible for Heartland to draw down additional funds, should the Council decide to provide them. The Story County Board of Supervisors plans to address this request at its meeting on Tuesday, June 26. Story County staff is expected to recommend that the County fund at least a portion of the request. United Way of Story County staff intends to recommend that the United Way board fully fund the request. **The justification for these recommendations is that Heartland has been communicating its progress in evaluating cost of service throughout the past several months.**

ASSET staff has also been working with Heartland to revise its 2012/13 budget. Council should recall that during ASSET allocations, funds were sequestered for Heartland's programs at an amount determined by ASSET staff and volunteers. None of the Funders has yet entered into contract with Heartland for 2012/13. Staff is working with Heartland to verify its cost estimates with the goal of ensuring that the funding provided does not fall short in 2012/13.

ALTERNATIVES:

1. Amend Heartland Senior Services' 2011/12 ASSET contract to reflect the higher cost per unit in order to provide an additional \$5,990.47 in the Congregate Meals program.
2. Amend Heartland Senior Services' 2011/12 ASSET contract to reflect some other amount to reflect the higher cost per unit.
3. Do not amend Heartland Senior Services' 2011/12 ASSET contract and thereby not establish a precedent of amending human service agency budgets in mid-year should their estimated cost of service exceed original contractual amounts.

MANAGER'S RECOMMENDED ACTION:

While Council should be concerned about the precedent of an agency asking for additional funds at the end of the year, this situation is unique in that Heartland has been communicating with ASSET staff over the past several months to prepare a revised budget that accurately reflects program costs. Without these funds, Heartland will likely need to either cut back programs or request additional funds for next year to replenish their reserves. The Council may recall that the City's ASSET priorities put an emphasis on meeting basic needs.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby amending Heartland Senior Services' 2011/12 ASSET contract to provide an additional \$5,990.47 in the Congregate Meals program. Funding

for this request will come from the available balance in the Local Option Sales Tax Fund.

Because the contract with Heartland Senior Services has not been finalized for FY 2012-13, it will still be possible to prepare a contract that will assure that next year's allocation does not exceed the budgeted amount.