

**City of Minneapolis**  
**Request for Committee Action**

**To:** Committee of the Whole  
**Date:** 11/18/2015  
**Referral:** N/A  
**From:** Intergovernmental Relations Department  
**Prepared by:** Gene Ranieri and Susan Trammell  
**Presented by:** Gene Ranieri and Susan Trammell  
**File type:** Resolution  
**Subcategory:** NA

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**Subject:**

Preliminary Designation of Community Action Agency for the City of Minneapolis.

**Description:**

Passage of Resolution authorizing staff to file with the Minnesota Department of Human Services a Notice of Intent to Designate a Successor Community Action Agency and directing staff to arrange for a public hearing and return to City Council to request final designation for the successor agency.

**Previous Actions:**

93R-194 and 93R-405 Resolutions designating the former Community Action Agency.

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**Ward/Address:**

All Wards

**Background/Analysis:**

**Historic Overview:** As part of President Lyndon Johnson's effort to reduce poverty in America, Congress passed the Economic Opportunity Act of 1964 (Act). The Act established the Office of Economic Opportunity (OEO) to administer the Act and programs such as Community Action, Head Start, Volunteers in Service to America (VISTA) and Job Corps.

To implement the Community Action portions of the Act, Community Action Agencies (CAAs) were authorized. The CAAs are private nonprofit or public organizations charged to reduce poverty in their communities. The Minnesota legislature in 1965 enacted legislation that established a Minnesota Office of Economic Opportunity to implement the relevant sections of the Act. By the end of 1965 all counties in the state were served by a recently formed CAA.

Over the years the Congress adopted amendments to the Economic Opportunity Act that affect the operation of CAAs. Among them are the following:

- An amendment offered by Rep. Al Quie (R-MN) that requires CAAs to have a governing board comprised of at least one third of its members representing the poor. The amendment was enacted in 1967.
- 1975 legislation authorized the closure of the OEO and transfer of OEO's roles and responsibilities to the Community Services Administration (CSA).

- The weatherization assistance program approved in 1976 is intended to assist low-income families to invest in energy efficiency. The program is administered by numerous CAAs.
- The Community Services Block Grant (CSBG) program, which is the basic federal funding source for CAAs, was signed into law in 1981.
- In May 1994, the CSBG Act was amended to require the development and implementation of outcome measures for CAAs. The Results Oriented Management and Accountability (ROMA) process is developed.
- As part of the 1998 legislation reauthorizing CSBG, the ROMA process is required to be used by CAAs.
- The 2009 “Recovery Act” appropriated an additional \$1.0 billion for the CSBG and increased its weatherization funding.

Minnesota, in 1973 and 1981, enacted legislation related to CAAs. Both legislative actions were the first of its kind in the country. The 1973 legislation approved funding for CAAs and funding has continued through the current biennium. The Minneapolis CAA will, through the appropriation formula, receive in the 2015/2016 biennium approximately \$ 2.7 million. The 1981 legislation enacted the Minnesota Community Action Agency Act. The legislation defines a CAA program, identifies responsibilities and generally mirrors federal law in such areas as board composition and use of CSBG funds.

**Community Action Agencies.** A CAA can be a nonprofit or public organization. A CAA’s purpose and mission is to focus available public and private resources to assist low-income individuals and families to acquire skills and knowledge to achieve self-sufficiency.

There are 25 CAAs and 11 Tribal Nations operating in Minnesota. The agencies cover all 87 Minnesota counties. Several agencies cover multiple counties. For example, in the Twin Cities metropolitan area there are four active CAAs. The metropolitan area CAAs include Suburban Hennepin; Anoka County; Ramsey and Washington Counties; and Scott, Carver and Dakota Counties.

A CAA attempts to achieve its mission through a variety of means including:

- Community-wide assessment of needs and strengths;
- Comprehensive anti-poverty plans and strategies;
- Provision of a broad range of direct services;
- Mobilization of financial and non-financial resources;
- Advocacy on behalf of low-income people; and
- Partnerships with other community-based organizations to reduce poverty.

CAAs differ from most other poverty-related organizations in that they do not focus on a specific need such as housing or job training but they engage low-income people in their communities to:

- Address multiple needs through a comprehensive approach;
- Develop partnerships with other community organizations;
- Involve low income clients in the agency’s operations; and
- Administer a full range of coordinated programs designed to have a measurable impact on poverty.

A CAA receives funding for operations from the federal Community Services Block Grant (CSBG) and Minnesota Community Action (MCA) grant. In 2013 CAAs, including Tribal Nations, statewide received \$6.8 million and \$3.9 million in CSBG and MCA funding respectively. The Minneapolis CAA received \$942,000 in CSBG and \$498,000 in MCA funds. In addition to the CSBG and MCA, CAAs have been able to leverage funding from other sources. In 2013, the federal and state Head Start programs, low income fuel assistance and weatherization totaled \$173.0 million when other source funding was combined with federal and state funding.

### **Role of the State of Minnesota in Community Action**

The federal law requires a state agency to administer the Community Action program. In Minnesota the Minnesota Department of Human Services' Office of Economic Opportunity (MNOEO) is responsible for the CAA. The MNOEO allocates the federal and state funds among CAAs and Tribal Nations operating in the state, negotiates contracts for services and prepares annual performance and financial reports that are submitted to HHS. The reports submitted to HHS are based on required reports CAAs submitted to MNOEO. The CAA reports provide MNOEO with information to monitor and evaluate the CAA to determine if the CAA is achieving its goals and complying with program and organizational standards. The MNOEO also administers programs such as nutrition, housing, and child care which are utilized by CAAs.

The MNOEO approves the designation and recommends recognition of new CAAs, assists in the merger of existing CAAs, and terminates contracts with CAAs based on cause.

### **Role of the City of Minneapolis in Community Action**

Prior to 1994, a City department operated as the Community Action Agency for Minneapolis. In 1994 the City "designated" Community Action of Minneapolis (CAM), a nonprofit agency, as the CAA for Minneapolis. Due to MNOEO's 2015 termination of the "designation" of Community Action of Minneapolis as a CAA the City again will need to "designate" an agency as its CAA.

Minnesota Statutes and Administrative Rules (Rules) govern the organization, conduct, and roles and responsibilities of CAAs, local governments, and MNOEO. The Rules also define the process to "designate" a CAA resulting from another CAA's termination for cause by MNOEO. The definition of designation is as follows:

Designation means selection of an entity as a service area's exclusive community action agency by a governing body after a public hearing has been held.

Rule 9571.0060, Subp. 7 provides that the governing body (Minneapolis City Council) will follow the priority guidelines of Rule 9571.0050, Subp. 2 and the procedures of Rule 9571.0030 to designate a successor.

The priority rule to be applied among possible designees is as follows:

A governing body may choose a designee under this part, in descending order of priority, by:

- A) Requesting an existing community action agency that is located and is providing services in a contiguous area to expand its program operations into the service area;
- B) Requesting an existing community action agency closest to the service area or an existing community action agency within reasonable proximity to the service area

to expand its program operations into the service area, if no existing community action agency in a contiguous area agrees to expand its operations; and

- C) Nominating any entity eligible or potentially eligible to be designated under federal law and regulations and to be recognized under part 9571.0040, when no community action agency accepts the request to operate in the service area.

The procedure to designate includes the following steps:

- A) **Notice of Intent to Designate.** The notice must state how the designee meets the eligibility requirements established by the federal CSBG. The notice along with eligibility documents must be submitted to MNOEO. The eligibility documents include: articles of incorporation; evidence of tax exempt status; assurance of compliance with the Act including the proposed composition of the board of directors, a description of the proposed area to be served, and a proposed mission statement.
- B) **Notice of Public Hearing.** After the notice of intent to designate has been filed, the City must hold a public hearing on the proposed designation. The Rules specify that at least 30 calendar days prior to the hearing the City must send to all local units of government, within the intended service area, a copy of the notice of intent to designate and details (time, location, date and hearing's purpose) of the hearing.

The City must also inform the MNOEO of the public hearing at least thirty days before the hearing.

A notice describing the date, time, location and purpose of the hearing must be published within the 30-day period in a newspaper of general circulation.

The MNOEO, within the 30-day period and at least ten days before the public hearing, must mail notice to low income households identified in the service area. (Low income households are those specified on the previous CAA's client list).

- C) **Public Hearing.** The public hearing must be held 30 days before the final designation may occur. The public hearing must be conducted by a presiding officer who shall not be a member of the City Council, does not have a vested interest in the outcome, and will ensure that all persons involved in the hearing are treated fairly. (In 1994 the City requested the Minnesota Office of Hearing Examiners to assign the presiding officer). At the public hearing the representative of the designee shall:

- Establish the designee's qualifications, expertise and experience in providing community action program services to low income households;
- Address the designee's qualifications;
- Describe the designee's mission statement;
- Explain the focus and direction of the proposed services; and
- Outline the goals for outreach to and participation by low-income persons.

Any person can speak at the hearing to present testimony or ask questions.

- D) **Official Record.** An official record of the hearing in electronic recording and written form must be kept. The hearing record must remain open for 20 days after the hearing to receive written comments and exhibits.
- E) **Official Resolution.** Once the public record has closed and 30 days have passed since the hearing, the city council may act, by resolution, to designate the community action agency. The resolution would be adopted, if after review of the official record the city council finds that:
- The opinion of the community was fairly and impartially expressed;
  - The opinion of low income people in particular was actively encouraged, representatively sampled, and fairly expressed during the whole process;
  - The designee established the qualifications, expertise, and experience necessary to be an effective community action agency; and
  - The designee's proposed mission, services, and goals were supported by testimony and written comments as a result of the public hearing.

A copy of the resolution and related documents are required to be sent to MNOEO so that the "recognition" process can begin.

### **Recognition of Community Action Agency by the State**

To be able to operate as a CAA and receive Minnesota Community Act and CSBG funds the designated agency must be "recognized" by the state. Recognition is a process that includes review by MNOEO to assure compliance with applicable state and federal law, as well as the administrative rules related to designation. Upon completion of the review, the Department of Human Services can recommend to the Governor that the designated agency be approved for recognition.

### **City of Minneapolis Process to Recommend a Designee to be the Community Action Agency for Minneapolis**

In September 2014, the Commissioner of the Minnesota Department of Human Service cancelled its contracts with CAM and began proceedings to terminate for cause CAM's CAA designation. As a result of the Commissioner's actions the CAA ceased operating and appealed the action pursuant to state and federal guidelines. To ensure that such services as heating fuel assistance and weatherization programs were available to low income residents for the 2014/2015 heating season, the Minnesota Department of Commerce entered into contracts with a contiguous CAA and a private nonprofit agency. In addition the MNOEO provided state funding to two contiguous CAAs to provide some community action programming within Minneapolis. In June 2015, CAM withdrew its appeal and the Commissioner's order terminating designation was sustained by the Office of Administrative Hearings.

Prior to the Administrative Hearing Officer's ruling, staff from the City Attorney's Office and the City's Coordinator's Office were assigned to develop a process so that community action programs can continue in Minneapolis. The staff met with MNOEO staff to review the governing federal and state statutes and rules applicable to CAAs. The statutory and rule review along with an analysis of the reporting requirements, financial and program standards were the basis for the issuance of the Request For Qualifications (RFQ).

The RFQ required respondents to provide not only information about their experience and expertise to serve low income households, but also documents and policies and plans required

for it be eligible for CAA designation. Among the required CAA designation documents are articles of incorporation, certification of tax-exempt status, mission statement, statement of proposed service area, and assurance of compliance with the federal and state law. Respondents were requested to provide a copy of their most recent budget and audit, and a description of their staff's ability to work with a multi-cultural community.

The City issued the RFQ for Designation as the Community Action Agency for Minneapolis with a submission deadline of August 11, 2015. A pre-submission conference was held on July 7 to review the RFQ and to take questions and if possible answer the questions at that time. All submitted questions were answered by e-mail on July 15, 2015. On August 11, four responses were submitted to the City. Two were from nonprofit agencies and two were from contiguous CAAs.

Upon submission of the RFQs, a review panel was convened to review the responses and recommend an entity to be designated as the Community Action Agency for Minneapolis. The review committee included representatives from City Council offices, the Mayor's Office, the City Attorney's Office, the City Coordinator's Office, and the Department of Intergovernmental Relations. A representative of the MNOEO attended the interviews and subsequent review sessions to answer questions and provide technical assistance. All four agencies were interviewed.

### **Proposed Designee**

The review panel recommends that an intent to designate Community Action of Suburban Hennepin (Suburban Hennepin) as the Community action Agency for Minneapolis be filed with the Minnesota Department of Human Services. Suburban Hennepin is an existing CAA that was established in 1985 and serves all of Hennepin County except for the City of Minneapolis. However, soon after the termination of the CAM contract for CAA services by the Minnesota Department of Human Services, Suburban Hennepin contracted with the Minnesota Department of Commerce – to offer heating assistance-services previously provided by the former CAA – to Minneapolis residents. Suburban Hennepin has established at two locations in the city and is offering community action programs at those locations. Suburban Hennepin satisfies the priority guidelines and is the best qualified to provide community action program services in Minneapolis.

### **Financial Review:**

**No financial impact.**

### **Attachments:**

1. Resolution authorizing the filing of a Notice of Intent to Designate a Successor Community Action Agency.