

MEMORANDUM



TO: VICTOR CARDENAS, INTERIM CITY MANAGER
FROM: CARL JOHNSON, FINANCE DIRECTOR
SUBJECT: ACCOUNTING SERVICES FOR HIDTA
DATE: MARCH 14, 2023

Mayor and Council –
The City has been approached with a unique opportunity to assist a federal agency and realize some new revenues.
- Victor

Last month former Novi Police Chief David Molloy sat down with City administration to discuss the opportunity for the City of Novi performing accounts payable and light account duties for the Michigan High Intensity Drug Trafficking Areas (HIDTA), the organization for which he serves as the Deputy Director.

The HIDTA program was created by Congress in 1988. The HIDTA program is a federally funded grant program administered by the Office of National Drug Control Policy (ONDCP) within the Executive Office of the President of the United States.

The HIDTA program coordinates and assists Federal, State, Local, and Tribal law enforcement agencies to address regional drug threats with the purpose of reducing drug trafficking organizations (DTOs), Money Laundering Organizations (MLOs), drug production, and the violent crime associated with drug trafficking throughout the United States. They also work with local community coalitions to assist in creating Drug-Free Communities through treatment, prevention, and educational resources. The Office of National Drug Control Policy oversees 33 regional HIDTAs covering all 50 states, Puerto Rico, the United States Virgin Islands, and the District of Columbia. See attached flyer for additional information on the program.

The Novi Police Department has been involved with the Michigan HIDTA for nearly 15 years. They have Novi PD Task Force Officers assigned to three of the HIDTA initiatives; two with the Drug Enforcement Administration and one with the Federal Bureau of Investigation. Director of Public Safety/Chief of Police Erick Zinser serves as a voting member on the Michigan HIDTA Executive Board as a representative of the Michigan Association of Chiefs of Police.

The Michigan HIDTA receives approximately \$4.0 million in federal funds annually to assist the region in the mission of reducing drug trafficking and drug production. The agency does not receive funds in advance of spending. The program is on a reimbursement basis only. All HIDTA programs must contract with a state, county, or local government to assist with cash management.

The local government entities are responsible for paying the current invoices and payroll for HIDTA. HIDTA then submits the request for reimbursement from the Federal level. Once the request is approved (usually in less than 14 days), the local government is reimbursed for the payments directly from the Federal government.

Of the \$4.0 million total grant allocated annually, approximately \$1.8 million is managed by Washtenaw County to provide payroll services, the Drug Enforcement Administration (DEA)

assists with paying \$450,000 of vendor's invoices and the Michigan State Police (MSP) handles another \$1.1 million. Deputy Director Molloy has asked the City to manage the remaining \$614,000 of vendor payables with the potential to move additional payments from MSP to the City at a later date. Depending on the workload passed to the City, the Michigan HIDTA will pay the City of Novi a predetermined amount for their financial services.

We will work with the Michigan HIDTA and our City Attorney to draft a Memorandum of Understanding detailing the agency services to be rendered and a mutually agreed upon payment structure to present to council for formal approval. This agency agreement would be similar to the agreement entered into by the City for the Novi Police and Fire Benevolent Association. We anticipate being able to perform these additional accounting services for HIDTA utilizing our existing staff. We do not anticipate any additional costs outside of the cost of postage and envelopes for mailing checks.