

November 19, 2024

Robin Pikal, Finance Director
City of New Prague,
118 Central Ave. N.
New Prague, MN 56071

Re: Small Cities Development Program (SCDP) Program Income

Dear Robin,

I am writing to inform you of an important action required by U.S. Department of Housing and Urban Development (HUD), the funders in relation to the recent monitoring of the Department of Employment and Economic Development (DEED) Small Cities Development Program (SCDP). It has come to our attention that there are compliance issues related to program income (PI) held by units of general local government (UGLG).

HUD's finding indicated that some UGLGs have not been effectively utilizing their PI, which is critical for the ongoing success and accountability of the program. Timely spending of PI is essential to ensure that federal requirements and the needs of the Greater Minnesota communities are met. Currently, the Small Cities records shows that the City of New Prague has a PI balance of \$ 580,918.

To address this matter, strategies have been developed to ensure compliance. Listed below are 3 options to utilize accumulated SCDP PI:

1. Retaining PI for future eligible SCDP activities or
2. Establishing a revolving loan fund or
3. Returning PI funds to DEED

The enclosed Program Income Fact Sheet provides detailed information on these three options.

To ensure no delays in meeting compliance, please submit a formal letter by December 3, 2024 with your intended PI option choice. Should you require any assistance or clarification regarding the PI options listed above, please feel free to contact me at Natasha.Kukowski@state.mn.us or at (651) 259-7425.

I look forward to your timely response and continual partnership.

Sincerely,

Natasha D. Kukowski

Natasha D. Kukowski
State Program Admin Director – Small Cities Unit

Enclosure