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CITY OF YONKERS
DEPARTMENT OF INSPECTOR GENERAL

**PERIODIC REPORT OF GRANT FUNDING FOR
COMMUNITY BASED ORGANIZATIONS**

To: Mayor Mike Spano
Liam McLaughlin, City Council President
Members of the Yonkers City Council
Vincent Spano, Yonkers City Clerk

From: Brendan J. McGrath, Inspector General 

Re: Grant Inspection and Review Report for
The Downtown/Waterfront Business Improvement
District, Inc. of Yonkers, New York

Date: August 2, 2016

This report is issued in response to City Council Resolution No. 52-2008 which directs the Inspector General to “develop an ongoing oversight program to monitor Community Based Organizations and other entities that receive grant funding from the City of Yonkers” and Resolution No. 94-2008 which directs the Inspector General to “move forward” with the plan that was submitted.

Summary of Findings and Recommendations

The Downtown/Waterfront Business Improvement District, Inc. of Yonkers, N.Y. (“Yonkers BID”) was established by the City of Yonkers in accordance with the New York State General Business Law.¹ The Yonkers BID is a domestic not-for-profit formed with the broad mission of building a healthier and vibrant commercial Yonkers downtown area. Our review of the Yonkers BID reveals that adequate financial controls are in place to ensure that the Year 40

¹ See, Chapter 16, Article I of the Yonkers City Code. See also, Article I, Section 19-A of the New York State General Municipal Law.

Community Development Block Grants² (“CDBGs”) discussed below were used properly and in accordance with the agreements between the City of Yonkers and the Yonkers BID.

Organizational Overview

Established in 2002, the Yonkers BID, located at 15 Main Street Yonkers, New York, 10701, is a domestic not-for-profit organization formed pursuant to Internal Revenue Code §501(c)(3) for the purpose of building working partnerships, encouraging investment and supporting various other initiatives dedicated to the economic revitalization of downtown Yonkers.³ This is achieved through a public/private partnership between the City of Yonkers and the Yonkers BID and other grant sources in which the Yonkers BID supplements those services already provided by the City of Yonkers to the downtown community. This downtown area represents the traditional central business district of the City and includes Chicken Island, Getty Square, the waterfront, municipal buildings and the library, featuring such locations as the Yonkers train station and iPark Hudson, a 24 acre development with 800,000 square feet of office space in eight renovated buildings. Generally, the Yonkers BID is bounded by Nepperhan Street to the north, the Hudson River to the west, Prospect Street to the south, and School Street to the east.

Yonkers BID services include, but are not limited to, sanitation and maintenance, beautification programs, and marketing and promotional programs to enhance local businesses. Moreover, the Yonkers BID promotes the cultural, historic and tourist interest in the businesses within the BID and provides a mechanism for business owners and property owners to develop business opportunities and employment. Some of the initiatives with which the Yonkers BID has been involved include marketing Yonkers Downtown International Restaurant Week, funding and managing a ranger street cleaning program, and sponsoring Yonkers Riverfest, Main Street Films at Dusk and Jazz and Blues concerts at the Yonkers waterfront.

Core funding for the Yonkers BID comes through the City of Yonkers where BID fees are based on a special benefit assessment of all businesses within the BID that amounts to 6% of the City of Yonkers tax, Westchester County tax, and school tax.⁴ Real property tax exempt non-profits located within the geographical boundary of the BID are exempt from BID fees.

Overseeing the day to day function of the Yonkers BID is Daniel Lipka, Executive Director. It is the office manager who initiates the review of all billing and creates the appropriate checks for payment which are then submitted to the executive director for approval and signature. All checks for payment of \$500 or more are signed by the appropriate board member and the executive director. Invoices and payments are maintained in Quickbooks software. The board of directors is comprised of seven property owners and two tenants with commercial leases in the downtown Yonkers area, and one resident. The Mayor of Yonkers, the Commissioner of Finance and Management Services and the local City Councilmember are ex-

² Funding sources for Community Development Block Grants are received from the United States Government under Title 1 of the Housing and Community Development Act of 1974 and administered by the U.S Department of Housing and Urban Development.

³ See, <http://yonkersdowntown.com/bid-history/>

⁴ See, Chapter 16, Article I of the Yonkers City Code.

officio members of the Yonkers BID. The full Board meets every other month with executive committees of the Board meeting each month in between. The Yonkers BID also employs a “BID Rangers”, who, in cooperation with the Yonkers Department of Public Works, have the responsibility to assist in keeping the streets and sidewalks clean, reporting safety issues, providing assistance to pedestrians, and removing graffiti.⁵

Grant Summary

Under applicable HUD regulations, “Basically CDBG”, a publication from the HUD Office of Block Grant Assistance, dated November 2007, programs that receive funding must document that at least 51% of the program recipients are of low to moderate income.⁶ Information provided by the Yonkers Office of Planning and Development, indicates that the area served by the CDBGs is comprised of residents who are of low to moderate income.

According to documentation provided by Mr. Lipka and contained in the Yonkers BID’s independent audit dated October 22, 2015, the BID, in 2014, had \$118,168 on hand derived from grants provided by the City of Yonkers. Moreover, the Yonkers BID received two Year 40 Community Development Block Grants totaling \$63,500 from the City of Yonkers through its Department of Planning and Development for the purposes further discussed below. In addition to grants and contributions, the Yonkers BID also benefits from a special assessment tax from those businesses located within the BID’s geographical area for a total of \$437,866 for the 2014 calendar year. The CDBG in the amount of \$50,000 was directed toward the BID Beautification, Safety, and Cleanliness Program which involved area maintenance and cleaning, in an effort to attract more residents and visitors to the Downtown area.

For Year 40 of the CDBG program, the City of Yonkers, by the Yonkers Department of Planning and Development approved the grants listed below.

1. A CDBG in the amount of \$50,000 as a reimbursement for the BID’s Safety, Cleanliness and Beautification Program consisting of street maintenance and cleaning, landscaping and the streetscape lighting project.

Our review of the documentation provided by the Yonkers BID and the Yonkers Department of Planning and Development indicates that by letter dated September 23, 2015, the Yonkers BID requested a drawdown of the CDBG in the amount of \$44,751 as reimbursement which was approved by the City of Yonkers on or about September 24, 2015. Documentation reveals further a letter dated October 15, 2015 wherein the Yonkers BID requested a drawdown of the remaining \$5,249 as reimbursement, approved on or about October 20, 2015. Documentation including receipts indicates that the aforementioned grant was applied to the purchase of landscaping material, the purchase of lights for Main Street trees, garbage bags and liners, a generator and other accessories. Pursuant to the contract between the Yonkers BID and the City of Yonkers, the Yonkers BID, as recipient of a Year 40 CDBG, submitted progress reports detailing the BID’s activities in response to the grants received.

⁵ As of the time of this report, the Yonkers BID employed 8 rangers.

⁶ See also, <https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data/>

2. A second CDBG in the amount of \$13,500 as a reimbursement for the Yonkers Downtown and Enrichment Series to provide free public events in Van Der Donck Park throughout the year with a focus on the summer months to include the Yonkers Downtown Enrichment and Music Series, arts and children's activities.

Our review of review of documentation provided by the Yonkers BID and the Yonkers Department of Planning and Development indicates that by letter dated September 17, 2015, the Yonkers BID requested a drawdown of the CDBG in the amount of \$13,500 payment of which was approved by the City of Yonkers that same month. Documentation further indicates that the full amount of the grant was applied to the contracted services, sixteen payments in all, for the musical performances.

Site Visit

In May, 2016, this office met with Executive Director Lipka at the Yonkers BID office 15 Main St., in downtown Yonkers. There, Mr. Lipka described the purpose for which the Yonkers BID was founded and the services it provides for the benefit of the downtown community. The Yonkers BID office itself appeared to be neat and orderly, and capable of accommodating its mandate.

Program Participants

Pursuant to its contract with the City of Yonkers, the Yonkers BID, as the recipient of the two CDBGs, was required to submit progress reports for Year 40 (February 1, 2014 to January 31, 2015) which included a description of the income levels of those who participated in attendance and the programs provided by the Yonkers BID. Under applicable US Housing and Urban Development regulations, programs that receive funding must document that at least 51% of the program recipients are from families with low to moderate incomes.

Accordingly, a review of the reports submitted by the Yonkers BID for both of the CDBGs indicates that the programs offered by the Yonkers BID occurred in an area where at least 51% of those who reside in the area are families with "Extremely Low" to "Low" to "Moderate" incomes.

Internal Controls

This office found that the CDBG for \$50,000 and the CDBG for \$13,500 were supported by appropriate documentation provided by the Yonkers BID and the Yonkers Department of Planning and Development. Our review found further that there is a system of internal controls in place to ensure that the grants are spent for their intended uses and in accordance with the contracts between the Yonkers BID and the City of Yonkers.

As indicated above, the Yonkers BID has an executive director who oversees the day to day functions of the Yonkers BID. An office manager initiates a review of all billing and is responsible for creating the appropriate checks for payment and then submitted to the executive

director for approval. Payments above \$500 are approved by the appropriate board member. Additionally, the Yonkers BID makes use of the accounting software, Quickbooks.

Moreover, the Yonkers BID provided documentation that it retained the services of Victor J. Cannistra, CPA, P.C. to prepare an independent audit which revealed that as of December 31, 2014, the Yonkers BID was operating in accordance with accounting principles generally accepted in the United States of America.

Conclusion

The Yonkers BID continues to be a very important part of the downtown Yonkers community by providing sanitation and maintenance services, beautification and marketing programs for the purpose of enhancing local businesses. Moreover, the Yonkers BID sponsors a number of musical and educational programs for the benefit of the community. Our review of the two grants under the CDBG finds that both were used appropriately and in accordance with Yonkers BID's agreement with the city of Yonkers. Finally, our review finds that the Yonkers BID has a system of internal controls in place that ensures adequate safeguard of its funds.