



# CITY OF DALTON, GEORGIA

## OPERATIONS MANUAL

FOR

### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Revised February 27, 2019

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## INTRODUCTION

City of Dalton receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to undertake community improvements, in furtherance of the objectives of the Housing and Community Development Act of 1974, as amended.

This Operations Manual for the Community Development Block Grant Program is intended for use by City of Dalton staff. The manual is designed for use primarily by these personnel, but also includes individual components, which can also be used by other organizations, which receive CDBG funds from the City of Dalton CDBG Program. The manual covers major operational aspects and procedures necessary for the planning, implementation, and operation of the CDBG Program and for individual CDBG projects.

The City of Dalton Community Development Block Grant Program provides technical assistance to funded agencies and organizations in such areas as housing and homeless program planning/implementation/management and grants application/management. For more information on available technical assistance and/or a request for on-site visits, contact the City of Dalton CDBG Program Office, 300 West Waugh Street, Dalton, GA 30720; (706)529-2461.

## **PART 1**

### **1.0 CDBG PROGRAM PLANNING**

#### **1.1 Consolidated Plan [Strategic Plan and Annual Action Plans]**

Consolidated Plan Regulations: 24 CFR Part 91,

##### **1.1.1 HUD Consolidated Plan Requirements**

As a recipient of grant funds from the United States Department of Housing and Urban Development [HUD], City of Dalton must prepare a comprehensive plan, which includes a systematic analysis of housing, community development, and homeless needs, and proposes goals, objectives, and strategies to address these needs. The process produces a document known as the **Consolidated Plan**.

The Consolidated Plan, prepared every 5 years in City of Dalton, enables the community to view the HUD grant programs as an overall comprehensive vision of housing and community development, and not as a limited tool to address only issues related to HUD grants. The comprehensive vision includes affordable housing, public infrastructure and public services, fair housing, economic and human development, and environmental/historical issues.

The process of plan development includes considerable collaboration with many organizations and agencies, not only within City of Dalton Government, but with outside private and public agencies and organizations. Equally important in the collaboration process is the involvement of citizens in the identification of issues and strategies to be included in the Plan.

The Consolidated Plan serves separate and related purposes:

- A HUD-required plan for City of Dalton which is prepared using needs that are identified by citizens and organizations in the community;
- Serves as annual applications [Annual Action Plans] for HUD's grant programs from which City of Dalton receives funding for the Community Development Block Grant [CDBG];
- Identifies priority housing, community development, and homeless needs;
- Contains strategies for carrying out HUD/CDBG program and to address identified priority needs;
- Includes evaluation information in the Annual Action Plan;
- Includes an Executive Summary in the Annual Action Plan;
- Identifies funding sources and amounts of funding, from all sources, for each Annual Action Plan;
- Contains maps depicting demographic information and the locations of funded activities;
- Includes documented evidence that at least two public hearings will be held in the development of the Plan and/or in the development of the Annual Action Plan. The public hearings shall be held at different stages of the development process [at least in the identification of needs and for the proposed Plan or proposed Annual Action Plan].

The staff of the CDBG Program Office will rely on the guidance provided in the Consolidated Plan regulations, which are contained in the Appendix of this Manual. The regulations are re-codified by HUD each year, and the most current version of the Consolidated Plan regulations [24 CFR Part 91] can be located on the Internet at HUD Exchange: <https://www.hudexchange.info/resources/documents/24-Cfr-Part-91-Consolidated-Plan-Revisions-And-Updates-Final-Rule.pdf>

Additional written guidance was provided for the Consolidated Plan and its requirements can be found in the Basically CDBG Manual and training prepared in September 1998.

### **1.1.2 City of Dalton Consolidated Plan**

The City of Dalton Community Development Program prepares its Consolidated Plan in a manner which complies with its adopted Citizen Participation Plan and which is consistent with the HUD Consolidated Plan requirements published in the Code of Federal Regulations at 24 CFR Part 91. The plan development process involves the preparation of a new Consolidated Plan every 5 years, including extensive consultation with individual citizens, private organizations, and public agencies.

The plan preparation process also involves a number of public hearings and community meetings to permit citizens maximum input in the identification of problems and needs, the development of goals/objectives/strategies, and in the creation of each Annual Action Plan, which proposes funding actions each year for the use of monies from HUD and other sources.

The development of the Consolidated Plan is carried out in compliance with the citizen involvement requirements of the Citizen Participation Plan, developed by the Community Development Program Office, and approved by the City of Dalton Mayor and Council as a part of the City of Dalton Consolidated Plan.

## **1.2 CITIZEN PARTICIPATION PROCESS**

The development of the Consolidated Plan is carried out in compliance with the citizen participation requirements of the Citizen Participation Plan as developed by the City of Dalton CDBG Program Office as noted below:

### **CITIZEN PARTICIPATION PLAN** **Program Years 2014-2018 [Revised May 2014]**

The Consolidated Plan regulations require HUD local government grantees to adopt a Citizen Participation Plan. This Plan reflects City of Dalton's compliance with the HUD requirements for citizen participation in all appropriate HUD grant programs. This Plan contains the required elements listed in the Consolidated Plan regulations at **24 CFR §91.105(b)**. The City of Dalton

CDBG Program Office conducts the planning and administration for the CDBG Program. .

## **CITIZEN PARTICIPATION**

City of Dalton has devised specific actions to encourage increased participation in its housing and community development programs, particularly by persons of low to moderate income. Some of the actions include:

- ❑ Review of all citizen comments and incorporation of such comments in the Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and all substantial amendments to these to these plans.
- ❑ Analyze the impact of Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and all substantial amendments to these to these plans. program activities on neighborhood residents, particularly low and moderate income residents;
- ❑ Conduct Needs Assessments and appropriate on-site visits to each proposed project before including it in the Proposed Consolidated Plan;
- ❑ Meet with neighborhood groups to inform them about the Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and all substantial amendments to these to these plans, project eligibility, the program planning process, project selection and funding, and the project implementation process;

City of Dalton will continue to provide a forum for open communication with its residents, particularly low to moderate income persons regarding its HUD funded programs. City of Dalton will strive to increase resident's participation in its housing, community development, and human services programs by providing relevant information so persons/agencies in City of Dalton might benefit from these grant programs. Techniques will include contracting with a local non-profit to attend: public housing meetings/forums, neighborhood meetings, presentations to civic associations, Public Review Meetings, faith-based meetings, newspaper articles and advertisements, and individual personal contacts.

Since the inception of the CDBG Program in City of Dalton, the City makes a special effort to provide timely and accurate information about housing, community development and human services program activities to the community.

## **ACCESS TO RECORDS, LOCAL MEETINGS AND INFORMATION**

City of Dalton will continue to provide reasonable notice for all Public Review Meetings. Information and records relating to City of Dalton housing, community development, and human services program activities that are made available to the public for review and comment, according to the requirements of Federal, State, and local laws.



The City of Dalton CDBG Program provides a forum for local resident input on proposed projects during two Need Assessment meetings.

Notices of Public Review Meetings are publicized throughout the City. Two weeks before the Public Review Meetings are held, at least one advertisement is placed in the local newspaper of general circulation (Dalton Daily Citizen and La Voz {Spanish paper}) and it will be posted on the website. The advertisements are either "display ads" or "legal ads" which appear in the sections of the newspaper most likely to be read by citizens. Additionally, the CDBG Program Office emails all client organizations as a reminder.

Copies of Public Review Meeting notices, Proposed Consolidated Plan [and any amendments], and Annual Performance Reports are placed in accessible locations at the City of Dalton City Hall in the CDBG Program Office to permit public review and comment. All documentation is maintained in the CDBG Program Office, documenting the opportunities provided to citizens to insure that all meetings, records, documents and related information are made readily accessible to the citizens of City of Dalton.

### **Amendments to Consolidated Plan and Action Plan**

Before City of Dalton approves an amendment to the current Five-Year Consolidated Plan or Annual Action Plan, it provides information to the Mayor and Council for review (including the amount that will benefit persons of very low and low income), the plans to minimize the displacement of persons and the assistance to be provided to any persons displaced, will be made available to residents, public agencies, and other interested parties.

A summary of the proposed Consolidated Plan will be published in the official local newspaper of general circulation [Dalton Daily Citizen], and copies of the Proposed Plan will be available at City Hall, other public places, and of the City's website. The summary will describe the contents and purpose of the Consolidated Plan and will list locations where copies of the Plan can be reviewed. Substantial Amendments to the Plan will be advertised, and copies of each Amendment will also be made available to the general public. As required by HUD regulations, City of Dalton will provide a period of no less than thirty (30) calendar days from the date of public notice to receive comments from local citizens as it relates to each amendment.

City of Dalton will provide citizens, public agencies, and other interested parties with reasonable and timely access to information and records relating to the Consolidated Plan, and the City's use of HUD assistance during the preceding year. Interested parties should contact the CDBG Program Office for such information. Reasonable requests will be satisfied at the time of the request. If more detailed information is desired, which requires compilation of data; such requests will be submitted to the City of Dalton CDBG Program Office in writing.

### **Criteria for Consolidated Plan Substantive Amendments**

A Substantive Amendment is any deviation from the Strategic or Annual Action Plan that results

in a significant change regarding the specific Goals, Objectives, Outputs, and Outcomes as referenced in the current Consolidated Plan.

Any potential Substantive Amendment to an existing Consolidated Plan shall meet the following criteria and will require an opportunity for public comment:

- A. To make a change in the allocation priorities or a change in the method of distribution of funds;
- B. To carry out an activity using funds from any program covered by the Consolidated Plan (including program income), ***not previously described*** in the Annual Action Plan;
- C. To change the original intent and purpose of an activity which is no longer applicable;
- D. The costs associated with a change in the scope of an activity must increase or decrease by fifty-one percent (51%); 25% IS IN CITY CURRENT CITIZEN PART. PLAN
- E. The location of an activity changes to the extent that it does not serve the target population as originally described in the Consolidated Plan.

### **Technical Assistance to Citizens/Agencies**

The City of Dalton CDBG Program Office will continue to provide technical assistance to City of Dalton residents and agencies, particularly to those of very low and low income who request such assistance in developing project proposals, or who request other information (compliance requirements, program performance, funding information, etc.) outlined in the current Consolidated Plan. Project application forms are available and are distributed at no cost to all persons making a request. A “one-on-one” meeting will be arranged for individuals and groups representing such persons when necessary to explain the project eligibility, application and approval process and other implementation requirements. The City of Dalton CDBG Program Office staff will also meet with various non-profit organizations and individuals to provide other specific technical assistance related to housing, community development and human services programs, as requested. In addition, the City of Dalton CDBG Program Office will provide an annual technical assistance workshop for CDBG applicants to answer all questions and provide assistance in application process.

### **Public Review Meetings**

The City of Dalton will hold Public Review Meetings for the purpose of reviewing amendments or changes to the City’s Consolidated Plan or Action Plan. Public Review Meetings will be held at convenient times and locations to permit broad participation from the community. Reasonable accommodations will be granted for persons that request such assistance. The City will also provide translation services for clients with limited English proficiency upon request. In order to give adequate notice of Public Review Meetings, the City will comply with the following

requirements:

### **Public Review Meeting Notice**

- A. Notices of Public Review Meetings are publicized in the local paper, by email, and on the website. At least two weeks before the Public Review Meetings are held; at least one advertisement is placed in the local newspaper of general circulation (Dalton Daily Citizen), in addition to this it will be posted on the City's website. The advertisements are either "display ads" or "legal ads" which appear in the sections of the newspaper most likely to be read by citizens. Additionally, the CDBG Program Office emails all client organizations as a reminder as well.
- B. Notices will include time, date, location, amount of funding, and the topics to be discussed at the Public Review Meeting

### **Public Review Meeting Process**

- A. The Public Review Meetings will be properly advertised and documented and will include a list of attendees, as well as, any public comments received. Written minutes of the Public Review Meeting are available for review during normal business hours.
- B. CDBG Program Office Staff will ensure that all meeting materials including sign in sheet, meeting agenda, handouts, and any documents for review are available at the start of the meeting.
- C. On the day of the Public Review Meeting, attendees will be allowed to enter the meeting facility prior to the publicized start time. The meeting will be called to order by CDBG Program Office staff and will also conduct the meeting.
- D. Once the meeting has been called to order, the meeting will follow a standard agenda as follows:
  - a. Call to Order
  - b. Introductions
  - c. Purpose of the meeting
  - d. Review of handouts and/or planning documents
  - e. Question/Answer
  - f. Public Comment
  - g. Adjournment
  - h.

### **Submission of Required HUD Planning Documents**

City of Dalton will conduct a minimum of 3 Public Review Meetings annually to obtain citizens

comments and concerns about required planning documentation. The Public Review Meetings will be held at different stages of the program year to coincide with annual HUD planning requirements.

1. **Needs Assessment Public Review Meeting:** This meeting will be conducted at the beginning of a Consolidated Plan period to determine the nature and types of assistance needed to address Dalton's priority needs. The meeting is held at the beginning of the annual planning cycle to solicit input from residents, public housing agencies, and social services organizations on housing, community, and economic development needs.
2. **Proposed Projects Review:** A second Public Review Meeting is normally held at the close of the application cycle. The purpose of this meeting is to publicize projects recommended for funding to the Mayor and Council for the next funding year. The CDBG Program Office staff present results of the needs assessment process, including the proposed priorities for housing and non-housing needs, the proposed long and short term objectives for addressing those needs and the resources available for this purpose. In addition, participants are encouraged to provide input on the degree and extent to which proposed applications meets City of Dalton's priority needs.
3. **Proposed Consolidated Plan/Action Plan Review:** Using resident input from the second Public Review Meeting, City of Dalton will develop a strategic Consolidated Plan, or an Annual Action Plan. Activities proposed for funding with HUD housing and community development funds through the City of Dalton will be reviewed and appropriate recommendations will be made to the City Council by the Finance Department [with input from the CDBG Program Office]. These recommendations will be advertised for public review and comment for 30 days. During this 30 day period, a third public hearing will be conducted to provide ample opportunity for public comment. Once this process is finalized, the City of Dalton's City Council will approve The Plan.
4. **Consolidated Annual Performance Evaluation Report:** This meeting will be conducted annually prior to the submission of the Consolidated Annual Performance Evaluation Report (CAPER) to HUD. This meeting will describe how funding was used in the previous program year and how the City of Dalton met its goals set forth in the Consolidated Plan and Action Plan.

### **Substantial Amendments to HUD**

City of Dalton will conduct Public Review Meetings when there is a proposed amendment to the Consolidated Plan or Action Plan to obtain citizens comments and concerns about proposed changes. The Public Review Meetings will be held during the public comment period to allow the public ample opportunity to comment proposed changes.

### **Citizen Comments:**

City of Dalton will consider any comments or views of residents, agencies, or other interested parties received in writing or orally at Public Review Meetings, in preparation of the final Consolidated Plan, amendments to the Plan, or the Annual Performance Report. A summary of

these comments will be included in the final **Consolidated Plan, Annual Action Plan, or Annual Performance Report.**

### **Non-discrimination Policy/Complaint Review Process**

It is the policy of City of Dalton to provide equal opportunity for services without regard to race, color, sex, age, national origin, religion, political affiliation, presence of handicap or disability, or familial status.

Persons who feel that they have been discriminated against or who have a complaint pertaining to the City of Dalton Consolidated Plan, Plan amendments, or Annual Performance Report, may file a complaint in writing to:

City of Dalton CDBG Program Office  
300 West Waugh Street  
Dalton, GA 30720  
Attn: Renetta Cochran, cdbgc@cityofdalton-ga.gov

The complaint must contain the following information:

- (1) Name and address of the person(s) filing the complaint;
- (2) A description of the act or acts considered to be in violation;
- (3) Other available pertinent information which will assist in the review and resolution of the complaint.

Such complaints should be filed within thirty (30) days of the alleged discriminatory act. A written response as to the disposition of the complaint will be issued by the City no later than fifteen (15) working days following receipt of the complaint. A person who is dissatisfied with the response to complaint, or if the response is delayed more than fifteen (15) working days, may appeal in writing to:

City of Dalton Finance Department  
300 West Waugh Street  
Dalton, GA 30720  
Attn: Cindy Jackson, Finance Director

A written response on the disposition of the complaint will be issued by the Finance Director not later than (30) working days following the receipt of the complaint. If the complainant is dissatisfied with the response of the Finance Director, he/she may submit the complaint, in writing, to:

United States Department of Housing and Urban Development  
Georgia State Office of Community Planning and Development

Five Points Plaza  
40 Marietta Street, N. W., 15<sup>th</sup> Floor  
Atlanta, GA 30303-9812

No person shall intimidate, threaten, coerce, or discriminate against any person because he/she has made a complaint, testified, assisted, or participated in any matter in an investigation, proceeding, or hearing related to a complaint.

The identity of complainants shall be kept confidential, except to the extent necessary to carry out or conduct investigations, hearings, or judicial proceedings in any matter in an investigation, proceeding, or hearing related to a complaint.

### **Provisions for Limited-English Proficiency and Hearing Impaired Residents**

Residents who have limited English proficiency or may be hearing impaired can contact the CDBG Program Office by calling (706)-529-2461 or for hearing impaired (706) 876-1630 prior to the hearings so that adequate arrangements can be made. Such requests should be made at least five (5) working days prior to the meeting date.

### **1.3 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE ["A.I."]**

Data Sources: 24 CFR Part 91.225,  
Fair Housing Planning Guide –Volume 2: Grantee Activities,  
City of Dalton Analysis of Impediments to Fair Housing Choice,

#### **1.3.1 "A.I." Requirements TO BE CHANGED TO AFFH in 2019 with Con Plan**

Entitlement grantees must execute Certifications with the Consolidated Plan, which require that the jurisdiction will "affirmatively further fair housing," which includes the preparation of an analysis to identify impediments to fair housing choice within the grantee's jurisdiction.

The Certification also requires that the grantee take appropriate steps and actions to overcome the effects of the identified impediments and to maintain records reflecting the analysis and actions to address the impediments. The actions to address impediments are addressed by the grantee as a part of its respective Action Plans within each 5-year Consolidated Plan. The results of the actions taken are reported in the grantee's annual report to HUD, the Consolidated Annual Performance and Evaluation Report [CAPER].

#### **1.3.2 "A.I." Preparation**

City of Dalton prepares its updated A. I. as a part of its [5] year Con Plan preparation.

#### **1.3.3 "A.I." Implementation**

City of Dalton addresses the impediments to fair housing choice, which are identified in the "A.I.," in its respective Action Plans within the 5-year Consolidated Plan. Actions can be funding of certain activities, if appropriate, or may consist of "other actions" which involve cooperation or collaboration with other entities, which are or will address the impediments. The results of the implementation actions are included in the annual report to HUD, the Consolidated Annual Performance and Evaluation Report [CAPER].

### **1.4 ELIGIBLE ACTIVITIES**

Data Sources: 25 CFR Part 570.201-206,  
Community Development Block Grant Program: Guide to National Objectives and Eligible  
Activities for Entitlement Communities ["Desk Guide"], August 1998  
Basically CDBG, July 2012

The most basic component of the CDBG program is the eligibility criteria for various activities. The HUD documents, in the data sources referred to in this section, are very comprehensive, and give numerous citations, interpretations, and examples. These data sources should be used extensively when the City of Dalton Community Development Program Office staff makes eligibility determinations for the CDBG Program. Of particular noteworthiness is the Guide to

National Objectives and Eligible Activities, often referred to as the “Desk Guide” by HUD staff.

This document provides City of Dalton Community Development Program Office staff the level of detail, which is needed to determine eligibility. In instances where local staff has questions about eligibility determination, the best approach is a consultation with HUD Field Staff. The consultation should always be conducted consistent with the protocol established in the City of Dalton Community Development Program Office for individual staff contact with HUD.

The basic types of eligible CDBG project categories include housing, public facilities, public services, and economic development. Each of these overall categories has subcategories of activities, which are addressed in great detail in the Desk Guide. This Operations Manual does not seek to replace or recapitulate the Desk Guide, which is updated periodically by HUD. The purpose of referring local staff to the Desk Guide is to foster the use of existing data sources, which are already available to, known by, and already used by local staff. This component of the Operations Manual seeks to acknowledge the existence of these data sources and to remind local staff that these are the same documents used by HUD staff in their process to review Action Plans.

The CDBG regulations [24 CFR Part 570] are the basis for eligibility of all CDBG-assisted activities. Sections 570.201-206 of the regulations [available in codified form from the same Government Printing Office Website listed earlier for the Consolidated Plan regulations] list the individual types of activities permitted under the Housing and Community Development Act of 1974, as amended. The eligible activities are then described in more details in the Desk Guide and in Basically CDBG.

Basically CDBG takes a more generic approach to classification of activities by addressing groupings of eligible activities: Housing Activities, Other Property improvements, Public Facilities, Economic Development, Public Services, and Planning/Program Administration. The Desk Guide is much more detailed and addresses various individual types of activities, which are a part of these broad general types of activities. For eligibility determination, local staff should be familiar with the general categories from Basically CDBG, but should rely heavily on the Desk Guide, and advice from HUD Field Staff

## **1.5 CDBG NATIONAL OBJECTIVES**

Data Sources: 24 CFR Part 570, May 2001

Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities ["Desk Guide"], August 1998

Basically CDBG, July 2012, Chapter 1.



## CDBG Program History

The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. The CDBG Program was created as the first Federal block grant to local governments through the consolidation of individual categorical HUD programs for: (1) Open Space; (2) Urban Renewal; (3) Neighborhood Development Program grants; (4) Historic Preservation grants; (5) Model Cities supplemental grants; (6) Public Facilities loans; (7) Neighborhood Facilities grants, and Water and Sewer grants.

The primary objective of Title I is the development of viable urban communities by providing, principally for persons of low- and moderate-income: decent housing, a suitable living environment, and expanded economic opportunities. Low- and moderate-income is defined by HUD as total income in a household, from all occupants, which does not exceed 80% of Median Family Income for individual counties outside Metropolitan Statistical Area or for individual counties within Metropolitan Statistical Areas. The maximum income limits are adjusted periodically by HUD, [usually annually] and the results are published by HUD on the Internet at: [www.huduser.org](http://www.huduser.org).

Entitlement CDBG grantees must certify to HUD that the projected uses of CDBG funds, as proposed in their Consolidated Plan and their respective Annual Action Plans, will address one of the three CDBG National Objectives:

- ❑ Benefit low- and moderate-income families; or
- ❑ Aid in the prevention or elimination of slums or blight; or
- ❑ Meet a need having a particular urgency [referred to as Urgent Need].

Any activity proposed for CDBG funding must be **eligible** [as described in Section 1.4 of this Operations Manual and the referenced data sources], and must address at least **one** of the National Objectives. If a proposed eligible activity does not address one or more of the national objectives, the activity is not a candidate for CDBG funding.

### **1.5.1 Benefit to Low- and Moderate-Income Persons**

Basically CDBG contains an excellent description of the subcategories of methodologies to be used by grantees to qualify an activity under the National Objective: “Benefit to Low- and Moderate-Income Persons.” The description in Chapter 1 listed the four categories as Area Benefit Activities, Limited Clientele Activities, Housing Activities, and Job Creation or Retention Activities.

Details are provided in Chapter 1, under each of these types of activity-qualification types under the “Benefit to Low- and Moderate-Income Persons” National Objective.

#### **1.5.1.1 Area Benefit**

This is the most common method to qualify activities under the CDBG National Objectives. The activity may benefit all residents of an area where at least 51% of the residents are low- and moderate-income persons. The service area must be primarily residential and the activity must address the identified needs of low- and moderate-income persons. The service area may be qualified using three methods:

- ❑ United States Census Data;
- ❑ Survey data collected using a survey methodology and survey instrument approved by HUD; or
- ❑ Area Benefit Exception Criteria

An exception to the requirement is permitted for urban counties for a service area that contains less than 51% low- and moderate-income persons if the proportion of low- and moderate-income persons in the service area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. HUD determines the lowest proportion a grantee may use to qualify an area for this purpose.

#### **1.5.1.2 Limited Clientele Benefit**

Limited Clientele activities benefit a certain number of people, as long as at least 51% of the clientele are Low- and Moderate-Income persons. These types of activities may be subdivided into two major subcategories:

##### Presumed Benefit Group

This type of activity benefits a clientele that is generally presumed by Congress and HUD to principally benefit low- and moderate-income persons (abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers).

Adults are considered severely disabled if they:

- ❑ Use a wheelchair or another special aid for 6 months or longer;
- ❑ Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking), needed assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);
- ❑ Are prevented from working at a job or doing housework;
- ❑ Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or mental retardation; or
- ❑ Are less than 62 years of age and are covered by Medicare or receive Supplemental Security Income.

### Direct Services: Documented by Income

To qualify an activity using these criteria, documentation is required on family size and income to show that at least 51% of the clientele served have total household income from all occupants, which do not exceed the maximum low- and moderate-income limits established by HUD.

### Other Limited Clientele Activities

- ❑ Removal of architectural barriers to mobility for elderly persons or the severely disabled [With restrictions, per 24 CFR 570.208(a)(2)];
- ❑ Microenterprise activities carried out consistent with HUD's requirements;
- ❑ Activities that provide training and other employment support services when the percentage of persons assisted is less than 51% Low- and Moderate-Income may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of Low- and Moderate-Income persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

#### **1.5.1.3 Housing Activities**

To qualify a housing project under the "benefit to low-and moderate-income" criteria, an eligible activity must be undertaken to provide or improve permanent residential structures, which will be occupied by low- and moderate-income persons, after completion. If a structure has one unit, it must be occupied by Low- and Moderate-Income persons. If a structure contains more than 1 unit, at least 51% [or 1 unit in a 2 unit structure] of the units must be occupied by low-and moderate-income persons. Under certain conditions, multi-unit structures with less than 51% of the units to be occupied by low- and moderate-income may be assisted, as noted in Basically CDBG, in Chapter 1, Page 1-13.

#### **1.5.1.4 Job Creation or Retention Activities**

Job creation or retention activities must create or retain jobs, at least 51% of which will be made available to or held by low- and moderate-income persons (computed on a full-time basis). Considerable detail is provided on this topic in Basically CDBG, in Chapter 1, Pages 1-13-15.

#### **1.5.2 Prevention or Elimination of Slums and Blight**

This National Objective criterion may be used to qualify projects under three circumstances:

- ❑ Prevent or eliminate slums and blight on an area basis;
- ❑ Prevent or eliminate slums and blight on a spot basis;

### **1.5.2.1 Area Basis [Slum/Blight]**

The area basis requires that the activity must occur in an area which meets the definition in a state or local law for a slum, blighted, deteriorated or deteriorating area. The area must also have a substantial number of deteriorated or deteriorating buildings or deteriorated public improvements in the area, and the activity must address one or more of the conditions which contributed to the deterioration of the area. Documentation must be maintained by the grantee on the boundaries of the area and the conditions that qualified the area at the time of its designation. [See Basically CDBG, Chapter 1, Page 1-15.]

### **1.5.2.2 Spot Basis [Slum/Blight]**

The spot basis method may be used to qualify activities, which eliminate specific conditions of blight, or physical decay not located in a slum or blighted area. Only acquisition, clearance, relocation, historic preservation, and building rehabilitation activities qualify for this national objective. Rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety [normally identified as substandard conditions in violation of a local code]. [See Basically CDBG, Chapter 1, Page 1-15.]

### **1.5.3 Urgent Need**

Although use of this National Objective is rare, it may be used only for activities that eliminate emergency conditions [usually a natural disaster] and must meet the following qualifying criteria:

- ❑ The existing condition must pose a serious and immediate threat to the health or welfare of the community;
- ❑ The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- ❑ The grantee is unable to finance the activity on its own; and
- ❑ Other sources of funding are not available.

[See Basically CDBG, Chapter 1, Page 1-16.]

## **1.6 COMPETITIVE APPLICATION PROCESS**

Each year, City of Dalton carries out a competitive Application process which ultimately results in the award of CDBG funds to City Departments or Non-Profit Organizations to carry out eligible CDBG activities. The Application process occurs as a part of the overall Consolidated Plan and Annual Action Plan process, and is consistent with the requirements of City of Dalton's Citizen Participation Plan.

The City of Dalton CDBG Program Office conducts an annual competitive application process typically commencing in January and ending in March at the last. A Public Notice is advertised in the *Dalton Daily Citizen* to announce the start of this process. Applications are also available on-line and can be downloaded from the [CDBG Program Office website: http://www.cityofdalton-ga.gov/index.asp?SEC=053ADC68-B6E2-4FC9-9514-31399989ECA9&Type=B\\_BASIC](http://www.cityofdalton-ga.gov/index.asp?SEC=053ADC68-B6E2-4FC9-9514-31399989ECA9&Type=B_BASIC) . Each year, during the need assessment meetings the application process and timeframe is explained to educate potential applicant organizations on how to prepare and submit their applications. The meetings are held at a location and time, which is convenient for citizens and for public and nonprofit organizations.

The CDBG Program Manager and the City's Finance Director will review and score each application based on certain criteria. They will utilize the appropriate Application Rating Form [See Attachment S, T, & U] to review and score all applications. The Director of the CDBG Program Office will then present the preliminary recommendations to the Finance Committee. The Committee will make final recommendations to the City of Dalton Mayor and Council based on the overall score of each application in addition to the current needs of the City. The City of Dalton Mayor and Council will then approve final selections for funding. The CDBG Program Office will notify all entities selected for funding in writing.

## **1.7 ACTIVITY SELECTION PROCESS**

### **1.7.1 CDBG Eligible Activities Review**

The purpose of the Activities Review is to ensure that CDBG funds are used ***only*** for eligible activities, which are properly classified by type. The importance of using CDBG funds only for eligible activities is obvious. The proper classification of activities is important because the applicable statutes and regulations place different requirements on certain activities. For example, statutory and regulatory limitations are placed on the amount of CDBG funds that may be used for Public Services (15%). A similar limitation applies to the amount of CDBG funds, which may be used for Planning and Administration costs (20%).

The statutes and regulations also place special requirements on such activities as code enforcement and assistance to for-profit businesses for economic development projects. An improperly classified activity may be unnecessarily subject to an inapplicable requirement; or conversely, it may be carried out in a manner contrary to the intent of the law and the regulations.

### **1.7.2 Scope of Review Process**

The following steps are involved in the process of determining if CDBG funds may be used to assist a proposed activity.

#### **Step 1:**

Ascertain if the proposed activity meets one of the three national objectives of the CDBG Program.

Step 2:

Determine if the activity is included within the listing of eligible activities in the CDBG regulations, as modified by statutory amendments since the last issuance of regulations.

Step 3:

Determine if the proposed activity falls within a category of explicitly ineligible activities despite its apparent inclusion within the listing of eligible activities. For example, while many public facilities are eligible for assistance, CDBG regulations prohibit providing assistance to buildings for the "General Conduct of Government," or for inherently religious purposes. Explicitly ineligible activities are identified in the CDBG regulations [24 CFR 570].

Step 4:

Ensure that no CDBG activities for a given Program Year will violate the grantee's statutory and regulatory limitations:

- ❑ At least 70% of all CDBG funds expended in each year must benefit low- and moderate-income persons.
- ❑ The public services cap is 15% of the grantee's annual grant award, plus its earned program income from the previous Program Year.
- ❑ Planning and Administration costs cannot exceed 20% of the grantee's Program Year grant funds, plus its earned program income for the current Program Year.

Step 5:

Review the proposed CDBG activity to make certain that at least 51% of the persons to benefit from the activity are low- and moderate-income [L/M] persons. HUD's regulatory list of ways to determine eligibility: direct benefits [including Presumed Benefits] and Project Service Area [PSA] benefits should be utilized in making certain that each CDBG activity [CDBG Project] meets the 51% or more L/M benefit "test".

Step 6:

Review the proposed costs of the eligible CDBG activity to ascertain if they appear to be necessary and reasonable and will conform to the requirements of 2 CFR 200, as applicable.

Step 7:

Complete an Environmental Review for the eligible CDBG project.

Step 8:

Comply with the CDBG regulatory requirements relative to facilities containing both eligible and ineligible uses, and fees for use of CDBG facilities, if either is applicable.

Step 9:

Complete and maintain written documentation for "Recipient Determinations" which are required as a condition of eligibility, for any activity carried out under:

- a. 24 CFR 570.201(f) - Interim Assistance.
- b. 24 CFR 570.202(b)(3) - Housing Rehabilitation: Loans for refinancing existing indebtedness.
- c. 24 CFR 570.203(b) - Special Economic Development Activities for private for-profit businesses.
- d. 24 CFR 570.204 - Special Activities by Certain Subrecipients.
- e. 24 CFR 570.206(f) - Activities geared toward the submission of applications for Federal grants (grantsmanship activities).
- f. 24 CFR 570.201(e) - Public Services activities must be a new service or be a quantifiable increase in level of an existing service in the prior 12 months.

**Step 10:**

Obtain HUD's prior approval for "Reimbursement for Pre-Award Costs", if applicable. If City of Dalton has the regulatory authority to provide a Pre-Award approval on its own, complete a letter/document for the Pre-Award activity.

**Step 11:**

Review information on National Objectives, Eligible Activities, Beneficiary Information, and the items listed under Step 9 to insure that proper documentation are incorporated into the CDBG project files for each eligible activity.

**PART 2**

**2.0 CDBG PROJECT IMPLEMENTATION**

**2.1 Project Proposal**

Each project proposed for funding with CDBG funds shall be submitted to the City of Dalton Community Development Program Office by a properly constituted organization/agency such as City Departments, Cities, Non-profit Organizations, and Public Housing Authorities. Proposed projects shall be submitted in a format that will include the following:

- Project name
- Applicant Organization
- Total Cost
- Cost - CDBG portion
- Cost - Other sources (specify names)
- Project beneficiaries
- Other information contained in City of Dalton's CDBG application
- Copy of a current audit or audited financial statement
- Copy of Non-Profit Agency's 501 © (3) IRS Designation Letter

**A project proposal shall be considered incomplete unless it contains the above minimum documentation.**

## **2.2 PRELIMINARY REVIEW**

The City of Dalton CDBG Program Office shall perform a preliminary review only on projects that are properly documented. The preliminary review of each proposed project will be carried out to determine its impact on the environment and its eligibility under the CDBG program. The preliminary review shall include, but not be limited to: Site survey, area residents' interview, needs assessment, beneficiaries (at least fifty-one percent must be low/moderate income persons), analysis of available documents, consultation with local officials and experts, and consultation with HUD officials (when appropriate).

## **2.3 RECOMMENDATION TO THE CITY OF DALTON MAYOR AND COUNCIL**

Based on the review of projects by staff and comments from the general public during the Needs Assessment Process and Action Plan development process, the cdbg Program Office shall make recommendations on all projects/activities proposed for funding to the Finance Committee and Mayor and Council.

## **2.4 MAYOR AND COUNCIL ACTION**

When project/activities are approved by Mayor and Council for funding, the amount approved and date shall be recorded in the Official Minutes of the City of Dalton and communicated to the CDBG Program Office by the City Clerk. When a project is approved for funding by the Mayor and Council, this decision shall be communicated in writing to the Applicants. This communication will be in the form of a written letter of notification, which is accompanied by a Subrecipient Agreement [a grant contract].

## **2.5 ENVIRONMENTAL REVIEW PROCESS**

The CDBG Program Office shall carry out a comprehensive environmental review for each project approved for funding, as specified in 24 CFR Part 58 and all applicable Executive Orders. The purpose of the environmental review is: (1) to assure that there will be no negative effects upon the environment, (2) to note possible negative effects and ameliorative measures to be taken, (3) to determine if the project will be located in a flood plain, wetland, or woodland, and (4) to determine if the project is in compliance with local ordinances and standards, state and Federal legislation and regulations.

The basic steps in compliance with The National Environmental Protection Act, (NEPA) and other applicable environmental laws and regulations are:

### **Step 1**

Determine if the proposed project is "exempt" from NEPA requirements and other environmental reviews. If it is, exempt:

- Document, in writing, that a project is exempt and meets the condition for exemption;
- Maintain exemption in Environmental Review Records ERR file;



- ❑ Incur costs/expend funds;
- ❑ Draw down funds from U.S. Treasury(IDIS).

### Step 2

If the proposed project is not exempt from NEPA requirements and other environmental reviews, determine if it is "categorically excluded" from NEPA requirements. If it is categorically excluded:

- ❑ Document compliance with other environmental requirements in ERR file;
- ❑ Publish a Notice of Intent to Request Release of Funds NOI/RROF at least once in a local newspaper of general circulation;
- ❑ Allow fifteen (15) days public comments period before any other action is taken;
- ❑ Submit to HUD a certification of compliance and a copy of the published NOI/RROF;
- ❑ Receive notice of clearance from HUD;
- ❑ Incur cost/expend funds
- ❑ Draw-down funds from U.S. Treasury

### Step 3

If the proposed project is neither exempt from environmental review, nor categorically excluded from NEPA requirements, the City of Dalton Community Development Program Office shall prepare an Environmental Assessment (EA). If the EA indicates that the proposed project will have no significant effect on the quality of human environment, then the City of Dalton Community Development Program Office shall:

- ❑ Prepare and publish A Finding of No Significant Impact (FONSI) notice in a City of Dalton Newspaper.
- ❑ Prepare and publish in a local newspaper, a Notice of Intent to Request Release of Funds (NOI/RROF). Allow at least 15 days for public comments before any further action is taken;
- ❑ The FONSI and the NOI/RROF may be published at the same time as a combined concurrent notice. Send the FONSI and NOI/RROF to appropriate local, state, regional, and Federal agencies. Allow at least 15 days for public comments before any other action is taken. Note: This procedure saves both time and money and it is the process used by the City of Dalton Community Development Program Office;
- ❑ Request the official Release of Funds from HUD (Form 7015.15);
- ❑ Receive clearance for drawdown of funds from HUD (Form 7015.16);
- ❑ Incur costs/expend funds/draw down. When there is considerable interest or controversy concerning a proposed project, or if the project is unique and without precedent, or if it would normally require the preparation of an Environmental Impact Statement (EIS), the

public comment period will be 31 days before the Request for Release of Funds may be filed.

#### Step 4

#### Environmental Impact Statement - EIS

If the EA indicates that the proposed project may significantly affect the quality of the human environment, an EIS shall be prepared in conformance with all local, state and Federal requirements. The preparation of an EIS is an extremely detailed and costly process, which requires considerable time and may involve several phases, as determined by the particular circumstances associated with each project.

#### DIAGRAM--ENVIRONMENTAL REVIEW PROCESS

##### IF ACTIVITY IS EXEMPT:

1. Describe activity and make a written determination of exemption;
2. Determine compliance with 58.6;
3. Drawdown funds from U.S. Treasury.

##### IF ACTIVITY IS CATEGORICALLY EXCLUDED, NOT SUBJECT TO:

1. Describe activity and make a written 58.35(b) determination;
2. Determine compliance with 58.6;
3. Drawdown funds from U.S Treasury.

##### IF ACTIVITY IS CATEGORICALLY EXCLUDED, SUBJECT TO:

("A" checked for all on statutory worksheet)

1. Complete statutory worksheet, (sec. 58.5.) and indicate project converts to exempt;
2. Determine compliance with 58.6;
3. Drawdown funds from U.S Treasury.

##### IF ACTIVITY IS CATEGORICALLY EXCLUDED, SUBJECT TO:

("B" checked for one or more on statutory worksheet)

1. Complete statutory worksheet (sec. 58.5);
2. Publish an NOI/RROF with comment period of seven days;
3. Send Request for Release of Funds and copy of NOI/RROF to HUD (7015.15 Form);
4. HUD has 15 days to respond;
5. Receive Authority to Use Grant Funds (7015.16 Form) from HUD;
6. Drawdown funds from U.S. Treasury.

##### IF ACTIVITY IS NEITHER EXEMPT OR CATEGORICALLY EXCLUDED:

1. Prepare a Full Environmental Assessment (including statutory checklist 58.5);
2. Determine compliance with 58.6;

IF EA INDICATES ACTIVITY WILL HAVE NO SIGNIFICANT IMPACT:

1. Publish a FONSI/NOI with a comment period of 15 days;
2. Send Request for Release of Funds and copy of FONSI/NOI to HUD (7015.15 Form);
3. HUD has 15 days to respond;
4. Receive Authority to Use Grant Funds (7015.16 Form) from HUD;
5. Drawdown funds from U.S Treasury.

IF EA INDICATES ACTIVITY WILL HAVE A SIGNIFICANT IMPACT:

1. Prepare an Environmental Impact Statement (EIS)
2. Publish a NOI/EIS, using the HUD-recommended format and disseminate it in the same manner as required by 40 CFR parts 1500 through 1508;
3. Prepare a Draft EIS (DEIS) and the Final EIS (FEIS) using the current HUD-recommended format or its equivalent;
4. Review scoping process described in 40 CFR part 1501.7 and the requirements for public hearings and meetings prescribed in 40 CFR part 1506.G;
5. Determine whether or not to hold a scoping meeting or public hearing. Consider the following factors:
  - (a) The magnitude of the project in terms of economic costs, the geographic area involved, and the uniqueness or size of commitment of resources involved;
  - (b) The degree of interest in or controversy concerning the project;
  - (c) The complexity of the issues and the likelihood that information will be presented at the hearing which will be of assistance to the responsible entity; and
  - (d) The extent to which public involvement has been achieved through other means.
6. File and distribute the draft and final EIS, using the current HUD-recommended format or its equivalent, in the following manner:
  - (a) Five copies to EPA Headquarters and its applicable Regional Office;
  - (b) Copies made available at the offices of the responsible entity and the PHA/recipient;
  - (c) Copies or summaries made available to persons who request them; and
  - (d) For the final EIS only, one copy each to the State, the PHD

and the HUD Headquarters Library.

7. Prepare a Record of Decision as part of the preparation and filing of the EIS as prescribed in 40 CFR1505.2.

## **2.6 UNIFORM ADMINISTRATIVE REQUIREMENTS**

The issuance of the omnibus OMB circular (2 CFR Part 200), ‘Overview of 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,’ streamlined government guidance on administrative requirements, cost principles and audit requirements for all Federal awardees. This streamlining and reform is intended to “reduce the administrative burden for non-Federal entities receiving Federal awards while reducing the risk of waste, fraud and abuse.”

The new omnibus guidance is located in Title 2 of the Code of Federal Regulations (specifically pages 78589-78691), see: <https://federalregister.gov/a/2013-30465>.

The CDBG regulations 24 CFR 570 require that grantees and subrecipients that are **governmental entities** or public agencies adhere to certain administrative requirements, including:

- ❑ OMB Circular 2 CFR Part 225 for Non-Profit Organizations” or for institutions of higher education, OMB Circular A-21 “Cost Principles for Educational Institutions.” These circulars establish principles for determining allowable costs under grants, contract and other agreements with nonprofit and educational institutions.
- ❑ Specific provisions of 2 CFR Part 230 and 24 CFR 570.502(b). These regulations establish uniform requirements for nonprofit organizations, including financial management systems, property standards, procurement standards, reporting and record keeping.
- ❑ OMB Circular A-133 “Audits of Institutions of States, Local Governments and Nonprofit Institutions” – States, local governments and nonprofit organizations are required to comply with this Circular concerning audits governing the expenditure of federal funds.

## **2.7 FINANCIAL MANAGEMENT SYSTEMS/PROCESSES**

Data Sources: [A Handbook for CDBG Subrecipient on Administrative Systems: Playing by the Rules, August 1993, Chapter 2](#)  
[Basically CDBG, July 2012, Chapter 9.](#)

When subrecipient agencies first begin providing services under the CDBG program and start drawing down funds, few of them have financial systems in place that meet all pertinent Federal requirements. For many subrecipients, putting together a financial system that both serves the organization’s needs and meets Federal requirements may have been a matter of trial and error. This kind of "ad hoc" approach is dangerous, however, because the organization may not find out about the inadequacies of the system until it is too late, such as when the organization runs into a major problem with an overspent budget or a serious audit finding.

This section provides a summary of the required elements of financial systems for managing Federal funds. Before plunging into the details of the Federal requirements, a subrecipient

should ask itself the following eight sets of questions to find out if there are particular areas where help may be needed.

1) Internal controls:

Does the agency have a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents? Does the agency have written accounting procedures for approving and recording transactions? Are financial records periodically compared to actual assets and liabilities to check for completeness and accuracy?

2) Accounting records:

Does the agency maintain an adequate financial accounting system, the basic elements of which should include: (a) a chart of accounts; (b) a general ledger; (c) cash receipts journal; (d) cash disbursements journal; (e) a payroll journal; (f) payable and receivable ledgers; and (g) job cost journals (if involved in construction)? Does the agency's accounting system provide reliable, complete, and up-to-date information about sources and uses of all funds? Are "trial balances" performed on a regular basis (at least quarterly)?

3) Allowable costs:

Does the agency have a clearly defined set of standards and procedures for determining the reasonableness, allow ability, and allocable of costs incurred that is consistent with the basic Federal rules (2 CFR 200)? Does the agency know which specific types of expenditures are prohibited under the CDBG program? Does the agency have an approved indirect cost allocation plan? Has it been approved by CDBG Program Office?

4) Source documentation:

Does the agency maintain up-to-date files of original source documentation (receipts, invoices, canceled checks, etc.) for all of the financial transactions, including those involving obligations incurred and the use of program income?

5) Budget controls:

Does the agency maintain an up-to-date (approved) budget for all funded activities, and perform a comparison of that budget with actual expenditures for each budget category? Does the agency regularly compare progress toward the achievement of goals with the rate of expenditure of program funds?

6) Cash management:

Does the agency have a regular procedure for accurately projecting the cash needs of the organization, and for minimizing the time between the receipt of funds from the grantee and their actual disbursement? Can the agency ensure that all program income is used for permitted activities, and that such program income is used before further drawdowns are made from the grantee for the same activity?

7) Financial reporting:

Is the agency able to provide accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of the grantee and HUD?

8) Audits:

When was the last Independent Public Accountant (IPA) audit completed and what were the results? Do the agency and the grantee have a copy of the management letter?

If the agency's answer is favorable to all of these questions, then the agency has established acceptable control over its financial affairs. If the agency was not able to give an affirmative answer to all the questions above, this section of the Manual will help the agency understand the minimum Federal requirements for financial management, and to identify where systems need strengthening. Once these areas have been identified, the agency [with technical assistance from the grantee] can work with the agency's financial staff, the agency's auditor and/or the grantee to develop the systems and expertise needed to gain control of the agency's financial affairs and meet the Federal requirements.

### **2.7.1 Overview – Financial Management**

The requirements for financial management systems and reporting are found in 2 CFR Part 230 for non-profit subrecipients, and in 2 CFR Part 225 for governmental and public agency subrecipients. The purpose of these requirements is to ensure that a subrecipient receiving Federal funds has a financial management system sufficient to:

- a) Provide effective control over and accountability for all funds, property, and other assets;
- b) Identify the source and application of funds for Federally-sponsored activities, including verification of the "reasonableness, allow ability, and allocable costs, and verification that the funds have not been used in violation of any of the restrictions or prohibitions that apply to this Federal assistance;
- c) Permit the accurate, complete and timely disclosure of financial results, in accordance with the reporting requirements of the grantee or HUD; and,
- d) Minimize the time elapsing between the transfer of funds from the U.S.- Treasury and disbursement by the subrecipient.

The Federal regulations provide specific requirements in connection with the eight areas identified: internal controls, accounting records, allowable costs, source documentation,

budget controls, and cash management, financial reporting, and audits. The first seven of these areas are discussed below. Auditing standards are described separately.

### **2.7.2 Internal Controls**

The soundness of any organization's financial management structure is determined by its system of internal controls. "Internal controls" consist of a combination of procedures, specified job responsibilities, qualified personnel, and records, which together create accountability in an organization's financial system and safeguard its cash, property, and other assets. Through its system of internal controls, an agency's management can ensure that:

- ❑ Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
- ❑ These resources are protected against waste, mismanagement or loss; and
- ❑ Reliable information on the source, amount, and use of resources are secured, maintained up-to-date, and disclosed in appropriate records and reports.
- ❑ Some of the basic elements that a subrecipient should also consider in developing its system of internal control include:
  - An organizational chart setting forth the actual lines of responsibility of individuals involved in approving or recording financial transactions.
  - Written definition *of* the duties of key employees.
- ❑ A formal system of authorization and supervision sufficient to provide accounting control over assets, liabilities, receipts, and expenditures. This should include:
  - maintenance of a policy manual specifying approval authority for financial transactions and guidelines for controlling expenditures; and,
  - Written procedures for the recording of transactions, as well as an accounting manual and a chart of accounts (see Accounting Records, below).
- ❑ The system of authorizations should provide a way for management to ensure supervisory approval of transactions, and documentation of these transactions for accounting purposes. A system of authorizations can be general -- as in a procedures manual which explains how accounting functions are to be performed -- or very specific, as in identifying who has the authority to sign a contract on behalf of the organization or to sell a piece of equipment.



- ❑ Adequate separation of duties so no one individual has authority over an entire financial transaction. Separation of duties specifically involves the separation of three types of functional responsibilities: (a) authorization to execute a transaction, (b) recording of the transaction, and (c) custody of the assets involved in the transaction. No one person should have control of more than one of these functional responsibilities.
- ❑ Hiring policies to ensure that staff qualifications are commensurate with job responsibilities.
- ❑ Control over access to assets, blank forms, and confidential documents. Physical access to records, blank forms, cash, and other assets should be limited to authorized personnel only. For example, access to accounting records should be limited to only those individuals having record-keeping or supervisory responsibility for them.
- ❑ Periodic comparisons of financial records to actual assets and liabilities (reconciliation), with corrective action taken in response to any discrepancies. As with separation of duties, this is a crucial exercise to uncover and correct inadvertent record-keeping errors in a timely manner. It is also essential for identifying potential weaknesses in an organization's system for safeguarding resources, as well as possible instances of fraud or misuse of assets.

### **2.7.3 Accounting Records**

Subrecipients are required to have accounting records that adequately identify the source and application of CDBG funds provided to them. To meet this requirement, a subrecipient's accounting system should include at least the following elements:

#### **A chart of accounts**

This is a list of names and the numbering system for the individual accounts that contains the basic information about particular classifications of financial transactions for the organization. Accounts are created and, in turn, used to summarize the financial transaction data, according to some common characteristics. A typical chart of accounts might have, for example, separate account categories for describing assets (cash in a checking account, accounts receivable, pre-paid insurance, etc.); liabilities (loans, accounts payable, obligated funds, etc.); revenue (drawdowns from CDBG awards, cash contributions, proceeds from sales, other program income, etc.); and expenses (rent, wages, heat, telephone, etc.).

#### **A cash receipts journal**

This journal documents (in chronological order) when funds were received, in what amounts, and from what sources

### **A cash disbursements journal**

This journal documents the expenditures of the organization in chronological order (e.g., when the expense was incurred, how much was spent, to whom it was paid, and for what purpose).

### **A payroll journal**

This journal documents the organization's expenses on salaries and benefits, and distinguishes different categories for regulatory purposes.

### **General ledger**

After a transaction is entered in a journal, that information also should be transferred to the proper accounts contained in the general ledger. The general ledger summarizes in chronological order the activity and financial status of all the accounts of an organization. The process of transferring transaction information from a journal to a ledger is known as "posting". The entries in the journal and ledger should be cross-indexed to permit the tracing of any recorded transaction (i.e., an "audit trail").

Periodically, a "trial balance" is performed, to test the mathematical accuracy of the ledger, and to prepare a statement of the financial position of an organization as of a particular date.

#### **2.7.4 Sources and Uses of Funds**

- ❑ For the CDBG program, these accounting records must contain reliable and up-to-date information about the sources and uses of funds, including:
- ❑ Federal grant awards (or subgrant allocations) received by the organization;
- ❑ Current authorizations and obligations of CDBG funds;
- ❑ Un-obligated balances (funds remaining available for distribution);
- ❑ Assets and liabilities;
- ❑ Program income; and,
- ❑ Actual outlays or expenditures, with further breakdowns by:

- the grant program from which the funds are derived;
- The "eligible activity" classifications specified in 24 CFR Part 570.201 - 570.206 (housing rehabilitation, economic development, public facilities, public services, etc.) or similar classifications which clearly indicate use of program funds for eligible activities.

### **2.7.5 Maintenance of Records**

The internal control requirements provide for the separation of duties and the secure storage of accounting records in limited access areas. In maintaining these accounting records, a subrecipient should also ensure that:

- ❑ Journal entries are properly approved and explained/supported;
- ❑ Posting and trial balances are performed on a regular basis; and,
- ❑ Fidelity bond coverage is obtained for responsible officials of the organization.

City of Dalton may require the subrecipient to purchase additional fidelity bond coverage in cases where it feels the normal policy coverage is not sufficient to protect the interest of the government.

### **2.7.6 Allowable Costs**

The standards for determining the reasonableness, allow ability, and allocable costs incurred as part of CDBG-financed activities are found in OMB 2 CFR 200 for governmental subrecipients and non-profit subrecipients.

According to basic guidelines contained within these OMB circulars, a cost *is allowable* under the CDBG program if:

- 1) The expenditure is necessary, reasonable, and directly related to the grant.

This standard applies equally to such items as salaries and administrative services contracts, as well as to real property and equipment purchases or leases, travel, and other administrative expenditures.

In determining the reasonableness of a given cost, consideration shall be given to:

- ❑ whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award;

- ❑ the restraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and state laws and regulations, and terms and conditions of the award;
- ❑ whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees and clients, the public at large, and the Government; and
- ❑ significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

2) The expenditure has been authorized by the grantee (City of Dalton) which provides the CDBG funds to the subrecipient), generally through approval of the budget for the activity.

For example, HUD generally limits grantees to spending no more than 15 percent of any year's CDBG award on public services expenses. Therefore, in their agreement with a subrecipient, the grantee will stipulate how much the particular subrecipient will be allowed to expend on such activities in order to keep the grantee's overall public services expenditures within the 15 percent ceiling. Any expenditure by the subrecipient on such activities exceeding the approved amount may be disallowed by the grantee based upon the provisions of the Subrecipient Agreement.

3) The expenditure is not prohibited under Federal, state or local laws or regulations.

For example, 2 CFR 200 explicitly prohibit expenditure of Federal funds for entertainment, contributions and donations, fines and penalties, and bad debts.

In addition, the regulations specific to the CDBG program (at 24 CFR 570.207) prohibit the use of program funds for:

- ❑ Buildings used for the general conduct of government;
- ❑ General government expenses; and,
- ❑ Political activities.

This section of the program regulations also specifies that the following activities may not be assisted with CDBG funds unless authorized as a special economic development activity (24 CFR 570.203), or when carried out by certain categories of subrecipients under the provisions of 24 CFR 570.204, or when the other special conditions noted below after each category are met:

- ❑ Purchase of construction equipment (unless purchased for use as part of a solid waste disposal facility, which is eligible under 24 CFR 570.201(c));
- ❑ Personal property, furnishings, fixtures, or motor vehicles (unless these items constitute part or all of a public services activity under 24 CFR 570.201(e), are eligible as

firefighting equipment under 24 CFR 570.201(c), or are necessary in the administration of activities assisted with CDBG funds);

- ❑ Operating and maintenance expenses (except for expenses associated with public service activities, interim assistance, or office space for program staff employed in carrying out the CDBG activities);
- ❑ New housing construction (unless performed in accordance with the last resort housing provisions of 24 CFR Part 42, or housing assisted under Section 17 of the Housing Act of 1937 or carried out by a 24 CFR 570.204 subrecipient); and
- ❑ Income payments (This prohibition does not include payments made under 24 CFR 570.201(n) to facilitate and expand homeownership by low-and moderate-income persons).

4) The expenditure is consistently treated, in the sense that the subrecipient applies generally accepted accounting standards in computing the cost, and utilizes the same procedures in calculating costs as for its non-Federally assisted activities.

5) The cost must be allocable to the CDBG program. A cost is allocable to a particular cost objective (e.g., grant, program, or activity) in proportion to the relative benefits received by that objective. This means that:

- ❑ If two programs utilize an office during the same hours, the costs of the office should be allocated between the two programs on an equitable basis.
- ❑ The same expense cannot be claimed-against more than one grant (e.g., double-billing is prohibited). In addition:
  - A cost originally allocable to a particular Federal grant program cannot be shifted to another Federal grant program in order to overcome funding deficiencies, to avoid restrictions imposed by the grant or by law, or for any other reasons;
  - In accordance with the guidance found in OMB Circulars A-87 and A-122, the composition of direct and indirect costs must be clear. Direct costs must be identified specifically with a particular activity. Indirect costs are those incurred for common objectives which benefit more than one activity (e.g., salaries of executive officers, accounting and auditing, other costs of general administration). The subrecipient's indirect costs must be supported by an indirect cost proposal/cost allocation plan prepared in accordance with U.S. Department of Health and Human Services Circular OASMB-5 (for non-profit subrecipients) or OASC-10 (for governmental subrecipients).

6) The cost is net of all applicable credits. Any credits such as purchase discounts or price adjustments must be deducted from total costs charged. The subrecipient is not allowed to make a profit from any costs charged to CDBG funds.

### **2.7.7 Source Documentation**

The general standard is that all accounting records must be supported by source documentation (see 2 CFR Part 225 and 2 CFR Part 230). Supporting documentation is necessary to show that the costs charged against CDBG funds were incurred during the effective period of the subrecipient's agreement with the grantee, were actually paid out (or properly accrued), were expended on allowable items, and had been approved by the responsible officials in the subrecipient organization.

The source documentation must explain the basis of the costs incurred, as well as showing the actual dates and amount of expenditures. For example:

- ❑ With respect to payroll, source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors' meetings where salary schedules and benefit packages are established, program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, insurance provider, etc., or evidence of direct deposits will document the actual outlay of funds.
- ❑ With respect to the cost of space and utilities, space costs must be supported by documentation such as rental or lease agreements. Utilities will be supported by the bills from the utility companies. Both types of expenses will be supported by canceled checks. If the costs of space or utilities are split between the CDBG funds and other sources, there must be a reasonable method in place to allocate the charges fairly among the sources, consistent with the guidelines covering allocable costs described earlier in this Manual.
- ❑ With respect to supplies, documentation would include purchase orders or requisition forms initiated by an authorized representative of the subrecipient, an invoice from the vendor (which has been signed-off by the subrecipient to indicate the goods were received), the canceled check from the vendor demonstrating payment was made, and information regarding where the supplies are being stored and for what cost objectives they are being used.

Some additional requirements related to source documentation include:

- ❑ All source documentation does not have to be located in the CDBG project files, but it must be readily available for review by the grantee, HUD or other authorized representatives at all times. For example, employment letters and salary schedules are not likely to be maintained in a subrecipient's CDBG files, but instead will be kept in the organization's central personnel files.
- ❑ The subrecipient must ensure that either (a) an encumbrance/obligation is recorded whenever a contract is signed or a purchase order is issued, or (b) up to-date information on the status of all obligations is otherwise readily accessible.
- ❑ The subrecipient must maintain a complete, accurate and up-to-date record of the receipt and use of CDBG-generated program income.

### **2.7.8 Budget Controls**

Subrecipients must have procedures in place to monitor obligations and expenditures against their approved budgets for CDBG-funded activities. Depending on the language of the Subrecipient Agreement, the grantee may be under no obligation to reimburse a subrecipient for expenditures which exceed approved budget line items or the overall budget for CDBG-assisted activities. Therefore, the subrecipient needs to have an on-going system to compare actual receipts, encumbrances, and expenditures with the CDBG budget in order to ascertain in a timely fashion whether it will be necessary to initiate a formal budget revision. In addition, since the budget reflects the subrecipient's best estimate of the resources necessary to accomplish the CDBG project scope of services, any pattern of line item overruns should prompt a careful re-assessment of whether the available resources will still be sufficient to achieve the agreed-upon objectives.

In order to compare and control expenditures against approved budgets, a subrecipient must:

- ❑ maintain in its accounting records the amounts budgeted for eligible activities;
- ❑ include unexpended/un-obligated balances for budgeted categories, as well as obligations and expenditures; and periodically compare actual obligations and expenditures to date against planned obligations and expenditures, and against projected accomplishments for such outlays.

These comparisons should be made on an ongoing basis, and not after a majority of funds have been committed. In addition, it is critical that subrecipients maintain a close watch over the progress achieved for the amount of funds expended. It does little good to stay within the budget line if the actual accomplishments lag far behind in terms of the units of service delivered.

### 2.7.9 Cash Management

Subrecipients are required to have procedures in place to minimize the time elapsed between receipt of funds from the grantee and the actual disbursement of those funds. This requirement is intended to curtail unnecessary drawdowns of CDBG funds (through the grantee) from the U.S. Treasury, and minimize the cost of financing the CDBG program by the Federal government.

Grantees have two general methods available to transfer CDBG grant funds to subrecipients: the reimbursement method and the cash advance method.

- ❑ The **reimbursement method** entails a transfer of grant funds to the subrecipient based on actual expenditures of the subrecipient prior to the request for funds. **City of Dalton uses the reimbursement method for its grant programs to make payments to subrecipients.**
- ❑ The cash advance method involves the transfer of CDBG funds from the grantee based upon the subrecipient's request (and information on obligations) before actual cash disbursements have been made by the subrecipient. **This method is not used by City of Dalton.**

Both methods must be implemented in compliance with the cash management requirements, in accordance with 2 CFR A 200. These requirements include:

- ❑ A subrecipient must include accurate information in its drawdown request to a grantee. This requirement is intended to address the intentional falsification of drawdown information. The Federal government is also concerned that all subrecipients have adequate financial record-keeping systems in place to be able to determine reliably how much cash they have on hand and what their immediate cash needs will be.
- ❑ A subrecipient must return erroneously drawn funds to the grantee in a timely fashion. This applies to both advances and reimbursement payments when it is determined that the transfer resulted in more funds being drawn down than is required by the subrecipient's immediate disbursement needs.

For example, if a governmental subrecipient drew down CDBG funds in anticipation of the start of a public facilities project, yet the project's commencement was delayed, the subrecipient is required to return the CDBG funds to the grantee and re-initiate the drawdown process at a later point.

Although there is no explicit standard for cash advances, the general "rule of thumb" is that the subrecipient must ensure that the release of funds in payment of CDBG program costs takes place within three business days of the subrecipient's deposit of those funds. The subrecipient



should also maintain written justification in its files for each instance in which disbursement of an advance took longer than a three-day period.

If CDBG grant advances are placed in an interest-bearing account by a subrecipient, the subrecipient must return this interest income to the U.S. Treasury via the grantee 24 CFR 570.500(x)(2). Such interest income is not considered program income.

Program income (other than program income deposited in a revolving fund) must be disbursed in payment of program costs prior to requesting further drawdowns from the grantee (24 CFR 570.504(b)(2)(ii) and 570.504(c)).

If program income is put in an approved revolving fund by a subrecipient, the subrecipient must disburse this program income for the same activity for which the revolving fund was established, before making further cash drawdown requests to the grantee for the activity [24 CFR 570.504(b)(2)(i)].

While avoiding excessive drawdowns, a subrecipient should also exercise care that the legitimate cash needs of its CDBG activities are being met. As noted above, a subrecipient needs to be able to forecast accurately what its project expenses are going to be. If its CDBG activities are relatively stable (the same type and level of activities from month to month), a subrecipient can begin with the previous month's financial activity as a starting point for its estimate of current period cash needs. This estimate, however, should be modified for periodic expenses or seasonal variations in costs, such as for heating and electricity. If a subrecipient's activities are expanding or exhibit irregular fluctuations in expenses, it is important to devote more attention to predicting future cash requirements.

It should be noted that in the private sector the "cash requirements report" is a standard management tool for anticipating the monthly (or even weekly) cash flow needs of a business. When a subrecipient is not able to plan its expenditures and encounters large fluctuations in the disbursement of obligated funds (as can happen, for example, in construction activities), there is a tendency to invade other non-CDBG funds, or alternatively to "temporarily borrow" CDBG funds for non-CDBG purposes. Such inter-fund transfers that result in using CDBG funds for non-CDBG purposes are not allowed and may result in program sanctions or termination of the CDBG contract by the grantee.

#### **2.7.10 Financial Reporting**

Financial reports prepared by a subrecipient must be accurate, timely, current, and represent a complete disclosure of the financial activity and status in each Federal grant program under which assistance is received.

Although the format and frequency of the financial reports required of subrecipients may differ from locality to locality, a subrecipient must have the capacity to provide at least the following information for each CDBG activity:

- ❑ Amount budgeted;
- ❑ Reimbursements received to date;
- ❑ Program income and other miscellaneous receipts in the current period and to date;
- ❑ Actual expenditures/disbursements in the current period and cumulatively to date;
- ❑ Current encumbrances/obligations in addition to disbursements;
- ❑ Unpaid requests for payment previously submitted at time of latest drawdown.

In addition, a subrecipient's accounting and record-keeping system must be able to support the data included in (a) its drawdown requests, (b) its other financial and progress reports, and (c) any submissions necessary for the City of Dalton Consolidated Annual Performance and Evaluation Report [CAPER] to HUD.

#### **2.7.11 Other Miscellaneous Requirements for Subrecipient Financial Management Systems**

Loan servicing: A subrecipient must have a system for properly servicing all CDBG-funded loans, where applicable, including:

- ❑ Loan agreements with clear repayment terms and default definitions, descriptions of how defaults can be cured, what actions will be taken if default is not cured, and what is pledged as security for each loan; and,
- ❑ Collection procedures that provide for recognition of all current amounts due and when past payments were received, notification when payments are overdue, a procedure for taking further action to collect overdue amounts, and criteria for writing off bad debts.
- ❑ Cash depositories: Regular banking procedures may be followed without any separate bank account or special bank eligibility requirements. However, given the increasing frequency of bank failures and the difficulties that can be experienced in accessing funds once banks have been seized by regulators (even if the deposits are insured), subrecipients are advised to obtain information on bank ratings before depositing CDBG funds with a financial institution.

In addition, subrecipients are encouraged to use minority-owned financial institutions in conjunction with their CDBG activities, whenever possible.

- ❑ Real property: The subrecipient must:

- Keep track of CDBG-acquired real property to ensure that program income from sales or rental of such property or assets is properly recorded and reported (24 CFR 570.503(b)(3));
- When applicable, have procedures for ensuring on-going compliance with the National Objectives requirements associated with real property acquired or improved with CDBG funds in excess of \$25,000 [24 CFR 570.503(b)(8)].

**2.7.12 City of Dalton CDBG Program Office Financial System Procedures**

The following summarizes the process for preparing and processing payments for the CDBG Program Office. The process is divided into two parts: (1) Payments for City Projects/Activities; and, (2) Payments for Subrecipient Projects/Activities. Forms used for payments are contained in Attachment T.

❑ City Projects/Activities

- City department prepare project specifications;
- City department and/or CDBG Program Office prepares and finalizes, advertises, and distributes Requests for Bids or Requests for Proposals;
- City Department and the City Finance Department holds pre-bid or pre-proposal conferences to answer questions and/or provide information to prospective bidders/proposers;
- City Finance Department receives bids/proposals and performs evaluations of bids/proposals received;
- City Department and CDBG Program Office submits recommendations to Mayor and Council for approval;
- Mayor and Council approval of project and authorization to issue purchase order and/or enter into contract;
- City Department and CDBG Program Office issues purchase order (PO) to encumber funds and prepares contract;
- When architect or engineer is involved, all invoices/requests for payment for construction activities are submitted by contractor to architect/engineer for review, approval and subsequent submission to City Department for payment processing;
- Staff at the CDBG Program Office review/approve payment request for completeness and for compliance with HUD CDBG program requirements;

- Following approval of invoice and request for payment, the PO is submitted to Finance Department for payment.
  - The weekly processing of payments occurs by City of Dalton and the payment is mailed to the vendor/contractor.
  - The CDBG Program Manager reconcile expenses and prepares/enters the payment vouchers into the HUD Integrated Disbursement and Information System [IDIS] to permit the electronic “drawdown” of HUD grant funds from the United States Treasury. The City’s Finance Director approve these draw downs.
  - City of Dalton CDBG Program Manager reconciles [monthly] funds received from all sources, including HUD grant funds, to ensure the proper deposit of these resources into the HUD Fund [separate account structures for CDBG].
- Subrecipient Projects/Activities [All Carried Out With Technical Assistance from the City of Dalton CDBG Program Office
- Subrecipient personnel develops specifications;
  - Subrecipient prepare RFP or Purchase Requisition;
  - Subrecipient purchasing staff finalizes, advertises, and distributes Requests for Bids or Requests for Proposals;
  - Subrecipient purchasing staff holds pre-bid or pre-proposal conferences to answer questions and/or provide information to prospective bidders/proposers;
  - Subrecipient purchasing staff receives bids/proposals and conducts evaluation of bids/proposals received;
  - Subrecipient purchasing staff recommendations to their governing board or executive-level staff, if permitted by their procurement procedures;
  - Subrecipient governing board or executive-level staff approval of project and authorization to issue purchase order and/or enter into contract;
  - Subrecipient purchasing staff issues purchase order to encumber funds, and Subrecipient personnel prepare contract [for purchase of services]
  - Subrecipient personnel prepare “Notice to Proceed” to selected contractor;

- When architect or engineer is involved, all invoices/requests for payment for construction activities are submitted by contractor to architect/engineer for review and approval;
- Following approval of invoice/requests for payment, the architect/engineer sends the payment package to the Subrecipient program staff for review/approval;
- Subrecipient program staff review/approve payment request for completeness and for compliance with HUD CDBG program requirements;
- Following Subrecipient program staff approval, the payment package is submitted to the Subrecipient financial staff who perform a budget check and prepares the internal payment vouchers
- The Subrecipient issues the payment to the vendor;
- The Subrecipient program staff/financial staff assemble the request for reimbursement for CDBG Program expenses and submit the request to the City of Dalton CDBG Program Office;
- Staff at the CDBG Program office review/approve payment request for completeness and for compliance with HUD program requirements
- Following CDBG Program approval, the CDBG Program Manager reconciles expenses and prepares/enters the payment voucher in the HUD Integrated Disbursement and Information System [IDIS] to permit the electronic “drawdown” of HUD grant funds from the United States Treasury.
- The CDBG Program Manager and City of Dalton Finance Director reconciles HUD grant funds received to ensure the proper deposit of these resources into the HUD Fund [separate account structures for CDBG] in the City of Dalton accounting system.

## **2.8 PROGRAM INCOME (24 CFR 570.503(a), (b)(3) AND (8), AND 24 CFR 570.504)**

- ❑ The term "program income" means any gross income received by the subrecipient that was “**directly generated from the use of CDBG funds**” (24 CFR 570.500(a)). This includes, but is not limited to:
  - proceeds from the sale or long-term lease of real property purchased or improved with CDBG funds;
  - proceeds from the disposition of equipment purchased with CDBG funds;

- gross income from the use or rental of property acquired by the grantee or subrecipient with CDBG funds, less the costs incidental to the generation of such income;
  - gross income from the use or rental of property owned by the grantee or subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of such income;
  - payments of principal and interest on loans made using CDBG funds;
  - proceeds from the sale of loans made with CDBG funds;
  - proceeds from the sale of obligations secured by loans made with CDBG funds;
  - interest earned on funds held in a revolving fund account of a subrecipient, established with the approval of the City of Dalton;
  - interest earned on program income, pending the disposition of such program income; and,
  - funds collected through special assessments made against properties owned and occupied by households not of low-and moderate-income, where such assessments are used to recover part or all of the CDBG portion of a public improvement.
  - Program income does not include (except for revolving loan funds and lump-sum drawdown accounts), the interest earned on cash advances from the grantee. Subrecipients must returned such program income, to the City of Dalton CDBG Program for remittance to HUD.
  - When “program income” is generated by an activity that is only partially assisted with CDBG funds, the income must be prorated to reflect the percentage of CDBG funds used.
- The written agreement between the subrecipient and the City of Dalton CCDBG Program Office will specify whether any program income received by the subrecipient is to be returned to City of Dalton CDBG Program Office or retained by the subrecipient.
- If the program income is to be retained by the subrecipient, the written agreement will also specify the CDBG-eligible activities the subrecipient may undertake with the program income.
  - The receipt and expenditure of program income must be recorded by the subrecipient as part of its records of financial transactions.
  - When a subrecipient retains program income, such income must be used before drawing down additional grant funds from the grantee, except in the case of a revolving fund. In the case of program income in a revolving fund, the subrecipient must use the program income for the activity for which the revolving fund was established, before drawing down additional grant funds for the activity.

- At the expiration of the subrecipient agreement, any program income on hand or subsequently received by the subrecipient must be returned to the City of Dalton CDBG Program Office.

## **2.9 PRE-AWARD COSTS**

Under certain conditions, CDBG grantees and their subrecipients may incur costs prior to the effective date of their CDBG grant agreement with HUD.

- ❑ The effective date of the grant agreement is the program year start date, or the date that the Consolidated Plan is received by HUD, whichever is later.
- ❑ The current CDBG regulations offer flexibility to grantees in incurring pre-award costs. Previously, the regulations limited the types of costs that could be incurred. Grantees can now incur any eligible cost provided it meets certain conditions;
- ❑ The activity for which the costs are being incurred is included in a Consolidated Plan Action Plan or an amended Consolidated Plan action plan prior to the costs being incurred;
- ❑ Citizens are advised of the extent to which these pre-award costs will affect future grants; and hold public hearings for citizen input.
- ❑ The costs and activities funded are in compliance with the CDBG regulations and the environmental review requirements;
- ❑ The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;
- ❑ The CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and
- ❑ The total amount of pre-award costs to be paid during any program year is no more than 25 percent of grant amount for that year or \$300,000, whichever is greater.

Upon the written request of the grantee, the HUD Field Office may authorize payment of pre-award costs for activities that do not meet the above requirement for a two-year payback or where the total amount exceeds 25 percent of the grant amount. An exception to any of the other criteria requires a waiver that has to be approved by the HUD Field Office.

- ❑ The factors HUD will consider in granting exceptions include:

- Whether granting the authority would result in a significant contribution to the goals and purposes of the CDBG program;
  - Whether failure to grant the authority would result in undue hardship to the grantee or beneficiaries of the activity;
  - Whether granting the authority would not result in a violation of a statutory provision or any other regulatory provisions;
  - Whether circumstances are clearly beyond the grantee's control; and any other relevant circumstances.
- ❑ The HUD review is performed at the Field Office level.
  - ❑ An example of the flexibility that this provision offers to grantees: a grantee constructs a large public improvement using a mix of current year CDBG funding, proceeds from a local bond issuance, and a portion of its CDBG funding from the subsequent program year to pay off local indebtedness without requesting any pre-award cost waiver from HUD (provided the construction meets the applicable requirements).

## **2.10 REVOLVING FUNDS**

Revolving loan funds are specifically allowed within the CDBG program. Many CDBG grantees use revolving funds in conjunction with single family rehabilitation programs (as well as for other activities such as microenterprise loans).

A revolving loan fund is a separate fund (independent of other CDBG program accounts) set up for the purpose of carrying out specific activities. These activities generate payments to the account for use in carrying out the same types of activities.

- ❑ Requirements of CDBG-funded revolving loan funds include:
- ❑ Revolving loan funds must be held in interest bearing accounts; and
- ❑ Interest on revolving loan funds must be used for eligible revolving loan activities, i.e., housing rehabilitation, micro-enterprise loans, or other economic development activities. Note: Interest paid by borrowers of CDBG-funded loans made from the revolving fund is considered program income and subject to the CDBG program income requirements.)

## **2.11 FLOAT FUNDED ACTIVITIES**



CDBG grantees have a line of credit that covers the amount of CDBG funds that are available for the grantee to expend. The grantee's Consolidated Plan establishes how these funds will be used.

Sometimes, however, activities take longer to get started than initially anticipated and funds for undertaking these planned activities remain in the grantee's line of credit. Under this circumstance, HUD permits grantees to undertake an activity called float funding.

Under the float funding provision (at 24 CFR 570.301), the grantee uses the amount of funds available in the line of credit to fund an alternate project with the assumption that these funds will be repaid by the alternate project and then used to fund the originally planned activity.

For example, if a grantee identified an activity that does not need CDBG funding immediately (e.g., \$100,000 for an infrastructure grant project) and also wants to fund an activity that can use the funds immediately (e.g., a nonprofit needs a short-term housing rehabilitation loan of \$100,000), both projects (the infrastructure project and the housing rehabilitation loan) could be funded with the same \$100,000. This is a significant "stretch" of CDBG funding given that the same amount of funding will be used to fund two projects.

All float-funded activities must meet all of the same requirements that apply to all other CDBG activities. In addition, the following requirements must be met:

- ❑ Float funded activities should generate sufficient program income to permit the originally planned activity to be carried out.
- ❑ This program income must be received within 2.5 years from the time of obligation for the float-funded activity.
- ❑ Extensions to this repayment period are considered new float-funded activities.

The float-funded activity must be included in the Action Plan for the appropriate year, or the Action Plan must be amended.

- ❑ The full amount of the projected program income from the float-funded activity must be shown as a source of program income in the Action Plan covering the activity, regardless of whether the income is expected in a future program year.
- ❑ The Action Plan must also clearly describe:

- How it will eliminate/amend activities should the float-funded project fail to produce the needed program income; or
- The grantee's commitment to obtain an irrevocable line of credit from a commercial lender for the full amount of the float-funded activity; or
- How the grantee will transfer general local funds to the CDBG line of credit within 30 days to cover any default or shortfall; or
- Any other method that the grantee will use to secure timely return of the amount of float funding. HUD must approve these other methods in writing.

## **2.12 LUMP SUM DRAWDOWNS**

Recipients may draw down funds from HUD in a lump sum to establish a rehabilitation fund in one or more private financial institutions for the purpose of financing eligible rehabilitation activities. The reason grantees may want to establish such a fund is to receive benefits (described below) from the lending institution with which it places the lump sum.

The regulations governing lump sum drawdowns, which are located at 24 CFR Part 570.513, stipulate that:

- ❑ The fund may be used in conjunction with various rehabilitation financing techniques, including loans, interest subsidies, loan guaranties, loan reserves, or other uses approved by HUD.
- ❑ The fund may not be used for making grants, except when grants are made to leverage non-CDBG funds.

Lump sum drawdowns are subject to the following limitations:

- ❑ Deposits to a rehabilitation fund cannot exceed the grant amount that the recipient reasonably expects will be required based on either the prior level of rehabilitation activity or rehabilitation staffing and management capacity during the period specified in the agreement to undertake activities;
- ❑ No grant funds may be deposited under this section solely for the purpose of investment, notwithstanding that the interest or other income is to be used for the rehabilitation activities; and
- ❑ Rehab program administrative costs and the administrative costs of the financial institution may not be funded through lump sum draw down.

The following standards apply to all lump sum drawdowns of CDBG funds for rehabilitation:

- ❑ Grantees must execute a written agreement with one or more private financial institutions for the operation of the rehabilitation fund.
- ❑ The agreement must specify:
  - The obligations and responsibilities of the parties;
  - The terms and conditions on which CDBG funds are to be deposited and used or returned;
  - The anticipated level of rehabilitation activities by the financial institution;
  - The rate of interest and other benefits to be provided by the financial institution, in return for the lump sum deposit;
  - The agreement must provide that the rehabilitation fund may only be used for authorized activities during a period of no more than two years; and
  - Such other terms as are necessary for compliance with the provisions of this section.
  - The lump sum deposit shall be made only after the agreement is fully executed.
- ❑ Upon execution of the agreement, a copy must be provided to the HUD Field Office for its records and use in monitoring. Modifications made during the term of the agreement must also be provided to HUD.

The CDBG regulations include time limits on the use of funds deposited:

- ❑ The use of funds for rehabilitation financing assistance must start (i.e., the first loan must be made, subsidized or guaranteed) within 45 days of the deposit; and
- ❑ Substantial disbursements from the fund must occur within 180 days of the receipt of the deposit [25% as a threshold amount].

Deposited funds or program income derived from deposited funds may be used to subsidize or guarantee repayments of rehab loans made with non-CDBG funds but the rehabilitation activity would be considered to be CDBG-assisted and subject to the requirements applicable to the type of activity undertaken. (NOTE: The repayment of the non-CDBG funds is not considered program income.)

The private financial institution receiving the lump sum deposits must provide specific consideration to the grantee in exchange for such deposits. The minimum requirements for such benefits are as follows:

- ❑ Grantees shall require the financial institution to pay interest on the lump sum deposit;
- ❑ The interest rate paid by the financial institution shall be not less than three points below the rate on one year Treasury obligations at constant maturity;
- ❑ When an agreement sets a fixed interest rate for the entire term of the agreement, the rate should be based on the rate at the time the agreement is executed;
- ❑ The agreement may provide for an interest rate that would fluctuate periodically during the term of the agreement, but at no time shall the rate be established at less than three points below the rate on one year Treasury obligations at constant maturity;
- ❑ In addition to the payment of interest, at least one of the following benefits must be provided by the financial institution:
  - ❑ Leverage of the deposited funds so that the financial institution commits private funds for loans in the rehabilitation program in an amount substantially in excess of the amount of the lump sum deposit;
  - ❑ Commitment of private funds by the financial institution for rehabilitation loans at below market interest rates, at higher than normal risk, or with longer than normal repayment periods; or
  - ❑ Provision of administrative services in support of the rehabilitation program by the participating financial institution at no cost or at lower than actual cost.

Interest earned on lump sum deposits and payments on loans made from such deposits is considered program income. During the period of the agreement, program income must be used for rehabilitation activities in accordance with the requirements covering the rehabilitation fund.

Grantees must provide the HUD Field Office with written notification of the amount of funds to be distributed to a private financial institution before the distribution occurs.

## **2.13 INTEGRATED DISBURSEMENT AND INFORMATION SYSTEM (IDIS)**

The Department of Housing and Urban Development activated a computerized financial and information system for use by its staff and grantees during 1997. The system covers all the formula entitlement programs provided to grantees [CDBG, HOME, ESG, and HOPWA]. Access to the HUD mainframe computer system by grantees is provided through personal computers using a modem and communications software provided to grantees by HUD, or through the Internet using modems or network communications devices.

Grantees must designate individuals who have security clearance to use the system for the entry of data or to drawdown funds. Each grantee seeking to obtain clearance for their personnel to IDIS must submit a request for certification to HUD for each separate individual. Different levels of usage may be selected by grantees for each user [data entry, drawdown setup, drawdown approval, etc.].

The IDIS system must be used by grantees for all projects and activities contained in their Action Plans. A significant quantity of data is placed into IDIS by the grantees to qualify the project as an eligible CDBG activity, to note which National Objective is being addressed, to identify the funding for the project or activity, and to provide geographical location information.

Drawdown of CDBG, and other Entitlement grant funds, is accomplished through IDIS. The funds are transferred, electronically, to the grantee's bank account when approved by the IDIS system and processed through the grantee's Letter of Credit at the United States Treasury.

The IDIS system creates a number of reports, which are used by grantees for annual and periodic HUD reporting and for use by the grantee. Reports are preformatted and may be downloaded directly to grantee personal computers from the HUD mainframe.

## **2.14 AUDITS**

Even if subrecipient agencies have their own internal sources of funds, an independent review of their financial and program results let the subrecipient and the grantee know whether the agency is making adequate progress toward its goals and objectives, and that the agency is spending funds properly. The United States General Accounting Office (GAO) has stated that a subrecipient of the CDBG Entitlement program, shares a joint responsibility with the grantee to ensure that Federal program resources are applied "efficiently, economically and effectively to achieve the purposes for which the resources were furnished." The financial and performance audits discussed in this section are designed to assure that grantees and subrecipient agencies meet this mutual responsibility, and are accountable to the public. In particular:

- ❑ *Financial audits* are designed to provide an independent opinion on whether an agency's financial statements present in a fair manner actual operating results in accordance with accepted standards, and whether agencies have complied with specific financial requirements in terms of systems and procedures.

- ❑ *Performance audits* provide an independent point of view on the extent to which an agency has faithfully, efficiently and effectively carried out its operations, and achieved the intended results or benefits of its programs.

In general, a formal Independent Public Accountant (IPA) audit sits at the third rung of a four-rung examination ladder. The first rung corresponds to the agency's own internal bookkeeping systems and procedures used to compile operating results for a given period of time, and which can be used to compare your agency's financial and program results for that period as a whole against its goals and objectives. The second rung corresponds to an outside accountant's compilation and review of the agency's operating data for a given period. However, at this level, the review is still informal and may not result in the accountant's formal opinion as to the reliability and accuracy of the results.

The third level of examination-discussed in this section-corresponds to the formal IPA audit that must be performed anytime your agency expends \$750,000 or more in Federal funds in a year. Its primary goal is to determine whether an agency has adequate systems in place to assure that:

- goals and objectives are met,
- resources are safeguarded,
- laws and regulations are followed, and
- reliable data are obtained, maintained and accurately disclosed.

This level of review should always result in a formal opinion of the accuracy and reliability of the data presented as expressed in a management letter.

The fourth level of audit corresponds to detailed evaluations by the GAO or HUD's Office of the Inspector General (OIG) that are designed to improve the productivity of Federal agencies and programs by identifying and correcting poor management practices among these agencies and their grantees and subrecipients. These types of audits are not discussed in detail herein, but, if interested, your grantee or local HUD office should be able to provide you with information on GAO and OIG procedures and standards.

This discussion summarizes Federal requirements for IPA audits of subrecipients subject to the provisions of the Single Audit Act. It discusses general audit requirements, internal control and compliance reviews, audit reports, auditor selection and procurement, audit costs, and audit review and resolution procedures. The intent is not only to summarize the procedures necessary to comply with Federal requirements, but also to show that an IPA audit gives you an excellent opportunity to measure the strengths and weaknesses of your program so that you can improve your performance.

### **2.14.1 General Audit Requirements**

Grantees and subrecipients that expend \$750,000 or more in total Federal financial assistance in a year are responsible for obtaining an independent audit in accordance with the Single Audit Act of 1984 and 2 CFR 200. The computation of the total of such assistance includes all Federal funds expended the entire entity, and not just the department or division receiving the CDBG funding. The Federal assistance may be received directly from a Federal agency, or passed through state or local government or through non-profit organizations.

If a grantee or subrecipient expends less than \$750,000 per year in Federal financial assistance, it is exempt from Federal Single Audit requirements. However, the grantee or subrecipient must still have records available for review by HUD or the grantee; and separate state laws prescribing additional audit requirements may apply.

If a subrecipient has expended less than \$750,000 in Federal financial assistance in a year, each grantee may determine what additional audit requirements it will use, consistent with its State laws.

### **2.14.2 Audits - Internal Control and Compliance Review**

The Single Audit Act requires that the independent auditor determine and report on whether the organization or government entity has internal control systems to provide reasonable assurance that it is managing its Federal assistance programs in compliance with applicable laws and regulations. The auditor will perform tests of these controls to evaluate the effectiveness of the design and operation of the policies and procedures in preventing or detecting material noncompliance. In compliance testing, the auditor will also examine a sample of transactions to determine whether:

- ❑ the amounts reported by the subrecipient as expenditures were for allowable services, and the records show that those who received benefits or services were eligible to receive them;
- ❑ applicable matching requirements, levels of effort, and earmarking limitations such as ceilings on administrative costs or funding for public services, as well as allocations for activities to principally benefit low- and moderate-income individuals) were met;
- ❑ the subrecipient's financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared; and,
- ❑ the expenses claimed by the subrecipient are in accordance with the applicable cost principles and uniform administrative requirements.

### **2.14.3 Audit Reports**

Following the completion of the audit, an audit report must be prepared. The audit report must contain at least the following:

- ❑ the subrecipient's financial statements and a schedule of Federal assistance (showing total expenditures under each Federal grant program), as well as the auditor's report on these two components;
- ❑ an evaluation of the subrecipient's internal control systems, identifying the significant internal accounting controls and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with applicable laws and regulations; and,
- ❑ a report on compliance containing: an opinion as to whether each major Federal program was being administered in compliance with applicable laws and regulations; a statement of positive assurance for those items tested; negative assurance for those items not tested; a summary of all instances of non-compliance; and, identification of total amounts questioned.

The subrecipient audit report is due to the grantee in accordance with the terms of the Subrecipient Agreement. A subrecipient should maintain copies of audit reports on file for a minimum of three years from the date of their issuance. Similarly, the subrecipient should ensure that its auditor maintains copies of the audit work papers for a minimum of three years from the date of the report issuance. If there remain unresolved audit issues at the end of this three-year period, the subrecipient should notify the auditor in writing to extend the retention period.

### **2.14.4 Auditor Selection/Procurement**

In arranging for audit services funded with CDBG grant resources, subrecipients must follow the procurement standards found in 2 CFR 200.425 [for governmental entities] and [for non-profit organizations], as applicable.

For governmental subrecipients, the standards provide that while such entities are encouraged to enter into intergovernmental agreements for audits (and other services), an analysis should be made to determine whether it would be more economical to purchase the services from private firms. Where the use of intergovernmental agreements are required by state statute, however, such statutes take precedence.

The individuals or firm selected must be qualified and sufficiently independent of those representatives of the subrecipient who authorize the expenditure of federal funds so as to produce unbiased opinions, judgments, or conclusions. In evaluating prospective auditors, a subrecipient should consider the candidates' technical ability, past experience with audits of



this type, and the qualifications of the specific staff to be assigned. Cost considerations should only be a selection factor when the other criteria have been met.

#### **2.14.5 Audit Costs**

The costs of audits made in accordance with the applicable regulations are allowable charges to Federal assistance programs. These charges can be treated as either a direct cost or an allocated indirect cost. For allocated indirect costs, generally the percentage of costs charged to Federal assistance programs for a single organization-wide audit should not exceed the percentage that the subrecipient's Federal funds represent of total funds expended by the entity during the applicable year. The percentage may be exceeded, however, if appropriate documentation demonstrates higher actual costs.

#### **2.14.6 Audit Review and Resolution**

As noted earlier in this section, the reports from any independent audits must be forwarded by the subrecipient to the grantee (in its role as the entity providing the funds), who will review all such reports to determine whether they meet all relevant standards and are acceptable.

A subrecipient must establish a system to ensure a timely and appropriate resolution to audit findings and recommendations. This system must address both independent audits performed relative to the Single Audit Act, and audits completed on the subrecipient's operations by the HUD Office of the Inspector General (OIG), the U.S. General Accounting Office (GAO), or other governmental bodies.

A subrecipient's first step in the resolution of an audit is the preparation of "Management's Response" to the findings and recommendations contained in the audit report. In its response, the subrecipient should provide:

- ❑ For findings/recommendations with which the subrecipient agrees:
  - information on the actions it has taken (or plans to take) to correct the specified non-compliance or financial system deficiencies; and,
- ❑ For findings/recommendations with which the subrecipient does not agree:
  - the basis (including relevant documentation) for the subrecipient's belief that an audit finding or recommendation is inaccurate or inappropriate.

Typically, the Management Response is due within thirty (30) days from the subrecipient's receipt of an audit report. If in its Management Response the subrecipient has disagreed with any of the audit findings or recommendations, the entities issuing and reviewing the audit report will re-examine the points in question to determine whether any revisions to the report's findings/recommendations are warranted.

For those audit findings and recommendations with which the subrecipient agrees, and for any disputed findings or recommendations in which the subrecipient's challenge is not upheld, the next step in the resolution process is the implementation of procedures to prevent the deficient conditions from re-occurring. In general, corrective action to correct findings or to implement recommendations must be completed within one year of the issuance of the audit report'. The grantee may perform a site visit or require documentation that the corrective action procedures have been implemented, or may require the subrecipient's independent auditor to report whether the subrecipient has implemented the prior year's corrective action and/or recommendations.

A "repeat finding" (a deficiency or area of non-compliance which appears in more than one successive audit for a subrecipient) will be viewed very seriously by a grantee, and can often result in special conditions being attached to the subrecipient's CDBG funding, or other sanctions.

- ❑ Occasionally, the findings from an audit will result in "questioned costs". A subrecipient's costs associated with its CDBG funding may be questioned for the following reasons:
- ❑ There is inadequate documentation to support the expenditure or the amount of cost charged to the grant;
- ❑ The expenditure does not appear to be related to the grant project;
- ❑ The cost was incurred outside the effective period of the subrecipient agreement, or was a program expense incurred by the subrecipient before environmental review clearance was achieved;
- ❑ The expense is unallowable under the program regulations and applicable cost principles; and,
- ❑ The cost required the prior approval of the grantee, and no prior approval was obtained.

To resolve a questioned cost, the subrecipient must:

- ❑ provide the missing documentation to support the expenditure and amount;
- ❑ offer detailed explanation of how the cost relates to the grant program; and/or
- ❑ seek retroactive approval (which the grantee may or may not give) for an expense which required prior approval,

If a subrecipient is not able to resolve a questioned cost to the satisfaction of the auditor and/or grantee, the expense will be disallowed. A disallowed expense for which Federal funds

were originally used must be reimbursed from non-CDBG/non-Federal funds. On occasion, such reimbursements can be re-paid on a payment schedule negotiated with the grantee or the other relevant officials (e.g., HUD Office of Inspector General representatives).

#### **2.14.7 Audit Matrix/Audit Management**

City of Dalton's CDBG Program office will establish an Audit Matrix to ensure proper management of its Subrecipient Audit reports. This Audit Matrix allows the grantee to track the dates that the Subrecipient Audit reports should be reviewed annually; the dates when the Audit reports were actually reviewed for any possible CDBG program programmatic/financial deficiencies; and any follow-up actions required by the Subrecipient to correct any audit report concerns or deficiencies, and any related issues pertaining to the Subrecipient Audit reports reviewed by the grantee. The grantee needs to work closely with any Subrecipient with audit concerns/issues until all are properly reconciled.

#### **2.15 Procurement and Contracting**

This section outlines the requirements for using Federal CDBG funds to purchase materials, products or services under the CDBG Entitlement program. Whether you are a small agency purchasing occasional office supplies, or a large organization contracting for millions of dollars of construction services, the requirements governing the purchasing process are designed to ensure that you:

- ❑ follow a free and open competitive process in securing those products or services;
- ❑ properly document your purchasing activities and decisions;
- ❑ observe the special rules for particular kinds of purchases (small purchases, competitive sealed bids, competitive proposals, and sole source procurements);
- ❑ properly bond and insure work involving large construction contracts and/or subcontracts; and
- ❑ use local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible.

It is important to ensure that the prices each agency pays are competitive, and that agencies (and the taxpayer) are getting good value. The rules do not require that an agency will get a bargain on every purchase, but only that a fair price is paid. Agencies should seek to buy with CDBG funds only what is necessary under the terms of their Subrecipient Agreements, and no more. Agencies should also be able to ensure the integrity of purchasing decisions, to document the history, results, and decisions behind purchases, to follow the rules for certain kinds of transactions, and to offer opportunities to local and disadvantaged firms to respond to agencies' purchasing needs. By following these requirements, agencies are helping to guarantee the

fairness and the vitality of the free market system, and to ensure that taxpayer resources are not being wasted.

By observing the basic rules, agencies will also find that purchasing decisions can be more efficient. For example, if an agency sets up a standardized purchasing system for securing price quotations and preparing purchase orders, it will not be necessary to reinvent the wheel every time materials and supplies are purchased. These efficiencies can help make limited purchasing budgets go much farther. Agencies will also have the satisfaction of knowing they paid a fair price for every purchase.

In addition, when agencies use CDBG funds to purchase materials or services, it is not sufficient simply to state that the lowest possible price was paid and that the rules were followed. Agencies must be able to prove it. Therefore, in order to avoid disallowed costs and/or recapture of payments, it is necessary to document the background, need and the details of every purchasing decision, whether it involves renting an office, or buying building materials. At first, full documentation may appear burdensome, but it can help avoid serious problems.

#### **2.15.1 General Procurement Provisions**

The standards and procedures for procurement are intended to ensure that supplies, equipment, construction and other services acquired in whole or part with Federal funds:

- ❑ are obtained as efficiently and economically as possible; and,
- ❑ are procured in a manner that provides, to the maximum extent practical, open and free competition.

Solicitations must clearly explain all requirements that the bidder/offeror must fulfill in order for his or her bid/offer to be evaluated by the subrecipient. Solicitations for goods and services must be based on a clear and accurate description of the material, product, or service to be procured, and cannot contain features which unduly restrict competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

- ❑ placing unreasonable qualifying requirements on firms;
- ❑ requiring unnecessary experience and excessive bonding;
- ❑ specifying only "brand name" products instead of allowing "an equal" product;
- ❑ non-competitive pricing practices between firms or affiliated companies; and,
- ❑ non-competitive awards to consultants on retainer contracts.

Awards are to be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the subrecipient, price and other factors considered. Any and all bids may be rejected when it is in the subrecipient's interest to do so. The subrecipient must ensure that the award is only made to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. Consideration should be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The Federal guidelines for contracting are designed to further ensure that contracts are structured and managed in a way that is consistent with good administrative practices and sound business judgment.

The Federal requirements for these administrative areas are found in 2 CFR 225 or as implemented by 2 CFR 230 for subrecipients that are non-profit organizations. This part establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units).

The general requirements for procurement include the following:

According to A 200.317 and 318, subrecipient must maintain *records to detail the significant history of a procurement*. A subrecipient must maintain files on the rationale for selecting the methods of procurement used, selection of contract type, the contractor selection/rejection process, and the basis for the cost or price of a contract (for *non-profit subrecipients*, OMB Circular A-200 specifies that procurement records and files for *purchases in excess of \$100,000* must include the basis for contractor selection, justification for lack of competition when competitive bids or offers are not obtained, and the basis for the award cost or price).

*Pre-qualified lists of vendors/contractors, if used*, must be current, developed through open solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time during the solicitation period.

As part of its efforts to eliminate unfair competitive advantage, a non-profit subrecipient should *exclude contractors that develop or draft specifications*, requirements, statements of work, invitations for bids and/or requests for proposals from competing for such procurement (2 CFR 200).

A subrecipient must ensure that awards are not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for *participation* in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" (A 200.113).

- ❑ Written selection procedures must exist for procurement transactions, and the procedures must be adequate to ensure that:

The purchase of unnecessary or duplicate items is avoided. Where appropriate, an analysis should be made. of lease versus purchase alternatives A 200.];

Whenever possible, use of Federal excess and surplus property, or of intergovernmental agreements for procurement or use of common goods and services should be considered as a way to foster greater economy and efficiency;

- ❑ All purchase orders (and contracts) are signed by the authorized officials) of the subrecipient;
- ❑ Items delivered and paid for are consistent with the purchase order and/or contract for the goods or services;
- ❑ Timely payment to vendors occurs once the order is delivered, inspected, accepted, and payment authorized;
- ❑ A cost or price analysis is performed for every procurement action, including contract modifications, and documentation to that effect is maintained in the subrecipient files. *The method and degree of analysis is dependent on the facts surrounding the particular procurement situation* but as a starting point, subrecipients must make independent estimates before receiving bids or proposals 2 CFR 200.
- ❑ Profit or fee is negotiated separately from price where competition is lacking or a cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of past performance, and industry rates for the area and,
- ❑ The list of provisions in 2 CFR 200 as appropriate, must be included in any contracts.
- ❑ Subrecipients must *not use "cost plus a percentage of cost" pricing* for contracts 2 CFR 200) in addition, subrecipients should use *"time and material" type contracts* only after a determination is made that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.
- ❑ Subrecipients must have *protest procedures in place* to handle and resolve disputes relating to their procurement, and in all instances report such disputes to the grantee.
- ❑ There must be a *documented system of contract administration* for determining the adequacy of contractor performance.
- ❑ A subrecipient must have a *written code of conduct governing employees, officers, or agents engaged in the award or administration of contracts* and 2 CFR 200].

## 2.15.2 Permitted Approaches to Procurement

Depending on the scarcity of the item or service desired, and the size of the purchase, different methods of procurement are available for use by subrecipients under the Federal regulations.

- ❑ **Small purchases** (may be used for procurement of \$100,000 or less in aggregate): unless the subrecipient has a lower dollar threshold:
  - Small purchases are made through the use of purchase orders.
  - Competition is sought through oral or written price quotations.
  - A subrecipient must document the receipt of an adequate number of price or rate quotations from qualified sources;

A procurement of more than \$100,000 may not be divided into smaller components solely to qualify for the less complicated procedures followed under the "small purchases" approach.

Subrecipients need to be aware, however, that local or state laws or policies may require additional procedures or set lower dollar-value thresholds for some forms of procurement. Therefore, it is important to check with your grantee whether any such additional procurement provisions apply.

- ❑ **Competitive sealed bids** (formal advertisement):
  - The procurement must lend itself to a firm, fixed price contract (lump sum or unit price) where the selection can be principally made on the basis of price;
  - A subrecipient must advertise the Invitation for Bid (IFB) in publications of general circulation;
  - The Bid documents must include complete and accurate specifications and pertinent attachments, and clearly define items or services needed, in sufficient detail for the bidders to properly respond;
  - Bids must be opened publicly at the time and place stated in the IFB;
  
  - A subrecipient must receive at least two or more responsible bids for each procurement transaction; and,
  - If awarded, the contract must be given to the lowest responsive and responsible bidder (the subrecipient, however, can decide not to make the award to any of the bidders).

The competitive sealed bid method is the preferred approach for procuring construction services.

- ❑ **Competitive proposals:** A subrecipient should use this method only when conditions are not appropriate for the use of formal advertising;
  - The Request for Proposals (RFP) must clearly and accurately state the technical requirements for the goods and services required;
  - A subrecipient must publicize the RFP, and to the maximum extent practicable, honor reasonable requests by parties to have an opportunity to compete;
  - Proposals must be solicited from an adequate number of qualified sources, consistent with the nature and requirements of the procurement;
  - The subrecipient must conduct a technical evaluation of the submitted proposals to identify the responsible offerors;
  - As necessary, the subrecipient conducts negotiations with those offerors who are deemed responsive and responsible and fall within a competitive price range, based on the subrecipient's evaluation of the bidders' pricing and technical proposals. After negotiations, these bidders may be given the opportunity to submit a "best and final" offer; and
  - The subrecipient must award the contract to the most responsive and responsible offeror after price and other factors are considered through scoring the proposals (or "best and final" offers) according to predetermined evaluation criteria. The successful proposal/offeror must clearly be the "most advantageous" source of the goods and services for the subrecipient.

For procurement involving architecture or engineering services, subrecipients may use competitive proposal procedures whereby competitors' "qualifications" are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. In these instances, price is NOT used as a selection factor. Once the most-qualified firm is identified, only that firm is asked for a price proposal, which is subject to negotiation of a fair and reasonable price. If negotiations with the selected firm are unsuccessful, this process is repeated with the next highest-ranked firm, until a fair and reasonably priced contract can be awarded. The subrecipient must be careful to document the basis for its determination of the most qualified competitor and the reasonableness of the contract price. This qualifications-based approach to the competitive proposals method may NOT be used to purchase other than A/E services.

It is important to note that many states have laws which REQUIRE the use of qualifications-based selection (QBS) procedures when purchasing professional A/E services. In those states, the discretion afforded is removed. Absent a state QBS law, a recipient could opt to use QBS or competitive proposals. In the latter instance, prices are solicited from all contractors and considered in the selection process.

In addition, the Federal procurement regulations generally *discourage the use of local geographical preferences in the evaluation of bids or proposals (except mandated by Federal statutes)*, due to the restrictions on open competition which would result. However, in



procuring architectural and engineering services, geographic location is permitted as a selection criteria provided this criterion leaves an appropriate number of qualified firms.

- ❑ **Non-competitive proposals/sole source procurement:** (per A 200.317 and 318)  
Non-competitive negotiations may be utilized only under very limited circumstances. The subrecipient must show that another method of procurement was infeasible because:
  - the item or service was only available from a single source;
  - a public emergency or condition requiring urgency existed which did not permit the use of competitive procurement; or
  - competition was determined to be inadequate after solicitation of proposals from a number of sources.

For non-profit subrecipients, 20 CFR 200 requires *the prior approval of the grantee* for all proposed sole source contracts or where only one bid or proposal was received in which the aggregate expenditure is expected to exceed \$5,000.

Among the procurement approaches described above, the *competitive sealed bid* resulting in a firm, fixed price contract is the preferred procurement approach when there are numerous available and qualified providers, when the requirements and specifications are thoroughly detailed and are unlikely to change, and where the subrecipient has the opportunity to make the provider assume a large share of the risk for non-performance.

In other instances - for example, complicated rehabilitation projects, or unique human service activities - other forms of competitive and non-competitive procurement may be necessary or desirable. In cases where price is not the single most important objective, it is still important to try to assure the highest possible quality of procurement at the lowest reasonable price through "open and free competition."

### **2.15.3 Bonding and Insurance**

The requirements for bonding and insurance in procurement are as follows:

- ❑ For construction or facility improvement (sub)contracts exceeding \$100,000, a subrecipient must ensure that its procurement meets the *minimum Federal requirements A 200.317 and 318* for bid guarantees, performance bonds, and payment bonds. These include:
  - A "bid guarantee" from each bidder equivalent to five percent of the bid price. The "bid guarantee" must be a firm commitment in the form of a bid bond, certified check,

or other negotiable instrument as assurance that the bidder is prepared to execute a contract within the time specified for the bid amount;

- A "performance bond" from the contractor for 100 percent of the contract price, to secure the contractor's fulfillment of all obligations under the contract; and, a "payment bond" from the contractor for 100 percent of the contract price, to assure payment of all persons supplying labor and material under the contract.
- For non-profit subrecipients, 2 CFR 200 states that for contracts or subcontracts awarded for construction or facility improvement equal to or less than \$100,000, a subrecipient must follow its own policies for bid guarantees, performance bonds, and payment bonds.
- For both non-profit subrecipients and governmental subrecipients, however, the Subrecipient Agreement may mandate compliance with *the grantee's bid guarantee, performance bonds and payment bonds* in instances of contracts or subcontracts for construction or facility improvements with a value less than \$100,000.

#### **2.15.4 Use of Local Businesses; Contracting with Small, Minority and/or Women-owned Businesses**

Federal regulations – both CDBG and non-CDBG – make it very clear that grantees and subrecipients should make **every effort** to use local business firms and contract with small, minority-owned and/or women-owned businesses in the procurement process. Specifically,

- A subrecipient must take affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus area firms in its CDBG-financed activities 2 CFR 200. The efforts which a subrecipient should make include:
  - Including such businesses in solicitation lists whenever they are potential sources;
  - Ensuring that such businesses are solicited when identified as potential sources;
  - Dividing procurement requirements, when economically feasible, to permit maximum participation of such businesses; and,
  - Requiring prime contractors, when subcontracts are let, to take affirmative steps to select such firms.

In conformance with the requirements of *Section 3 of the Housing and Community Development Act of 1968*, to the greatest extent feasible subrecipients must award contracts for work to be performed to eligible business concerns located in or owned by residents of the target area to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the

greatest extent feasible, be directed toward low- and very-low income persons, particularly those who are recipients of government assistance (See 24 CFR 570.607(b)).

Subrecipients should note, however, that the desire to award contracts to local firms is not a legitimate excuse for avoiding an open and competitive procurement process.

On construction contracts, contractors shall be required to make reasonable efforts to obtain minority and female participation on all CDBG funded projects. Proof that good faith efforts were made in obtaining minority and female participation must be well documented and shall include at a minimum, the following:

- ❑ Names, addresses and telephone numbers of minorities and females contacted;
- ❑ Copies of written responses or documentation of telephone conversations regarding a specific CDBG funded project(s);
- ❑ Bid/price quotations, where applicable;
- ❑ A written statement explaining why each of the firms or individuals contacted cannot be utilized, where applicable.

#### **2.15.5 Procurement Procedures for Subrecipients**

Each CDBG Program Subrecipient is required to have written Procurement Procedures. The following procurement procedures must be used when using Federal funds (CDBG). These procedures can be incorporated into the Agency's regular procurement procedures, or established separately for its HUD CDBG and/or other Federal programs.

- ❑ Subrecipients avoid purchasing unnecessary items.
- ❑ Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
- ❑ Solicitations for goods and services provide for all of the following.
  - A clear and accurate description of the technical requirements for the materials, products or services to be procured. In competitive procurements, such a description shall not contain features that unduly restrict competition.
  - Provide the requirements that the bidder must fulfill, and all other factors to be used in evaluating bids or proposals.
  - A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the minimum acceptable standards.

- The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitation.
  - The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
  - Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
- ❑ The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the Subrecipient, but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. The “cost-plus-a-percentage-of-cost” or “percentage of construction cost” methods of contracting shall not be used.
  - ❑ Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Contracts with general contractors and subcontractors are restricted by agencies’ implementation of Equal Opportunity 12549 and 12689, “Debarment and Suspension.” ***The CDBG Program Office must be contacted in advance of contract execution to determine if a contractor is on HUD’s Debarment list.***
  - ❑ ***Subrecipients shall make available to the CDBG Program Office [for its review before issuing]*** its procurement documents, such as Requests for Proposals or Invitations for Bids, independent cost estimates, and related documents. This requirement includes all proposed contract modifications [Change Orders].
  - ❑ Cost or price analysis. Some form of **cost** or **price analysis** shall be made and documented in the procurement files in connection with every procurement action. **Price analysis** may be accomplished in various ways, including the comparison of price quotations submitted, market prices, and similar indicia, together with discounts. **Cost analysis** is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability. The **price** or **cost analysis** must be completed prior to the bid opening.
  - ❑ Procurement records. Procurement records and files for purchases shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

- ❑ Contract administration. A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract, and to ensure adequate and timely follow up of all purchases. Subrecipients shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.
- ❑ Contract provisions. The Subrecipient shall include, in addition to provisions to define a sound and complete Agreement, the following provisions in all contracts and subcontracts.
  - Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
  - All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the Subrecipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default, as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
  - An award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the Subrecipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds, unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the CDBG Program Office has made a determination that the Government's interest must be adequately protected through bid guarantees, performance bonds, and payment bonds. The minimum requirements shall be as follows:
    - A bid guarantee from each bidder must be equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of its bid, execute such contractual documents as may be required within the time specified.
    - A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor obligations under such contract.
    - A payment bond on the part of the contractor for 100 percent of the contract

price. A “payment bond” is one executed in connection with a contract to assure payment of all persons supplying labor and material in the execution of the work provided for in the contract.

- Where bonds are required in the situations described, herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR Part 223, “Surety Companies Doing Business with the United States.”
  - All contracts (except those under the small purchase threshold) awarded by Subrecipients shall include a provision to the effect that the Subrecipient, the CDBG Program Office, the Federal awarding agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The Subrecipient shall be alert to organizational conflicts of interest, as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance, and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the Subrecipient, with price, quality, and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the Subrecipient. Any and all bids or offers may be rejected when it is in the Subrecipient’s interest to do so.
- Positive efforts shall be made by Subrecipients to utilize small businesses, minority-owned firms, and women’s business enterprises, whenever possible. Subrecipients shall take the following steps to further this goal:
- Ensure that small businesses, minority-owned firms, and women’s business enterprises are used to the fullest extent practicable.
  - Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women’s business enterprises.
  - Consider, in the contract process, whether firms competing for larger contracts

intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

- Encourage contracting with consortiums of small businesses, minority-owned firms, and women's business enterprises when a contract is too large for one of these firms to handle individually.
- Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms, and women's business enterprises.
- ❑ Codes of conduct. The Subrecipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner or an organization which employs or is about to employ any of the parties indicated, herein, has a financial or other interest in the firm selected for an award.

The officers, employees, and agents of the Subrecipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to Subrecipient Agreements. However, Subrecipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Subrecipient.

- ❑ Methods of Procurement

**Procurement by small purchase procedures.** Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources in writing. Subrecipients will provide a written scope of services to all sources and request that they provide a total price in writing.

**Procurement by sealed bids (formal advertising).** Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the "preferred" method for procuring construction, and is required when the contract amount is expected to be over \$100,000.

- ❑ In order for sealed bids to be feasible, the following conditions should be present:
  - A complete, adequate, and realistic specification or purchase description is available.
  - Two or more responsible bidders are willing and able to compete effectively for the business.
  - The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.
  - If sealed bids are used, the following requirements apply:
    - The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids.
    - The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond.
    - All bids will be publicly opened at the same time and place prescribed in the invitation for bids.
    - A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of.
    - Any or all bids may be rejected if there is a sound, documented reason.

**Procurement by competitive proposals.** The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- ❑ Requests for Proposals will be publicized and all evaluation factors identified, along with their relative importance. Any response to publicized Requests for Proposals shall be honored to the maximum extent practical.
- ❑ Proposals will be solicited from an adequate number of qualified sources.



- ❑ Subrecipients will have a method for conducting technical evaluations of the proposals received and for selecting awardees.
- ❑ Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- ❑ Subrecipients may use competitive proposal procedures for “qualifications-based procurement” of architectural/engineering (A/E) professional services whereby competitors’ qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This method, where price is not used in procurement of A/E professional services, **cannot** be used to purchase other types of services, even though A/E firms are a potential source to perform other proposed professional services.

***Procurement by noncompetitive proposals***, is the procurement through solicitations of a proposal from only one source, or after solicitation is made of a number of sources and competition is then determined inadequate.

- ❑ Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals, and one of the following circumstances applies.
  - The item is available only from a single source.
  - The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
  - After solicitation of a number of sources, competition is determined inadequate.

***No Subrecipient may use “noncompetitive proposals”, unless such procurement method is approved by the CDBG Program Office.***

It is the general policy of the City not to use this method of procurement whenever any of the other three (3) methods of procurement can be utilized.

## **2.16 LABOR STANDARDS REQUIREMENTS**

The major applicable laws and regulations relating to Labor Standards are:

- ❑ The Davis-Bacon Act (40 U.S.C. 276a to (a)-7)
- ❑ The Copeland "Anti-Kickback" Act (18 U.S.C. 87)
- ❑ The Contract Work Hours and Safety Standards Act (40 U.S.C. 327 - 330)

- ❑ CDBG Regulations [24 CFR 570.603], May 2001.

In addition, the U.S. Department of Labor (DOL) has issued regulations which supplement the laws listed above. Therefore, all City of Dalton departments, participating cities, and nonprofit agencies participating in the City of Dalton CDBG Program, must ensure proper implementation and are required to establish and maintain applicable records in their official CDBG file for each project.

THE DAVIS-BACON ACT is applicable to all contracts for construction, and/or repairs in excess of \$2,000, which involve CDBG funds. Note: Contracts for construction or rehabilitation of residential structures of 8 or fewer units, when completed, are exempt from prevailing wage requirements.

#### **2.16.1 Davis-Bacon Act Requirements**

- ❑ The minimum wages to be paid in each job classification, for each project, must be based on DOL's determination of the Prevailing Wage Rates for the locality.
- ❑ The Prevailing Wage Rates for each project shall be requested by Subrecipients from the City of Dalton CDBG Program Office which shall obtain Wage Rates from the HUD Internet Website to expedite this process. The CDBG Program Office will provide each Subrecipient with the appropriate Prevailing Wage Rates and the required Posters needed for posting on-site. Since CDBG projects executed with force account labor [construction work performed by local government employees] are exempt from Davis-Bacon wage rate requirements, it is important that the CDBG Program Office be informed as to how each project will be implemented.
- ❑ The Prevailing Wage Rates shall be inserted in the bid package/ contract documents prior to advertisement for bids.
- ❑ The Project Wage Decision shall be effective until the next Wage Decision is issued. If the contract is not awarded within the effective period, the Wage Decision is void. If a Wage Decision expires prior to contract award, a new Wage Decision must be requested.
- ❑ When the contract is signed, the CDBG Program Office will provide the contractor the current Wage Decision, if different from the one in the Bid Documents.

#### **2.16.2 The Copeland "Anti-Kickback Act" Requires That**

- ❑ Payment to employees must be made at least once a week;
- ❑ Only "permissible" salary deductions are allowed; and all others must be documented as

approved by a signed letter from employee approving the deduction.

- ❑ Payroll records and a Statement of Compliance shall be obtained from contractors and subcontractors weekly and must be maintained for three (3) years after the project is completed.
- ❑ All basic records supporting the payrolls must be maintained for three (3) years after completion of the project.

#### **2.16.3 The Contract Work Hours And Safety Standards Act Requires That**

- ❑ Laborers and mechanics shall not work more than forty (40) hours in any workweek unless they receive overtime compensation at a rate of pay not less than one and one-half times the basic rate of pay for those overtime hours. The Contractor or subcontractor shall be liable to any affected employee for his unpaid wages.
- ❑ Contractors in violation of above are liable to the United States Government for liquidated damages, computed at \$10 per day. Funds may be withheld from contractors and subcontractors to satisfy unpaid wages and liquidated damages;
- ❑ Contractors have the right to Appeal in writing within 50 days, if the withholding aggrieves them. Written appeals must state the reason why the contractor should be relieved of liability for liquidated damages and should be addressed to the City of Dalton CDBG Program Office.

#### **2.16.4 Other Department of Labor [DOL] Guidelines**

- ❑ Wage Decisions and DOL Posters must be displayed in a permanent place on the project site.
- ❑ Project Monitoring, including employee interviews, must be performed.
- ❑ All contracts entered into by the contractor with subcontractors must include the same provisions as those of the major contract, with respect to federal laws.
- ❑ Underpayment must be reported to the U.S. Department of Labor.

Note: Full documentation attesting compliance with the above shall be maintained by the CDBG recipient and its subrecipients.

#### **2.16.5 Obtain Wage Decision**

The City of Dalton CDBG Program Office shall download from the web site for “Davis-Bacon Wage Determinations” ([http:// www.access.gpo.gov/davisbacon/](http://www.access.gpo.gov/davisbacon/)), the required wage decisions

for each CDBG project, as required. However, the project proponents or their authorized agents shall provide in writing to the City of Dalton CDBG Program Office all job classifications intended to be used in the execution of the project. As soon as the wage decision is obtained from HUD, a copy shall be sent to the project coordinator to be inserted in the bid package/contract document prior to advertisement for bid.

## **2.17 PAYMENTS/REIMBURSEMENTS**

All payments/reimbursements shall be made on a project-by-project basis. All requests for payment must be supported with proper documentation and shall be approved by the Director, City of Dalton CDBG Program Office, on the basis of a duly certified and approved estimate of work performed or invoice for materials purchased, labor, and equipment used. Payment to contractors shall be made only after the (engineer/architect, etc.) has certified in writing, that the contractor has satisfied all the contract requirements, including all applicable local, state and Federal regulations. It should be noted that it takes a minimum of 10 working days from the time a request for payment is received, to make the payment, provided that applicable local, State and Federal requirements are met.

### **Payment Procedures**

#### **Overview**

Payments from CDBG funds will be prepared by City of Dalton CDBG Program Office staff and submitted to the City of Dalton CFO for approval and payment, as follows:

#### **Payment Processing Steps**

- ❑ Agencies requesting payments submit payments to the City of Dalton CDBG Program Office.
- ❑ Payment request is received and date stamped by the City of Dalton CDBG Program Office for review and initial processing.
- ❑ If payment is for a City (grantee) activity a PO request is sent to the Accounts Payable staff and payment is processed in the City's accounting software prior to requesting funds from IDIS.
- ❑ CDBG Program Manager reviews the payment request for eligibility, sufficiency of documentation, and for budget availability.
- ❑ If payment request is suitable for payment, CDBG Program Manager prepares the document for payment and prepared drawdown voucher for IDIS.

- ❑ City of Dalton CDBG Program Office draws CDBG funds from the its Letter of Credit at the United States Treasury, using the HUD Integrated Disbursement and Information System [IDIS], or any successor computerized system at HUD.
- ❑ City of Dalton CFO reviews and approves payment requests in IDIS.
- ❑ City of Dalton CDBG Program Office and the Finance Department staff reconcile expenses with revenue drawn from IDIS on a monthly, quarterly, and annual basis.
- ❑ Funds are received in bank account and disbursed to appropriate subrecipients or City account.

### **2.18 "THREE DAY RULE"**

The "Three Day Rule" means that CDBG project funds "drawn down" and received must be expended within three working days of receipt. For example, if CDBG funds are electronically transferred from the U.S. Treasury to the City of Dalton checking account on Friday, a CDBG expense check should be written by City of Dalton for the full amount of the deposit by the close of business on the following Wednesday. The "Three Day Rule" is not applicable to reimbursements. For instance, since City of Dalton pays the contractor, or pays for materials, with its own money, and is later reimbursed by the CDBG program, the "Three Day Rule" does not apply. City of Dalton and its subrecipients use the reimbursement method; therefore, the "Three-Day Rule" does not apply to its CDBG transactions.

### **2.19 EQUAL EMPLOYMENT OPPORTUNITY**

The regulations pursuant to Title I of the Housing and Community Development Act of 1974, as amended, require CDBG recipients to assure, through certification to the U.S. Department of Housing and Urban Development, that all activities will be conducted in accordance with Section 109 of the Act (the non-discriminatory clause), Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11246, and Section 3 of the Housing and Urban Development Act of 1968. More responsibilities have been placed on the local governments to carry out housing and community development decisions, including the formulation of an adequate response to the needs of minorities, women, the elderly and other low-income persons.

### **2.20 NATIONAL OBJECTIVES**

Each project carried out with CDBG funds must meet one of the three national objectives as defined in the CDBG regulations:

- ❑ Benefit low and moderate-income persons;
- ❑ Aid in the prevention or elimination of slums or blight;

- ❑ Address community development need(s) having a particular urgency.

Therefore, applicants must locally maintain evidence and ensure that each of its CDBG funded projects meets one of the broad national objectives. The following documentation shall be required, at a minimum (to be maintained in a format provided by the City of Dalton CDBG Program Office):

- ❑ Total number of persons benefiting from the project; Indicate if the project provides areawide benefit or if it provides direct benefits [Presumed or others].
- ❑ Number and percent of low- and moderate-income persons benefiting;
- ❑ Number and percent of minorities benefiting;
- ❑ Number and percent of female heads of household benefiting;
- ❑ Number of jobs retained and/or created, if the project is an economic development activity;
- ❑ Number and percent of jobs created or retained benefiting low and moderate- income persons.

The staff of the City of Dalton CDBG Program Office are available to local officials for technical assistance on these and other HUD regulations and requirements.

### **PART 3**

## **3.0 CDBG PROGRAM PERFORMANCE EVALUATION AND MONITORING**

CDBG Program recipients must carry out continuing evaluations of overall program performance and of individual projects awarded with CDBG funds by City of Dalton Government. The City of Dalton CDBG Program Office performs its evaluation tasks through a combination of performance measures and on-site monitoring of the agencies receiving CDBG funds.

### **3.1 PROGRAM PERFORMANCE AND EVALUATION MEASURES**

Five (5) major Performance Measures are utilized and programmatic requirements for the CDBG Programs. These five major Performance Measures, along with the sub-elements of each Performance Measure, will provide the CDBG Program Office with the information and data it needs to determine if the City of Dalton CDBG Program is being planned and operated in a satisfactory manner. The measures also provide the CDBG Program Office the evaluation tools to perform a self-evaluation.

The successful achievement of these five major Performance Measures [and the sub-elements of each] by the CDBG Program Office will help the agency meet all HUD monitoring and audit requirements.

The following five (5) major Performance Measures are:

- ❑ Planning Performance Measures;
- ❑ Analysis of Impediments to Fair Housing Choice Performance Measures;
- ❑ Program Compliance Performance Measures;
- ❑ HUD Monetary Performance Measures; and
- ❑ HUD Reporting Performance Measures.

### **3.1.1 PLANNING PERFORMANCE MEASURES**

#### **Consolidated Plan**

Preparation of the Consolidated Plan every 5 years, including the strategic plan [needs, goals, objectives, strategies], and activities which address high priority needs, in accordance with HUD statutory and regulatory requirements.

- ❑ Hold at least two public hearings each year associated with the Consolidated Plan:
  - At least one public hearing shall be held, at a time convenient for the participation of citizens, to identify the needs of low- and moderate-income persons in City of Dalton which might be addressed through the housing, community development and homeless programs of The City of Dalton CDBG Program Office.
  - At least one public hearing shall be held, at a time convenient for the participation of citizens, to present the proposed Consolidated Plan and Action Plan [for Year 1 of any new Consolidated Plan] and for each successive Annual Action Plan for the remaining four (4) years covered by the Consolidated Plan.
- ❑ Preparation of a Citizen Participation Plan, consistent with the statutory and regulatory requirements of HUD and incorporation of the Citizen Participation Plan into the Consolidated Plan.
- ❑ Submission of the Consolidated Plan [5-year strategic plan] to the U.S. Department of Housing and Urban Development within the time limits established by HUD for such submission.
- ❑ Obtain HUD approval for the Consolidated Plan.
- ❑ Preparation of the Action Plan each year during the 5-year span of each Consolidated Plan. The Action Plan contains the activities to be carried out during the City of Dalton CDBG Program Office Program Year, and includes projects/activities to receive funding, as well as other related housing, community development and homeless activities being carried out by The City of Dalton CDBG Program Office, its subrecipients, or other participating agencies and organizations.

- ❑ Submission of the Annual Action Plan to the U.S. Department of Housing and Urban Development within the time limits established by HUD for such submission.
- ❑ Obtain HUD approval of each respective annual Action Plan.
- ❑ Preparation of amendments to the Consolidated Plan and/or its annual Action Plans, as needed, including such Public Hearings as shall be specified in the Consolidated Plan and as consistent with the contents of the current HUD-approved Citizen Participation Plan developed by the City of Dalton CDBG Program Office.

#### **EXECUTIVE ORDER 12372 REVIEW**

- ❑ Preparation/submission of required documents, under Presidential Executive Order 12372, to the State Clearinghouse and the Atlanta Regional Commission for the review of water, sewer, and drainage projects contained within each annual Action Plan.
- ❑ Receipt of favorable and/or non-prejudicial reviews from the State or Regional Clearinghouses, as a result of the Executive Order 12372 review process.
- ❑ Initiate/complete necessary actions to ameliorate any non-favorable or prejudicial reviews from the State or Regional Clearinghouses, resulting in completion of the Executive Order 12372 review process with resultant removal of all unfavorable and/or prejudicial review comments.
- ❑ Submission to HUD of all Executive Order 12372 review comments [State and regional] and any steps taken to obtain clearance of any unfavorable or prejudicial review comments.
- ❑ Obtain HUD's acceptance of the results of the Executive Order 12372 review and clearance process.

#### **ENVIRONMENTAL REVIEW**

- ❑ Preparation of an Environmental Review Record for each separate grant received from HUD.
- ❑ Perform the required environmental review process for all activities within each Action Plan [CDBG] in accordance with the HUD standards and requirements.
- ❑ Advertise in the local legal organ [newspaper] for all Environmental Reviews requiring public comment.
- ❑ Submission to HUD of a Request for Release of Funds [RROF] for those



projects/activities for which such RROF shall be required by HUD.

- ❑ Obtain notification from HUD of its approval of the Request for Release of Funds.

### **3.1.2 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE [(a/k/a the "A.I.") PERFORMANCE MEASURES]**

- ❑ Prepare or properly procure the services of qualified professionals who shall be contractually engaged to prepare a new or updated Analysis of Impediments to Fair Housing Choice or prepare the document using City or Program Management firm staff. The document shall be prepared in accordance with HUD-prescribed standards, requirements, contents, and format for the preparation of such document.
- ❑ Provide the completed Analysis of Impediments to Fair Housing Choice to HUD for review, and/or retain in the CDBG Program Office files for review during on-site monitoring by HUD.
- ❑ Implement recommendations in the A.I. by inclusion of such items in the Consolidated Plan Annual Action Plans, as appropriate.
- ❑ Obtain HUD approval of the A.I. implementation components contained within the respective annual Action Plans. Such HUD approval shall come as a part of its [HUD's] approval of the Annual Action Plans and/or on-site monitoring.

### **3.1.3 PROGRAM COMPLIANCE PERFORMANCE MEASURES**

- ❑ CDBG funds expended for each project or activity must benefit at least 51% low- and moderate-income persons or must be a "presumed benefit" activity.
- ❑ CDBG funds expended overall for each individual annual grant received from HUD must benefit at least 70% low- and moderate-income persons.
- ❑ Subrecipient on-site monitoring must be carried out at least annually, at which time the CDBG Program Office personnel or professionals who have been properly procured and engaged through contractual agreements, shall examine the records for subrecipients, including:
  - Financial system;
  - Compliance with programmatic CDBG national objectives and the required low- and moderate-income benefit applicable at the time of the subrecipient monitoring;
  - Eligibility of all subrecipient activities receiving funding from HUD;
  - Maintenance of proper inventory records for any non-real property purchased with the use of HUD grant funds provided to the subrecipient by HUD;

- ❑ Meet the national objectives addressed by the CDBG Program Office in each annual Action Plan.
- ❑ Implement the eligible activities addressed by the CDBG Program Office in each annual Action Plan, using the quantifiable measures contained within the annual Action Plan for each activity or specified action.
- ❑ HUD Review/Approval of the City of Dalton Finance Department/City of Dalton CDBG Program Office financial management system design and operations, as a result of HUD on-site monitoring or other City of Dalton CDBG Program Office /HUD-selected review process.
- ❑ HUD Review/Approval of the City of Dalton Independent Audit, which shall be prepared in compliance with the requirements of 2 CFR 200 and any locally prescribed [City of Dalton] audit standards.
- ❑ All City of Dalton Finance Department/City of Dalton CDBG Program Office procurement activities [and those of its subrecipients] must meet City of Dalton and/or Common Rule A 200.317 and 318 requirements, as determined at the time of HUD on-site monitoring or other HUD-selected review process.
- ❑ All CDBG construction projects which are subject to HUD Labor Standards requirements must meet Davis-Bacon Act and related federal requirements.
- ❑ The City of Dalton CDBG Program Office must meet annual Citizen Participation procedures and requirements, as required by HUD and shall carry out its program activities in compliance with the City of Dalton-adopted/HUD-approved Citizen Participation Plan.
- ❑ Carry out priority Fair Housing activities, as outlined in the City of Dalton CDBG Program Office Analysis of Impediments to Fair Housing Choice.
- ❑ Conduct monthly reconciliation of City of Dalton Finance Department/City of Dalton CDBG Program Office accounting system with all CDBG expenditures and revenues received.
- ❑ Conduct monthly reconciliation of City of Dalton Finance Department/City of Dalton CDBG Program Office accounting system with all CDBG expenses/revenues with the HUD IDIS system.

### 3.1.4 HUD MONETARY PERFORMANCE MEASURES

#### CDBG Program

- ❑ Sixty (60) calendar days prior to the end of the Program Year, not more than 1.5 times the amount of the most recent CDBG grant received from HUD [plus Program Income received], shall be remaining un-drawn by City of Dalton from the City of Dalton Letter of Credit at HUD.
- ❑ Not more than 20% of each year's CDBG Program expenditures from the CDBG grant and 20% of program income may be expended for program planning and administration activities.
- ❑ Not more than 15% of the most recent CDBG grant, plus program income received during the prior year, may be expended for public services activities.
- ❑ All funds drawn from the United States Treasury must be disbursed within 3 days of receipt into the City of Dalton bank account.

### 3.1.5 HUD REPORTING PERFORMANCE MEASURES

- ❑ Update IDIS services data - at least quarterly.
- ❑ Prepare reconciliation of City of Dalton Finance Department/City of Dalton CDBG Program Office financial records with IDIS [HUD] - at least monthly.
- ❑ Prepare/submit the HUD-required CDBG Federal Cash Transactions Report [Standard Form 425] – Quarterly – due to HUD by 15<sup>th</sup> working day following the close of each quarter.
- ❑ Prepare/submit to HUD the semi-annual Contractor/Subcontractor Report [HUD Form 2516] – For submission to HUD in April and October.
- ❑ Prepare/submit to HUD the Semi-Annual Labor Standards Enforcement Report [HUD Form 4710] - Submitted to HUD in April and October.
- ❑ Prepare the Consolidated Annual Performance and Evaluation Report [CAPER] to be submitted to HUD not later than 90 days following the close of each HUD Program Year for the City of Dalton CDBG Program Office. Components of the CAPER must include certain narrative, performance, and financial data [as prescribed periodically by HUD]. In addition to locally produced information, the City of Dalton CDBG Program Office must keep financial and programmatic data current in the HUD IDIS and should

download IDIS reports for City of Dalton reporting and use. HUD staff will also download the data into reports that they will use as a part of the CAPER review and approval process.

## **3.2 MONITORING**

Data Sources: CDBG Program Regulations, 24 CFR Part 570

Basically CDBG, May 2014, Chapter 13

A Guidebook for Entitlement Grantees on Subrecipient Oversight, March 2005, Chapter 5

### **3.2.1 MONITORING OF PROGRAM PERFORMANCE**

#### **3.2.1.1 Overview**

Grantees are responsible for managing the day-to-day operations of their CDBG Program and ensuring that CDBG funds are used in keeping with program requirements. Implementation of CDBG activities by other entities (subrecipients, CBDOs, CDFIs, etc.) does not relieve grantees of this responsibility.

- The three primary goals of monitoring are to:
  - ensure production and accountability;
  - ensure compliance with CDBG and other federal requirements; and
  - evaluate organizational and project performance.
  
- The regulations require that the performance of each subrecipient receiving CDBG funds must be reviewed by grantees at least annually. Good practice suggests that:
  - Any entity receiving CDBG funds for an eligible project must be monitored to ensure compliance with applicable program requirements.
  - More frequent reviews may be appropriate based on the length and complexity of the activity being undertaken, and the experience and capacity of the funding recipient.

#### **3.2.1.2 Monitoring Plans and Risk Assessments**

- Grantees should develop a monitoring plan at the beginning of each program year in order to match their available resources for monitoring with the needs and capacity of funded entities. A monitoring plan may include the following:
  - objectives of the monitoring plan;
  - standardized procedures for reporting by funding recipients;
  - standardized procedures for review and monitoring;
  - how risk will be identified and addressed;
  - frequency of meetings, monitoring reviews and inspections;

- pre-monitoring preparation;
  - use of staff and other resources for monitoring;
  - monitoring "checklists"; and
  - sample monitoring letters.
- ❑ For programs and projects, grantees should perform a risk assessment to identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
- new to the CDBG program,
  - experiencing turnover in key staff positions,
  - plagued by past compliance or performance problems,
  - undertaking multiple CDBG-funded activities for the first time, and
  - not submitting timely reports.
- ❑ For experienced funding recipients that are successfully carrying out activities, grantees could plan a more narrowly focused monitoring to examine areas where the regulations have changed, new activities that are being undertaken, or program aspects that led to problems in the past.
- ❑ However, comprehensive monitoring reviews should be conducted periodically, even for funding recipients with strong past performance. Even the most effective and efficient funding recipients can neglect their responsibilities if grantees do not hold them accountable.

### **3.2.1.3 Program Monitoring**

- ❑ Program monitoring reviews may be conducted in two ways. The first is to conduct what is referred to as a "desk review." The second, more intensive way to monitor CDBG-funded programs and organizations is to conduct an on-site monitoring review. Both options are discussed below.

#### **3.2.1.3.1 Desk Reviews**

- ❑ Desk reviews are a key component of basic monitoring activities. They involve examining information and materials provided to grantees by funding recipients, as a means to track performance and identify potential problem areas.
- Staff performing desk reviews should examine progress reports, compliance reports and financial information, to adequately assess performance and look for indicators of performance or compliance problems.
  - If questions or concerns arise from the review, staff should gather additional information through telephone calls or additional documents or other written materials.

### 3.2.1.3.2 On-Site Reviews

The following steps provide grantees with the basic framework to follow when conducting on-site program monitoring reviews, including reviews of subrecipients.

- ❑ **Step 1: Prepare for the Monitoring Visit:** Before the monitoring visit, grantees should make sure staff is adequately trained for the task. Staff should be thoroughly familiar with the applicable program rules and the established monitoring protocol. In addition, staff should review the following types of in-house data prior to the visit:
  - application for funding, written agreement, progress reports, draw-down requests, Integrated Disbursement and Information System (IDIS) reports,
  - correspondence,
  - previous monitoring reviews, and
  - copies of audits.
- ❑ **Step 2: Conduct the Monitoring Visit:** There are four basic elements to conducting an on-site monitoring visit: notification, entrance conference or meeting, data collection and analysis, and exit conference or meeting. These steps are described briefly below.
  - Notification: Grantees should begin the monitoring process by calling funding recipients to explain the purpose of the visit and to agree upon dates for the visit. A formal notification letter should follow at least several weeks before the planned visit and should include:
    - confirmation of the dates for the review,
    - scope of the monitoring,
    - information needed for review during the visit, and
    - staff needed for interviews or other assistance during the review.
  - Entrance conference: Entrance conferences are held at the beginning of monitoring visits, usually with the executive director or other top official of the organization, to make sure the subrecipient has a clear understanding of the purpose, scope and schedule for the monitoring.

- Documentation, data gathering and analysis: Grantees should keep a clear record of information reviewed and conversations held with subrecipient staff during the monitoring visit. The most efficient and effective way to review all of the necessary documentation and data is with a checklist. Checklists should be based on the CDBG Program requirements for each type of project. The information gathered will serve as the basis for conclusions to be included in the monitoring report and follow-up letter. Subrecipients may request identification of sources if any of the conclusions are disputed.
- Exit conference: At the end of the monitoring visit, the reviewers should meet again with key representatives of the subrecipient organization to:
  - present preliminary results of the monitoring,
  - provide an opportunity for the subrecipient to correct any misconceptions or misunderstandings,
  - secure additional information to clarify or support their position, and
  - if applicable, provide an opportunity for the subrecipient to report on steps the organization may already be taking to address areas of noncompliance or nonperformance.
- ❑ **Step 3: Follow-Up**: At the end of the process, the grantee should provide the subrecipient with formal written notification of the results of the monitoring review. This letter should both point out problem areas *and* recognize successes.
  - The follow-up letter creates a permanent written record of what was found during the review.
  - Standardized language set forth in the monitoring procedures often helps grantees to develop standardized monitoring letters in a reasonable time frame and with consistency from subrecipient to subrecipient.
  - The letter should outline concerns and findings (see above), and set deadlines for a written response and corrective actions.
  - Follow-up procedures are discussed below under "Corrective Actions."

#### **3.2.1.4 Project Monitoring**

- ❑ For individual projects, monitoring begins when activities are selected for CDBG funding and continues through project completion.

- ❑ For example, once construction has started, grantees should:
  - require progress reports (weekly, monthly, quarterly or with each draw request) that flag any pending or anticipated problems;
  - hold regular meetings to discuss issues and provide any technical assistance needed; and
  - make periodic site visits to evaluate progress.
  
- ❑ Other general areas for project monitoring include:
  - Project schedule:
    - Is the project on schedule and have all major milestones been met?
    - If the project has been completed, are required annual reviews and re-certifications planned and scheduled for the coming year?
  
- ❑ Project accomplishments:
  - Is the project meeting standards established in the written agreement?
  - Are costs on target?
  - Are the number of units proposed being produced?
  - If applicable, is the quality of the construction/rehabilitation acceptable?
  - If the project is finished, have the CDBG-assisted units been rented/sold to income-eligible households?

### 3.2.1.5 Corrective Actions

- ❑ Grantees are responsible for taking appropriate actions when performance problems arise. Written agreements should be the primary mechanism for enforcement in situations of noncompliance.
  
- ❑ There are three increasingly serious stages of intervention. Grantees should start at Stage 1, then move through Stages 2 and 3, as the situation requires. A grantee's response to monitoring findings will depend upon the seriousness of the recipient's problems.
  - **Stage 1: Low-level Intervention:** At this stage, grantees should do one or more of the following:
    - clearly identify problem areas and required corrective actions;



- plan a strategy with the subrecipient that includes any training or technical assistance that may help to address identified problems;
  - require more frequent or more thorough reporting by the subrecipient or other organization carrying out the activity; or
  - conduct more frequent monitoring reviews.
- **Stage 2: Moderate-level Intervention:** After attempting the low-level intervention steps, grantees may need to take increasingly tougher steps, such as:
- restrict payment requests,
  - disallow certain expenses or require repayment of funding provided for certain expenses, or
  - impose probationary status.
- **Stage 3: High-level Intervention:** At this point, grantees must take the most serious actions to put an end to noncompliance problems. Suggested steps include:
- temporarily suspend the organization from participation in the CDBG Program,
  - do not renew the organization or the activity for the next program year,
  - terminate the organization or activity for the current program year, or
  - initiate legal action.

### 3.2.1.6 Incorporating Training and Technical Assistance

- ❑ Monitoring should not be a "one-time" event. To be an effective tool for avoiding problems and improving performance, monitoring must be an ongoing process of planning, implementation and follow-up.
- ❑ In fact, in order to avoid future problems with subrecipients, training and technical assistance should be an ongoing feature of grantee CDBG programs. There are three basic approaches, that together, focus on enhancing performance and reducing common problems among subrecipients:
  - **Orientation Sessions:**
    - Typically held at the beginning of a funding cycle. (Some grantees hold these types of sessions prior to applications).
    - Provides a forum for discussing basic requirements and procedures, and to discuss expectations about performance.
  - **Training:**
    - Training is typically aimed at larger audiences.
    - This type of workshop focuses on specific issues, and provides sufficient technical detail necessary for subrecipients to understand and implement

program requirements. Training should be held throughout the year, and should enhance performance and long-term capacity of subrecipients.

➤ **Technical assistance:**

- Typically provided in a one-on-one or small group setting on site.
- Technical assistance should be designed to correct a specific weakness, or to improve the quality or performance of a specific program or project already underway.

## **PART 4**

### **4.0 REPORTING**

#### **REPORTING/RECORDKEEPING REQUIREMENTS**

Data Sources: Consolidated Plan Regulations, 24 CFR Part 91

Basically CDBG, May 2014, Chapter 14

A Guidebook for Entitlement Grantees on Subrecipient Oversight, August 2005, Chapter 5

##### **A. General Record-Keeping Requirements**

The CDBG Program Office shall maintain records of the expenditure of all CDBG/HOME/ESG funds it receives, such records to be maintained in accordance with 20CFR 200 and with the "Common Rule" provisions (2 CFR 200), as applicable. All records shall be made available, upon request, for inspection(s) and audit(s) by the City, U.S. Department Housing & Urban Development, or its representatives.

##### **B. Confidentiality –** Agencies shall furnish all information and reports required by the City. Agencies shall permit access to books, records, and accounts by City staff, the U.S. Department of Housing and Urban Development, and the Office of the Inspector General for the purposes of evaluation to ascertain compliance with all applicable rules, regulations, and orders and for the purpose of monitoring programs' performance. Individual client information provided to the City for monitoring and recordkeeping purposes will be kept confidential as required by law.

##### **C. Record Retention –** All records related to the contract, including financial, client, and administrative files must be maintained for a period of no less than four years from the date of project/program close-out, per 24 CFR 570.502(b)(3)(ix). This includes complete source documentation, used for financial reimbursement and to determine client eligibility. Exceptions to this "four-year rule" exist which require records to be maintained for longer periods of time. The most common exceptions include litigation, claim, or audit findings; and real property and equipment acquisitions. All exceptions to the "four-year rule" are listed under 2 CFR 200.

##### **D. Access to Records**

Representatives of the City of Dalton, HUD, the Comptroller General of the United States, or of other authorized governmental agencies have the right of access to any pertinent records of a subrecipient to make audits, examinations, excerpts, and

transcripts. (2 CFR 200). Consistent with applicable state and local laws regarding privacy and obligations of confidentiality, the City of Dalton CDBG Program Office will also provide citizens with reasonable access to records on the past use of CDBG funds (24 CFR 570.508).

## **4.1 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT [CAPER]**

### **4.1.1 Background and Overview**

- ❑ The CDBG regulations require grantees to submit an Annual Performance Report to HUD within 90 days of the close of a grantee's program year. This is in accordance with the Consolidated Plan regulations at 24 CFR Part 91). The report is the Consolidated Annual Performance and Evaluation Report (CAPER).
- ❑ The CAPER incorporates not only the old CDBG Program Grantee Performance Report, but also the other reporting requirements for the CDBG Program Requirements discussed below apply to all of these programs, except where noted as CDBG-specific requirements.
- ❑ Annual reports are used to meet three basic purposes:
  - Provide HUD with necessary information to assess each grantee's ability to carry out its programs in compliance with applicable regulations and requirements;
  - Provide information necessary for HUD to report to Congress; and
  - Provide grantees with an opportunity to describe its program achievements with their citizens.

### **4.1.2 CAPER Requirements**

- ❑ Grantees are required to use the Integrated Disbursement and Information System (IDIS) to comply with current reporting requirements.
- ❑ It is not necessary that grantees be operational on IDIS for a full program year before they can use IDIS to report performance information for the entire program year.
- ❑ To initiate annual reporting, grantees should update all current activities in IDIS to include all required financial and performance information.

#### **4.1.2.1 Narrative Components**

- ❑ Each grantee's CAPER must include narrative statements that address the following:
  - Assessment of three- to five-year goals and objectives;
  - Affirmatively furthering Fair Housing;
  - Affordable housing;
  - Continuum of Care;

- Other actions indicated in the grantee's Strategic and Action Plans;
  - Leveraging resources;
  - Citizen comments; and
  - Self-evaluation.
- In addition, CDBG grantees must submit a narrative statement addressing the following issues:
- The relationship of the use of CDBG funds to priorities, needs, goals and specific objectives identified in the Consolidated Plan;
  - Nature and reasons for any changes in program objectives;
  - Efforts of the grantee to carry out planned activities described in its Action Plan;
  - If applicable, why the use of CDBG funds did not meet one of three national objectives;
  - Activities involving acquisition, relocation and displacement;
  - Economic development activities not resulting in jobs held by low/mod persons;
  - Presumed limited clientele activities;
  - Activities generating program income;
  - Rehabilitation activities; and
  - If applicable, progress against Neighborhood Revitalization Strategy benchmarks.
- Further more detailed guidance is issued by HUD, from time to time, on the contents of the CAPER.

#### **4.1.2.2 Financial Reports**

- In addition to the narrative elements, grantees are required to provide certain financial reports to citizens in order to satisfy the requirements of 24 CFR 91.520. These reports are:
- Summary of Accomplishments Report - data on CDBG activity counts and disbursements by priority need categories;
  - Consolidated Annual Performance and Evaluation Report - progress in implementing projects/activities identified in a grantee's Action Plan;
  - Financial Summary Report - obligations and expenditures for the program year and determines the percentages of funding for low/mod activities, planning and administration and public services; and
  - Summary of Activities - status, accomplishments, and expenditures for each activity open during the program year.
  - Rehabilitation Activities - each rehabilitation activity along with the amount expended, completed low/mod units and occupied low/mod units.
- Printed copies of the above-listed financial reports are not required for inclusion to the HUD Field Office as part of the CAPER submission. Copies should be retained by the grantee, however, to document program year accomplishments and other information.
- Other reports and downloads can be produced through IDIS. The number and variety of reports is updated by HUD on a periodic basis.

#### **4.1.2.3 CAPER Submission and Review**

- ❑ Prior to submitting a CAPER, grantees must make the report available to the public for examination and comment for a period of at least 15 days.
- ❑ CAPERs must be received by the HUD Field Office no later than 90 days after the close of the grantee's Consolidated Plan Program Year.
- ❑ HUD will review the grantee's Performance Reports and determine if they are satisfactory. If a satisfactory report is not submitted, HUD may:
  - Suspend funding until a satisfactory report is submitted; or
  - Withdraw and reallocate funding if HUD determines, after notice and opportunity to comment, that the grantee will not submit a satisfactory report.
- ❑ Following submission, grantees must make copies of the report submitted to HUD available for examination by the public upon request. The copies made available must include a summary of comments received as a result of the public participation process.

#### **4.2 QUARTERLY FINANCIAL REPORT**

Grantees must submit to the HUD Field Office on the 15<sup>th</sup> working day following each program year quarter a financial report, [Federal Cash Transactions Report – Standard Form 425]. The report compares grantee expenditures with revenues drawn from the United States Treasury.

#### **4.3 LABOR STANDARDS AND CONTRACTOR/SUBCONTRACTOR REPORTS**

Grantees must prepare and submit these reports to the HUD Field Office in April and October of each year. The reports detail the number and amounts of contracts, information on debarred contractors, and information on the race/ethnicity of contractors/subcontractors.

The semi-annual Contractor/Subcontractor Report [HUD Form 2516]– is submitted to the HUD Field Office in April and October.

The semi-annual Labor Standards Enforcement Report [HUD Form 4710] - is submitted to HUD in April and October.

#### **4.4 SUBRECIPIENT MONTHLY REPORTS**

Subrecipient organizations may be required to maintain data on clients served and may be required to prepare and submit monthly reports to the City of Dalton Community Development Program.

**[See Attachment L for the Monthly Services Report form which Sub-Recipients must complete and submit to the City of Dalton CDBG Program on a monthly basis.]**

**ATTACHMENTS**

## ATTACHMENT A

### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM CITY OF DALTON, GEORGIA METHODOLOGY FOR DETERMINING CDBG ACTIVITY SERVICE AREA WITH A MAJORITY OF LOW- AND MODERATE-INCOME PERSONS

The CDBG Program regulations emphasize, among other things, benefit to low- and moderate-income persons. In keeping with the primary objective of the Title I Program, this methodology was developed by the City of Dalton CDBG program and is used to determine whether the majority of the residents of an area are low- and moderate- income persons and for the purpose of qualifying such area as meeting HUD's criteria for undertaking CDBG Area Benefit activities.

Under the CDBG program, an activity may exclusively benefit low- and moderate-income persons (a direct benefit), or serve an area in which the majority (51% or more) of residents are low- and moderate-income persons.

In determining whether a CDBG activity directly benefits low- and moderate-income persons, or serves an area in which the majority of residents are low- and moderate-income persons, the following factors will be considered in making the determination of the area served:

- The nature of the activity;
- The location of the activity;
- Accessibility issues, and
- The availability of comparable activities.

#### COMMUNITY NEEDS ASSESSMENT

The new statutory provision requires that CDBG activities be designed to meet identified needs of persons of low- and moderate-income. The City of Dalton Community Development Program Office department is working with eligible communities to identify these needs through the following:

- Public hearings;
- Community/Neighborhood meetings;
- Area surveys;
- Residents' interviews;
- Area visitation/visual observations;
- Consultation with local officials and citizens groups;
- Consultation with local Non-profit organizations; and
- Use of local media to publicize CDBG program.

It should be noted that assessment of needs of low and moderate-income persons is a continuous

process. Some of the identified needs in the low and moderate- income areas are:

1. Deteriorated neighborhoods;
2. Poor housing conditions;
3. Lack of community centers accessible to senior citizens, handicapped persons and other low- and moderate-income persons;
4. Poor street conditions;
5. Lack of sidewalks, curbs and gutter;
6. Inadequate water supply;
7. Inadequate or lack of sewer facilities;
8. Inadequate recreational facilities.

#### DELINEATE ACTIVITY SERVICE AREA

When a CDBG activity has area wide benefit, the service area must be clearly and properly delineated. Geographic subdivisions such as Census Tracts, Block Groups, etc., may be used. However, the majority of the beneficiaries (51% or more) must be low and moderate-income persons.

The City of Dalton CDBG Program Office will delineate CDBG activity service areas making certain 51% or more of the activity beneficiaries are low- and moderate-income persons. Proper documentation will be maintained in the project file.

#### Activity Service Area (ASA) Summary

- Delineate activity service area (ASA);
- Activity must benefit 51% or more low- and moderate-income persons;
- Maintain proper documentation on file;
- Complete EEO, Labor Standards, and other CDBG requirements;
- Begin project implementation.

#### DATA COLLECTION

For the purpose of qualifying an activity service area (ASA) as meeting the 51% or more low- and moderate-income persons benefit requirement, the City of Dalton CDBG Program Office collects, maintains and updates ASA data. The sources for this data include:

- Residents interviews;
- Telephone sample survey;
- Site review/visual observation;
- City of Dalton developed data;
- HUD data and reports;
- U S Census information;
- Local officials;



-Expert testimony.

Before a decision on an ASA is made, data such as family size, family income, unrelated persons income, housing characteristics, demographic characteristics, infrastructures, physical conditions, among others, are thoroughly analyzed.

The source of all data used in determining ASA must be identified and documented. Surveys of ASA's are completed by Subrecipients to document that at least 51% of beneficiaries are low- and moderate-income persons. The surveys must be approved in advance by the City of Dalton Community Development Program Office. Only HUD-approved methodologies and survey questionnaires may be used by all Subrecipients.

#### ACTIVITY CLASSIFICATION

Each CDBG activity must be classified as:

- Providing direct benefit to low- and moderate-income persons (direct benefit);
- Serving an area in which the majority of residents are low- and moderate-income persons (areawide benefit);
- Aid in the prevention or elimination of slums and blight; or meet other community development needs having a particular urgency.

It is the responsibility of the City of Dalton CDBG Program Office to properly classify each CDBG activity accordingly and maintain documents to support such classification.

#### CDBG ACTIVITY BENEFICIARIES

Use Benefit Documentation Form, to track/record activity beneficiaries (See Attachment F).

## ATTACHMENT B

### CHECKLIST SUMMARY - STEPS FOR CDBG PROJECT IMPLEMENTATION

Project proposed by appropriate entity.

Preliminary review of project and recommendation made by City of Dalton CDBG Program Office to Mayor and Council

Approval of project for funding by Mayor and Council

Environmental Assessment Requirements

Wage Decision requested (if applicable)

Environmental clearance for use of funds (if applicable)

Selection of Architect/Engineer for professional services (if applicable)

Development of plan, specifications and contract documents

Project advertised for bidding (if applicable)

Bids opened publicly and evaluated

Recommendation for award made

Award made by appropriate entity

Required documents submitted e.g., Bid Bond, Performance Bond and Payment Bond, and Contract executed

Required HUD CDBG Program Certifications completed

Pre-Construction Conference held/Notice to Proceed Provided to Contractor  
Contractor begins work

Monitoring/Inspections

Partial Payments

Project Completion - Final Inspection

Project Accepted - Final Payment

Project Closeout Records maintained for at least three (3) years

NOTE: This checklist summary (steps for CDBG Project Implementation) is subject to change, depending upon,

- (1) the nature of the project,
- (2) method of project execution,
- (3) public exigency,
- (4) changes in HUD regulations/requirements, etc.

Please refer any and all questions concerning the CDBG program in City of Dalton to:

**City of Dalton CDBG Program Office**  
**300 West Waugh Street, Dalton, GA 30720**  
**(706) 529-2461 Fax: (706) 277-4640**

## **ATTACHMENT C**

### **CITY OF DALTON COMMUNITY DEVELOPMENT PROGRAM**

#### **CDBG PROJECT IMPLEMENTATION CHECKLIST**

The following checklist has been prepared to assist City of Dalton departments and other local agencies participating in the City of Dalton CDBG Program in understanding and meeting project implementation requirements. All major procedures necessary for the legal and timely execution of CDBG activities have been covered.

Careful attention to and continuing use of the checklist throughout the life of every CDBG project should minimize problems encountered during the project's implementation. For more information on the use of the checklist or the City of Dalton Community Block Grant Program (CDBG), please call (706) 529-2461 or write: City of Dalton CDBG Program Office, 300 West Waugh Street, Dalton, Georgia 30720.

CITY OF DALTON, GEORGIA  
CDBG PROJECT CHECKLIST

**I. Organization and General Project Information**

**A. Project Subrecipient or Sponsor:** \_\_\_\_\_

**B. Project Name:** \_\_\_\_\_

**C. Project Description:** \_\_\_\_\_

\_\_\_\_\_

**D. Project Address/Location:** \_\_\_\_\_

\_\_\_\_\_

City

State

**E. Local Activity Number:** \_\_\_\_\_

**F. IDIS Activity Number:** \_\_\_\_\_

**G. Geographic Service Area:**

1. If Citywide [Check] \_\_\_\_\_

District  
Number

Name of Elected Official

2. U.S. House of Rep. District \_\_\_\_\_ U.S. Rep. Name \_\_\_\_\_

3. County Commission District \_\_\_\_\_ Commissioner Name \_\_\_\_\_

4. State Representative District \_\_\_\_\_ State Rep. Name \_\_\_\_\_

5. State Senate District \_\_\_\_\_ State Sen. Name \_\_\_\_\_

**H. Project Coordinator:** \_\_\_\_\_

Name

Title

\_\_\_\_\_

Mailing Address

\_\_\_\_\_

City

State

Zip

Area Code & Telephone	FAX Number
Email Address	

**I. Approval Dates**

1. Project Approved By Mayor and Council: \_\_\_\_\_  
Date
2. Project Amended by Mayor and Council: \_\_\_\_\_  
Date

**J. PROJECT BUDGET**

<u>Source</u>	<u>Amounts</u>
1. City of Dalton CDBG Portion:	\$ _____
2. Subrecipient/Sponsor Portion	\$ _____
3. Total Budget:	\$ _____

**II. CDBG Eligible Activities [Check] One, Only:**

- A. 24 CFR 570.201 [Basic Eligible Activities]
  1. Project Type:
    - (a) Acquisition \_\_\_\_\_
    - (b) Public Facilities \_\_\_\_\_
    - (c) Public Services \_\_\_\_\_
    - (d) Relocation \_\_\_\_\_
    - (e) Homeownership Assistance \_\_\_\_\_
    - (f) Construction of Housing \_\_\_\_\_
    - (g) Housing Services \_\_\_\_\_
- B. 24 CFR 570.202 [Eligible Rehabilitation and Preservation Activities]
  1. Project Type:
    - (a) Homeowner Housing Rehabilitation \_\_\_\_\_
    - (b) Multi-Family Housing Rehabilitation \_\_\_\_\_
    - (c) Public Housing Rehabilitation \_\_\_\_\_
    - (d) Non-residential Nonprofit-owned Buildings \_\_\_\_\_
    - (e) Acquisition for Rehabilitation of housing \_\_\_\_\_
- C. 24 CFR 570.203 [Special Economic Development Activities]
  1. Project Type:
    - (a) Acquisition, construction, reconstruction, rehabilitation  
or installation of commercial or industrial buildings \_\_\_\_\_
    - (b) Other assistance to for-profit entities \_\_\_\_\_

- (c) Other econ. dev. activities [mktg., outreach, etc.] \_\_\_\_\_
- D. 24 CFR 570.204 [Special Activities by CBDOs] \_\_\_\_\_
- E. 24 CFR 570.205 [Eligible Planning, Urban Design, Capacity Building] \_\_\_\_\_
- F. 24 CFR 570.206 [Program Administration Costs] \_\_\_\_\_

**III. CDBG National Objectives/Beneficiary Information**

**National Objective Being Met [Check One, Only]:**

- A. ....Benefit to Low/Moderate Income Persons \_\_\_\_\_
- B. ....Prevention or Elimination of Slums or Blight \_\_\_\_\_
- C. ....Meeting Needs Having a Particular Urgency \_\_\_\_\_

**A. Benefit To Low/Moderate Income Persons -- Beneficiary Information**

Complete information on either A or B, but not both.

1. **Limited Clientele Activities** [Check Type – Select items only under A1 (Presumed Benefit) or A2 (Direct Benefit), but not both]

2. **Presumed Benefit:** Limited Clientele Group Served by this project:  
[Check One Only]

- (1) Elderly Persons \_\_\_\_\_
- (2) Homeless Persons \_\_\_\_\_
- (3) Abused Spouses \_\_\_\_\_
- (4) Abused/Neglected Children \_\_\_\_\_
- (5) Adults with Severe Disabilities \_\_\_\_\_
- (6) Illiterate Persons \_\_\_\_\_
- (7) Migrant Farm Workers \_\_\_\_\_

**Records to be maintained:**

(a) Information which shows that the activity is used by a population group "which is presumed by HUD" to be low/moderate-persons. Check \_\_\_\_\_

[Check only if a Presumed Benefit item is selected]

3. **Direct Benefit**

(1) Indicate either the total number of families (households) or persons to be served  
 Households (H)# \_\_\_\_\_ **or** Persons (P) # \_\_\_\_\_

(2) Indicate number and percentage [households or persons] low/moderate income to be served:  
 # \_\_\_\_\_ %

(3) Does activity have income eligibility requirements which limit the activity exclusively

to low/moderate persons? Yes \_\_\_ No \_\_\_

(4) If yes, explain on an attachment. Check if attachment \_\_\_\_\_

(5) Is activity's nature and/or location such that it may be concluded that the activity's clientele will primarily be low/moderate persons? Yes \_ No \_\_\_

(6) Does Sponsor/Subrecipient require information on family size and income so that at least 51% of the clientele served are low/moderate income persons? Yes \_\_\_ No \_\_\_\_\_. If yes, identify procedures utilized: \_\_\_\_\_

Records to be maintained:

(a) Data showing the size and annual income of the household for each person receiving the direct benefit? Check \_\_\_\_\_

(b) Documentation which describes how the nature and/or location of the activity establishes that it will be used predominantly by low/moderate persons. Check \_\_\_\_\_

[For Limited Clientele - Direct Benefit Activities Only] – Total Clients Served, Listed by HUD Income Group

Total Served	# Low/Mod Served	# Low Income Served	# Female Headed Households Served

[For Limited Clientele - Direct Benefit Activities Only] – Total Clients Served, Listed by Race/Ethnicity

Race/Ethnicity Data in this table are compiled from Monthly Services Reports, which are reported in IDIS and are compiled and reported in the Consolidated Annual Performance and Evaluation Report [CAPER] submitted to HUD.

<b>Race/Ethnicity of Persons Served [As Defined by Census 2000 and HUD - Enter Number of Persons for all Households Served – Listed by Each Racial/Ethnic Classification</b>	<b>Number of Non-Latino or Non-Hispanic</b>	<b>Number of Latino or Hispanic</b>	<b>Total Number of Persons</b>
<b>A. Single Race, By Ethnicity of Household</b>			
(1) White			
(2) Black/African-American			
(3) Asian			
(4) American Indian/Alaskan Native			





Totals				

b. Survey Data [Attach] \_\_\_\_\_ or with application? \_\_\_\_\_

(8) Date that the PSA has been reviewed to insure that the area is primarily residential in character. DATE: \_\_\_\_\_

(9) CDBG Project Service Area: See attached service area map

**3. Housing Rehabilitation** -- Each unit must be is occupied by a low/moderate income household.

**4. Economic Development Activities** -- Insure that all activities meet CDBG job creation or retention requirements.

**5. Prevention Or Elimination Of Slums Or Blight -- Beneficiary Information**

[Complete only if this National Objective was selected on Page 2]

1. Area Basis (Check) \_\_\_\_\_

2. Spot Basis (Check) \_\_\_\_\_

[Provide all information required under the appropriate CDBG regulations].

**6. Activities For Needs Having A Particular Urgency -- Beneficiary Information**

[Complete only if this National Objective was selected on Page 2]

[Description of Activity -- Must meet all HUD regulations and Guidelines for Urgent Needs.]

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**IV. Other Project Information**

**A. Job Creation or Retention (If Applicable)**

1. Total Number jobs created and/or retained \_\_\_\_\_
2. Number and percent of jobs retained and/or created benefiting low-and moderate-income persons Number: \_\_\_\_\_ %

**B. Uniform Act Requirement**

Note: Proper documentation must be maintained in project file.

1. Property Acquisition Required: Yes \_\_\_
2. Determination to acquire made: Yes \_\_\_ No \_\_\_ Date \_\_\_\_\_
3. Property Owner informed about the determination: Date \_\_\_\_\_
4. \*Type of Acquisition (specify):(a) TE \_\_\_\_\_ (b) PE \_\_\_\_\_ (c) ROW \_\_\_\_\_  
(d) FS \_\_\_\_\_ (e) DP \_\_\_\_\_ (f) UP \_\_\_\_\_  
\* (a) TE = Temporary Easement, (b) PE=Permanent Easement,  
(c) ROW = Rights-Of-Way, (d) FS = Fee Simple,  
(e) DP = Developed Parcel, (f) UP = Undeveloped Parcel
5. Appraiser's services retained: Date \_\_\_\_\_
6. Property Owner(s) informed of his/her/their rights: Date \_\_\_\_\_
7. \*Appraised Value of Property: \_\_\_\_\_ Date \_\_\_\_\_  
[See appraiser's property description]
8. Just Compensation: \$ \_\_\_\_\_ paid to property owner or authorized agent. Date \_\_\_\_\_
9. Acquisition by Donation-Owner's rights waived: Date \_\_\_\_\_

**C. Environmental Documentation**

**Date**

1. Environmental Assessment(s) (EA) completed \_\_\_\_\_
2. EA Findings Published In: \_\_\_\_\_
3. EA Findings Disseminated to HUD, ARC, Others \_\_\_\_\_
4. Exempt Finding on File \_\_\_\_\_
5. FONSI/RROF and certification sent to HUD \_\_\_\_\_
6. Release of Funds Obtained from HUD \_\_\_\_\_
7. Notice to Proceed/Incur Costs issued \_\_\_\_\_

**D. Plans/Specifications/Procurement/Contracts/Implementation**

**1. Professional Services Documentation**

**RFP Process**

**Date**

(1) RFP Prepared by:

\_\_\_\_\_

\_\_\_\_\_

(2) RFP Reviewed and Approved by:

\_\_\_\_\_

\_\_\_\_\_

(3) RFP Advertised in: \_\_\_\_\_

\_\_\_\_\_

(4) RFP "Pre-Bid" Conference Location: \_\_\_\_\_

(5) RFP Submission Deadline \_\_\_\_\_

(6) RFP Receipt Location:; \_\_\_\_\_

(7) Award Made to: \_\_\_\_\_

(8) Contractor Address: \_\_\_\_\_

\_\_\_\_\_

City State Zip

(9) Contractor Contact Person: \_\_\_\_\_

(10) \_\_\_\_\_

Area Code & Telephone FAX Email

**Date**

(11) Contract Execution Date \_\_\_\_\_

(12) Pre-Work Conference Location \_\_\_\_\_

(13) Notice to Proceed Date \_\_\_\_\_

(14) Contract Start Date \_\_\_\_\_

(15) Contract Time Extended Yes \_\_\_ No \_\_\_ \_\_\_\_\_

If Yes (state reasons) \_\_\_\_\_

\_\_\_\_\_

(16) Project Completion Date [From Contract/Purchase Order] \_\_\_\_\_

(17) Insurance on File \_\_\_\_\_

**2. Other Contracted Activities [Non-Professional Services]**

**a. Sealed Bid Process**

**Date**

- (1) Plans, Specifications and Contract Documents Prepared by: \_\_\_\_\_
- (2) Reviewed and Approved By: \_\_\_\_\_
- (3) Bid Advertised In: \_\_\_\_\_
- (4) "Pre-Bid" Conference Location: \_\_\_\_\_
- (5) Bid Submission Deadline \_\_\_\_\_
- (6) Bid Opened At: \_\_\_\_\_
- (7) Award Made To: \_\_\_\_\_
- (8) Contractor Address: \_\_\_\_\_

\_\_\_\_\_

City State Zip

(9) Contractor Contact Person: \_\_\_\_\_

(10) \_\_\_\_\_

Area Code & Telephone FAX Email

**Date**

- (11) "Pre-Bid" Conference Location: \_\_\_\_\_
- (12) Notice to Proceed Issued \_\_\_\_\_
- (13) Contract Start Date \_\_\_\_\_
- (14) Contract Time Extended Yes \_\_\_ No \_\_\_ \_\_\_\_\_
- If Yes (state reasons) \_\_\_\_\_

(15) Project Completion Date [From Contract/Purchase Order]

-

(16) Bonds/Insurance on File [Check, If Applicable] \_\_\_\_\_

(17) Bonds/Insurance Not Required [Check, If Applicable] \_\_\_\_\_

**b. Written Quotation Process**

**Date**

(1) Plans, Specifications and Contract Documents Prepared by:

\_\_\_\_\_

-

(2) Reviewed and Approved By: \_\_\_\_\_

(3) Request for Written Quotation Distributed \_\_\_\_\_

(4) "Pre-Bid Conference Location: \_\_\_\_\_

(5) Written Quotation Submission Deadline \_\_\_\_\_

(6) Request for Written Quotation Received At: \_\_\_\_\_

(7) Award Made To: \_\_\_\_\_

(8) Contractor Address: \_\_\_\_\_

\_\_\_\_\_

City

State

Zip

(9) Contractor Contact Person: \_\_\_\_\_

(10) \_\_\_\_\_

Area Code & Telephone

FAX

Email

**Date**

(11) "Pre-Construction" Conference Location: \_\_\_\_\_

(12) Notice to Proceed Issued \_\_\_\_\_

(13) Contract Start Date \_\_\_\_\_

(14) Contract Time Extended      Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes (state reasons) \_\_\_\_\_

\_\_\_\_\_

(15) Project Completion Date [From Contract/Purchase Order]

\_\_\_\_\_

(16) Bonds/Insurance on File [If Applicable] \_\_\_\_\_

(17) Bonds/Insurance Not Required [Check] \_\_\_\_\_

**3. Other Procurement Processes**

(Select applicable method)

- |   |       |
|---|-------|
| a. Competitive Negotiation (Attach Explanation)       | _____ |
| b. Non-Competitive Negotiation (Attach Justification) | _____ |
| c. Small Purchase Procedure (Resolution/Policy)       | _____ |
| d. Other Local Procurement Method (Specify)           | _____ |

\_\_\_\_\_

**E. Labor Standards**

**1. Wage rate determinations obtained from INTERNET/HUD**

Classification Type	Original Rate	Issue Date/ Exp. Date	New Rate	Issue Date/ Exp. Date

Date

**2. Contractor Certification concerning Labor Standards obtained: \_\_\_\_\_**

**3. Subcontractor(s) Certifications concerning Labor Standards obtained:**

Subcontractor Names:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
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_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**4. Verification of Contractor eligibility**

List of Subcontractor(s): \_\_\_\_\_



Verification of Subcontractor(s) eligibility

Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____
Subcontractor Name	_____	_____



Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

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Name of Contractor or Subcontractor: \_\_\_\_\_

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Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

Name of Contractor or Subcontractor: \_\_\_\_\_

**6. Weekly payroll Records Received by City of Dalton CDBG Program**  
**[Copy and Attach Additional Pages, If Needed]**

Name of Contractor or Subcontractor: \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

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Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_

Payroll Period \_\_\_\_\_



**7. Equal Employment Opportunity/Section 3/MBE**

Date

**a. EEO Certification**

Contractor's certification concerning EEO obtained \_\_\_\_\_  
Subcontractor's certification concerning EEO obtained \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_  
Subcontractor Name: \_\_\_\_\_

Date

**b. Section 3 and Segregated Facilities**

Contractor's certification on Section 3 and Segregated Facilities \_\_\_\_\_  
Subcontractors' certifications on Section 3 and Segregated Facilities \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_

Date

**c. Section 3 Plan**

Contractor's Section 3 Plan/Affirmative Action to Ensure EEO \_\_\_\_\_  
Subcontractor's Section 3 Plan/Affirmative Action to Ensure EEO \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_  
Name of Subcontractor \_\_\_\_\_





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**12. Signature**

Prepared By: \_\_\_\_\_  
Signature Signature Date

\_\_\_\_\_  
Typed or Printed Name Title



**ATTACHMENT D**  
**UNIFORM ACT (PROPERTY ACQUISITION) REQUIREMENTS**

Any real property acquisition (Permanent Easements, Rights-of-Way, Fee Simple Title), necessitated by a CDBG program funded project, must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations. City of Dalton departments and non-profit agencies must determine at the project inception, whether or not permanent easements or other property acquisition will be necessary to carry out an eligible CDBG Program activity.

It is important to make this determination at an early stage of the planning process to avoid any delays during project implementation. It should be pointed out that property acquisition expenditures are eligible for reimbursement, if the acquisition process complies with the Uniform Act requirements.

**PROPERTY ACQUISITION (UNIFORM ACT) STEPS:**

1. Determine whether or not property acquisition (Permanent Easement, Right-of-Way, Fee-Simple Title) is necessary to carry out a CDBG funded project. If yes, follow steps 2-11. If no, then the applicant will not have to meet the Uniform Act (Property Acquisition) Requirements;
2. Inform property owner(s) of the determination. (See attached Sample Letter);
3. Get the property appraised by a competent, independent, professional Appraiser. An opportunity must be given to the property owner to accompany the Appraiser during respective inspections of the affected property;
4. Have the appraisal reviewed by a review appraiser or an authorized real estate agent;
5. Establish fair market value. Inform property owner of property value and negotiate the purchase;
6. Offer just compensation, or finalize acceptance of any property to be donated. Under all donations, the owner must be made aware (in writing) of the appraised value which they are agreeing to donate. (See attached sample of Waiver of Just Compensation letter);
7. If condemnation is not available through a non-profit agency, the subrecipient should inform the property owner that the Agency does not have condemnation power, and will only purchase the property based upon a joint negotiation process including the appraised value of the property. If a local public agency is purchasing property with CDBG funds, the public agency should inform the property owner if it will not use its power of

imminent domain [See sample letter].

8. Owner accepts offer of just compensation, or condemnation process begins;
9. In case of condemnation, deposit all monies due the property owner into the court, according to Special Master's decision;
10. Court awards title and project implementation begins.
11. Send all acquisition records to City of Dalton Community Development Program Office and maintain copies.

[SAMPLE]

DATE:

RE: Preliminary Acquisition Notice

Dear

This is to inform you that the \_\_\_\_\_ has determined to acquire your property on \_\_\_\_\_  
\_\_\_\_\_ **[NAME OF AGENCY]**

This property is needed for

\_\_\_\_\_  
**[CDBG PURPOSE]**  
\_\_\_\_\_

The \_\_\_\_\_ will be hiring an independent appraiser to appraise  
**[NAME OF AGENCY]**

your property. You have the right to accompany him during respective inspections of the affected property. A letter inviting you to accompany him will be sent to you by the appraiser prior to his inspections. Please note that this is not a notice to vacate your property, and does not establish eligibility for relocation payments, or other relocation assistance.

Sincerely,

Name of Authorized Official

[SAMPLE]

DATE:

TO:

SUBJECT: Payment for Right-of-Way/Easement Acquisition

Project Name:

Community Development Block Grant Project:

Dear

As you may know, \_\_\_\_\_, City of Dalton is making \_\_\_\_\_ improvements as a part of the project identified above. As a part of this project, it is necessary for \_\_\_\_\_ to acquire certain easements and rights-of-way to permit this work to be carried out. A portion of your property, described below, is needed for this project.

In accordance with Federal requirements (under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations), \_\_\_\_\_ has had your property of approximately \_\_\_\_\_ size located at \_\_\_\_\_ appraised by an independent, competent and unbiased professional real estate appraiser to determine the fair market value of your property. The appraiser, who is not an employee of \_\_\_\_\_, prepared an evaluation of your property in accordance with generally acceptable appraisal methods and principles. The appraisal has been carefully reviewed by \_\_\_\_\_.

Based on the independent appraisal of your property and the \_\_\_\_\_ review, thereof, \_\_\_\_\_ offers you not less than the fully established fair market value of \$ \_\_\_\_\_ for the property identified in this letter.

Please acknowledge receipt of Check # \_\_\_\_\_ issued by \_\_\_\_\_ in the amount of \$ \_\_\_\_\_, being full payment for the property identified in this letter, by signing in the space provided below on both copies and returning one copy of this letter to the Right-Of-Way Agent who will also sign this letter.

\_\_\_\_\_  
Name of Owner

\_\_\_\_\_  
Name of Owner

\_\_\_\_\_  
Signature of Owner  
(or Authorized Agent)

\_\_\_\_\_  
Signature of Owner  
(or Authorized Agent)

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Date of Signature

Witness: \_\_\_\_\_  
Signature

Witness: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Date \_\_\_\_\_

[SAMPLE]  
WAIVER OF JUST COMPENSATION FOR ACQUISITION OF PROPERTY

DATE:

TO:

PROJECT:

On \_\_\_\_\_, 20\_\_\_\_, I agreed to donate an easement/right-of-way, to \_\_\_\_\_, for the property described on Attachment A (see the next page).

The property which is described here for this easement/right-of-way is being donated to \_\_\_\_\_, for the project identified above, with the full understanding that this donation is being carried under the procedures established by the Federal law (listed at the bottom of this page) which covers donations of property to \_\_\_\_\_ for this federally-funded construction project.

I am freely accepting the sum of \$~~0~~ as full payment for the easement/right-of-way described on this page, as it is my preference to donate this property. I do hereby waive any and all rights to compensation for the donation of this property to be used for the easement/right-of-way, which is the subject of this letter.

The easement/right-of-way has been appraised as required, and the fair market value established and offered to me is \$\_\_\_\_\_, I understand that I am entitled to the approved fair market value and that it must be paid to me if I do not sign this Waiver.

I agree that this public use of the property in question will improve this property and I, therefore, reaffirm my decision to donate this property as easement/right-of-way for the project described above by signing this letter.

\_\_\_\_\_  
Typed Name of Owner

\_\_\_\_\_  
Name of Owner

\_\_\_\_\_  
Signature of Owner  
(or Authorized Agent)

\_\_\_\_\_  
Signature of Owner  
(or Authorized Agent)

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Date of Signature

Witness: \_\_\_\_\_  
Signature

Witness: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Date: \_\_\_\_\_

[The easement/right-of-way located on this property is for a project covered under the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970 (Public Law 91-646), and the Uniform Relocation Act of 1973 (Ga. Law 1973, p. 512).]

**ATTACHMENT E**  
**CITY OF DALTON COMMUNITY DEVELOPMENT PROGRAM**  
**SUBRECIPIENT MONITORING MANUAL**  
**HUD GRANT PROGRAMS**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**



**SUBRECIPIENT MONITORING PLAN.**

1. Subrecipients and other agencies receiving CDBG funds from the City of Dalton Community Development Program will be Monitored at least annually.

- A. Schedule will be prepared annually for the City of Dalton Community Development Program Manager's approval.
- B. Summary of Monitoring results will be prepared and submitted to the City of Dalton Community Development Program Manager.
- C. Subrecipients shall be notified in writing, in advance, of the planned monitoring. Information shall be provided in the Monitoring notification as the programs and functional areas to be monitored.

2. A letter will be prepared and sent to all Subrecipients after Monitoring.

A. Letter will confirm in writing if there were any Concerns or Findings.

B. If there were any Concerns or Findings, the Subrecipient must explain in writing how they plan to correct those Concerns or Findings and when they expect to complete them. Based on the Concerns or Findings, a deadline will be given for the written response to the monitoring letter.

C. Based upon 2- B, a meeting may be scheduled to follow-up on the Monitoring of the Subrecipient and on the actions related to the Concerns and/or Findings.

**CITY OF DALTON**

**CDBG SUBRECIPIENT MONITORING CHECKLIST**

Name/Title of Person Performing Monitoring \_\_\_\_\_

Signature of Person Performing Monitoring \_\_\_\_\_

Received/Approved (Signature/Date) \_\_\_\_\_

Subrecipient Name and Location \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date(s) of Monitoring \_\_\_\_\_

Time Period Covered: From: \_\_\_\_\_ To: \_\_\_\_\_

Name/Title of Person(s) Interviewed:

\_\_\_\_\_

\_\_\_\_\_

ITEMS MONITORED [CHECK AS APPROPRIATE]

\_\_\_ A. GENERAL PERFORMANCE

\_\_\_ B. RECORD KEEPING

\_\_\_ C. NATIONAL OBJECTIVES

\_\_\_ D. PROPERTY MANAGEMENT

\_\_\_ E. ACCOUNTABILITY/FINANCIAL

\_\_\_ F. PROCUREMENT PROCEDURES

\_\_\_ G. AUDIT MANAGEMENT

\_\_\_ H. PROJECT PROGRESS

\_\_\_ I. PROJECT ACCESSIBILITY, SECTION 504

\_\_\_ J. ENVIRONMENTAL STATUS

\_\_\_ K. PROJECT HISTORICAL STATUS

\_\_\_ L. SECTION 3, CIVIL RIGHTS

A. GENERAL PERFORMANCE

1. Are projects being carried out in accordance with the approved Agreement between the Subrecipient and City of Dalton ?  Yes  No  N/A  
If no, why not? \_\_\_\_\_  
\_\_\_\_\_
2. Are projects being carried out according to the Subrecipient's Implementation schedule?  Yes  No  N/A
3. Does the project conform to any additional terms of the contract with the Subrecipient?  Yes  No  N/A
4. Is the project accomplishing what it was designed to do?  Yes  No  N/A
5. Are Agreement Amendments being kept up to date?  Yes  No  N/A
6. Does the Subrecipient comply with the Anti- Lobbying Certification requirements?  Yes  No  N/A
7. Is the Subrecipient meeting the Drug-Free Work Place requirement?  Yes  No  N/A
8. Does the Subrecipient meet the Civil Rights Act and the Fair Housing Act requirements?  Yes  No  N/A
9. Have any complaints been issued against the Subrecipient?  Yes  No  N/A
10. Does the Subrecipient maintain a policy prohibiting the use of excessive force by its law enforcement personnel?  Yes  No  N/A

B. RECORD KEEPING

1. Has the Subrecipient submitted reports required by the City of Dalton?  Yes  No  N/A
2. Are the Record keeping requirements of the program being met by the Subrecipient?
- a. Progress  Yes  No  N/A
  - b. Payroll  Yes  No  N/A
  - c. Procurement  Yes  No  N/A
3. Is the information revealed by this site visit consistent with the records maintained by the Subrecipient and the data previously provided to the City of Dalton?  Yes  No  N/A

C. NATIONAL OBJECTIVES

1. Who are the intended beneficiaries?

- a. Low/Moderate Income Beneficiaries       Yes     No     N/A
- b. Slums/Blight       Yes     No     N/A
- c. Community Urgency       Yes     No     N/A

2. Is the project(s) serving the people and the numbers for which it was intended?

- Yes     No     N/A

If no, why not? \_\_\_\_\_

4. If this project(s) has been designated as a low/moderate income benefit project, what are the numbers and percentages of persons served by the project who are low/moderate income?      # \_\_\_\_\_ % \_\_\_\_\_

What documentation is available to support this data? \_\_\_\_\_

\_\_\_\_\_

5. If the Subrecipient is required to maintain a client file, [Direct Benefit], does it exist?

- Yes     No     N/A

If yes, review a sample of files, if appropriate.

6. Are records being maintained by the Subrecipient as follows:

- a. Income verification of beneficiaries, if applicable:     Yes     No     N/A
- b. Data showing race, sex, age, and/or handicapped status of beneficiaries:       Yes     No     N/A

D. PROPERTY MANAGEMENT

1. Does the Subrecipient maintain property records which contain all the information required by the Common Rule?

- a. Property description       Yes     No     N/A
- b. Identification, Number (serial number), etc.       Yes     No     N/A
- c. Funding source       Yes     No     N/A
- d. Title holder       Yes     No     N/A
- e. Acquisition date       Yes     No     N/A
- f. %of Federal participation in the acquisition cost       Yes     No     N/A
- g. Unit acquisition cost       Yes     No     N/A
- h. Disposition data, If applicable       Yes     No     N/A

2. Has a physical inventory of nonexpendable property been taken and the results

reconciled with the property records within the last two years?

Yes  No  N/A

a. Non-Real (Personal) Property (vans, computers, etc.)

1. Identification or Serial number \_\_\_\_\_

2. Does the Subrecipient have a Security Plan for the protection of non-real property?  Yes  No  N/A

If yes, explain: \_\_\_\_\_

If no, set up a timetable to create and implement a plan.

3. Is the Subrecipient Coordinator who is responsible for overseeing the project familiar with the basic requirements established by HUD and the grantee for the use of these funds?  Yes  No  N/A

4. Is the Coordinator overseeing the day-to-day operations of the program?  Yes  No  N/A

5. When is the last time that the Coordinator was provided essential CDBG requirements [Regulations, Common Rule, Related Documents]? Date \_\_\_\_\_

SUGGESTED ACTION(S):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E. ACCOUNTABILITY/FINANCIAL

1. Accountability

a. Is the project(s) operating within the approved budget(s)?  Yes  No  N/A

Total Approved: \$ \_\_\_\_\_  
Obligated: \$ \_\_\_\_\_  
Spent: \$ \_\_\_\_\_

ATTACH ANY DOCUMENTS DEEMED APPROPRIATE

b. Are there any instances in which CDBG funding has led to a substantial decrease in other financial support for Community Development-type activities?

Yes  No  N/A  
c. Have CDBG funds generated any additional funds from other sources for Community Development Affordable Housing -type activities?  Yes  No  N/A

List: \_\_\_\_\_

d. Have any costs related to political activities been charged to CDBG?  Yes  No  N/A

e. Does a review of program expenditures reveal the existence of any unallowable costs?  Yes  No  N/A

- |                               |                           |                          |                           |
|-------------------------------|---------------------------|--------------------------|---------------------------|
| 1. Entertainment              | <input type="radio"/> Yes | <input type="radio"/> No | <input type="radio"/> N/A |
| 2. Contribution and Donations | <input type="radio"/> Yes | <input type="radio"/> No | <input type="radio"/> N/A |
| 3. Fines and Penalties        | <input type="radio"/> Yes | <input type="radio"/> No | <input type="radio"/> N/A |
| 4. Others                     | <input type="radio"/> Yes | <input type="radio"/> No | <input type="radio"/> N/A |

f. Are project costs charged to CDBG reasonable?  Yes  No  N/A

g. Have requests for funds been in excess of immediate needs?  Yes  No  N/A

h. Are there separate accounts for CDBG funds?  Yes  No  N/A

F. Procurement Procedures

a. What written procedure does the Subrecipient use for procurement?  
\_\_\_\_\_

b. Is it in compliance with 2 CFR 200 Common Rule?  Yes  No  N/A  
(If Subrecipient has been monitored before and this is on file, skip to c.)

Does the subrecipient have a written code of standards of conduct governing the performance of their employees (and elected officials) engaged in the award and administration of contracts and/or the procurement of goods and services in order to avoid a real or apparent conflict of interest. If yes, attach a copy, if no, instruct subrecipient they must prepare one.

Action taken \_\_\_\_\_  
\_\_\_\_\_

c. Does the Subrecipient have a written Procurement Procedure?  
[Attach a copy of current written procedures]  Yes  No  N/A

d. Has the Subrecipient contracted out any work to be done under this project?

Yes  No  N/A

1. If yes, who is the contractor(s)?

\_\_\_\_\_  
\_\_\_\_\_

2. What method(s) of procurement did the Subrecipient use for this project? \_\_\_\_\_

3. What is the activity? \_\_\_\_\_

4. Is the procurement documentation in the Subrecipient file?

Yes  No  N/A

G. DAVIS-BACON LABOR STANDARDS

a. Have applicable labor standards been issued and followed  Yes  No  N/A

b. Was wage decision checked for current modification  Yes  No  N/A  
What was its number \_\_\_\_\_

c. Have on-site interviews been conducted on a periodic basis  Yes  No  N/A

d. Have any problems arisen which required Subrecipient action  Yes  No  N/A  
If yes, explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

H. AUDIT MANAGEMENT

a. Is there a copy of the most recent Audit Report on file:

At the City of Dalton Community Development Program Office  Yes  No  N/A  
At Subrecipient Office ?  Yes  No  N/A

b. Receipt date at the City of Dalton Community Development Program Office for most recent audit. \_\_\_\_\_

c. Name, address, phone number, and contact person for audit.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



d. What period of time does the audit cover?

From \_\_\_\_\_ to \_\_\_\_\_

e. Is this any change from above?

Yes  No  N/A

f. Does this information match current Audit Matrix?

Yes  No  N/A

If no, Please explain: \_\_\_\_\_

g. Was the latest Audit Report reviewed for any Material Weaknesses or Audit Deficiencies?

Yes  No  N/A

h. Did the latest Subrecipient Audit Report contain any Audit Deficiencies?

Yes  No  N/A

i. Was a follow-up letter/memo sent to the Subrecipient to request a Plan of Action for resolving any and all audit deficiencies?

Yes  No  N/A

j. Have all audit deficiencies been cleared?

Yes  No  N/A

I. PROJECT PROGRESS

a. Was an on-site visit made to inspect project(s) progress?  Yes  No  N/A

b. If progress is slower than anticipated, did the Subrecipient explain, satisfactorily, why progress was inhibited?  Yes  No  N/A

J. PROJECT ACCESSIBILITY

a. Does the on-site review indicate that the CDBG project meets all federal, state, and local disability accessibility requirements? [Section 504/ADA]  Yes  No  N/A

b. If no, what is the Subrecipient doing to comply?

\_\_\_\_\_  
\_\_\_\_\_

K. PROJECT HISTORICAL STATUS

a. Is project in a Historic District?

Yes  No  N/A

b. If project was renovation or rehabilitation to a facility:

1. Is facility on National Register of Historical Places

Yes  No  N/A

2. Is facility more than 50 years old?  Yes  No  N/A
3. Have all Historical clearances been received?  
 State?  Yes  No  N/A  
 Federal?  Yes  No  N/A

L. SECTION 3.

- A. Is Project more than \$100,000 (If no go to 9b)  Yes  No  N/A

1. Project procurement for Professional Services.

- a. Did Subrecipient do an evaluation of bid(RFP or RFQ) for Section 3 Plan?  Yes  No  N/A
- b. Did the selected contractor submit an acceptable Section 3 Plan?  Yes  No  N/A
- c. Are Section 3 reports being completed?  Yes  No  N/A

2. Project procurement for Construction

- a. Did the Subrecipient require the selected Contractor to submit a Section 3 Plan?  Yes  No  N/A
- b. Was the Plan acceptable?  Yes  No  N/A
- c. Are monthly reports being completed?  Yes  No  N/A

B. Projects under \$100,000

1. Project procurement for Professional Service  Yes  No  N/A

- a. Did the Subrecipient require Selected Consultant to comply with the City of Dalton Section 3 Plan?  Yes  No  N/A
- b. Are monthly reports being completed?  Yes  No  N/A

2. Project procurement for Construction.

- a. Did the Subrecipient require Selected Contractor to comply with the City of Dalton Section 3 Plan?  Yes  No  N/A
- b. Are Monthly reports being completed?  Yes  No  N/A



**CITY OF DALTON**

**CDBG SUBRECIPIENT DESK MONITORING FORM**

**Name/Title of Person Performing**

**Monitoring**\_\_\_\_\_

**Signature of Person Performing**

**Monitoring**\_\_\_\_\_

**Received/Approved**

**(Signature/Date)**\_\_\_\_\_

**Subrecipient Name and**

**Location**\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Date of Desk Monitoring**

\_\_\_\_\_

**Time Period Covered:From:** \_\_\_\_\_

**To:** \_\_\_\_\_

**Current Status of Project:**\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**A. GENERAL PERFORMANCE**

1. Are projects being carried out in accordance with the approved Agreement between the Subrecipient and the City?  Yes  No  N/A  
If not, why not?

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2. Are projects being carried out according to the Subrecipient's implementation schedule?  Yes  No  N/A  
Current Status \_\_\_\_\_

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3. Does the project conform to any additional terms of the Agreement with the Subrecipient?  Yes  No  N/A  
Comments \_\_\_\_\_

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4. Is the project accomplishing what it was designed to do?  Yes  No  N/A  
Comments \_\_\_\_\_

---

5. Are Agreement Amendments being kept up to date in files?  Yes  No  N/A

**B. RECORDKEEPING**

1. Has the Subrecipient submitted reports required by the City?  Yes  No  N/A

2. Are the Recordkeeping requirements of the program being met by the Subrecipient?  
 Yes  No  N/A

- a. Progress  Yes  No  N/A
- b. Payroll  Yes  No  N/A
- c. Procurement  Yes  No  N/A

**C. NATIONAL OBJECTIVES**

1. Who are your intended beneficiaries?  
a. Low/Moderate Income Beneficiaries  Yes  No  N/A

- b. Area-wide Benefit  Yes  No  N/A  
 c. Limited Clientele  Yes  No  N/A

- (1) Census Used  Yes  No  N/A (1) Presumed Benefit  Yes  No  N/A  
 (2) Survey Used  Yes  No  N/A (2) Direct Benefit  Yes  No  N/A  
 d. Slums/Blight  Yes  No  N/A  
 e. Community Urgent Needs  Yes  No  N/A

3. Is the project(s) serving the people and the numbers for which it is intended?  
 Yes  No  N/A

If not, why not?

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4. If this project(s) has been designated as a low/moderate-income benefit project, what are the number and percentage of persons served by the project who are low/moderate income?

Total Served # \_\_\_\_\_  
 Total Low/Mod Served # \_\_\_\_\_  
 Percentage Low/Mod Served % \_\_\_\_\_

- a. What documentation is available to support this data?

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**D. PROPERTY MANAGEMENT**

1. Does the Subrecipient maintain property records which contain all the information required by 2 CFR 200?

- a. Property description  Yes  No  N/A  
 b. Identification, Number (serial number), Etc.  Yes  No  N/A  
 c. Funding source  Yes  No  N/A  
 d. Title holder  Yes  No  N/A  
 e. Acquisition date  Yes  No  N/A  
 f. Percentage of Federal participation in the original acquisition cost  
 Yes  No  N/A  
 g. Unit acquisition cost  Yes  No  N/A  
 h. If applicable, disposition data.  Yes  No  N/A

2. Has a physical inventory of nonexpendable property been taken and the results reconciled with the property records within the last two years?

Yes  No  N/A

- a. **Non-Real (Personal) Property (vans, computers, etc.)**
1. Identification or Serial number \_\_\_\_\_
  2. Does the Subrecipient have a Security Plan for the protection of non-real property?  Yes  No  N/A
- If yes, explain plan \_\_\_\_\_
- If no, set up a timetable to create and implement a plan.

**COMMENTS**

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3. Is the Subrecipient Coordinator who is responsible for overseeing the project familiar with the basic requirements established by HUD and the grantee for the use of these funds?  Yes  No  N/A
4. Is the Coordinator overseeing the day-to-day operations of the program?  Yes  No  N/A
5. When is the last time that the Coordinator was provided essential CDBG requirements [Regulations, Common Rule, and Related Documents]? Date \_\_\_\_\_
6. Does the Subrecipient have procedures for ensuring compliance with the requirements of 24 CFR Part 570 concerning national objective requirements for improvements made to real property purchased or improved with CDBG funds?  Yes  No  N/A

Describe the Subrecipient's Procedures:

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**E. Financial**

1. Are the Subrecipient's CDBG-assisted project(s) operating within the approved budget(s)?  Yes  No  N/A

Project Name: \_\_\_\_\_

Total Approved: \$ \_\_\_\_\_

Obligated: \$ \_\_\_\_\_

Spent: \$ \_\_\_\_\_  
\_\_\_\_\_

Project Name: \_\_\_\_\_

Total Approved: \$ \_\_\_\_\_

Obligated: \$ \_\_\_\_\_

Spent: \$ \_\_\_\_\_

Project Name: \_\_\_\_\_

Total Approved: \$ \_\_\_\_\_

Obligated: \$ \_\_\_\_\_

Spent: \$ \_\_\_\_\_

Project Name: \_\_\_\_\_

Total Approved: \$ \_\_\_\_\_

Obligated: \$ \_\_\_\_\_

Spent: \$ \_\_\_\_\_

**F. Procurement Procedures**

**1. What procedure does the Subrecipient use for procurement?**

\_\_\_\_\_  
\_\_\_\_\_

**2. Is it in compliance with 2 CFR 200 Common Rule?**

Yes  No  N/A

**( If Subrecipient has been monitored before and this is on file, skip to c.)**

**Does the subrecipient have a written code of standards of conduct governing the performance of their employees (and elected officials) engaged in the award and administration of contracts and/or the procurement of goods and services in order to avoid a real or apparent conflict of interest. If yes, attach a copy, if no, instruct subrecipient they must prepare one.**

**Action taken** \_\_\_\_\_  
\_\_\_\_\_

**3. Has the Subrecipient used contracts to perform any work performed under this project?**

Yes  No  N/A

**a. If yes, who is the contractor(s)?**

\_\_\_\_\_  
\_\_\_\_\_

**b. What method(s) of procurement did the Subrecipient use for this project?**



\_\_\_\_\_

c. What is the activity? \_\_\_\_\_

**G. AUDIT REPORT**

1. Is there a copy of the most recent Audit Report on file?  Yes  No  N/A

2. Receipt date at CDBG for most recent audit. \_\_\_\_\_

3. Name, address, telephone number, and contact person for audit.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. What time-period does the audit cover?

From \_\_\_\_\_ to \_\_\_\_\_

5. Is this any change from previous periods?  Yes  No  N/A

6. Does this information match current Audit Matrix?  Yes  No  N/A

If no, Please explain. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**H. DAVIS - BACON LABOR STANDARDS**

1. Have applicable labor standards been issued and followed?  Yes  No  N/A

2. Was wage decision checked for current modification if applicable  Yes  No  N/A  
What was its number: \_\_\_\_\_

3. Have on-site interviews been conducted on a periodic basis?  Yes  No  N/A

4. Have any problems arisen which required Subrecipient action?  
 Yes  No  N/A

If yes, explain

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**I. PROJECT PROGRESS**

1. If progress is slower than anticipated, did the Subrecipient explain, satisfactorily, why progress was inhibited?  Yes  No  N/A

Remarks: \_\_\_\_\_

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**J. SECTION 3.**

1. Is Project more than \$100,000 (If no go to J2)  Yes  No  N/A

**Project procurement for Professional Services.**

- a. Did Subrecipient do an evaluation of proposal ( RFP or RFQ) for Section 3 Plan?  Yes  No  N/A
- b. Did the selected consultant submit an acceptable Section 3 Plan?  Yes  No  N/A
- c. Are monthly reports being completed?  Yes  No  N/A

**Project procurement for Construction**

- a. Did the Subrecipient require the selected Contractor to submit a section 3 Plan?  Yes  No  N/A
- b. Was the Plan acceptable?  Yes  No  N/A
- c. Are monthly reports being completed?  Yes  No  N/A

2. Projects under \$100,000.00

**Project procurement for Professional Services.**

- a. Did the Subrecipient require Selected Consultant to comply with City of Dalton Section 3 Plan?  Yes  No  N/A

b. Are monthly reports being completed?  Yes  No  N/A

**Project procurement for Construction.**

a. Did the Subrecipient require Selected Contractor to comply with City of Dalton's Section 3 Plan?  Yes  No  N/A

b. Are monthly reports being completed?  Yes  No  N/A

**K. OVERALL COMMENTS:**

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**ATTACHMENT F**

**ENVIRONMENTAL DOCUMENTATION CHECKLIST**

- I. \_\_\_\_\_ Environmental Assessment Format II
  - \_\_\_\_\_ Date
  - \_\_\_\_\_ Categorically Excluded/Exempt
  - \_\_\_\_\_ Date
  - \_\_\_\_\_ Continued Relevance
  - \_\_\_\_\_ Date
  
- II. \_\_\_\_\_ Advertised in Local Newspaper Concurrent Notice
  - \_\_\_\_\_ Date
  
- III. \_\_\_\_\_ Concurrent Notice and Certification Letter to HUD
  - \_\_\_\_\_ Date Mailed to HUD
  - \_\_\_\_\_ Date Received Response
  - \_\_\_\_\_ Concurrent Notice, Letter to ARC
  - \_\_\_\_\_ Date Received Response
  - \_\_\_\_\_ Concurrent Notice, Letter to EPA
  - \_\_\_\_\_ Date Mailed to EPA
  - \_\_\_\_\_ Date Received Response
  
- IV. \_\_\_\_\_ C.E.O. Signature on E/A
  - \_\_\_\_\_ E.O. 12372 Release of Funds Letter to:
  - \_\_\_\_\_ Georgia State Clearinghouse
  - \_\_\_\_\_ Date Mailed
  - \_\_\_\_\_ Date Received Response
  - \_\_\_\_\_ EPA
  - \_\_\_\_\_ Date Mailed
  - \_\_\_\_\_ Date Received Response
  - \_\_\_\_\_ HUD Response to RROF
  - \_\_\_\_\_ Date Received Response
  
- V. \_\_\_\_\_ Environmental Monitoring Objectives
  - \_\_\_\_\_ Procedural Compliance
  - \_\_\_\_\_ Environmental Quality
  - \_\_\_\_\_ Technical Assistance
  
- VI. \_\_\_\_\_ Monitoring Visit
  - \_\_\_\_\_ Scope of Review
  - \_\_\_\_\_ Priority Environmental Areas
  - \_\_\_\_\_ Project Sites

- VII. \_\_\_\_\_ Post Visit Action  
\_\_\_\_\_ Monitoring Letter to Grantee  
\_\_\_\_\_ Follow-up Actions Where Applicable

**ATTACHMENT G**

LABOR DOCUMENTS CHECKLIST

- I.            \_\_\_\_\_ Force Account Labor Used, Therefore Davis Bacon not Applicable  
\_\_\_\_\_ Drawdown from web site Davis/Bacon Wage Rates  
\_\_\_\_\_ Date of Request
- II.           \_\_\_\_\_ Prepare Contract/Bid Specifications With Labor Standard Provisions  
Included.
- III.          \_\_\_\_\_ Advertise for Bid Proposal  
\_\_\_\_\_ Date of Ad
- IV.          \_\_\_\_\_ Pre/Bid Conference  
\_\_\_\_\_ Date
- V.            \_\_\_\_\_ Bid Opening  
\_\_\_\_\_ Date  
\_\_\_\_\_ Name of Contractor  
\_\_\_\_\_ Contract Award Date  
\_\_\_\_\_ Contract Amount
- VI.          \_\_\_\_\_ Contractor Eligibility Verified  
\_\_\_\_\_ Lowest Responsible Bid Amount
- VII.         \_\_\_\_\_ Pre/Construction Conference Held  
\_\_\_\_\_ Date  
\_\_\_\_\_ Contract Executed  
\_\_\_\_\_ Certifications Signed  
\_\_\_\_\_ Notice to Proceed
- VIII.        \_\_\_\_\_ Weekly Payrolls Dated Upon Receipt  
\_\_\_\_\_ Weekly Payrolls Dated and Initialed Upon Review  
\_\_\_\_\_ Weekly Payrolls Maintained  
\_\_\_\_\_ Correspondence Pertaining to Violations and Wage Restitution  
\_\_\_\_\_ Records of Employee Interviews

**ATTACHMENT H**

CDBG PROCUREMENT PROCESS CHECKLIST

1. Has a procurement occurred which meets the requirements of the Common Rule – A 200.317 and 318 Yes \_\_\_\_\_ No \_\_\_\_\_

2. If yes, the following information should be ascertained:

(1). Small Purchase Procedures -- cost is less than \$100,000 in the aggregate or more restricted local amount?

Yes \_\_\_\_\_ No \_\_\_\_\_

(2). Formal Advertising/Procurement by Sealed Bids?

Yes \_\_\_\_\_ No \_\_\_\_\_

(3). Competitive Negotiation -- Professional Services, Architectural Services, Engineering Services, and other costs when conditions are not appropriate for the use of sealed bids

Yes \_\_\_\_\_ No \_\_\_\_\_

(4). Noncompetitive Proposals? [Sole Source Acquisition]

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Have small, minority and or women's business enterprises been provided adequate notice and/or assistance in the procurement process?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. What type of Procurement activity has been completed?

\_\_\_\_\_ 1. Construction Project.

\_\_\_\_\_ 2. Materials and Supplies, Only.

\_\_\_\_\_ 3. Equipment.

\_\_\_\_\_ 4. Other \_\_\_\_\_

5. Is there a List of all Bids/Quotes received on the Procurement Activity

Yes \_\_\_\_\_ No \_\_\_\_\_

6. List who was selected, contract amount, and type of contract.

\_\_\_\_\_  
\_\_\_\_\_

7. Have all appropriate contractual provisions (bidding documents, Davis-Bacon, EEO, etc) been included in the Grantee's Subrecipient Contract.

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain if no \_\_\_\_\_  
\_\_\_\_\_

8. A completed Price/Cost Analysis is attached, hereto. Yes \_\_\_\_\_ No \_\_\_\_\_.  
If no, please explain.



**ATTACHMENT I**  
CITY OF DALTON CDBG PROGRAM  
NON-REAL PROPERTY INVENTORY FORM [USE SEPARATE PAGES FOR EACH INDIVIDUAL PIECE OF  
EQUIPMENT]

Date of Inventory: \_\_\_\_\_ Federal Grant Year: \_\_\_\_\_

Name of Agency: \_\_\_\_\_

Agency Address:

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Project Name: \_\_\_\_\_ Project No.: \_\_\_\_\_

Date Acquired: \_\_\_\_\_ Agency Asset

No.: \_\_\_\_\_

Serial No.: \_\_\_\_\_

Description of Asset: Brand Name, Model No., Color/Size, etc.

\_\_\_\_\_

\_\_\_\_\_ Agency Accounting System

Identification Information:

Your Purchase Order No.: \_\_\_\_\_

Check Issued for Payment: Subrecipient Check No.: \_\_\_\_\_

Date of Subrecipient Check: \_\_\_\_\_

Unit Cost of Item: \$ \_\_\_\_\_

Quantity \_\_\_\_\_

Total Cost of Item: \$ \_\_\_\_\_

Person Preparing This Form: \_\_\_\_\_ Date: \_\_\_\_\_

**ATTACHMENT J**

**CONTRACT COST AND PRICE ANALYSIS**

**Cost or Price Analysis**

*The Grantee/Subgrantee must perform a Cost or Price Analysis in connection with every procurement action **including contract modifications**. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation.*

A. Directions

1. **First**, Grantees/Subgrantees must determine whether they will require bids or proposals for a certain procurement to contain either:

a. a line item cost breakdown of each element of the bid/proposal. For example:

Carpet 96 yd @ \$10.00/yd = \$960

Carpet installation 96 yd @ \$3.00/yd = \$288

Paint 10 gallons @ \$15.00/gallon = \$150

Painting labor 12 hr @ \$12.00/hr = \$144

**OR,**

b. a lump sum figure or percent figure which represents the total cost of the project.  
or example:

Renovation of XYZ building  
per specifications = \$100,000

Design and construction management  
of XYZ building renovation = \$25,500  
(based on 5.5% of estimated construction budget)

2. **Second**, the Grantee/Subgrantee must make an Initial Estimate (see B(1) below) of the project costs prior to receiving bids or proposals. The detail of the Initial Estimate must correspond to the required contents of the bids/proposals as described above.

3. **Third**, after bids/proposals are received and reviewed and the contractor is selected, the Grantee/Subgrantee must complete the Cost/Price Analysis Worksheet to reflect the basis for the contract price.

B. Definitions

1. **Initial Estimate:** The Initial Estimate is an independent estimate of the project costs made by the Grantee/Subgrantee prior to receiving bids or proposals. The detail of the Initial Estimate must correspond to the required contents of the bids/proposals requested, as described in A (1) above.
2. **Price Analysis:** A Price Analysis is the review and evaluation of a proposed total price for the requested service. A Price Analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices, and specific criteria established by the Grantee/Subgrantee. A Price Analysis is used when a bidder is required to submit a lump sum or percent figure bid/proposal as referenced in A(1)(b). It is anticipated that most CDBG Public Facility and other Capital Projects will utilize a Price Analysis rather than a Cost Analysis.
3. **Cost Analysis:** A Cost Analysis is the review and evaluation of the cost of each element or line item of a bid or proposal to determine reasonableness, allocability, and allowability. A Cost Analysis is used when a bidder is required to submit a line item cost breakdown as referenced in A (1)(a) above. A Cost Analysis is required:
  - a. when adequate price competition is lacking; and
  - b. for sole source procurements where there is only one qualified vendor who can provide the requested service or material.
4. **Profit Negotiation:** Profit **must** be negotiated as a separate element of the price when there is no price competition and whenever a Cost Analysis is performed. Following, are factors to be considered in establishing a fair and reasonable profit.
  - a. Complexity of work
  - b. Risk borne to contractor
  - c. The contractors investment
  - d. The amount of subcontracts
  - e. Past performance/quality of its record
  - f. Industry rates for project in the surrounding geographic area for similar work

**COST/PRICE ANALYSIS WORKSHEET**

*To complete the Cost/ Price Analysis worksheet, check either Price Analysis or Cost Analysis below to identify the type of analysis performed and complete section C. Attach all relevant supporting documentation.*

*Return the completed worksheet and all supporting documentation to City of Dalton Community Development Program Office, 300 West Waugh Street, Dalton GA*

**Name of Project** \_\_\_\_\_ **Project Location:**

**Type of Analysis Completed:**      \_\_\_ **Cost Analysis**                      \_\_\_ **Price Analysis**

Cost or Price Analysis Process

1. Initial Estimate:

a. Name of person(s) and agency(s) who completed the Initial Estimate:

\_\_\_\_\_

b. Describe the methodology and sources of information used to complete the Initial Estimate:

\_\_\_\_\_

c. Dollar Amount of Initial Estimate: \$

d. Dollar amount of accepted bid/proposal: \$

2. If profit must be negotiated, describe the process used to negotiate profit and the factors considered in establishing a fair and reasonable profit [see section B(4)]. Attach any documents used.

\_\_\_\_\_

3. How does the Initial Estimate compare with the bid/proposal?

\_\_\_\_\_

4. Provide justification for accepting the bid/proposal.

\_\_\_\_\_

\_\_\_\_\_

**ATTACHMENT K**  
CITY OF DALTON CDBG PROGRAM  
MONTHLY SERVICES REPORTS

<b>MONTHLY SERVICES REPORT</b>	
<b>[SUBMIT BY 15<sup>TH</sup> CALENDAR DAY FOR EACH PRIOR MONTH]</b>	
<b>Month/Year of this Report:</b>	
<b>Agency Name:</b>	
<b>Activity Name: :</b>	<b>HUD IDIS Number:</b>
<b>Name of Person Submitting Report: :</b>	<b>Activity Number:</b>
<b>Date Submitted:</b>	<b>Telephone Number:</b>
<b>New Persons Served This Month</b>	
<i>Note: All persons served are to be reported only during the 1<sup>st</sup> month they are served during the July –June Fiscal Year, and not reported again during that Fiscal Year.</i>	
<b>1. New Persons Served - Listed By Income Groups - Percentages of Median Family/Household Income</b>	<b>Number of Persons Served</b>
A. <u>New</u> persons served [Extremely Low Income - 0%-30% Median Family/Household Income]	
B. <u>New</u> persons served [Very Low Income - 31%-50% Median Family/Household Income]	
C. <u>New</u> persons served [Low Income - 51%-80% Median Family/Household Income]	
D. <u>New</u> persons served [Over 80% Median Family/Household Income]	
<b>E. Total <u>New</u> persons served</b>	

<b>2. Number of New Persons Served – As Identified by Each Individual – Listed by Race/Sex/Ethnicity</b>			
<b>Race by Gender</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
(1) White			
(2) Black/African-American			
(3) Asian			
(4) American Indian/Alaskan Native			
(5) Native Hawaiian/Other Pacific Islander			
(6) American Indian/Alaskan Native & White			
(7) Asian & White			
(8) Black/African-American & White			
(9) American Indian/Alaskan Native & Black/African-American			
(10) Other Multi-Racial			
<b>(11) Totals</b>			
<b>Race by Ethnicity</b>	<b>Hispanic or Latino</b>	<b>Nom-Hispanic Non-Latino</b>	<b>or Total</b>
(1) White			
(2) Black/African-American			
(3) Asian			
(4) American Indian/Alaskan Native			

(5) Native Hawaiian/Other Pacific Islander			
(6) American Indian/Alaskan Native & White			
(7) Asian & White			
(8) Black/African-American & White			
(9) American Indian/Alaskan Native & Black/African-American			
(10) Other Multi-Racial			
<b>(11) Totals</b>			

**3. Number of New Female-Headed Households Served This Month-----**  
-----→

**4. Presumed Benefit Groups Served – Use Only the Category Used to Qualify Your Activity for CDBG funding**

- A. Elderly – **Age 62 and Older** – Number of New Persons Served
- B. Adults With Disabilities – Number of New Persons Served
- C. Homeless Persons – Number of New Persons Served
- D. Abused Spouses – Number of New Persons Served
- E. Abused/Neglected Children – Number of New Persons Served

**Submit to: City of Dalton CDBG Office**  
300 West Waugh Street  
Dalton, Ga. 30720 (706)529-2461 fax: (706)277-4640

**CDBG MAXIMUM HOUSEHOLD INCOME LIMITS [CITY OF DALTON, GEORGIA]  
FY2017 Income Limits  
\*Effective June 6, 2017**

Family/Household Size	Extremely Low 30%	Very Low Income 50%	Low Income 80%
1	\$12,060	\$16,950	\$27,100
2	\$16,240	\$19,400	\$31,000
3	\$20,420	\$21,800	\$34,850
4	\$24,200	\$24,200	\$38,700
5	\$26,150	\$26,150	\$41,800
6	\$28,100	\$28,100	\$44,900
7	\$30,050	\$30,050	\$48,000
8	\$31,950	\$31,950	\$51,100
9+	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>

*\*Source: U.S. Department of Housing & Urban Development [HUD]*

**ATTACHMENT L**

HUD REGULATIONS

**HUD REGULATIONS CAN BE FOUND AT THE FOLLOWING LINKS:**

**24 CFR Part 570:**

<https://www.hudexchange.info/resource/3689/24-cfr-part-570-cdbg/>

**OMB CIRCULARS**

**Title 2: Grants and Agreements**

PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT  
REQUIREMENTS FOR FEDERAL AWARDS,

[http://www.ecfr.gov/cgi-  
bin/retrieveECFR?gp=&SID=ec44a1b4a61359a0293c3a6a6ae60c8e&mc=true&n=pt2.1  
.200&r=PART&ty=HTML](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=ec44a1b4a61359a0293c3a6a6ae60c8e&mc=true&n=pt2.1.200&r=PART&ty=HTML)

**GUIDE TO NATIONAL OBJECTIVES AND ELIGIBLE ACTIVITIES FOR CDBG  
ENTITLEMENT COMMUNITIES**

[https://www.hudexchange.info/resources/documents/CDBG\\_Guide\\_National\\_Objectives\\_Eligible\\_Activities  
.pdf](https://www.hudexchange.info/resources/documents/CDBG_Guide_National_Objectives_Eligible_Activities.pdf)

**CHAPTER 5: DETERMINING INCOME & CALCULATING RENT**  
**– HUD**

<https://www.hud.gov/sites/documents/43503c5HSGH.pdf>

**EXHIBIT 5-1: INCOME INCLUSIONS AND EXCLUSIONS – HUD**

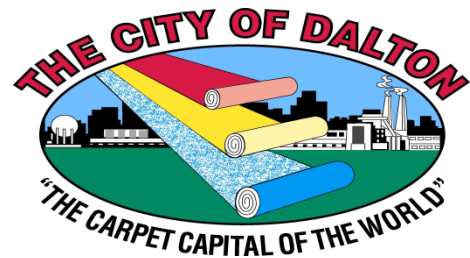
[https://www.hud.gov/sites/documents/DOC\\_35699.pdf](https://www.hud.gov/sites/documents/DOC_35699.pdf)

**ATTACHMENT M**

SUBRECIPIENT AGREEMENT – SAMPLE



**City of Dalton**  
**CDBG Program Office**  
300 West Waugh Street  
Dalton, Ga. 30720  
(706)529-2461 fax (706)277-4640  
cdbg@cityofdaltonga.gov



FY [July 1, 2018-June 30, 2019]  
CITY OF DALTON  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

**A. SUBRECIPIENT AGREEMENT**

NAME OF SUBRECIPIENT: Family Promise of Whitfield County, Inc.  
HUD GRANT NO: B-18-MC-13-0011  
CFDA Number: Community Development Block Grant program for Entitlement Communities Number: 14.218 Agency:  
Department of Housing and Urban Development Office: Office of Community Planning and Development

THIS AGREEMENT, made and entered into on the 1<sup>st</sup> day of July 2018 by and between City of Dalton, a political subdivision of the State of Georgia acting by and through its duly elected City Council, hereinafter referred to as the "City", and **Family Promise**, a CDBG Subrecipient organization, hereinafter referred to as the "Subrecipient," located within the confines of the City of Dalton, Georgia, and serving CDBG-eligible residents in the City of Dalton;

WITNESSETH:

WHEREAS, City of Dalton has received a Fiscal Year[FY] 2018 Community Development Block Grant [CDBG], hereinafter referred to as "CDBG" under Title I of the Housing and Community Development Act [HCDA] of 1974, as amended, to carry out various housing and community development activities in the City's CDBG Program; and

WHEREAS, \$20,000.00 from Fiscal Year 2018 CDBG funds has been appropriated for award to the

Subrecipient for the implementation of activities determined to be CDBG eligible by the City; and

WHEREAS, the Subrecipient agrees to assume certain responsibilities for the implementation of its CDBG assisted activities, and certifies that it will comply with the applicable certifications contained in Exhibit 1; with the Scope of Services provided in Exhibit 2; with any amendments to this Agreement, included as Exhibit 3; with the Lease Agreement requirements included as Exhibit 4, if applicable; and, with the property use requirements included as Exhibit 5, if applicable.

NOW, THEREFORE, the parties hereunto do hereby agree as follows:

**Item 1: Use of Funds**

The Subrecipient shall expend all or any part of its CDBG allocation only on those activities contained in the Scope of Services of this Agreement, which activities the City of Dalton CDBG Program Office shall determine to be eligible for CDBG funds, and shall notify the Subrecipient in writing, via this Agreement and/or subsequent amendments to this Agreement, of such determination of eligibility. **CDBG funds provided through this Agreement must be fully expended no later than June 30, 2019.**

**Item 2: Duration of Agreement**

The duration of the Subrecipient Agreement is as follows:

Agreement Effective Date	7/1/2018
Deadline for Expenditure of Funds	6/30/2019
Agreement Termination Date	6/30/2019
Deadline for Receipt of Final Reimbursement Request	7/15/2019

**Item 3. Uniform Administrative Requirements**

The Uniform Administrative Requirements, as promulgated in [24 CFR Chapter V, Subpart J at 570.502], shall apply to all activities undertaken by the Subrecipient with CDBG assistance provided via this Agreement and any subsequent amendments.

[B. Other Program Requirements - The Subrecipient shall comply with all the requirements of 24 CFR [Chapter V, Subpart K] at 570.600 - 570.614, as applicable to the Subrecipient's activity(s).  
]

**Item 4. Procurement**

The Subrecipient shall be responsible for procurement of all supplies, equipment, services, and construction necessary for implementation of its activity(s). Procurement shall be carried out in accordance with the "Common Rule" provisions for governmental entities (2 CFR 200) or with the "Common Rule" provisions for non-profit organizations (2 CFR 200), the procurement requirements of the Subrecipient, and all provisions of the CDBG Regulations [24 CFR Part 570].

**The governing board of the Subrecipient shall formally adopt written procurement procedures which are at least as restrictive as those required in the aforementioned regulations [2 CFR 200 as applicable] and shall provide a copy of said procurement procedures and evidence of governing board adoption to the City at the time that this Subrecipient Agreement shall be returned to the City for signature by the Mayor of the City of Dalton.**

The Subrecipient shall prepare, or cause to be prepared, all advertisements, negotiations, notices, and documents; enter into all contracts; and conduct all meetings, conferences, and interviews as necessary to ensure compliance with the above described procurement requirements.

**Item 5. Property Acquisition and Relocation Services**

The Subrecipient shall be responsible for carrying out the acquisition of all real property necessary for the implementation of the activity(s), if applicable. The Subrecipient shall conduct all such acquisitions in its name and shall hold title to all properties purchased, [except in such cases as with long term leases (minimum term of 15 years). [Lease requirements are addressed in Section 18 of this Agreement]]. The Subrecipient shall be responsible for the preparation of all notices, appraisals, and documentation required in conducting acquisitions under the latest applicable regulations of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and of the CDBG Program. The Subrecipient shall also be responsible for providing all relocation notices, counseling, and services required by said regulations. Should the Subrecipient find it necessary to change the use of or dispose of the property acquired with CDBG funding assistance, the requirements of 24 CFR Part 570.505 governing change of use and/or property disposition shall apply. Such a change in use may also require an amendment to this Agreement, including changes in Exhibits 2, 3, 4, and/or 5.

**Item 6. "Force Account" Work**

The Subrecipient (limited to City projects only) may undertake public facility construction or renovation activities using municipal labor and equipment. Eligible costs of labor and equipment may be

reimbursed by the City using CDBG funds, based upon submission of proper and acceptable invoice(s) and documentation of all costs - as prescribed by the City.

**Item 7. Record Keeping/Reporting**

A. Financial Record Keeping

The Subrecipient shall maintain records of the expenditure of all CDBG funds it receives, such records to be maintained in accordance with 2 CFR Part 200 and with the "Common Rule" provisions (2 CFR 200), as applicable. All records shall be made available, upon the City's request, for inspection(s) and audit(s) by the City, or by its representatives. If a financial audit(s) determines that the Subrecipient has improperly expended CDBG funds, resulting in the disallowance of such expenditures by the City and/or by the U.S. Department of Housing and Urban Development, the City reserves the right to recover from the Subrecipient other non-CDBG monies to fund such disallowed CDBG expenditures. Audit procedures for the City of Dalton CDBG Program are specified in Section 19 of this Agreement.

B. Programmatic Record Keeping/Reporting

For limited clientele (including "Direct Service" and "Presumed Benefit") activities the Subrecipient shall provide, on a monthly basis, sufficient information to the City on services carried out for all persons served and on CDBG-eligible persons served by activities receiving CDBG assistance under this Agreement. The purpose of the monthly reporting is to enable the City to prepare and submit periodic and annual reports to the U.S. Department of Housing and Urban Development. **These Subrecipient-prepared reports shall be submitted in a format provided by the City [See Exhibit 2, if applicable to this Agreement] and at a time no later than the 15th calendar day of each month of each year until all CDBG funds for the activity(s) shall be fully expended, plus five (5) years. The five (5) year reporting period should not be confused with the "continued use" provisions of this agreement, as specified in Exhibit 2, "Scope of Services."** The City shall provide reporting forms and technical assistance to the Subrecipient on the procedures to be followed to collect and report these programmatic data.

**Item 8. Subrecipient's Obligation**

The Subrecipient shall be responsible for carrying out its actions in accordance with the certifications contained in Exhibit 1 of this Agreement. The Subrecipient shall take all necessary actions to comply with the requirements of the certifications/assurances in Exhibit 1, and to comply with any requests

by the City in this connection; it being understood that the City has responsibility to the U.S. Department of Housing and Urban Development for ensuring compliance with such requirements. The Subrecipient will also promptly notify the City of any changes in the scope or character of the activity(s) assisted through this Agreement.

**Item 9. "Hold Harmless"**

The Subrecipient does hereby agree to release, indemnify, and hold harmless the City, its employees and agents from and against all costs, expenses, claims, suits, or judgments arising from or growing out of any injuries, loss or damage sustained by any person or corporation, including employees of Subrecipient and property of Subrecipient, which are caused by or sustained in connection with the tasks carried out by the Subrecipient under this Agreement.

**Item 10. Funding**

**The City agrees to provide the Subrecipient with CDBG funds in such amounts as agreed upon in this Agreement to enable the Subrecipient to carry out its CDBG eligible activity(s). It is understood that the City shall be held accountable to the U.S. Department of Housing and Urban Development for the lawful expenditure of CDBG funds under this Agreement. Therefore, the City shall make no reimbursement of CDBG funds to the Subrecipient and draw no funds from HUD/U.S. Treasury on behalf of a Subrecipient activity(s), prior to having received proper invoice(s) and copies of supporting documentation from the Subrecipient for the expenses incurred, to insure that the Subrecipient has complied with all applicable regulations and requirements.**

**Item 11. Environmental Clearance**

The CDBG Program Office shall be responsible for carrying out environmental reviews and clearances on all activities. The Subrecipient shall be responsible for providing necessary information, in a timely manner, to the City to accomplish this task.

Funding provided through this agreement is "conditionally approved" subject to the completion of the Environmental Review process conducted by the CDBG Program Office. Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the CDBG Program Office of a release of funds from the U.S. Department of Housing and Urban Development

under 24 CFR Part 58. The parties further agree that the provision of any funds to projects/activities included in this Agreement is conditioned on the City's determination to proceed with, modify, or cancel the projects/activities based on the results of a subsequent environmental review.

**The Subrecipient may not obligate or expend any funds provided through this Agreement until the City provides to the Subrecipient a "Notice to Proceed," which shall represent, in part, the completion of the environmental review process, and the Notice For Release of Funds by HUD for the projects/activities identified in this Agreement.**

**Item 12. Wage Rates**

The CDBG Program Office shall be responsible for the preparation of all requests for wage rate determinations on CDBG activities, on behalf of the Subrecipient. **The Subrecipient shall notify the CDBG Program Office prior to initiating any activity, including advertising for contractual services, which will include costs likely to be subject to the provisions of the Davis-Bacon Act and its implementing regulations.** The CDBG Program Office will provide technical assistance to the Subrecipient to ensure compliance with these requirements.

**Item 13. Technical Assistance**

The City agrees to provide technical assistance to the Subrecipient in the form of oral and/or written guidance and on-site assistance regarding CDBG procedures and project management. This assistance will be provided as requested by the Subrecipient, and at other times, at the initiative of the City, or when the City provides new or updated CDBG Program information to the Subrecipient.

**Item 14. Review Authority**

The City shall have the authority to review any and all procedures and all materials, notices, documents, etc., prepared by the Subrecipient in implementation of this Agreement. The Subrecipient agrees to provide all information required by any person authorized by the City to request such information from the Subrecipient, for the purpose of reviewing the same.

**Item 15. Agreement Suspension and Termination**

**In accordance with the provisions of with the provisions of 2 CFR 200, suspension or termination of this Agreement may occur if the Subrecipient materially fails to comply with any term of this Agreement. The Agreement may be terminated for convenience in**

**accordance with 2 CFR 200. This Agreement may be terminated with or without cause by either party, hereto, by giving thirty (30) calendar days written notice of such termination. However, CDBG funds allocated to the Subrecipient under this Agreement may not be obligated or expended by the Subrecipient following such date of termination. Any funds allocated to the Subrecipient under this Agreement which remain unobligated or unspent upon such date of termination shall automatically revert back to the City.**

**Item 16. Agreement Amendment(s)**

This Agreement may be modified or amended by mutual agreement of the parties; however, no waiver, modification or amendment of any terms, conditions or provisions of this agreement will be valid, or of any force or effect, unless made in writing, approved by the respective parties' governing bodies and properly executed by the authorized representatives of the parties. All amendments to this Agreement shall be made a part of the Agreement by inclusion in Exhibit 3, which will be attached at the time of any amendment(s). If the Subrecipient seeks an amendment to this agreement, the request for such amendment shall be submitted in writing to the City of Dalton CDBG Program Office in a format prescribed by the CDBG Program Office. If an amendment to the City of Dalton Consolidated Plan is required, the Subrecipient shall be informed of such requirement and the steps required to effectuate such a Consolidated Plan amendment.

**Item 17. Effective Date and Termination Date**

The effective date of this Agreement is the date specified on Page 2, Item 2 of this Agreement. The termination date of this Agreement is June 30, 2019.

**Item 18. Program Income**

If the Subrecipient generates any program income as a result of the expenditure of CDBG funds, the provisions of 24 CFR 570.504(c) shall apply, as well as the following specific stipulations:

- A. The Subrecipient acknowledges, by the executing this Agreement, that it must notify the City of the receipt of any program income during the calendar month that such program income is generated.

- B. Any such program income must be paid to the City within seven calendar days following the end of the month in which the program income is generated. Such payment to the City must include any interest or other earnings generated from the program income during the time the program income was in the possession of the Subrecipient.
- C. The Subrecipient further acknowledges, by executing this Agreement, that the City has the responsibility for monitoring and reporting to the U.S. Department of Housing and Urban Development (HUD) on the generation of any such program income. The Subrecipient acknowledges its responsibility for appropriate record keeping and reporting to the City on the generation and/or receipt of such program income.
- D. In the event of close-out or change in status of the Subrecipient, any program income that is on hand or received subsequent to the close-out or change in status shall be paid to the City within 30 calendar days of the official date of the close-out or change in status. The City agrees to notify the Subrecipient in writing, should closeout or change in status of the Subrecipient occur as a result of changes in CDBG Program statutes, regulations, and/or instructions.

**Item 19. Repayments**

Any CDBG funds invested in activities that do not meet the applicable CDBG eligibility requirements, or in the event a project is deemed ineligible, or terminated before completion, either voluntarily or otherwise, all funds must be repaid to the City of Dalton by the Subrecipient within 30 days of notification by the CDBG Program Office. If the City of Dalton is no longer a CDBG Program participating jurisdiction when the repayment is made, the funds must be remitted to HUD.

**Item 20. Audits**

The Subrecipient agrees to comply with the requirements of:

- A. The "Government Auditing Standards, Standards for Audit of Governmental Organizations, Programs, Activities and Functions," 2011 Revision or its successors, ["The Yellow Book"] issued by the Comptroller General, United States General Accounting Office.
- B. The "Single Audit Act of 1984" [P.L. 98-502], as amended by the Single Audit Act Amendments of 1996 [P.L. 104-156], requires that States, local governments and nonprofit organizations which receive federal funds must have audits performed in conformance with the Single Audit Act, as amended, and with implementing Circulars issued by the Office of Management and Budget. Subrecipient entities must have their audits prepared consistent with the requirements of 2 CFR Part 200, or its successor.



- C. City of Dalton additional requirements for CDBG Subrecipients where the Single Audit requirements do not apply:
- 1) A statement by the executive financial official of the organization or city that they have read and adhered to the requirements of 2 CFR Part 200 and have met those requirements as they are applicable to their organization. This statement should be in written form and submitted to City of Dalton within thirty (30) calendar days following the end of the fiscal year of the Subrecipient;
  - 2) All requests to the CDBG Program Office for CDBG reimbursements shall be approved by an individual at least one level above the person who prepares the reimbursement request. If the reimbursement request is prepared by the Chief Financial Administrator of the organization, the request shall be approved by a Chairperson or other designated member of the organization's governing board;
  - 3) The City of Dalton CDBG Program Office or the City's Auditors shall periodically perform program reviews of Subrecipient financial records and systems not less often than one time during the Subrecipient's fiscal year, including the review of Subrecipient records, at least annually, at the offices of the Subrecipient. This review shall include procedures to request and verify documentation of all expenditures requested in a single reimbursement request;
  - 4) Any appropriate corrective action for instances of noncompliance as a result of these program reviews has been taken within six (6) months of notification by City of Dalton that these reportable conditions exist;
  - 5) At each fiscal year end, the Subrecipient shall submit to the City of Dalton CDBG Program Office, a financial statement prepared from the Subrecipient's financial records that presents the revenues received from the CDGB Program Office and the expenditures for which these funds were used; and

The above procedures will provide the City's independent auditor with sufficient information to determine whether the Subrecipient has materially complied with the applicable laws and regulations, as they govern their programs. If any of the above procedures provide less information than is already required by this agreement, then the applicable procedures already stated in the agreement shall govern the Subrecipient's responsibilities to the City of Dalton.

- D. The Subrecipient agrees to have its Single Audit or other independent audit performed, in conformance with these Federally-required and City of Dalton stipulations, at its own cost and not payable with CDBG funds.
- E. The Subrecipient further agrees to send two (2) copies of its Single Audit Report or independent auditor's report to the City of Dalton CDBG Program Office as soon as practicable following the close of the Subrecipient's fiscal year, but in no case shall the audit report be submitted to the City of Dalton CDBG Program Office later than 9 months following the close of the Subrecipient's fiscal year which is the subject of the audit in question.
- F. The City reserves the right to recover, from non-CDBG sources of the Subrecipient, any CDBG expenses of the Subrecipient which are questioned or disallowed by the Subrecipient's independent auditor or by the City of Dalton's independent auditor as a part of their review of the Subrecipient's audit.

**Item 21. Compliance with all CDBG Regulations at 24 CFR 570**

The Subrecipient shall comply with all the applicable requirements of 24 CFR 570 [CDBG Regulations], the "Common Rule" 2 CFR Part 200, as applicable. These documents are incorporated as a part of this Agreement by reference, herein. The referenced documents are also available from the City of Dalton CDBG Program Office, upon request.

**Item 22. Use of CDBG funds by Faith Based Organizations**

A. ELIGIBLE & INELIGIBLE USES:

1. A Subrecipient organization **may not** use direct CDBG funds to support inherently religious activities, such as worship, religious instruction, or proselytization. If the participating organization engages in these activities, the activities must be offered separately, in time or location, from the programs or services directly funded with HUD assistance, and participation must be voluntary for the beneficiaries of the HUD-funded program or service.
2. Faith Based organizations may use space in their facilities to provide HUD funded services, without removing religious art, icons, sculptures, or other religious symbols. In addition, a faith based organization may retain religious terms in its organizations name, select its board

members on a religious basis, and include religious references in its organization mission statements and other governing documents.

3. Faith Based organizations that participate in a HUD sponsored program, **shall not**, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion, or religious belief.
4. Faith-Based organizations **cannot use** CDBG funds for the acquisition, construction, or rehabilitation of structures to the extent those structures are used for inherently religious activities. **However, HUD funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under the specific HUD program.** In the event a structure is used for both eligible and inherent religious activities, HUD funds **may not exceed the cost of the portion of the acquisition, construction, or rehabilitation that are attributable to eligible activities.**

#### **Item 23. Disputes, Default, and Termination**

If the Subrecipient fails in any manner to fully perform and carry out any of the terms, covenants, and conditions of the Agreement (as amended), and more particularly if the entity refuses or fails to proceed with the work with such diligence as will ensure its completion within the time fixed by the schedule set forth in ITEM 2 of this amendment, such a determination being made by the CDBG Program Office, the Subrecipient shall be in default and notice in writing shall be given to the entity of such default by the CDBG Program Office. If the entity fails to cure such default within such time as may be required by such notice, the CDBG Program Office may at its option terminate and cancel the contract. In the event of such termination, all grant funds awarded to the entity pursuant to this agreement shall be immediately revoked and any approvals related to the projects described in this agreement shall immediately be deemed revoked and canceled. In such event, the Subrecipient will no longer be entitled to receive any compensation for work undertaken after the date of the termination of this agreement, as the grant funds will no longer be available for these projects. Such termination shall not effect or terminate any of the rights of the CDBG Program Office as against the entity then existing, or which may thereafter accrue because of such default, and the foregoing provision shall be in addition to all other rights and remedies available to the CDBG Program Office under the law and the note and mortgage (if in effect), including but not limited to compelling the entity to complete the project in accordance with the terms of this agreement, in a court of equity.

#### **Item 24. Performance**

- A. **The Subrecipient, while utilizing these CDBG funds to increase capacity, services, or expansion of services for Low/Moderate Income households through those activities**

**deemed eligible by HUD, will continue, on an on-going basis, to meet or exceed the performance goals as indicated in Exhibit 2 [Scope of Services]. Failure to maintain an adequate level of service or provide a quantifiable increase in services over the specified time period as defined by this agreement shall make the Subrecipient subject to various disciplinary actions that include, but are not limited to, the following: suspension or probation of current grant activities; termination of current grant agreement with CDBG funds being reimbursed to the City; and debarment from participating in future years CDBG application cycles until measurable improvement can be achieved and sustained.**

**Item 25. Recognition of the City of Dalton Mayor and Council, and the CDBG Program Office**

- A. The Subrecipient shall ensure that the City of Dalton CDBG Program Office, the City of Dalton Mayor and Council, City Manager, and HUD are provided proper recognition for the following types of activities.
1. All CDBG Public Facilities and Capital Public Services Projects will affix proper signage in a prominent position inside/outside of its administrative offices and outside of all Project Sites which includes language recognizing the role the CDBG Program, the City of Dalton, City Manager, and HUD have provided.
  2. Provide the CDBG Program Office, Mayor and Council, and City Manager with adequate lead time to assist in the planning and implementation of any Groundbreakings, Dedication Ceremonies, and Special Events [i.e., City of Dalton Celebration of National CDBG Week] in Projects funded in whole or in part with CDBG funds.
  3. Copies of all reports, newspaper feature stories and articles, brochures, newsletters, advertisements, and other published materials shall contain statements which provide adequate recognition of the support provided by the CDBG Program Office, Mayor and Council, City Manager, and HUD in the funding assistance provided to the Subrecipient.
  4. Attend and/or hold such meetings, hearings, and related gatherings as the CDBG Program Office, Mayor and Council, City Manager, and HUD require.

**Item 26. Reimbursement Process**

The City of Dalton utilizes a "reimbursement process" for all Subrecipients participating in the CDBG Program. All Program funds will be paid by City of Dalton to Subrecipients upon submission of acceptable payment documentation to the City of Dalton CDBG Program Office by the Subrecipient in a timeframe required by the City of Dalton CDBG Program Office. Reimbursement payments by the CDBG Program Office will be

made using the normal 30 day payment schedule for all Subrecipient disbursements.

If goods or services are necessary to carry out such activities, the procurement of all such goods and services shall be carried in accordance with the requirements of 2 CFR 200 and with the written procurement requirements of the Subrecipient, the more restrictive of which shall apply.

IN WITNESS WHEREOF, the parties hereunto have affixed their signatures on the dates specified below:

FOR THE SUBRECIPIENT:  
**Family Promise**

FOR CITY OF DALTON:

By \_\_\_\_\_  
(Signature)

By \_\_\_\_\_  
(Signature) Mayor

By \_\_\_\_\_  
(Typed Name/Title)

By Dennis Mock, Mayor  
(Typed Name/Title)

\_\_\_\_\_  
(Signature Date)

\_\_\_\_\_  
(Signature Date)

ATTEST:

ATTEST:

By \_\_\_\_\_  
(Signature)

By \_\_\_\_\_  
(Signature) City Clerk

By \_\_\_\_\_  
(Typed Name/Title)

By Bernadette Chattam, City Clerk  
(Typed Name/Title)

\_\_\_\_\_  
(Signature Date)

\_\_\_\_\_  
(Signature Date)

ATTEST:

By \_\_\_\_\_  
(Signature)

By Cindy Jackson  
(City of Dalton CFO)

\_\_\_\_\_  
(Signature Date)

\_\_\_\_\_  
Date Approved by Subrecipient Governing Body  
[Attach board minutes]  
[See Also Attached Exhibit(s) ]

**EXHIBIT 1**  
**CERTIFICATIONS**

**EXHIBIT 1  
COMMUNITY DEVELOPMENT BLOCK GRANT  
GRANTEE CERTIFICATIONS**

In accordance with the Housing and Community Development Act of 1974, as amended, (“the Act”) and with 24 CFR 570 of the Community Development Block Grant regulations, the Subrecipient certifies that:

- (a) It possesses legal authority to accept and execute a Community Development Block Grant award from the City of Dalton;
- (b) Its governing body has duly adopted or passed, by at least a majority vote, as an official act a resolution, motion or similar action authorizing the acceptance of this grant for the purposes specified in this Agreement and directing and authorizing its appropriate personnel to execute and implement this Agreement and to provide to the City as such additional information as may be required;
- (c) Provides for and encourages citizen participation, with particular emphasis on participation by persons of low- and-moderate income who are residents of slum and blighted areas and of areas in which funds are proposed to be used, and provides for participation of residents in low- and moderate-income neighborhoods, as defined by the City;
- (d) Provides citizens with reasonable and timely access to local meetings, information, and records relating to the Subrecipient’s use of funds, as specified in this Agreement,
- (e) Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for persons with disabilities;
- (f) Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate;
- (g) The grant will be conducted and administered in compliance with:
  - 1. Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 42 U.S.C. Sec. 2000d et seq.); and
  - 2. The Fair Housing Act (42 U.S.C. 3601-20);
- (h) It will affirmatively further fair housing;
- (i) It will carry out the activities specified in this Agreement consistent with the goals, objectives, and strategies of the City of Dalton’s 2014-2018 Consolidated Plan;
- (j) It will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds provided under section 106 of the Act or with amounts resulting from a guarantee under section 108 of the Act by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:



1. Funds received under section 106 of the Act are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under Title I of the Act; or
  2. For purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient funds received under section 106 of the Act to comply with the requirements of subparagraph (1) above;
- (k) Its notification, inspection, testing and abatement procedures concerning lead-based paint will comply with 24 CFR Part 570.608;
- (l) It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, as required under 24 CFR Part 570.606;
- (m) It has adopted and is enforcing:
1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
- (n) To the best of its knowledge and belief:
1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
  2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
  3. It will require that the language of paragraph (n) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly;
- (o) It will or will continue to provide a drug-free workplace by:
1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing,

possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

2. Establishing an ongoing drug-free awareness program to inform employees about -
  - (a) The dangers of drug abuse in the workplace;
  - (b) The grantee's policy of maintaining a drug-free workplace;
  - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (o);
4. Notifying the employee in the statement required by paragraph (o) that, as a condition of employment under the grant, the employee will
  - (a) Abide by the terms of the statement; and
  - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within thirty (30) calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted;
  - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.
8. The site(s) for the performance of work done in connection with the specific grant:  
Place of Performance: 311 North Thornton Avenue, Dalton, GA 30720

(p) It will comply with the other provisions of the Act and with other applicable laws.

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Signature - Subrecipient Chief Elected Official or Board Chair

---

Typed Name - Subrecipient Chief Elected Official or Board Chair

.....  
Title

---

Signature Date

ATTEST:

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Signature of Person Attesting Signature by Subrecipient's Chief Elected Official or Board Chair

Name - Person Attesting Signature by Subrecipient's Chief Elected Official or Board Chair

.....  
Title - Person Attesting Signature by Subrecipient's Chief Elected Official or Board Chair

---

Date of Attesting Person's Signature

APPENDIX TO CDBG CERTIFICATIONS  
INSTRUCTIONS CONCERNING LOBBYING, DRUG-FREE WORKPLACE, AND  
DEBARMENT AND SUSPENSION REQUIREMENTS:

A. Lobbying Certification - Paragraph n

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification - Paragraph o

1. By signing and executing this Agreement, the Subrecipient is providing the certification set out in paragraph (o).
2. The certification set out in paragraph (o) is a material representation of fact upon which reliance is placed when the City awards the grant. If it is later determined that the Subrecipient knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act OF 1988 [42 USC 701], as set forth at 24 CFR Part 21.
3. Workplaces under this Agreement shall be identified in this Agreement. Failure to identify all known workplaces constitutes a violation of the Subrecipient's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place.
5. If the workplace identified to the City changes during the performance of the grant, the Subrecipient shall inform the City of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. Definitions of terms in the Drug-Free Workplace common rule apply to this certification. Subrecipient's attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of *nolo contendere*) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the

manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a Subrecipient directly engaged in the performance of work under a grant provided through this Agreement, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are not on the Subrecipient's payroll. This definition does not include workers not on the payroll of the Subrecipient (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the Subrecipient's payroll; or employees of Subrecipients or subcontractors in covered workplaces).

7. Subrecipients shall comply with the government-wide non-procurement debarment and suspension requirements in 2 CFR Part 2424. These government-wide requirements restrict subcontractors and contractors with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance program or activities.

**EXHIBIT 2**

**SCOPE OF SERVICES**

EXHIBIT 2

**SCOPE OF SERVICES**

The following activities and/or projects shall be carried out by the Subrecipient, under the terms of this Agreement and its accompanying certifications and reporting requirements:

Agency: Family Promise  
Activity Name: **Housing Stability Case Management-partial salary**

STATEMENT OF WORK

The total FY 2018 CDBG budget for this activity shall not exceed **\$20,000.00**. The Agreement shall be effective on the date specified on Page 1 of this Agreement and terminate on June 30, 2019. The activity shall be completed by June 30, 2019. After that date, City of Dalton reserves the right to recapture the funds for use on other eligible projects. **A detailed budget must be submitted with this agreement when completed.**

The Subrecipient shall use CDBG funds to pay a portion of the salaries of case management provided to assist at risk and homeless families.

**GENERAL REQUIREMENTS:**

***Performance Measurement Outputs for Low/Mod Persons Served over the next Five Years: [except Project Service Area (PSA) Projects]***

**1<sup>st</sup> Year – 2018:**

**2<sup>nd</sup> year – 2019:**

**3<sup>rd</sup> year – 2020:**

**4<sup>th</sup> year – 2021:**

**5<sup>th</sup> year – 2022:**

Requests for any reimbursement of the City of Dalton CDBG funded Program shall be submitted to the City of Dalton CDBG Program Office, with copies of procurement documentation, invoices from vendors, copies of check(s) issued by the Subrecipient to pay such expenses, and a copy bank statement showing the check(s) clearing bank account.

No involuntary displacement of persons, businesses, or agencies will occur as a result of this CDBG assisted activity.

**Monthly Services Reports [see the form which follows] shall be filed with the City of Dalton CDBG Program Office beginning with the 1<sup>st</sup> date of operation of the vehicle and/or the activity (s), and shall be submitted for a total of 5 years, following the initial month of operation.**

**EXHIBIT 2**  
**MONTHLY REPORTS**



<b>CDBG PROGRAM OFFICE</b>	
MONTHLY SERVICES REPORT	
<b>[SUBMIT BY 15<sup>TH</sup> CALENDAR DAY FOR EACH PRIOR MONTH]</b>	
Month/Year of this Report:	
Agency Name:	
Activity Name: :	HUD IDIS Number:
Name of Person Submitting Report: :	Activity Number:
Date Submitted:	Telephone Number:
<b>New Persons Served This Month</b>	
<i>Note: All persons served are to be reported only during the 1<sup>st</sup> month they are served during the July –June Fiscal Year, and not reported again during that Fiscal Year.</i>	
<b>2. New Persons Served - Listed By Income Groups - Percentages of Median Family/Household Income</b>	<b>Number of Persons Served</b>
A. <u>New</u> persons served [Extremely Low Income - 0%-30% Median Family/Household Income]	
B. <u>New</u> persons served [Very Low Income - 31%-50% Median Family/Household Income]	
C. <u>New</u> persons served [Low Income - 51%-80% Median Family/Household Income]	
D. <u>New</u> persons served [Over 80% Median Family/Household Income]	
<b>E. Total <u>New</u> persons served</b>	

<b>2. Number of <u>New</u> Persons Served – As Identified by Each Individual – Listed by Race/Sex/Ethnicity</b>			
<b>Race by Gender</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
(1) White			
(2) Black/African-American			
(3) Asian			
(4) American Indian/Alaskan Native			
(5) Native Hawaiian/Other Pacific Islander			
(6) American Indian/Alaskan Native & White			
(7) Asian & White			
(8) Black/African-American & White			
(9) American Indian/Alaskan Native & Black/African-American			
(10) Other Multi-Racial			
<b>(11) Totals</b>			
<b>Race by Ethnicity</b>	<b>Hispanic or Latino</b>	<b>Nom-Hispanic Non-Latino</b>	<b>or Total</b>
(1) White			
(2) Black/African-American			
(3) Asian			
(4) American Indian/Alaskan Native			
(5) Native Hawaiian/Other Pacific Islander			
(6) American Indian/Alaskan Native & White			
(7) Asian & White			
(8) Black/African-American & White			
(9) American Indian/Alaskan Native & Black/African-			

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American			
(10) Other Multi-Racial			
<b>(11) Totals</b>			
<b>3. Number of <u>New</u> Female-Headed Households Served This Month-----</b>			
<b>-----&gt;</b>			
<b>4. Presumed Benefit Groups Served – Use <u>Only</u> the Category Used to Qualify Your Activity for CDBG funding</b>			
A. Elderly – <b>Age 62 and Older</b> – Number of <u>New</u> Persons Served			
B. Adults With Disabilities – Number of <u>New</u> Persons Served			
C. Homeless Persons – Number of <u>New</u> Persons Served			
D. Abused Spouses – Number of <u>New</u> Persons Served			
E. Abused/Neglected Children – Number of <u>New</u> Persons Served			
<b>Submit to: City of Dalton CDBG Office</b>			
<b>300 West Waugh Street</b>			
<b>Dalton, Ga. 30720 (706)529-2461 fax: (706)277-4640</b>			

**CDBG MAXIMUM HOUSEHOLD INCOME LIMITS [CITY OF DALTON, GEORGIA]  
FY2017 Income Limits  
\*Effective June 6, 2017**

Family/Household Size	Extremely Low 30%	Very Low Income 50%	Low Income 80%
1	\$12,060	\$16,950	\$27,100
2	\$16,240	\$19,400	\$31,000
3	\$20,420	\$21,800	\$34,850
4	\$24,200	\$24,200	\$38,700
5	\$26,150	\$26,150	\$41,800
6	\$28,100	\$28,100	\$44,900
7	\$30,050	\$30,050	\$48,000
8	\$31,950	\$31,950	\$51,100
9+	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>	Calculate on <a href="http://www.huduser.org">www.huduser.org</a>

*\*Source: U.S. Department of Housing & Urban Development [HUD]*

**EXHIBIT 3**

**AGREEMENT AMENDMENTS**

[Add Amendments If Applicable]

**EXHIBIT 4**

**LEASE AGREEMENT**

[Add If Applicable]

**EXHIBIT 5**

**PROPERTY USE REQUIREMENTS**

[Add If Applicable]

## EXHIBIT 6

### HUD REGULATIONS

***HUD REGULATIONS CAN BE FOUND AT THE FOLLOWING LINKS:***

If paper copy is desired please contact CDBG program office at 706-529-2461 or [cdbg@cityofdalton-ga.gov](mailto:cdbg@cityofdalton-ga.gov)

**24 CFR Part 570:**

Policies and Procedures applicable to programs under Title 1 of the Housing and Community Development Act of 1974 as amended.

<https://www.hudexchange.info/resources/documents/24-CFR-Part%20-570-CDBGs.pdf>

**2 CFR Part 200**

Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance

<https://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf>

**TITLE VII OF THE CIVIL RIGHTS ACT OF 1964**

<https://www.eeoc.gov/laws/statutes/titlevii.cfm>

**Other information and regulations can be found at:**

<https://www.hudexchange.info/>

## EXHIBIT 7

### PROGRAM INCOME PROCESSING PROCEDURES

## PROGRAM INCOME PROCESSING PROCEDURES

### CDBG Housing Rehabilitation Program

The City of Dalton CDBG Program Office receives the repayment of **CDBG Housing Rehabilitation Loans** on an unscheduled basis. The loans are made from a Revolving Loan Fund and the Program Income received is deposited to the Revolving Loan Fund. The loans are filed with the Superior Court Clerk of City of Dalton with liens to protect the investment of CDBG funds for City of Dalton. Additionally, all loan documents are placed in the Finance Dept's safe for proper safekeeping.

1. The loans are repaid, as determined by the terms of each loan.
2. When a loan is to be repaid the following steps are normally followed:
3. Client or closing attorney contacts the CDBG Program Office for a payoff amount.
4. Housing Specialist or other designated staff in the CDBG Program Office provides the caller with the payoff amount and instructs the caller to send the payoff to the City of Dalton CDBG Program Office. A memorandum is provided to the attorney confirming the payoff instructions and providing the payoff amount.
5. Upon receipt of the loan payoff, the CDBG Program Office instructs the City's Finance Department to deposit the funds into the local financial institution as well as recording the cash receipt into the City's Financial System. These instructions are then forwarded to the City's Budget Department so that the Budget can be increased accordingly.
6. The City of Dalton CDBG Program office requests the loan documents from the Finance Dept safe. Once received, the Director signs the release of lien and the loan documents are marked paid, and the lien-released.
7. The documents are transmitted to the appropriate representative of the client to permit the release of lien by the client.
8. Following the release of lien, the CDBG Program Office receipts the Program Income into the HUD Integrated Disbursement and Information System [IDIS] as program income.
9. The CDBG Program Office assigns the Program Income to appropriate CDBG Revolving Loan Rehabilitation expenditures.
10. The Community Development Program Office follows the normal expenditure processing procedures when the Program Income is disbursed.

**ATTACHMENT Q**  
 City of Dalton CDBG Program Office  
[Community Development Block Grant] Rating Form

**Applicant:** \_\_\_\_\_ **Total Score:** \_\_\_\_/\_\_\_\_

**Grant Request: \$** \_\_\_\_\_ **Rater:** \_\_\_\_\_

**Project type:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Activity:** \_\_\_\_\_ **Eligible (Y/N):** \_\_\_\_\_

**Meets National Objective (Y/N):** \_\_\_\_\_

<b>Applicant Information Section:</b>	<b>Possible Points</b>	<b>Points Received</b>
1. Does project description meet program objectives? Is the description clear and planned? Are current financials and 501 (c) (3) IRS Certifications attached? [Failure to provide these documents will result in an automatic disqualification of the application.]	Minimum Standards (may be discarded if not met)	
<b>Project Cost and Leveraging:</b>		
2. Does the project total cost include leveraging from other funding sources? Is there an adequate ratio between funds requested and total project cost? Are other sources of funding identified in the application?	0-25	
<b>Project Location Information Section:</b>		
3. Does the applicant have a physical address for the project? Is the project located in a service area where most of the prospective clients live or work? Will the project serve residents from other jurisdictions and will the cost of these services be prorated so that Dalton is only paying its fair share? Does the applicant own or lease the property? If the property is leased, is a copy of the lease included with the application?	0-10	

**PUBLIC FACILITIES CONSTRUCTION/RENOVATION APPLICATIONS ONLY:**

<b>New Construction Only Section:</b>		
4. Are design services, construction costs, etc. reasonable and planned? Is there any development permitting or zoning issues associated with the application? Is the project compatible with the surrounding area or planned changes in the area? Are there any supporting attachments to show best efforts for planning?	0-10	
<b>Budget:</b>		
5. Do costs appear reasonable? Provide ratio of funds requested to number of clients served. Describe future funding needs to include sources other than CDBG?	0-10	
<b>Renovation Only Section:</b>		



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6. Are design services, and costs, reasonable and planned? Are there supporting attachments to show best efforts for planning? Has existing building been tested for lead based paint, hazards or other environmental impediments? Is the building a historic site? Has an EIS been conducted?	0-10	
<b>PUBLIC SERVICES APPLICATIONS ONLY :</b>		
<b>Equipment Purchasing Section Only:</b>		
7. Is equipment listed and detailed? Are quantities and an estimated unit price listed? Are there attachments? Is there a cost/price analysis?	0-20	
<b>Public Service Activity (non-equipment):</b>		
8. Is the public service activity described in detail? Does the applicant list the persons to benefit from the activity? Are the costs detailed?	0-20	
<b>PUBLIC FACILITIES ACQUISITION ONLY:</b>		
9. In a narrative format, is the usage of the facility to be acquired detailed? Is the acquisition promoting a CDBG eligible activity?	0-5	
10. Is there an appraisal attached?	0-5	
11. Are environmental, historic preservation and wetland issues properly addressed?	0-10	
<b>Project Schedule Section:</b>		
12. Does the project timeline reflect accurate planning within the allotted timeframe for the expenditure of these funds?	0-5	

**Metrics Section:**

13. Number of persons/households, to benefit from the project	0-15	
14. Low/Moderate income persons to benefit _____	0-15	
15. Underserved populations to benefit: Seniors/Abused Women/Children	0-5	
16. Are area demographics defined? Are demographics of population served from credible data sources such as Census tracts or ARC projections?	0-5	
<b>Attachments:</b>		
17. Are the following attachments provided: [Audited Financial Statements, 501(c) (3) Designation; Project Narratives; Cost Estimate, if applicable]?	0-5	
	<b>Possible Points</b>	<b>Points Received</b>
<b>Bonus Points:</b>		
Does the applicant have a positive spending and record keeping history with CDBG funds or receipts of funds through the City's General Fund?	5	
Is it the first time the applicant has applied for CDBG funding? If the applicant is applying for the first time, does the organization have fiscally sound management and all required documentation to show good faith in	5	

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spending and planning?		
Total Possible Points:		
Other Considerations: (Rater's written notes)		