

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
GRANTEE HANDBOOK

PROGRAM ADMINISTRATION A

PUBLIC FACILITIES B

HOUSING REHABILITATION C

ACQUISITION/ANTI-DISPLACEMENT/RELOCATION/DEMOLITION D

ECONOMIC DEVELOPMENT E

MONITORING AND CLOSEOUT F

A. PROGRAM ADMINISTRATION

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	5
TASKS:	
A-1: The Performance Schedule	7
A-2: Completing Environmental Review Requirements	7
A-3: Establishing Your LCDBG Funds Account, Requesting Payments, Three-Day Expenditure Rule, and Disbursement of Funds	20
A-4: Establishing Procedures for Financial Administration	23
A-5: Preparing Budget Reconciliations, Budget Revisions and Program Amendments	27
A-6: Audit Process	28
A-7: Removing Contract Conditions/Release of Funds	30
A-8: Procurement Requirements	32
A-9: Procuring Materials, Supplies and Construction Services	33
A-10: Procuring Professional Services	34
A-11: Meeting Equal Opportunity Requirements	41
A-12: Developing and Implementing a Fair Housing Program	51
A-13: Developing A Citizen Participation Plan	52
A-14: Meeting Section 504 Requirements	56
A-15: Anti-Displacement	59

A-16:	Disclosure Reports	59
A-17	Record Keeping and Reporting	60

EXHIBITS:

A-1:	Certification of Exemption	67
A-2:	Compliance Documentation Checklist	68
A-3:	Certification of Categorical Exclusion Not Subject to 58.5	70
A-4:	Certification of Categorical Exclusion Subject to 58.5	71
A-5:	Statutory Checklist	72
A-6:	“Notice of Intent to Request Release of Funds”	78
A-7:	“Request for Release of Funds and Certification”	80
A-8:	Environmental Assessment Checklist	82
A-9:	“Combined Notice of Finding of No Significant Impact and of Intent to Request a Release of Grant Funds”	89
A-10:	Sample Distribution List	91
A-11:	Statutory Checklist Completion Form	92
A-12:	Historic Preservation Letters	94
A-13:	Historic Preservation Housing Rehabilitation Certification	95
A-14:	Floodplains and Wetlands Notice/Early Public Review Notice	96
A-15:	Floodplains and Wetlands Notice/Notice of Explanation	97
A-16:	Coastal Zone Boundary Map	98
A-17:	Chicot and Southern Hills Aquifer Map	100
A-18:	Farmland Conversion Impact Rating	101

A-19:	Summary of Environmental Review Requirements	103
A-20:	Cash Receipts Journal	108
A-21:	Cash Disbursements Journal	109
A-22:	LCDBG Property Register	110
A-23:	General Ledger Chart of Accounts	111
A-24:	Financial Statements	112
A-25:	Time Sheet	114
A-26:	Authorized Signature Card	115
A-27:	Designation of Depository Card	117
A-28:	Electronic Funds Transfer Form	119
A-29:	LCDBG Request for Payment	122
A-30:	Budget Reconciliation Report	124
A-31:	LCDBG Budget Revision Form	126
A-32:	Request for Program Amendment	127
A-33:	Sample Notice of Removal of Contract Conditions Letter	130
A-34:	Community Development Plan	132
A-35:	Federal Procurement Regulations (24 CFR 85.36)	139
A-36:	Sample Procurement Policy	148
A-37:	Conflict of Interest	154
A-38:	Sample Advertisement for Administrative Services	156
A-39:	Sample Request for Proposals for an Administrative Consultant	157
A-40:	Sample Request for Qualification Statements for Engineering Services	162

A-41	Suggested Scope of Services for Housing Rehabilitation Programs	164
A-42:	Cost and Price Detail Form	166
A-43	Sample Contract for Professional Services	168
A-44:	Verification of Professional Services Eligibility	180
A-45:	City/Parish Employment Form	181
A-46:	Contract and Subcontract Activity Form	183
A-47:	Section 3 Complaint Register	185
A-48:	Project Benefit Profile	189
A-49:	Furthering Fair Housing Activities and Information	191
A-50:	Fair Housing Assessment	196
A-51:	Sample Citizen Participation Plan	205
A-52:	Sample 504 Assurance	213
A-53:	Summary of Actions Taken to Achieve Compliance with Section 504	214
A-54:	LCDBG Disclosure Report	217

A. PROGRAM ADMINISTRATION

INTRODUCTION

The administrative requirements of the Louisiana Community Development Block Grant Program (LCDBG) are presented in this section. It describes each task that must be completed from the grant award date to project close out. Careful attention to these administrative tasks will assist grantees in avoiding or minimizing many of the problems experienced during implementation and audit. The text describes the steps required to complete each task and references required forms and examples contained in the exhibits.

Task A-1: The Performance Schedule

A project performance schedule was developed as part of the application that shows each activity's major milestones and estimated expenditures. The performance schedule is referenced in the LCDBG contract and is used to monitor the program's progress. Grantees must adhere to this schedule. The schedule shows twelve quarters, as the contract allows thirty-six months for contract completion.

If a program amendment is approved or if the performance schedule changes significantly, a revised schedule must be prepared and submitted to the Office of Community Development's (OCD) Local Government Representative (LGR) assigned to the grant. A significant change is one that delays milestone accomplishments by more than one quarter (three months). Changes should be reported so that the OCD remains aware of the program's progress and can monitor performance against realistic goals. If the project is behind schedule, the OCD will request a revised schedule.

Task A-2: Completing Environmental Review Requirements

The purpose of the Environmental Review Record (ERR) is to document the environmental review process and all actions taken by the grant recipient during the course of the environmental review.

Each grantee must implement its program in compliance with the National Environmental Policy Act of 1969 (NEPA) and the environmental requirements of other federal laws covering the following areas: Noise, Air Quality, Historic Properties, Floodplains, Wetlands, Coastal Zones, Water Quality, Sole Source Aquifers, Toxic and Radioactive Materials, Explosive and Flammable Operations, Airport Clear Zones, Coastal Barriers, Farmlands Protection, Endangered Species, Environmental Justice, and Wild and Scenic Rivers. Copies of 24 CFR Part 58, and other handouts which contain environmental regulations are provided. The current regulations became effective October 29, 2003. Please refer to 24 CFR Part 58.5 for the laws and authorities pertaining to the above areas.

Certain environmental forms can be found on the internet at www.hudclips.org.

The LCDBG contract will indicate that an Environmental Review of the project must be conducted and submitted, whether the project is for public facilities, economic development, or housing. The LCDBG contract and the letter of authorization to incur costs state that all contract conditions must be cleared within six months of the letter of authorization to incur costs. To ensure that the State has sufficient time to review the Environmental Review Record for completeness and to allow adequate time for revisions, the ERR must be received by the State within four calendar months of the date of the authorization to incur costs letter. If at the end of the six-month calendar period all administrative conditions of the contract are not cleared, \$250 per working day will be deducted from the administrative line item budget and disallowed. The monies shall be deducted from the amount of LCDBG administrative funds allowed to pay an administrative consultant. If the grantee has chosen to administer the grant using its own staff, the penalty will be assessed against the LCDBG administrative funds, and disallowed. If the grantee is not using LCDBG administrative funds, the penalty will be assessed against awarded construction funds and disallowed. The State reserves the right to grant an extension where the reasons for not meeting the required timeframe were clearly beyond the control of the grantee. Part of this determination will be based on how quickly the grantee began the ERR process after receiving the authorization to incur costs. All grantees should begin the ERR process (including mailing letters to appropriate agencies requesting determinations) within four weeks of the authorization to incur costs date.

Please note, if the grantee fails to complete the Eight Step Process during the completion of the ERR and it is determined that this is required for the project, then the Notice of Intent to Request Release of Funds or the Combined Notice must be republished after the Eight Step Process is complete. This may result in the grantee not meeting the required timeframe for clearance of all contract conditions. This situation will not warrant an extension to the deadline as discussed in the previous paragraph. If you are not sure about whether the Eight Step Process should be completed during the ERR process, please contact OCD for assistance.

For all projects, especially economic development projects involving loans and/or infrastructure grants, particular attention must be given to 24 CFR Part 58.32 - Project Aggregation. All activities must be environmentally cleared including those funded by private funds.

For Economic Development projects, close attention must be given to 24 CFR Part 58.22. Neither a grant recipient or any participant, including public or private nonprofit or for-profit entities or any of their contractors may commit LCDBG/HUD funds or non-LCDBG/HUD (private funds) funds or undertake an activity or project until the State has approved the recipient's Request of Release of Funds. HUD has determined that this regulation regarding private funds is triggered at the time of the grantee's application being submitted to the State. In other words, the restriction does not apply to undertakings or commitments of non-federal funds before the grant application is submitted.

The Request for Release of Funds and Certification form and the ERR must be submitted to the State before a Release of Funds can be obtained. Project funds cannot be obligated or expended until the State clears all contract conditions. There are some exceptions. If the LCDBG grant budget

includes administration and project design costs, these may be incurred prior to receiving a Notice of Release of Funds.

The grantee's Chief Elected Official will be the Environmental Certifying Official. He/She will assume overall responsibility for the environmental review process. All certifications and findings must be signed by him/her, particularly the Request for Release of Funds and Certification, (HUD Form 7015.15), the Certification of Exemption for HUD funded projects, the Certification of Categorical Exclusion (not subject to 58.5), the Certification of Categorical Exclusion (subject to 58.5), the Statutory Checklist, and the Environmental Assessment Checklist.

There are **five** levels of clearance available for the environmental review. A determination must be made concerning which of the five levels will apply to the project being cleared. There are specific requirements for each category of activities.

A project that clearly will have little negative impact on the environment is either exempt or categorically excluded from most environmental requirements. There are two levels of categorically excluded activities. In these cases, the ERR must document the recipient's determination that the project is free from either all environmental requirements or from the requirements of NEPA. Projects that are neither exempt nor categorically excluded will require a full environmental assessment. The results of the environmental assessment will determine if an environmental impact statement is required.

Exempt Activities - 58.34(a)

Certain activities are "exempt" from environmental review requirements of NEPA and the environmental requirements of other applicable federal laws. These activities include:

environmental studies;

project planning;

administrative costs;

project engineering and design costs for a proposed eligible activity;

public services which will not result in any physical changes;

assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair or restoration activities necessary only to control or arrest the effects from disasters, imminent threats or physical deterioration.

Activities correcting imminent threats to health and safety may be undertaken only to the extent necessary to alleviate emergency conditions as certified by the chief executive officer. The chief executive officer must notify the State within ten days of determining that a situation exists which poses an imminent threat to the public health and safety. The Office of Community Development must agree that the situation qualifies to be considered exempt under this regulation before LCDBG funds can be used to alleviate the emergency conditions.

To complete environmental requirements for exempt activities, the grantee must make and document a certification that such activities are exempt. This involves completing the Certification of Exemption for HUD Funded Projects (**Exhibit A-1**) which identifies the activity and states the statutory authority for the exemption. The grantee must also comply with Part 58.6, and complete the 24 CFR 58.6 Compliance Documentation Checklist shown as **Exhibit A-2**.

The grantee does not have to submit the Request for Release of Funds and Certification form; however, all other contract conditions listed in the LCDBG contract must be cleared prior to the release of funds.

Categorical Exclusions Not Subject to 58.5 - 58.35 (b)

HUD has determined that certain categorically excluded activities would not alter any conditions that would require a review under 58.5. The grantee does not have to publish a Notice of Intent to Request Release of Funds, or submit a Request for Release of Funds and Certification form. A Certification of Categorical Exclusion (not Subject to 58.5) shown in **Exhibit A-3** must be completed. The grantee does have to comply with Part 58.6, and complete the 24 CFR 58.6 Compliance Documentation Checklist shown as **Exhibit A-2**. Also, the grantee must clear all other contract conditions listed in the LCDBG contract prior to the release of funds. These activities include:

- supportive services;
- equipment (such as fire trucks);
- economic development activities not associated with construction;
- activities to assist homebuyers that result in the transfer of title.

Categorically Excluded Activities Subject to 58.5 - 58.35 (a)

These activities are "categorically excluded" from the environmental review requirements of NEPA, but must comply with the environmental requirements of other federal laws listed in 58.5. These activities include:

acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements when the facilities and improvements are in place and will be retained in the same use without change in size or capacity of more than 20 percent. See part 58.35 (a) (1). (Water and sewer line replacement will most likely not be categorically excluded. Hard surfacing of a gravel street is not categorically excluded.)

special projects for removal of material and architectural barriers. See part 58.35 (a) (2).

an individual action (rehab) on a one-to-four family dwelling or on a project of five or more units developed on scattered sites when the sites are more than 2,000 feet apart and there are

not more than four units on any one site. See Part 58.35 (a) (4).

Acquisition or disposition of an existing structure or acquisition of vacant land provided that the structure or land will be retained for the same use. See Part 58.35 (a) (5).

The activity of demolition alone is categorically excluded, only if the property is to be retained for the same use. The combined activities of demolition and replacement will require an assessment unless the replacement is to take place on the exact same foundation as the original structure.

The Certification of Categorical Exclusion (subject to 58.5), shown in **Exhibit A-4**, identifies the activity and states the statutory authority for the exclusion. **The OCD's environmental staff should be contacted before making a finding of exemption or categorical exclusion in order to avoid incorrect findings.**

The following items must be included in the ERR for categorically excluded projects:

Certification of Categorical Exclusion (subject to 58.5), **Exhibit A-4**;

Documentation of compliance with other federal laws through the Statutory Checklist (**Exhibit A-5**);

Documentation of compliance with Part 58.6 (**Exhibit A-2**);

A detailed description of the project, including location;

Evidence of publication or posting of the Notice of Intent to Request Release of Funds (**Exhibit A-6**);

Request for Release of Funds and Certification (**Exhibit A-7**);

A map of the entire jurisdiction showing the specific location of the project area. Also, a floodplain map delineating the target area is required.

Activities Requiring an Environmental Assessment - 58.36

For activities which are neither exempt nor categorically excluded, an environmental assessment is required which documents compliance with NEPA and with the environmental requirements of other federal laws. The Environmental Review Record must contain the following documentation:

Environmental Assessment Checklist (**Exhibit A-8**);

Documentation of compliance with the requirements of other federal environmental laws through the Statutory Checklist (**Exhibit A-5**);

Documentation of compliance with Part 58.6 (**Exhibit A-2**);

A detailed description of the project, including location;

Evidence of publication (or posting) and distribution of the Combined Notice (**Exhibits A-9 and A-10**);

Request for Release of Funds and Certification (**Exhibit A-7**);

Map of the entire jurisdiction showing the specific location of the project area. Also, a floodplain map delineating the target area is required.

Environmental Impact Statement (EIS) – 58.37

In most instances the environmental assessment will result in a finding that the proposed activity will not significantly affect the quality of the environment and therefore not require the preparation of an Environmental Impact Statement. However, if the proposed project is determined to have a potentially significant impact on the environment, an Environmental Impact Statement must be prepared. **This office should be contacted if it is determined that an EIS is required.**

The remainder of this section discusses information and procedures in completing the requirements of the Environmental Review Record.

Project Description – The description must identify in detail the project type, area served, location, etc. The target area must be described by street name, highway name, or numbers for each street serving as a boundary for the project area being environmentally cleared. A legal description of the area being cleared may be included, but is not required. The description should include the project's dollar amount, especially for economic development projects. For these projects, the description should identify the items for which the LCDBG funds will be expended, and the items for which private funds will be expended. Housing rehabilitation/replacement projects should specify the number of housing units involved, the number of demolitions that will take place, etc. The description must indicate whether the rehabilitation/replacement funds are a loan or a grant, who is eligible to receive the funds, the income limitations and the cost for each activity, i.e., rehabilitation, demolition or replacement. If the project includes replacement, state whether other property will be acquired or if the replacement will take place on the same property. A map clearly delineating the project area must be included also.

The project description must indicate whether the ERR is site specific for public facilities projects. For example, if the project involves the installation of a water well and the location of the well site is known, it should be indicated on the ERR map. The ERR map must also be sent to the agencies used as data sources, as they will be commenting on that particular site. However, if the exact location of the project has not been determined, but the well will be drilled somewhere within the project area, it is necessary to clear the entire project area. It must be clear to the data source, either by letter or verbally, whether the ERR is site specific. **If the ERR is site specific and the project site changes from what was originally cleared, an amendment to the ERR is required and must**

be submitted to the OCD for review. If this is necessary, please contact the OCD to ensure that proper measures are taken to amend the original ERR.

Completing the Statutory Checklist - For Categorically Excluded (subject to 58.5) and Environmental Assessment Activities

For categorically excluded (subject to 58.5) activities and activities requiring an environmental assessment, the Statutory Checklist, **Exhibit A-5**, must be completed in order to document compliance with other federal laws. Particular attention must be given to the review requirements of floodplains and wetlands, historic preservation, farmlands protection, and noise. Also, special attention should be made to Executive Order 12898 issued February 11, 1994 concerning environmental justice.

Additional instructions for completing the Statutory Checklist and each area of compliance are included in **Exhibit A-5**, following the checklist itself.

All areas of compliance requires either contact with a qualified individual from a cognizant local, state, or federal agency, or other qualified information for the compliance documentation. If an individual is a data source for the compliance documentation, the person's name, title, State or Federal agency, and the date of correspondence or verbal contact must be indicated. State whether the contact was verbal or written and the degree of impact the project will have on the environment. If a contact is made verbally, a telephone log should be kept documenting the call, and included in the ERR. If a plan or publication is cited, the title, date and page number must be shown. If the preparer of the checklist will be making a statement of explanation concerning an area of compliance, it is imperative that the preparer is knowledgeable of the area of compliance in the event that the validity of the ERR is ever questioned. All letters pertaining to the ERR must be included in the record.

If any compliance area of the Statutory Checklist involves a permit that is necessary in order to comply with the other federal laws and authorities listed under Section 58.5, or other requirements listed under 58.6, the permit must be included in the ERR's documentation. This includes permits such as Coastal Zone permits. In the past, it was required that if the U.S. Army Corps of Engineers required a permit under Section 404 of the Clean Water Act, the State required this permit to be obtained prior to the completion of the ERR. However, HUD has determined that since the Clean Water Act is not listed under the requirements of Sections of 58.5 and 58.6, this permit is not required prior to the completion of the ERR. Please keep in mind, however, that if the Section 404 permit is required by the Corps of Engineers for the project, the permit must be obtained prior to commencement of project construction.

Public facility rehabilitation activities, (such as hook-ups), will NOT require that they be environmentally cleared in the same manner as a regular housing rehabilitation project. This activity should be cleared in conjunction with the regular public facility activity.

Housing rehabilitation/replacement and economic development projects can be cleared on an area-wide basis depending on the size of the target area. Most of the housing projects under the LCDBG program will be able to do this, as those target areas are generally small, usually two or three streets, etc. However, the compliance areas of Noise and Manmade Hazards require special individual assessment as selection of specific sites are made during the course of the grant implementation process. The Statutory Checklist Completion form for small target areas (**Exhibit A-11**) will assist in addressing these areas of compliance as the specific site selections are made. This form must be completed for each unit and filed in the ERR file. A copy must also be maintained in the individual file for each housing unit. In addition, a copy must be sent to the OCD. These areas of compliance are discussed in further detail on the following pages.

For housing rehabilitation/replacement projects which include large target areas, (in some cases, the entire jurisdiction) and the specific sites are not known, it may be necessary to complete a tiered review. This is necessary because when the specific sites are not known, certain areas of compliance (Floodplains, Noise, Historic Properties, and Manmade Hazards, or others that could not be cleared programmatically) within the Statutory Checklist cannot be addressed. If a tiered review is conducted, these four (or more) areas of compliance can be addressed as the specific sites are determined. The Statutory Checklist Completion form for large target areas (**Exhibit A-11**) must be completed for each unit. A copy of this form must be sent to the OCD. A copy must be retained in the ERR file and in the individual file for each housing unit.

Historic Preservation requirements are met by consulting with the Louisiana Historic Preservation Officer to determine if the project will impact an historic or culturally significant structure or site. This consultation is made by preparing a letter to the Historic Preservation Officer describing the project and the area in which it is located (**Exhibit A-12**). If the project involves residential rehabilitation, the Historic Preservation Housing Rehabilitation Certification provided as **Exhibit A-13** is also required. The letter to and the response from the Historic Preservation Officer must be included in the ERR.

The area of Floodplain Management must comply with federal Executive Order No. 11988 and is covered in HUD regulations 24 CFR Part 55. Any physical action taken in a 100 year floodplain is subject to Part 55, including structures, roads, pipelines, anything except minor clearing and grubbing. Part 55.12(b)(2) states that minor rehabilitation that does not meet the threshold for substantial improvements is not subject to Part 55. However, the definition of substantial rehabilitation is given in Part 55.2(b)(8). As described in this definition, the rehabilitation activities normally funded under the LCDBG Program are substantial.

On the checklist, indicate as to whether the project is located within a 100 year floodplain (Zones A or V) identified by FEMA maps, and whether it involves a critical action (emergency facilities or facilities for mobility impaired persons) within a 500 year floodplain, (Zone X-500). **It has been determined by HUD that water and sewer treatment plants are considered critical actions and must complete the Eight Step Process if located in the 500 year floodplain.**

The data source to show for the compliance documentation would be the floodplain map panel

number and date, or contact with another source if there is no FEMA map. If FEMA has not published flood maps of the area, the grantee must make a finding based on best available data, such as the municipality/parish engineer, or local Flood Control Agency.

If the activity is located in the 100-year floodplain, and/or it involves a critical action (emergency facilities, facilities for mobility impaired persons, or water or sewer treatment plants) within a 500 year floodplain, Part 55.20 applies, and the grantee must complete an **Eight Step Process** shown below. Documentation must be provided in the ERR for each of the following steps:

1. Determine if the project is located in a 100-year floodplain by locating the project on a floodplain map. Record the results and date of this examination in the ERR.
2. Involve the public in the decision making process by publishing an Early Public Review Notice (**Exhibit A-14**) in a local newspaper to make the public aware of the grantee's intention of conducting a project within the floodplain. This notice requires a fifteen (15) day comment period.
3. Determine if there is a practical alternative to locating the project in a floodplain through: alternative siting, an alternative action which would minimize damage to or within the flood plain, or no action.
4. Identify adverse impacts on the base flood plain, whether it will directly or indirectly support flood plain development, whether the impact is concentrated or dispersed, and short or long lived.
5. Identify methods to be used to minimize, restore, and preserve the floodplain.
6. Re-evaluate alternatives taking into account identified impacts and minimization measures. Is it possible to modify or relocate the project to eliminate or reduce these effects, or should no action be taken?
7. Announce and explain decision to the public by publishing a Notice of Explanation (**Exhibit A-15**) in a local newspaper. This notice requires a seven (7) day comment period. *This notice can be published simultaneously with the Notice of Intent to Request Release of Funds (This notice can only be published simultaneously if the project is categorically excluded subject to 58.5, **not** if the project requires a full environmental assessment).*
8. Implement the project with appropriate mitigation.

If an *incidental* portion of a project site is in the floodplain, then Part 55 does not apply.

The ERR must include a copy of the floodplain map indicating the area being cleared, even if the project is not within the floodplain.

The area of Wetlands Protection must comply with federal Executive Order 11990. The Executive Order only applies to **new construction**. Housing replacement activities are considered to be new construction. Although HUD regulations found at 24 CFR Part 55 only cover floodplain management, it is to be used as a guide for wetlands protection as well. In the future, the regulation will be revised to include wetlands. **Therefore, if the project is for new construction and is located within a designated wetland, the Eight Step Process as described in 24 CFR Part 55.20 is required.** The Eight Step Process can be conducted jointly if the project is also located in a floodplain. The grantee must contact the USDI Fish and Wildlife Service **and** the US Army Corps of Engineers to make the determination. The U.S. Corps of Engineer' designated wetland areas are not all inclusive, as their information only covers wetlands within their jurisdiction. The National Wetland Inventory defines wetland areas more broadly and is maintained by the USDI Fish and Wildlife Service. The maps are available on a website located at <http://wetlands.fws.gov>. The grantee must check this website for information; however, all areas of the State have not been added to the website map at this time. If the project area is not included in the information on the website, then the grantee must make a determination if there are any wetlands in the project area. Executive Order 11990 (section 7(c)) defines wetlands as follows: "Wetlands generally include swamps, marshes, bogs, and similar areas such as sloughs, potholes, wet meadows, river overflows, mud flats, and natural ponds." If it is obvious to the ERR preparer and Certifying Official and the determination is made that no wetlands exist in the project area, then this determination is acceptable. However, if the grantee is unable to make this determination themselves, then a wetlands specialist should be hired to make a determination or the grantee can complete the Eight Step Process as if there are wetlands present in the project area.

For Coastal Areas, review **Exhibit A-16** to determine if the project is within the nineteen coastal zone parishes. If it is, the grantee must contact the Louisiana Department of Natural Resources, Coastal Zone Management for comment. If the project is not within the coastal zone, the grantee may use as a reference the Coastal Zone Act, Louisiana Legislation Act 361, Revised, from which this map originated.

The area of Sole-Source Aquifers requires contact with the EPA for comment for projects located in the Southern Hills or Chicot Aquifer systems which involve any facility which disposes its waste water into dry wells, retention ponds, or methods other than a treatment plant. A map designating the location of these aquifers is shown as **Exhibit A-17**.

The grantee must contact sources such as the Louisiana Department of Wildlife and Fisheries, or the U.S. Department of the Interior-Fish and Wildlife Service for the area of Endangered Species. There will be a fee involved when you contact DWF. If the local government makes the request, the charges are reimbursable from the grant.

For Wild and Scenic Rivers, check with the USDI National Park Service to determine if the project is within one mile of a river in the National Wild and Scenic Rivers System. According to their website located at <http://www.nps.gov/rivers>, the Saline Bayou is the only river in Louisiana listed in the National Wild and Scenic Rivers System.

For the area of Air Quality, (Clean Air Act), it must be determined if the community meets the National Ambient Air Quality Standards. The compliance documentation should state if the community is attainment or non-attainment, and whether the project will affect the air quality.

To minimize the extent to which federally-assisted actions and projects convert farmland to nonagricultural uses, the Farmlands Protection Policy Act (FPPA) was enacted in 1981. On July 5, 1984, the Department of Agriculture (USDA) issued final regulations implementing the Act. The FPPA (7 USC Sec. 4201 et seq.) defines prime farmland, unique farmland, and farmland of state or local importance.

When a proposed project converts farmlands to nonagricultural uses, the Farmland Conversion Impact Rating Form AD-1006 must be completed. Form AD-1006 can be obtained from the USDA Natural Resources Conservation Service (NCRS). A copy of the form is included as **Exhibit A-18**. Before undertaking the farmland conversion impact rating process, a determination of farmland type must be made. This determination should be made using the Natural Resource Inventory (NRI) or county-wide maps available from the NCRS District Conservationists.

If neither the entire site nor any part of the site is located on farmland subject to the Act, the Act will not apply. The OCD suggests that the local soil conservationist be contacted for comment, and reference the contact indicated on the Checklist. If any part of the proposed project site includes farmland subject to the Act, the Act and implementing regulation will apply, and the grantee must initiate the impact rating process using Form AD-1006 as follows:

1. Complete Parts I, III, and VI of Form AD-1006 and send the form (keep copy) and project site map to the NCRS.
2. The NCRS has a maximum of 45 days to evaluate the land type, complete Parts II, IV, and V, and return the form to the grantee.

The Act encourages Federal agencies to consider the effects of the project on farmland conversion. The final decision rests with the agency or, in this case, the LCDBG recipient.

For housing rehabilitation/replacement projects, the area of Noise Abatement and Control should receive special attention. This area is covered by 24 CFR Part 51. The compliance documentation must contain a statement that noise assessments will be prepared for any property located within 1000 feet of a street having four (4) lanes of traffic, 3000 feet of railroad, five (5) miles of a civil airport, or fifteen (15) miles of a military airfield. When selected, if the unit requires the noise assessment, this will be indicated on the Statutory Checklist Completion form (**Exhibit A-11**), and a noise assessment must be conducted for each site within these areas. If the noise assessment for a rehabilitation only project indicates that the site is in an area above the acceptable decibel range, (acceptable being 65 decibels or less), noise attenuation measures should be recommended, such as double-paned windows, insulation, et cetera. If the project includes replacement housing, this is considered to be “new” construction, and noise attenuation measures must be implemented to achieve interior noise levels at 45 decibels or less. A noise handbook is available upon request from

the OCD. It includes detailed instructions for the noise assessment. The noise assessment is ONLY required for projects that are noise sensitive, such as places where people sleep or congregate.

The area of Explosive and Flammable Operations for housing rehabilitation, (where there is an increase in density) economic development projects, (where a building will be changing in use or an increase in density), or new construction such as fire stations and community centers requires that an Acceptable Separation Distance (ASD) be determined for properties within one mile of above-ground storage facilities containing explosive materials. This area is also covered in 24 CDR Part 51. The Checklist should indicate under compliance documentation that this will be accomplished for each property selected. For housing projects it will be indicated on the Statutory Checklist Completion form for each property if the calculation is required. If so, the calculation should also be attached. If the property is not within the ASD, the grantee must provide mitigating measures unless they are already in place. A copy of the guidebook for calculating the ASD is available from the OCD.

Notice of Intent to Request Release of Funds

When the Statutory Checklist is COMPLETE, which means all comments have been received and floodplain notices' comment periods have expired, the grantee can request a release of grant funds. For categorically excluded projects, it is ONLY necessary to publish or post the “Notice of Intent to Request Release of Funds” (**Exhibit A-6**). Do NOT use the “Combined Notice” discussed later. The “Combined Notice” is necessary for environmental assessment activities.

The “Notice of Intent to Request Release of Funds” informs interested parties that the grantee intends to submit to the State a “Request for Release of Funds and Certification” (**Exhibit A-7**) no sooner than seven full days after publication or ten days after posting. The comment period begins the day AFTER the notice is published or posted. For publication, the actual day to submit the request for funds would be day eight. For posting it would be day eleven. The notice must give a projected date of not less than fifteen days from receipt of the ERR by the State as the State’s last day to receive objections to the request for release of funds. If the projected date for the State’s fifteen-day comment period should fall on a holiday or a weekend, the projected date given in the notice should be the next working day. After the seven or ten-day period has elapsed, the grantee must prepare and submit the “Request for Release of Funds and Certification” to the State. The stated comment period should be extended two days to allow for mailing, as the State’s comment period does not begin until the day following receipt of the “Request for Release of Funds and Certification”. Copies of the Notice of Intent, “Request for Release of Funds and Certification”, and public comments received must be included in the Environmental Review Record.

The following is an example of dates for the “Notice of Intent to Request Release of Funds”:

	<u>Publication</u>	<u>Posted</u>
Notice of Intent Date	6/4/xx (7 days)	6/4/xx (10 days)
Date of “Request for Release of Funds and Certification”	6/12/xx	6/15/xx

Date ERR and request for funds mailed to State	6/12/xx	6/15/xx
ERR received by State	6/14/xx	6/17/xx
State’s 15-day Public Comment Period	6/15/xx to 6/29/xx	6/18/xx to 7/1/xx

Completing the Environmental Assessment Checklist

The environmental assessment must be prepared on the format provided as **Exhibit A-8**. The grantee will determine and indicate whether the request for release of funds IS an action which will significantly affect the quality of the environment and therefore will require the preparation of an Environmental Impact Statement (EIS), or whether the request for release of funds IS NOT an action that will significantly affect the environment and therefore will not require the preparation of an Environmental Impact Statement (EIS).

Combined or Concurrent Notice

This notice (**Exhibit A-9**) is necessary for projects requiring an environmental assessment. The notice combines the “Notice of Finding of No Significant Impact” (FONSI), and the “Notice of Intent to Request Release of Funds” (NOIRRF). The notice can be published or posted. The “Combined Notice” identifies the project, gives the reason for the decision of no significant impact to the environment, invites public comment for a fifteen or eighteen-day review period, notifies the public of the community’s intent to request a release of funds, and includes a fifteen-day period for the State to receive comments. After the first local comment period (FONSI) has elapsed, the “Request for Release of Funds and Certification” and the environmental review record (ERR) and any comments received may be submitted. The dates at the beginning of this notice should indicate the date of publication or posting, and the FINAL date of the State's comment period, not the final date of the FONSI’s comment period.

The State's fifteen-day comment period begins the day after the State receives the request for release of funds and the ERR. If the projected date for the State’s fifteen-day comment period should fall on a holiday or a weekend, the projected date given in the notice should be the next working day. The following is an example of dates and comment periods for the “Combined Notice”:

	<u>Publication</u>	<u>Posted</u>
“Combined Notice” Date	6/4/xx (15 days)	6/4/xx (18 days)
Date of “Request for Release of Funds and Certification”	6/20/xx	6/23/xx
Date ERR and request for funds mailed to State	6/20/xx	6/23/xx
ERR received by State	6/22/xx	6/25/xx
State’s 15-day Public Comment Period	6/23/xx to 7/6/xx	6/26/xx to 7/11/xx

If published, the “Combined Notice” must be published in a general circulation newspaper and proof of publication must be included in the ERR. Proof of publication means that either the actual dated newspaper article or an original notarized copy of the published notice is provided. If posted, send a copy of the posted notice with documentation signed by the chief elected official stating where the notice was posted and the dates of posting. The “Combined Notice” must also be distributed to appropriate tribal, State and federal agencies and, particularly, to the national and regional offices of the Environmental Protection Agency and FEMA. Do not send a copy of the notice to the HUD Area Office in New Orleans. **Exhibit A-10** is a sample distribution list. Any written comments received in response to the notices must be addressed and filed in the ERR.

Request for Release of Funds and Certification

This form shown as **Exhibit A-7** must be completed and submitted to the State following the final publications discussed above.

Once the State receives and reviews the ERR documentation and Request for Release of Funds and Certification form, the OCD will notify the grantee for any necessary revisions, or inform the grantee that no objections to the release of grant funds were received by the OCD.

*For a summary of environmental review requirements, see **Exhibit A-19**.

Task A-3: Establishing the LCDBG Funds Account, Requesting Payments, Three-Day Expenditure Rule, and Disbursement of Funds

Establishing the LCDBG Funds Account

Receiving Contract. One copy of the LCDBG contract will be provided that identifies the activities funded, budgeted cost, general terms and conditions, and identification of any activities with conditional approval and the conditions that must be met before the State will release funds for those conditional activities. Read the contract carefully before signing it. One copy will be returned to the grantee for its records when the contract has been signed by the appropriate State officials. The contract is fully executed only after all State signatures have been obtained.

Necessary Forms. The following forms are necessary before the State will proceed to establish your LCDBG account in the State accounting system. No funds can be drawn until this account is established.

Authorized Signature Card. To establish your LCDBG account with the State, an Authorized Signature Card (**Exhibit A-26**) must be completed. This card must be completed carefully with no erasures or corrections. Signatures must match the typed or printed names. The certifying officer

must apply a date to the card by his or her signature. The card designates who is authorized to sign the community's Requests for Payment. One card with original signatures must be submitted to the State. Detailed line by line instructions are included on the back of the card. If a change is needed to the names of the persons authorized to sign Requests for Payment at any time during the project, a new Authorized Signature Card must be submitted to the State. (See, also, section on Signatures on Checks and Signatures on Request for Payment (RFP) Form.)

Designation of Depository Card. Two Designation of Depository Cards (**Exhibit A-27**) must be prepared and submitted. It identifies the federally insured financial institution into which the funds are deposited.

Electronic Funds Transfer Enrollment Form. An Electronic Funds Transfer (EFT) Enrollment Form is located at www.doa.louisiana.gov/osrap/EFTforWebSite.pdf (**Exhibit A-28**). This form tells the

State where your LCDBG funds should be deposited. This form is sent to the Office of Statewide Reporting and Accounting Policy (OSRAP).

Change of Form If these forms need to be changed at any time during the project, the information can be changed by providing the State with two revised depository cards with original signatures and a revised Electronic Funds Transfer Enrollment Form. It will take approximately fourteen days to process a change so please allow at least fourteen days for processing before submitting a Request for Payment. These cards are available from the Office of Community Development.

Rules of Account

Non-Interest Bearing Account Funds are to be deposited into a separate non-interest bearing account which is to be balanced on a monthly basis. Use pre-printed, pre-numbered checks, not counter checks. After the grant is closed, the same account can be used for subsequent grants by voiding three to four checks. If the grantee uses computer generated checks, appropriate safeguards must be in place.

Central Bank Account or Clearing Account If the grantee is interested in using its general bank account, it must obtain prior written approval from this office. You must be able to produce separate financial statements for the LCDBG grant. If utilizing this procedure, all invoices for which payment is requested must be paid in advance, and the checks must be cleared before reimbursement by LCDBG. Please contact Laurie Durnin at (225) 342-7412 to discuss this matter. If interest is accrued on LCDBG funds, the State must collect it from the grantee.

When Funds Can Be Drawn Funds can be drawn when the Notice of Removal of Contract Conditions and a Release of Funds form and executed contract are received from the State.

Signatures on Checks Checks must be signed by two authorized persons. The use of a signature stamp for one of the names is allowed as long as the other signature is an original. The other signature must be of someone who is not in control of the signature stamp. If the checks are

computer generated, there must be adequate controls with at least two authorized persons approving checks.

Requesting Payment

Request for Payment Form (RFP). Funds are requested using the LCDBG RFP form, **Exhibit A-29**. The RFP form can be completed in Excel and printed, or printed and filled in. The form and instructions for completing this form are on the Office of Community Development website (<http://www.doa.louisiana.gov/cdbg/cdbgHome.htm>). The form must be completed accurately or it cannot be processed. Requests should be made only in amounts necessary to meet current disbursement needs and approved invoices must be attached.

Always assign the next sequential number for each separate request that is submitted. If the request is a resubmission of a previous request that was rejected or returned for errors, the resubmission

would have the same request number as the original submission with an A or sequential letter, after it, i.e., 2.A. When dollar amounts are indicated, always show a decimal and cents (do not round off).

Show the exact amount of cash on hand at the time you are making the request if all previously requested project funds have not been distributed. Funds disbursed to date on RFP Line 1D should include all invoices paid with LCDBG money since the beginning of the grant.

Request Frequency Funds may be requested a maximum of three times per month for housing rehabilitation grants and twice a month for other grants.

Signatures on Request for Payment Form (RFP) Two of the people listed on the authorized signature card must sign the RFP. Signatures on the request form must be **identical** in every way to those on the Authorized Signature Card. This includes middle initials. If you have any questions regarding the RFP Form, please call your Local Government Representative (LGR) in this office.

Invoices Invoices must be submitted with all Requests for Payment. The date the goods or services were received must be marked on the invoices. If services are rendered, the vendor must state the time period covered by the invoice, from XX-XX-20XX to XX-XX-20XX. Invoices included with the RFP must be signed by the chief elected official or other designated party showing approval of the invoice amount.

Submitting a Request for Payment (RFP) Send an original and two copies to the State. The State will then process the request. The State will return one copy when the request is processed.

Receipt of Requested Funds Requests for funds should be received at the Office of Community Development with appropriate signatures and invoices by Friday at noon for payment on Friday of the following week. The grantee should check with its financial institution when expecting LCDBG funds on Friday to see that the funds were deposited in its account. Contact your LGR if funds are not received. If there is a holiday during the request period, an extra day may need to be added to

the anticipated receipt date.

Three Day Expenditure Rule The State has defined current disbursement needs as the funds you will expend in three days. This procedure minimizes the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees (24 CFR 85.20 (b) (7)). This "three-day-rule" means that all draws will be expended within three working days of the deposit. If LCDBG funds are deposited on a Friday, checks totaling the entire amount must be written by close of business the following Wednesday. In order to comply with the "three-day-rule," the grantee should arrange to be notified the day an LCDBG deposit is received by the bank or check to verify the deposit as discussed previously. If for any reason you receive LCDBG funds and are not able to disburse them within three days, contact your LGR to discuss the situation and determine whether funds should be retained or returned to the State.

Task A-4: Establishing Procedures for Financial Administration

This task presents an overview of the accounting procedures that must be followed in order to comply with State and federal requirements under the LCDBG program.

Documenting Use of Funds

All funds must be documented appropriately to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes (24 CFR 85.20 (a)).

Financial Management System Adequacy

The grantee will receive a Financial Management Questionnaire, which must be completed and return to this office. The office will review this and other information to determine the adequacy of your financial management system subsequent to the award of your grant (24 CFR 85.20)). A copy of your bonding certificate or fidelity policy, and proof of payment or renewal will be required. This should accompany the grantee's audit.

Accounting Records

Accounting records must be maintained which adequately identify the source and application of funds provided for grant-assisted activities. These records must contain information found in a complete General Ledger including assets, liabilities, expenditures, and revenue (24 CFR 85.20 (b)(2)). Accounting should be conducted on the double entry basis. Because this program operates on a cost reimbursement basis, Expenditures and Revenue can be measured before the receipt and disbursement of cash, and therefore are subjected to accrual. Whether to account for a particular governmental activity on a cash or an accrual basis is not a matter of local government preference but rather dictated by generally accepted accounting principles as it applies to that particular activity. The accounting for the LCDBG program has to be on a modified accrual basis. If you need assistance in complying with this requirement, please contact the LCDBG staff.

The appropriate type of Governmental Fund for the LCDBG Program is a **Capital Projects Fund or Special Fund**, and as such the fund should be accounted for using a modified accrual basis of accounting. All LCDBG monies should be accounted for in that fund. This would include all revenue identified in the LCDBG contract such as local match, other funds, and program income. Each source should be identified in the accounting records and in the annual audit or financial report. When reported in the grantee's audit, the LCDBG funds utilized for each project should be separately identified.

Support Documents. Accounting records must be supported by such source documentation as cancelled checks, paid bills, invoices, purchase vouchers, payrolls, deposit slips, time and attendance records, contract and sub-grant award documents, etc. (24 CFR 85.20 (b)(6)). Never make payment without invoices and vouchers physically in hand. All vouchers/invoices should be on vendors' letterhead.

Books of Entry. 24 CFR 85.20 (b)(2), and OMB Circular A-87 (Cost Principles for State and Local Government (Revised 5/10/2004)) require that you establish certain accounting records for documenting LCDBG related transactions. These books of original and final entry are an integral part of your required system. Books of original entry are the Cash Receipts Journal and the Cash Disbursements Journal. Books of final entry are the General Ledger and the Property Register. Each is briefly described below.

1. Cash Receipts Journal -- All receipts of cash which are deposited into the LCDBG fund are recorded in this journal. Receipts may include contract payments from the State, receipts from the disposition of land, etc. The general procedure for using this journal is to record every LCDBG receipt in the date order that it was received, entering from whom the money was received, the account, the receipt number, and the date. A suggested format for this journal is presented in **Exhibit A-20**.
2. Cash Disbursements Journal -- All expenditures are entered into this journal. A suggested format for this journal is shown in **Exhibit A-21**.
3. LCDBG Property Register -- This is a listing of all fixed assets acquired using LCDBG funds. Examples of fixed assets which would be recorded using this subsidiary ledger are machinery and equipment. See **Exhibit A-22**.
4. General Ledger -- This is a book of final entry which summarizes the status of each account in the LCDBG accounting system. The General Ledger may be maintained for the LCDBG program as for other municipal funds, however, the Chart of Accounts (**Exhibit A-23**) must be utilized. Supporting documentation should be maintained to summarize expenditures and revenues by the following categories:

- a. Expenditure Accounts – These accounts should correspond to those activities identified in the Cost Summary in the application. At a minimum, the grantee should utilize the following Expenditure Accounts: Administration, Acquisition, Engineering, and Construction. All administrative costs must be assigned to the administrative account and not to other accounts such as rehabilitation, sewer, etc. Every invoice should be recorded as an expenditure the day it is received or on the day it is approved for payment.
- b. Revenue Accounts – These accounts should be used to identify all revenues earned by the LCDBG program such as the LCDBG revenue, program income, and local contributions.

Monthly Financial Report

At month's end, the grant recipient should prepare financial statements that provide accurate, current, and complete disclosure of the financial results of financially assisted activities (24 CFR 85.20 (b)(1)). Additionally it is the responsibility of each grant recipient to prepare general purpose financial statements presented in conformity with generally accepted accounting principles at the conclusion of each fiscal year. Therefore, one month after the close of your fiscal year you must have the general purpose financial statements consisting of a STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE and a BALANCE SHEET prepared and ready for examination by the auditor. Examples of these general purpose financial statements are shown in **Exhibit A-24**. Costs incurred for the bookkeeping, accounting, and preparing of the general purpose financial statements related to the LCDBG program may be considered as administrative costs and should not be charged as part of the Audit expense.

Recordkeeping

Financial records are to be retained for a period of four years after program closeout, with access guaranteed to State officials, their representatives, or HUD representatives. Audit requirements are discussed later in this chapter.

System of Internal Controls. Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. The concept of internal control refers to those policies and procedures of the jurisdiction designed primarily to adequately safeguard all such property (24 CFR 85.20 (b)(3)). The State requires that each LCDBG recipient establish a system of internal controls that meet the following six minimum requirements:

1. No individual shall have complete control over all phases of any significant transaction. This means, for example, that the same person cannot authorize payment, record transactions, and sign checks.
2. Record keeping must be separate from operations and the handling and custody of assets.
3. Monthly reconciliation and verifications of cash balances with bank statements shall be made by employees who do not handle or record cash, or sign checks.
4. Actual lines of responsibility shall be clearly established and then adhered to as closely as

- possible.
5. The person who prepares payrolls should not handle the related paychecks.
 6. All persons who handle financial transactions shall be bonded in accordance with State law.
All persons who handle financial transactions for LCDBG shall have a current bond or fidelity policy.

Those communities whose limited personnel preclude them from complying with steps 2 through 5 should contact the state for further guidance. An adequate system of internal controls combined with specific program and financial management responsibilities will permit jurisdictions to maintain the books and records presented above and will facilitate compliance with State and federal requirements.

Rules of Expenditure (Other Program-Related Expenditures)

Office Equipment. Office equipment is considered a capital expenditure and is not allowed as direct charges except where approved in advance by LCDBG. When purchasing or leasing equipment, grantees must take care to act in compliance with 24 CFR 85.36, "Procurement." In addition, any LCDBG funds expended to lease or purchase equipment will result in disallowed costs unless the grantee can establish - and has fully documented in the grant files - that the expenditure(s) was reasonable, necessary, and allowable for the grant, and was not a general expense required to carry out the overall responsibilities of local government as required by OMB Circular A-87. Prior to lease or purchase of any equipment with LCDBG funds, grantees should carry out an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine which approach would be the most economical. This analysis must be fully documented in the grant files.

Items in Excess of \$1,000.00. If the expected total cost of any single leased or purchased item or the total cost of the aggregate of items exceeds one thousand dollars (\$1,000.00) during the course of the grant, prior approval from the State is required.

Miscellaneous Items (LaSTEP). During the construction of a LaSTEP project, there are times when it is necessary to purchase certain miscellaneous items in addition to those that were listed in the materials bid, such as gasoline, tools, etc. There must; however, be a financial tracking system for the purchase of these items. Any individual item to be purchased which is valued at \$150.00 or more must use the small purchase procedure as described in **Task A-9** of this LCDBG Grantee Handbook. The grant recipient must appoint two individuals who are each authorized to make these purchases. Each invoice must be signed by one of the appointed individuals, and have an indication on the invoice that the item(s) purchased is for the LaSTEP project. Also, as a final verification, the project engineer must sign the invoices when paid by the grant recipient to ensure that these are costs associated with the project. For smaller items valued less than \$150.00 per item, the small purchase procedure is not necessary; however, the same documentation as described above shall be indicated on the invoices, along with the final approval by the engineer.

Employees Paid From LCDBG Funds. All employees paid in whole or in part from LCDBG funds should prepare a timesheet indicating the hours worked and detailed duties performed on LCDBG

projects for each pay period. Account for the total of the employees' activities in accordance with A-87. A contemporaneous journal entry in the grant recipient's General (or appropriate) Fund should be made indicating "Due from LCDBG" for the amount allocated of the employee's payroll to be reimbursed from LCDBG. Each time the grant recipient submits a RFP all of the "Due from LCDBG" amounts accumulated to that point should be added to that RFP. The appropriate journal entry for your LCDBG Capital Projects Fund will be a debit to Administration expenditure and a credit to Due to General (or appropriate) fund. A sample timesheet is shown in **Exhibit A-25**. The grant recipient may use their own timesheet providing it contains the equivalent information including the distribution of payroll costs and is signed by a knowledgeable supervisor.

Real Property vs. Rent. Real property or trailers cannot be purchased with LCDBG funds to accommodate administrative staff. Office space may be leased or rented if necessary. Rent paid shall not exceed average office rental costs in the community. Further, rental of administrative space for three years is substantially less expensive than purchase of property. It is more cost effective and insures that the maximum amount of LCDBG funds is spent for activities that benefit low-to-moderate income residents.

Indirect Costs. In order for indirect costs to be charged to the grant, a Cost Allocation Plan that has been approved by our office must be on file.

Program Income

Program income (OMB Circular A-110, Subpart C.24) is defined as gross income generated from the use of CDBG funds that were received by the State, a unit of general local government or a subrecipient of a unit of general local government. Generally, program income is returned to the State and is re-awarded following guidelines established in our current Action Plan, which is available on our website. However, there are some circumstances where the general local government would be allowed to retain the income. The OCD should be contacted for instructions.

Task A-5: Changes in the Grant; Preparing Budget Reconciliations, Budget Revisions and Program Amendments

The State approved your application based upon the specific purpose of, and items included in your project description and cost estimate. Deviations from those items require written approval from our office; failure to receive that approval could result in disallowed costs. This approval must be obtained prior to putting the project out for bid.

Budget Reconciliation Report Exhibit A-30 – This report will need to be sent only when there is a change in the category of expenditure which was requested in the RFP. In this report actual expenditures must be compared with budgeted amounts and amounts requested on the RFP's (24CFR 85.2(b)(4)). This report needs to be sent if there are errors or changes in invoices after submittal for reimbursement. If amounts on the Certificate of Completion differ from the LCDBG records, a budget reconciliation report will be required prior to closeout.

Budget Revision Report Exhibit A-31 – This report must be sent to the Office of Community Development if you wish to revise your program budget or move money allocated from one category to another. Prior approval is not required if the dollar amount of the change plus any prior changes is less than 10 percent of the grant amount. This report must be sent within 10 days of the change and 14 days prior to any RFP involving the change.

Program Amendment. Single changes or cumulative changes in the program budget greater than ten percent of the grant award amount or smaller changes that result in the deletion or addition of an activity or item, require prior State approval. This approval must be requested through the submittal of a Request for Program Amendment, **Exhibit A-32**. Detailed instructions are included in the exhibit. A public hearing regarding the proposed amendment must be held prior to submitting the request to the State. Documentation of the hearing (notice of hearing and minutes) must be submitted to the State with the Request for Program Amendment.

Reductions in Scope of Work

Major reductions in the scope of proposed work could result in adverse state action -- grant reduction, termination, or a finding of ineligibility for future funding. Grantees were selected for funding based on their proposed program and are expected to carry it out as proposed. **We strongly urge you to contact the Office of Community Development if problems emerge which might lead to program modifications.** We recognize that unanticipated problems can arise which can

throw the best laid plans awry. Early notification of potential problems will permit all parties to resolve them. Our objective is to resolve problems whenever humanly possible.

Left-over Money

If all of the approved activities and items in the approved cost estimate have been completed and there are funds remaining due to cost under-runs, the use of those funds is subject to prior approval from the Office of Community Development following the previously described procedure for requesting a program amendment. **Amendments to the approved program can neither be requested nor approved through the submittal of engineering change orders.**

The Office of Community Development will review all requests for an amendment very carefully to determine how the proposed change relates to the approved project. In making that determination, the Office of Community Development will ascertain as to whether or not the proposed change is an integral part of the originally approved project and is necessary to complete the project as originally approved. The Office of Community Development will also review the site location of the proposed change in relation to the originally approved target area. If there is a budget under-run and an expansion of the target area is requested, expansions will have to be contiguous to the original target area. The overall project will still have to primarily benefit low-to-moderate income persons; after making any adjustments to the score of the original application, the revised application will still have to remain above the funding line. The scope and intent of expansion will have to be in keeping with the scope and intent of the originally funded application. You will be notified in writing whether your request for a program amendment has been approved or disapproved.

Any LCDBG funds remaining in the program following issuance of a conditional closeout will revert to the State for use in other communities.

Task A-6: Audit Process

When an Audit is Required

Simple Audit. Under the provisions of the Single Audit Act Amendments of 1996, an audit under OMB Circular A-133 is required whenever the amount of federal expenditures (LCDBG program funds plus all other federal expenditures) in a year exceeds \$500,000. This type of audit, which includes a full set of financial statements and other detailed information, is often referred to as a "single audit." The single audit will meet federal accountability requirements and will also be sufficient to meet state accountability requirements.

Other Types of Financial Reports. If less than \$500,000 in total federal funds is expended in an entity's fiscal year, a single audit is not required, but other requirements called for by state law and LCDBG policies must be met. If a grantee determines that a single audit is not required, state law and the LCDBG contract require the submission of one of the following type of reports, based on revenues received from all sources during a fiscal year: (1) annual sworn financial statements if revenue received was \$50,000 or less, (2) an annual compilation if revenue received was more than \$50,000 but less than \$350,000, (3) a biennial audit if revenue received was \$350,000 or more but less than \$3,500,000, or (4) an annual audit if revenue received was \$3,500,000 or more.

Audit Requirement. An audit or financial report is required from each grantee annually within six months (180 days) after the grantee's fiscal year end. Audits that are not received within this six months time period will be placed by the Legislative Auditor on a "Delinquent Audit List." Once on this list the entity will be barred from receiving funds from any source including LCDBG. This list is posted on the Legislative Auditor website (www.lla.state.la.us) and is updated daily as audits are sent in.

Parish Requirement. Parishes must submit single audits to the Department of Social Services, Office of Management and Finance, attention Mr. Joe Green, Post Office Box 3927, Baton Rouge, LA 70821.

Audit Scope

When a grantee engages an independent CPA to prepare an audit or compilation, a copy of the written engagement agreement must be furnished to the Legislative Auditor of the State of Louisiana for approval of the engagement terms and conditions. The Legislative Auditor will forward to the independent CPA a copy of the approved engagement agreement. Approval is now available via fax or e-mail.

Upon completion of the financial report, in addition to the copies filed with the Legislative Auditor, a copy of the audit or financial statement, together with all written communications between the

CPA and the grantee, must be furnished to the Office of Community Development, P. O. Box 94095, Baton Rouge, LA 70804.

Grantee management may be expected to respond in writing to LCDBG regarding any findings of noncompliance, control structure comments or recommendations cited by the independent CPA in his or her reports or in a report issued by the Legislative Auditor. Such response should identify each finding or comment and the action(s) that has been taken or is planned to be taken. If an action has not been taken, provide the approximate date the action will be completed, or explain why no action is believed to be required.

Audit Costs

The only costs allowable under the LCDBG Program for financial report preparation are single audit costs. If single audit costs are to be charged to the LCDBG program, the grantee must follow the "Procurement" guidelines established under the Common Rule. A written procurement policy must be prepared and adopted by the governing body. Such policy should clearly prohibit elected officials, staff, or their agents from obtaining any benefit from procurement contracts. Specific guidance is presented in Section H of this handbook. However, due to the importance of the audit process, grantees are reminded that not all CPAs are qualified to perform audits of governmental entities and in particular, under the Single Audit Act. Care should be exercised to select an experienced, qualified firm, rather than simply selecting the firm offering to perform the audit at the lowest price.

The portion of the total single audit cost which can be charged to the LCDBG program may be determined by multiplying the total single audit cost times a fraction, the numerator of which is the LCDBG program expenditures for the period, and the denominator of which is the government entity's total expenditures for the period, including the LCDBG program expenditures. A calculation of the allowable portion of the single audit cost should be included in the supporting documentation presented with the request for payment.

Under the latest revisions to OMB Circular A-87, if appropriate documentation of the single audit costs provides a higher amount than the formula, the higher single audit costs may be charged to the program. Supporting documentation should be available for review by LCDBG staff.

Task A-7: Removing Contract Conditions/Release of Funds

Your contract will contain contract conditions which must be met before your contract will be released. These contract conditions include:

1. Completion of an environmental review record.
2. Preparation of a three-year Community Development Plan.
3. Section 504 Assurance.

4. Residential Antidisplacement and Relocation Plan and Certification.
5. Submittal of application revisions, if requested.
6. Project Plans and Specifications, and Final Cost Estimate.*
7. Previous audits and financial questionnaire, if requested.
8. Certification from engineer that plans and specifications are complete and if applicable, submitted to DHH.
9. Firm commitments from other project funds, if applicable.
10. Any other documentation, if requested.

*Prior to receiving your executed contract and a release of the FY 2009 LCDBG funds, we must receive a signed certification from your engineer stating that the plans and specifications for your public facilities project have been completed and submitted to DHH for their approval, (if applicable). **A copy of those plans and specifications plus a final cost estimate must also be submitted to this office for review.** If at the end of the six-month calendar period the plans and specifications have not been submitted to both DHH, (if applicable), and this office, \$250 per working day will be deducted from the construction line item budget and disallowed. The monies will be deducted from the amount of LCDBG funds allowed to pay an engineer for basic services. If you are not using LCDBG funds to pay an engineer the penalty will be assessed against the construction budget and disallowed. The state reserves the right to grant an extension where the reasons for not meeting the required time frame were clearly beyond the control of the engineer.

Until you receive a release of funds from the State, you cannot obligate or expend funds except those items identified in your "authorization to incur costs" letter from the State. At the completion of the environmental process, you will sign the "Request for Release of Funds and Certification" form (**Exhibit A-7**). Item 1 on the form requires the OMB Catalog Number. The correct number is 14.228. Item 2 requests the HUD/State Identification Number. This number is B-02-DC-22-0001. At this time, you should review the contract conditions set forth in your contract and determine that you have met them. The State will review the "Request for Release of Funds and Certification" and send a letter informing you whether grant conditions have been met and funds are being released, or specifying additional steps to be taken. You may obligate and expend construction funds and request project funds on your LCDBG account only after you receive the letter removing contract conditions for the project (**Exhibit A-33**), and your executed contract with the State. It is possible that at the time we release funds, our review of the plans and specifications may not be complete. In that case, we will state in the letter releasing grant funds that you are not authorized to advertise for bids or the project. When our review of the plans and specifications is complete, we will notify you that you are authorized to advertise for bids.

Community Development Plan

It is not the intention of this office to require that Grantees write a lengthy document approaching the size of a small book. For most grantees, a three or four page CD Plan is often long enough to contain all the required information. Grantees with large populations may take more pages. It is desirable to write a CD Plan that will be approved on the first submittal. To do this it is helpful to understand the four shortcomings that account for 95% of CD Plan rejections:

- Failure to mention a population group experiencing high unemployment under the "Economic Development Needs" section (Item 2-D in **Exhibit A-34**).
- Failure to match listed strategy in Item 4 with identified needs in Item 2.
- Failure to adequately explain strategy by not including objectives, activities, timing and monetary amounts in Item 4.
- Failure to follow the general outline structure as shown in **Exhibit A-34**.

PRACTICAL STEPS TO WRITING A CD PLAN

- Determine the needs.
- Determine the appropriate strategy (Item 4) to meet the needs (Item 2). Include strategy objectives, activities, timing, monetary amounts and potential sources of funds, both LCDBG as well as other funds.
- Note if there are any population group or groups experiencing high rates of unemployment. **If there are no particular unemployed group or groups that can be identified, note that fact.**
- Use the information you have gathered to write the CD Plan, being careful to adhere to the outline structure detailed in the visual layout as well as the official instructions contained in

Exhibit A-34. Check the CD Plan for any of the four common shortcomings and modify if necessary.

Task A-8: Procurement Requirements

IF A GRANTEE PLANS TO USE LCDBG FUNDS TO PAY FOR CONTRACT SERVICES, THE FEDERAL AND STATE PROCUREMENT REQUIREMENTS MUST BE MET TO AVOID PENALTIES.

The **federal requirements** (24 CFR 85.36) applicable in securing contract services [engineering, consulting and other professional services, and construction and supplier services] are included as **Exhibit A-35**.

A **procurement policy** must be written and adopted prior to securing contract services. If a procurement policy is already in place, the grantee must determine whether it includes all federal requirements contained in 24 CFR 85.36. If the policy does not contain all federal requirements (and the grantee intends to use LCDBG funds to pay for such services), the policy must be

amended accordingly. A sample procurement policy is included as **Exhibit A-36**.

The Grantee's procurement policy must address the following:

1. A code of conduct that prohibits elected officials, staff, or agents from personally benefiting from LCDBG procurement must be included. The policy should prohibit the solicitation or acceptance of favors or gratuities from contractors or potential contractors. Sanctions or penalties for violations of the code of conduct by either grantee officials, staff or agents, or by contractors or their agents must be identified [24 CFR 85.36 (b)(3)].
2. Proposed procurements should be reviewed by staff to avoid unnecessary and duplicative purchases and to insure costs are "reasonable" [24 CFR 85.36 (b)(4)].
3. Affirmative efforts must be undertaken to hire women's business enterprises, minority firms and labor surplus firms, both by the grantee and the project's prime contractor [24 CFR 85.36 (e)].
4. The method of contracting outlined in the policy should be acceptable (fixed price, cost plus fixed fee, purchase orders, etc.). Cost plus a percentage of cost contracts must be specifically prohibited if LCDBG funds are involved [24 CFR 85.36 (f)(4)].
5. Procedures to handle and resolve disputes relating to procurement actions of the Grantee must be included [24 CFR 85.36 (b)(12)].
6. All procurement transactions, regardless of dollar amount, must be conducted so as to provide "maximum open and free competition" [24 CFR 85.36 (c)]. Some of the situations considered to be restrictive of competition include, but are not limited to:
 - a. Placing unreasonable requirements on firms in order for them to qualify to do business;
 - b. Requiring unnecessary experience and excessive bonding;
 - c. Noncompetitive pricing practices between firms or between affiliated companies;
 - d. Noncompetitive awards to consultants that are on retainer contracts;
 - e. Organizational conflicts of interest;
 - f. Specifying only a "brand name" product instead of allowing an "equal" product to be offered and describing the performance of other relevant requirements of the procurement; and
 - g. Any arbitrary action in the procurement process.
7. Methods of procurement to be followed when purchasing materials and supplies or contracting for services must be included [24 CFR 85.36 (d)].

Conflicts of interest in the award and/or administration of contracts must be avoided. "No employee ... of the grantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when...the employee, any member of his (her) immediate family, his or her partner...has a financial or other interest in the firm selected for award." (24 CFR 85.36(b)(3)) Other federal regulations with which the grantee must comply are the conflict of

interest requirements in 24 CFR 570.611 which are included as **Exhibit A-37**.

Conflicts of interest may be governed also by state law (*State's "Code of Governmental Ethics"*) or local law or ordinance.

Task A-9: Methods for Securing Materials, Supplies, and Construction Services

The procurement process must be in accordance with the federal requirements of 24 CFR 85.36 and Louisiana's Public Bid Law. One of the four methods below must be followed when procuring materials and supplies and construction services.

1. **SMALL PURCHASE** – A simple and informal method used to purchase items costing less than \$20,000 and construction services costing less than \$100,000.
 - a. Obtain price or rate quotations from no less than three sources. They can be obtained by fax, telephone or in writing. Three quotes must be obtained and not merely requested. A response of “not interested” does not qualify as a quote.
 - b. Maintain written documentation on the names of the businesses contacted and how they were contacted; the prices that were quoted; and the basis for selecting one firm over the other(s).
 - c. Prepare and execute a formal contract that identifies the scope of work and the terms of compensation.
2. **COMPETITIVE SEALED BIDS** - Method used to purchase items costing more than \$20,000 (or if the grantee chooses not to follow the small purchase procedure) and for construction exceeding \$100,000. Used when the primary basis for award is cost.
 - a. Initiated by publishing an advertisement for bids.
 - b. Must hold a public bid opening at the time and place set in the advertisement for bids.
 - c. Must have a written review and tabulation bids according to selection criteria.
 - d. Contract must be awarded to the lowest responsive and responsible bidder. Must be a firm fixed-price contract (lump sum or unit price).
 - e. Any or all bids may be rejected if there is a sound documented reason.
 - f. A contract detailing a scope of work and the terms of compensation is executed.
3. **COMPETITIVE NEGOTIATION** - Not an effective method for procuring materials and supplies.
4. **NONCOMPETITIVE NEGOTIATION** – Use only under the following conditions:
 - a. The grantee receives written approval from the Office of Community Development.
 - b. The award of a contract is infeasible under small purchase, sealed bids or

competitive negotiation methods, and one of the following circumstances applies:

- i. The item is available only from a single source;
 - ii. There is some public emergency; or
 - iii. The results of the competitive negotiation are inadequate.
- c. Negotiation is conducted with the firm regarding a scope of work and price.
 - d. A contract detailing a scope of work and the terms of compensation is executed.

Task A-10: Methods for Securing Professional Services

Three methods described herein are applicable if the grantee intends to use LCDBG funds. (This is not applicable if local funds are to pay for professional services. In this case, the grantee may use local laws and procedures.)

1. **SMALL PURCHASE** – As discussed in **Task A-9**, this is a simple and informal method used to procure professional services costing less than \$100,000. *Exception:* engineering/architectural services. Engineering/architectural services must be procured through Competitive Negotiation using “Qualification Statements”.
 - a. Obtain price or rate quotations from at least three sources. They can be obtained by fax, telephone, or in writing. Three quotes must be obtained and not just requested. Also, a response of “not interested” does not qualify as a quote.
 - b. Maintain documentation of the businesses contacted; the way in which they were contacted; the prices that were quoted; and the reasons for the firm selected.
 - c. Execute a contract that identifies the scope of work and the terms of compensation.
2. **COMPETITIVE NEGOTIATION** – Method used to procure professional services exceeding \$100,000. Also, this procedure may be followed in lieu of the **SMALL PURCHASE** procedure.
 - a. Begin by advertising for Request for Proposals (RFP’s) and/or Qualification Statements. The RFP is used when price is a factor in the selection process and the qualification statement is used when price is considered after the firm has been selected.
 - b. The advertisement must be in the grantees’ nearest metropolitan statistical area newspaper. The advertisement should state:
 - i. the city/parish has been awarded an LCDBG grant;
 - ii. the type of professional service(s) that is being solicited;
 - iii. the location and time where the scope of services, selection criteria, minimum requirements, etc., can be obtained; and
 - iv. the deadline for the submittal of the proposal or qualification statements.

- c. The advertisement cannot require one firm provide both administrative and engineering services. However, the same firm may be procured for both services.
- d. To assure “proposals will be solicited from an adequate number of qualified sources” as required in the federal regulations at 24 CFR 85.36 (d)(3)(ii), a copy of the request for proposals as it will appear in the newspaper must be mailed to a minimum of 3 firms that provide administrative services.
- e. The following information must be provided to all parties that responded to the advertisement (and/or mailing):
 - i. a cover letter from the grantee signed by the chief elected official;
 - ii. scope of services;
 - iii. name and phone number of grantee’s contact person;
 - iv. deadline and location for submittal of proposal and/or qualification statements;
 - v. selection criteria and corresponding point system that will be used to rate the proposals or qualification statements received; and
(Criteria **must** be identified as a tiebreaker when using an “all or none” point system. The State recommends that a tiebreaker is identified for all point systems although it is not required except for the instance previously identified.)
 - iv. a statement that the amount of funds available for the contract will be subject to LCDBG restrictions and approval.
- f. An evaluation process of the proposals and/or qualification statements received is required to determine whether the selection criteria and requirements are met. *Please note* that receipt of just one proposal and/or qualification statement requires an evaluation. It is recommended that the grantee organize a committee of several people with knowledge of the LCDBG project, keeping in mind the Conflict of Interest rules.

Legal fees must be necessary, reasonable and allocable to a specific task if the grantee intends to use LCDBG funds. The grantee need not procure an attorney if an attorney is on staff or on retainer. For reimbursement, the attorney’s rate of pay must be reasonable and consistent with their regular rate of pay and the grantee must keep the following documentation: date and method of hire (minutes of council/policy jury meeting, civil services procedures, etc.), rate of pay, hours worked on the LCDBG program (time sheets), and details of tasks undertaken.

If the grantee has an attorney on retainer the following information must be kept for reimbursement purposes: a list of specific services to be provided, a list of services completed and the normal monthly retainer and, if applicable, the retainer prorated accordingly. The LCDBG grant will not reimburse an amount that exceeds the usual monthly retainer.

The federal procurement procedures must be followed if there is neither a staff attorney nor an attorney on retainer and the grantee intends to use such services and use grant funds to pay for such services. Also, if the grantee intends to pay an attorney for an amount over the normal retainer, the

federal procurement procedures must be followed.

Request for Proposals (RFPs)

RFPs are used to procure professional services except for the services of an engineering firm or architectural firm when using the competitive negotiation method.

An RFP must be prepared detailing the type of services needed and listing the selection criteria against which all responding proposals will be evaluated. Cost must be one of the selection criteria used and must be a minimum of 10 percent of the total possible points identified. Geographical preference may not be a criterion in accordance with federal regulations.

One of two procedures can be used to review proposals. The procedure chosen must be identified in the advertisement, and the procedure cannot be changed once the procurement process is initiated.

- a) Establish a predetermined competitive range of points for proposals that would be considered to qualify for the job. All firms whose proposals scored within that range would be invited to an oral interview and asked to submit a “best and final offer”. The proposals would be re-evaluated and the highest scoring firm would be chosen.
- b) Evaluate the proposal(s) according to the selection criteria and award the contract to the highest scoring firm.

Please note: A firm cannot include in their RFP the experience and background of other firms and will result in disallowed costs unless the following conditions are in place:

- ✓ a written contractual agreement between the two firms that lists the services that will be provided by the subcontractor; and
- ✓ the fees paid to the subcontractor must account for no less than 25 percent of the contract between the prime contractor and the grantee (excluding pre-agreement costs).

Qualification Statements

Qualification statements are used to procure the services of an engineering firm or architectural firm when using the competitive negotiation method. Qualification statements cannot be used to procure any other service. Engineering and architectural firms may be procured for administrative tasks, but the RFP procedure must be utilized to procure administrative services.

A selection is made based on the competitors’ qualifications, subject to negotiation of fair and reasonable compensation.

The qualification statements must be evaluated by the selection criteria identified in the request. The grantee should negotiate costs with the top ranked firm.

Refer to the following exhibits for sample formats.

**DOCUMENT EACH STEP OF THE
PROCUREMENT PROCESS IN ORDER TO
DEMONSTRATE COMPLIANCE WITH ALL
THE PROCUREMENT REGULATIONS
AND PROCEDURES.**

Exhibit A-38 - advertisement requesting proposals
(Modify for requesting qualification statements.)

Exhibit A-39 - request for proposals for administrative services

Exhibit A-40 - request for qualification statements for engineering/architectural services

Exhibit A-41 - scope of services for a housing rehabilitation project to insert in a request for proposals package and contract

3. **NON-COMPETITIVE NEGOTIATION** – This method may be used when projects are declared an emergency by the Office of Community Development or when utilizing a regional planning district or area-wide planning agency. A grantee procuring services by this method must have prior written approval from the State. *Exception:* utilizing a regional planning district or area wide planning agency for administrative services. It is permitted for grantees to obtain administrative services through “non-competitive negotiation” with a state or area wide planning agency on a nonprofit basis. The contract between the grantee and the planning district or agency must provide for compensation on a “cost reimbursement” rather than a “fixed fee” basis.

Grantees using a planning agency for administrative services must document the following:

- a. the rationale for the method of procurement used;
- b. reasoning behind the selection of contract type; and
- c. an analysis of costs (**Exhibit A-42**). The planning district or agency must provide the grantee with this information prior to the final negotiation of the contract in order for the grantee to determine reasonableness of costs.

Preparation of Contract

Cost Analysis. The grantee must analyze the costs of contracts when intending to use LCDBG funds. The Cost/Price Detail Summary Form in **Exhibit A-42** can be used for this purpose. Generally, administrative contracts are cost reimbursement contracts (cost plus fixed fee) where the firm is paid on the basis of costs incurred, overhead, other direct costs, and a fixed fee. Basic engineering and design contracts are generally lump sum contracts where the firm is paid on the basis of work completed. The cost plus a percentage of cost and percentage of construction cost method of contracting cannot be used.

Pre-agreement Costs. A maximum of \$2,500 is allowed for housing projects; a maximum of \$4,700 is allowed for public facilities, demonstrated needs, and LaSTEP projects; and a maximum of \$4,000 is allowed for economic development projects. (*Refer to the Consolidated Annual Action Plan for a breakdown of these maximum amounts.*) Pre-agreement costs must be identified separately in administrative contracts and engineering/architectural contracts.

Administration Allowances. A maximum of \$35,000 is allowed for housing projects; construction administration per unit for rehabilitation & reconstruction is up to \$4,000; and, construction administration per unit for spot rehab is up to \$1,000.

A maximum of \$35,000 is allowed for public facilities and economic development projects.

A maximum of \$25,000 and \$30,000 is allowed for demonstrated needs and LaSTEP projects. If the grantee has more than one active LCDBG project (*one that has not been issued a conditional or final close out*) or if the demonstrated needs project is subsequently approved as an emergency project, the maximum amount allowed for administrative costs will be reduced to \$20,000.

Local Government Costs. A grantee may be reimbursed with grant funds to cover general expenses such as attendance to project-related workshops, travel, staff time, legal fees, advertising fees, audit fees, and costs associated with Section 504 compliance.

Engineering/Architectural Fees. Such fees, even those provided under a lump sum contract, must be reasonable and justifiable. Sole justification that the fees are within the amount allowed by the Office of Community Development is not adequate. The funds allowed will not exceed those identified in the applicable LCDBG Application Package. If, after a project has been funded, the scope of the project changes significantly, the Office of Community Development will make a determination of an amount that will be allowed.

Administrative Contract Requirements

Exhibit A-43 is a sample contract. The following conditions must be included:

1. all services to be performed (including the submittal of close-out documents with the exception of the audits) will be completed within the 36 month period covered by the grantee's contract with the State;
2. the contract conditions will be cleared within six months of the date of the “authorization to incur costs” letter;
3. the amounts to be charged for pre-agreement and project administration should be separated; and
4. 10 percent of the contract amount will be retained until the grantee has received the State’s approval of all close out documentation.

Engineering/Architectural Contract Requirements

Engineering and architectural firms may choose the Standard Form of Agreement between Owner and Engineer (or Architect) for Professional Services. The Terms and Conditions identified in Part II of **Exhibit A-43** must be made a part of the contract.

1. The following conditions must be included in the contract:
 - a. plans and specifications will be completed within six months of the date of the “authorization to incur costs” letter;
 - b. the advertisement to solicit bids for the construction contract will be published within 30 days of the State’s “authorization to advertise for bids”; and
 - c. the amounts for pre-agreement, basic and additional services should be identified separately.
2. Include in the contract:

- a. a scope of services (*basic and additional*),
 - b. a timeframe for rendering services,
 - c. payment schedules,
 - d. opinions of cost,
 - e. the grantee's responsibilities,
 - f. general considerations,
 - g. definitions,
 - h. special provisions, and
 - i. related exhibits.
3. Any standard contract shall be modified to include LCDBG Program requirements. The program requirements are:
- a. Construction contracts shall not contain any cost plus or incentive savings provisions. Therefore, the contract shall not make reference to compensation adjustments for cost plus or incentive savings provisions.
 - b. The basis of payment cannot be cost plus a percentage of cost or a percentage of construction cost.
 - c. Payment is subject to the availability of LCDBG funds. It is understood that the amount of funds available for engineering/architectural services is contingent upon the amount of LCDBG funds the State allows. LCDBG funds will only be used for pre-agreement services and basic and additional services that are provided following the grantee's receipt of a grant award and an "Authorization to Incur Costs" letter from the State's Office of Community Development. If the firm charges for the preparation of the LCDBG application, the fees must be identified separately. The firm will not be compensated from the applicable LCDBG Program if the grantee does not receive funding.
 - d. The final plans and specifications and cost estimate must be submitted to the Office of Community Development for review within six months of the grantee's receipt of an "Authorization to Incur Costs" letter. Also, the same information must be submitted to DHH for approval for those projects subject to DHH review (*sewer collection, sewage treatment, and potable/fire protection water systems*). If the plans, specifications, and cost estimate have not been submitted at the end of the six month calendar period, \$250 per working day will be deducted from the amount of LCDBG funds allowed for basic services. The State reserves the right to grant a time extension where reasons for not meeting the time requirement were beyond the control of the engineer/architect.
 - e. The first advertisement to solicit bids for construction must be published within 30 days of the State's "authorization to advertise for bids." This is required of all public facilities and demonstrated needs projects. Failure to comply will result in an assessment of \$250.00 per working day. The \$250 will be deducted from the amount of LCDBG funds allowed for basic services. The State reserves the right to grant a time extension where reasons for not meeting the time requirement were beyond the

control of the engineer/architect.

- f. The Terms and Conditions in Part II of **Exhibit A-43** must be revised to refer to the engineer/architect and must be made a part of the contract.

Contract Requirements

A professional services contract must include the following provisions:

General Administrative Provisions

- Effective date of contract.
- Names and addresses of grantee and firm.
- Names of representatives of grantee and firm who will act as liaison for contract administration.
- Citation of the authority of the grantee under which the contract is entered into and source of funds.
- Conditions and terms under which the contract may be terminated by either party or remedies for violation/breach of contract.

Scope of Services

- Detailed description of extent and character of the work to be performed.
- Time for contract performance and completion including project milestones, if any.
- Specification of materials or other services to be provided by both parties, such as maps, reports, printing, etc.

Method of Compensation

Provisions for compensation for services including fee and/or payment schedules and specification of maximum amount payable under contract. *Never pay in advance of work.*

State and Federal Standard Provisions

- Executive Order 11246 clause (7 paragraphs if contract is above \$10,000 or 3 paragraphs of equal opportunity provisions if \$10,000 or under).
- Title VI clause pertaining to the Civil Rights Act of 1964.
- Access to records statement.
- Conflict of interest clause.
- Section 3 statement pertaining to the Housing and Urban Development Act of 1968, as amended.
- Section 109 clause pertaining to the Housing and Community Development Act of 1974, as amended.
- Rehabilitation Act of 1973, Section 504 Handicapped Clause (if contract is \$2,500 or above).
- Age Discrimination Act of 1975 clause.

It is recommended that the grantee have its attorney review the contracts prior to execution.

Contractor Clearance

Contractor clearance must be obtained from the Office of Community Development on

administrative consulting, architectural, and engineering firms that have not provided services to grantees under the LCDBG Program within the previous five program years regardless of the source of funding. (**Exhibit A-44 - Verification of Professional Services Eligibility form**) Clearance must be obtained following grant award and before any costs are incurred other than pre-agreement costs. Firms that have participated in the Program within the previous five program years do not require clearance. Contractor clearance is not required for any other professional services.

Recordkeeping

The grantee should set up a file and maintain the following documentation in order to show compliance with the applicable State and federal requirements:

- Copy of the advertisements requesting RFP's or qualification statements.
- Copy of the package requesting RFP's or qualification statements; such package must identify the selection criteria that will be utilized in rating the RFP's or qualification statements received.
- Description of the method used to select consultants.
- The RFP's and qualification statements received.
- Written evaluation of the RFP's and qualification statements received.
- Written statement explaining the basis of selection.
- Cost and price detail summary sheets supporting fees and written evidence that costs were reviewed for reasonableness.
- Verification of clearance of firms.

Task A-11: Meeting Equal Opportunity Requirements

You are responsible for meeting equal opportunity requirements as follows:

Complying with Title VI of the Civil Rights Act of 1964 which provides that no person in the United States shall on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives federal financial assistance.

Complying with Title VIII of the Civil Rights Act of 1968, as amended, which prohibits discrimination against any person in the sale or rental of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status.

Complying with Section 109 of the Housing and Community Development Act of 1974 which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under the Act. Section 109 further prohibits discrimination based on age under the Age Discrimination Act of 1975 and based on handicap under Section 504 of the Rehabilitation Act of 1973, as amended.

Complying with Section 3 of the Housing and Urban Development Act of 1968 which requires that,

to the greatest extent feasible, opportunities for training and employment generated as a result of Section 3 financial assistance be given to lower income residents of the project area and contracts for work in connection with this project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project.

Complying with the provisions of the Age Discrimination Act of 1975 which prohibits discrimination on the basis of age in the delivery of services and benefits supported by federal funds.

Complying with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of handicap in any programs or activities receiving federal financial assistance.

Comply with the provisions of 24 CFR 570.506(g) by maintaining equal opportunity and other records.

To assure compliance you need a record keeping and reporting system which includes:

Section 3 Compliance.

Project Benefit to Population Groups.

Grantee Employment Records (See **Exhibit A-45** or utilize an EEO4 form).

Minority Business.

Fair Housing Activities.

Affirmative Action measures if applicable to past findings of discrimination.

Displacement Activities if applicable.

Minority Business Enterprise – 24 CFR 85.36(e), requires that you take affirmative action to contract with small and minority owned firms or women's business enterprises in the administration of your LCDBG project. Some affirmative action steps include, but are not limited to the following:

Adding qualified small and minority owned enterprises and women's business enterprises to solicitation lists.

Assuring that small and minority owned enterprises and women's business enterprises are solicited whenever they are potential sources.

When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum participation by small and minority owned enterprises and women's business enterprises.

Where the requirements permit, establishing delivery schedules which will encourage participation by small and minority owned businesses and women's business enterprises.

Using the services and assistance of the Small Business Administration and/or the Department of Economic Development's Division of Minority and Women's Business Enterprise, as necessary.

If any subcontracts are to be let, requiring the prime contractor to take the above affirmative steps.

One of the reporting requirements relative to minority contracting is the annual submission of the Contract and Subcontract Activity Form (formerly called the MBE - Minority Business Enterprise Report) for construction and non-construction contracts and subcontracts. This report is due by September 15 each year for the time your grant is ongoing. You will only report new contracts which have been let from October 1 through September 30 each year and that have not previously been reported. If your grant closes prior to the deadline, you must submit a report with your closeout documents **if and only if** you have a contract to report which **was not** previously reported. **Exhibit A-46** provides a copy of this required form.

When accepting bids for construction or requesting Qualification Statements for administration and planning, do not forget to encourage minority participation in newspaper advertisements for services you are procuring.

Meeting Section 3 Compliance

The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that employment and other economic opportunities generated by HUD financial assistance shall, to the greatest extent feasible, be directed to low and very low income persons, and to business concerns which provide economic opportunities to low and very low income persons. The standards and procedures contained herein are to ensure that the objectives of Section 3 are met.

Section 3 compliance requirements are triggered when a recipient receives in **excess** of \$200,000. If Section 3 is triggered for the grantee, then contractors/subcontractors whose contracts **exceed** \$100,000 must also comply.

It is important that you document your efforts to comply with Section 3 through maintenance of a "good faith efforts" file. It should contain memoranda, correspondence, advertisements, etc., illustrating your attempts to reach eligible persons and businesses. Documentation should support your attempt to comply with Section 3.

As with the local grantee, all contractors on LCDBG projects must comply with Section 3 requirements in terms of hiring new employees or sub-contractors to work on the project. **Therefore, you should discuss these requirements as a separate item at the PRE-**

CONSTRUCTION CONFERENCE or whatever other means the grantee utilizes to notify the prime contractor(s) of his/her responsibilities.

The following definitions will apply for purposes of this section:

Contractor - any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with Section 3 covered project.

Employment opportunities generated by Section 3 Covered Assistance – All employment opportunities arising in connection with Section 3 covered projects including management and administrative jobs such as architectural, engineering or related professional services, appraisers, CPA's, administrative consultants, or jobs directly related to administrative support of these jobs.

New hires - full-time employees for permanent, temporary or seasonal employment opportunities.

Low-income person – persons or families whose total household incomes do not exceed 80 percent of the median income for the area.

Very low-income person – persons or families whose total household incomes do not exceed 50 percent of the median income for the area.

Section 3 resident - a public housing resident or an individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and who meets the definition of low-income or very low-income person.

Section 3 business concern - a business

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within 3 years of the date of first employment with the business were Section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications in Nos. 1 or 2 above.

Section 3 covered activity - any activity which is funded by Section 3 covered assistance.

Section 3 covered assistance - assistance provided under any CDBG program that is expended for work arising in connection with housing rehabilitation, housing construction, or other public construction projects.

Section 3 covered contract - a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. This does not include contracts for the purchase of materials and supplies unless the contract includes purchasing of materials and installation of these materials and supplies. For example: a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e. the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project - the construction, reconstruction, conversion or rehabilitation of housing and other public construction assisted with CDBG funds.

Service area - the geographical area in which the persons benefiting from the Section 3 covered project reside. This area shall not exceed beyond the unit of general local government.

The “greatest extent feasible” requirement of Section 3 for grantees and covered contractors may be demonstrated by meeting numerical goals established by HUD. These goals, when met, provide a “safe harbor” for compliance with the Section 3 preference requirements. The goals established apply to the entire amount of Section 3 covered assistance awarded to the grantee.

Grantees have the responsibility of ensuring that, to the greatest extent feasible, contractors will operate in compliance with the requirements of Section 3.

Employment

The **grantee** may demonstrate compliance with Section 3 by committing to employ **Section 3 residents** as **30** percent of the aggregate number of new hires **for the project**, for a one year period.

Contractors/subcontractors may demonstrate compliance with Section 3 by committing to employ **Section 3 residents** as **30** percent of the aggregate number of new hires **for the project**, for a one year period.

This requirement extends ONLY to full-time jobs which may be permanent, temporary or seasonal and contracts which are a direct result of this project. It does include any hiring by the local government or contractor for employees hired to work on the project.

Contracting

The **grantee** and **contractor** may demonstrate compliance with Section 3 by committing to award to **Section 3 business** concerns at least **10** percent of the total dollar amount of all Section 3 covered contracts for **construction**.

The **grantee** must also commit to award at least **3** percent of all other contracts to Section 3 business concerns; i.e., administration, engineering, etc.

A grantee or contractor/sub-contractor who has not met the goals set forth has the burden of demonstrating why it was not feasible to meet these goals. Documentation must be maintained as to the actions taken by each in order to attain the goals and any impediments encountered.

The following are examples of efforts which can be utilized to assist you in reaching the specified goals in employment and contracting (efforts must be documented):

Employment

1. Post advertisements of the employment opportunities, identifying the positions, qualification requirements, and where to obtain additional information about the application process, in housing developments and transitional housing in the neighborhood or **service area of the Section 3 covered project**.
2. Contact community organizations and resident organizations and request assistance in notifying residents of the employment positions to be filled.
3. Sponsor a job informational meeting in the service area of the project.
4. Arrange assistance in conducting job interviews and completing job applications for residents of the service area where the project is located.
5. Arrange for a location in the service area of the project where job applications may be collected by the grantee or contractor representative.
6. Consult with State and local agencies administering JTPA or JOBS, probation and parole agencies, unemployment compensation programs, etc., to assist with recruiting Section 3 residents for employment.
7. Advertise the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio.
8. Employ a job coordinator, or contract with a business concern that will undertake the efforts to match eligible and qualified Section 3 residents with the employment positions to be filled.

9. Where there are more qualified Section 3 residents than there are positions to be filled, maintain a file of eligible qualified Section 3 residents for future employment positions.
10. Undertake job counseling, education and related programs in association with local educational institutions.
11. After selection of bidders, but prior to execution of contracts, incorporate into the contract a negotiated provision for a specific number of Section 3 residents to be trained or employed on the Section 3 project.

Contracting

1. The use of small purchase procedures (contract may not exceed \$100,000) such as soliciting quotations from a minimum of 3 qualified sources. At the time of solicitation, inform the parties of the Section 3 covered contract to be awarded with sufficient specificity; the time within which quotations must be submitted; and the information that must be submitted. A valid attempt to obtain 3 quotes from qualified sources must be made and documented.
2. In determining the responsibility of potential contractors, consider their past records of Section 3 compliance and their current plans for the pending contract.
3. Utilize minority contractors associations and community organizations to assist in identifying Section 3 businesses who may be potential bidders.
4. Advertise contracting opportunities by posting notices concerning the work to be contracted in common areas of housing developments.
5. Providing written notice to all known Section 3 business concerns of the contracting opportunities.
6. Follow up with Section 3 business concerns that have expressed interest in the contracting opportunities by personal contact to provide additional information.
7. Coordinating pre-bid meetings at which Section 3 business concerns could be informed of the upcoming contracting opportunities.
8. Provide workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities.
9. Advising Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
10. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 business concerns.

11. Where appropriate, break out contract work items into economically feasible units to facilitate participation of Section 3 business concerns.
12. Contacting agencies administering HUD Youthbuild programs and notifying these agencies of the contracting opportunities.
13. Advertising the contracting opportunities through trade association papers, local media, such as television, newspapers and radio.
14. Developing a list of eligible Section 3 business concerns.
15. Establishing numerical goals (dollar amounts, and number of awards) for contracts to Section 3 business concerns.

These examples of efforts which can be undertaken to assist in reaching Section 3 residents and businesses for employment and contracting opportunities should not be considered all inclusive.

Other Employment and Business Related Economic Opportunities

Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of “upward mobility”, “bridge” and trainee positions to fill vacancies, and hiring Section 3 residents in part-time positions.

A grantee or contractor may provide other economic opportunities to establish, stabilize or expand Section 3 business concerns.

These “other” opportunities, if provided, may be viewed by HUD as a defense as to why it was not feasible to meet the numerical goals should a challenge be issued by a Section 3 resident or business concern that either the grantee or contractor is not following Section 3 requirements.

General Information

Section 3 does not require the creation of economic opportunities for anyone, nor does the extension of employment opportunities to Section 3 residents preclude the necessity for that individual to be qualified for the job.

Section 3 does not mandate certification or evidence of a person's Section 3 status; however, you, as the grantee or the contractor, have the express right to request documentation which will support their claim to Section 3 preference. An example of evidence is the receipt of public assistance, or evidence of participation in a public assistance program, i.e., residency in a public housing development or evidence of a section 8 certificate or voucher assistance, or participation in JTPA, AFDC, or JOBS, or receipt of welfare assistance. **It does not have to be proof of income.** Remember, low to moderate income is determined by total household income.

You, as the grantee, will have to report to the State information on Section 3 new hires and contracts awarded to Section 3 business concerns. This report will be due at the time of closeout and will be included in the Program Completion Report. The reporting format is found in **Exhibit H-4**. **NOTE: This form has been changed and requires additional information from that of previous years.**

The following information is required for employment and training:

a) Job Category, b) Number of new hires, c) Number of New Hires that are Section 3 Residents, d) Percent of Aggregate number of staff hours of New Hires that are Section 3 Residents, e) Percent of Total Staff Hours for Section 3 Employees and Trainees, and f) Number of Section 3 Trainees.

For construction contracts awarded, the following will be reported:

a) the total **CDBG** dollar amount of all contracts awarded on the project, b) the total **CDBG** dollar amount of contracts awarded to Section 3 businesses, c) the percentage of the total dollar amount that was awarded to Section 3 businesses, and d) the total number of Section 3 businesses receiving contracts.

For non-construction contracts: (engineering, administration, attorneys, appraisers, CPA's, etc.) the following will be reported: a) the total **CDBG** dollar amount of all non-construction contracts awarded on the project, b) the total **CDBG** dollar amount of non-construction contracts awarded to Section 3 businesses, c) the percentage of the total dollar amount that was awarded to Section 3 businesses, and d) the total number of Section 3 businesses receiving non-construction contracts.

Additionally, a Section 3 complaint may be filed by an individual representing the interests of a small business, or by a Section 3 resident, alleging non-compliance with Section 3 by the grantee, contractor or subcontractor. The complaint must be filed within 180 days of the alleged violations. A Section 3 Complaint Form is included as **Exhibit A-47**. The form contains all of the necessary components of the complaint process. The information provided on this form is given voluntarily and provides the basis for HUD's investigation of the complaint to determine if the allegations of non-compliance are valid.

The following clause (referred to as the Section 3 clause) must be included in all Section 3 covered contracts: **NOTE: This clause has been changed from previous years.**

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract totaling \$100,000 or more, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon finding that the sub-contractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The contractor certifies that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

Maintain Project Benefit Records

As part of your LCDBG application, you were required to submit statistical information on the proposed persons benefiting from your project. It is important that you continue to maintain and update this information throughout the implementation of your project as it is necessary both in proving compliance with civil rights laws relative to non-discrimination and in meeting closeout requirements of providing data on actual beneficiaries. **Exhibit A-48**, Project Benefit Profile, assists

you with maintaining this information. Please note that you must determine those who are directly benefiting from your project and those who are indirectly benefiting. Direct benefit is when a personal record (job application, rehab grant application) must be completed to receive the benefit. Indirect benefit is when the benefits are available to all residents in the area where the project is taking place (residential street improvements, water treatment plant, parks). A Project Benefit Profile must be maintained for each activity except administration, planning, contingency, and engineering. However, if additional staff is hired specifically to work on your LCDBG project, they would be counted as direct beneficiaries under administration.

Additionally, you are now required to keep a list of all applicants with their gender characteristics who apply to receive direct benefits from your LCDBG project, i.e., ED job applicants, housing rehab applicants, applicants for sewer hook-ups, applicants for employment on jobs resulting for this project (new hires). This information will be submitted as part of the close-out procedures of your program.

Maintain Local Government Employment Records

It is important that each local government participating in the LCDBG program maintain employment records which include the composition of their staff. **Exhibit A-45**, City/Parish Employment Form, is provided to assist you in keeping track of this information. Additionally, personnel policies should clearly outline hiring, training, and promotional procedures. The local government should develop an employment policy which contains a non-discrimination clause assuring that all persons will be treated equally in employment opportunities. An Equal Employment Opportunity poster must be displayed in a prominent place in your office. This poster may be obtained from your Local Government Representative.

Task A-12: Developing and Implementing a Fair Housing Program

The Federal Fair Housing Law provides that "...no person shall be subjected to discrimination because of race, color, religion, sex, handicap, familial status, or national origin in the sale, rental, or advertising of dwellings, in the provision of brokerage services, or in the availability of residential real estate-related transactions including lenders, builders and homeowners insurance companies" (24 CFR 100.5).

You, as a grantee, have agreed to administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act (42 U.S.C.3608(e)(5));(E.O.12259(1-202));(24 CFR 570.601). This basically takes the form of promoting and publicizing Fair Housing laws as explained below for **Exhibit A-49**. You also agreed to develop and maintain records of your efforts to assure fair housing.

The regulations require that you will assume the responsibility of fair housing planning by conducting an analysis to identify **impediments to fair housing choice** within your jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that

analysis, and maintaining records reflecting the analysis and actions in this regard (24 CFR 570.487(b)(1)).

Impediments are defined as any actions, omissions, or decisions taken because of race, color, religion, sex, handicap, familial status, or national origin which restricts housing choices or the availability of housing choices.

Fair Housing Choice is defined as the ability of persons - regardless of race, color, religion, sex, handicap, familial status, or national origin - of similar income levels - to have available to them the same housing choices.

A good analysis will reflect a comprehensive review of policies, practices and procedures that affect the location, availability and accessibility of housing choices. To assist you in meeting these requirements the State has developed a Fair Housing Assessment which identifies six areas that should be reviewed. This Assessment, complete with instructions and examples, is provided as **Exhibit A-50**. Upon completing the assessment you should address your Fair Housing efforts to the areas you determine that are most critical. The State will request a copy of the Fair Housing Assessment as part of clearing contract conditions from the grantee, who will also maintain a copy in their local records (24 CFR 570.601(a)(2)).

In addition, each Grantee must conduct at least one Fair Housing activity during the grant period and maintain documentation of that activity that was or will be conducted. This documentation must be available when our office conducts its on-site monitoring. The documentation must identify the type of Fair Housing activity that was or will be conducted (community seminar, brochure distribution, etc.), the target audience (the general public, real estate brokers etc.), and the category of Fair Housing information provided. **Exhibit A-49** offers suggestions of activities which can be undertaken which will be determined to “further Fair Housing” and includes a sample Utility Bill Stuffer and a Fair Housing flyer. As a prerequisite for performing various Fair Housing activities, grantees need to be aware of the different possible infractions that constitute discriminatory conduct. This list of regulations that categorize and explain the different types of discriminatory conduct under federal law and provides contact information in the event a person feels they have been discriminated against is also included in **Exhibit A-49**.

Task A-13: Developing a Citizen Participation Plan

All applicants and grantees should have **developed** and **adopted** a Citizen Participation Plan prior to application preparation in order to be in compliance with Section 508 of the Housing and Community Development Act of 1974, as amended. The Plan at a minimum should:

- (a) provide 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;

- (b) provide citizens with reasonable and timely access to local meetings, information, and records relating to the unit of local government proposed method of distribution and relating to the actual use of funds under Title I of the Housing and Community Development Act of 1974, as amended;
- (c) provide for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;
- (d) provide for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance; which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodations for the handicapped;
- (e) provide for a formal written procedure which will accommodate a timely written response to written complaints and grievances, within 15 days where practicable; and
- (f) identify 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.

Each applicant/grantee shall provide citizens with adequate opportunity to participate in the planning, implementation, and assessment of the CDBG program. The applicant/grantee shall provide adequate information to citizens, hold a public hearing at the initial stage of the planning process to obtain views and proposals of citizens, and provide opportunity to comment on the applicant's/grantee's community development performance. The Citizen Participation Plan must incorporate procedures for complying with the above regulations (a-f).

If you did not prepare, adopt and follow a Plan in the beginning, a sample plan is included as **Exhibit A-51**. For future grant applications, the plan must be made available to the public at the beginning of the planning stage, i.e., the first public hearing. The plan must include procedures that meet the following requirements:

Scheduling and Providing Notices of Public Hearings

Adequate notice must be given of the public hearing. A minimum of five calendar days notice shall be given. Public hearings must be scheduled early in the planning process to ensure adequate public participation and still have time to develop an application. In addition, the applicant/grantee must provide citizens with reasonable and timely access to the hearings. The location and times of these hearings must be scheduled in such a manner as to be convenient to potential or actual beneficiaries with accommodations for the handicapped and non-English speaking persons.

Citizens, with particular emphasis on persons of low and moderate income who are residents of slum and blighted areas, must be encouraged to submit their views and proposals regarding community development and housing needs. Citizens must be made aware of where they may submit their views and proposals should they be unable to attend the public hearing. Where a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter must be present to accommodate the needs of the non-English speaking residents. Citizens must be provided with the following information at the public hearing prior to application submittal to the state. The following items must be included in the first public notice:

- i. the amount of funds available for proposed community development.
- ii. the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low and moderate income.
- iii. the plans of the applicant for minimizing displacement of persons as a result of activities assisted with such funds and the benefits to be provided by persons actually displaced as a result of such activities.
- iv. if applicable, the applicant must provide citizens with information regarding the applicant's performance in prior LCDBG programs funded by the State.

Written minutes of hearings and an attendance roster must be kept for review by State officials. Nothing in these requirements shall be construed to restrict the responsibility and authority of the applicant for the development of the application.

A second public notice must be published after the first public hearing has been held and prior to the application being submitted. This notice must be published a minimum of seven calendar days prior to application submittal. The second notice must inform citizens of the proposed objectives, proposed activities, the location of the proposed activities, and the amounts to be used for each activity. Citizens must be given the opportunity to review the application and comment on the proposed application. The notice must state the proposed submittal date of the application and must further provide the location at which, and hours when, the application is available for review. The application must be available for review when the notice is published in the newspaper.

In addition to the information required to be included in each public notice, you will find, in order to satisfy all the requirements of Citizen Participation, there is additional information which must be provided citizens and the most logical source for this provision is public notices. The sample Citizen Participation Plan, **Exhibit A-51**, incorporates all of the required elements. Review this document carefully.

Applicants must submit a notarized proof of publication of each public notice with the application.

Technical Assistance

The applicant must provide technical assistance to facilitate citizen participation where requested, particularly to groups representative of persons of low to moderate income. The level and type of technical assistance shall be determined by the applicant/grantee based upon the specific needs of the community's residents.

Amendments

The grantee must involve citizens in program amendments to the Community Development program. This shall be done by means of a public hearing prior to the submittal of the request for a program amendment to the State. Minutes of the hearing and a roster of those in attendance must be included with the program amendment request.

Complaint Procedures

Each applicant/grantee must have written citizen and administrative complaint procedures which provides the address, phone number and times for submitting complaints and provides for a maximum of fifteen (15) working days, where practicable, for a written response. The written Citizen Participation Plan must provide citizens with information relative to these procedures or, at a minimum, provide citizens with the information relative to the location and hours at which times they may obtain a copy of these written procedures. In **Exhibit A-51**, the complaint procedure has been included in the Citizen Participation Plan.

All written citizen complaints which identify deficiencies relative to the applicant/recipient's community development program merit full and prompt consideration and must be handled according to the grantee's written complaints procedure. Good faith attempts must be made to satisfactorily resolve the complaint at the local level. Complaints must be filed with the Chief Elected Official, or his/her designee, who will investigate and review the complaint. A written response from the Chief Elected Official to the complainant must be made within fifteen working days, where practicable. A copy must be forwarded to the Office of Community Development, Division of Administration. The complainant must be made aware that if he/she is not satisfied with the response, a written complaint may be filed with the Office of Community Development, Division of Administration.

All citizen complaints relative to Fair Housing/Equal Opportunity violations involving discrimination must be forwarded to the Louisiana Department of Justice (DOJ), Public Protection Division, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095, for disposition. The complainant must be notified in writing within 10 days that, due to the nature of the complaint, it has been forwarded to Louisiana Department of Justice. Citizens must be made aware that they can forward a complaint alleging discrimination directly to the Department of Justice or may contact the Department of Justice by telephone 1-800-273-5718 or TDD 1-225-342-7900.

Persons wishing to object to approval of an application by the State may make such objection known to the Office of Community Development, Division of Administration. The State will consider objections made only on the following grounds:

- a) the applicant's description of needs and objectives is plainly inconsistent with available facts and data;
- b) the activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the applicant; or
- c) the application does not comply with the requirements set forth in the Final Statement or other applicable laws.

Such objections should include both an identification of the requirements not met and, in the case of objections relative to (a) above, must include the data upon which the objection is based.

Performance Hearings

Prior to close-out of the Community Development Program, the recipient must have a public hearing to obtain citizen views and to respond to questions relative to the recipient's performance. This hearing must be conducted after the construction has been completed. It may be conducted during or after the lien period. A copy of the public notice and minutes of the hearing must be submitted with the close-out documents.

Documentation must be kept at the local level to support compliance with the aforementioned requirements.

Task A-14: Meeting Section 504 Requirements

Local grantees and recipients of economic development loans are required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 754). Section 504 provides that "No otherwise qualified individual with handicaps in the United States shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance". The local grantee is responsible for compliance with Section 504 by the developer in economic development programs.

Compliance with the provisions of Section 504 requires that local grantees shall operate each program or activity receiving Federal financial assistance so that the program or activity, when viewed in its entirety, is readily accessible to and usable by individuals with handicaps.

Minimum Requirements for All Grantees

In order to comply with Section 504, the following actions must be initiated:

1. Each grantee shall submit an assurance to the Office of Community Development that the LCDBG Program will be operated in compliance with Section 504 requirements (24 CFR 8.50(a)). This assurance obligates the grantee for the period during which federal financial assistance is extended. This assurance must be submitted prior to receipt of the executed

contract with the State. A sample assurance is attached as **Exhibit A-52**.

2. Each grantee shall have completed a self-evaluation of current policies and practices with respect to communications, employment, and program/physical accessibility to determine whether, in whole or in part, they do not or may not meet the requirements of being accessible to individuals with disabilities. The self evaluation will have been completed within six months of receipt of any grant award after July 1988.
3. The self evaluation shall designate all buildings and structures as “new” or “existing” depending on whether the building was constructed or altered after July 1988 (24 CFR 8.51(a)). The self evaluation shall determine whether buildings and structures that house programs and services for the public can be approached, entered, and used by persons with disabilities. At minimum the following items should be addressed in the self evaluation: Parking – Spaces, Curbs, Ramps, Routes and Pathways - Slopes, Levels, Ramps, Notices, Entrance Ways - Widths and Heights, Interiors - Door Grasp, Pressure, Pathways, Elevators, Service - Counter Heights, Notices, and Auxiliary Services - Telephones, Restrooms, Drinking Fountains.
4. Each grantee shall modify any policies and practices that do not meet the requirements for program accessibility (24 CFR 8.51). Because compliance with 504 does not necessarily require a recipient to make each of its existing facilities accessible to and usable by individuals with handicaps, or require a recipient to take any action that it can demonstrate would result in a fundamental alteration in the nature of its program or activity or in undue financial and administrative burdens, a recipient may comply with the requirements of this section in its programs and activities receiving Federal financial assistance through such means as relocation of programs, assignment of aids to beneficiaries, home visits, or any other method that results in making its program or activity accessible to individuals with handicaps. A recipient is not required to make structural changes in existing facilities where other methods are effective in achieving compliance with this section (24 CFR 8.21(i)).
5. Each grantee must ensure that members of the population eligible to be served or likely to be affected directly by a federally assisted program who have visual or hearing impairments are provided with the information necessary to understand and participate in the program. Methods for ensuring participation include, but are not limited to, qualified sign language and oral interpreters, readers, or the use of taped and Braille materials.
6. Each grantee must maintain data for the State showing the extent to which individuals with disabilities are beneficiaries of federally assisted programs.

Other Section 504 Requirements, as Applicable

1. If structural changes to non-housing facilities will be undertaken to achieve program accessibility (see notes below), a recipient shall develop a transition plan with the assistance of interested persons, including handicapped individuals or organizations representing handicapped individuals, for those areas which cannot be made accessible administratively

(24 CFR 8.21 (4)). The construction activities identified in the transition plan must have been/ must be completed within three years of completion of the self evaluation that was done within six months of the first grant award made after July 1988 (24 CFR 8.21(c) 3 -see 2 above). The transition plan must be made available for public inspection, and, at a minimum, it shall:

- a. Identify all physical obstacles that limit the accessibility of programs and activities to individuals with disabilities;
- b. Describe in detail the method to be used in making the facility accessible;
- c. Set forth a schedule for completion of the modifications. If the schedule exceeds one (1) year, then you must identify the actions to be taken during each year of the transition period;
- d. Identify the individual responsible for implementation of the plan; and
- e. Identify the persons or groups with whose assistance the plan was prepared.

NOTE: Unless the grant recipient has recently acquired a facility that was constructed prior to 1988, that will house programs and services available to the public, and intends to make physical alterations to this facility, the three year construction period for meeting the accessibility requirement for existing facilities under this regulation will have expired.

NOTE: New non-housing facilities (designed, constructed or altered after July 11, 1988) shall be designed and constructed to be readily accessible to and usable by individuals with handicaps (24 CFR 8.32).

2. If the grantee employees fifteen or more persons:
 - a. A responsible employee must be designated to coordinate the community's efforts to comply with Section 504;
 - b. The community must adopt grievance procedures that incorporate appropriate due process standards and that provide for the prompt and equitable resolution of complaints alleging any action prohibited by this part. Such procedures need not be established with respect to complaints from applicants for employment or from applicants for admission to housing covered by this part.
 - c. The grantee shall take appropriate initial and continuing steps to notify participants, beneficiaries, applicants, and employees, including those with impaired vision or hearing, and unions or professional organizations holding collective bargaining or professional agreements with the grantee that it does not discriminate on the basis of handicap in violation of this part. The notification shall state, where appropriate, that the grantee does not discriminate in admission or access to, or treatment or

employment in, its federally assisted programs and activities. The notification shall also include an identification of the responsible employee designated above.

A grantee shall make the initial notification required by this paragraph within 90 days of receipt of the executed contract with the State. Methods of initial and continuing notification may include the posting of notices, publication in newspapers and magazines, placement of notices in recipients' publications, and distribution of memoranda or other written communications.

- d. The grantee must maintain a file, make available for public inspection, and provide to the responsible civil rights official, upon request: (1) a list of the interested persons consulted; (2) a description of areas examined in the self-evaluation and any problems identified; and (3) a description of any modifications made and of any remedial steps taken.

In order to assist you with Section 504 compliance, a separate handbook was developed several years ago. An Update for Section 504 compliance was prepared in October, 2002. The Update provides examples of policies to be adopted for accessibility compliance.

The regulation requires that you must have available a TDD or equally effective method for communicating with hearing impaired persons. Louisiana has an approved relay service which may be utilized. In order to utilize the relay system, the grantee must have a policy indicating the use of the relay system by the grantee and publish the telephone numbers in the newspaper. The numbers are: TDD Users 1-800-846-5277, and Voice Users 1-800-947-5277. This service is free of charge. Recently the number "711" has been approved by the FCC for use in contacting the relay service. This number works from both TDD and voice telephones and while it is applicable in most states, you are still required to list the "800" numbers presented above.

If you have been the recipient of prior LCDBG funds and have a completed self-evaluation and if applicable, a transition plan, as mentioned above, the three year time period for completing the construction activities specified in a transition plan for most grantees has expired. For "existing" buildings and facilities that house programs and services for the public and are not accessible you must have adopted policies and/or modified practices to achieve accessibility. Prior grantees should prepare a summary of their past compliance activities and submit it to OCD prior to clearing their contract conditions. A sample can be found in **Exhibit A-53** of this handbook. **Note: The "Summary of Actions to Achieve Compliance with Section 504" must contain three sections: physical accessibility, communications, and employment.** Also, you must re-submit the required assurance previously disclosed to our office.

Task A-15: Anti-displacement

All grantees are required to adopt a Residential Anti-displacement and Relocation Assistance Plan and Certification before any funds can be dispersed to that grantee. Please refer to Section D, page

D-16 of this handbook for more information on this requirement.

Task A-16: Disclosure Reports

In accordance with the Housing and Urban Development Reform Act of 1989, all applicants for and recipients of LCDBG funds must prepare Disclosure Reports. The primary purpose of the Disclosure Report is to identify the sources and uses of all funds that will be used in conjunction with the LCDBG funds. The initial Disclosure Report will be submitted as part of the application for funds. Those applicants who are successful in receiving LCDBG funds must submit updated Disclosure Reports for those circumstances which require updated reports. Updated reports must be submitted to the Office of Community Development within thirty days of any change which addresses one of the circumstances requiring an updated report. The forms and instructions for completion of the initial and updated reports are included in **Exhibit A-54**.

Task A-17: Record Keeping and Reporting

You must be able to fully document compliance with all applicable regulations of the LCDBG program. This can be accomplished through careful attention in maintaining adequate records and submitting required reports. Your LCDBG records must be maintained for a period of four years after final closeout. The filing system you establish to keep these records should be easy to use while providing a historical account of your activities for examination and review by the State, auditors, and local staff. Your filing system should be established on a program year basis. This will result in a duplication of files, but it will make your use of the files much easier. Also, your files must be maintained in a central location. The checklist below is a sample of the major file categories you should maintain and a listing of materials that should be kept in each file. This list is not all inclusive. Although the consultant may maintain a set of files in his/her office, the local governing body is required to maintain the original files in the Town Hall/Courthouse.

Application

- 1) Application
- 2) Correspondence relating to the application
- 3) Requests for program amendments/program changes and State's response

Contract Agreement

- 1) Letter from the State awarding grant
- 2) Contract Agreement
- 3) Request for Removal of Contract Conditions and Release of Funds Form
- 4) Notice of Removal of Contract Conditions and Release of Funds Form or letter from the State stating that the contract conditions have been removed
- 5) Records of correspondence concerning other contract conditions

Environmental Review Record

- 1) Finding of Exemption
- 2) Finding of Categorical Exclusion (if applicable)
- 3) Statutory checklist
- 4) Project description
- 5) Environmental Assessment/Checklist (if applicable)
- 6) ERR Project Map with boundaries marked
- 7) Floodplain Map (if applicable)
- 8) Floodplain Notices/8-step documentation (if applicable)
- 9) US Corps of Engineers letters (to and from / if applicable)
- 10) State Historic Preservation letters (to and from)
- 11) Farmland Conversion Impact Rating form (if applicable)
- 12) Historic Preservation Housing Rehab Certifications (for housing activities only)
- 13) Statutory Checklist Completion Forms (for housing activities only)
- 14) Notice of Intent to Request Release of Funds **OR** Combined Notice of Finding of No Significant Impact and of Intent to Request a Release of Grant Funds
- 15) Notice of FONSI distribution list
- 16) Request for Release of Funds and Certification
- 17) All letters related to ERR
- 18) Any required permits

Financial Management

- 1) Designation of Depositary Card
- 2) Authorized Signature Card
- 3) Financial Management Questionnaire (mailed with "Application Revision Letter)
- 4) Requests for Payment
- 5) Accounting books of original and final entry (Cash Receipts Journal, Cash Disbursements Journal, Monthly Financial Statements, General Ledger, LCDBG Property Register, Cash Control Card)
- 6) Record of commitment of other funds
- 7) Source documentation (contracts, purchase orders, vouchers, invoices, requests for partial payment, etc.)
- 8) Canceled checks, deposit slips, monthly bank statements, etc.
- 9) City/Parish Code of Ethics
- 10) City/Parish audits

Procurement

- 1) Adopted procurement policy
- 2) All professional services contracts (technical assistance, engineering, administrative, legal, audit, appraisal, et cetera)
- 3) Methods and procedures for selection of professional services
- 4) Qualification statements and proposals received
- 5) Written review and evaluation of statements and proposals received
- 6) Negotiation methodologies
- 7) Cost and price detail summaries
- 8) Amendments to contracts (if applicable)

- 9) Evidence of City/Parish's attempt to identify and solicit minority contractors and vendors and documentation to support "good faith effort"

Fair Housing/Equal Opportunity

- 1) City/Parish Employment Affirmative Action Plan, if applicable
- 2) Evidence of efforts to affirmatively further fair housing
- 3) City/Parish employment profile
- 4) Project benefit profile documentation

- 5) Analysis of Impediments to Fair Housing/Fair Housing Assessment
- 6) M.B.E. Reports

Citizen Participation

- 1) Copy of all notices of public hearings held and proofs of publication relating to your LCDBG program
- 2) List of persons attending public hearings and minutes of the meetings
- 3) Citizen inquiries and complaints and correspondence responding to the inquiries and complaints
- 4) Copy of Citizen Participation Plan with adopting resolution. Records documenting implementation and compliance with the CP Plan
- 5) Citizen Complaint Procedures

Section 504

- 1) Self-evaluation with all areas examined
- 2) List of interested persons consulted
- 3) Transition Plan (if applicable)
- 4) Summary of Previous Actions Taken to Achieve Compliance with Section 504
- 5) Description of modifications made, or to be made, whether administratively or physically
- 6) Designation of responsible person to coordinate Section 504 (if 15 or more employed)
- 7) Grievance Procedure (if 15 or more persons are employed) - relating specifically to Section 504
- 8) Notices Required (if 15 or more persons are employed)
- 9) Statement of Policy to be used with published or recruitment materials or publications of general information
- 10) Method for ensuring participation by those likely to be affected by the CDBG Program who have visual or hearing impairments
- 11) Procedures which ensure that interested persons (including those with visual or hearing impairments) can obtain information on the existence and location of accessible services, activities, and facilities
- 12) Employment/Personnel Practices
- 13) Data which shows the extent to which handicapped individuals are benefitting from the LCDBG program
- 14) Section 504 Assurance

Public Facilities Projects

- 1) Special studies, surveys, investigations, tests results, et cetera
- 2) Preliminary design and cost estimates
- 3) Final design documents and cost estimates
- 4) Evidence that all land, rights-of-ways, and easements have been obtained prior to advertising project for bids; should include highway permits and railroad crossing permits as applicable
- 5) Advertisements for bids
- 6) Bid documents

- 7) Evidence of submittal to and/or review by cognizant State or Federal agency having jurisdiction over project
- 8) Conformance with Architectural Barriers Act, if applicable
- 9) List of proposed bidders and suppliers receiving copies of the bid documents
- 10) Minutes of public bid opening
- 11) Tabulation of bids with copy of the bid proposal and bid bond submitted by each bidder
- 12) Bidder qualification information; verification of contractor eligibility
- 13) Notice of award of the contract to the lowest responsible bidder
- 14) Evidence of contractor and subcontractor verification of eligibility and approval
- 15) Architect/engineer inspection reports or project status reports, field measurements and test results
- 16) Records of claims, disputes, et cetera
- 17) Change orders and field orders with supporting documentation and justification
- 18) Final inspection and acceptance of project
- 19) Clear lien certificate and final payment to contractor
- 20) As-built drawings
- 21) Correspondence, memoranda, and other records that may relate to construction contracts
- 22) Verification of contractors' compliance with Section 3 regulations

Comprehensive labor standards compliance files must be established for each construction job. **Exhibit B-27** is a COMPREHENSIVE CONSTRUCTION CONTRACT CHECKLIST which includes all required labor standard compliance documentation and provides a system for documenting compliance activities.

Labor Standards

- 1) Designation of a local Labor Standards Compliance Officer
- 2) Request for Wage Determination
- 3) Wage determinations, modifications, and additional classifications
- 4) Federal Labor Standards Provisions
- 5) Evidence of the 10-day call
- 6) Verification of contractor eligibility
- 7) Notice of Contract Award
- 8) Contractors License Forms

- 9) Contractor's and subcontractor's weekly payrolls and Statements of Compliance signed by an officer of the company
- 10) Evidence of apprenticeship/trainee registration and certification if apprentice or trainee rates were paid
- 11) Payroll deduction authorizations
- 12) Employee interviews
- 13) Evidence indicating that the federal wage determination and the Labor, E.O., and Safety posters were posted
- 14) Evidence of restitution, if any
- 15) Complaints from workers, if any, and actions taken

- 16) Labor Standards Compliance Report(s), if any
- 17) Final Wage Compliance Report

State Monitoring/Inspections

- 1) State letter(s) of findings
- 2) City/Parish response to letter of findings
- 3) State's response clearing findings
- 4) Other correspondence related to the State's monitoring visits

Audit

- 1) Method utilized to procure audit firm(s)
- 2) Professional Services Agreement with independent CPA
- 3) Financial Reports
- 4) Information relating to Financial Reports costs

Project Closeout

- 1) Program Completion Report
- 2) Certification of Completion
- 3) State's letter Issuing a Conditional Closeout
- 4) State's letter Issuing a Final Closeout

General Correspondence

Incoming and outgoing correspondence that does not fall into the above categories or into a specific project file category

Force Account

Contact the State's Office of Community Development for record keeping requirements with respect to force account.

Property Rehabilitation Case Files: (for each property Rehabilitated)

- 1) General file
 - (a) Property Rehabilitation Plan and resolution of adoption
 - (b) Project area rehabilitation survey
- 2) Application for property Rehabilitation assistance from property owner must include

the following:

- (a) Identification of the person(s)
 - (b) Address and proof of ownership or occupancy exceeding six months
 - (c) Phone number
 - (d) Ethnic group classification
 - (e) Age and sex of all members of household
 - (f) Monthly gross income of all members of the household older than seventeen
 - (g) Monthly house note, if any
 - (h) Average utility cost
 - (i) Sex of head of household
 - (j) Head of household handicap status
- 3) Determination of eligibility for assistance and copies of all unfounded applicants
 - 4) Property inspection(s), work write-up and cost estimates
 - 5) Agreement to provide property Rehabilitation assistance
 - 6) Method and procedures used for contractor selection
 - 7) Construction contract documents
 - 8) Notice to Proceed with construction
 - 9) Inspection reports including final inspection reports and homeowners acceptance
 - 10) Payments to contractor
 - 11) Deferred loan lien agreement duly executed with the clerk of court
 - 12) Clear lien certificates
 - 13) Copies of all applicable warranties

Demolition (For each property demolished excluding Reconstruction)

- 1) A file for each unit demolished
- 2) Evidence that demolition was carried out in accordance with the requirements under La. R.S. 33:476/et.seq.
- 3) Proof that the unit was not able to be rehabilitated in a cost efficient manner. (Photos or written Section 8 checklists, other documentation)
- 4) Proof that the unit was vacant prior to demolition.

Land Acquisition: (for each parcel, easement, or right-of-way acquired or obtained)

- 1) Official determination to acquire; a citation of the action that constitutes the official determination to acquire, the date of the action, and the applicable LCDBG contract number.
- 2) Notice of Intent to acquire property; a copy of the notice, citation of the date of transmittal to owner, and evidence of receipt by the owner.
- 3) Notice of land acquisition procedures; a citation of the date of transmittal to the owner and evidence of receipt by owner. (NOTE: LCDBG reviewer shall assure himself that notice actually transmitted is adequate.)
- 4) Invitation to accompany appraiser; evidence that owner was invited to accompany each appraiser on his inspection of the property.
- 5) Appraisal reports; a copy of each appraisal report, including reviewer's report on which determination of just compensation was based.
- 6) Determination of just compensation; a copy of the resolution, certification, motion or

- other document constituting the determination of just compensation.
- 7) Purchase offer; a copy of written purchase offer of just compensation, including all basic terms and conditions of such offer, and a citation of the date of delivery to the owner. This date is the initiation of negotiations.
 - 8) Statement of the basis for the determination of just compensation; a copy of the statement and an indication it was delivered to owner with written purchase offer.
 - 9) Purchase agreement, deed, declaration of taking, and tenant waivers; a copy of each such document and any similar or related document utilized in conveyance.
 - 10) Settlement cost reporting statement; a copy of the statement.
 - 11) Purchase price receipt; evidence of owner receipt of purchase price payment.
 - 12) Ninety days notice to surrender possession of premises; a copy of the notice. As an alternative, a copy of this notice may be included in the relocation or property management file.
 - 13) Copy of any appeal or complaint filed and recipient's response.
 - 14) If voluntary acquisition procedures were used, a copy of the adopted Voluntary Acquisition Policy and a copy of the resolution.

Relocation Case Files: (for each relocation claim)

- 1) Identification of person, displacement property, racial/ethnic group classification, age and sex of all members of household, monthly rent and utility costs for displacement and replacement housing, type of enterprise, and relocation needs and preferences.
- 2) Evidence that the person received a timely statement describing available relocation payments and basic eligibility conditions, available advisory services, and right to comparable replacement housing (or suitable replacement housing under Section 104(j) policies).
- 3) Evidence that the person received a timely written notice informing him/her of eligibility for relocation assistance and the location and cost of the comparable replacement dwelling used to establish the upper limit of the replacement housing payment.
- 4) Evidence and dates of personal contacts; and description of services provided.
- 5) Identification of referrals to replacement properties, date of referral, sale price or rent/utility costs (if dwelling), date of availability, and reason(s) for declining referral.
- 6) Copy of 90-day notice and vacate notice, if issued.
- 7) Identification of actual replacement property, sale price or rent/utility costs (if dwelling), and date of relocation.
- 8) Replacement dwelling inspection report; and date of inspection.
- 9) A copy of each approved claim form and related documentation; evidence that the person received payment.
- 10) Copy of any appeal or complaint filed and recipient's response.
- 11) Copy of deferred loan lien agreement that has been filed with the clerk of courts office.