

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
GRANTEE HANDBOOK

PROGRAM ADMINISTRATION A

PUBLIC FACILITIES B

HOUSING REHABILITATION C

REAL PROPERTY ACQUISITION D

RELOCATION/DEMOLITION E

ECONOMIC DEVELOPMENT F

ANTI-DISPLACEMENT G

MONITORING AND CLOSEOUT H

A. PROGRAM ADMINISTRATION

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	5
TASKS:	
A-1: The Performance Schedule	5
A-2: Completing Environmental Review Requirements	5
A-3: Establishing Procedures for Financial Administration	17
A-4: Establishing Your LCDBG Funds Account, Requesting Payments, and Three-Day Expenditure Rule	22
A-5: Preparing Budget Reconciliations, Budget Revisions and Program Amendments	24
A-6: Audit Process	25
A-7: Removing Contract Conditions/Release of Funds	28
A-8: LCDBG Procurement Requirements and Preparing a Procurement Policy	29
A-9: Securing Materials, Supplies and Construction Services	31
A-10: Securing Professional Services	32
A-11: Meeting Equal Opportunity Requirements	42
A-12: Developing and Implementing a Fair Housing Program	52
A-13: Developing A Citizen Participation Plan	53
A-14: Meeting Section 504 Requirements	56
A-15: Disclosure Reports	60
A-16: Record Keeping and Reporting	60
EXHIBITS:	
A-1: Authorized Signature Card	69
A-2: Designation of Depository Card	71
A-3: Electronic Funds Transfer Form	73
A-4: LCDBG Request for Payment	77
A-5: Certification of Exemption	79
A-6: Certification of Categorical Exclusion Not Subject to 58.5	80
A-7: Certification of Categorical Exclusion Subject to 58.5	81
A-8: Compliance Documentation Checklist	83
A-9: Statutory Checklist	85
A-10: Statutory Checklist Completion Form	91
A-11: Historic Preservation Letters	93
A-12: Historic Preservation Housing Rehabilitation Certification	94
A-13: Floodplains and Wetlands Notice/Early Public Review Notice	95
A-14: Floodplains and Wetlands Notice/Notice of Explanation	96

	<u>Page</u>	
A-15:	Chicot and Southern Hills Aquifer Map	97
A-16:	Farmland Conversion Impact Rating	99
A-17:	Coastal Zone Boundary Map	101
A-18:	“Notice of Intent to Request Release of Funds”	103
A-19:	Environmental Assessment Checklist	105
A-20:	Summary of Environmental Review Requirements	113
A-21:	“Combined Notice of Finding of No Significant Impact and of Intent to Request a Release of Grant Funds”	117
A-22:	Sample Distribution List	119
A-23:	“Request for Release of Funds and Certification”	121
A-24:	Sample Notice of Removal of Contract Conditions Letter	123
A-25:	General Ledger Chart of Accounts	125
A-26:	Cash Receipts Journal	126
A-27:	Cash Disbursements Journal	127
A-28:	LCDBG Property Register	128
A-29:	Time Sheet	129
A-30:	Financial Statements	130
A-31:	Federal Procurement Regulations	132
A-32:	Conflict of Interest	141
A-33:	Sample Procurement Policy	143
A-34:	Community Development Plan	149
A-35:	Sample Advertisement for Administrative Services	155
A-36:	Sample Request for Proposals for an Administrative Consultant	157
A-37:	Suggested Scope of Services for Housing Rehabilitation Programs	165
A-38:	Sample Request for Qualification Statements for Engineering Services	167
A-39:	Sample Contract for Professional Services	169
A-40:	Request for Program Amendment	183
A-41:	Verification of Contractor Eligibility	187
A-42:	Contract and Subcontract Activity Form	189
A-43:	Section 3 Complaint Register	191
A-44:	Project Benefit Profile	193
A-45:	City/Parish Employment Form	195
A-46:	LCDBG Disclosure Report	197
A-47:	Fair Housing Assessment	207
A-48:	Furthering Fair Housing Activities and Information	217
A-49:	Sample Citizen Participation Plan	223
A-50:	Sample 504 Assurance	231
A-51:	Summary of Actions Taken to Achieve Compliance with Section 504	232
A-52:	Budget Reconciliation Report	233
A-53:	LCDBG Budget Revision Form	235

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 you must complete from the preliminary approval date to project implementation. Careful attention to these administrative tasks can help you avoid or minimize many of the problems experienced by grantees during implementation and audit. The text describes the steps required to complete each task and references required forms and examples of work contained in the exhibits.

Task A-1: The Performance Schedule

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

If a program amendment is approved or if your schedule changes significantly, you must prepare a revised schedule and submit it to your Local Government Representative (LGR). A significant change is one that delays milestone accomplishments by more than one quarter (three months). We want you to report changes so that we remain aware of your program progress and can monitor performance against realistic goals. If it becomes obvious that you are behind schedule, we 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 you, the recipient, during the course of the environmental review.

You must implement your 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. You will be provided a copy of 24 CFR Part 58, and other handouts which contain environmental regulations. 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.

Your contract will indicate that you must complete and submit an Environmental Review Record of your project, whether public facilities, economic development, or housing rehabilitation. The contract and the letter of authorization to incur costs states 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 you chose to administer your grant using your own staff, the penalty will be assessed against your LCDBG administrative funds, and disallowed. If you are not using LCDBG administrative funds, the penalty will be assessed against your 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.

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 you can obtain a Release of Funds. Project funds cannot be obligated or expended until the State clears all contract conditions. There are some exceptions. If your budget includes administration costs and design costs, you may incur these costs prior to receiving a Notice of Release of Funds.

The Chief Elected Official of your community 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.

A determination must be made concerning which of the **five** environmental review categories a project falls into. 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, you must make and document a certification that such activities are exempt. This involves completing the Certification of Exemption for HUD Funded Projects (Exhibit A-XX) which identifies the activity and states the statutory authority for the exemption. The grantee does have to comply with Part 58.6, and complete the 24 CFR 58.6 Compliance Documentation Checklist shown as Exhibit A-XX.

The grantee does not have to submit the Request for Release of Funds and Certification form; however, all other contract conditions 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. The

grantee must complete a Certification of Categorical Exclusion (not Subject to 58.5) shown in Exhibit A-XX. The grantee does have to comply with Part 58.6, and complete the 24 CFR 58.6 Compliance Documentation Checklist shown as Exhibit A-XX. Also, the grantee must clear all other contract conditions 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-XX, identifies the activity and states the statutory authority for the exclusion. Please check with our environmental staff before making a finding of exemption or categorical exclusion. They will help you 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-XX;

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

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

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-XX);

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

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, you must conduct an environmental assessment and document 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-XX);

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

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

A detailed description of the project, including location;

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

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

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 your 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 your proposed project is determined to have a potentially significant impact on the environment, you must prepare an Environmental Impact Statement. Call our office as soon as you determine 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. Describe the target area by street name, highway name, or numbers for each street serving as a boundary for the project area being environmentally cleared. You may choose to include a legal description of the area being cleared, but it 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.

You must indicate whether the ERR is site specific for public facilities projects. For example, if your 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. They will be commenting on that particular site. However, if you do not know the exact location but know the well will be drilled somewhere within the project area, then it is necessary to clear the entire project area. You must indicate to your data source, either by letter or verbally, whether the ERR is site specific. **If your 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 our office for review.**

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-XX, 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. Particular 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-XX, following the checklist itself.

In the Compliance Documentation Column, record the finding status for each listed Federal statute, regulation, or authority as follows:

Status “A” applies when compliance with the authority is achieved without adverse effects on the protected resource, without necessary mitigation or attenuation AND when no formal consultation, permit or agreement is required to establish compliance. In these situations, enter “A” in the compliance documentation column in addition to the other required documentation.

Status “B” applies when project compliance with the authority requires formal consultation, a permit or agreement, OR when the proposal may have an adverse effect on the protected resources. Part B summarizes what additional steps or formal procedures must be completed prior to submitting a Request for Release of Funds (RROF) to the State. Evidence of completion and implementation of the required procedures or mitigation must be retained in the project Environmental Review Record (ERR).

In addition, 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 you use an individual as a data source for the compliance documentation, you must indicate the person's name, title, State or Federal agency, and the date of correspondence or verbal contact. You should state whether the contact was verbal or written and state the degree of impact the project will have on the environment. If a contact is made verbally, keep a telephone log documenting the call. If you are citing a plan or publication, 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 your project, you must obtain the permit 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-XX) will assist you in addressing these areas of compliance as the specific site selections are made. This form must be completed for each unit and filed in your ERR file and a copy maintained in the individual files of each housing unit. In addition, a copy must be sent to our office. 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 city) 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 chosen. The Statutory Checklist Completion form for large target areas (Exhibit A-XX) must be completed for each unit. A copy of this form must be sent to our office, and a copy must be retained in your ERR file and in the individual files of 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-XX). If the project involves residential rehabilitation, you must also complete the Historic Preservation Housing Rehabilitation Certification provided as Exhibit A-XX. The letters 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 B). 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. 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 the activity is located in the 100-year floodplain, Part

55.20 applies, and the grantee must complete an Eight Step Process. You must provide documentation in the ERR for each of the following steps:

1. Determine if the project is located in a 100-year floodplain by locating your project on a floodplain map. Record the results and date of this examination in your ERR.
2. Involve the public in the decision making process by publishing an Early Public Review Notice (Exhibit A-XX) in a local newspaper to make the public aware of your intent. 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-XX) 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, or the Combined Notice of Finding of No Significant Impact and Intent to Request Release of Funds.*
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 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. In the future, the regulation is to 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 or the US Army Corps of Engineers to make the

determination. The National Wetland Inventory is available on a website located at <http://wetlands.fws.gov>. However, all areas of the State have not been added to the website map at this time.

For Coastal Areas, review Exhibit A-XX to determine if your project is within the nineteen coastal zone parishes. If it is, you must contact the Louisiana Department of Natural Resources, Coastal Zone Management for their comment. If your project is not within the coastal zone, you 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-XX.

You 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, you must 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), you must determine if your 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, you must complete the Farmland Conversion Impact Rating Form AD-1006. Form AD-1006 can be obtained from the USDA Natural Resources Conservation Service (NCRS). A copy of the form is included as Exhibit A-XX. 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. We suggest, however, you contact your local soil conservationist for comment, and reference the contact 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 you 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 you.

The Act encourages Federal agencies to consider the effects of their 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-XX), 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 get the interior noise level at 45 decibels or less. A noise handbook is available upon request from our office. 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.

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. You should state on the Checklist 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 whether the calculation is required. If so, the calculation should also be attached. If the property is not within the ASD, you must provide mitigating measures unless they are already in place. If you should need a copy of the guidebook for calculating the ASD, please request one from our office.

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, you 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-XX). 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 you intend to submit to the State a “Request for Release of Funds and Certification” (Exhibit A-XX) no sooner than seven full days after publication or ten days after posting. You should begin counting the comment period the day AFTER the notice is published or posted. For publication the actual day to submit your 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. Although the State’s comment period begins the day after the date of the request of funds, you should extend the comment period two days to allow for mailing. After your seven- or ten-day period has elapsed, you must prepare and submit the “Request for Release of Funds and Certification” to the State. Copies of your 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-XX. You 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). Your environmental assessment that includes the Environmental Review Finding form must be signed by your Certifying Officer and included in your environmental review record (ERR).

Combined or Concurrent Notice

This notice (Exhibit A-XX) 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 has elapsed, you may submit the “Request for Release of Funds and Certification” and the environmental review record (ERR) and any comments received. 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 after the State receives your request for release of funds and the ERR. 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 <i>(15 days)</i>	6/4/xx <i>(18 days)</i>
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 your ERR. Proof of publication means that you either provide the actual newspaper article (dated), or an original notarized copy of the published notice. 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 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-XX 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-XX must be completed and submitted to the State following the final publications discussed above.

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

Task A-3: Establishing Procedures for Financial Administration

This task presents an overview of the accounting procedures you must follow to comply with State and federal requirements under the LCDBG program. In order to properly account for LCDBG

funds, you must be able to track all funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes (24 CFR 85.20 (a)). The State will review the adequacy of your financial management system subsequent to the award of your grant (24 CFR 85.20 (c)).

You must maintain accounting records 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 to include 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 principals 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, 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 your contract such as local match, other funds, and program income.

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.

24 CFR 85.20 (b)(2), and A-87 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.

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-26**.

Cash Disbursements Journal -- All expenditures are entered into this journal. A suggested format for this journal is shown in **Exhibit A-27**.

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-28**.

General Ledger -- This is a book of final entry which summarizes the status of each account in the LCDBG accounting system. You may maintain the General Ledger for the LCDBG program as you do for the general Ledgers for your other municipal Funds, however, you must utilize the Chart of Accounts in **Exhibit A-25** Supporting documentation should be maintained to summarize expenditures and revenues by the following categories:

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.

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.

You must establish a 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 your 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 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 below and will facilitate compliance with State and federal requirements.

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 principals 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-30**. 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.

Other Program-Related Expenditures

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, Cost Principles for State and Local Governments, revised 5/10/2004. 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.

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.

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.

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 Request for Payment 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-29**. The grant recipient may use their own timesheet providing that it contains the equivalent information including the distribution of payroll costs and is signed by a knowledgeable supervisor.

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.

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. For additional information about indirect costs see **Pages 50-70** in the Financial Management Manual.

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.

Program Income

Program income 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. 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-4: Establishing Your LCDBG Funds Account, Requesting Payments, and Three-Day Expenditure Rule

Establishing Your LCDBG Funds Account

You will receive one copy of your LCDBG contract 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 conditioned activities. You must read the contract carefully before you sign it. One copy will be returned to you for your records when it has been signed by the appropriate State officials. The contract is fully executed only after all State signatures have been obtained.

To establish your LCDBG account with the State, you must complete an Authorized Signature Card (**Exhibit A-1**). This card must be completed carefully with no erasures or corrections. It tells the State who is authorized to sign your 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 persons authorized to sign Requests for Payment at any time during your project, you must submit a new Authorized Signature Card to the State.

You must also prepare two Designation of Depository forms (**Exhibit A-2**) and an Electronic Funds Transfer Enrollment Form (**Exhibit A-3**). These forms tell the State where your LCDBG funds should be deposited. They identify the federally insured financial institution into which the funds are deposited. Your funds must be deposited into a separate non-interest bearing account. They may not be deposited into a regular City/Parish account. If you draw interest, the State must collect it from you.

When these forms are received, the State will proceed to establish your LCDBG account in the State accounting system. No funds can be drawn until this account is established.

If you need to change these forms at any time during your project, you can change the information by simply providing the State with two revised 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 State.

You may not draw on your LCDBG account for any approved activity until you have received a Notice of Removal of Contract Conditions and a Release of Funds from the State.

Requesting Payment

Request funds using the LCDBG Request for Payment form. Examples are provided in **Exhibit A-4**. The form must be completed accurately or it cannot be processed. Funds may be requested a maximum of three times per month for housing rehabilitation grants and twice a month for other grants. It takes approximately fifteen days to process a Request for Payment. Requests should be made only in amounts necessary to meet current disbursement needs. 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-200x to xx-xx-200x. A person authorized by the grantee must sign to approve the invoices.

If you have any questions regarding the Request for Payment Form (**Exhibit A-4**), please call your LGR before preparing your first request.

Under Request Number, always assign the next sequential number for each separate request that is submitted. If it is a resubmission of a previous request that was 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 two authorized signatures.

Show exact amount of cash on hand at the time you are making the request.

Funds disbursed to date on RFP Line 1D should include any invoices paid since last RFP.

Signatures on the request form must be **identical** in every way to those on the Authorized Signature Card. This includes middle initials.

The Request for Payment 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>) and in Exhibit A-4. Have two of the people listed on the authorized signature card sign the Request for Payment. Send an original and two copies to the State. The State will then process your request. The State will return one copy when the request is processed. The grantee should check with their financial institution on Friday to see that the funds were deposited in their account. Contact your Local Government Representative if funds are not received. You should receive payment within fifteen days of sending your request to the State.

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," you must 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 Local Government Representative (LGR) to discuss the situation and determine whether funds should be retained or returned to the State.

If you request payment in anticipation of receiving major invoices, delays in the contractor submitting a payment request can cause you to hold funds longer than three days. If you proceed on the basis that you request payment only upon receipt of major invoices or bills, it is necessary that you inform your contractor that there will be a delay between receipt of invoice and payment.

When progress payments are to be made, it is essential that your contract specify the approximate schedule of payments and tie them to identifiable project milestones. If this is not done, it is possible that you are paying in advance, a practice which violates federal financial management requirements.

Task A-5: Preparing Budget Reconciliations, Budget Revisions and Program Amendments

Budget Reconciliation Report Exhibit A-52 – This report will need to be sent only when there is a change in the category of expenditure which was requested in the Request for Payment (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-53 – This report must be sent to the Office of Community Development if you wish to revise your program budget, move money allocated from one category to another. You do not need to get approval by the State 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 Request for Payment involving the change.

Request for Program Amendment Exhibit A-40 – If the change or total of all changes is in excess of 10 percent of the total grant amount, the Office of Community Development must authorize the change. Failure to get prior approval could result in disallowed costs. This approval must be prior to putting the project out for bid. If the change will result in the deletion of an activity or item, State approval is required even if the amount is less than 10 percent. A public hearing on the amendment must be held prior to submission of this form and copies of the notice of hearing and minutes must be submitted with this request.

The State approved the application based on a specific purpose and on the items listed in the project description and cost estimate. Major changes may result in grant reduction, termination, or ineligibility for future funding. To resolve any potential problems, notify the Office of Community Development as soon as you become aware of them. You should contact the office prior to submitting a Request for Program Amendment. **Amendment to the approved program can not be requested or approved through the submittal of engineering change orders.**

The Office of Community Development will review any requests for amendments to determine that the change is an integral part of the originally approved project, is necessary for completion of the project as originally approved, is contiguous to the target area if the request involves an

expansion, will still benefit primarily low to moderate income families, will be in keeping with the scope and intent of the originally funded application, and will remain above the funding line with the proposed change. The office will send a letter stating if the program amendment has been approved or disapproved.

Any remaining funds in the grant following the issuance of conditional closeout will revert to the State for funding of additional grants in other communities.

Task A-6: Audit Process

When an Audit is Required

Under the provisions of the Single Audit Act 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. 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. For each fiscal year a single audit is required to be submitted to the Office of Community Development no later than six months after fiscal year end. L.R.S. 24:513 I(1)(c). An audit or financial report is required from each grantee annually.

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, an additional copy, together with all written communications between the CPA and the grantee, must be furnished to the State of Louisiana, Division of Administration, Office of Community Development.

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. Such response should identify each finding or comment, state what action has

been taken or is planned to be taken, and if action has not yet been taken, 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.

INSTRUCTIONS FOR REQUEST FOR PAYMENT FORM

LINE

- A Enter name, address, including zip code, and telephone number of the City/Parish receiving funds.
- B Enter the date this request is being submitted.
- C Enter the Contract Number, Fiscal Year (FY) & Grant Type (i.e. FY 2005-ED) and the name of LCDBG Representative assigned to your grant.
- D Enter number of request. Requests for Payment (RFP) are numbered sequentially. Your first request is #1, your second is #2, etc. If, for some reason, a request is returned to you for correction and resubmission, the resubmission would have the same number with an A after it, 2A.
- E Enter the most recent date of delivery of invoices for each State fiscal year covered in the invoices for this RFP. Each invoice must have the date of delivery or, in the case of services rendered, a beginning and ending date. Any services that cover 2 fiscal years must be in separate invoices or the amount allocated to each fiscal year must be indicated. Ex. FY1 May 5, 2005 to June 30, 2005 \$2,040, FY2 July 1, 2005 to August 5, 2005 \$1,920. Enter only the dollar amounts in E. If 2 fiscal years are used, break out the amounts in each FY column if more than 1 activity is used under #2.
- 1A Enter total amount of LCDBG funds you have received as of the date of this request.
- 1B Enter any program income you have received as of the date of this request.
- 1C Add lines 1A and 1B together to get line 1C.
- 1D Enter total LCDBG funds you have disbursed as of the date of this request.
- 1E Subtract line 1D from line 1C to get line 1E, LCDBG cash and miscellaneous receipts on hand at the time of this request.
- 1F Enter the amount of funds you have previously requested, but have not received at the time of this request.
- 2A-2I Enter the amount requested by activity under the appropriate FY. If only one FY is used enter in FY1.
- 2J Add lines 2A-2I to get line 2J, Total amount requested, in each column.
- 3A-3B Have two of the persons authorized to sign the Request for Payment on lines 3-6 of the authorized signature card sign and date the Certification.
- 4 Leave blank.

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 2004 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-23**). 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-24**), 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-37**. Check the CD Plan for any of the four common shortcomings and modify if necessary.
- If you have any questions, call Gene A. Gautreaux at (225) 342-7412.

Task A-8: LCDBG Procurement Requirements and Preparing a Procurement Policy

24 CFR 85.36 describes the standards you must meet in securing contract services (i.e. professional, construction, and/or supplies). A written procurement policy must be prepared and adopted by the local governing body. If the local governing body has a procurement policy

currently, then it must be followed. However, the local governing body must be sure its current policy contains all items required by 24 CFR 85.36. These regulations are shown as **Exhibit A-30. Failure to follow the LCDBG procurement procedures when required to do so could result in disallowed costs.** A sample procurement policy is shown as **Exhibit A-32.**

Conflicts of interest in the award and/or administration of contracts must be avoided. Any firm that hopes to enter into a contract with a local governing body must take care to divorce itself from the procurement process if the firm proposes to compete with other firms. Failure to do so will result in a potential or apparent conflict of interest. Conflicts of interest may be governed by federal, state, or local law or ordinance, including the State's "Code of Governmental Ethics". Among those Federal regulations with which the applicant must comply are the conflict of interest requirements in 24 CFR 570.611. These regulations are shown as **Exhibit A-32.**

24 CFR 85.36 (e) states that local governing bodies shall take necessary affirmative steps to ensure that minority firms, women's business enterprises, and labor surplus firms are used when possible. Grantees should include a statement encouraging these businesses to participate when advertising for procurement purposes, as well as mail copies of the solicitations to known businesses that qualify.

The Grantee's procurement policy must address the following items.

1. A code of conduct that specifically prohibits elected officials, staff, or agents from personally benefiting from LCDBG procurement. 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. Positive efforts must be made to hire minority firms, women's business enterprises, and labor surplus firms 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 [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 [24 CFR 85.36 (d)]. These methods are discussed in detail in **Tasks A-9** and **A-10**.

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

All procurement transactions must be in accordance with 24 CFR 85.36 and the State of Louisiana's Public Bid Law. One of the following four methods must be employed when procuring materials and supplies, and construction services.

1. **Small Purchase** – A relatively simple and informal method used to purchase items costing less than \$20,000, and construction services with a cost less than \$100,000.
 - a. Price or rate quotations must be obtained (either by fax or in writing) from a minimum of three sources.
 - b. Written documentation regarding the businesses contacted, prices quoted, basis for selection and cost must be maintained.
 - c. Preparation and signing of a contract formalizing a scope of work and the terms of compensation are required.
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 for items costing less than \$20,000, and for construction exceeding \$100,000.
 - a. Initiated by publishing advertisements for bids.
 - b. Used when detailed specifications for the goods to be procured can be prepared and the primary basis for award is cost.
 - c. All bids will be publicly opened at the time and place prescribed in the invitation for bids.
 - d. All bids must be tabulated and reviewed according to defined selection criteria. The review must be in writing.
 - e. The contract awarded to the lowest responsive and responsible bidder must be a firm fixed-price contract (lump sum or unit price).
 - f. Any or all bids may be rejected if there is a sound documented reason.
 - g. Preparation and signing of a contract formalizing a scope of work and the terms of compensation are required.
3. **Competitive Negotiation** - This method is not effective for procuring material, supplies.
4. **Noncompetitive Negotiation** – This method is only used under the following conditions:
 - a. The Grantee receives written approval from the Office of Community Development to use this method of procurement.
 - b. The award of a contract is infeasible under small purchase, sealed bids or competitive proposal methods of procurement, 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 selected company regarding a scope of work and price.
- d. Preparation and signing of a contract formalizing a scope of work and the terms of the compensation are required.

Task A-10: Securing Professional Services

Please remember, all procurement transactions must be in accordance with 24 CFR 85.36. It may be necessary to procure professional services (i.e. administrative consulting, engineering, legal, auditing, appraisal services, testing services, etc.) in order to implement your LCDBG program. If the local governing body wishes to use LCDBG funds to pay for professional services, then the procedures described in this section must be followed. If the local governing body will use local funds to pay for professional services, then the LCDBG procurement procedures do not apply. In that instance, the Grantee may procure professional services using local procedures or requirements. **Failure to follow the LCDBG procurement procedures when required to do so could result in disallowed costs.**

One of the purposes of procuring professional services prior to the submittal of the LCDBG applications is to enable the local governing bodies to expedite the implementation of the approved projects immediately upon grant award. A discontinuation of those professional services will not be allowed by the State without valid reasons. If a local governing body chooses to use different firms from those procured during the application preparation stage, then the local governing body will have to use local funds to pay for the engineering and/or administrative consulting fees. The grant award will be reduced by the amount of funds originally requested for the professional services that will no longer be eligible for payment with LCDBG funds.

One of the following three methods must be employed when procuring professional services to be paid for with LCDBG funds.

1. **Small Purchase** – This method may be used to procure professional services costing less than \$100,000, with the exception of engineering/architectural services. Engineering/architectural services must be procured through competitive negotiation using “Qualification Statements”. **This method cannot be used to procure architectural/engineering services.**

Small purchase is relative simple whereby price or rate quotations are obtained (either by fax, telephone, or in writing) from a minimum of three sources. Three price or rate quotations must be obtained not just requested. A response of “not interested” from a source does not qualify as a price or rate quotation. The Grantee must maintain documentation regarding the business contacted and the fee quoted for the services.

Upon receiving the price quotations, the local governing body must maintain written documentation regarding the basis for selection.

The following information identifies information or requirements that are specific to the type of professional services being procured.

- a. Procurement of Legal Services – All legal fees charged to the LCDBG program must be necessary and reasonable and must be allocable to a specific grant task. A local governing body may have an attorney on staff who is actually an employee of the local governing body. In that instance, the local governing body may utilize the attorney on staff rather than procure the services of an additional attorney. The staff attorney's rate of pay charged to the LCDBG program must be reasonable and correspond to the staff attorney's regular rate of pay. In order to be reimbursed for the staff attorney's services, the Grantee must maintain the following information: date of employment, method of hiring (minutes of council/policy jury meeting, civil services procedures, etc.), rate of pay, number of hours worked on LCDBG program (time sheets), and identification of specific tasks accomplished.

If the Grantee has an attorney on retainer and wishes to use LCDBG funds to pay for legal services required for the LCDBG program, the Grantee must maintain the following information: the specific services to be provided by the attorney and the usual monthly retainer fee. The amount charged to the LCDBG program cannot exceed the usual monthly retainer fee. The specific tasks completed by the attorney must be identified and the monthly fee prorated accordingly. In both of the previous examples, the Grantee does not have to follow the LCDBG procurement requirements.

If the local governing body does not have a staff attorney, an attorney on retainer, or wishes to utilize or reimburse an attorney above and beyond the usual retainage services or fees, the procurement of such services must be in compliance with 24 CFR 85.36.

2. Competitive Negotiation – This procedure must be followed when the professional fees to be charged exceed \$100,000 or if the Grantee chooses not to follow the small purchase procedure for procuring professional services. Competitive negotiation is initiated by requesting either qualification statements or proposals. The proposal is used when price is a factor in the selection of a firm. The qualification statement is used when price is considered after the firm has been selected.

The local governing body must solicit either requests for proposals or requests for qualification statements by advertising in a newspaper in the nearest metropolitan statistical area (MSA). The advertisement should indicate that the local governing body is submitting an application for or has been awarded LCDBG funds and the specific type of professional services that are being procured. The advertisement should list the

locations and times where a package outlining the scope of services to be provided, minimum requirements, selection criteria, etc., can be obtained. Also, the deadline for the submittal of the proposal or qualification statement should be included in the advertisement. A sample advertisement requesting proposals is shown in **Exhibit A-40**. This advertisement may be revised for requesting qualification statements.

The local governing body may publish one advertisement that requests proposals for procurement of administrative services and requests qualification statements for procurement of engineering/architectural services. The local governing body may hire the same firm to perform both duties, but it cannot **require** that one firm provide both types of services.

To assure “proposals will be solicited from an adequate number of qualified sources” [24 CFR 85.36 (d)(3)(ii)], local governing bodies must mail copies of the request for proposals as it will appear in the newspaper to a minimum of three firms that provide administrative consulting services. This must be done in addition to the publication of the request in the newspaper.

The proposal or qualification statement package should include the following information:

- a. A cover letter from the local governing body signed by the chief elected official.
- b. A detailed scope of services identifying the services to be rendered.
- c. Name of contact person with the local governing body.
- d. Deadline date and location for submittal of proposal or qualification statement.
- e. Selection criteria and the corresponding point system that will be used to rate the proposals or qualification statements received. A 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.
- f. Statement that payment for all costs associated with the preparation of the application is contingent upon funding by the State. Statement that funds for the implementation of the project are contingent upon the award of LCDBG funds by the State. Statement that the amount of funds available for the contract will be subject to LCDBG restrictions and approval.

A sample package (without cover letter) of a request for proposals to procure administrative consulting services is shown as **Exhibit A-36**. A sample scope of services for a housing rehabilitation that may be inserted in a request for proposals package and contract is shown as **Exhibit A-37**. A sample package (without cover letter) of a request for qualification statements to procure engineering/architectural services is shown as **Exhibit A-38**.

Written results of the evaluations must be maintained as part of the documentation of the procurement process. If only one proposal/qualification statement is received, then it must be evaluated in accordance with the selection criteria in order to determine that the minimum requirements are met. The State recommends the Grantee compose a committee (at least three members) of persons who have knowledge of the type of project for which funds are being requested. Those persons should have no potential conflicts of interest with any of the firms or individuals under review.

a. Request for Proposals – Administrative Consulting and Other Professional Services

Request for proposals will be used to procure professional services (except for engineering/architectural services) when using the competitive negotiation method. The Grantee must prepare a request for proposal that details the type of services that are needed and the selection criteria against which all responding proposals will be evaluated. Cost must be one of the selection criteria used to evaluate the proposals received and must be **a minimum of ten percent of the total possible points identified. Also, geographical preference may not be used as a selection criteria in accordance with federal regulations.**

There are two procedures that can be used to review responding proposals. The procedure that the Grantee chooses to follow must be identified in the request for proposals. The procedure cannot be changed once the proposal package has been issued. The two procedures are:

- i. 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.
- ii. Evaluate the proposal according to the selection criteria and award the contract to the highest scoring firm.

Please be advised that including the experience and background of other firms when responding to a request for proposals under the LCDBG Program is not acceptable and will result in disallowed costs except when the following conditions are met:

- i. **There must be a written contractual relationship between the two firms that specify the services that will be provided by the subcontractor; and**
- ii. **The fees paid to the subcontractor must account for at least twenty-five percent of the total contract (excluding pre-agreement costs) between the prime firm and the local governing body.**

- b. Request for Qualification Statements – Engineering/Architectural Services
Request for Qualification Statements must be used when selecting engineering or architectural services. A selection is made based on the competitors' qualifications, subject to negotiation of fair and reasonable compensation. **This method cannot be used to procure any services other than engineering/architectural services.** An engineering/architectural firm may be procured to perform administrative tasks, but the request for proposal procedure must be utilized to procure administrative services.

The qualification statements received must be evaluated by the selection criteria identified in the request for qualification statements package. Once the top ranked firm has been identified, the local governing body should negotiate costs with the firm.

3. Non-competitive Negotiation – This method may be used in situations that are declared emergency projects by the State's Office of Community Development or when utilizing a regional planning district or area wide planning agency. Any services to be approved by this method must be approved in writing by the State prior to such procurement, with the exception of utilizing a regional planning district or area wide planning agency for administrative services. It has been determined by the U. S. Department of Housing and Urban Development that it is permissible for local governing bodies to obtain administrative consulting services through "non-competitive negotiation" directly with a state or area wide planning agency on a non-profit basis. The contract between the local governing body and the planning district or agency must provide for compensation on a "cost reimbursement" rather than a "fixed fee" basis.

Local governing bodies that choose to use a planning agency for administrative consulting services must maintain the following documentation:

- a. The rationale for the method of procurement used,
- b. The reasoning behind the selection of contract type, and
- c. A cost analysis to determine if the cost is reasonable (the cost and price detail form in **Exhibit A-36** should be used for this purpose). The planning district or agency must provide this information to the local governing body prior to the final negotiation of the contract in order for the local governing body to make the determination concerning cost reasonableness.

Preparation of Contract

The local governing body must perform some form of cost or price analysis in connection with every contract awarded with LCDBG funds. The cost/price detail summary form shown in **Exhibit A-36** can be used for this purpose. Generally, administrative consulting contracts are cost reimbursement (cost plus fixed fee) contracts 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 shall not be used.

The maximum pre-agreement costs that can be reimbursed with LCDBG funds depend on the type of project funded. A maximum of \$2,500 is allowed for housing applications, a maximum of \$4,700 is allowed for public facilities, demonstrated needs, and LaSTEP applications, and a maximum of \$4,000 is allowed for economic development applications. The breakdown of individual eligible costs comprising these maximums is presented in the current Consolidated Annual Action Plan. Pre-agreement costs must be identified as a separate cost in administrative consulting contracts and engineering/architectural contracts.

The State allows applicants to request funds for administrative costs with the following limitations. Administrative funds for housing programs cannot exceed fifteen percent of the estimated housing cost. (The State reserves the right to reduce administrative funds for housing activities for grantees if the scope of services [i.e. number of rehab houses, replacement units, and demolition units] is reduced). Each local governing body will be allowed a maximum of \$35,000 in LCDBG funds for administrative costs on public facilities and economic development projects. The local governing body will be allowed a maximum of \$25,000 in LCDBG funds for administrative costs on demonstrated needs projects and \$30,000 for LaSTEP projects. If the local governing body has another open or ongoing LCDBG program (one that has not been issued a conditional or final closeout) 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.

The local governing body may use no more than ninety percent of the monies allowed for program administration, excluding pre-agreement costs, for administrative consulting services. In all instances, the local governing body must retain at least ten percent of the funds allowed for program administration to cover its costs of administering the LCDBG Program; such costs on the local governmental level include but are not limited to audit fees, advertising and publication fees, staff time, workshop expenses, et cetera. In many instances, the local governing body may need to retain in excess of ten percent for its own use. Prior to negotiating the administrative contract, the local governing body should determine the general local government expenses that can be expected as a result of administering the program and retain those funds accordingly. If, after a project has been funded, the scope of the project changes significantly, the State will make a determination as to the actual amount that will be allowed for administrative costs. This determination will be made on a case-by-case basis.

Engineering/architectural fees may also be requested within the maximum amount allowed by the State. All engineering/architectural fees, even those provided under a lump sum contract, must be reasonable and justifiable for the type of services provided. Sole justification that the fees are within the amount allowed by the State's Office of Community Development will not be sufficient. The funds allowed for engineering/architectural services will not exceed those identified in the FY 2006/2007 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 as to the actual amount that will be allowed for engineering/architectural services. An adjustment (reduction) to the amount allowed for basic engineering/architectural fees will also be made in those instances where the project plans and specifications were prepared prior to the grant award. The Office of Community Development may also make adjustments to the amounts requested for surveying, permitting, testing and other costs proposed by the engineering firm.

The following points must be taken into consideration when awarding/preparing administrative and engineering/architectural contracts.

As a part of your overall grant award, monies may be budgeted for the administration of your LCDBG program. Due to the myriad of regulations and requirements governing the LCDBG program, the administration of the grant can become quite costly. For that reason, money can be requested to cover the costs of using a consultant, if you so choose, as well as to cover general expenses that may be incurred by the local governing body. Such general expenses may include workshop expenses, travel, staff, legal fees, advertising fees, audit fees, and costs associated with Section 504 compliance.

The following stipulations must be included in administrative contracts: i) all of the services to be performed (including the submittal of close-out documents with the exception of the audits) will be completed within the thirty-six month period covered by the recipient's contract with the State, ii) ten percent of the administrative contract amount will be retained by the local governing body until that body has received acceptance/approval of the closeout documents by the State, i.e., conditional closeout, iii) the contract conditions will be cleared within six months of the date of the “authorization to incur costs” letter and iv) the separate amounts to be charged by the firm for pre-agreement and overall project and administration.

The following stipulations must be included in engineering/architectural contracts: i) the plans and specifications must be completed within six months of the date of the “authorization to incur costs” letter, ii) the advertisement to solicit bids for the construction contract must be published within thirty days of the “authorization to advertise for bids” given by the State, and iii) the separate amounts to be charged by the firm for pre-agreement and other services provided by the firm.

A sample contract for administrative consulting services is shown in **Exhibit A-39**. **Exhibit A-37** provides suggested language for the Scope of Services portion of an administrative consulting contract for a residential rehabilitation program. While many engineering and architectural firms may choose to use the Standard Form of Agreement Between Owner and Engineer for Professional Services or the Standard Form of Agreement Between Owner and Architect, others may use a different contract. Regardless of the contract being used, the terms and conditions identified in Part II of **Exhibit A-41** must be made a part of the engineering and/or architectural contract.

The form of contract for engineering/architectural services should include adequate descriptions and explanations of the services that the engineer/architect is to provide (both basic and additional), the local governmental body’s responsibilities, times for rendering services, payments to engineer/architect, opinions of cost, general considerations, definitions, special provisions, payment schedules, and appropriate exhibits. Any standard engineering/architectural contract shall be modified to include LCDBG requirements. Requirements for the LCDBG program which must be addressed in the engineering/architectural contracts are:

- (1) Construction contracts shall not contain any cost plus or incentive savings provisions. Therefore, the engineering/architectural contract shall not make reference to compensation adjustments for the engineer/architect for cost plus or incentive savings provisions.
- (2) The basis of payment to the engineer/architect cannot be cost plus a percentage of cost or a percentage of construction cost.
- (3) Payment is subject to the availability of FY 2006/2007 LCDBG funds from the State. It is understood that the amount of funds available for engineering/architectural services is contingent upon the amount of LCDBG funds allowed by the State for engineering/architectural services. LCDBG funds will only be used for pre-agreement services and engineering/architectural services that are provided following the local governing body's receipt of a grant award and an "Authorization to Incur Costs" letter from the State's Office of Community Development. If the engineering/architectural firm plans to charge for application preparation, the fees for that task must be identified separately. If the local governing body does not receive funding under the FY 2006/2007 LCDBG Program year, the engineering/ architectural firm will not be entitled to any compensation for any services rendered and the engineering/architectural contract should be terminated.
- (4) Engineering/architectural plans and specifications must be completed within six months of the local governing body's receipt of an "Authorization to Incur Costs" letter. For projects which are not subject to approval by DHH (streets, fire stations, and fire truck acquisition), a set of final plans and specifications and a copy of the final cost estimate must be submitted to the Office of Community Development for review within the six month period. For projects which are subject to approval by DHH (sewer collection, sewage treatment, and potable/fire protection water systems), a set of plans and specifications shall be submitted to DHH for approval and a copy of the plans and specifications along with a copy of the final cost estimate shall be submitted to the Office of Community Development for review within the six month period. If, at the end of the six month calendar period, the plans, specifications, and cost estimate have not been submitted as specified above, \$250 per working day will be deducted from the amount of LCDBG funds payable to the engineer/architect for basic services. 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/architect.
- (5) The first advertisement to solicit bids for the construction contract must be published within thirty days of the "authorization to advertise for bids" given by the State for all public facilities and demonstrated needs projects. Failure to comply with this requirement will result in an assessment of \$250.00 per working day. The \$250 will be deducted from the amount of LCDBG funds payable to the engineer for basic services. 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/architect.
- (6) The terms and conditions identified in Part II of **Exhibit A-41** must be revised to refer to the engineer/architect and must also be included as a part of the engineering/architectural contract.

A professional services contract must include all of the following provisions:

General Administrative Provisions

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

Scope of Services

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

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 paragraph 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.

After negotiating the contract, it should be submitted to your local governing body for action according to your standard procedure and then executed by both the local governing body and the successful firm. Unsuccessful firms should also be notified at this time in writing.

It is recommended that the local governing body have its attorney review the contracts prior to execution.

Contractor Clearance

If a local governing body is successful in receiving a grant award, contractor clearance will have to be obtained from the Office of Community Development on all administrative consulting, architectural, and engineering firms that have not provided services to grant recipients under the LCDBG Program within the previous five program years regardless if local or LCDBG funds are being used to pay for the services. (The form that must be used for the clearance of professional firms is provided in **Exhibit A-41**.) Such clearance must be obtained immediately following the grant award by the State and before any costs, other than pre-agreement costs, are incurred. Firms that have participated in the LCDBG Program within the previous five program years do not require contractor clearance. As an example, a firm that will provide services to a local governing body under the FY 2006 LCDBG Program must have provided services to a local governing body receiving a grant under the FY 2001, FY 2002, FY 2003, FY 2004, or FY 2005 LCDBG program years; if not, contractor clearance must be received. Contractor clearance is not required for other professional services.

Recordkeeping

At this time, you should establish a contract file to assist you in monitoring the contract to assure that it is completed in a satisfactory and timely manner. The contract file must contain:

- ~ Copy of the advertisements requesting proposals or qualification statements;
- ~ Copy of the packages requesting proposals or qualification statements; such packages must identify the selection criteria that will be utilized in rating the proposals on qualification statements received.
- ~ Description of the method used to select consultants;

- ~ Qualification statements, proposals received;
- ~ Written evaluation of the statements/proposals 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; and
- ~ Verification of contractor clearance.

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-47** 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-42** 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 awarded 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 the purchase of materials and supplies unless the contract includes purchasing and installation of these materials and supplies.

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-3**.

The following information is required for employment and training:

a) Job Category, b) Number of new hires, c) Percent of Aggregate New Hires that are Section 3 Residents, d) Percent of Total Staff Hours for Section 3 Employees, e) Number of Section 3 Employees and Trainees, and f) Racial/Ethnic Codes(s) for e.

For construction contracts awarded, the following will be reported:

a) the total dollar amount of all contracts awarded on the project, b) the total dollar amount of contracts awarded to Section 3 businesses, c) the percentage of the total dollar amount that was awarded to Section 3 businesses, d) the total number of Section 3 businesses receiving contracts, and e) the racial/ethnic code for the Section 3 businesses receiving contracts.

For non-construction contracts: (engineering, administration, attorneys, appraisers, CPA's, etc.) the following will be reported: a) the total dollar amount of all non-construction contracts awarded on the project, b) the total 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, d) the total

number of Section 3 businesses receiving non-construction contracts, and e) the racial/ethnic code for the 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-43**. 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-44**, 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" (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). 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-47**. 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-48** 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-48**.

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-49**. 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-49**, 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-49**, 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-50**.
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 designated 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 a relocation of programs, assignment of aids to beneficiaries, home visits, or any other methods that result 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 will provide 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: Information 1-800-333-0605, 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 have 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 to OCD prior to clearing their contract conditions. A sample can be found in **Exhibit 51** of this handbook. Also, you must re-submit the required assurance to our office.

Task A-15: 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-46**.

Task A-16: 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) Requests for Payment
- 4) Accounting books of original and final entry (Cash Receipts Journal, Cash Disbursements Journal, Monthly Financial Statements, General Ledger, LCDBG Property Register, Cash Control Card)
- 5) Record of commitment of other funds
- 6) Source documentation (contracts, purchase orders, vouchers, invoices, requests for partial payment, etc.)
- 7) Canceled checks, deposit slips, monthly bank statements, etc.
- 8) City/Parish Code of Ethics
- 9) 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 that 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 or 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.