CDBG Orientation Webinar Series

1. Getting Started

January 30, 2019
The Orientation Webinar Series

1. Getting Started - today
2. Environmental Review – February 13
3. Financial Management – February 27
4. Program Administration – March 13
5. Lead-Based Paint – March 27

This is the first in a series of five webinars designed to provide an overview for new CDBG grantees. The webinars will be held over the next three months, each one hour in length, and include:

1. Getting Started – today's webinar
2. Environmental Review – scheduled for February 13
3. Financial Management – scheduled for February 27
4. Program Administration – planned for March 13
5. Lead-Based Paint compliance for housing activities– planned for March 27

The webinars are designed for local government recipients and their participating subrecipients and consultants to help prepare for grant start up and implementation. The webinars will identify the key start-up and administrative issues, and provide guidance on resources and documentation. While this has been designed for new grant recipients, current partners will also gain insights into grant administration that may help improve compliance with existing grants.
Objectives This Webinar

1. Familiarize you with your key reference materials
2. Review the requirements for grant agreement execution
3. Outline next steps for start-up

The objectives of this first webinar are to:

1. Familiarize you with some key reference materials;
2. Review the requirements necessary for grant agreement execution; and
3. Outline some of the next steps for grant start-up.
Let’s start with identifying your key resources for program start-up and implementation.
There are four primary resources that each grantee must be aware of and utilize to implement a CDBG grant.

1. First, the grant agreement that you have executed or will execute with the Office of Community Renewal.
2. Second is the Grant Administration Manual, which is a comprehensive document prepared by OCR to guide you through grant implementation.
3. The OCR will be introducing a major overhaul to the Grant Administration Manual, this is anticipated to be ready on or about March 1.
4. Third, the OCR website contains the reference documents and forms that you will need to download, execute and maintain to execute the contract and document compliance with CDBG requirements.
5. And finally, while the OCR manual and website contain most of the information recipients will need to implement their grants, ultimately each local recipient is responsible for compliance with CDBG regulatory requirements. Recipients should know to reference the regulations – available at the HUD Exchange – when confirming compliance with CDBG requirements. The HUD Exchange is also a great resource for other HUD guidance and samples.
1. Grant Agreement

Includes:

• Standard terms & conditions
• Schedule A - conditions
• Schedule B - budget, accomplishments
• Schedule C - environmental review

Two year time frame except for planning grants, which have a 14 month term

In addition to the standard terms and conditions that are contained in the body of the agreement, there are three essential “Schedules” attached to the basic agreement which contain key requirements for each recipient. They are:

• Schedule A – This contains grant conditions that the recipient must meet prior to execution of the grant agreement.
• Schedule B – This Schedule contains the schedule, key accomplishments and the budget of approved uses of CDBG funds.
• Schedule C – This contains the requirements for environmental review, which will be discussed in greater detail in Webinar 2 of this Series.
• In addition to the three schedules, the grant agreement will also include:
  • Designation of Depository Form
  • Authorized Signature Form
  • Project Schedule
  • Project Team
• These additional forms are covered on a later slide

Recipients should note that contracts are for two years.
The GAM has been compiled by OCR to guide local recipients through the start-up and implementation of their CDBG grants. The manual is available online and is periodically updated. Recipients must always refer to the most recent version of the manual before undertaking any activity.

1. **Getting Started** – Contains more detail on the topics we will discuss in this webinar.
2. **Environmental & Historic Review** – This Chapter addresses the federal and state environmental review responsibilities that local recipients face as the “Responsible Entity” for the grant.
3. **Financial Management** – This chapter addresses federal financial management responsibilities, which will be addressed in Webinar 4.
4. **Procurement Standards** – This Chapter offers guidance on the federal requirements for procurement, whether for consultants or contractors.
5. **Eligible Activities** – This Chapter contains guidance on some of the cross-cutting federal requirements that pertain to CDBG projects, such as labor and Lead-Based Paint (which we will cover in Webinar 5).
6. **Construction Requirements** – This Chapter, formerly Chapter 5 will provide guidance on Davis-Bacon, lead based paint, Section 3 and MWBE.
7. **Other Federal Requirements** – This Chapter will provide guidance on Civil Rights requirements, Conflicts of Interest, Income Eligibility and displacement, relocation and acquisition
8. **File Maintenance** – This Chapter provides an overview of the files required for different types of activities, as well as overall compliance files. This will provide guidance on Grant Files, Project Files and Regulatory Compliance Files.
9. **Modifications & Amendments** – This Chapter is important if you need to do a budget or schedule modifications, or other amendments.
10. **Monitoring** – This Chapter explains how OCR will monitor the project, how to prepare for
monitoring, as well as guidance for the Recipients responsibilities to monitor subrecipients and others that work for you.

11. Reporting Requirements – This Chapter will provide guidance on Financial Reporting, the Annual Performance Report, the Project Status Report, Davis-Bacon Labor Standards Reporting and Section 3 and MWBE Reporting.

12. Grant Closeout – This Chapter will provide guidance on the grant closeout process.
3. OCR Web Site

www.nyshcr.org
✓ Select “Housing Partners”
✓ Scroll down to “Not for Profit Organizations & Municipalities”
✓ Click on “NYS Community Development Block Grant”

To access the CDBG section on the main HCR website – nyshcr.org – you will first select “Housing Partners.” Then, scroll down to “Not for Profit Organizations & Municipalities”. Then click on “NYS Community Development Block Grant”.

The “Grant Administration” link sends you to the Manual, while the “Forms” link will take you to the CDBG forms, including those identified in this webinar.
This is the main page for the CDBG program website
3. OCR Web Site

This is the what you should see when you click on the current Grant Administration Manual.

The OCR anticipates having the new GAM posted to the website by March 1, 2019.
This is the Forms page of the website.

All forms are pdf fillable and are organized according to sections.

Please note that the Request for Funds forms have been updated, the OCR will not accept outdated forms after February 1, 2019.

Unless otherwise requested, all forms should be submitted to the OCR electronically.

The exceptions to this:
1. The fully executed Grant Agreement and required forms
2. Form 1-3 which is required for the Release of Funds

These forms require original signatures.
4. HUD Exchange

www.hudexchange.info/programs/cdbg/

Source for:
• CDBG Rule: 24 CFR Part 570
• Community Planning and Development (CPD) Notices
• Basically CDBG manual/slides
• CPD income calculator
• Toolkits

While OCR has compiled most key information and requirements into the agreement, the Manual, and its web site, HUD also has a web site – known as the HUD Exchange – that offers a wealth of products and tools that those implementing CDBG programs find to be very valuable.

The HUD Exchange is a resource for:
• The CDBG regulation – Local recipients are responsible for full compliance with CDBG rules at 24 CFR Part 570. When a rule reference is mentioned – usually referred to as “Part 570” or “570.____” – recipients should check the rule to ensure they have fully complied.
• CPD Notices – These are guidance documents issued by HUD to guide recipients in various CDBG issues. Check the HUD Exchange for any notices that pertain to your activity.
• Basically CDBG manual/slides – The “Basically CDBG” manual and slides are the core CDBG training program offered by HUD. You may find it useful to read the chapters that pertain to your particular activity, and perhaps use the related slides to train officials and staff in the basic requirements.
• CPD income calculator – This optional online calculator can be used to calculate and document income eligibility.
• Toolkits – There are a variety of toolkits – for example, on economic development and cross-cutting federal requirements – that provide additional background to help you comply.

You are encouraged to explore the resources available at the HUD Exchange. There may be samples and tools that help you achieve full compliance. And remember that you are responsible for compliance with CDBG regulations.
Grant Start Up Process
Upon designation of the grant award to your jurisdiction, OCR will begin to prepare the Grant Agreement and conditions that you will have to meet. The Agreement will be forwarded to you for review and execution, along with the required conditions to be met. You will execute the Grant Agreement, along with the four forms listed – Designation of Depository, Authorized Signature Form, Project Schedule and Project Team – and return both sets of the executed Agreement, Forms and evidence of any Schedule A Conditions that are met to OCR within 45 days.

Next, you will undertake your responsibilities to conduct the environmental review required for the activity, which we will address in Webinar 2.

Then you will set up for grant administration, which will be the topic of Webinars 3 and 4. However, please note that the principles and guidelines related to program administration and financial management apply from the beginning and through the entire life of the grant. Therefore, it remains critical to familiarize your team with the resources identified in this webinar.
Let’s go through the details of grant agreement execution.
First Step: Execute the Grant Agreement

Must execute within 45 days of award
Must be signed by the Chief Elected Official (CEO)
All Conditions must be met to the satisfaction of the OCR
(Schedule A)

The Grant Agreement must be executed and the Conditions specified in Schedule A must be met within 45 days of award.

All grant agreements issued through the CFA Round and the housing round are due February 1, 2019.

All grant agreements issued through the 2018 housing round, awarded on January 24, 2019 are due on March 11, 2019.
In addition to the executed Grant Agreement, the following forms or documents are required to be submitted.

First, any Schedule A Conditions must be met and documented.

Next, the following Forms must be executed:
- Authorized Signature Form for Request for Funds
- ACH/Direct Deposit Authorization of NYS CDBG Funds
- Form 7-2 Program Schedule
- Form 8-1 Project Team

You will find these forms under “Forms” on the web site. Click on “Grant Agreement Forms”.

Finally, if the CDBG activity involves the rehabilitation or acquisition of housing, you must also execute Forms certifying compliance with LBP requirements – either Form 5-1 if rehabilitation will occur, or Form 5-2 if acquisition only will occur. These forms can be located under “General Grant Administration” on the Forms page. If your activities do not involve housing, then these Forms do not apply.
Schedule A Conditions

Common Conditions can include any of the following, depending on the activity and application documents submitted:

• Final Program Design Plan & related program documents
• Smart Growth Public Infrastructure Act Smart Growth Criteria
• Public Infrastructure Activity Detail
• Revised Budget Table
• Evidence of local match
• Civil Rights Compliance

Schedule A Conditions are unique to each recipient, so you will have to refer to Schedule A of Agreement. Common Conditions can include any of the following, depending on the activity and application documents submitted:

• Final Program Design Plan & related program documents (such as applications),
• Smart Growth Public Infrastructure Act Criteria form if insufficient or not included with the application,
• Public Infrastructure Activity Detail form if beneficiary information was unclear or incomplete
• Revised Budget Table form,
• Evidence of local match, and
• Civil Rights Compliance such as Fair Housing or Section 3 documentation

See your Schedule A for your specific Conditions, and talk with your OCR contact if you have questions.
The Authorized Signature Form (Form 1-1) designates the local officials authorized as signatories for requests for payment. Note that some of the procedures to complete this form have changed:

All signatories must be a municipal employee or official, other than the Chief Elected Official (CEO). It is now required that at least two officials or employees sign each payment request (drawdown) to safeguard that grant funds are being used for allowable and authorized costs. Consultants and subrecipients can no longer be authorized signatories in any circumstance. Also note that those authorized to sign disbursement requests cannot also sign checks or authorize payment of CDBG funds to vendors. This ensures appropriate internal controls.

The CEO must review and sign the form ONLY AFTER designated signatories are determined. The date of the CEO signature must be at least one day later than the other signatories’ signatures. All signatures must be originals on the Form submitted.

Finally, please be aware that signatures are verified as part of the request for funds approval process. If a name is changed, please update the form and submit the original to OCR or funds processing will be delayed.
ACH/Direct Deposit Authorization

Recipient must open a non-interest-bearing checking account to receive electronically & disburse CDBG funds only
• Must be in name of recipient
• May use prior year CDBG account
• If possible, use bank located in project area

Execute and submit for each grant

Recipients must open a dedicated, non-interest bearing checking account in the name of the municipality for the electronic deposit of NYS CDBG funds and for Recipients to disburse payment for activities covered by NYS CDBG funds. Non-CDBG funds CANNOT be co-mingled in this account.

If a Recipient has an existing non-interest bearing account that was open for prior year NYS CDBG projects, the Recipient may use that existing account, but separate financial records must be maintained.

If possible, the funds should be deposited in a bank located within the project area (defined as the jurisdiction of the Recipient’s local government).

A new Designation of Depository Form (Form 1-2) must be submitted for each grant awarded to a Recipient. It authorizes the deposit of NYS CDBG funds directly in the Recipient’s designated bank account for the grant.

Please be sure to include a voided or cancelled check with the form. If the account is all electronic and no checks will be issued, submit either a deposit slip or a statement from the Chief Financial Officer that the account is in the Recipients name, is non-interest bearing and is dedicated for CDBG funds only.
Form 7-2. Program Schedule

Identify key program milestones
Indicate with “X” the month you expect to complete
Update during contract term if schedule changes
Estimate NYS CDBG funds to be requested by quarter

Form 7-2 identifies the Program Schedule. The schedule is based on key milestones, such as:
• Submission of the Grant Agreement
• Submission of the Environmental Review Record
• Submission of the first drawdown of funds.
• Submission of final drawdown of funds

The Form also includes an estimate of the CDBG expenditure schedule by quarter.
Form 8-1. Project Team

- Identify specific local grant contacts as applicable
- Local Grant Contact must be municipal employee (not CEO)
- Fair Housing Officer required for all programs
- Section 3 Coordinator required if grant > $200,000

Form 8-1 identifies the key project team members. It serves the purpose of identifying specific local grant contacts, as they may be applicable to the grant.

All applicable Team Members must be provided, regardless of the source of funds or activity.

A few notes:
- For the Subrecipient, only provide this if it is a true Subrecipient relationship, i.e. with a Subrecipient agreement in place. A Subrecipient relationship means that, for example, a local housing group is undertaking the activity on behalf of the Recipient.
- The Local Grant Contact must be a local government employee. It cannot be the CEO of the jurisdiction or a consultant.
- The Municipal Clerk must be identified as the County Clerk, City Clerk, Town Clerk or Village Clerk.
- A Fair Housing Officer is required for all programs, including housing, infrastructure, facilities and all economic development activities.
- A Section 3 Coordinator is required if the grant is greater than $200,000.
- Labor Standards Compliance Officer is required for any project subject to Davis-Bacon.
- It is strongly encouraged that the Fair Housing Officer, the Section 3 Coordinator and the Labor Standards Compliance Officer, when applicable, be designated by local resolution.

This team information is updated with the Annual Performance Report or can be updated throughout the year by notifying the assigned Community or Economic Developer.
After the Grant Agreement and supporting documentation are executed, the recipient can begin to set up for implementation. Three important start-up activities are addressed here – creation of administrative plan, decisions regarding staffing program administration, and program environmental clearance.
An administrative plan is recommended, although not required, to help organize the recipient to complete the grant. An administrative plan should address:

- Administrative structure,
- Project management policies & procedures, and
- Financial management policies & procedures.

Guidance is provided in Manual Chapter 1. See Manual Exhibit 1-1 Program Manual Guidelines for recommended policies by activity type, and see Manual Exhibit 1-2 for applicable federal statutes & regulations that are additional requirements beyond CDBG regulations.
Recipients must determine the best method of administering their NYS CDBG project. A recipient can choose to directly administer the CDBG project, or it may choose to utilize either a subrecipient or a contractor or consultant to administer activities on its behalf.

A Subrecipient must directly undertake the activity on behalf of the Recipient, for example, a housing group may be selected to oversee a housing project.

Direct responsibility for completion of grant activities, compliance with federal and state requirements, and proper financial management of NYS CDBG funds always rests with the Recipient’s governing body.

The lack of proper procurement is one of the biggest issues that Recipients encounter during the administration of their project, and can result in some costs being deemed ineligible for CDBG reimbursement.

If a recipient chooses to utilize a subrecipient or consultant/contractor:

- If a private individual or firm is to be hired to administer its CDBG funded activities, the Recipient must follow the all-applicable procurement guidelines. Refer to Chapter 4 of the Manual for guidance on federal procurement requirements. Consultants must be retained through a Request for Proposal (RFP). Do not use a Request for Qualifications (RFQ) for the selection of a consultant.
- Designation of a subrecipient does not require procurement, but still should be carefully selected with the appropriate capacity and skills.
  - A subrecipient is defined at 24 CFR 570.500(c) as a public or private nonprofit
agency, authority or organization, or an entity receiving CDBG funds from the Recipient to undertake the activity directly.

- However, note that non-profit does not equal subrecipient. The funds must flow through a subrecipient; if not, then they fall under consultant and procurement is required.
- Note that a subrecipient cannot undertake a public works project, for example, the bidding and construction of a neighborhood sewer improvement.

- The recipient must enter into a contract for services that describes the division of grant management responsibilities and all compliance responsibilities of the contracted party. Required contract provisions are discussed in Manual Chapter 1.
- Subrecipient agreements must be submitted to OCR prior to first draw for services.

Recipients that contract for administration and program delivery services must take a hands-on approach to ensure the funded activities are accomplished as proposed and to remain informed of the project status throughout the term of the grant agreement with OCR, including oversight of the implementation of the project. As noted earlier, the recipient also remains responsible for disbursement of CDBG funds.

The RFQ is restricted to engineering, a separate RFP must be issued for program delivery and administrative services.
Program Environmental Clearance

Topic will be covered in Webinar 2; also GAM Chapter 2

Cautions:
- Cannot obligate funds until clearance
- Choice limiting actions not permitted; only planning and “exempt” activities
- Undertaking choice limiting actions may result in the loss of CDBG funds

One of the next critical steps is completion of the environmental review and clearance process required by both Federal and State statutes and regulations. This topic will be covered in Webinar 2. It is also described in detail in Manual Chapter 2

For now, please be aware of the follow:
- First, recipients **cannot** obligate or expend any funds – federal or local – for the activity until clearance is achieved.
- Second, neither the recipient nor any of its participants (such as subrecipients or developers) can take “choice limiting” actions until clearance is achieved. Choice limiting actions include acquisition, demolition, construction/rehabilitation and other actions that would limit the choices of the recipient. Only “planning or other exempt activities as permitted by 24 CFR 58.34 may be undertaken prior to clearance. Make sure your partners do not take any action that could taint the project and render it ineligible for federal funding.
Upcoming Webinars

Webinar series:

2. Environmental Review – February 13
3. Financial Management – February 27
4. Program Administration – March 13
5. LBP for Housing Activities – March 27

Please note that the remainder of the CDBG Orientation Webinar Series is currently scheduled as follows:

2. Environmental Review – February 13
3. Program Administration – February 27
5. LBP for Housing Activities – March 27
1. Where do I locate CDBG Activity Numbers used for request for payments (disbursements)?

   Answer: Activity numbers can be found on schedule B of your CDBG Grant Agreement.

2. Must Engineers be procured through RFP rather than RFQ?

   Answer: Engineering services can be procured using either a Request for Proposals (RFP) or Request for Qualifications (RFQ). An RFQ is limited to the procurement of engineering/design services and cannot be used to procure for administrative or program delivery services.

3. We are a County entity that is using the local IDA as the subrecipient for the Microenterprise Grant Program – can the County escrow CDBG funds and provide payments to the IDA as businesses are approved?

   Answer: No. CDBG funds will be paid on a cost-incurred basis, not to be escrowed or stored with the recipient. A subrecipient agrees to undertake the activity on behalf of the recipient. This means that as vendors (businesses) incur costs and submit invoices to the subrecipient (IDA), the subrecipient will invoice the recipient (County) who will then submit a request for funds to the OCR.