

City of Middletown
Department of Planning, Conservation and Development

Community Development Block Grant Policy & Procedures Manual



Effective 2018

Table of Contents

CDBG Program Overview	3
CDBG National Objectives	3
CDBG Eligible Activities	4
Ineligible Activities	5
CDBG Spending Restrictions	5
Public Services	6
Planning & Administration	6
Low Moderate Income Benefit	7
Spending Timeliness	8
National Objectives	10
Low Moderate Income National Objective	10
Presumed Benefit	11
Fair Market Rents	11
CDBG Assist and Number of Housing Units Requirements	12
CDBG Benefit/Affordability Timeframe Requirements	12
Slum & Blight National Objection	13
Urgent Need	14
Middletown's CDBG Program Organizational Structure	16
Citizen Action Council	18
Consolidated Plan and Annual Action Plan	21
Workflow	23
Program Amendments	30
Workflow	31
Application Process	28
Application Evaluation Criteria	28
Environmental Review Record	31
Workflow	33
City Contracting and Purchase Order Process	35
Workflow	35
Insurance Requirements	37
Payment Request	39
Workflow	39
Program Income	42
Contract Extensions	43
Reporting	43
Workflow	44
Monitoring	46
HUD Reports	46
CAPER workflow	48
Policies	51
Recommended Procurement Practices	51
Cross cutting regulations	59
Guides and Templates	69

Community Development Block Grant Program Overview

The City of Middletown receives a yearly Community Development Block Grant (CDBG) as an Entitlement grantee from the US Department of Housing and Urban Development (HUD). To continue participation in this program, the City contractually agrees to implement the program in accordance with the Housing and Community Development Act of 1974, the related CDBG program regulations in 24 CFR 570, and all cross-cutting federal regulation.

The City's CDBG grants management system is structured to comply with the U.S. Department of Housing and Urban Development's and the Office of Management and Budgets regulations for governmental and public agencies found in COFAR 200, OMB Circulars A-110 (2 CFR Part 225);A-122, Circulars A-87 and A-133

The CDBG program is a complex federal program that grew from eight distinct national programs. The CDBG regulations were dramatically revised from 1995 to 2006, primarily to increase flexibility for grantees in carrying out funded activities, to reflect statutory changes, and to respond to audits of the program by the Inspector General.

Program Information can be found at
<https://www.hudexchange.info/resource/19/basicly-cdbg-training-guidebook-and-slides/>

CDBG National Objectives

A basic requirement set forth in Section 101(c) of the CDBG authorizing statute is that the primary objective of the program is the development of viable communities by the provision of decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate- income.

The program rules state that in order to be eligible for funding, every CDBG-funded activity must qualify as meeting one of the three national objectives of the program. This requires that each activity, except certain activities carried out under the eligibility categories of Planning and Capacity Building, Program Administration, and Technical Assistance, meet specific tests for either:

1. The project must benefit low and moderate income persons.
2. The project must eliminate slum and blight as defined by HUD.
3. Meet an urgent need because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

Details on requirements and eligible uses under each of these National Objective can be found at on page 10. As Low/Moderate Income is the most prevalent National Objective, information on LMI is included on pages 10-12

CDBG Eligible Activities

Entitlement Communities such as Middletown develop their own programs and funding priorities. However, maximum priority is to be given to activities which benefit low- and moderate-income persons. While each activity must meet one of the three national objectives detailed above, the CDBG program provides great flexibility. Examples of eligible projects include but are not limited to:

1. Acquisition of real property for any public purposes other than the general conduct of government.
2. Disposition of property acquired with Community Development Block Grants funds.
3. Acquisition, construction, rehabilitation, or installation of public facilities and improvements carried out by the City or other public or private nonprofit entities. Generally, this does not apply to new construction.
4. Public services (limited to 15% of the City's total CDBG entitlement) which are directed toward improving the community's public services and facilities, including, but not limited to, those concerned with employment, welfare reform, child care, health, drug abuse, education, job training assistance, recreational needs, crime prevention, or energy conservation.
5. Removal of architectural barriers, which restrict the mobility of elderly and/or persons with disabilities. All publicly and privately owned buildings and facilities are eligible for funding.
6. Rehabilitation and preservation for:
 - a. Low and moderate-income owner-occupied houses.
 - b. Low and moderate-income public housing.
 - c. Publicly owned non-residential buildings and improvements otherwise eligible for assistance.
 - d. Publicly or privately owned historic properties.
 - e. Commercial or industrial facility for job creation or retention
 - f. Public Facilities

- g. Affordable housing or mixed income housing
 - h. Low and moderate-income senior housing
 - i. Businesses that agree to hire, retain and/or serve low and moderate-income persons
7. Activities designed to create or retain jobs. All jobs created within the applicant's program are required to be permanent and at least 51 percent of the total must be for persons of low and moderate income.

CDBG Ineligible Activities

The following activities may not be assisted with CDBG funds:

1. Buildings for the general conduct of government. This includes operating and maintenance expenses. Exceptions are operation and maintenance associated with public service activities, interim assistance, and CDBG program staff.
2. General government expenses except to carry out the CDBG program.
3. Political or religious activities.
4. Construction equipment.
5. Fire protection equipment unless part of a public facility.
6. Personal furnishing or property.
7. Food not related to direct service delivery to clients.
8. Furnishings that are not integral structural fixtures.
9. New housing construction except for land acquisition and other specific circumstances.
10. Income payments and other subsistence payments made to individuals or a family.

Further information on eligibility can be found at <https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Contents-Chapter-1.pdf>

Details on Middletown's process for determining eligibility of each proposed activity can be found on pages 22-24.

CDBG Spending Restrictions

HUD places a number of spending restrictions on all Entitlement Communities. Two of the most significant are the Public Service Spending Cap and the Planning and Administrative Cap. The specifics of those restrictions and the applicable calculation are provided below. Middletown conducts the analysis at the appropriate times within each program year.

➤ Public Service Cap

While the CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:

1. Employment services (e.g., job training);
2. Crime prevention and public safety;
3. Child care;
4. Health services;
5. Substance abuse services (e.g., counseling and treatment);
6. Fair housing counseling;
7. Education programs;
8. Energy conservation;
9. Services for senior citizens;
10. Services for homeless persons;
11. Welfare services (excluding income payments);
12. Down payment assistance; and
13. Recreational services,

No more than 15% of the sum of the annual entitlement grant plus any grant program income received in the previous grant year on public service programs. During the Action Planning process, Middletown will calculate the anticipated amount that can be committed to public service projects.

The public service cap is calculated by:

Current year entitlement amount:	_____
+	+
Previous year program income received:	_____
=	=
Amount to calculate public service cap:	_____
x 0.15	x 0.15
Total maximum amount for public service programs:	_____

➤ Planning and Administration Cap

CDBG funds can be used for administration and planning activities. Examples of administration activities include: General management, oversight and coordination; Providing local officials and citizens with information about the CDBG program; Preparing budgets and schedules; Preparing reports and other HUD-required documents; Monitoring

program activities; Fair Housing activities; Indirect costs; and Submission of applications for Federal programs; With

All costs and time charged to Planning and Administration must be documented through the appropriate means (i.e., invoices, receipts, time and attendance records, etc.). The documentation is to be kept on file, and available for HUD review. Middletown conducts the annual review as part of the Action Planning process.

No more than 20% of the sum of the annual entitlement grant plus any grant program income received during the grant year may be spent on planning studies or administration. The planning and administration cap is calculated by:

Current year entitlement amount:	+	_____
	+	_____
Current year program income expected:		_____
	=	=
Amount to calculate administration cap:		_____
	x 0.2 =	x 0.2 =
Total maximum amount for administration:		_____

Low and Moderate Income Benefit Requirement

In addition to HUD's spending restrictions for Public Services and Planning and Administration, HUD requires that the CDBG program document that At least 70% of the City's non-administration CDBG spending is expended to benefit low and moderate income people. The 70% threshold should be exceeded each year to maintain compliance, however HUD rules allow grantees to calculate expenditure compliance on a one, two, or three year period.

The low and moderate income benefit requirement for a three year certification would be calculated as follows:

Entitlement amount in year 1, year 2 and year 3:	-	_____
	-	-
Administration budget allocation in year 1, year 2 and year 3:		_____
	=	=
Amount to calculate minimum Low & Mod benefit spending:		_____
	x 0.7 =	x 0.7 =
Total minimum required amount for Low & Mod benefit spending:		_____
 3-year total amount spent on Low/Mod Area benefit programs:		 _____
	+	+

3-year total amount spent on Low/Mod Limited Clients benefit programs:	_____
+	+
3-year total amount spent on Low/Mod Jobs benefit programs:	_____
+	+
3-year Total amount spent on Low/Mod Housing benefit programs:	_____
=	=
3-year total amount to be applied to Low/Mod benefit calculation:	_____

Middletown reviews the Low Mod benefit calculation during each Annual Action Planning process and then reconciles their selected multi-year expenditures as part of the applicable year-end report, Consolidated Annual Performance and Evaluation Review (CAPER)

CDBG Spending Timeliness

HUD requires all Grantees including the City of Middletown to use the CDBG funds it receives in a timely manner. HUD defines timely expenditure as having no more than 1.5 times the Annual Entitlement Amount unexpended.

While HUD conducts a timeliness of expenditure test 60 days prior to the end of the program year, monitoring of expenditures to insure timely benefits to low and moderate income communities is an ongoing process

Middletown conducts the expenditure analysis including a projection of likely expenditures in the 6th month of the program year and thereafter on a monthly basis.

HUD assesses Middletown annual expenditure in early July of each year. HUD utilizes Report #56 within its Integrated Disbursement and Information System (IDIS) to complete its Timeliness Test.

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NATIONAL OBJECTIVES

As previously stated, the CDBG program authorizing statute requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are:

1. Benefit to low- and moderate- income (LMI) persons; –
2. Aid in the prevention or elimination of slums or blight; and –
3. Meet a need having a particular urgency (referred to as urgent need).

Low Moderate Income National Objective

This is usually spoken of as the most important national objective of the CDBG program because of the related requirement that the vast majority of CDBG expenditures must be for activities that meet this objective.

Activities found eligible under the Low Moderate Income Eligibility (LMI) must fall within one of four categories. Specifically,

1. Area benefit activities- An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.
2. Limited clientele activities; – For these purposes, an Area Benefit activity is an activity that is available to benefit all the residents of an area that is primarily residential. In order to qualify as addressing the national objective of benefit to L/M income persons on an area basis, an activity must meet the identified needs of L/M income persons residing in an area where at least 51 percent of the residents are L/M income persons. The benefits of this type of activity are available to all residents in the area regardless of income.
it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity.
3. Housing activities are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. In order to meet the housing LMI national objective, structures with one unit must be occupied by a LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least 51 percent occupied by LMI households.

4. Job creation or retention activities Job Creation - activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.

HUD generated income limits on an annual basis. The following link will provide updated income limits:

<http://www.huduser.org/portal/datasets/il.html>

It is important to note that, for all but one of the subcategories under this national objective, the test of meeting the objective of Benefit to L/M Income Persons is to be met based on L/M Persons. Only with the subcategory of L/M Income Housing must the test be met based on L/M Households.

Presumed Benefit

Some activities do not require collection of individual client or household income data. The following income categories should be used for the following presumed benefit categories.

<u>Presumed Benefit Category</u>	<u>Income Category</u>
Abused Children	Extremely Low Income
Battered Spouses	Low Income
Severely Disabled Adults	Low Income
Homeless Persons	Extremely Low Income
Illiterate Adults	Low Income
Persons with AIDS	Low Income
Migrant Farm Workers	Low Income
Senior Center Elderly	Moderate Income
Elderly- Non Senior Center Activity	Low Income

Fair Market Rents

Any CDBG activities involving rental housing must take steps to deed restrict these units to charging not more than fair market rents to be eligible for CDBG funds. Fair market rents are determined by the number of bedrooms a rental unit has.

The following link will provide updated fair market rents:

<http://www.huduser.org/portal/datasets/fmr.html>

CDBG Assist and Number of Housing Units Requirements

Mixed income properties may be assisted provided that at least one unit is occupied by a low and moderate income household for two unit structure and at least 51% of the units are occupied in structures with three or more units. Structures with less than 51% of the units occupied by low and moderate income households may be assisted in a proportion no greater than the proportion of units. However structures with less than 20% of the units occupied by low and moderate income households may not be assisted with CDBG funds.

<u>Total Number of Housing Units</u> <u>Level</u>	<u>Number Affordable</u>	<u>CDBG Funding</u>
1	1	100%
2	1	100%
3	1	33%
3	2-3	100%
4	1	25%
4	2	50%
4	3-4	100%
5	1	20%
5	2	40%
5	3-5	100%
6	1	0%
6	2	33%
6	3	50%
6	4-6	100%

CDBG Benefit/Affordability Timeframe Requirements

CDBG that fund project must ensure that those activities continue to carry out the intended benefit for a minimum number of years depending on the type of activity and the amount of funding allocated. The City of Middletown may determine longer benefit or affordability timeframes are need.

Homebuyer Projects

<u>Funds provided</u>	<u>Minimum Affordability Period</u>
Less than \$15,000	5 years
\$15,000 to \$40,0000	10 years
More than \$40,000	15 years

Rental Housing Projects- Rehabilitation or Acquisition of Existing Housing

<u>Funds provided</u>	<u>Minimum Affordability Period</u>
Less than \$15,000	5 years

\$15,000 to \$40,000	10 years
More than \$40,000	15 years
Long-term Lease	15 years

Public Facilities- Acquisition, Rehabilitation, or Improvement

<u>Funds provided</u>	<u>Minimum Benefit Period</u>
Any Amount	5 years
Long-term Lease	15 years

Economic Development- Create or Retain Jobs

<u>Funds provided</u>	<u>Minimum Benefit Period</u>
Any Amount	2 years

Slum Blight National Objective

The second of the CDBG national objectives has its roots in the Urban Renewal program, one of the major federal programs that were terminated and replaced with the CDBG program upon its formation in 1974.

To qualify under the national objective of slums/blight on an **area basis**, an activity must meet all of the following criteria:

1. The area must be officially designated by the grant recipient and must meet a definition of a slum, blighted, deteriorated, or deteriorating area under State or local law. (For these purposes, it is not necessary to formally designate/declare the area to be blighted, but the area must meet the definitions for designation.)

2. The area must exhibit at least one of the following physical signs of blight or decay:

A. There must be a substantial number of deteriorated or deteriorating buildings throughout the area. As a "safe harbor," HUD will consider this test to have been met if either:

(1) The proportion of buildings in the area that are in such condition is at least equal to that specified in the applicable State law for this purpose; or

(2) In the case where the applicable State law does not specify the percentage of deteriorated or deteriorating buildings required to

qualify the area, then at least one quarter of all the buildings in the area must be deteriorated or deteriorating.

B. The public improvements throughout the area must be in a general state of deterioration. (For this purpose, it would be insufficient for only one type of public improvement, such as a sewer system, to be in a state of deterioration; rather, the public improvements taken as a whole must clearly exhibit signs of deterioration.)

Activities to be assisted with CDBG funds must be limited to those that address one or more of the conditions that contributed to the deterioration of the area

The elimination of specific conditions of blight or deterioration on a spot basis is designed to comply with the statutory objective for CDBG funds to be used for the prevention of blight, on the premise that such action(s) serves to prevent the spread to adjacent properties or areas.

To comply with the national objective of Elimination or Prevention of Slums or Blight on a **Spot Basis**, i.e., outside a slum or blighted area, an activity must meet the following criteria:

The activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area and

The activity must be limited to one of the following:

1. Acquisition
2. Clearance;
3. Relocation;
4. Historic Preservation; or
5. Rehabilitation of buildings, but only to the extent necessary to eliminate specific conditions detrimental to public health and safety.

Urgent Need National Objective

To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions which the local government certifies and state determines:

- ✓ Pose a serious and immediate threat to the health or welfare of the community,

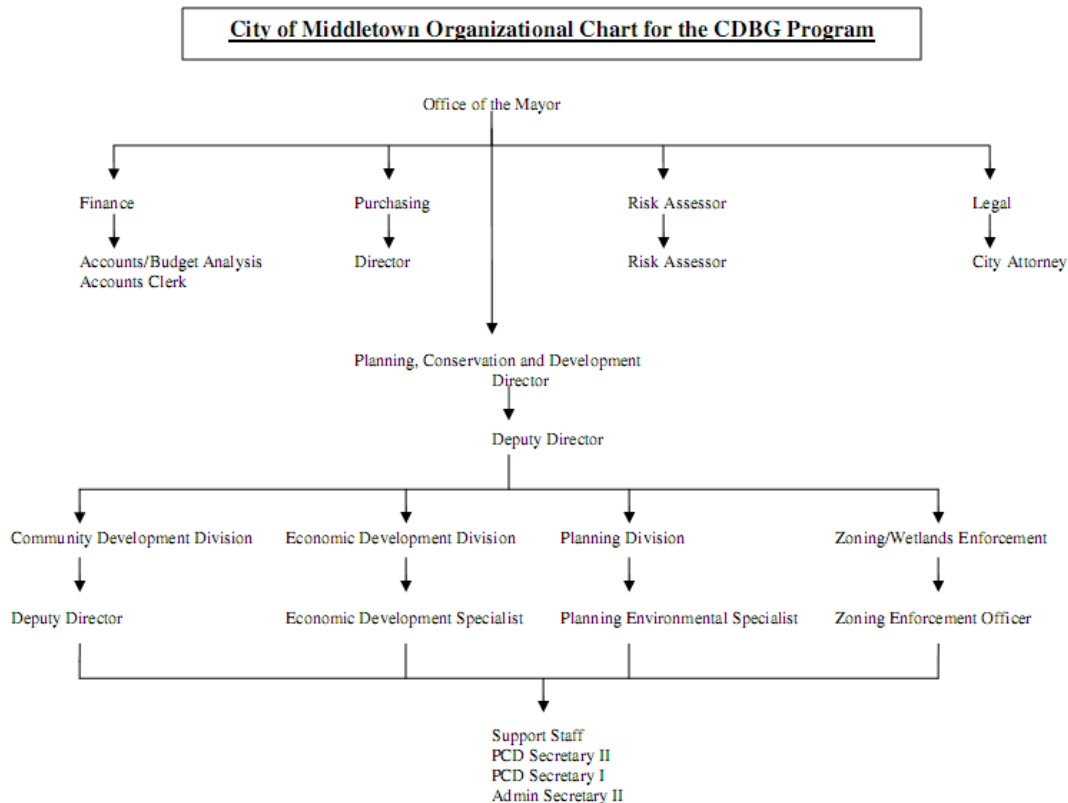
- ✓ Are of recent origin or recently became urgent,
- ✓ The grant recipient is unable to finance the activity on its own,
and
- ✓ Other sources of funding are not available to carry out.

A condition will generally be considered to be of recent origin if it is developed or became critical within 18 months preceding the grant recipient's certification

Middletown's CDBG Program Organizational Structure

Responsible City Staff

The City of Middletown's Community Development Block Grant program is Staff involved with the administration consists of six Departments coordinating efforts to comply with federal regulation under 24 CFR 570, 24 CFR 85, 24 CFR 91, OMB circular A-87 (2 CFR Part 225), OMB circular A-122 (2 CFR Part 230), OMB circular A-133 and other associated rules.



The following is a summary of the positions and responsibilities:

Mayor- Final approval for all financial request and submissions to HUD.

- Approves and signs contracts;
- Approves check requests;
- Certifies the Environmental Review Record;
- Certifies Annual Action Plan, CAPER and Consolidated Plan;
- Nominates appointments to fill vacancies on the Citizens Advisory Committee

The Community Development Specialist- Oversees the day-to-day activities of the Community Development Block Grant program for Middletown which includes the following:

- Handles drafting of contracts;
- Processing of check requests;
- Reviews quarterly reports;
- Conducts NEPA review for all CDBG activities;
- Develops the Environmental Review Record;
- Drafts public notices required for the CDBG program, Annual Action Plan, ERR, CAPER and Consolidated Plan;
- Drafts narrative documents for the CDBG program, such as the Annual Action Plan, CAPER and Consolidated Plan;
- Staff to the Citizens Advisory Committee

PCD Secretary I and II- Provides administrative support for the Community Development Block Grant program for Middletown which includes the following:

- Processes check requests
- Process contracts prior to review by Finance and the Purchasing Office
- Process Purchase Orders requests
- Processes any program income from outstanding loans.

Director of Planning, Conservation and Development- Provides oversight for the Community Development Block Grant program for Middletown which includes the following:

- Oversees the Community Development Specialist, PCD Secretary II, PCD Secretary I and the CDBG program
- Signs off on all contracts
- Signs off on all check requests

Accounts Clerk- Provides financial processing support for the Community Development Block Grant program for Middletown which includes the following:

- Process check requests
- Process Purchase Orders requests
- Review Contracts
- Establish new line-items

Accounts/Budget Analyst- Provides financial oversight for the Community Development Block Grant program for Middletown which includes the following:

- Reviews check requests
- Reviews Purchase Orders requests

City Attorney- Provides legal support for the Community Development Block Grant program for Middletown which includes the following:

- Contract review

City Purchasing Officer- Provides purchasing support for the Community Development Block Grant program for Middletown which includes the following:

- Reviews and approves Purchase Orders requests
- Reviews contracts with recipients

Citizen Advisory Committee

The Citizen Advisory Committee of the City of Middletown, Connecticut primary responsibility is to assist City staff in the accomplishment of the citizen participation requirements of the Housing and Community Development of 1974, as amended, and Public Act No. 75-443, as amended. Further, it shall: prepare and recommend grant applications for CDBG funding to the Mayor and Common Council; monitor the progress of all funded programs; and; make recommendations to the Mayor and Common Council regarding the implementation of CDBG funded programs.

A. Structure of Citizens Advisory Committee (CAC)

1. A community-wide CAC shall be appointed by the Mayor with the approval of the Common Council. The membership shall consist of fifteen (15) citizens of the City of Middletown.
2. Membership to the CAC should represent the following interest groups in order to advise in affairs of the Community Development Block Grant Program (CDBG) as authorized by the Housing and Community Development Act of 1974, as amended:

Common Council (one from each political party)	2
At-Large	2
Middletown Housing Authority	1
Planning and Zoning Commission	1
Low/Moderate Income	1
Elderly	1
Disabled	1

Census Tracts 5412, 5413, 5414	2
Census Tracts 5411, 5415, 5416, 5417	2
Census Tracts 5418, 5419, 5420, 5421, 5422	2

3. Terms - the term of the Common Council members shall run concurrently with the term of their office. The term of the remaining thirteen (13) members shall be as follows: four (4) shall serve for one (1) year; three (3) shall serve for two years; three (3) shall serve for three (3) years; and, three (3) shall serve for four (4) years.

Thereafter, members shall be appointed annually to serve for four (4) years. Each member shall serve until his successor is appointed and has qualified and any vacancy shall be filled for the unexpired term.

4. In the event that any CAC member misses three (3) consecutive meetings and upon the recommendation of the Citizen Advisory Committee Chair person, the Mayor may remove that member and fill the vacancy. Generally, if any such member represents a specific interest group, he/she shall be replaced by a person representing the same group. Voluntary resignations shall be handled in a similar manner.

B. Organization of the CAC

1. The Committee shall select a Chair person, a Vice-Chair person and a Secretary. An annual organizational meeting for the purpose of electing officers shall be conducted each January.

2. Regular meetings of the CAC shall be held on the third (3rd) Wednesday of each month at 7:00 p.m. at a place specified with the City and Town Clerk.

3. The office of the CAC shall be with the Community Development Division of the Department of Planning, Conservation, and Development.

C. Role of the CAC

1. The CAC shall be responsible for encouraging of citizen participation, as required by the Plan, all citizens, public agencies and other interested parties including minorities, low/moderate income persons and non-English speaking persons, as well as persons with disabilities at its meetings.

2. The CAC shall be responsible for citizen participation prior to making recommendations to the Mayor and Common Council on the following items, including but not limited to:

a. The Five-year Consolidated Plan, including the identification of community development and housing needs and the setting of priorities.

- b. Annual Action Plan of projects that are consistent with the Consolidated Plan.
 - c. The annual CDBG Program and CDBG budget.
 - d. Subsequent minor amendments and other significant changes/amendments to previously approved programs in the Consolidated Plan.
3. The CAC shall be responsible for recommending to the Mayor and Common Council, policy and methods of implementing CDBG projects.
 4. The CAC shall participate in the preparation of the Consolidated Annual Performance and Evaluation Report (CAPER) by soliciting views concerning the effectiveness of various CDBG projects.
 5. All meetings of the CAC shall be conducted in an open manner, with freedom of access to all interested persons. Dates, times and locations of all meetings shall be posted with the City and Town Clerk in a manner consistent with the Connecticut Freedom of Information Act, as amended.

Consolidated Plan and Annual Action Plan

In 1995 HUD has mandated that all CDBG recipients prepare a Consolidated Plan every five years and an Annual Action Plan every year. The regulations governing these activities, which were revised in 2006, can be found at 24 CFR Parts 91 and 570. In May 2012, HUD introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS OnLine and the CPD Maps website. By creating a more cohesive planning and grants management framework and providing better data and a tool for analysis, the eCon Planning Suite supports grantees and the public to assess their needs and make strategic investment decisions. HUD grantees are now required to submit their Consolidated Plan and year one Annual Action Plan using the Consolidated Plan template in IDIS OnLine. Information about the Consolidated Plan and IDIS can be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/conplan/cp_idis.

The purpose of the Consolidated Plan is to encourage Grantees to make longer-term strategic decisions based on current market conditions in consultation with all important stakeholders. The document lays out the City's plans for using federal CDBG funds in the following programs:

While the Consolidated Plan lays out a broad vision of need and funding priorities, HUD also requires Grantees to submit Annual Action Plans. These plans identify anticipated funding resources for the upcoming year, City's plans for allocating the identified funding, and the anticipated outcomes of the funding. Detailed information about the Annual Action Plan requirements can be found at 24 CFR 91.220

HUD requires that the public be given the opportunity to comment on the Consolidated and Annual Action plans for no less than 30 days (24 CFR Parts 91.200). To fulfill this requirement, the City, following the procedures in its Citizen Participation Plan, publishes notice of the plan in the local newspaper(s) and posts notice at highly visible locations.

Public hearings will be held in venues accessible for those with disabilities. Upon request non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate, where practical.

At a minimum, the full documents are available on the City's website www.middletownplanning.com, in libraries, the Department of Planning, Conservation, and Development, Russell Library, Town Clerks Office, Middletown Housing Authority, Middlesex Chamber of Commerce, Midstate Regional Agency, Community Action for Greater Middlesex County and Community Health Center.

The Five Year Consolidated Plan is required to include following elements:

- Information that includes the amount of grant funds and program income it expects to receive.
- The range of activities that may be undertaken.
- The estimated amount that will benefit persons of low and moderate income.
- Set forth plans to minimize displacement of persons and to assist any person displaced, specifying the types and levels of assistance that will be made to persons displaced and by whom the assistance will come from.
- Publication of the proposed Consolidated Plan in a manner that affords all citizens a reasonable opportunity to examine its contents and submit comments.

The Annual Plan is required to include the following elements:

- Form Application - Standard Form 424
- Federal and Other Resources Available
- Activities to Be Undertaken
- Geographic Distribution
- Homeless and Other Special Needs Activities
- Other Actions:
 - Address obstacles in meeting underserved needs, such as foster and maintain affordable housing, remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure and enhance coordination between public and private housing and social service agencies and foster public housing improvements and resident initiatives.
 - Reference to the annual revisions of the action plan prepared for the CDBG funds expected to be available during the program year including any program income that will have been received before the start of the next program year and that has not yet been programmed.
 - Amendments to the Consolidated Plan.

CONSOLIDATED PLAN AND ACTION PLAN WORKFLOW

Step 1 Initiate Plan Process

The Consolidated Planning and Annual Action process shall start at least six months in advance of the date that the new Plan is due. Under the Director's leadership, the Community Development Specialist coordinates the technical aspects related to the preparation of the Consolidated Plan/Action Plan and prepares a project timeline.

Step 2 Analyze Relevant Community Data

The assembles relevant community data including Census data, accomplishment data, PHA waiting list, Homeless point-in-time counts, and Community/Municipal Planning documents. The material is reviewed to generate preliminary priority needs. To the greatest extent possible the City relies upon existing planning documents and HUD's economic planning data.

Step 3 Identify Available Resources

The Director in coordination with the Community Development Specialist and the relevant staff develops an assessment of resources that are likely to be available for projects in the next five program years, including an estimate of program income by program area as well as carry over funding. The program income estimate is based on a review of the loan portfolio to determine loans that are likely to repay in the upcoming program year

Step 4 Calculation of Funding Allocation

The CAC shall determine, based on the Consolidated Plan goals and prior year accomplishment, what portion of the Entitlement Funding will be:

- a. Discretionary,
- b. what funds will be set-aside for an request for proposals project, as described under number 4 of this section, and
- c. what funds are were earmarked for previous commitments, such as Section 108 Loan repayments or multi-year projects.

Step 5 Conduct Internal Consultations

The Community Development Specialist conducts internal consultation with a list of relevant departments. The consultations include a discussion of any housing and community development related projects, identification of barriers including lack of available resources, analysis of whether existing data will allow the City to

designate a Neighborhood Revitalization Strategy Area, and/or apply for designation of a Slum and Blight Area(s).

Step 6 Conduct External Consultations

The Community Development Specialist conducts consultations with additional agencies to obtain information on community needs and to maximize coordination and communication between and among agencies. The consultations with the Housing Authority and a list of agencies are mandated by HUD

The CAC will solicit views from citizens, agencies and other interested parties, particularly low and moderate income persons.

Step 7 Facilitate Focus Group Meetings

Community Development Specialist facilitates focus group meetings as recommended by the Director and individual Program Managers. The purpose is to seek input on emerging needs and program and partnership opportunities. Information gathered from Community Organizations during the consultations is utilized to prioritize goals and funding allocations.

Step 8: Conduct Public Hearing

The CAC will schedule a public hearing to solicit proposals. At least fifty (50) days prior to a public hearing, the City shall publish a notice in easily readable format. The notice shall include the following information:

- 1) The total amount of CDBG funds available to the City for all eligible activities.
 - 2) The range of activities that may be undertaken and the kind of activities previously funded in Middletown.
 - 3) The application process to be followed.
 - 4) The role of citizens in the program and process.
 - 5) A summary of other important program requirements.
 - 6) Date, time and place of hearing.
 - 7) Place to obtain additional information and assistance.
 - 8) Consideration of any amendments to the Five Year Consolidated Plan which is dated September 1 - August 31 and any amendments to the Citizen Participation Plan.
- b. Technical assistance in developing proposals will be available to a group representative of low and moderate income persons.

c. The application shall be due to the City's Community Development Division of the Department of Planning, Conservation and Development at least thirty (30) days prior to the public hearing date. The purpose of this time frame is to give the CAC and staff sufficient time to review and justify approval of the applications. In evaluating each application, the following criteria should be used:

- eligibility of the activity under CDBG
- compliance with the CDBG national objective
- consistency with priorities and specific objectives established in the Consolidated Plan
- prior experience with CDBG
- Prior experience in the community
- prior experience in the type of project/activity being proposed
- organization administrative and financial capacity to carry out the proposed activity.

Prior to the public hearing, from date of advertisement in the paper to date that proposals are due, news media coverage shall be sought prior to a public hearing in order that additional program information may be publicized. Public service announcements/press releases on the availability of the Entitlement funds may be placed in the Middletown Press, Hartford Courant and on the local radio station(s).

Notices of public hearings will be posted in the City of Middletown Town Clerk's Office and will be made available to organizations such as Middletown Housing Authority, Community Health Center and The Connection, Inc. for distribution into low/moderate income areas.

Public hearings will be held in venues accessible for those with disabilities.

Upon request non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate, where practical.

Step 9 Needs Presentation to Mayor and CAC

The Director and present the findings from the initial consultations to the Mayor and other senior management, who discuss the

implications of the data and findings on the Departments funding priorities.

Step 10 Solicit program and project proposals (Action Plan)

The Director in coordination with the CAC releases a Request for Proposal for annual projects. The RFP sets forth the eligible activities, priority initiatives, and available funding. Through the RFP process, the City seeks to identify eligible projects with strong community support that are ready to proceed. The application process solicits sufficient information to evaluate the applicant's capacity, project viability, implementation timeframe, and proposed beneficiaries.

The solicitation process will be consistent with the following procedure:

- i. At least thirty (30) days prior to a public hearing, the City shall publish a notice in easily readable type in the legal section of the Middletown Press and Hartford Courant. The notice shall include the following information:
 - i. The total amount of CDBG funds available through the request for proposal.
 - ii. The range of activities that may be undertaken.
 - iii. The application process to be followed.
 - iv. The role of citizens in the program and process.
 - v. A summary of other important program requirements.
 - vi. Date, time and place of hearing.
 - vii. Place to obtain additional information and assistance.
- ii. The application shall be due to the City's Community Development Division of the Department of Planning, Conservation and Development at least twenty-one (21) days prior to the public hearing date. The purpose of this time frame is to give the CAC and staff sufficient time to review and justify approval of the applications. In evaluating each application, the following criteria should be used:
 1. Capacity to meet the special requirements of the Request for proposal
 2. Capacity to carry out the project and
 3. eligibility of the activity under CDBG
 4. compliance with the CDBG national objective
 5. consistency with priorities and specific objectives established in the Consolidated Plan
 6. prior experience with CDBG
 7. organization administrative and financial capacity to carry out the proposed activity.

8. Prior experience in the community
9. prior experience in the type of project/activity being proposed

The City with the CAC reserves the right to issue a request for proposals at any time during the program year. The solicitation process will be consistent with the process detailed above.

Step 10 Conduct Completeness Review

The assigned staff reviews the applications for completeness. If incomplete, the staff person generates a list of missing materials and consults with the Community Development Specialist. The Department policy is to advise applicants regarding minor non-substantive application corrections in writing via email notification.

Step 11 Conduct Application Review

The assigned staff review the application, its eligibility, its compliance with priority goals, and applicable federal requirements such as cost reasonableness and expenditure timeliness are reviewed.

Staff will underwrite each proposal prior to a funding commitment. Underwriting additionally must evaluate the project's feasibility at on-set and during the period of compliance. The elements of underwriting to be undertaken and documented by the assigned OCD staff person are:

Project Eligibility- Project eligibility shall include a review of the proposal's National Objective, Eligibility, Outcomes, and Outputs/Accomplishments (special economic development activities, including those public facility projects that fit under this category per the regulations will be reviewed to ensure they meet independent and overall public benefit standards.) CDBG projects will be reviewed for soundness of proposal including but not limited to :

CDBG public facility and economic development projects will be reviewed to ensure the dollar amounts of sources and uses match and that firm funding commitments are in place for all funding sources. Further, projects will be reviewed to confirm: (a) the accuracy of the financial projections for the project, (b) the need for the CDBG funding (CDBG funds will

not be used if other non-federal funding is available), (c) the reasonableness of anticipated fee revenues and/or return on equity, and (d) where possible, that CDBG funds are distributed on a schedule that is on according to a schedule that is parallel to those of other funding sources for the project.

Eligible Cost Determination - In accordance with OMB Circular A- 87, OCD will evaluate if all costs for CDBG and HOME programs are necessary, reasonable, and directly related to the program. The review shall include an assessment of basis for cost including cost allocation plans and indirect cost rates.

In accordance with 24CFR Section 85.36, the Deputy shall perform a cost or price analysis. If the project will lack adequate price competition, as in the case of single source procurement, related party transactions, and identity of interest developer(s), a cost analysis will be required. The cost analysis will include verification of costs comply with applicable cost principles, a comparison of proposed costs with independent professional estimates, a comparison of historical actual cost from proposed for the subject applicant, and a comparison of proposed cost items with published catalogue cost and market.

Regulatory Compliance- The regulatory review of projects and programs shall include but not be limited to the applicability of Davis-Bacon provisions, bonding requirements, and procurement methodology, environmental review, Equal Employment Opportunity, Section 3 compliance, fair housing-including fair housing for persons with disabilities, and Women and Minority Business Enterprise compliance.

Cost Allocation- Accepted accounting practices are used in calculating and segregating the costs for the federally assisted activities from the non-federally assisted activities. The allowable cost is allocable to the CDBG, programs, meaning that the costs are equitably divided and that the

same expense is not claimed against more than one grant.

Performance Review- the applicant's past performance, including-- timeliness, adherence to scope and budget, conformity of actual project with that described in contract--will be evaluated. The project feasibility will be evaluated to determine if as proposed it is feasible at the on-set and during any period of compliance.

The Community Development Specialist identifies if the proposed project would be eligible to meet more than one national objective. If more than one national objective is possible, the Director makes a determination of the most appropriate national objective.

The Director is responsible for providing quality control throughout the application review process, confirming the applicable national objective, determining whether a conflict of interest exists, and verifying the applicability of eligible line item costs, as appropriate.

Step 12 Project Recommendations

Upon review of the proposals submitted at the public hearing for the Entitlement Program, the CAC may, at its discretion hold special meetings in order to discuss the proposals that were submitted.

The CAC will then, at its next regular meeting, make recommendations to the Common Council of funding allocations for the Entitlement Program.

The Director reviews the Summary Recommendation with the Mayor's Office. The focus of this review is to examine the Summary Report's: (1) alignment with the City's priorities; (2) address concerns related to budget line items; (3) provide data regarding the applicant's current compliance standings; and (4) assess the project "readiness" to proceed.

Step 13 Determine Final Funding Allocations

The Community Development Specialist reconciles the funding allocations for compliance with LMI expenditure requirements, public service spending cap, and program planning and administration.

Step 14 Prepare Draft Plan

Upon approval of the Common Council, staff in the Community Development Division of the Department of Planning, Conservation, and Development will prepare the Annual Plan for the current year. Amendments to the Consolidated Plan will also be included in the submission of the Annual Plan to HUD

The Director assigns staff to draft sections of the Consolidated Plan/ Action Plan. Staff submits drafts to the Community Development Specialist, who insures that all the information reflects HUD and City rules, and synthesizes the draft into one document in HUD's eCon Planning Suite.

Step 15 Public Comment Consolidated Plan/ Action Plan

The Community Development Specialist makes the Draft Consolidated Plan/ Action Plan available for public comment in compliance with the City's Citizen Participation Plan. According to the terms of the City's current citizen, participation plan, copies of public notifications are made available on the City's website, in CD office, and the Planning Department. The City retains the right to amend the notification process, with HUD's concurrence, after analysis of effectiveness of notification methods.

Step 16 Submission of Consolidated Plan/ Action Plan to HUD for Approval

Upon conclusion of the Public Comment Period, the Director submits a copy to HUD. The HUD Field Office reviews the submitted plan and approves or rejects. HUD has up to 45 days to approve or reject the plan.

Consolidated Plan /Action Plan Amendments

Prior to making any additions, deletions, or changes to the Community Development Block Grant Program Consolidated Plan or Annual Action , the following determination will be made on the amendment:

1. If the proposed change is a minor amendment defined as an amendment to the program that costs less than 10% of the total current year grant and only affects an activity previously described in the Consolidated Plan and Annual Plans.

OR

If the proposed change is a substantial amendment when

- a) the amendment makes changes in its allocation priorities or a change in the method of distribution of funds;
- b) the amendment carries out an activity, using funds from any program covered by the consolidated Plan (including program income), not previously described in the action plan; or
- c) the amendment changes the purpose, scope, location or beneficiaries of an activity.

Consolidated Plan/Annual Plan Amendment Workflow

Once a determination has been made, based on the above criteria, one of the two following procedures will be undertaken:

1. Minor Amendment

The Community Development Specialist will seek an approval from the CAC; and, subsequent to the CAC's decision, a final approval shall be sought from the Common Council for any minor amendment to the City's Entitlement Program and will be noted in the Annual Plan.

2. Substantial Amendment

The Community Development Specialist will, pursuant to the Community Development Block Grant Regulations (24 CFR 91.105 and 24 CFR Part 570), undertake the following amendment process for any proposed substantial amendment to the Consolidated Plan:

- a. Provide a reasonable notice of public hearing on the proposed amendment to the Consolidated Plan by publishing a legal notice in the Hartford Courant.
 - 1) The notice shall provide a description of the amendment.
 - 2) Be published at least thirty (30) days prior to the public hearing.
- b. Allow citizens, agencies and/or groups the opportunity to comment on the proposed amendment in writing and/or verbally at a public hearing which will be held by the CAC. Public hearings will be held in venues accessible for those with disabilities. Upon request non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate, where practical.
- c. Consider interested citizens, agencies and/or groups' comments when finalizing the proposed amendment.
- d. Seek approval from the Citizen Advisory Committee on the proposed activity(ies) which comprise the proposed amendment; and, seek subsequent approval from the Common Council.

- e. Forward a descriptive amendment to the Consolidated Plan on the adopted amendment with a signed transmittal letter signed by the Mayor to the HUD.
3. Changes that do not require Common Council approval and may be approved only by the CAC are minor amendments such as:
 - minor additions or changes of the scope of services in a contract which is not a substantial amount of allocated funds and which would require a contract amendment and not a line item change;
 - extensions to the time of performance of approved activities;
 - change of language in an executed contract for an approved activity.

Environmental Review Record

An Environmental Review Record (ERR) must be completed on each activity that is identified in the Annual Plan. CDBG funds cannot be spent prior to approval from HUD on a Release of Funds.

Activities fall into five categories that require different levels of review, public notification and HUD review.

58.34(a) Exempt Activities

The following activities require only a written determination of the exemption in the environmental review record:

1. Environmental and other studies; resource identification; plans and strategies;
2. Information and financial services;
3. Administrative and management activities;
4. Public services that have no physical impact or result in physical change;
5. Inspections and testing;
6. Purchase of insurance;
7. Purchase of tools;
8. Engineering, design or training;
9. Technical assistance or training;
10. Temporary or permanent improvements limited to protection and restoration to control or arrest effects from disasters; and,
11. Payment of principal and interest on loans made or guaranteed by HUD.

58.35 Categorical Exclusions (b) Excluded Activities

The following activities require a written determination of the exclusion with documentation in the environmental review record:

1. Tenant based rental assistance;
2. Supportive services such as health care, day care, housing placement, etc.;
3. Operating costs, maintenance, utilities, furniture and equipment;
4. Economic development activities such as equipment purchase, inventory financing, interest subsidy, operating expenses not associated with construction or expansion;
5. Activities to assist homeownership of existing or "new dwelling units not assisted with Federal funds"; and,
6. Affordable housing pre-development "soft" costs.

58.35 Categorical Exclusions (a) Excluded Activities

The following activities require a written determination of the exclusion with documentation in the environmental review record, a complete statutory checklist, 7 day Notice of Intent to Request Release of Funds and HUD approval:

1. Acquisition, repair, improvement, reconstruction or rehab of public facilities other than building without change in use or increase in size or capacity by more than 20 percent;
2. Projects to remove material and architectural barriers that restrict handicap access;
3. Rehabilitation of buildings: i) in case of residential if a) unit density not increased by more than 20 percent, b) does not change use from residential to non-residential, and c) cost of rehab less than 75% of total cost of replacement after rehab; ii) in case of non-residential if a) facilities are in place will not change in size or capacity by more than 20 percent, and b) the activity does not involve a change in land use;
4. Individual action on a 1-4 family dwelling or project of 5 or more units on scattered sites if more than 2,000 feet apart or not more than 4 units on one site;
5. Acquisition, disposition of existing structure or acquisition of vacant land where use will remain unchanged

58.36 Environmental Assessment (EA)

Required for all other activities that are not considered exempt or categorically excluded and that do not require the completion of an Environmental Impact Statement. Environmental Assessments require a written determination with documentation in the environmental review record, a complete statutory checklist, a complete environmental assessment checklist, a complete Finding of No Significant Impact (FONSI),

a 15 day combined Notice of FONSI and Notice of Intent to Request Release of Funds and HUD approval.

58.37 Environmental Impact Statement Determination (EIS)

Required when activity is determined to have potential significant impact on environment Contact HUD to determine the complete required process under the following circumstances:

1. Project provides a site or sites for, results in construction of, hospitals or nursing homes containing 2,500 or more beds;
2. Project removes, demolishes, converts, results in construction of or installation of or substantially rehabs, 2,500 or more housing units or housing sites;
3. Project would provide additional water and sewer capacity to support 2,500 or more new housing units or comparable development.

Step 1 Initiate the ER Process

Within 30 days from the date of approve the Annual Action Plan, the Community Development Specialist initiates the ERR process through a review of the funded activities that are related either geographically or functionally (Project aggregation).

Step 2 Classify activities

The Community Development Specialist classifies activities and determines the level of review required.

Step 3 Follow appropriate review formats

The Community Development Specialist follows appropriate review formats for each project or group of activities.

Step 4 Publish Public Notice of Intent (NOI)

Projects that are categorically excluded and subject to 58.5 or require an environmental assessment require the publication of a Notice of Intent to Request Release of Funds (NOI-RROF). The Community Development Specialist prepares the NOI-RROF and submits to the Director for review and approval.

Projects that require an Environmental Assessment also need a Finding of No Significant Impact (FONSI). This notice can be combined with the NOI-RROF and follows the same process.

Upon completion of the ERR and determination that public notice is required, an legal notice will be placed in the Hartford Courant stating that the ERR is available for review and that comments are encouraged from interested citizens, agencies and/or organizations for a period of fifteen (15) days.

Step 5 Request for Release of Funds Form 7015.15

For Categorically Excluded and subject to 58.5activities, on or after the eighth day after the notice is published, the Community Development Specialist prepares the Request for Release of Funds (RROF) form 7015.15.

For projects that require an Environmental Assessment with the combined NOI-RROF/FONSI, on or after the sixteenth day after the notice is published, the Community Development Specialist prepares an RROF.

The RROF is submitted to the appropriate HUD Field Office. The Community Development Specialist allows for a 15 day Objection Period from the date submitted to HUD. If there are no objections, on the 16th day or thereafter HUD will send Authority to Use Grant Funds (AUGF) form 7015.16.

City Contracting and Purchase Order Process

Upon completion of the Environmental Review process including the City's receipt of HUD's Authorization to Use Grant funds (HUD 7015.16) Community Development will undertake Contracting Process

Contracting Workflow

Step 1 Notify Denied Agencies

The Community Development Specialist prepares denial letters for agencies that were not approved for funding. The Deputy forwards the denial letters to the Director for signature.

Step 2 Notify recipient of Award Amount

The Community Development Specialist mails notification of the award letter. A proposed project scope, budget, and schedule is generated and reviewed for consistency and quality control purposes ensuring: (1) that the scope; (2) budget; (3) and activity schedule are consistent with the approved Annual Action Plan

Step 3 Finalize contract scope and budget

The assigned staff completes negotiation of the terms, scope, and budget. The assigned staff drafts the contract using a pre-approved (by the Office of Law) template. The proposed contract is sent to the recipient by the Deputy with approval of the Director.

Step 4 Internal Review

Upon return of the contract signed by the Awardee, the City Attorney's office checks the contracts for legalities.

The Risk Manager's Office checks to see if the project has the appropriate level of insurance.

The contracts are sent to the Finance department to check for the funds' approved requisitions.

Step 5 Internal Processing

The contracts are sent to the Purchasing office to get the Director of Finance and the Mayor's signature. After which the Purchasing office will encumber the funds and do a Purchase Order and send one copy to the following places:

- The Awardee
- The City Attorney
- The Finance Department
- The CDBG Administrator
- The Purchasing Department
- The Mayor

Step 6 Enter and Fund Activity in HUD's IDIS System

The Deputy sets up the project/ activities in IDIS. Each activity's' IDIS number is recorded on a project spreadsheet. The Deputy additionally funds the activity in IDIS.

Step 7- Authorization to Proceed.

A copy of the fully executed contract and the purchase order is sent to the Awardee. Based upon the CDBG requirements, the Awardee may be authorized to proceed or a meeting will be schedule to review CDBG requirements prior to commencement of work.

Contract Extensions

The City will consider extending and/ or making amendments to contracts on a case-by-case basis. Extensions and Amendments are considered for valid contracts.

Contract Extension Workflow

Steps 1: Extension Requested

The Awardee will request an extension along with justification. The request might be triggered by Community Development if the project has been flagged for schedule, budget, or performance issues.

Step 2 Review Formal Request

Upon receipt of a formal extension request addressed to the Citizen's Advisory Committee, the Community Development

Specialist will review the request and consider its implication to the activity as well as to the overall CDBG program. The Community Development Specialist will summarize findings.

Step 3 CAC Review

If applicable, the proposed changes will be reviewed at the CAC meeting. The CAC meeting will approve or deny your proposal.

Step 4 Generate and Execute Contract Amendment

If the extension is approved, the Community Development Specialist drafts the amendment and have the appropriate City departments review it.

Step 5 Update Monitoring System

The Community Development Specialist will update the internal systems including the monitoring systems.

The Finance department will update or reissue purchase orders.

Insurance Requirements

The City of Middletown requires that all Awardees have insurance coverage for the life of any CDBG contract in amounts cited below.

Workers' Compensation Insurance – The Awardees shall provide Statutory Workers' Compensation Insurance, including Employer's Liability with limits of:

- \$100,000 Each Accident
- \$500,000 Disease, Policy Limit
- \$100,000 Disease, Each Employee

Commercial General Liability Insurance - The Awardees shall carry Commercial General Liability insurance (Insurance Services Offices Incorporated Form CG-0001 or equivalent). A per occurrence limit of \$1,000,000 is required. The Aggregate Limit will be not less than \$1,000,000.

The City reserves the right to amend amounts of coverage required and types of coverage provided based on work or service to be performed. If the policy is written on a "claims-made" basis, the policy must be renewed for a minimum of two years from the completion of the CDBG contract.

Awardees must show proof of insurance coverage from an insurance company with an AM Best Rating of A- VIII or better licensed to write such insurance in the State of Connecticut and acceptable to the City of Middletown. The City of Middletown should be named as Additional Insured on the Awardee's insurance policy.

The insurer shall provide the City of Middletown with original completed Certificates of Insurance signed by an authorized representative of the insurance company prior to purchase order/contract issuance. Any time the insurance coverage is replaced by another insurance company or a policy is renewed, a certificate must be submitted to the City at least thirty (30) days prior to the expiration of each policy.

Awardee will be required that any any subcontractors and independent contractors hired by the Awardee has appropriate level of insurance coverage and obtain Certificates of Insurance before subcontractors and independent contractors are permitted to begin work.

Awardee and all subcontractors and independent contractors and their insurers shall waive all rights of subrogation against the City of Middletown and its officers, agents, servants and employees for losses arising from work performed by each on this contract.

In some limited cases, at the discretion of the Risk Assessor, the City may waive the insurance requirement, or execute an Indemnification & Subrogation Agreement.

Process Payment Request

Using the following guidelines, the Community Development Specialist will review each invoice:

- ✓ Documentation should explain the basis for the costs incurred, as well as the actual dates and amount of expenditures.
- ✓ Documentation for salaries should include a copy of detailed time sheets signed by the employee and supervisor for each employee paid with CDBG or HOME funds and a copy of the payroll register for the time period submitted.
- ✓ For other expenses, proper documentation should include a copy of the invoice for the expense, initialed by the program or project supervisor with the date and check number paid, accompanied by a copy of the paid receipt or copy of the check.
- ✓ If a purchase is paid in cash, then only a copy of the store sales receipt indicating cash was paid is acceptable for documentation.
- ✓ If a purchase is charged, then a copy of the charge slip and the store or bank statement showing the posting of the charge is acceptable.
- ✓ If the reimbursement is for contract services with a contractor, then a copy of the signed contract along with proof of payment paid to the contractor is acceptable.
- ✓ If a contractor or vendor is being paid directly by the City, the original invoice or store receipt is required along with a current, complete IRS form W-9
- ✓ Each request for payment will be accompanied by a signed cover letter by an authorized individual stating the amount of the reimbursement and to whom the payment will be made.

Payment Process Workflow

Step 1 Submit Requisition for Reimbursement

The Awardee submits a CDBG Requisition to the Community Development Specialist using the required form either monthly or quarterly consistent with the terms of the Program Agreement or Contract, as appropriate

Step 2 Review Payment Requests

The Community Development Specialist reviews the request for general correctness. This preliminary review includes verifying the: (1) program year; (2) request number; (3) authorized signature; (4) available balances; and (5) source documents verifying eligible expenses accrued and paid. The source documents should be submitted in the same order as they appear on the request for reimbursement and in the Awardee's approved activity budget.

Step 3 Return to Awardee

In some cases, the Community Development Specialist may determine that a reimbursement package should be returned to the Awardee for correction or clarification and resubmittal. The Community Development Specialist will provide notification, including identification of all deficiencies to the Awardee.

Step 4 Assess Overall Compliance

The Community Development Specialist reviews the Awardee's current compliance standing. If serious compliance issues exist, such as failure to submit activity reports, the Community Development Specialist consults with the Director regarding whether these compliance issues should result in the withholding of payment reimbursement assessing both the seriousness of the compliance issue and the impact on the project if payment is withheld. If there are no compliance and/or monitoring issues, the Community Development Specialist continues the review.

Step 5 Determine if Adequate Documentation Exists

The Community Development Specialist confirms the following are on file: 1) a fully executed and current operating agreement; 2) a fully executed and current contract between the operating agency and the sub-contractors; 3) documentation that the requisitioned work was completed during the term of performance; 4) documentation that the requisitioned work was included in the scope of services in the Agreement; 5) documentation that the request is for reimbursement of incurred expenses; 6) adequate back up documentation including a paid invoice, receipt, canceled checks, and/or payroll documentation; 7) the cost incurred does not exceed the amount outlined in budget of the Agreement; and 8) the requisition is dated, sequentially numbered and carries the original signature of the Awardee's authorized representative.

Step 6 Forward Requisition to the Director

If the payment request is complete and valid, the Community Development Specialist forwards the Requisition request to the Director. If the Director determines that the requisition is incomplete or there is an error, the Director returns the payment request to the Community Development Specialist with instructions to cure.

Step 7 Requisition Processing

Upon review of the invoice and supporting documentation, the assigned Director shall forward the original for payment. The original will then be forwarded to the Finance for processing. A copy of the invoice and documentation shall be retained at the project. The original must be attached to the City's warrant.

Program Income

The City of Middletown has and can use its CDBG entitlement to fund programs that generate income. Typically, program income is generated from issuing loans, but sale of real property and rental income are also considered program income.

When income is generated from activities that are only partially funded CDBG funds, the income must be prorated to reflect the percentage of CDBG funds used.

Any activity that will generate program income must stipulate in a written agreement how the program income will be returned to the City of Middletown or designated representative.

The City of Middletown received program income at period intervals from outstanding loans in repayment and at random from loans that were deferred until transfer of the property assisted. Program income must be deposited into one of two revenue line-items depending on the source of funds:

3960-14000-48200-0000-00000-0000-900 Loan Payments: Down Payment Assistance

3960-14000-48203-0000-00000-0000-900 Loan Payments: Residential Rehab

Processing Program Income Workflow

Program income on hand must be used for any authorized activity before drawing down additional grant funds.

Reporting

The City of Middletown requires all Awardee's to submit quarterly report in accordance to the following schedule:

September-November	Reports due December 31
December-February	Reports due March 31
March-May	Reports due June 30
June- August	Reports due September 30

The reporting format enables the City to conduct a desk review at each submission. The review includes a programmatic and fiscal component that enable the City to determine if the activity is slated to achieve its projected goal(s) on schedule and on budget.

A desk review will consider the following ;

- i. Review the program file to ensure completeness and compliance
 1. Program Benefit
 2. Eligible Activities
 3. Nation Objective
 4. Environmental Review Record
 5. Contract
 6. Financial Documents
 7. Procurement
 8. Quarterly Reports
 9. Review Expenditures
 10. Other Relevant Documents

In addition to a desk review, activities are selected for onsite and /or in-depth monitoring based upon a number of factors including

- ii. Amount of CDBG Funding
- iii. CDBG Experience
- iv. Timely Reporting Submissions

v. Activity type

On-Site Monitoring of programs will be triggered for higher risk activities and/or where any problems or concerns become apparent during the course of the grant year.

On-Site Monitoring Workflow

Step 1 Send Notification

The Community Development Specialist sends a Notification Letter will be sent a least week prior to visit. Confirming the following:

- a. Confirm the dates and scope of monitoring visit
- b. Provide a description of the information that will be reviewed.
- c. Provide applicable HUD monitoring checklist

Step 2 Entrance Interview

The Community Development Specialist convenes an entrance interview with the Awarded to review the monitoring process and procedures. The Community Development Specialist uses the HUD Monitoring Checklist to guide the on-site monitoring process

Step 2 Conduct Monitoring Review

The Community Development Specialist leads program and compliance monitoring components (as listed above) for a specific program year(s). The Community Development Specialist completes all of the applicable worksheets, documenting the monitoring review.

Step 3 Exit Interview

The Community Development Specialist will present tentative conclusions, request information to clarify any concerns, and suggest improvements. Inform them that a formal letter with final conclusion will be sent with 30 days.

Step 4 Completion of Monitoring Report

Within 30 calendar days of the on-site monitoring review, the Community Development Specialist generates a monitoring report that will include any concerns and findings. The monitoring report is reviewed and approved by the Director and then mailed to the Awardee.

Step 5. Obtain written Response

If there are monitoring findings or concerns, a written response is required from the recipient within 30 days.

Step 6. Close Finding

If the City is satisfied with the Awardee's response to the concern and/or findings, it will close out the finding in writing. The Director will report monitoring findings to the Citizens Advisory Committee.

Documenting Income

HUD requires documentation to verify income of households served. Different activities and status of income require different documentation standards. The charts below help determine what type of documentation is required. Using the Middletown Income Documentation Form can assist in complying with documentation requirements.

<u>Income Documentation Required</u>	<u>Self-Certification Allowed</u>
Business Assistance (Owner-eligible)	Public Service programs
Micro-assistance	Public Facility projects
Housing Rehabilitation Activities	Employees (hired or retained)
Homebuyer Assistance Activities	through Business Assistance

Required HUD Reports

Consolidated Annual Performance and Evaluation Report

The Consolidated Annual Performance and Evaluation Report (CAPER), which is a requirement of HUD pursuant to 24 CFR Part 91, is due for submission at HUD within ninety (90) days of the close of the City's program year. The purpose of the CAPER is to provide the public with a summary of accomplishments and expenditures and to provide HUD with necessary information to assess the City's ability to carry out its programs in compliance with applicable regulations and requirements.

In addition to writing general and program narratives, Grantees must use IDIS to capture the information needed to meet CAPER requirements. As IDIS users set up activities, draw funds, and report accomplishments, they are creating a database that contains information required for the CAPER.

Section 3 Summary Report

HUD's policy is to ensure that employment and other economic opportunities generated by CDBG shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low income persons. Section 3 reporting is due to the HUD Field Office annually in October.

Minority Business Enterprise (MBE) report

An MWBE report is compiled by the Community Development Specialist for all completed applicable activities in the reporting cycle of contracts \$10,000.00 or more and is due to the HUD Field Office by October.

Semi-Annual Labor Standards Enforcement Report

The Semi-Annual Labor Report is compiled by the Community Development Specialist for all completed applicable activities in the reporting cycle. The report is submitted to the HUD Field Office in April and October.

FFATA -The Federal Funding Accountability and Transparency Act (FFATA)

legislation requires that information on federal awards (federal financial assistance and expenditures) are made available to the public via a single, searchable website. Federal awards include grants, subgrants, loans, awards, cooperative agreements and other forms of financial assistance as well as contracts, subcontracts, purchase orders, task orders,

and delivery orders. The legislation does not require inclusion of individual transactions below \$25,000 or credit card transactions before October 1, 2008. Based on the FFATA, it is the Department's policy to submit information on the following:

- All new assistance awards (grants and cooperative agreements) over \$25,000 with an award date after October 1, 2010;
- Subawards under \$25,000 later modified to be \$25,000 or greater shall be reported once amendments are executed to meet this threshold; and

All FFATA reporting shall be performed by the Community Development Specialist, as applicable.

Federal Cash Transaction Report (HUD Form SF 425)

The Finance Department is required to submit HUD Form SF-425, Federal Cash Transaction report on a quarterly basis. The reporting periods are: January 1st through March 31st; April 1st through June 30th; July 1st through September 30th; and October 1st through December 31st.

The due dates for the quarterly reports are 30 days after the end of the quarter:

- April 30th
- July 31th
- October 31st
- January 31st

Annual Reports Workflow

Step 1 Assemble Data

The Community Development Specialist assembles applicable data for each activity.

Step 2 Summary Report Approval Process for All Reports (Listed Above)

The Deputy prepares the applicable report and submits to the Director.

Step 3 Submittal to HUD

The Director submits to HUD with a copy to the Deputy for office files.

CAPER workflow

Step 1 Establish task, schedule and staff responsibilities

The Director reviews the CAPER requirements, assigns responsibilities, and determines timeline. The Community Development Specialist identifies any potential program issues and runs current IDIS reports

Step 2 Reconcile IDIS Financial

The Community Development Specialist runs the financial IDIS report required for the CAPER and reconciles activity by activity expenditures, inconsistencies with departmental financial records, and unexpended balances.

Step 3 Identify Financial Resources Used

The Community Development Specialist determines the resources used for projects during the program and determine the amount of leveraged resources.

Step 4 Conduct Assessment of Five-Year Goals and Objectives and Annual Goals

The Deputy assesses annual accomplishments and compares them to the annual goals as well as the five-year goals and objectives.

Step 5 Draft CAPER

Using information from all proposed community development activities received during the consultation period, the Director leads the development of a draft of the CAPER.

Step 6 Public Comment

The Community Development Specialist is responsible for making the CAPER available for review and comment for a period of 15 days in accordance with the Citizens Participation Plan. At a minimum HUD requires Entitlement Communities to make certain IDIS reports available to the public for at least 15 days. The IDIS reports that must be made public are called the Financial Summary, Summary of Grantee Activities, and Summary of Accomplishments. Grantees should also send all IDIS reports made available to the public or edited by the Grantee to the local HUD Field Office.

Step 7 Submission of CAPER to HUD for Approval

The Director finalizes the CAPER and transmits the documents to HUD.

Conflict of Interest

City employees and City officials are bound by federal law, 24 CFR 84.42 and 570.611, and the Ethics Ordinance of the City of Middletown that states:

No official or employee shall have a financial or personal interest, directly or indirectly, in any transaction with any City agency as to which he has the power to take or influence official action. A contract in violation of this section may be declared void at the option of the Common Council.

Subgrantees are bound by federal law, 24 CFR 84.42 and 570.611, upon accepting a CDBG award and reiterated in the contract with the City of Middletown that states:

1. The [subgrantee] shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
2. No employee, officer or agent of the [subgrantee] shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
3. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the CITY, the [subgrantee], or any designated public agency.
4. All designated "Covered persons" shall:
 - a. ITEMS REQUIRING VOTING
The Covered Person shall include the following language in a motion during any vote or action taken concerning CDBG items:
"With this vote (or action) , each member represents that he or she has no conflict of interest with respect to any program,

project, organization, or appropriation associated with this CDBG proposal.”

b. ITEMS NOT REQUIRING VOTING

The Covered Person shall sign a “NO CONFLICT OF INTEREST” document which shall state:

“With my signature, I hereby represent that I have no conflict of interest with respect to any program, project, organization, or appropriation associated with this CDBG proposal.”

POLICIES

Retention of Records

As a general rule records are to be retained for at least 5 years after last expenditure report is submitted (i.e., 5 years after submission of the Consolidated Annual Performance and Evaluation Report [CAPER] in which activity is reported as complete).

This applies to administrative records, financial records and project records. Records must also be accurate, complete and orderly.

Each activity should have a project or case file that includes:

- A full description of the activity, including the location, amount of CDBG funds budgeted, obligated, and expended.
- The provision under which the activity is eligible.
- Records demonstrating compliance with a national objective.
- Characteristics and numbers of beneficiaries.
- Determinations required for eligibility.
- The amount budgeted for the activities.
- Compliance with other program requirements; i.e., lead-based paint, fair housing, and equal opportunity, etc.
- Status of case/project.

Recommended Procurement Practices

In many cases, Awardees have an agency-wide Procurement Policy that governs the procurement of goods and services. At a minimum, Awardees are required to adhere to their Agency's policies and employ procurement efforts that result in an open and fair process that leads to advantageous contracting. In addition, the City will adhere to HUD's federal procurement regulations, Title 24 Part 85 for procurement practices.

To better assist awardees, the City of Middletown has placed the City's Procurement Manual on the Department Website as well as create a General Bidding Template for awardees to use to ensure compliance with HUD's federal procurement regulations. Both items are available through the Planning, Conservation and Development Department.

Additionally, Middletown recommends that Awardees adhere to the essence of good procurement which can be summarized as follows:

- Seek competitive offers to obtain the best possible quality at the best possible price;

- Use a written agreement that clearly states the responsibilities of each party;
- Keep good, clear records; and,
- Have a quality assurance system that helps the grantee or sub-recipient get what it pays for.

Recommended Actions include:

Step 1) Check A-122 Circular (2 CFR Part 230)

Make sure that the items or services you wish to purchase are allowed by the Federal Government and if there are any special conditions that govern the purchase. You can do this by checking Attachment B- Selected items of Cost. This is a list of items that are can and cannot be purchased.

Step 2) Ensure that Federal Procurement Standards are followed.

- Ensure that a conflict of Interest does not exist.
- Ensure to the maximum extent practical, open and free competition.
- To the greatest extent possible economic opportunities will be directed to low- and very low-income persons. (Requirement for awards over \$100,000)
- Avoid purchasing unnecessary items
- Preference to the extent practical and economically feasible selection of products that conserve natural resources and protect the environment
- Positive efforts shall be made to utilize small business, minority-owned, and women's business enterprises.
- Contracts will be made with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of proposed procurement.

Step 3) Insure that the procurement specifications are detailed and contain all required elements;

Step 4) Solicit bids or prices from vendors.

Step 5) Ensure that a conflict of Interest does not exist.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

- An employee, agent or officer of the grantee or sub-recipient;
- Any member of an employee's, agent's or officer's immediate family;
- Any employee's, agent's or officer's partner; or,

- An organization that employs or is about to employ an employee, agent, or officer of the grantee or sub-recipient.

Do not hire or do business with a person or firm where a conflict of interest exists. If you are unsure that a conflict of interest exists, seek an opinion from the City's Ethics Board.

Step 6) Determining whether Debarred Contractor(s) submitted a bid
The GSA's Lists of Parties Excluded from Federal Procurement or Non-procurement Programs (aka Debarred List) is available on-line at:

<http://www.epls.gov>

Step 7) Procurement Record keeping.

Make sure that all records and files for purchases include at least the following:

- a) Basis for selection
- b) Justification that the process was competitive or a justification for lack of competition.
- c) Basis for award cost or price

Section 3- Women and Minority Owned Businesses

It is national policy to award a fair share of contracts to small, women and minority business firms. Accordingly, affirmative steps must be taken to assure that small and minority/women businesses are utilized when possible as sources of supplies, equipment, construction and services.

Recommended steps include the following:

1. Including qualified small and minority/women businesses on solicitation lists.
2. Assuring that small and minority/women businesses are solicited whenever they are potential sources.
3. When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum small and minority/women business participation.
4. Using the services and assistance of the Small Business Administration, the Office of Minority Business Enterprise of the Department of Commerce and the Community Services Administration as required.
5. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises.

6. If any subcontracts are to be let, requiring the prime contractor to take affirmative steps in 1 through 5 above.

Definitions

Minority Business Enterprise

"Minority business enterprise" is a business in which minority group members own 51 percent or more of the company; or, in the case of a publicly-owned business, one in which minority group members own at least 51 percent of its voting stock and control management and daily business operations. For this purpose, minority group members are those groups of U.S. citizens found to be disadvantaged by the Small Business Administration pursuant to Section 8(d) of the Small Business Act. Such groups include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, Indian tribes, Asian Pacific Americans, Native Hawaiian Organizations, and other minorities.

Women Business Enterprise

A women-owned small business concern is a small business that is at least 51% owned by one or more women. In the case of publicly owned businesses, at least 51% of the stock is owned by one or more women and the management and daily operations of the business are controlled by one or more women.

Small Business

A business that is independently owned and operated and which is not dominant in its field of operation and in conformity with specific industry criteria defined by the Small Business Administration (SBA).

Small Disadvantaged Business

A Small Disadvantaged Business is a small business that is at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals.

Minority Newspapers

In addition to advertising in a newspaper of major circulation, you may also advertise in newspapers targeted to the minority community. This is no longer a DECD requirement. Listed below are Newspapers targeted to the African-American and Latino communities.

LATINO

El Canillita
8 West Street Ste 206
Danbury, CT 06810
Phone: 203-798-2120
<http://www.elcanillita.com>

El Sol News
1 Bank Street Suite 304
Stamford, CT 06901
Phone: 203-323-8400
<http://www.elsolnews.com>

Fusion
11 Crown Street
Meriden, CT 06450
Phone: 203-317-2236
Email Address: dduran@fusion.com

Identidad Latina
P.O. Box 330295
West Hartford, CT 06133
Phone: 860-231-9891
Fax: 860-953-3591
Email Address: news@identidadlatina.com

La Voz Hispana De Connecticut
32 Elm Street
New Haven, CT 06510
Phone: 203-752-0218

AFRICAN-AMERICAN

Northeast Minority News, Inc.
3580 Main Street
Hartford, CT 06120
Phone: 860-249-6065

Inner City
50 Fitch Street
New Haven, CT 06515
Phone: 203-387-0354

Inquiring News

City of Middletown
Department of Planning, Conservation and Development

(Bridgeport, Hartford, New Haven, Waterbury, Springfield)
P.O. Box 400276
Hartford, CT 06140
Phone: 860-983-7587
Fax : 860-206-7587
Email Address: inqnews@aol.com

Davis-Bacon Wage Rates

The Davis-Bacon Act- The Davis-Bacon Act requires the payment of prevailing wage rates (which are determined by the US Department of Labor) to all laborers and mechanics on Federal government construction projects in excess of \$2,000. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works.

The prime contractor is responsible for the full compliance of all reports and the prime contractor is responsible for subcontractors on the contract and will be held responsible for any wage restitution that may be found due.

All payroll reports and any basic records such as time cards, tax records, evidence or fringe benefits payments must be retained for at least 3 years after the project is completed. These records must be made available for review to any authorized representative of HUD or the Department of Labor.

Lead-Based Paint

Whenever CDBG funds are used to assist housing built before 1978 steps must be taken to address lead hazards, 24 CFR Part 35 and 40 CFR Part 745. The following requirements need to be addressed depending on the level of CDBG assistance to the activity:

<u>Level of CDBG Assistance</u>	<u>Required Activities</u>
Under \$5,000 tenants	Lead Hazard Notices to owner and Lead Hazard Evaluation Lead Hazard Reduction- Repair Disturbed Paint
\$5,000 - \$25,000	Lead Hazard Notices to owner and tenants Lead Hazard Evaluation Lead Hazard Reduction- Interim Controls
Over \$25,000 tenants	Lead Hazard Notices to owner and Lead Hazard Evaluation Lead Hazard Reduction- Abatement

Section 133 Audit Requirements

The federal government requires entitlement communities to determine if subgrantees are compliant with A-133 Audit requirements. In order to assess compliance the following review procedure should be performed before a contract can be executed.

1) Assessment, is an A-133 Audit review required:

a) The City of Middletown will require applicants to answer the following questions to determine if the applicant requires additional review.

18) OMB Circular A-133 Compliance

Did your organization expend more than \$500,000 in federal funds in your previous fiscal year?

Yes* _____ No _____

*If yes please submit a copy of your most recent audit that includes Federal Supplementary Reports. Your application will be incomplete without these documents.

b) The City of Middletown also requires a copy of their most recent audit. This document will be reviewed to see if more than \$500,000 in federal funds was expended.

c) The City of Middletown will search the federal audit clearinghouse to determine if the applicant requires a review to determine if OMB Circular A-133 has been complied with. The federal audit clearinghouse website is:
<https://harvester.census.gov/fac/>

2) If the applicant did expend more than \$500,000 in federal funds then the audit will be reviewed to see if it complies with A-133 audit requirements. Refer to A-133 Circular for the complete requirements.

3) Use the review checklist and conclusion statement to determine compliance.

4) If the organization does not comply with the A-133 audit requirements the City of Middletown will determine that are ineligible for CDBG funds until it is shown that they do comply with the requirements.

Cross Cutting Federal Requirements

Supplementing the rules and requirements for each CPD program, there are several additional broad Federal rules that must be adhered to in the course of administering federal programs. This section covers those “other Federal requirements.” Grantees are responsible for implementing these rules when Federal funds are being used for all programs including CDBG. Owners, developers, Subrecipients and other nonprofits also must be aware of these requirements and ensure a project or activity’s compliance.

The Federal requirements addressed in this section are in the following areas:

- Non-Discrimination and Equal Access
 - Fair Housing and Equal Opportunity
 - Affirmative marketing
 - Handicapped accessibility
- Drug Free Workplace Policy
- Employment and Contracting
 - Equal Opportunity
 - Labor Requirements
 - Contracting and Procurement Practices
 - Conflict of Interest
 - Debarred and Suspended Contractors
- Displacement, Relocation, Acquisition and Replacement of Housing
- Site and Neighborhood Standards
- Lead-Based Paint

- Environmental Review
- Flood Insurance

The Federal requirements listed below incorporate requirements found in the Housing and Community Development Act of 1987 and the National Affordable Housing Act of 1990.

Non-Discrimination and Equal Access

No person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded, denied benefits or subjected to discrimination under any program funded in whole or in part by Federal funds. Consequently, recipients must take measures to ensure non-discriminatory treatment, outreach and access to program resources. This applies to employment and contracting, as well as to marketing and selection of program participants.

a) Fair Housing and Equal Opportunity

Recipients of Federal funds and their activities must comply with all of the following Federal Laws, executive orders and regulations pertaining to fair housing and equal opportunity. They are summarized below:

- Title VI of the Civil Rights Act of 1964, as Amended (42 U.S.C. 2000d et seq.):

The Act states that no person may be excluded from participation in, denied benefits of, or subjected to discrimination under any program or activity which receives Federal financial assistance on the basis of race, color or national origin. The regulations implementing the Title VI Civil Rights Act provisions for HUD programs may be found in 24 CFR Part 1.

- The Fair Housing Act (42 U.S.C. 3601-3620): Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104(b) (2) of the Act requires that each Grantee certify to the secretary of HUD that it is affirmatively furthering fair housing. The certificate specifically requires actions to overcome the effects of any impediments identified and maintain

records on the analysis, plan and actions in this regard. Regulations implementing the Fair housing Act for the HUD Programs may be found in 24 CFR Part 100-115.

- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259): Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds. Equal Opportunity in Housing regulations may be found in 24 CFR parts 107.
- Age Discrimination Act of 1975, as Amended (42 U.S.C. 6101): Prohibits age discrimination in programs receiving Federal financial assistance. Age Discrimination Act regulations may be found in 24 CFR Part 146.
- Section 109 of Title I of the housing and Community Development Act of 1074: Requires that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with CDBG funds on the basis of race, color, religion, national origin or sex.

b) Affirmative marketing

- CDBG funds require Grantees to adopt affirmative marketing procedures and requirements for all federally assisted housing with five or more units. Requirements and procedures must include:
 - Methods for informing the public, owners and potential tenants about fair housing laws and the PJ's policies (for example, use of the Fair Housing logo or equal opportunity language);
 - A description of what owners and/or the Grantee will do to affirmatively market housing assisted with federal funds;
 - A description of what owners and/or the Grantee will do to inform persons not likely to apply for housing without special outreach;
 - Maintenance of records to document actions taken to affirmatively market federally-assisted units and to assess marketing effectiveness; and
 - Description of how efforts will be assessed and what corrective actions will be taken when requirements are not met.

c) Handicapped Accessibility

The Federal regulations also require adherence to the three following regulations governing the accessibility of federally assisted buildings, facilities and programs. The programs are summarized as follows:

- Americans with Disabilities act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225): Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, also referred to as the ADA, also states that discrimination includes the failure to design and construct facilities (built for first occupancy after January 26, 1993) that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communication barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable and able to be carried out without much difficulty or expense.
- Fair Housing Act: Multi-unit family dwellings must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-19).
- Section 504 of the Rehabilitation Act of 1973: Prohibits discrimination in federally assisted programs on the basis of handicap. Section 504 imposes requirements to ensure that “qualified individuals with handicaps” have access to programs and activities that receive federal funds. Under Section 504, recipients and subrecipients are defined more broadly than under either the CDBG or HOME Investment Act (HOME) programs. Section 504 recipients and subrecipients include any entity that receives federal funding. The specific requirements under Section 504 are summarized as follows:
 - For the recipient or subrecipient principally involved in housing or social services, all of the activities of the agency, and not just those directly received Federal assistance, are covered under Section 504.
 - Contractors and vendors are subject to Section 504 requirements only in the work they do on behalf of a recipient or subrecipient.
 - The ultimate beneficiary of the federal assistance is not subject to Section 504 requirements.

- Recipients and subrecipients are not required to take actions that create undue financial and administrative burdens or alter the fundamental nature of the program.
- The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157): Requires certain federal and federally funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people.

Drug Free Workplace Policy

In accordance with the applicable statutes and the regulations governing the Consolidated Plan regulations, Prince George's certifies that it will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about
 - a. The dangers of drug abuse in the workplace;
 - b. The County's policy to maintain a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs;
 - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
3. Making it a requirement that each employee involved in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:
 - a. Abide by the terms of the statement; and
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

5. Notifying the agency in writing, within 10 calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employer of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted by either:
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Employment and Contracting

Compliance with the following regulations is required by HUD to ensure equal opportunity for employment, labor requirements and contracting/procurement procedures.

a) Equal Opportunity

Grantees must comply with the following regulations that ensure equal opportunity for employment and contracting:

- Equal Employment Opportunity, Executive Order 11246, as Amended: Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or federally-assisted construction contracts. Contractors and sub-contractors must take affirmative action to ensure fair treatment in

employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training and apprenticeship. Implementing regulations may be found at 41 CFR Part 60.

- Section 3 of the Housing and Urban Development Act of 1968: Requires that, to the greatest extent feasible, opportunities for training and employment arising from CDBG/HOME funded activities will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contract(s) for work (all types) to be performed in connection with Federal funds will be awarded to business concerns that are located in or owned by persons residing in the program service area. Implementing regulations may be found at <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/fedreq/>.
- Minority/Women's Business Enterprise: Under Executive Order 11625, 12432 and 12138, Grantees must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts (see 24 CFR 85.36(e)).

b) Labor Requirements Grantees must comply with certain regulations on wage and labor standards. For CDBG, every contract for construction, including rehabilitation and installation, triggers the requirements (in the case of residential construction, projects with a total of eight (8) or more units). For contracts assisted with HOME funds, the construction of housing, whether new or rehabilitation, that contains twelve (12) or more units assisted with HOME fund triggers the requirements.

- Davis-Bacon and Related Acts (40 U.S.C. 276(A)-7): Ensures that mechanics and laborers employed in construction work under federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed. This Act also provides for the withholding of funds to ensure compliance, and excludes from the wage requirements apprentices enrolled in bona fide apprenticeship programs. Additional information on compliance with Davis-Bacon requirements can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/fedreq/>.

- Contract Work Hours and Safety Standards Act, as Amended (40 U.S.C. 327-333): Provides that mechanics and laborers employed on federally-assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages if violations occur. This Act also addresses safe and healthy working conditions.
- Copeland (Anti-kickback) Act (40 U.S.C. 2776c): Governs the deductions from paychecks that are allowable. The Act makes it a criminal offense to induce anyone employed on a federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
- Fair Labor Standards of 1938, as Amended (29 U.S.C. 201, et seq.): Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.

c) Contracting and Procurement Practices

Both the CDBG programs are subject to certain Federal procurement rules. In addition, State and City procurement laws and rules apply. Grantees must take measures to avoid hiring debarred or suspended contractors or subcontractors and conflict of interest situations.

- Procurement: Procurement standards of COFAR 200.317 to 200.326 apply. For nonprofit organizations receiving Federal funds, COFAR 200.100-200.345 requirements apply
- Conflict of Interest: The conflict of interest provisions are detailed in Section One: Consolidated Plan and Action Plan Procedures of this document.

Debarred and Suspended Contractors: Federal funds may not be used to directly or indirectly employ, award contracts to or otherwise engage the services of any contractor or Subrecipient during any period of debarment, suspension or placement of ineligible status. All contractors, subcontractors, lower-tier contractors and sub-contractors should be

checked against the Federal publication that list debarred, suspended or ineligible contractors. Further information may be found at 24 CFR Part 24 570.609.

When purchasing goods and services with federal funding, the City will ensure that the contractor or vendor is not debarred or suspended from doing business with the federal government nor delinquent in a debt to the United States. The City will utilize the General Service Administration ("GSA")'s "List of Parties Excluded from Federal Procurement or Non-procurement Programs". (See www.epls.gov)

Displacement, Relocation, Acquisition and Replacement of Housing

Federally assisted projects involving acquisition, rehabilitation or demolition may be subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and more commonly referred to as the Uniform Relocation Act (URA).

- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601 and 24 CFR Part 42): Apply to the acquisition of real property by a Grantee or sub-Grantee for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. Detailed guidance on compliance with URA and Section 104(d) requirements may be found in HUD Handbook 1378.
- Residential Anti-displacement and Relocation Assistance Plan: Under Section 104(d) of the Housing and Community Development Act of 1987, each Grantee must adopt, make public and certify that it is following a residential anti- displacement and relocation assistance plan consistent with other goals and objections to minimize the displacement of persons from their homes as a result of any activities assisted with Federal funds, including the provision of one-for-one replacement units and relocation assistance.
- Section 104(k) Relocation Requirements: Section 104(k) requires that reasonable relocation assistance is provided to persons (families, individuals, businesses, nonprofit organizations or farms) who are permanently and involuntarily displaced as a result of the use of assistance received to acquire or substantially rehabilitate property.

- Lead-Based Paint 24 CFR Part 35 (effective 9/15/2000) and Section 401 (b) of the Lead-based Paint Poisoning Prevention Act apply to federally funded acquisition, rehabilitation, maintenance and construction

Applicants for federally funding assistance, tenants and prospective purchasers of property built before 1978 must be notified of the following, before rehabilitation, purchase or rental of federally-assisted housing:

- That the property may contain lead-based paint;
- The hazards of lead-based paint;
- The symptoms and treatment of lead-based paint poisoning;
- The precautions to be taken to avoid lead-based paint poisoning (including maintenance and removal techniques for removing such hazards);
- The advisability and availability of blood lead level screening for children under six-years old; and
- That in the event lead-based paint is found on the property, appropriate abatement measures must be undertaken and are an eligible use of federal funds.

a) Summary of the Requirements

- Approaches – HUD has defined four approaches to addressing lead-based paint in federally-assisted projects. The following table has information about each approach:
 - Approach 1: Do No Harm
 - Approach 2: Identify and Stabilize Deteriorated Paint
 - Approach 3: Identify and Control Lead-Based Paint Hazards
 - Approach 4: identify and Abate Lead-Based

Guides:

Middletown CDBG Calendar Template

1st Week of January- Public Notice of Availability of Funds- Notice must be published at least fifty (50) days before the public hearing in March for applicant presentations.

3rd Wednesday in January- Regular Citizens' Advisory Committee Meeting

Late January- 1st Seminar on CDBG application process

January 31st- Federal Cash Transaction quarterly report due. Submit to Hartford Office, HUD.

Early February- 2nd Seminar on CDBG application process

2nd Week of February- Applications Due- The applications should be due at least thirty (30) days prior to the public hearing in March for applicant presentations.

3rd Wednesday in February- Regular Citizens' Advisory Committee Meeting

3rd Wednesday in March- Regular Citizens' Advisory Committee Meeting- Public Hearing to allow applicants to present for five minutes and answer questions from the committee for five minutes.

March 31st- 2nd quarter accomplishment reports due from subgrantees.

3rd Wednesday in April- Regular Citizens' Advisory Committee Meeting- Committee discussed and votes on a recommendation for how the upcoming grant year funds should be allocated and forwards the recommendation to the Common Council.

April 15th- Semi-Annual Labor Standards Enforcement Report due. Submit to the Boston Office of Labor Relations, HUD.

April 20th- Deadline for Council Resolutions

April 30th- Federal Cash Transaction quarterly report due. Submit to Hartford Office, HUD.

1st Monday in May- Regular Common Council Meeting

2nd Week in May- Public Notice of Annual Plan Draft available for comment

3rd Wednesday in May- Regular Citizens' Advisory Committee Meeting- Distribute draft Annual Action Plan to committee members.

June- Decision letters are sent to applicant

3rd Wednesday in June- Regular Citizens' Advisory Committee Meeting- Public Hearing on Annual Action Plan

June 30th- 3rd quarter accomplishment reports due from subgrantees.

July 18th- Forty-five (45) days before the start of the grant year (September 1st), submit Annual Action Plan to Hartford Field Office of U.S. Department of Housing and Development (HUD). Hand deliver an original and three copies.

3rd Wednesday in July- Regular Citizens' Advisory Committee Meeting

July 31st- Federal Cash Transaction quarterly report due. Submit to Hartford Office, HUD.

1st Week of August- Public Notice that Environmental Review Record is available for public comment.

3rd Week of August- Hold a training seminar for subgrantees. Distribute CDBG contracts at seminar.

3rd Wednesday in August- Regular Citizens' Advisory Committee Meeting

August 31st- Last day of the grant year.

September 1st- First day of the grant year. Submit Notice of Release of Funds and Finding of No Significant Impact to HUD.

2nd Week of September- Public Hearing Notice that draft Consolidate Annual Performance Evaluation Report (CAPER).

2nd Week of September- Perform Monitoring Visits to three subgrantees from the previous grant year (one public service, one public facilities and one other type of project).

3rd Wednesday in September- Regular Citizens' Advisory Committee Meeting

September 15th- Annual Section 3 Report (Economic Opportunities for Low and Very Low Income Persons) due. Submit to the Hartford Field Office, HUD.

September 30th- 4th quarter accomplishment reports due from subgrantees.

October 15th- Semi-Annual Labor Standards Enforcement Report due. Submit to the Boston Office of Labor Relations, HUD.

October 15th- Annual Minority and Women Contractors Report due. Submit to the Hartford Field Office, HUD.

3rd Wednesday in October- Regular Citizens' Advisory Committee Meeting- Public Hearing on draft CAPER.

October 31st- Federal Cash Transaction quarterly report due. Submit to Hartford Office, HUD.

3rd Wednesday in November- Regular Citizens' Advisory Committee Meeting

November 29th- Ninety (90) days after the end of the grant year (August 31st), submit CAPER to Hartford Field Office of U.S. Department of Housing and Development (HUD). Hand deliver an original and three copies.

2nd Week of December- Revise CDBG application and Memo for upcoming CDBG grant year. Determine funds available for reprogramming.

3rd Wednesday in December- Regular Citizens' Advisory Committee Meeting

December 31st- 1st quarter accomplishment reports due from subgrantees

