

2024 CDBG Grantee & Administrator's Workshop



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Post-Grant Agreement Housing Rehabilitation

Kara Cozadd



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Housing Rehabilitation Specific

After Executed Grant Agreement

Potential applicant and contractor solicitation

An invitation to apply must be distributed. A notice in the local paper and letters to households in the project area must state the place and times staff will be available to assist with the application process.

Administrative staff should have a local presence and provide adequate time for all households in the project area to apply for assistance.

The contractor ad should specify pre-qualified requirements and contact information to obtain contract application



Housing Rehabilitation Specific

Eligibility Requirements for Housing Rehab Recipients

- Single-Family, Owner-Occupied-proof of ownership, homeowner insurance. Must be reverified prior to rehab construction.
- Income Eligible-verification of all persons in the household the age of 18 and older. Must be re-verified prior to rehab construction.

Use form (update income chart annually)

<https://www.hudexchange.info/incomecalculator>



Housing Rehabilitation Specific

Prioritization of Housing Applicants

- Once all households in the project area have had the opportunity to apply, prioritization must be given to:
 - Very Low income
 - Elderly and Handicapped Households
 - 51% of points must be given to the above criteria
- As soon as an applicant is eligible to participate in the program, take photos of home and send information to DNR/IHPA for clearance and start of Tier 2 process.



Environmental Review-Housing Rehabilitation Specific

- **An Early Start is Important!**
- Avoids project delays and heads off potential conflicts
- Procedural reasons:
 - Grantee may not commit HUD Rehab funds on an activity prior to RROF approval and Grantee may not commit non-HUD Rehab funds prior to RROF approval if the activity or project would have an adverse enviro. impact or limit choice
 - **ERR must be submitted to DCEO ERO within 90 days of date of NOSAF, like any other Special Grant Condition specified in NOSAF**
 - **Remember DNR/HP Tier One blanket clearance letter will only be found on their website! You must print and attach it to your Tier One packet that you send to Kara! She no longer receives a copy from DNR/HP!!**



State Historic Preservation Office Delays

- When SHPO/IDNR is taking over 30 days to process Section 106 clearance requests for our projects, we consulted several years ago with HUD, our General Counsel and the IDNR Agency Director and instituted our new policy:
 - ❖ If it has been 45 days since you have sent proper Section 106 information to the SHPO for their initial review and **have not received a response**, please notify Kirk, Kara or Dave.
 - ❖ Once DCEO is notified, we will provide a waiver from SHPO clearance.
 - ❖ This DCEO waiver letter will be utilized in the ERR in place of the SHPO's Section 106 clearance letter.
 - ❖ If the SHPO re-enters the review after DCEO's waiver letter, the community has no obligation to comply.
 - ❖ This policy does not eliminate the need for HUD Tribal consultation



State Historic Preservation Office (SHPO)

State Historic Preservation Office (SHPO)/IDNR

1 Old State Capitol Plaza, Springfield, IL 62702-1271

217-782-4836

<https://www2.Illinois.gov/dnrhistoric/pages/default.aspx>



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Housing Rehabilitation Specific

- **Costs of Performing the Review [§58.23]**
 - If Activity Delivery (AD) is budgeted, Grantee may reimburse ERR prep costs from AD
 - If a formal mitigation cost is incurred during ERR prep (e.g., Radon Mitigation, an IDNR Incidental Take Authorization for Illinois Chorus Frog or Franklin's Ground Squirrel, or a Phase I ASTM for ED project), Grantee may reimburse from Construction or Housing Rehab funds (as applicable)



Housing Rehabilitation Specific

• Who Does What

- Must use an experienced Environmental specialist (Guidebook, Section II)
- Specialist may prepare supporting documentation
- RE's must independently evaluate their work and prepare the environmental review itself (i.e., CEO signature on HUD/DCEO ERR forms)
- Correspondence to interested tribes and public Notices must be sent under the RE's signature and on its letterhead
- Specialist should never address Tribes directly (i.e., Grantee letterhead/CEO signature)
- Specialist should not sign or address public Notices



Housing Rehabilitation Specific

- Tiered Review [§58.15] CDBG HR
- Begin CDBG HR review when NOSAF issued
- Project area identified, but specific addresses unknown
- **TWO STEP PROCESS**
 - Tier 1: CEST project area-wide review
 - Tier 2: CEST home-specific review
- Best suited for CEST projects such as scattered site single family
- HR Tiered CEST projects **CANNOT** convert to exempt!
 - ❖ There will always be NOI/RROF publication/posting for Tier 1



Housing Rehabilitation Specific

• Tiered Review

Tier 1

- Area-wide (addresses unknown)
 - A **reasonable** geographic area (i.e., the application's project area)
- Answers as many factors in the environmental review as feasible (for CDBG HR, 12 of 16 bodies of Federal environmental law)

Tier 2

- Site-specific (now know home address)
- This is separate ERR. Each home must have its own Tier 2 review complementing the Tier 1 review
- Will cite the Tier 1 for all previously answered factors (12 of 16)
- Will answer factors unanswered in Tier 1 requiring specific address (4 of 16)



Housing Rehabilitation Specific

Tier 1 12 Bodies of Law

Airport Hazards; Coastal Barriers, Flood Insurance; Clean Air; Coastal Zone; Endangered Species; Explosive & Flammable Hazards; Farmland Protection; Floodplain Management; Sole Source Aquifers; Wetlands Protection; & Wild and Scenic Rivers

Tier 2 4 Bodies of Law

- Contamination & Toxic Substances
- Historic Preservation
- Noise Abatement & Control
- Environmental Justice



Housing Rehabilitation Specific

- **HR Tiered Review: Do I Submit a RROF?**
- No! You cannot convert ANY tiered reviews to Exempt at the target area Tier 1 level!
- This means you must:
 - Publish/post NOI/RROF as appropriate, stating it is a tiered review and identifying what aspects of the review will be evaluated at each level (12 Tier 1 vs. 4 Tier 2)
 - Submit Tier 1 CEST ERR with RROF to DCEO HR ERO for review
 - Receive DCEO Tier 1 environmental release letter that will be *contingent on complete Tier 2 reviews for each home being completed/DCEO-approved prior to award of a home's housing rehab contract.*



Housing Rehabilitation Specific

- **HR Tiered Review: When Do I Draw Funds?**
- For Activity Delivery and/or Rehabilitation Administration, you may draw **AFTER** DCEO approval of the target area Tier 1 CEST review and Grant Agreement is executed, and a contract for both is reviewed and approved by DCEO grant manager.
- For an individual home's Housing Rehabilitation, you may draw **AFTER** DCEO approval of that home's individual Tier 2 CEST review, without having to publish/post, submit a new RROF, or receive a new environmental release letter (only email approval from DCEO HR ERO)



Housing Rehabilitation Specific

• Implementing Actions [§58.77c]

For All IL CDBG Grants:

- Grantee must assure environmental review decisions are carried out during project development and implementation
- Establish binding commitments **and** enforce them
 - i.e. Construction and rehab contracts must contain required Mitigation language-Radon
 - Educate contractors/workers on formal Mitigation conditions (e.g., Radon or Copper Belly Water Snake habitat/migration routes)
- Track/monitor implementation and update ERR accordingly



Environmental Record Reviews

Community Development Block Grants

Environmental Record Review - Updated HUD Topics - SHPO Guidance – Timing Requirements – HR ERR Overview



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DCEO OCD Environmental Materials Website

- <https://dceo.illinois.gov/communitydevelopment/environmentalmaterials.html>
- Your primary source for DCEO CDBG Environmental Record Review (ERR) guidance; forms; samples
- Is updated when HUD or DCEO changes ERR forms



Endangered Species Act + Critical Habitat

- On 7/11/24, HUD OEE Region 5 in Chicago provided refresher training to its Grantees' EROs on ERR docs for ESA + Critical Habitat under Federal Endangered Species Act (ESA) of 1973 and HUD related laws and authorities
- Remember that all State CDBG (non-HR) CEST-ER & EA-ER level ERR's require Species compliance under ***both* IDNR EcoCAT Part 1075 *and* United States Fish and Wildlife Service (USF&WS)**, i.e., "the Services" **documentation** requirements
- 7/29/2024 guidance posted to DCEO Environment Materials webpage under "**HUD ERR Guidance Summary CDBG PI & ED ERRs July 2024**"



Federal Flood Risk Management Standard (FFRMS)

- **Presidential Executive Order (EO) 14030 of 2021 resurrected EO 13690 of 2015 and added additional requirements**
- **Required HUD to implement its own agency-specific FFRMS implementation rule**



Federal Flood Risk Management Standard (FFRMS)

Training materials available at:

- **FFRMS Final Rule Webinar Series on <https://www.hudexchange.info>**
 - ❖ Incl. presentations, slides, transcript
 - ❖ May have to register with HUDexchange to access
- **Both HUD slide shows also available on DCEO OCD Environmental Materials Webpage**



Federal Flood Risk Management Standard (FFRMS)

- **FFRMS is a national minimum flood risk standard to encourage Federal agencies to consider and manage current and future flood risks to build a more resilient nation.**
- **HUD's final rule published 04/23/2024.
Compliance date 06/24/2024**
- **Modifies HUD FP regs to better address flood risk.**



Federal Flood Risk Management Standard (FFRMS)

- Redefines the flood plain of concern
- Increases required elevation for new construction and substantially improved structures
- Clarifies flood insurance requirements and strengthens public Notice requirements
- New construction in the FFRMS Flood Plain must be elevated or floodproofed to the higher FFRMS floodplain elevation
- Provides definitions of substantial improvement



Federal Flood Risk Management Standard (FFRMS)

- Defines Critical Actions
 - ❖ For DCEO CDBG PI & ED, that includes Water towers or tanks; WWTP; WTP; lift stations or water or storm water pump stations; facilities with highly volatile materials; data centers; and others TBD
 - ❖ No current anticipated impact on DCEO CDBG HR
- Critical Actions in FFRMS FP have higher regulatory requirements



The FFRMS Floodplain

- The regulated floodplain area that results from the higher vertical elevation and the corresponding horizontal expansion depending on the activities involved and the evaluation approach used
- EO 13690 establishes approaches for determining FFRMS flood elevation
- HUD established a preference for Climate-Informed Science Approach (CISA) where data is available and actionable
- FFRMS standards go above and beyond National Flood Insurance Program (NFIP) minimum standards



The FFRMS Floodplain

- No longer regulates to 100-year Floodplain
- 8-step FP process required if project location(s) in the FFRMS FP
- Expands the Part 55 FP area both vertically and horizontally
- Utilizes tiered approach to determine FFRMS Floodplain:
 - ❖ CISA;
 - ❖ 0.2% Annual Chance (i.e., 500-year FP) Approach;
 - ❖ Freeboard Value Approach
- Increases required elevation for new construction & substantially improved structures



The FFRMS Floodplain

- Much more detailed information on the three types of approach already available in the HUD FFRMS slideshows on DCEO OCD Environmental Materials webpage & the HUDEXchange
- HUD slideshow #2 also covers FFRMS Wetlands impacts
- HUD OEE in process of rolling out revised 8-step forms and guides. Please check HUDEXchange. Eventually on DCEO webpage.



HUD 2024 Radon Rule

- HUD “Radon Rule” published January 11, 2024
- Effective ***NATIONWIDE*** for CDBG April 11, 2024
- All CEST-ER or EA-ER level CDBG ED/HR/PI or CDBG-CV ERR’s with DCEO certification date *on or after* 4/11/2024 must document under “***Contamination and Toxic Substances***” on CEST-ER or EA-ER.



HUD Radon Rule

- ***HUD OEE Radon Notice CPD-23-103; Radon Policy Webinar 2/27/2024*** slideshow; and ***Radon Fact Sheet*** posted to DCEO OCD “Environmental Materials” website <https://dceo.illinois.gov/communitydevelopment/environmentalmaterials.html> under “***ERR Documents***”
- The 2/27/2024 HUD Radon Policy Webinar slideshow is your main source for HUD Radon Rule compliance
- No need for DCEO to reinvent the wheel



HUD Radon Rule

- Doesn't require testing, but **does require mitigation**
- *For once*, much less impact on most CDBG PI
- Much more impact on CDBG ED & HR (at Tier 2) & CDBG-CV Shelter Construction and Healthy Homes



HUD Radon Rule – Public Infrastructure

- In general, under “Contamination and Toxic Substances” on the CEST-ER or EA-ER, after citation of project location’s US EPA Envirofacts search results and the impact (or lack) of any nearby listed polluters or reporters, generally state some variation of: **“No anticipated impact under the HUD Radon Rule, as this project does not involve a structure intended for, or occupied by, humans four or more hours daily.”**
- If project involves a larger WTP or WWTP with staff present 4 or more hours daily on a regular basis (e.g., lab technicians or operators), then document radon mitigation compliance by following the rest of the HUD Radon Rule as covered for CDBG ED **“New Structure”** below.



HUD Radon Rule – Economic Development

- If activity cleared can be cleared under CENST-ER, then Not Applicable
- If CEST-ER or EA-ER clearance, must document compliance under “*Contamination and Toxic Substances*”
- After citation of project location’s US EPA Envirofacts search results and the impact (or lack) of any nearby listed polluters or reporters, possibly incl. the project site, must do the following:



HUD Radon Rule – Economic Development

For New structure constructed as part of overall CDBG ED-assisted project:

- ❖ Either document County has a CDC-calculated radon level less than
4 pCi/L, or
- ❖ State that testing results and any required radon mitigation for newly constructed structure will be submitted to DCEO ERO when ready. Env. Release Itr. will have Formal Mitigation for submission to CDBG ERO before ED PM can release ED funding on GRS



HUD Radon Rule – Economic Development

For Existing structure involved as part of overall CDBG ED-assisted project:

To be rehabbed or not:

- ❖ Either document County has a CDC-calculated radon level less than 4 pCi/L, or
- ❖ Provide HUD OEE-specified test results showing structure has a radon level less than 4 pCi/L, or
- ❖ If test results higher than 4 pCi/L, provide proof of installed radon mitigation equipment followed by HUD OEE-specified test results now showing level less than 4 pCi/L



HUD Radon Rule – HR & CDBG-CV HH

- Radon Rule compliance is documented under “*Contamination and Toxic Substances*” on Tier 2 CEST-ER’s for individual homes to be rehabbed
- After citation of project location’s US EPA Envirofacts search results and the impact (or lack) of any nearby listed polluters or reporters on the intended home:



HUD Radon Rule – HR & CDBG-CV HH

- ❖ Either document County has a CDC-calculated radon level less than 4 pCi/L, or
- ❖ Provide HUD OEE-specified test results showing home has a radon level less than 4 pCi/L, or
- ❖ If test results higher than 4 pCi/L, provide proof of installed radon mitigation equipment followed by HUD OEE-specified test results now showing home's level less than 4 pCi/L, or
- ❖ Include home's HR cost estimate showing that radon mitigation equipment will be installed with CDBG, and then provide proof after home's rehabilitation is complete



State Historic Preservation Office (SHPO)

State Historic Preservation Office
(SHPO)/IDNR

217-782-4836

dnrhistoric.illinois.gov/preserve/resource-protection.html



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State Historic Preservation Office (SHPO)

- SHPO/IDNR now only accepts e-submissions of review requests under Section 106 of the National Historic Preservation Act of 1966, required for State CDBG funded by DCEO OCD
- Based on PY'23/24 CDBG PI ERRs started to date, SHPO appears to be reinstating existing water tower digital recordation requirements



State Historic Preservation Office (SHPO)

- SHPO and many THPO's now require Phase 1 Archeological and/or Cultural Resources Surveys for rural water extensions/replacements and land application of sewer sludge
- Stated to document existing land, structure or feature before it is changed by CDBG
- Promptly e-mail **CEO.ERO@illinois.gov** if SHPO/THPO requests digital recordation and/or Phase 1 survey, or **kara.cozadd@illinois.gov** for CDBG HR



State Historic Preservation Office Delays

- When SHPO/IDNR is taking over 30 days to process Section 106 clearance requests for our projects, we consulted several years ago with HUD, our General Counsel and the IDNR Agency Director and instituted our new policy:
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State Historic Preservation Office Delays

- ❖ This DCEO waiver letter will be utilized in the ERR in place of the SHPO's Section 106 clearance letter.
- ❖ If the SHPO re-enters the review after DCEO's waiver letter, the community has no obligation to comply.
- ❖ Policy does not eliminate need for HUD TDAT Tribal consultation.



58.22 Limitation of Action

Prior to environmental approval/clearance, the RE may not:

- Commit HUD funds
- Begin bid process, or
- Commit non-HUD funds where the activity would
 - Have an adverse environmental impact or
 - Limit the choice of reasonable alternatives

Do not take action before environmental clearance!!





- **EXEMPT**

- **CATEGORICALLY EXCLUDED NOT SUBJECT TO §58.5 (CENST)**

- **CATEGORICALLY EXCLUDED SUBJECT TO §58.5 (CEST)**

- **ENVIRONMENTAL ASSESSMENT (EA)**

- **ENVIRONMENTAL IMPACT STATEMENT (Rare for IL CDBG)**

Typical ERR Preparation and Approval Timelines

EIS – one to two years

EA – 45 to 100 days to complete depending on consultations required

CEST – 30 to 75 days depending on consultations required

CENST – less than an hour

Exempt & CoC – less than an hour

CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- Always allow at least one full calendar day between ERR prep activities (i.e., between FP &/or WL 8-Step publications; between last of 15 bodies of law & EJScreen; between EJScreen & CEST or EA signature; between CEST or EA signature & FONSI/NOI/RROF or NOI/RROF publication; between end of publication comment period & HUD 7015.15 RROF signature



CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- The “On or about” date at the start of an NOI/RROF or FONSI/NOI/RROF publication must be dated at least one day later than the “comments received by” date stated in the publication.
- Don’t count either publication date or “comments received by” date for days of local public comment period.

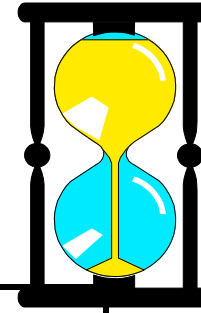


CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- **8-Step Flood Plain and/or Wetlands “Early” and “Final” public comment periods must have at least one full day between end of “Early” comment period and publication date of “Final” FP/WL Notice.**
- **If 8-step is last supporting docs, wait one full day after “Final” comment period to research US EPA EJScreen for Environmental Justice.**



Example: 15-day Comment Period



S	M	T	W	T	F	S
			1 - Pub	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17 - RRO F	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Environmental Review-Housing Rehabilitation Specific

- **An Early Start is Important! Kara Cozadd submits packet to DNR/HP for Tier One SHPO clearance letter!**
- **Avoids project delays and heads off potential conflicts**
- **Procedural reasons:**
 - **Grantee may not commit HUD funds on an activity prior to RROF approval and Grantee may not commit non-HUD funds prior to RROF approval if the activity or project would have an adverse enviro. impact or limit choice**
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- Begin CDBG HR review when NOSAF issued
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- **TWO STEP PROCESS**
 - Tier 1: CEST project area-wide review
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- Best suited for CEST projects such as scattered site single family
- HR Tiered CEST projects **CANNOT** convert to exempt!
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Housing Rehabilitation Specific

• Tiered Review

Tier 1

- Area-wide (addresses unknown)
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- Answers as many factors in the environmental review as feasible (for CDBG HR, 12 of 16 bodies of Federal environmental law)

Tier 2

- Site-specific (now know home address)
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- Will cite the Tier 1 for all previously answered factors (12 of 16)
- Will answer factors unanswered in Tier 1 requiring specific address (4 of 16)



Housing Rehabilitation Specific

Tier 1 12 Bodies of Law

Airport Hazards; Coastal Barriers, Flood Insurance; Clean Air; Coastal Zone; Endangered Species; Explosive & Flammable Hazards; Farmland Protection; Floodplain Management; Sole Source Aquifers; Wetlands Protection; & Wild and Scenic Rivers

Tier 2 4 Bodies of Law

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- Historic Preservation
- Noise Abatement & Control
- Environmental Justice



Housing Rehabilitation Specific

- **HR Tiered Review: Do I Submit a RROF?**
- No! You cannot convert ANY tiered reviews to Exempt at the target area Tier 1 level!
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 - ❖ Receive DCEO Tier 1 environmental release letter that will be *contingent on complete Tier 2 reviews for each home being completed/DCEO-approved prior to award of a home's housing rehab contract.*



Housing Rehabilitation Draws

HR Tiered Review: When Do I Draw Funds?

- For Activity Delivery and/or Rehabilitation Administration, you may draw **AFTER** DCEO approval of the target area Tier 1 CEST review and Grant Agreement is executed!
- For an individual home's Housing Rehabilitation, you may draw **AFTER** DCEO approval of that home's individual Tier 2 CEST review, without having to publish/post, submit a new RROF, or receive a new environmental release letter (only email approval from DCEO HR ERO)



CDBG Environmental Review Officers (EROs)

For PI, ED-PI & ED:

Kirk Kumerow

217-558-4106

CEO.ERO@illinois.gov

Lisa Thomas-Swaine will
perform some PI ERR
reviews

For HR:

Kara Cozadd

217-558-2833

Kara.Cozadd@illinois.gov



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2 CFR 200 Procurement Standards

Community Development Block Grants

Covers Current CDBG-Eligible Activities (as of October 2024)



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2 Code of Federal Regulations (CFR) 200

- **Subtitle A, “Office of Management and Budget Guidance for Grants and Agreements” became effective as uniform Federal guidance on 12/26/2014;**
- **Originally Called OMB “Super Circular” in 2011;**
- **Launched by Obama administration to streamline guidance for federal awards to ease the administrative burden and costs across Federal agencies’ funding programs.**



2 CFR 200.317-.326 Procurement Standards

§200.317 Procurements by states

§200.318 General procurement standards

§200.319 Competition

§200.320 Methods of procurement to be followed

§200.321 Contracting with MBE, et. al.

§200.322 Procurement of recovered materials

§200.323 Contract cost and price

§200.324 Federal agency or pass-through entity review

§200.325 Bonding requirements

§200.326 Contract provisions



2 CFR 200.318 General Procurement Standards

- a) Use local procedures if conform with federal law
- b) Maintain contractor oversight
- c) Maintain written standards of conduct for all employees
- d) Use most economical approach
- e) Use intergovernmental or inter-entity agreements
- f) Use federal excess/surplus property
- g) Use value engineering
- h) Use responsible contractors
- i) Maintain procurement records
- j) Use T&M contracts only if necessary
- k) Local grantee responsible for all aspects of contract



2 CFR 200.319 Competition

- a) Full, open and competitive procurement process
 - 1) No unreasonable requirements
 - 2) No unnecessary experience or bonding requirement
 - 3) No noncompetitive pricing among firms
 - 4) No noncompetitive retainer contracts
 - 5) No conflicts of interest
 - 6) No “brand name” requirement
 - 7) No arbitrary actions
- b) No geographic preference
- c) Must have written procedures
 - 1) Include technical description of work or product
 - 2) Include criteria for proposal evaluation
- d) If pre-qualified lists are used, they must be current



2 CFR 200.320 Methods of Competition - CDBG

- a) Procurement by micro-purchases – Rare for State CDBG
- b) Procurement by small purchase procedures – CDBG AD/HR Admin/Rehab Inspection/ED A/E
- c) Procurement by sealed bids (formal advertising) – All CDBG Construction
- d) Procurement by competitive proposals – Only for ED A/E
- e) *(intentionally left blank)*
- f) Procurement by noncompetitive proposals – Generally not for State CDBG



Micro-Purchases & Small Purchase Procedures

- **Procurement by micro-purchase (\$10,000 or less per DCEO Accountability since 2022; \$2,000 or less for Construction)**
- **Procurement by small purchase procedures (Less than \$250,000 anticipated cost)**
 - May be used for activity delivery, rehabilitation administration or inspection, or ED A/E services**
 - Phone, mail or e-mail solicitation acceptable (document efforts)**
 - Solicit at least three potential qualified bidders**
 - Make bid packet available for pick up, mailing or e-mailing**
 - No less than two bidders (if one bidder; document reason)**
 - A/E services may include price as a factor, but not the sole factor**



Small Purchase Procedures (Cont.)

- **2 CFR 200 encourages use of shared resources:**
 - **State CDBG Activity Delivery/HR Administration/Rehab Inspection may be obtained from an Intergovernmental Agreement Agency or Inter-Entity Agreement Agency without SPP bidding process.**



Procurement by Sealed Bids (Formal Advertising)

Procurement of CDBG or “other-funded” construction above \$2000 listed in a CDBG Grant Agreement must be by sealed bids (formal advertising)



Procurement by Sealed Bids (Formal Advertising)

c) Procurement by sealed bids (formal advertising)

1) Proposals must have:

- i. Detailed description
- ii. Two or more responsible bidders
- iii. Require a firm, fixed price offer



Procurement by Sealed Bids (Formal Advertising)

2) Bidding requirements:

- i. Publicly advertised with sufficient notice
- ii. Sufficient specifications
- iii. Public bid opening
- iv. Contract to lowest responsible qualified bidder
- v. Reject bids only for sound reason



2 CFR §200.321 Contracting with MBE, et. al.

- a) Must take steps to assure that MBE & WBE are used
- b) Affirmative steps must include:
 - 1) Placing qualified MBE and WBE on solicitation lists
 - 2) Assuring MBE and WBE are solicited
 - 3) Divide task to permit maximum participation
 - 4) Establish schedule to permit maximum participation
 - 5) Use SBA and MBDA of US Dept. of Commerce
 - 6) Require prime contractor to use items
1 through 5



2 CFR §200.324 Contract Cost and Price

- a) Price analysis for contract and modifications**
- b) Profit calculation for contracts with no price competition**
- c) Estimated cost contract – Subpart E-Cost Principles**
- d) Cost-plus contracts are not allowed**



2 CFR §200.325 HUD or DCEO Review

- a) Must make specifications available to DCEO**
- b) Must make RFP, invitation to bid, et. al. available when:**
 - 1) Vary from 2 CFR 200 standards**
 - 2) Only one bid/response**
 - 3) “Brand name” product**
 - 4) Award to non-low bidder**
 - 5) Contract is above Simplified Acquisition Threshold (for non-construction contracts)**
- c) Exemption from pre-procurement review**



2 CFR §200.326 Bonding Requirements

Applies to construction or facility improvement contracts

- **Bid bond of 5% of bid**
- **Performance bond of 100% of the contract price**
- **Payment bond of 100% of the contract price**

Copies of bonds must be maintained in grant administrator's files, available to CDBG monitor before monitoring visit



2 CFR §200.326 Contract Provisions

**State CDBG-specific language available on DCEO OCD
Labor Standards Materials website:**

<https://dceo.illinois.gov/communitydevelopment/davisbaconresources.html>



Illinois
Department of Commerce
& Economic Opportunity
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2 CFR 200 CDBG Procurement Questions

Contact your grant's assigned CDBG Grant Manager.

They'll ask Program Manager, if needed. Trust me. They will ask.



FEDERAL LABOR STANDARDS

- Overview
Cietta Gower



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Federal Labor Standards

Any construction contract over \$2,000, funded in whole or in part with CDBG funds, is subject to Federal Labor Standards

Assign someone the responsibility for assuring compliance

What are the Federal Labor Standards?

- Copeland (Anti-Kickback) Act
- Contract Work Hours & Safety Standards Act (CWHSSA)
- Davis-Bacon Related Act (DBRA)



Federal Labor Standards

Copeland (Anti-Kickback) Act (40 USC 276c)

- Prohibits contractors and subcontractors from inducing an employee to give up any part of earned wages, except for authorized payroll deductions.
- Requires weekly certified payrolls.



Federal Labor Standards

Contract Work Hours & Safety Standards Act (CWHSSA) (40 USC 327-330)

- Laborers and mechanics must be paid not less than one and one-half times the basic rate of pay for all hours worked over 40 hours in one work week.
 - Contractor liable for unpaid wages and liquidated damages.
 - Contractors or subcontractors who intentionally violate may be subject to fines, imprisonment.
- Prohibits unsanitary, hazardous, or dangerous working conditions on federal and federally financed and assisted projects.



Federal Labor Standards

Davis Bacon Act (DBA) (29 CFR 1, 3, 5)

- Requires contractors and subcontractors pay laborers and mechanics, working directly on the site of work, at least the locally prevailing wages (including fringe benefits) listed in the applicable Davis Bacon wage determination in the contract for the work performed.
- Requires DOL to determine the applicable locally prevailing wage rates.
- Requires the incorporation of Davis Bacon contract clauses and applicable wage determinations into the prime contract.
- Requires the prime contractor ensure the contract clauses and applicable wage determinations are flowed down into all subcontracts.
- Requires the prime contractor cover any unpaid wages or other liability for any subcontractor violation.



Federal Labor Standards

Davis Bacon Act (DBA) (29 CFR 1, 3, 5)

- Requires contractors, and subcontractors, pay covered workers prevailing wages and fringe benefits weekly, submit weekly certified payroll records and post applicable Davis Bacon posters at the job site.
- Only apprentices and trainees registered with the US Department of Labor may be paid less than the federal prevailing wage
- Foremen/Supervisors are covered by Davis-Bacon when 20 percent or more of their time is spent performing mechanic or laborer duties.
- Applies to self-employed owner (person who owns the business and is working alone at the job site) when working as laborer or mechanic and must be reported on the higher-tier contractor's payroll.
- Exclusions: Project Superintendents, administrative staff, executives, clerical.
- Exemptions: Volunteers and Force Account Workers



Federal Labor Standards

Forced Account Labor

- Can be used on construction projects.
 - Only employees of units of local government.
 - Not employees of a water/sewer district.
- Additional help can be hired for the project.
 - Must be paid federal prevailing wage rates.
- Detailed payroll/activity reports for the employees working on the project.
- Submit payrolls with the quarterly reports/cash requests to support the expenses.
- Previous payrolls must be submitted to verify no changes have been made in the rate of pay for the subject workers.
- Document equipment used, including when, where, and by whom (employees) during the construction project.
- Construction management and employee supervision required.



Federal Labor Standards

Labor Standards and Procurement

All CDBG construction projects must go through a formal bidding process.

- *All projects subject to Davis Bacon must be competitively bid. Even if a construction contract is \$250,000 or less and is part of a federally-funded project subject to Davis Bacon, the small purchase procedures may not be used.*
- Bid packets must include:
 - Federal Prevailing Wage Rates
 - Federal Labor Standards Provision (HUD 4010)



Federal Labor Standards

Prevailing Wage Rates

- Three weeks before the bid advertisement date, submit the initial (SF 308) Wage Rate Determination Request form to your Grant Manager, include a copy of the Table of Contents for the Bid Packet listing the page numbers of the DCEO required documents.
- Also include the draft Invitation for bid, along with where it will be published. The draft Invitation must include a specific project description that matches Exhibit B of the Executed Grant Agreement and the Environmental Release letter.
- Grant Manager will issue a Courtesy Copy of the Wage Rate Determination that must be included in the bid packet.
- If the Bid Opening date is extended submit a copy of the Addendum to the Grant Manager.



Federal Labor Standards

Prevailing Wage Rates

- Bid Opening Date the Grant Manager will issue to you a Lock In Wage Rate Determination which will be the Lock-In Wage Rate Determination - provided that the contract/agreement is award (executed) within 90 days after bid opening.
- If 90 days passes between **Bid Opening** and **Contract/Agreement Award (execution)**, an updated wage determination must be obtained by submitting the SF 308 Wage Rate Determination Request form to your Grant Manager, include a copy of the executed contract.
- If 90 days passes between **executed Contract/Agreement** and the **start of construction**, an updated wage determination must be obtained by submitting the SF 308 to your Grant Manager on the day construction begins.
- Updated Wage Rate Determinations must be made part of the Executed Contract/Agreement.



Federal Labor Standards

Prevailing Wage Rates

- The Wage Rate Determination “lock-in” is the date the prevailing wage rates are effective for the project. Prevailing Wage Rate Determinations must only be obtained through DCEO.
- Bid Openings must be scheduled a minimum of 30 days after the availability of the bid packet.
- No WD will be issued on Fridays.
- No Bid Openings scheduled for Fridays or legal federal holidays.



Federal Labor Standards

Prevailing Wage Rates

If the original Scope or Contract Term is amended/extended, a new Wage Rate Determination MUST be requested, and the Contract/Agreement amended to include the new rates.

- When contract or order is changed to include additional, substantial construction.
- When the contract or order is changed to add additional time not originally obligated, including when an option is exercised on a contract or order.

★ Must not modify scope outside original environmentally cleared area
Changes to Scope or Grant Term not allowed without prior approval.



Federal Labor Standards

Prevailing Wage Rates – some reminders

- Initial WD must be included in bid packet, plus the HUD 4010, available to bidders.
- Lock-In WD (issued for **Bid Opening**) and the HUD 4010 must be included in the Contract/Agreement documents.
- Lock-In WD must be posted at the work site, in plain view and be easily accessible.
- WD must be updated if the contract/agreement is not awarded (executed) within 90 days of the bid opening and the updated WD is made part of the contract.
- WD must be updated if construction does not start within 90 days of contract/agreement award (execution), and the contract must be amended to include new wages.
- Conformance Process must be used for missing classifications.
- Letter from US DOL with approved/prescribed rate for the missing classification must be posted with the WD.



FEDERAL LABOR STANDARDS

- Conformance Process



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Conformance Process

When there is no appropriate labor classification listed on the applicable general wage determination the WHD (Wage and Hour Division) may add or “conform” a new class of laborers or mechanics and a wage rate to a published wage determination for a specific contract.

Compare the labor classifications on the wage determination with the anticipated work to be performed for your project. The contractor should seek a conformance when classifications intended to be employed are not listed on the wage determination.

Additional Classifications [29 CFR 5.5(a)(1)(ii)(A)(3)]

Conformance requests are not needed for bona fide:
Apprentices, Trainees; or Welders (unless 100% welding)



Conformance Process

Additional Classifications [29 CFR 5.5(a)(1)(ii)(A)(3)]

- An Additional Classification may be requested only when:
 - The work to be performed by the classification is not performed by a classification in the wage determination; and
 - The classification is utilized in the area by the construction industry; and
 - The proposed wage rate, including fringe, *bears a reasonable relationship to the wage rates contained in the wage determination.



Conformance Process

Request a Conformance

- After it has been determined that there is no appropriate labor classification on the applicable General Wage Determination
- After the Contract/Agreement has been executed
 - The Contractor (and if applicable, the subcontractor) will complete and sign the US DOL Standard Form 1444 (SF1444).
 - If necessary, attach a brief job description for classifications **not included** in DOL's Service Contract Act Directory of Occupations. The description must include the federal wage grade equivalent.
 - The Grant Administrator will submit the SF-1444 to the Grant Manager with any supporting documentation.



Conformance Process

* * If the Contractor needs to request an additional classification for a Plumber, the contractor must propose a wage that is comparable to those listed in the WRD for other “Skilled Workers” – the Contractor cannot compare rates to Laborers, Truck Drivers, or Engineers, and cannot request a wage lower than that of the lowest paid Skilled Worker.

This same process is used when a Classification within the WD does not include the County in which the project is located. DOL will look at the wages of other skilled trades only in the county relative to the project location.



FEDERAL LABOR STANDARDS

- Weekly Payroll



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Weekly Payrolls

The Prime Contractor – Responsible for

- ❖ The compliance by any subcontractor or lower tier subcontractor with regard to all DBRA contract clauses.
- ❖ Signing (certify) payroll of Owner-operator subcontractor payrolls.
- ❖ The payroll being complete and signed.
- ❖ Completing and submitting the SF-144 to Grant Administrator for any job classification not listed on the wage determination for the project.
- ❖ Submitting payroll on the current DOL WH-347 (<https://www.dol.gov/agencies/whd/forms>)
- ❖ Current Statement of Compliance being signed by authorized agent.
- ❖ Paying workers weekly.
- ❖ Submitting to the Grant Administrator the certified payrolls, including certified payrolls for all subcontractors on the project.
- ❖ Laborers and mechanics being paid at least the federal prevailing wage for the work performed.



Weekly Payrolls

The Prime Contractor

- ❖ Contractors and subcontractors maintain DBRA contracts, subcontracts, and related documents, as well as worker telephone numbers and email addresses.
- ❖ The final rule clarifies that the required records must be retained for at least 3 years after all the work on the prime contract is completed.

Prime Contractor is defined as any person or entity that enters into a contract with an agency, including:

- Controlling shareholders or member of an entity holding a prime contract,
- Joint venturers or partners in any joint venture or partnership holding a prime contract,
- Any contractor (e.g., a general contractor) that has been delegated responsibility for overseeing all or substantially all of the construction anticipated by the prime contract.



Weekly Payrolls

The Grant Administrator

- ❖ Grant Administrators must review the weekly certified payrolls received.
- ❖ Review: Contractor/subcontractor listed with address.
 - Payrolls are Numbered, Payroll Week Ending Date, Project and Location.
 - Name of Worker with an identifying number.
 - Workers are correctly classified.
 - Workers paid for all hours worked.
 - Workers paid applicable prevailing wages and fringes per wage determination.
 - Deductions acceptable – verified.
 - Correct calculations.
 - Statement of Compliance – complete, signed by authorized agent.
 - DOL Certification for any Apprentice listed.
 - Correct ratio for Apprentice (Agreement).
 - Report any payroll underpayment to the Grant Manager.



Weekly Payrolls

Things to Remember

- ❖ Laborers, mechanics, apprentices, working forepersons should be listed on payroll.
- ❖ Laborers and mechanics must be paid at least once per week, at least the federal prevailing wage for work performed. The payroll amount (base + fringe) must equal or exceed federal prevailing wage rate.
- ❖ Overtime is paid at the rate not less than time and one-half of the base hourly rate after 40 hours.
- ❖ Only apprentices and trainees registered with the US Department of Labor may be paid less than the federal prevailing wage.
- ❖ Statement of Compliance must be complete, signed and attached to each payroll.
- ❖ Employees working in more than one classification during a work week may be paid the wages specified for each classification if accurate time records are maintained. Without accurate time records the worker must be paid the highest wage of all classifications of work performed.



Weekly Payrolls

U.S. Department of Labor
Employment Standards Administration
Wage and Hour Division

PAYROLL

(For Contractor's Optional Use; See Instructions at www.dol.gov/esa/whd/forms/wh347instr.htm)

Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.



Rev. Dec. 2008

NAME OF CONTRACTOR OR SUBCONTRACTOR
Hale N. Hardee Construction Co., Inc.

ADDRESS

1 Easy Street, New York, NY

OMB No.: 1215-0146

Expires: 12/31/2011

PAYROLL NO. **20** FOR WEEK ENDING **October 12, 2009** PROJECT AND LOCATION **Project #: ACE352 / 1250 5th Avenue** PROJECT OR CONTRACT NO. **ACE-GC-4561**

(1) NAME AND INDIVIDUAL IDENTIFYING NUMBER (e.g., LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER) OF WORKER	(2) IND. OF EXCLUSIONS EXEMPTIONS	(3) WORK CLASSIFICATION	(4) DAY AND DATE							(5) TOTAL HOURS	(6) RATE OF PAY	(7) GROSS AMOUNT EARNED	(8) DEDUCTIONS					(9) NET WAGES PAID FOR WEEK
			S	M	T	W	T	F	S				FICA	WITH- HOLDING TAX	OTHER	TOTAL DEDUCTIONS		
			6	7	8	9	10	11	12				HOURS WORKED EACH DAY					
Anderson, Joseph		Carpenter		1	1	1	1	1		5	35.96	889.00	67.43	179.80	17.98		265.21	633.79
				8	8	8	8	8		40	17.98	889.00						
Bedwell, Thomas		Carpenter		1	1	1	1	1		5	20.03	619.25	61.45	163.87	16.39		341.71	477.64
				8	8	8	8	8		40	17.98	619.25						
Larson, Todd		Carpenter		1	1	1	1	1		5	20.03	634.15	47.56	126.83	12.69		187.08	447.07
				8	8	8	8	8		40	13.35	634.15						
O'Brian, Tom		Apprentice Carpenter										505.00	37.92	101.12	10.11		149.15	356.45
				8	8	8	8	8		40	12.64	505.00						
Roberts, Gordon		Apprentice Carpenter										505.00	37.92	101.12	10.11		149.15	356.45
				8	8	8	8	8		40	12.64	505.00						
Snyder, Hammond		Trainee Carpenter										505.00	37.92	101.12	10.11		149.15	356.45
				8	8	8	8	8		40	12.64	505.00						
Clements, Paul E.		Bricklayer										541.50	40.61	108.30	10.83	Repay Loan	259.24	282.29
				6	6	6	6	7		31	17.46	541.50						
Cunningham, Christopher		Bricklayer										588.10	42.60	113.60	11.36		210.16	357.54
				6	6 1/2	7	7	6		32 1/2	17.46	588.10						

Use US DOL WH347 or equivalent

- Must contain ALL information

- Number Payrolls (Initial / Final)
- List Grant Number
- Use Classifications in WRD (include Group #/Class employee being paid wage for)
- Column 7 – Only “Cash paid in lieu of fringe” may be added to the wage listed. Make note on back side.

Weekly Payrolls

Date

I,
 (Name of Signatory Party) (Title)

do hereby state:

(1) That I pay or supervise the payment of the persons employed by

on the
 (Contractor or Subcontractor)

; that during the payroll period commencing on the
 (Building or Work)

day of , , and ending the day of , .

all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said

from the full
 (Contractor or Subcontractor)

weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 C.F.R. Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. § 3145), and described below:

(2) That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classification set forth therein for each laborer or mechanic conform with the work he performed.

(3) That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(4) That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

- in addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in section 4(c) below.

Must contain Statement of Compliance – verbatim.



(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

- Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in section 4(c) below.

(c) EXCEPTIONS

EXCEPTION (CRAFT)	EXPLANATION

REMARKS:
Must be signed by person “Authorized to sign Payroll”



NAME AND TITLE SIGNATURE

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 3729 OF TITLE 31 OF THE UNITED STATES CODE.

Weekly Payrolls

- First payroll – submit a copy to your Grant Manager – include a copy of any apprenticeship(s) documentation – with the first quarterly Periodic Financial and Performance Report after construction begins.
- Final payroll – submit a copy to your Grant Manager - before you close out the Grant Agreement
- Through the construction activities – submit to your Grant Manager - along with the quarterly Periodic Financial and Performance Report - a copy of the most current payroll within the quarter.



Weekly Payrolls

Apprentice on the Payroll

- Must submit a copy of the Department of Labor's Certification of Enrollment in an Apprenticeship Program.
- Must submit a copy of the Agreement to document the approved Apprenticeship to Journeymen ratio for the registered program.
 - If the contractor is working within the area the apprenticeship program is registered, it must follow that ratio.
 - If the contractor is working outside the area in which their apprenticeship program is registered, they must follow the ratio and wage rate standards of the locality where the project is taking place.
 - If there is no registered program where the work is taking place, the contractor must follow the ratio of its registered program.
 - If an apprentice works alone or outside of the approved ratio, he must be paid the journeyman rate.



Weekly Payrolls

Restitution for Underpayment of Wages

Wage restitution is the difference between the wage rate paid and the wage rate required on the wage determination. The difference in the wage rates is called the adjustment rate.

- Total hours worked times (x) adjustment rate (DB rate – rate paid) = wage restitution due; or
- Total wages earned minus (-) total wages paid = wage restitution due.
- Contractor required to pay wage restitution to affected worker.
- Grant Administrator notifies Prime Contractor in writing to make the wage restitution:
 - Describe underpayments.
 - Provides instructions for computing/documenting restitution to be paid;
 - Prime Contractor is allowed 30 days to correct.



Weekly Payrolls

Restitution for Underpayment of Wages

- Restitution must be reported on a Certified Payroll Report.
- Reflect the period for when the restitution is due (Payrolls #1 through #6, or a beginning and ending date).
- Lists each worker and their classification.
- Lists the total number of hours involved, the adjustment wage rate, the gross amount of restitution, deductions and the net amount actually paid.
- Statement of Compliance must be attached to the Corrected Payroll.
- Verification that the worker(s) was paid the restitution.
- Submit copies to the Grant Manager.



Weekly Payrolls - Wage Restitution

Restitution for Underpayment of Wages

Failure to pay worker wage restitution may result in withholding of grant funds against the prime contractor to ensure the payment of wages due.

- Both prime contractors and any responsible upper-tier subcontractors are required to pay back wages on behalf of their lower-tier subcontractors.
- Lower-tier subcontractors' violations may subject prime and upper-tier contractors to debarment in appropriate circumstances.



FEDERAL LABOR STANDARDS

- Work Site



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Work Site Postings

- **HUD 4720 Project Wage Rate Sheet**
 - https://www.hud.gov/program_offices/davis_bacon_and_labor_standards/olrform
- **Federal Prevailing Wage Rate Determination (Lock-in WRD)**
- **Additional Classifications Wages – Conformance Letter**
- **Poster Workers Rights Under Davis Bacon Act (WH 1321)** – with Contracting Officer listed as Debbie Diez, Senior Labor Standards Specialist, HUD Office of Davis-Bacon & Labor Standards, Central HUB Region V – Chicago Regional Office, Email: deborah.a.diez@hud.gov and Phone: 312.913.8127
 - English and Spanish online at:
www.hud.gov/program_offices/davis_bacon_and_labor_standards/olrmk13
- **Federal Fair Labor Standards Act Poster** <https://www.dol.gov/agencies/whd/posters>
- Know Your Rights under Illinois Employment Laws
 - <https://labor.illinois.gov/content/dam/soi/en/web/idol/employers/posters/your-rights/2024/IDOL%202024%20YOUR%20RIGHTS%20POSTER.pdf>
- **HUD DB Worker’s Pocket Guide** (first page)
 - https://www.hud.gov/sites/dfiles/Labor/documents/Davis-Bacon_Worker_Pocket_Guide.pdf

To document compliance, take a picture of the postings and keep in the project file.

Record of Employee Interview

U.S. Department of Housing and Urban Development
Office of Labor Relations

OMB Approval No. 2501-0009
(exp.01/31/2021)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The information is collected to ensure compliance with the Federal labor standards by recording interviews with construction workers. The information collected will assist HUD in the conduct of compliance monitoring; the information will be used to test the veracity of certified payroll reports submitted by the employer. **Sensitive Information.** The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any anticipated threats or hazards to their security or integrity that could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained. The information collected herein is voluntary, and any information provided shall be kept confidential.

1a. Project Name		2a. Employee Name			
1b. Project Number		2b. Employee Phone Number (including area code)			
1c. Contractor or Subcontractor (Employer)		2c. Employee Home Address & Zip Code			
		2d. Verification of identification? Yes <input type="checkbox"/> No <input type="checkbox"/>			
3a. How long on this job?	3b. Last date on this job before today?	3c. No. of hours last day on this job?	4a. Hourly rate of pay?	4b. Fringe Benefits?	4c. Pay stub?
				Vacation Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
				Medical Yes <input type="checkbox"/> No <input type="checkbox"/>	
				Pension Yes <input type="checkbox"/> No <input type="checkbox"/>	
5. Your job classification(s) (list all) --- continue on a separate sheet if necessary					
6. Your duties					
7. Tools or equipment used					
8. Are you an apprentice or trainee? Y <input type="checkbox"/> N <input type="checkbox"/>					
9. Are you paid for all hours worked? Y <input type="checkbox"/> N <input type="checkbox"/>					
10. Are you paid at least time and 1/5 for all hours worked in excess of 40 in a week? Y <input type="checkbox"/> N <input type="checkbox"/>					
11. Have you ever been threatened or coerced into giving up any part of your pay? Y <input type="checkbox"/> N <input type="checkbox"/>					
12a. Employee Signature			12b. Date		
13. Duties observed by the Interviewer (Please be specific.)					
14. Remarks					
15a. Interviewer name (please print)		15b. Signature of Interviewer		15c. Date of interview	
Payroll Examination					
16. Remarks					
17a. Signature of Payroll Examiner			17b. Date		

Previous editions are obsolete

Form HUD-11 (02/2019)

Employee Interviews

Conduct Employee Interviews

- HUD 11 form
- Grant Administrator - Must be conducted in-person.
- Conduct at least one interview with each classification.
- Compare to payroll – remember to sign the form.

FEDERAL LABOR STANDARDS

- Definitions



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Definitions

NEW RULE – Building or Work

- *Building or work* includes modern construction activities such as solar panels, wind turbines, broadband installation, and installation of electric car chargers to the non-exclusive list of examples of construction activities.
- Includes a portion of a building or work, or the installation (where appropriate) of equipment or components into a building or work.
 - Remember this for Economic Development Projects

Definitions

NEW RULE – Demolition clarified in construction

- The final rule adds a new sub-definition to the term construction, prosecution, completion, or repair in § 5.2, to codify the DOL's guidance that demolition work is covered under DBRA when the demolition itself constitutes construction, alteration, or repair, or when future construction that will be subject to the DBRA is contemplated on a demolition site.

Definitions

Site of the Work

- The physical place or places where the building or work called for in the contract will remain once the contract work has been completed and any other site where a significant portion of the building or work is constructed, provided that such site is established specifically for the performance of the contract or project.
- **NEW RULE** - Also includes any site where a significant portion of a building or work is constructed if the site is dedicated exclusively or nearly so to the performance of a single DBRA-covered project or contract for a specific period of time. The final rule also provides clarification on the meaning of “significant portion,” explaining that term encompasses one or more entire portion(s) or module(s) of the building or work, such as a completed room or structure, but does not include materials or prefabricated component parts such as prefabricated housing components.

Definitions

Site of the Work

NEW RULE –

- *Flaggers* - The final rule clarifies that flaggers are working on the site of the work if they work at a location adjacent or virtually adjacent to the primary construction site, such as a few blocks away or a short distance down a highway.

Definitions

Site of the Work

NEW RULE –

- ***Material Suppliers*** - The final rule excludes material suppliers from the definition of contractor. Material suppliers are entities whose only contractual responsibilities are the delivery of materials/supplies and activities incidental to those tasks.
- An entity that engages in other construction work at the site of the work is not a material supplier, but a ***contractor*** or ***subcontractor*** under the DBA.
 - Material suppliers may both deliver and pick up materials
 - An entity that is solely engaged in picking up and hauling away materials is not a material supplier.

Definitions

Site of the Work

NEW RULE –

- ***Truck Drivers*** - Truck drivers employed by contractors or subcontractors must be paid applicable prevailing wage rates for:
 - All onsite driving time unrelated to offsite delivery (e.g., hauling materials from one location on the site of the work to another)
 - Any time spent transporting “significant portions” of public works from secondary construction sites
 - Any time spent transporting materials to or from adjacent or virtually adjacent dedicated support sites
 - Any onsite time related to offsite delivery if such time is not *de minimis*

Definitions

NEW RULE –

- ...if such time is not *de minimis* –
 - The final rule clarifies that where workers spend a significant portion of their day or week onsite, short periods of time that in isolation might be considered de minimis may be added together.
 - The total amount of time a driver spends on the site of the work during a typical day or workweek—not just the amount of time that each delivery takes—is relevant to a determination of whether the onsite time is de minimis.



Definitions

Laborer or Mechanic – Survey Worker clarified

NEW RULE –

- Survey crew members working on a covered project are subject to DBLS as laborer/mechanic when:
 - Perform primarily physical and/or manual work; and
 - Spend most of their time taking or assisting in taking measurements
 - If not exempted as professional, executive, or administrative employees
 - If work is performed on the site of the work
 - If work is performed immediately prior to or during construction in direct support of construction crews
 - If survey crew members are employed by contractors or subcontractors

FEDERAL LABOR STANDARDS

- Economic Development Projects



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CDBG Economic Development Projects

Davis Bacon Applies to all construction activities using CDBG funds whether on public or private property.

- Infrastructure improvements for the benefit of a business;
- Direct Capital investment to a business (building improvements, installation and purchase of equipment, construction costs, leased improvements).



Any construction contract over \$2,000 is subject to Federal Labor Standards – Davis Bacon and Related Acts (DBrA).

Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. **NEW RULE** - Includes **installation of equipment**.



Section 3

Cietta Gower

October 1, 2024

Administrator's Workshop



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Section 3 - 24 CFR Part 75

The purpose of the Section 3 Program is to ensure that economic opportunities (most importantly employment) generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent. Direct recipients of certain HUD financial assistance and their contractors and subcontractors are required to provide, to the greatest extent feasible, economic opportunities to residents and businesses in the community where the HUD financial assistance expended is consistent with existing federal, state, and local laws and regulations.



Section 3 - 24 CFR Part 75

Section 3 Project: A Section 3 covered project means housing rehabilitation, housing construction, and other public construction projects assisted under U.S. Department of Housing and Urban Development programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. Section 3 requirements apply to an entire Section 3 covered project, regardless of whether the project is fully or partially assisted.



Section 3 - 24 CFR Part 75

Section 3 Worker: any worker who currently fits, or when hired within the past 5 years fit, at least one of the following categories, as documented:

- (1) The worker's income for the previous or annualized calendar year is below the income limit established by HUD;
- (2) The worker is employed by a Section 3 Business concern; or
- (3) The worker is a YouthBuild participant.

*Income limits are individual income (not based on family or household)

*Residential address of worker is used to determine Section 3 Worker income limits.

<https://www.hud.gov/section3>

Definition does not exclude an individual that has a prior arrest or conviction. Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 Worker. Section 3 Workers are not exempt from meeting the qualifications of the position to be filled.



Section 3 - 24 CFR Part 75

Targeted Section 3 Worker: A targeted Section 3 Worker for housing and community development financial assistance means a **Section 3 Worker** who is:

- (1) A worker employed by a Section 3 Business concern; or
- (2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past 5 years:
 - (i) Living within the service area or the neighborhood of the project; or
 - (ii) A YouthBuild participant

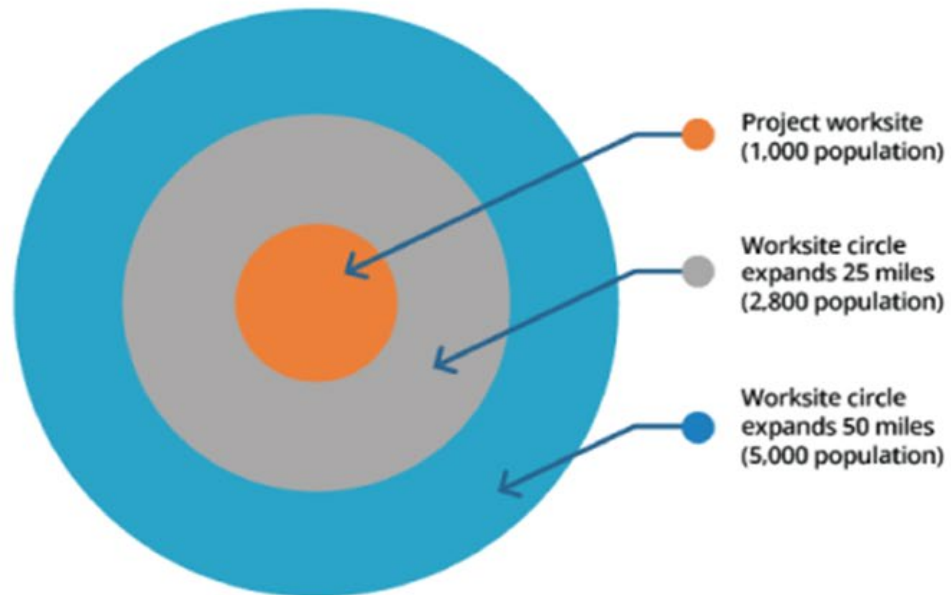
Does not exclude an individual that has a prior arrest or conviction.



Section 3 - 24 CFR Part 75

Service Area or the neighborhood of the project:

- An area within one mile of the Section 3 project; or
- If fewer than 5,000 people live within one mile of the project, within a circle centered on the Section 3 project location that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.



Universe of Workers



The graphic above shows three concentric circles. The smallest internal circle illustrates Targeted Section 3 workers, the mid-sized circle illustrates all Section 3 workers, and the largest external circle illustrates all workers.



Section 3 - 24 CFR Part 75

Section 3 Business Concern: A business that meets at least one of the following criteria (must be documented) within the last six months:

- It is at least 51 percent owned and controlled by low- or very low-income persons; or
- At least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8- assisted housing; or
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers.



Section 3 - 24 CFR Part 75

Grantees, contractors and subcontractors should, to the greatest extent feasible, ensure that

- *employment and training opportunities arising in connection with Section 3 projects, and*
 - *contracts for work awarded in connection with Section 3 projects,*
- are provided in the following order or priority:

1 – to Section 3 Workers residing in the service area or neighborhood of the project;
and

2 – to participants in YouthBuild programs.



Section 3 - 24 CFR Part 75

Section 3 Labor Hours: are the number of paid hours worked by persons on a Section 3 project.

*Calculate Labor Hours Percentage

The **Section 3 labor hours worked** on a project **divided** by the **Total labor hours worked** on a project.

The **Targeted Section 3 labor hours worked** on a project **divided** by the **Total labor hours worked** on a project.



Section 3 - 24 CFR Part 75

To meet the quantitative benchmarks for the Safe Harbor provisions:

- 1 - 25% or more of all labor hours worked on a project must be worked by Section 3 Workers; and
- 2 - 5% or more of all labor hours worked on a project must be worked by Targeted Section 3 Workers.

*The 5 percent goal is contained within the 25 percent goal – all Targeted Section 3 Workers are Section 3 Workers.

Both goals must be met to meet the Safe Harbor benchmark.



Section 3 - 24 CFR Part 75

If the Section 3 quantitative benchmarks are not met, the Grantee must report on the qualitative nature of their activities, and those its contractors and subcontractors pursued.

Qualitative Efforts may, for example, include but are not limited to the following (listed on the Safe Harbor Compliance Form):

- Engage in outreach efforts to generate job applicants who are Targeted Section 3 Workers.
- Provide training or apprenticeship opportunities.
- Provide technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching).
- Provide or connect Section 3 Workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Hold one or more job fairs
- Provide or referred Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare)



Section 3 - 24 CFR Part 75

More Qualitative Efforts:

- Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assist Section 3 Workers to obtain financial literacy training and/or coaching.
- Engage in outreach efforts to identify and secure bids from Section 3 Business concerns.
- Provide technical assistance to help Section 3 Business concerns understand and bid on contracts.
- Divide contracts into smaller jobs to facilitate participation by Section 3 Business concerns.
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business concerns.
- Promote use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.



Section 3 - 24 CFR Part 75

GRANTEE Responsibilities

- Notify Section 3 Workers and Section 3 Business concerns about jobs and contracts generated by Section 3 covered assistance (CDBG funds) so that they may submit applications and bids/proposals for available contracts and job openings.
 - Example: Post the Notice to Citizens, Opportunity For Work
- Notify potential contractors of their responsibilities under Section 3.
 - Example: Include Section 3 language in bid advertisements and bid documents (Contractor's Intent to Comply with Section 3) for the CDBG assisted project.
- Include Section 3 language in all applicable (CDBG assisted) contracts.
- Require contractors and subcontractors to meet the requirements of employment and training and contracting (§75.19) regardless of whether Section 3 language is included in contracts.
 - Example: Bid advertisement language, Bid packet documents, Discussion at any pre-bid meeting and/or pre-construction conference and provide details on quantitative benchmarks and/or qualitative activities.



Section 3 - 24 CFR Part 75

GRANTEE Responsibilities– continued

- Give priority (to the greatest extent feasible) if a Section 3 Business submits a bid for an opportunity associated with the CDBG assisted project.
- Document action(s) taken to meet the HUD benchmarks.
 - Example(s): Correspondence with Section 3 Businesses, pre-bid or pre-construction meeting minutes, all qualitative activities for Safe Harbor compliance when Section 3 Benchmarks are not met.
- Respond to Section 3 complaints.
- Complete and submit the required Section 3 Forms to the Department.



Section 3 - 24 CFR Part 75

PRIME CONTRACTOR Responsibilities

- Sign and submit the “Intent to Comply with Section 3” form and include it in the bid packet. Failure to do so will result in an incomplete bid.
- Sign and submit the Proposed Subcontractor Breakdown form.
- Notify all subcontractors of their Section 3 responsibilities.
- Refrain from contracting with subcontractors for whom they have received notice or have knowledge that the subcontractors have been found in violation of the regulations in 24 CFR 75.
- Provide a permanent workforce breakdown (Estimated Project Workforce Breakdown form) of all current employees and identify the Section 3 Workers that were hired within the last five years.
- Provide an estimated breakdown of potential hires for the awarded project and timeline of anticipated hiring.
- Meet Section 3 quantitative benchmarks or document Qualitative efforts.



Section 3 - 24 CFR Part 75

PRIME CONTRACTOR and SUBCONTRACTOR - Responsibilities

- Maintain records that document a good faith effort to utilize Section 3 Workers and Target Section 3 Workers as trainees and employees and any other qualitative efforts to comply with Section 3.
- *Recordkeeping requirements are found at 24 CFR § 75.31. The contractor is required to maintain documentation to demonstrate compliance with the regulations and is responsible for requiring their subcontractors to maintain or provide any documentation that will assist in demonstrating compliance, including documentation that shows hours worked by Section 3 Workers and Targeted Section 3 Workers.*



Section 3 - 24 CFR Part 75

Section 3 Documents

- Notice to Citizens – Opportunity for Work - Grantee
- Intent to Comply with Section 3 Requirements – contractor/subcontractor
- Certificate of Bidder Regarding Section 3 and Segregated Facilities – contractor
- Proposed Subcontracts Breakdown – contract
- Estimated Project Workforce Breakdown – contractor/subcontractor
- Contractor Permanent Workforce Form – contractor/subcontractor
- Section 3 Worker Certification – contractor/subcontractor
- Section 3 Business Concern Certification Form and Section 3 Business Owner Certification Form – Grantee/contractor
- Section 3 Compliance Report – Grantee/Contractor
- Safe Harbor Compliance Form with supporting documentation – Grantee/contractor
- Final Section Utilization Report - Grantee



Section 3 - 24 CFR Part 75

REPORTING

The Section 3 Compliance Report is a tool to be used to track Section 3 and Targeted Section 3 Worker Hours on CDBG funded projects. This spreadsheet should be maintained through the duration of the project. Contractors and subcontractors must submit to the Grantee a weekly Section 3 Compliance Report when they submit a copy of the weekly payroll.

Grantees will be asked to provide DCEO with Section 3 and Targeted Section 3 Worker hours for each project, as well as other qualitative activities conducted to comply with Section 3 requirements.

Grantees will track the weekly Section 3 Labor Hours and fill in the spreadsheet for a cumulative total. Submit to DCEO as documentation of compliance with Section 3 reporting requirements. Even if no Section 3 Workers were utilized, this report must be completed and submitted to DCEO at the completion of the project.



Section 3 - 24 CFR Part 75

FINAL REPORTING

The Final Section 3 Utilization Report must be completed and submitted along with the Section 3 Compliance Report and other grant closeout documents.

When the Grantee submits the Final Section 3 Utilization Report and has not met the required Benchmarks, the Safe Harbor Compliance Form and any supporting documents must also be submitted with other grant closeout documents.



Section 3 - 24 CFR Part 75

Penalties for non-compliance with Section 3 requirements may include:

- A monitoring finding or sanctions.
- Debarment or suspension of funds.
- Termination of Grant Agreement/Contract .
- Limited denial of participation in State of Illinois CDBG programs.



Section 3 - 24 CFR Part 75

The Section 3 Plan and information about Section 3 can be found on DCEO's website, Community Development landing page, left-hand menu select Section 3.

Forms are specifically located in the Appendix, of the Plan

- <https://dceo.illinois.gov/communitydevelopment/section3.html>

HUD's [Section 3 Job Aid for Contractors and Subcontractors](https://www.hudexchange.info/resource/7017/section-3-job-aid-for-contractors-and-subcontractors-hcd-financial-assistance/) at

- <https://www.hudexchange.info/resource/7017/section-3-job-aid-for-contractors-and-subcontractors-hcd-financial-assistance/>
- All DCEO forms and information on Labor Standards/Construction Management/Section 3 are in process of being updated on our website.



Section 3 - 24 CFR Part 75

Thank you.

Please contact your grant manager with questions that relate to your specific project.



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Compliance

Construction Management

Lisa Thomas-Swaine



Illinois
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Construction Management Documents

- Notice of Contract Award (DOL and DCEO)
- Preconstruction Conference Checklist
- CDBG Contractor Profile Form
- CDBG Construction Management Checklist
- Labor Standards and Construction Management Process Guide
 - This document provides information on the construction process and requirements.



Construction Management

- All CDBG construction projects must be competitively bid using the sealed bid process.
- CDBG Bid/Contract documents must be used.
- The only exception is joint-funded *federal source* projects (i.e. USDA RD, IEPA).
 - CDBG requirements and certifications *must* be included and appropriately identified.



Construction Management

- Advertise a *minimum* of 30 days prior to bid opening.
- Bid Packet, with Table of Contents must be submitted to DCEO Grant Manager, 3 weeks before Bid Advertisement date to ensure all terms, conditions and certifications are included.



Construction Management

- **Bid Packet Contents**
- Language/Verbiage in the Invitation for Bids Template must be included for the **Bid Advertisement**.
- In addition to the Project Specifications, the following Federal and State documents must be included in the **Bid Packet**:
 - Instructions to Bidders – make sure there is info on Bonds
 - General Conditions Section 1 and General Conditions Section 2
 - Bid for Site Preparation ***and/or*** Bid for Unit Price Contracts **and/or** Bid for Lump Sum Contracts.
 - Statement of Bidder Qualifications
 - HUD-4010 – The entire HUD-4010 document must be included in totality, without separation of sections of the document.
 - Wage Rate Determination
 - The courtesy copy of the Wage Rate Determination must be included in the bid packet.
 - Bid Bond
 - Intent to Comply with Section 3 Requirements
 - Certification of Bidder Regarding Section 3 and Segregated Facilities
 - Proposed Subcontracts Breakdown – Table A
 - Estimated Project Workforce Breakdown – Table B
 - Certification of Bidder Regarding Equal Employment Opportunity
- Certification by Proposed Subcontractor Regarding Equal Employment Opportunity
- Buy America Preference Certification – The Build America, Buy America Act (BABA) requires that products purchased in connection with infrastructure projects funded by Federal financial assistance programs must be produced in the United States. Currently, the following products used in Federally funded infrastructure projects must be produced in the United States:
 - Iron and steel;
 - Specifically Listed Construction Materials:
 - Metals other than iron or steel (non-ferrous metals)
 - Lumber
 - Composite building materials
 - Plastic and polymer-based pipe and tube (e.g., PVC pipe)
- Non-collusion Affidavit of Prime Bidder
- Non-collusion Affidavit of Subcontractor
- MBE and Citizens Opportunity to Work forms



Construction Management

- Request Prevailing Wage Rates (SF 308) with submission of Bid Packet.
- Submit a *draft* Invitation for Bid, with specific project description that matches Exhibit B of the executed Grant Agreement and the Environmental Release letter, with the Bid Packet.
- DCEO Grant Manager will issue a Courtesy WRD to be included in the Final Bid Packet.



Construction Management

Please note when preparing bid and contract documents for an “On Behalf Of” project, the CDBG Grantee is the responsible entity.



Construction Management

MBE Notice – Post and send to PTAC/APEX Center and
Darryl.Thomas@illinois.gov

- Now under the management of the Department of Defense (DoD) Office of Small Business Programs (OSBP), the Procurement Technical Assistance Centers (PTACs) are now referred to as the **APEX Accelerator Centers**.
- <https://dceo.illinois.gov/smallbizassistance/beginhere/ptac.html>
- Click on **Find a Local APEX**
- Center Type = “*Illinois APEX Accelerator Center – Government Contracting Specialty*”
- *Grantee to post at their meeting location (where public notices are posted).*



Construction Management

MBE Notice

- *File confirmation that this has been completed.*

Confirmation should include:

- *Proof of Grantee Posting (take pictures for file).*
- *Proof emails were sent to PTAC/APEX and Darryl Thomas*
- *This should be done when you advertise to allow for MBE participation.*



Construction Management

On the bid opening date, the Grant Manager will send a “lock-in” WRD to be included with the Executed Construction Contract.

- If there are mitigating circumstances and the Construction Contract is not executed within 90 days of Bid Opening, then another WRD will be required to be “locked in”. You will need to reach out to your assigned Grant Manager if this is the case.



Construction Management

- Publicly open all bids.
- Choose lowest, responsible bidder
 - “Responsible” means a contractor who has submitted all required documentation with their bids
- Award within 30 days or reject all bids and readvertise.
- If only one bid received, submit the bid tab and a list of bid packet holders to the GM for approval.



Construction Management

- Contractor eligibility must be verified at Sam.gov prior to contract award *-retain documentation in file and include with the NOCA.*

NOTE: It is not necessary for construction contractors working on CDBG grant-funded projects to be registered in SAM.gov and receive a Unique Entity Identifier (UEI). However, the Contractor must not be actively excluded from participating in any federal assistance program [24 CFR 85, Subpart C 85.35; HUD 4010].

- *Grantee issues Notice of Award to lowest responsible bidder.*



Construction Management

- Contractor signs the Notice of Award and all certifications – Contract Agreement is executed. **This is the date used for the NOCA.**
- Within 10 days of Contract Execution, send a copy to the Grant Manager.
- Along with NOCA, include the following pages from the contract:
 - Bid tab
 - Selected bid
 - Contracting parties
 - Amount of Contract
 - Effective date
 - SAM.gov eligibility certification
 - Signed Intent to Comply with Section 3 requirements



Construction Management

- **Submit NOCA through Notification of Construction Contract Award to the portal for the US Dept of Labor.**

Notification of Construction Contract Award Portal | U.S. Department of Labor (dol.gov)

- **Hold preconstruction conference. (This should only occur after all construction documents have been *fully* executed by the grantee and the contractor).**



Construction Management

At the Pre-Construction Conference, the DCEO Pre-Construction Conference Checklist must be utilized. Please go to DCEO's website for this document.

- Collect complete, signed Contractor Profile Form with fringe benefit statements.
- Inform contractor of the “locked-in” WRD for the project, Labor Standards Provisions HUD 4010, Conformance requirements for additional classifications, Section 3 Reporting and Benchmark Goals (quantitative/qualitative, payroll forms), Apprentice documentation requirements (including Agreement to document ratio), and posting requirements for work site.
- Provide Contractor with Davis Bacon Contractor's Guide and Addendum.



Construction Management

- **The Pre-Construction Conference can conclude with the Notice to Proceed.**
- **After Pre-Construction Conference, submit the following documents to the Grant Manager:**
 - **Signed Meeting Minutes (HUD requires all attending parties sign to verify their presence at the meeting)**
 - **Contractor Profile Form**
 - **Fringe Benefits Statements**
 - **Notice to Proceed**



Construction Management

- *Only when the general contractor receives a Notice to Proceed is he/she authorized by the grantee to begin performing the previously agreed upon Scope of Work.*
- **The Notice to Proceed (part of the DCEO Contract Documents) must establish:**
 - **The construction start date;**
 - **The scheduled project completion date; and**
 - **Describe the basis for assessing liquidated damages in the event of unsatisfactory performance by the general contractor or its subcontractors, etc.**



Construction Management

CDBG Construction Management Checklist

- **Davis Bacon Standards and Section 3 Requirements can be found at DCEO's website.**
- **The CDBG Construction Management Checklist must be maintained as part of the Construction Contract File of the CDBG Grant Documents.**
- **The checklist must be completed and signed at project completion for monitoring purposes.**



Construction Management

RECORDS RETENTION

All documents related to Davis Bacon Labor Standards and Construction Management must complete, signed (where applicable) and held in the Grant Administrator's files for three years after the project completion date. Documents must be readily available for monitoring.



Community Development Block Grant Applications

- **BUILD AMERICA, BUY AMERICA ACT (BABA) UPDATES**

Lisa Thomas-Swaine



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

What Is The Build America, Buy America Act?

- Enacted as part of the Infrastructure Investment and Jobs Act signed by President Biden on November 15, 2021.
- BABA regulations are encoded at 2 CFR 184.
- Notice CPD-23-12 provides implementation guidance for CPD grantees.
- Requires that iron, steel, construction materials and manufactured products used in infrastructure projects be produced in the United States
- This requirement is known as the Buy America Preference (BAP)









Executive Order 14005

Executive Order on Ensuring the Future Is Made in All of America by All of America's Workers

“...Sec. 7. Supplier Scouting. To the extent appropriate and consistent with applicable law, agencies shall partner with the Hollings Manufacturing Extension Partnership (MEP), discussed in the Manufacturing Extension Partnership Improvement Act (title V of Public Law 114-329), to conduct supplier scouting in order to identify American companies, including small- and medium-sized companies, that are able to produce goods, products, and materials in the United States that meet Federal procurement needs...”



Where Are We In Phased Implementation?

Program	Iron & Steel	Specifically Listed Construction Materials	Not Listed Construction Materials	Manufactured Products
CDBG and RHP	BABA Applies 	BABA Applies 	BABA Doesn't Apply 	BABA Doesn't Apply 
HOME, HTF, ESG, and HOPWA	BABA Applies 	BABA Applies 	BABA Applies 	BABA Applies 



State and Federal Compliance - BABA

- For the purposes of BABA, an infrastructure project is defined as any project that includes the following activities:
 - Construction,
 - Alteration,
 - Maintenance, or
 - Repair.



BABA Definitions

Construction materials

- Includes all raw materials used in construction, including:
- metals other than iron/steel,
- plastic materials such as PVC pipe,
- glass,
- lumber,
- drywall.

Does not include cement and aggregates (stone, sand, gravel).

Iron and steel

- Includes materials that are primarily composed of iron or steel.

Manufactured products

- A material or supply used in an infrastructure project that is not iron or steel or a construction material.
- When two or more materials are combined, they should be treated as a manufactured product.



HUD Construction Materials Groups

Specifically Listed

- Metals other than iron or steel (non-ferrous metals)
- Lumber
- Composite building materials
 - polymer-based pipe
- and tube (e.g., PVC pipe)

All Other Construction Materials

- Glass
- Drywall
- Other construction materials



Which Of Our Current Programs Are Subject to BAP and Which Are Not?

OUR PROGRAMS SUBJECT TO BAP	OUR PROGRAMS NOT SUBJECT TO BAP
<ul style="list-style-type: none">• ALL Regular CDBG (Economic Development and Public Infrastructure)	<ul style="list-style-type: none">• CDBG-CV (Corona Virus Shelter Grants)• CDBG-DR (Disaster Relief)• Housing



Which Products Are Not Covered by the BAP?

- Temporary products and materials removed before project completion
- Equipment and furnishing
- TA and management costs
- Design and planning costs



State and Federal Compliance - BABA

- Does not apply to Infrastructure projects with a total cost of **\$250,000 or less.**
 - Makes Housing Rehab exempt, as each home is its own individual project.



New Resource: Optional BAP Checklist

CHECKLIST

Build America, Buy America Act: Optional Buy America Preference (BAP) Applicability Checklist



For more information on BABA and the BAP, visit the [BABA page](#) on the HUD exchange.

Overview

This checklist is an optional tool that may be used or adapted to assist with determining if the Buy America Preference (BAP) applies to an infrastructure project funded by a covered CPD program. This checklist follows the analysis steps as described in [Notice CPD 2023-12](#) and may be retained for recordkeeping purposes.

Project Information

Grantee	
Grant Number	
Activity Name	
Activity Number (IDIS/DRGR)	

Step 1:

Is the project an infrastructure project, as defined by the BABA statute?

<input type="checkbox"/> Yes	Continue to Step 2.
<input type="checkbox"/> No	The BAP does not apply. The BAP only applies to infrastructure projects. Stop here.

This material is based upon work supported, in whole or in part, by Federal award number C 21 TA MD 0009 awarded to Enterprise Community Partners, Inc. by the US Dept of HUD. The substance and findings of the work are dedicated to the public. Neither the United States Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any individuals, agencies, companies, products, processes, services, service by trade name, trademark, manufacturer, or otherwise does not constitute or imply an endorsement, recommendation, or favoring by the author(s), contributor(s), the U.S. Government or any agency thereof. Opinions contained herein are those of the author(s) and do not necessarily reflect the official position of, or a position that is endorsed by, HUD or any Federal agency.

Build America, Buy America Act



Optional Buy America Preference (BAP) Applicability Checklist

Step 2:

Is the project funded using a covered CPD program? (Check the box below for each CPD program funding this project.)

Group A: Covered CPD Programs

<input type="checkbox"/> CDBG	<input type="checkbox"/> SHOP
<input type="checkbox"/> Section 108	<input type="checkbox"/> VHRMP
<input type="checkbox"/> HOME	<input type="checkbox"/> CPF/EDI
<input type="checkbox"/> HTF	<input type="checkbox"/> Section 4
<input type="checkbox"/> RHP	<input type="checkbox"/> Rural Capacity Building
<input type="checkbox"/> ESG	<input type="checkbox"/> PRO Housing
<input type="checkbox"/> CoC	<input type="checkbox"/> PRICE
<input type="checkbox"/> HOPWA	<input type="checkbox"/> FY23 PSH Funds

Group B: CPD Programs Not Covered by the BAP

<input type="checkbox"/> CDBG-DR	<input type="checkbox"/> CDBG-CV
<input type="checkbox"/> CDBG-MIT	<input type="checkbox"/> HOPWA-CV
<input type="checkbox"/> CDBG-NDR	<input type="checkbox"/> ESG-CV
<input type="checkbox"/> HOME-ARP	

If you selected **any** Group A programs (even if Group B programs are also selected), answer yes. If you selected **only** Group B programs, answer no.

<input type="checkbox"/> Yes	Continue to Step 3.
<input type="checkbox"/> No	The BAP does not apply to this project because it is not funded by a covered CPD program. Stop here.

This optional checklist follows the six-step analysis described in the CPD's BABA implementation guidance and can be used or modified for recordkeeping.



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BAP Certification

CERTIFICATION

**Build America, Buy America Act:
Optional Buy America
Preference (BAP) Certification**



Project Information

Grantee	
Grant Number	
Activity Name	
Activity Number (IDIS/DRGR)	

This "Optional Buy America Preference Certification" is used to certify that, as required by the Build America, Buy America (BABA) Act, all of the iron, steel, manufactured products, and construction materials incorporated into an infrastructure project are produced in the United States, unless exempted by a HUD general waiver or a project-/product-specific waiver approved by the Made in America Office (MIAO) at the Office of Management and Budget (OMB).

For covered materials not otherwise exempted from the Buy America Preference (BAP), the undersigned certifies the following:

- All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard that meets or exceeds this standard has been established under applicable law or regulation for determining the minimum amount of domestic content of the manufactured product;
- All construction materials used in the project are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

Attach a list of all covered materials procured by the signatory and used in the project.

I hereby certify this information is complete and accurate and agree to provide documentation collected on the country of origin for all covered materials I caused to be incorporated into or affixed to an infrastructure project to the CPD grantee and HUD upon request. I understand and agree that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

Signature	Title/Organization	Date

**This document
will be required
for Contractors
to complete;
and will be
included in the
bid packet.**



**Illinois
Department of Commerce
& Economic Opportunity**
JB Pritzker, Governor

Assistance for Contractors

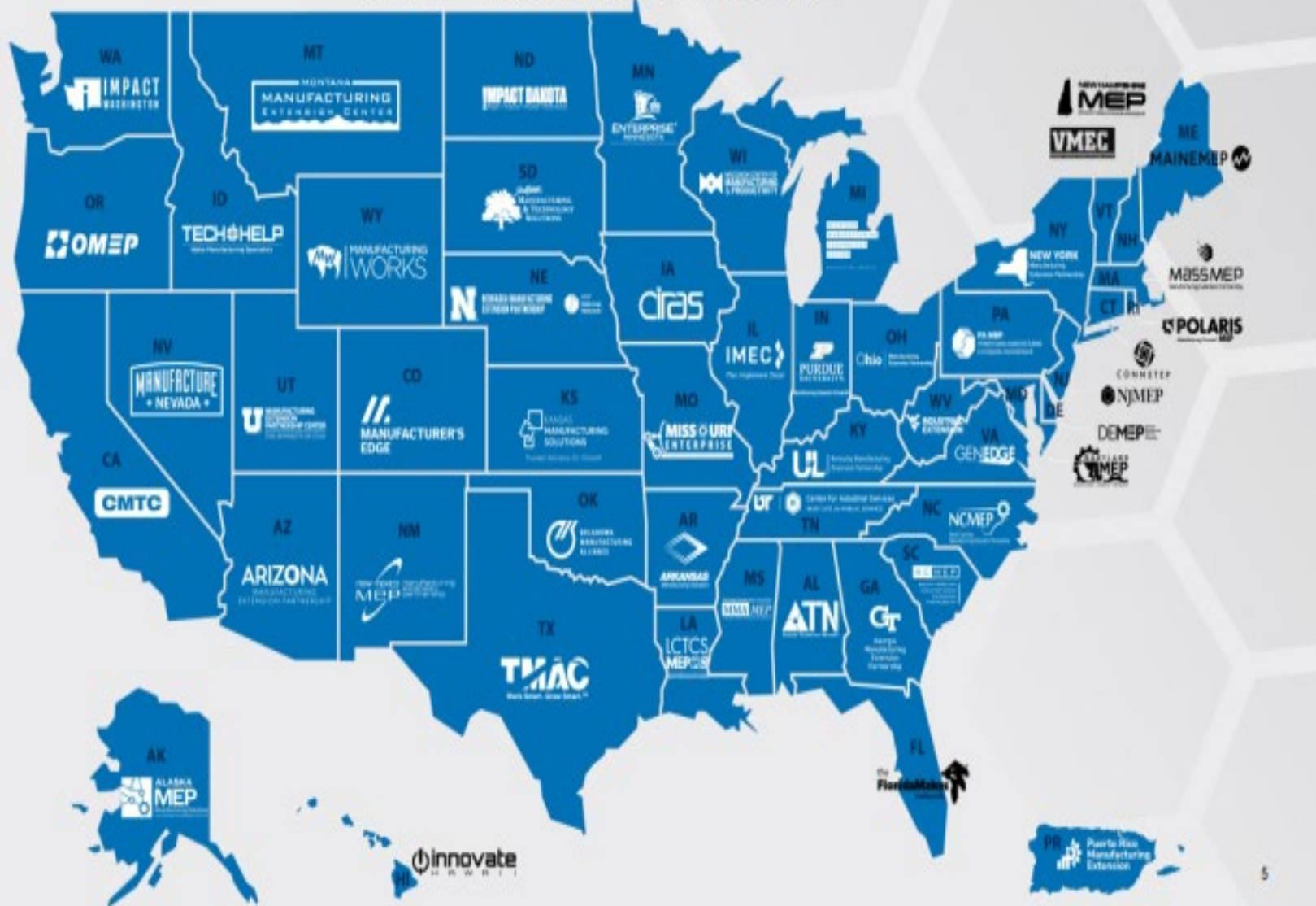
Introduction to the Manufacturing Extension Partnership (MEP)

A unique public-private partnership that delivers comprehensive, proven solutions to U.S. manufacturers, fueling growth and advancing U.S. manufacturing.





MEP National Network

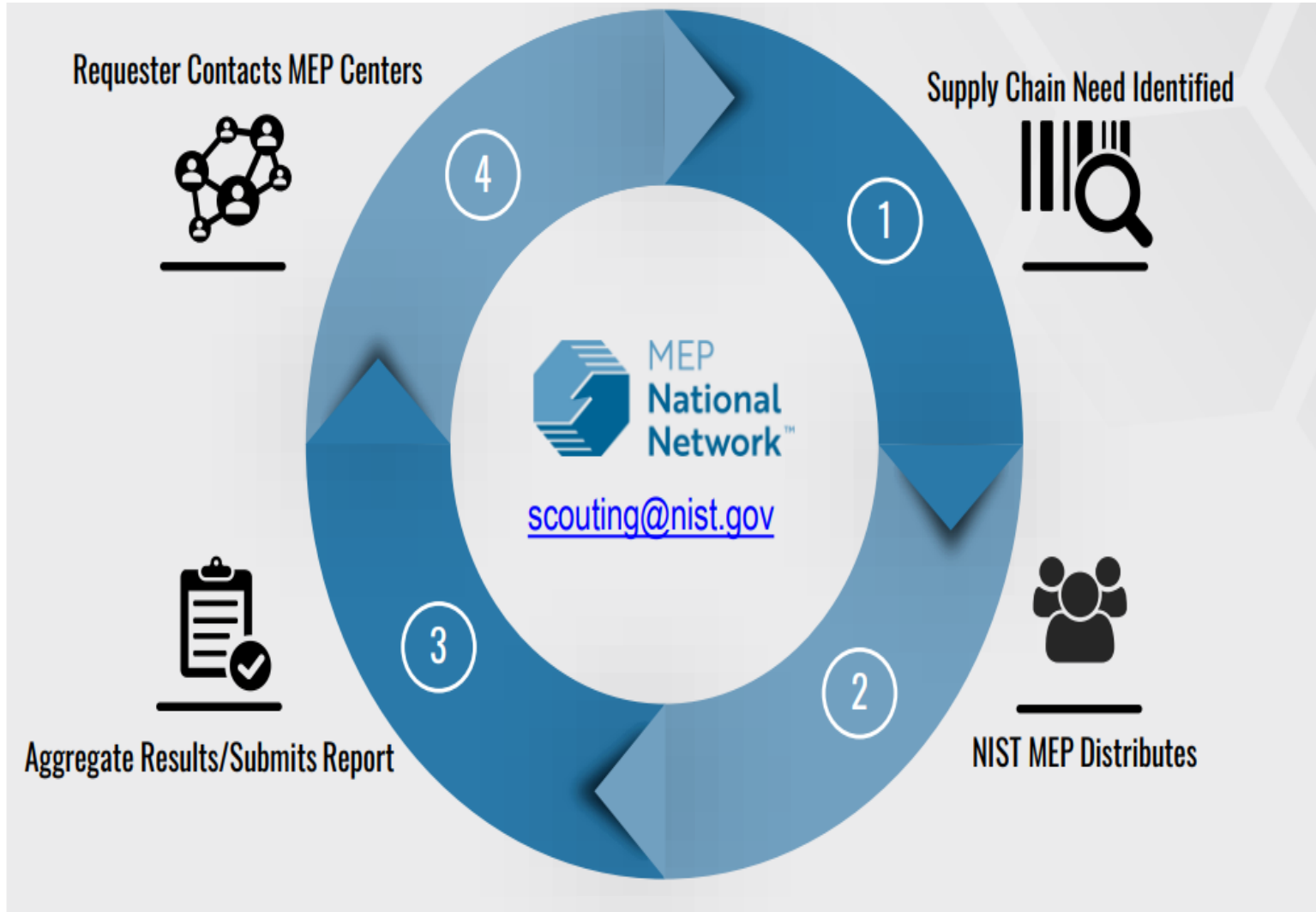


MEP National Network-to be used for materials not readily available from a U.S. Supplier

IMEC is Illinois' provider. Direct link:

[IMEC: Together We Achieve Excellence](#)

MEP Supplier Scouting Automated Process



MEP Supplier Scouting Opportunity Synopsis

[MEPNN Supplier Scouting Opportunity Synopsis | NIST](#)



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Department of Commerce
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MEP Supplier Scouting Match Types

Exact Match

- Company produces/supplies the exact items being sought

Partial Matches

- Company currently possesses the capability and capacity to produce/supply the item(s) being sought.
- Company currently produces a *similar* item.
- Company possesses relevant capability to allow produce of this item with minimum retooling.

No Match

- Collected to gather/analyze data to identify and address domestic supply chain gaps.



The MEP Service Is FREE!



Stay Connected



MEP Blog

<https://www.nist.gov/blogs/manufacturing-innovation-blog>

MEP National Network

www.nist.gov/mep

Direct Contact

scouting@nist.gov

Ph: 301-975-5020



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Project-Specific Waivers

The Contractor has performed due diligence/market research to find domestic-made equivalents for products, but been unsuccessful attributable to one of the following causes:

- **Non-Availability:**

No domestic product is available.

- **Unreasonable Cost:**

Inclusion of a domestically produced product would increase the cost of the overall project by more than 25%.

- **Public Interest:**

Complying with BABA would be inconsistent with the public interest.

If any of the above are applicable, the assigned DCEO Grant Manager should be contacted 6 weeks prior to procurement of materials.



Grantee Reporting System (GRS)

Community Development Block Grants

Casey Sullivan



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& Economic Opportunity

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Grantee Reporting System (GRS)

- DCEO's system for reporting costs and drawing funds;
- Created in mid to late 1980's;
- DCEO's connection to State Comptroller's (IOC) financial system;



Grantee Reporting System (GRS)

- Connection to IOC updated via SAP software in 2022;
- **CDBG** Grant Administrators can access through their “MHD #” (i.e., RACF ID); Rebuild Illinois administrators cannot.



Grantee Reporting System (GRS)

- Normal Grant Administrator training and contact for GRS is Program Accountant/Acct Super in DCEO OFM;
- Bring GRS concerns to Grants Manager until directed otherwise;
- Request RACF ID password re-set to:
ceo.racfsecurity@illinois.gov; provide RACF ID (i.e., MHD #) and organization name. Do not contact GM for re-set.



All CDBG GRS Thresholds

- New Grant Agreement: All Special Grant Conditions (SGC's) automatically set to "No" on GRS;
- SGC's for Activity Delivery (AD) or Admin-Inspection will be turned to "Yes" on GRS by assigned GM upon receipt of respective AD or Admin-Inspection Contract(s) and 1st detailed invoice.



CDBG PI & ED-PI GRS Thresholds

- SGC's for Construction activities will be turned to "Yes" by PI Program Manager after proper labor standards documents submitted and approved for PI or ED-PI.
- Current required documents consist of Notice of Contract Award (NOCA) and sam.gov page(s) showing no exclusions for the selected contractor.



CDBG Draw Rates – AD or Admin-Inspection

- All AD and/or HR Admin-Inspection to be billed on actual hours worked basis;
- Must include DCEO OCD-provided hours worked invoice;
- May also include your firm's invoice sheet;
- May report and draw on GRS as hours are earned, or report and draw proportionally during grant term, based on hours worked;
- Draw proportionate with underlying construction costs.



CDBG PI & ED-PI Construction Draw Rates

- Since Fall 2023, any CDBG PI or ED-PI grant with budgeted “Other Funds” for construction must spend and report said funds on a 1:1 ratio with CDBG construction funds until “Other” construction funds are fully exhausted;
- All funders want timely expenditure of their funds, including DCEO for CDBG.



GRS Entries

- Once a SGC has been turned to “Yes”, Grant Administrator may report and draw that line-item on GRS Screens 351-353.
- If unable to process a transaction, contact assigned CDBG Grants Manager immediately.
- To reduce a reported cost, place “-” after amount to be reduced.



GRS Entries

- “GRS Grantee Handbook” available at <https://dceo.illinois.gov/communitydevelopment/commgranteesupport.html>



Community Development Block Group Grants Modifications & Waivers

Kristy Jones



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Grant Modifications

Consult well ahead of time with your CDBG Grant Manager regarding proposed changes:

- Project Location(s) change
- Project Beneficiaries (including project area)
- Environmental Impact (i.e., changes from completed ERR)
- Scope of Work
- Budget
- Project End Date



Grant Modifications

Modifications are Not Allowed for:

- Requests for activities outside the original project area.
- Requests to decrease or increase the Scope of Work/Budget due to greater or less than estimated project costs.

In addition:

- If the modification will alter the LMI benefit, the resulting LMI benefit must still be 51% or greater.
(HUD and application threshold)



Waivers

Modifications to an expired Grant Agreement

- Avoid if at all possible.
- Additional work for all parties (Grantee, DCEO Grant Manager, Legal & Accounting).
- Need for Notarized Contract Renewal Affidavits & other possible “paper” forms).



Grant Modification/Waiver Request Process

- After an initial phone or e-mail consultation initiated by the Grantee's Grant Administrator, the CDBG Grant Manager will determine if a written Modification or Waiver request is required and potentially acceptable.
- The DCEO Grant Manager will consult internally with the Program Manager and potentially the Deputy Director regarding the appropriateness and allowability of the request.



Grant Modification/Waiver Request Process

- If the modification request is deemed appropriate, the Grant Manager will advise the Grant Administrator to submit the Modification or Waiver request forms via e-mailed PDF documents.
- After receipt of the documents, the Grant Manager will initiate the Modification or Waiver request on the DCEO eGrants system as well as any other systems that may be applicable. (GRS & HUD IDIS)



Grant Modification/Waiver Request Process

- Following DCEO Legal Counsel approval of the Modification request, the Grant Manager will send the Grant Administrator the new Grant Modification Agreement for dated signature by the Authorized Designee or Authorized Signatory listed in Grant Agreement.
- The signed and dated Grant Modification Agreement should be returned to the Grant Manager by the Grant Administrator via e-mailed PDF.



Grant Modification/Waiver Request Process

- Once the Modification/Waiver is executed, the Grant Manager will e-mail a PDF copy to the Grant Administrator for filing into the grant file, as well as providing it to the Grantee.



Modification/Waiver Request - Required Forms

Letter signed by the Grantee's Chief Elected Official on Grantee letterhead including:

- What change is being requested.
- Details about why change(s) are necessary.
- Project Grant Number.



Modification/Waiver Request - Required Forms

DCEO CDBG Modification/Waiver Information Sheet

Update: This form is no longer needed!



Modification/Waiver Request - Required Forms

Budget Modification Requests

- Completed GATA Uniform Grant Budget Modification Template.
- The Budget Certification page signed by both the Grantee's Chief Elected Official and Treasurer or Clerk.



Modification/Waiver Request - Required Forms

Scope of Work Modification Requests

- Your Grant Manager will determine if the proposed change(s), including to “Project Activities” line-items in the Grant Agreement Exhibit B require a Scope Modification.
- If a modification is required, the Grant Manager will prepare a revised Scope of Work to include in the Modification packet and e-mail a copy to the Grant Administrator. The Scope box on the Information Sheet should also be marked if not already done so by the Grant Administrator.



Modification/Waiver Request - Required Forms

Revised Project Location Map

- Required for changes of site location(s) within the approved project area.
- Must clearly indicate proposed location(s) to be added and proposed location(s) to be deleted.



Modification/Waiver Request - Required Forms

For Unused CDBG PI LMI Connection Funds

- Include Form Appendix 1-4-D from the Grant Management Handbook.
- This is required when a grantee is moving unused LMI Connection funds to the Construction line-item, because a documented insufficient number of LMI households did not income qualify.
- NOTE: This is RARELY approved by DCEO, so budget initial LMI Connection funds carefully in your grant application.



Potential Pitfalls & Reminders

- Unapproved changes can result in repayment of Grant funds.
- Modifications of an expired grant may not be allowed. This is at the discretion of DCEO.
- Always contact your Grant Manager prior to changing a CDBG grant project in any way.



COMMUNITY DEVELOPMENT BLOCK GRANTS

Quarterly Reporting / Financial Monitoring

Jeff Davis, Casey Sullivan



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Quarterly Reporting / Financial Monitoring

2 CFR 200.302 – 200.332 / 24 CFR 570

State CDBG Programs are required to establish record keeping methods to review and monitor CDBG Federal funds and confirm that Grantees:

- Carry out community development program requirements and activities described in the Application and Grant Agreement;
- Carry out activities in a timely manner;
- Charge eligible costs to the project;
- Conduct program and financial responsibilities to minimize opportunities for waste, mismanagement, fraud and abuse.



Quarterly Reporting / Financial Monitoring

The Department's Office of Community Development (OCD) requires that Grantees submit financial and performance reports quarterly to confirm their compliance with program regulations and performance goals.

Quarterly, Grantees will submit -

- “Periodic Financial Report” (PFR).
- “Periodic Performance Report” (PPR).

Two forms scanned for one combined quarterly report - PFPR.

Email to the Grant Manager: **22-242999 Grantee PFPR 09-30-24.**

Grant #, Grantee Name, PFPR, End Date of the Reporting Quarter



Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS
PERIODIC FINANCIAL REPORT

(a) Grantee Name		(b) Grant Number	(c) CSFA	(d) CFDA(s)	(e) Appropriation Number(s) (State Agency Use Only)
(f) FEIN Number	(g) DUNS	(h) Program Name and/or Code			(i) Date Prepared
(j) Agreement Period thru		(k) Report Period thru		(l) Final Report for Award Period <input type="checkbox"/>	(m) No changes from prior reporting period and/or No new expenses <input type="checkbox"/>
(n) Indirect Cost Rate: %		(o) Approved Indirect Cost Base:			
(p) Program Restrictions: Yes <input type="checkbox"/> No <input type="checkbox"/>		(q) List of Restrictions:			
(r) Mandatory Match %: Yes <input type="checkbox"/> No <input type="checkbox"/>		(s) Specify Match:			
(t) Program Income (Award to Date)		(u) Program Income (In current reporting period)		(v) Interest earned (Award to Date)	(w) Interest earned (In current reporting period)

(x) Category/Program Expenses	(y) Current Approved Budget			(z) Grant Expenditures				(aa) Current Period Match			(bb) Total Match (Award to Date)	Add/ Delete Row
	Approved Budget	Remaining Balance Available	Expend %	Current Period Grant Expense	Prior Approved Grant Expenses	Grant Expense Adjustment	Post-Adjustment Grant Expenses (award to date)	Cash	In-kind	Total		
			0.00									ADD DEL
(cc) TOTAL DIRECT EXPENSES			0.00									
(dd) Indirect Costs			0.00									
(cc) TOTAL EXPENDITURES			0.00									



Quarterly Reporting / Financial Monitoring

Periodic Financial Report

- The (a) Grantee Name, (b) Grant Number, (c) CSFA, (d) CFDA, (f) FEIN, (g) DUNS or the UEI, (h) Program Name and/or Code, (i) Date Prepared, (j) Agreement Period and (k) Report Period can be found in the Grant Agreement.
- For CDBG, there is no (n) Indirect Cost Rate and no (p) Program Restrictions.
- If the project has Other funds committed to complete the project, listed in Exhibit B of the Grant Agreement, select Yes for (r) Mandatory Match, then in cell (s) Specify Match list the source of the Other funds.
- The (t) Program Income and (v) Interest Earned cells should be left blank.
- The (x) Category/Program Expenses, and (y) Current Approved Budget are filled in using the “Cost Category”, “Activity”, and “CDBG” grant funds listed in Exhibit B (e.g., 03JW Construction, 03JD Activity Delivery, 14A Rehab-Single Unit Residential, 14H Activity Delivery). Add lines if necessary.
- Cell (z) Grant Expenditures is to report the Current Period Grant Expenses and the Prior Approved Grant Expenses.
- Cell (aa) Current Period Match should contain Other funds spent, as part of a complete transaction, by the Grantee in the reporting period.
- Cell (bb) Total Match enter the Other funds spent to date.

*To “Add” or “Delete” lines use the Add/Delete tab on the right end of page.



Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS
PERIODIC FINANCIAL REPORT

GRANTEE CERTIFICATION (2CFR 200.415)

By signing [authorizing] this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the [related] expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

(ff) Name and Title of Authorized Grantee Representative:		(gg) Date Submitted:
(hh) E-mail:		(ii) Telephone Number:
STATE AGENCY USE ONLY		
(jj) Name and Title of <u>State Agency</u> Individual Authorized to Approve Report:	(kk) Date Received:	(ll) Date Approved:



Quarterly Reporting / Financial Monitoring

Periodic Financial Report – page 2

- The Authorized Signatory (listed in the Grant Agreement) or the Authorized Designee from Exhibit D, of the Grant Agreement, must sign the form. Please include the signature, typed name, title, phone number and date.



Reminder - When reporting data in cell (z) Current Period Grant Expenses, supporting documentation must be attached that **exactly matches the expenses** being reported. Current Period Grant Expenses are reported in the quarter the Grantee has a complete transaction that demonstrates the **expense**, the **payment** verification of the expense, and the **Grantee's deposit** of grant funds covering the expense. Examples of supporting documentation may include contractor's pay estimates, invoices, cancelled checks, and bank statements. Supporting documentation for Activity Delivery expenses being reported **must include** the completed **Activity Delivery Invoice** (template) that details the work completed and the amount of time spent on the project. A financial ledger showing the receipts and payouts of grant and Other project funds is helpful.



Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS
PERIODIC PERFORMANCE REPORT

Report Transmittal

1. Grantee Name (per UGA):		2. Grant Number:		3. Grantee DUNS:	
		4. CSFA Number:		5. Grantee FEIN:	
6. Program Name (per UGA):		7. CFDA Number(s):			
8. State Agency (Grantor):					
9. Agreement Period:			10. Report Period End Date:		
Start Date (Month/Day/Year):		End Date (Month/Day/Year):		(Month/Day/Year):	
11. Final Report?	12. Report Frequency:			13. Prepared Date:	
<input type="checkbox"/> Yes	<input type="checkbox"/> Monthly	<input type="checkbox"/> Quarterly			
<input type="checkbox"/> No	<input type="checkbox"/> Semi-annually	<input type="checkbox"/> Other (specify):			
<p>Responses to Sections 14 - 22 may be provided in a separate format. All grantees must complete Section 23.</p> <p><input type="checkbox"/> Alternative file or database used.</p>					
File Name or Database Source:					
14. Deliverable (if applicable): (Separate line for each based on UGA)	15. Due Date (based on UGA)	16. Date Completed	17. Deliverable Explanation:		Add - Delete
					ADD DEL
18. Performance Measures: (Separate line for each based on UGA Exhibit E)	19. Performance Standard-Frequency (Based on UGA Exhibit F)	20. Results - Accomplishments in Reporting Period		21. Required (R) or Inform Only (IO)	Add - Delete
					ADD DEL



Quarterly Reporting / Financial Monitoring

Periodic Performance Report

- Cell (1) Grantee Name, (2) Grant Number, (3) DUNS or the UEI, (4) CSFA, (5) FEIN, (6) Program Name, (7) CFDA, (8) State Agency, and (9) Agreement Period can be found in the Grant Agreement.
- Cell (10) Report Period End Date, end of a reporting quarter, (11) Final Report, (12) Report Frequency and (13) Prepared Date.
- Cell (14) Deliverable include one line for each Cost Category/Activity listed in Exhibit B of the Grant Agreement (e.g., 03JW Construction, 03JD Activity Delivery, Other Funds – “Grantee Commits \$50,000 in Other funds”, 14A Rehab-Single Unit Residential, 14H Activity Delivery). Add lines if necessary.
- Cell (15) Due Date enter the date the Deliverable (cell 14) is due to be completed - the Grant Agreement end date.
- Cell (16) Date Completed enter the date the Deliverable (cell 14) is completed, **should be blank until the final report** when reporting that the project is complete.
- Cell (17) Deliverable Explanation **blank until the final report**.
- Cell (18) Performance Measures enter Performance Measures from Exhibit E of the Grant Agreement (e.g., Total persons served 500; Total LMI persons served 300 /60% LMI).
- Cell (19) Performance Standard Frequency enter Performance Standard from Exhibit F and when its due (e.g., Benefit 51% LMI/End of Project).
- Cell (20) Results – Accomplishments in Reporting Period - cell must be completed each quarter, **DO NOT LEAVE BLANK**. Enter actual results (details about the progress) for each Deliverable (cell 14) and Performance Measure (cell 18) for the specific reporting period. Leaving this blank will cause the report to be rejected.



Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS
PERIODIC PERFORMANCE REPORT

22. Performance Explanation - Award to Date:		Add - Delete
<input type="checkbox"/> All performance accomplishments are on schedule with performance standards. <input type="checkbox"/> Not all performance accomplishments are on schedule with performance standards. Explanation(s) required below: (Separate lines as appropriate.)		
		ADD
		DEL
23. Performance Accomplishments Correlated to Reported Expenses:		Add - Delete
<input type="checkbox"/> Performance is consistent with grant-to-date expected services and expenditures/earnings. <input type="checkbox"/> Performance is not consistent with grant-to-date expected services and expenditures/earnings. Explanation(s) required below: (Separate lines as appropriate.)		
		ADD
		DEL

GRANTEE CERTIFICATION (2 CFR 200.415)		
By signing [authorizing] this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the [related] expenditures, disbursements, cash receipts and reported performance are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).		
24. Name and Title of Authorized Individual from <u>Grantee Organization</u> :	25. Phone Number	
	26. Email Address:	
STATE AGENCY USE ONLY		
27. Name and Title of <u>State Agency</u> PPR Approver:	28. Date Received:	28. Date Approved:



Quarterly Reporting / Financial Monitoring

Periodic Performance Report – Page 2

- Cell (22) Performance Explanation – Award to Date and cell (23) Performance Accomplishments Correlated to Reported Expenses – answer both questions.
- The PPR must be signed by the Authorized Signatory (from the Grant Agreement) or the Authorized Designee from Exhibit D of the Grant Agreement. There must be a signature, a typed name, title, phone number and date.

To “Add” or “Delete” lines use the Add/Delete tab on the right end of the page.



Quarterly Reporting / Financial Monitoring

Late or Non-submissions

- A “Scheduled Report Item Due” notice will be sent out by eGrants one week before the report is due.
- A “Notification of Reporting Non-Compliance” will be sent out by eGrants when a required report is not received.
- Delinquent/late reports are subject to FEIN locks and the Illinois Stop Pay List.
- The PFR and the PPR are on the website at:
<https://dceo.illinois.gov/communitydevelopment/commgranteereport.html>



Quarterly Reporting / Financial Monitoring

Errors

- Reports initially submitted that are not correct or contain errors will be returned to the grant administrator with notes on how to correct.
- Reports re-submitted that are still not correct will be rejected. An email notification of the rejection will be sent to the grant administrator and the Grantee indicating why the report is not correct.
- If correct reports are not received within 30 days of the notification of errors, then a FEIN lock will be placed on the grant/Grantee.
- If a correct report is not received within 30 days after a FEIN lock has been placed, then the Grantee may be placed on the Illinois Stop Pay List.



Quarterly Reporting

Things to Remember

- When reporting data in cell (z) Current Period Grant Expenses, there must be supporting documentation that exactly matches the expenses being reported, and they must be reported in the quarter where the transaction is completed.
- Other (construction) funds committed to a project must be drawn/spent at a ratio of no less than 1:1 until all Other funds are drawn or CDBG funds are exhausted.
- Other funds being reported must be supported by source documentation.
- The PFR and the PPR forms are the forms you will also use at Closeout.
- The Report Schedule is in the Grant Agreement.



Financial Monitoring

A Few Notes

The Grant project file should include:

- Supporting documents with the names and titles of the Grantee's representatives that have fiscal responsibility (signature authority/those who handle book entries, check preparation, bank reconciliations) for CDBG funds.
- A copy of the Grantee fidelity bond that covers the Grantee's representatives, who have fiscal responsibility for CDBG funds.
- A financial ledger showing CDBG funds, and any Other funds, received and disbursed to complete the project.



Financial Monitoring

A Few More Notes

CDBG Grant Funds:

- Must be spent on allowable items and be approved by the responsible Grantee official;
- Are for eligible expenses actually incurred
- Should be deposited into a separate (their own) non-interest-bearing bank account;
- Require two signatures for disbursement to a contractor; and
- Must be disbursed within 20 days of receipt by the Grantee.



Grant Closeout

Ed Cross



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Grant Closeout

The Grantee should begin the closeout process when:

- The project in Exhibit A of the Grant Agreement is complete.
- All costs have been incurred.
- All contracts have been paid in full.
- Grant closeout documents are due sixty (60) days after the end date of the Grant Agreement or sixty (60) days after all grant funds have been spent; whichever is first.

Grantees have up to 45 days after the end date of the Grant Agreement to request grant funds.



Grant Closeout

Closeout Reports / Documents

- The Final Periodic Financial and Performance Report (Final PFPR)
- The Grantee Evaluation Report (GER)
- As-built Map/Plan (PI)
- Section 3 Contractor's Report / Safe Harbor Report – (PI)

**Confirm that all quarterly reports, other reports and construction documents have been submitted to the Department and that the Grantee's grant file is complete.



Grant Closeout

The Final Periodic Financial and Performance Report

Periodic Financial Report (PFR), same form used for quarterly reporting.

- Cell (I) Final Report for Award Period, marked Yes.
- Submit any final source documents (pay estimates/invoices/change orders/cancelled checks/bank statements, etc.)



Grant Closeout

Periodic Performance Report (PPR) same form used for quarterly reporting.

- Cell (11) Final Report, marked Yes.
- Cell (16) Date Completed, end date of Grant Agreement or project completion date.
- Cell (17) Deliverable Explanation, enter a brief description of the completed activity. Enter any Other funds listed in Exhibit B of the Grant Agreement that were spent to complete the project.
- Cell (20) Results – Accomplishments in Reporting Period include any activities completed in the reporting period.
- Remember two forms (PFR) (PPR) one report (PFPR)

22-242999 Grantee Final PFPR 6-30-2024



Grant Closeout

Grantee Evaluation Report (GER)

- The GER document requires that the Grantee hold, and facilitate, a closeout public hearing to review program performance and obtain citizens reviews regarding program activities and performance under the grant.
- A Notice of Public Hearing must be published in a newspaper of general circulation in the Grantee's community, at least seven days (excluding the date of publication and the date of the hearing) prior to the hearing; and the notice must state the purpose of the hearing.
- A public comment period must coincide with the time period between the Notice and the hearing, which will conclude after the hearing has been completed. The address to submit written comments must be in the public notice.



Grant Closeout

Grantee Evaluation Report (GER)

- The first page of the GER must be signed by the Grantee's authorized official. It must be signed and dated after the closeout public hearing.

Submit with the Completed GER form:

- Newspaper Certification of Publication, with clipping of the Notice of Public Hearing.
- Certified minutes from the Public Hearing.
- Public Hearing sign-in sheet.
- Copy of any citizen's written comment regarding the Grantee's performance under the grant since the grant award date, along with the Grantee's written assessment of any citizen's comments and any action taken in response to the comments.
- The As-built map or drawing (PI).
- The Section 3 Contractor's Report and the Safe Harbor Compliance Form (PI)



Grant Closeout

Section 3 Contractor's Report and Safe Harbor Report

- Each contractor working on the project must complete the Contractor's Report to report all hours worked, all Section 3 hours worked, and all Target Section 3 hours worked.
- The Grant Administrator is responsible for maintaining a cumulative report for all contractors working on the CDBG funded project.
- The Grantee and each contractor working on the project must complete the Safe Harbor Compliance Form to document its efforts to train and employ Section 3 workers, and to contract with Section 3 businesses.
- The Contractor's Reports and the Safe Harbor Compliance Forms must be maintained in the project file and submitted with the grant closeout documents.
- The Qualitative efforts will be reported to HUD at the closeout of the grant-funded project.



Grant Closeout



Final Reminders –

- The Final PFPR and GER are subject to FEIN locks and the Illinois Stop Payment Lists the same as regular quarterly reporting.
 - The Department retains the right to disallow costs and/or recover funds on the basis of a later audit or other review.
 - The Grantee continues an obligation to return funds to the Department from subsequent refunds, corrections, or other transactions.
 - The Grantee continues responsibilities for records retention.
 - The Grantee continues Audit requirement obligations.
-
- ❖ GRS – Screen 352 (F6) to approve the certified costs



COMMUNITY DEVELOPMENT BLOCK GRANTS

Other Required Reporting

Sean Dickerson



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Required Reporting

In addition to quarterly reporting, the following are also required:

- Fair Housing Poster/Complaint Form
- Section 504 Grantee Self-Evaluation for Persons with Disabilities
- Grant Agreement Exhibit G
- Compliance Monitoring
- External Audit Reporting
- Grantee Evaluation Report (GER)
- As Built Map/Drawing (PI)



Required Reporting – Fair Housing



Grant Agreement - ARTICLE XXXVII, Grant Specific Terms and Conditions

- *Title VIII of the Civil Rights Act of 1968 (P.L. 90-283), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services.*
- Grantees must post a Fair Housing Poster, where public notices are posted.
- Grantees must make Fair Housing Complaint forms available to the public.
- Verification of these postings are to be in your grant file.
- Fair Housing Poster:
https://www.hud.gov/sites/documents/FAIR_HOUSING_POSTER_ENG.PDF
- Fair Housing Complaint form:
- During monitoring visits, we will ask for photos of these.



Required Reporting – Section 504/Exhibit G

Grant Agreement Section 3.5 Specific Certifications

Anti-Discrimination

- Grantee shall comply with applicable provisions of State and Federal laws and regulations.
- (p) Section 504 of the Rehabilitation Act of 1973 (29 USC 794)

A copy of a completed Section 504 Self-Evaluation Review Form must be in place and available for public review. A copy of the completed Section 504 Self-Evaluation form must be in the grant file.

Grant Agreement Exhibit G – Fiscal and Administrative

- Additional documents may be requested based on the Grantees answers to the GATA Internal Control Questionnaire (ICQ).



Required Reporting – Audit / Monitoring

Grant Agreement Exhibit G – Programmatic On-Site Monitoring

- Grantees are initially selected for On-site Compliance Monitoring based on answers provided in the GATA Internal Control Questionnaire (ICQ). Grant Managers may conduct an on-site monitoring visit for other reasons.

Grant Agreement Article XII – Audit Requirements

- Grantees must adhere to applicable Audit Requirements. Deficient audit reports lead to Grantee FEIN locks and placement on the Illinois Stop Pay List.



Required Reporting – GER / As-built

- Grantee Evaluation Report (GER) is the Grant Agreement programmatic closeout document. The GER is due to the Grant Manager either 60 days after the end date of the Grant Agreement or 60 days after all grant funds are spent.
- The As-built Map/Drawing (PI) is to describe/illustrate the project that was actually built. The As-built is due to the Grant Manager with the GER and other closeout documents.



Community Development Block Grants

Grantee Files, Record Retention & Audit Requirements



Illinois
Department of Commerce
& Economic Opportunity

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Grantee Files, Record Retention & Audit Requirements

- Establish a Filing System
- Use the CDBG Grantee Records Retention Checklist
- Know your Record Retention Requirements (2 CFR 200.333)
- Comply with Audit Requirements



Grantee Files, Record Retention & Audit Requirements

CDBG Grantee Records Retention

Grantee Name _____ Start Date _____
 Grant #1 _____ End Date _____
 Grant #2 _____ Award Amount \$ _____

The department requires that a filing system be established that makes finding all of the necessary source documents readily accessible. The following is a suggested sample CDBG filing system. All grant records must be maintained for five years after the closeout of the federal grant year by HUD/DCEO. See 2 CFR 200.333 Retention requirements for records.

✓	Process/Required Documentation
	GRANT APPLICATION
	Copy of the complete CDBG Grant Application (must include all attachments and maps)
	GATA Registration Documentation/Verification
	*ENVIRONMENTAL REVIEW / SPECIAL GRANT CONDITIONS
	Entire Environmental Record Review
	Notice of State Award Finalist (NOSAF) w/ special grant conditions
	NOSAF/SSC clearance documentation
	Environmental Release Letter or Combined ER/ROF Letter
	Notice of State Award (NOSA)
	GRANT AWARD / AGREEMENT / MODIFICATIONS
	Fully Executed Grant Agreement with Welcome Package
	All Modification Requests and Approvals
	Fully Executed Modification Agreement
	*PROCUREMENT OF CONSTRUCTION CONTRACTS (N/A for Housing)
	MBE Form
	Advertisement for Bids / Bid Solicitation Documents
	Bid Packet – Must include Intent to Comply w/ Section 3
	Bid Tabulation
	Notice of Award
	Contract/Sub-Contract DOL Reporting Form
	Construction Contract with all signed certifications
	Notice of Contract Award (NOCA) HUD 2516
	Notice to Proceed
	Prevailing Wage Rates
	Copy of Contractor Review for Debarment
	Contractor Bonding, Insurance
	Change Orders
	*CONSTRUCTION LABOR STANDARDS
	Pre-Con Conference Checklist/Minutes/Sign-in w/ documentation
	Payroll Signature Authorization
	Employee Interviews (HUD 11)
	All Construction Payrolls, including Force Account Labor
	Apprentice Certifications
	Documentation of underpayment/proof of wage restitution
	Fringe Documentation
	*FINANCIAL MANAGEMENT RECORDS
	Bank Account Documentation (CDBG)
	Bank Account Documentation (Leverage)
	Bonding information of the Grantee (N/A for Housing)
	Signature Authority/Fiscal Responsibility Documentation
	Authorized Signatory Change Form
	Authorized Designee Signature Form(s)
	*FINANCIAL EXPENDITURE RECORDS
	CDBG Ledger
	CDBG checks with corresponding invoices
	Leverage Ledger
	Leverage checks with corresponding invoices
	Bank Statements
	Print-Out of GRS screens requesting CDBG funds
	Copies of Expenditure Summaries (if applicable)
	Copies of signed Quarterly Grantee Reports w/documentation

*Federal Requirement

✓	Process/Required Documentation
	*EQUAL OPPORTUNITY
	Copy of Fair Housing Ordinance or Resolution
	Section 3
	Section 3 Compliance Report
	Section 3 Safe Harbor Compliance and Documentation
	Section 504
	Grantee Self Evaluation for Persons w/ Disabilities
	*DIRECT BENEFIT/HOOK-UPS – PUBLIC INFRASTRUCTURE
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Application/Income Documentation for all eligible applicants
	Copies of 3 required bids per hh or hook-up contract documentation
	Copy of Invoices and checks paid per household
	Application/Income Documentation for all ineligible applicants
	CLOSEOUT *must include public hearing documents
	Completed, signed Final Grantee Report w/ documentation
	*Completed, signed Grantee Evaluation Report (GER) *
	Correspondence related to Closeout
	DCEO Financial Closeout Approval Letter
	Saved to P: Drive p (N/A for Housing)
	-----project map (for reference)
	MONITORING
	CDBG Monitoring Letter
	Response Documentation to Findings/Comments
	MISCELLANEOUS
	General Correspondence, News Articles
	*Income Surveys
	Audits (Email: ceo.externalauditunit@illinois.gov)
	*Public Comments
	*HOUSING REHABILITATION PROGRAM SPECIFIC FILES (IF APPLICABLE)
	See GMH Section 1.5 for Content
	Management Policy Manual
	Boilerplate rehab construction contract
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Individual Case File – Application
	Individual Case File – Construction
	Application/Income Documentation for all ineligible applicants
	Miscellaneous Files
	Relative Correspondence
	ADDITIONAL FILES (IF APPLICABLE) – See GMH 1.5 for Guidance
	*COMPLAINTS
	*ACQUISITION
	*RELOCATION
	*LMI INCOME BENEFIT
	OTHER COMPLIANCE REQUIREMENTS
	ADMINISTRATIVE COSTS



Illinois
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Grantee Files, Record Retention & Audit Requirements

A complete file includes all records that must be maintained

- Grant Application
- Environmental Review / Special Grant Conditions
- Grant Award/Agreement/Modifications
- Procurement of Construction Contracts (N/A for Housing)
- Construction Labor Standards
- Financial Management Records
- Financial Expenditure Records
- Equal Opportunity
- Direct Benefit Hook-ups (PI only)
- Close Out
- Monitoring
- Miscellaneous



Grantee Files, Record Retention & Audit Requirements

Grant Application

- Complete Grant Application
- GATA Registration Documentation/Verification



Grantee Files, Record Retention & Audit Requirements

Environmental Review / Special Grant Conditions

- Entire Environmental Review Record
- Notice of State Award Finalist Letter (NOSAF) with Special Grant Conditions (SGC)
- NOSAF / SGC clearance documentation
- Environmental Release Letter or Combined ER/ROF Letter
- Notice of State Award (NOSA)



Grantee Files, Record Retention & Audit Requirements

Grant Award / Agreement / Modifications

- Fully executed Grant Agreement and Welcome Package
- All Modification Requests and Approvals
- Fully Executed Modification Agreements



Grantee Files, Record Retention & Audit Requirements

Procurement of Construction Contracts (N/A for Housing)

- MBE Form
- Advertisement for Bids / Bid Solicitation Documents
- Bid Packet
- Bid Tabulation
- Notice of Award
- Contract/Sub-Contract DOL Reporting Forms
- Construction Contract with all signed certifications
- Notice of Contract Award (NOCA)
- Notice to Proceed
- Prevailing Wage Rates
- Contractor Review for Disbarment
- Contractor Bonding, Insurance
- Change Orders



Grantee Files, Record Retention & Audit Requirements

Construction Labor Standards

- Pre-Con Conference Checklist/Minutes/Sign-in
- Payroll Signature Authorization
- Employee Interviews
- Construction Payrolls
- Apprentice Certifications
- Documentation of Underpayment/Wage Restitution
- Fringe Documentation



Grantee Files, Record Retention & Audit Requirements

Financial Management Records

- Bank Account Documentation
- Bonding Information
- Signature Authority/Fiscal Responsibility Documentation
- Authorized Signatory Change Forms
- Authorized Designee Signature Forms



Grantee Files, Record Retention & Audit Requirements

Financial Expenditure Records

- General Ledgers
- Checks and Corresponding invoices
- Bank Statements
- Print outs of GRS screens requesting CDBG funds
- Copies of Expenditure Summaries
- Copies of Signed Quarterly Grantee Reports



Grantee Files, Record Retention & Audit Requirements

Equal Opportunity

- Fair Housing Ordinance or Resolution
- Section 3 Reports and Documentation
- Section 504 Grantee Self Evaluation for Persons with Disabilities



Grantee Files, Record Retention & Audit Requirements

Direct Benefit/Hook-Ups (PI)

- Advertising of Availability of Financial Assistance
- Posting of Availability of Financial Assistance
- Application/Income Documentation of all eligible applicants
- Copies of 3 required bids per household or hook-up contract
- Invoices and checks paid per household
- Application/Income Documentation of all ineligible applicants



Grantee Files, Record Retention & Audit Requirements

Closeout

- Final Grantee Report
- Grantee Evaluation Report (GER)
- Correspondence related to Closeout
- DCEO Financial Closeout Letter
- As Built Project Map
- Proposed Project Map



Grantee Files, Record Retention & Audit Requirements

Monitoring

- CDBG Monitoring Letter
- Response Documentation



Grantee Files, Record Retention & Audit Requirements

Miscellaneous

- General Correspondence
- Income Surveys
- Public Comments
- Audits



Grantee Files, Record Retention & Audit Requirements

Audit Requirements

Total Expenditures of Federal Awards (direct or pass through)	Total Expenditures of Federal and State Awards	Not-For Profit and Governmental Grantees	For Profit Grantees	Deadline
During the grantee's Fiscal Year				
\$750,000 or more	N/A	Single Audit	Program-Specific Audit	9 months after grantee fiscal year end
Less than \$750,000	\$500,000 or more	Generally Accepted Governmental Auditing Standards Financial Statement Audit		6 months after grantee fiscal year end
	\$300,000 or more	Generally Accepted Auditing Standards Financial Statement Audit		6 months after grantee fiscal year end
	Less than \$300,000	Submit audit report if audit conducted due to other requirements		6 months after fiscal year end



Grantee Files, Record Retention & Audit Requirements

Audit Requirements

- The State of Illinois is required to obtain and review the audit of all entities that had any State or Federally participating funds pass through it.
- The appropriate audit reporting package must be submitted through the Grantee Portal at grants.illinois.gov/portal
- Non-compliance with audit requirements could result in implementation of the Grantee Compliance Enforcement System (GCES) and may result in the inability to receive grant funds
- Helpful Resources
 - <https://dceo.illinois.gov/aboutdceo/grantopportunities.html>
 - DCEO Office of Accountability-ceo.GrantHelp@illinois.gov



Grantee Files, Record Retention & Audit Requirements

RECAP

- The CDBG Grantee Records Retention Checklist is a Useful Tool
- Be Knowledgeable of Specific CDBG Program Requirements
- When in Doubt....Don't Toss it Out!



COMMUNITY DEVELOPMENT BLOCK GRANTS

Monitoring

Kristy Jones



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Monitoring

2 CFR 570.501(b); 2 CFR 200.328 and 200.331

- DCEO is responsible for ensuring that CDBG funds are used in accordance with all program requirements and for determining the adequacy of performance under the Grant Agreement.



Monitoring

2 CFR 570.501(b); 2 CFR 200.328 and 200.333

Monitoring identifies:

- If Grantees are proceeding with the project in a timely manner.
- If Grantees are carrying out activities identified in the Grant Agreement.
- Potential problem areas that Grantees may be experiencing.
- Potential concerns and/or findings that require correction.
- Opportunities for hands-on assistance.



Monitoring

2 CFR 570.501(b); 2 CFR 200.328 and 200.331

- DCEO's role is NOT to simply “catch” grantees making mistakes/errors.
- CDBG staff conduct oversight activities to ensure:
 - All funds are spent effectively and accomplish their intended purpose; and
 - Confirm compliance with Federal statutes, regulations and the terms of the Grant Agreement.
 - This includes established timeframes and performance goals as they relate to the activities included in the Scope of Work.



Monitoring

2 CFR 570.501(b); 2 CFR 200.328 and 200.331

Required Grant Reporting and On-site Compliance Monitoring

- Conducted to ensure compliance deficiencies are corrected.
- Can also be utilized for the Grantee to obtain on-site technical assistance from their Grant Manager.



Monitoring: How Grantees are Selected

- Grantees are initially selected for On-site Compliance Monitoring based on answers provided in the GATA Internal Control Questionnaire (ICQ).
- Grant Managers may also use their discretion and decide to conduct an on-site monitoring visit for other reasons such as if issues arise during the lifecycle of the grant.



Monitoring: What is Reviewed?

- On-site Compliance Monitoring of CDBG funded activities will review:
 - Timeliness
 - LMI Benefit
 - EEO/MBE
 - Fair Housing
 - Section 504
 - Financial Management
 - Project Construction



Monitoring: Preparation for Grantee

- Prior to monitoring, your Grant Manager will reach out to you with a monitoring date.
- Your Grant Manager will follow up with an email (typically or at least 15-30 days prior to monitoring) confirming the Grantee being monitored, the date(s) of monitoring, the monitoring location, and the description of the project to be monitored. The email will also contain 4 important attachments: Grantee Records Retention Checklist ,CDBG Monitoring Review Checklist, CDBG Monitoring Reference sheet, and HUD/CDBG Requirements.



Monitoring: Preparation for Grantee

CDBG Grantee Records Retention

Grantee Name _____ Start Date _____
 Grant #1 _____ End Date _____
 Grant #2 _____ Award Amount \$ _____

The department requires that a filing system be established that makes finding all of the necessary source documents readily accessible. The following is a suggested sample CDBG filing system. All grant records must be maintained for five years after the closeout of the federal grant year by HUD/DCEO. See 2 CFR 200.333 Retention requirements for records.



The CDBG Grantee Records Retention Checklist is a document that is initially sent out with the Grant Agreement. This document is the guideline for organizing your file. It is re-sent with upcoming monitoring as a reminder to what documents are required for your files.

✓	Process/Required Documentation
GRANT APPLICATION	
	Copy of the complete CDBG Grant Application (must include all attachments and maps)
	GATA Registration Documentation/Verification
*ENVIRONMENTAL REVIEW / SPECIAL GRANT CONDITIONS	
	Entire Environmental Record Review
	Notice of State Award Finalist (NOSAF) w/ special grant conditions
	NOSAF/SGC clearance documentation
	Environmental Release Letter or Combined ER/ROF Letter
	Notice of State Award (NOSA)
GRANT AWARD / AGREEMENT / MODIFICATIONS	
	Fully Executed Grant Agreement with Welcome Package
	All Modification Requests and Approvals
	Fully Executed Modification Agreement
*PROCUREMENT OF CONSTRUCTION CONTRACTS (N/A for Housing)	
	MBE Form
	Advertisement for Bids / Bid Solicitation Documents
	Bid Packet – Must include Intent to Comply w/ Section 3
	Bid Tabulation
	Notice of Award
	Contract/Sub-Contract DOL Reporting Form
	Construction Contract with all signed certifications
	Notice of Contract Award (NOCA) HUD 2516
	Notice to Proceed
	Prevailing Wage Rates
	Copy of Contractor Review for Debarment
	Contractor Bonding, Insurance
	Change Orders
*CONSTRUCTION LABOR STANDARDS	
	Pre-Con Conference Checklist/Minutes/Sign-in w/ documentation
	Payroll Signature Authorization
	Employee Interviews (HUD 11)
	All Construction Payrolls, including Force Account Labor
	Apprentice Certifications
	Documentation of underpayment/proof of wage restitution
	Fringe Documentation
*FINANCIAL MANAGEMENT RECORDS	
	Bank Account Documentation (CDBG)
	Bank Account Documentation (Leverage)
	Bonding information of the Grantee (N/A for Housing)
	Signature Authority/Fiscal Responsibility Documentation
	Authorized Signatory Change Form
	Authorized Designee Signature Form(s)

✓	Process/Required Documentation
*EQUAL OPPORTUNITY	
	Copy of Fair Housing Ordinance or Resolution
	Section 3
	Section 3 Compliance Report
	Section 3 Safe Harbor Compliance and Documentation
	Section 504
	Grantee Self Evaluation for Persons w/ Disabilities
*DIRECT BENEFIT/HOOK-UPS – PUBLIC INFRASTRUCTURE	
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Application/Income Documentation for all eligible applicants
	Copies of 3 required bids per hb or hook-up contract documentation
	Copy of Invoices and checks paid per household
	Application/Income Documentation for all ineligible applicants
CLOSEOUT *must include public hearing documents	
	Completed, signed Final Grantee Report w/ documentation
	Completed, signed Grantee Evaluation Report (GER)
	Correspondence related to Closeout
	DCEO Financial Closeout Approval Letter
	Saved to P: Drive p (N/A for Housing)
	Project map (for reference)
MONITORING	
	CDBG Monitoring Letter
	Response Documentation to Findings/Comments
MISCELLANEOUS	
	General Correspondence, News Articles
	*Income Surveys
	Audits (Email: ceo.externalauditunit@illinois.gov)
	*Public Comments
*HOUSING REHABILITATION PROGRAM SPECIFIC FILES (IF APPLICABLE)	
	See GMH Section 1.5 for Content
	Management Policy Manual
	Boilerplate rehab construction contract
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Individual Case File – Application
	Individual Case File – Construction
	Application/Income Documentation for all ineligible applicants
	Miscellaneous Files
	Relative Correspondence
ADDITIONAL FILES (IF APPLICABLE) – See GMH 1.5 for Guidance	
	*COMPLAINTS
	*ACQUISITION



Monitoring: Preparation for Grantee

Grantee: _____ Grant Number: _____

CDBG MONITORING REVIEW CHECKLIST
Revised 7/10/2023

GRANTEE _____ REVIEW DATE _____
GRANT NUMBER _____ REVIEWED BY _____

Step 1: This project is in support of:

- Economic Development – Infrastructure
- Housing Rehabilitation
- Public Infrastructure
- Other: _____

Step 2: Identify Areas of Review

Areas of Review	Previously Monitored	Monitored This Visit	To Be Monitored	Does Not Pertain to This Project	Grant Monitor Initials
Timeliness					
LMI Benefit					
Environmental	Pre-Approved				
EEO/MBE					
Fair Housing					
Section 504					
Financial Management					
a. Remaining CDBG \$					
b. Remaining Leverage \$					
Construction					
Acquisition				X	
Relocation				X	
Economic Development					
a. Job creation/retention					
Housing Rehabilitation					
Individual Rehab Cases On-site Review					



The CDBG Review Monitoring Checklist is a 28-page document with questions specific to the type of CDBG Grant, and the project’s state of completion. Not all pages are applicable; however, your Grant Manager will identify areas to be addressed.



Monitoring: Preparation for Grantee

CDBG MONITORING – REFERENCE DOCUMENTATION

All documentation must be available for CDBG on-site monitoring review(s)

Complete copy of the CDBG Grant Application

PROJECT TIMELINESS

Scope of Work

Executed Grant Agreement
Executed Grant Modification(s), if applicable

Release of Funds

Notice of State Award Finalist (NOSAF)
Environmental Clearance Letter
Notice of State Award (NOSA) or Release of Funds letter
Administrative Contract and related documentation, if applicable
Engineering Contract and related documentation, if applicable
CDBG Costs Ledger
Leverage/Other Source Ledger

Project Progress and Management

Quarterly Performance/Financial Reports
Grant Modifications (for reference, if applicable)

VERIFICATION OF LOW-TO-MODERATE INCOME PERSONS

Scope of Work (from Executed GA, for reference)
LMI Source Documentation

Direct Benefit (for LMI hookups)

Tap-On Fee and/or Service Connection Assistance Application of all applicants

Individual household files MUST contain:

- Household names and address
- Number of persons in the household
- Proof of income
- Signed certification by head of household
- Total household income annualized
- Eligibility verification of Section 8 income limits
(Signed, including name and title)

EEO/MBE

Minority Benefit/Affirmative Housing Statement (from Grant Application)
Section 3 Reports

HOUSING REHABILITATION AND ECONOMIC DEVELOPMENT

Analysis of Benefit to Minorities, Persons with Disabilities and Female Heads of Household

(To be completed for direct benefit activities for housing rehabilitation, and economic development)

Direct Benefit documentation



- The CDBG Monitoring Reference Documentation is a 3-page document which specifically outlines documentation that should be made available for the on-site monitoring review(s).



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Monitoring: Preparation for Grantee

HUD/CDBG Requirements

Below you will find a list of some of the U.S. Department of Housing and Urban Development (HUD) requirements for the Community Development Block Grant program (CDBG) as contained in the Grants Management Handbook. This list is by no means inclusive of all requirements, but is simply a list of administrative problems frequently encountered by CDBG grantees. You should review the handbook to ensure that you are following all of the required federal and state rules and regulations.

- CDBG grant funds must be deposited in a non-interest bearing account. Should CDBG funds be placed in an interest bearing account, all interest in excess of \$100 (which may be used for project administration) must be returned to the department.
- DO NOT commingle CDBG funds with leverage funds, revolving funds, or any other community funds.
- All CDBG funds received must be disbursed within 20 days of receipt/deposit.
- Checks written using CDBG funds require the following:
 - Two signatures, it is recommended three persons be given signature authority.
 - Checks must have bank routing number and account number encoded at the bottom of the check. It is not permissible for this information to be handwritten on the check.
- Cash receipts, cash disbursements, and general ledgers document project funds must be recorded and accurately maintained. The department requires one set for the CDBG funds and a separate set for the leverage funds.
- The proposed and approved project area(s) in the CDBG grant application must not be modified without written consent by the department and through a formal Grant Modification process.
- The Grant Budget line items (Part I) and Scope of Work activities (Part II) contained in the Grant Agreement may not vary without first submitting a request for modification.
- The grantee and grant administrator must follow a project closely to ensure that the project is completed within the grant term. A modification request to extend the project end date will only be considered under extenuating circumstances. Grantees should inform the Grant Manager in writing of project delays.
- All grantees must have a copy of a completed Section 504 Grantee Self-Evaluation for Persons with Disabilities included in the project file.
- A Fair Housing poster must be displayed in the city, village or township hall or county courthouse and housing complaint forms must be on file. A Fair Housing Ordinance must be passed.
- Grantees must obtain Federal Prevailing Wage Rates (PWR) through the CDBG Labor Standards Officer. The most current PWR must be obtained prior to bid advertising and bid opening; and prior to contract award if not awarded within 90 days of bid opening. Contact ceo.lso@illinois.gov for additional information and to request a PWR.
- Grantees must post the MBE form at the community hall and a local procurement technical assistance center on or before the date of bid notification.

← The HUD/CDBG Requirements is a 3-page document that addresses administrative problems frequently encountered by CDBG grantees. This was initially sent out with the Executed Grant Agreement.



Post-Monitoring

2 CFR 570.501(b); 2 CFR 200.328 and 200.333

- The results of the monitoring will be discussed with the Grantee/Grant Administrator at the end of the monitoring visit.
- A Monitoring Report Letter will be issued to the Grantee with the results of the on-site monitoring visit. Deficiencies not corrected at the on-site visit will be identified in the letter, and the Grantee will be required to address them within the timeframe provided.
- For any Findings or Corrective Action identified, the Grantee must put those in place to resolve the issue and avoid any further measures taken by the Department.



Monitoring: Potential Outcomes

2 CFR 570.501(b); 2 CFR 200.328 and 200.333

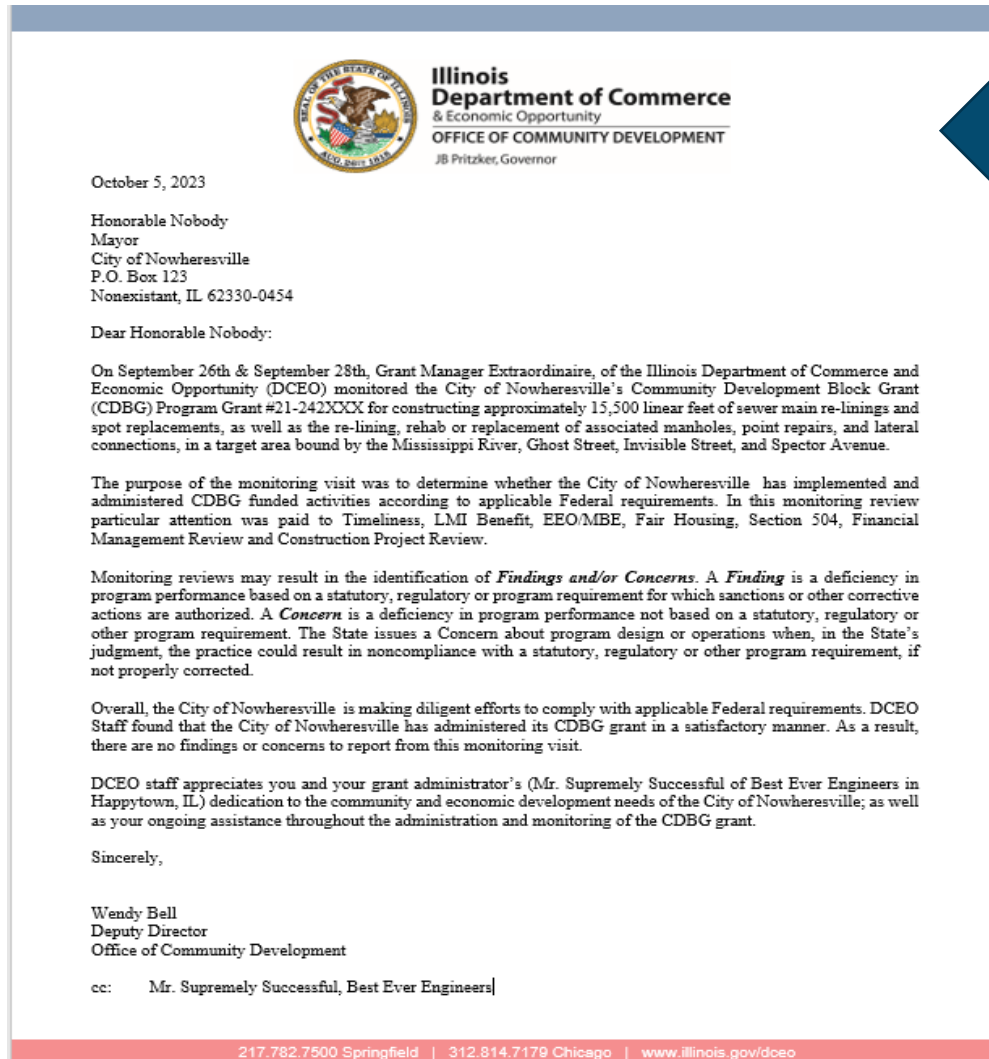
Monitoring may result in the identification of “Findings” and/or “Concerns”:

- A *Finding* is a deficiency in program performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized.
- A *Concern* is a deficiency in program performance not based on a statutory, regulatory or other program requirement. A Concern about program design or operations is issued when, in DCEO’s judgment, the practice could result in non-compliance with a statutory, regulatory or other program requirement if not properly corrected.



Monitoring: Potential Outcomes

2 CFR 570.501(b); 2 CFR 200.328 and 200.331



Monitoring may find the Grantee fully in compliance with Federal requirements, with grant being administered in a satisfactory manner, and with no issues to rectify. A letter will be issued to the Grantee, to this effect.



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Monitoring: Potential Outcomes If there are Findings or Concerns:



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Department of Commerce
& Economic Opportunity
OFFICE OF COMMUNITY DEVELOPMENT
Bruce Rauner, Governor

October 5, 2023

Honorable Wrongly
Village President
Village of Straying
P.O. Box 5678
SoWrong, IL 61475

Re: Monitoring of Grant #21-242XXX, for \$256,813.00 in Illinois CDBG funding, to design and construct a new municipal water well and bio-retention basin, and replace approx. 2,500 lineal feet of 4-inch water main with 6-inch water main, from another, existing municipal water well on the east side of the corporate limits of the Village of Straying, Incorrect County, to its water tower adjacent to the newly constructed additional well.

Dear Honorable Wrongly:

On 09/27/23 and 09/28/23, Grant Manager Extraordinaire of the Illinois Department of Commerce and Economic Opportunity (DCEO) monitored the Village of Straying's Community Development Block Grant (CDBG) Program Grant(s) referenced above. The Department's CDBG program is a product of the Federal Community Development Block Grant (CDBG) program established by the United States Housing and Community Development Act of 1974, as amended.

The grant period under review was from 07/01/2020 to 06/30/22. In addition to examining relevant files during the review, the CDBG monitor met with the following grant administrative staff: Sally Sadness and David Despair of Not-a-Real Planning Commission, Offtrack, Illinois. Mr. Extraordinaire also visited the following Grant project site(s) in your community as part of the monitoring visit: the newly constructed well and traced the route of the newly installed water main from the eastern well to the water tower.

The purpose of the monitoring visit was to determine whether the Village of Straying has implemented and administered CDBG-funded activities according to applicable Federal and State requirements. During the monitoring visit, the following areas of review were covered: Timeliness, EEO/MBE, Fair Housing, Section 504, Financial Management, and Construction Project Review.

Following the Department's review, we are making one (1) Finding and one (1) Concern, as noted below, regarding the use of CDBG funds. A Finding is defined as a program element that does not comply with a Federal or State statute or regulation; whereas a Concern is either a potential Finding or a program weakness that should be improved to avoid future problems, including with any additional Illinois CDBG grants your community may subsequently receive. They are items which, if addressed, will help avoid potential future Findings. The Finding(s) and/or Concern(s) are as follows:

Finding 1: The project construction payrolls for Lazy-O Construction, Inc. were not signed by the same contractor's officer or employee authorized on the *Certificate from Contractor Appointing Officer or Employee to Supervise Payment of Employees*. The payrolls were signed by Ms. Substitute Signer, EEO Officer, while Ms. Financial Fitness was the Lazy-O official listed on the payroll supervision *Certificate*.

Corrective Action: Grantee will have NARPC staff request Lazy-O Construction to execute a new *Certificate from Contractor Appointing Officer or Employee to Supervise Payment of Employees*, containing the name and title of the officer or employee who signed the project construction payrolls (i.e., Ms. Substitute Signer). It should be backdated to the date when Ms. Signer assumed that role from the departed Ms. Fitness. NARPC has a blank *Certificate* form available for Lazy-O's Construction's use.

Concern 1: The Notice of Award and construction contract with Catch-Me Pump Service, Inc., and the Lazy-O Construction, Inc. contract, were undated.

The remaining Catch-Me Pump Service and Lazy-O Construction contract-related documents were signed and dated as required, and Mr. Despair believed each firm's construction contract was most likely dated on the same date as each firm's EEO and Section 3 forms, which are all typically signed on the same day as the construction contract. He believed the lack of relevant dates may owe to the project's then-engineer, which was not a firm that NARPC staff had previously worked with on CDBG-funded projects.

Corrective Action: For any future Illinois CDBG grants, Grantee and its grant administrative staff at NARPC must ensure that all construction contracts and related forms are signed and dated as required. No response is required.

Statement Acknowledging Difference of Completed Project vs. Approved Project Scope of Work: The Department has previously acknowledged to the Village and its grant administrative staff at NARPC that it was acceptable to close the grant without construction of the IEPA-previously suggested bio-retention basin, since the well newly constructed with CDBG funds was determined to be contaminated with the same matter that IEPA previously cited in one of the Village's other existing wells, and there appeared to be confusion between IEPA and an engineering firm it had recommended for designing the new well. The Department acknowledges that the newly constructed well may only serve non-potable water needs (e.g., for fire protection); that the newly replaced water main along East Whatchamacallit Street will convey water from a different well with no anticipated breaks for the foreseeable future; that the Village is working with a new engineering firm to design a connection to a neighboring water supply, per IEPA regulations; and that the Village may apply for competitive CDBG funding from DCEO to construct that connection.

Requested Action:

We request that the Village of Straying, within thirty (30) days of receipt of this letter, address the Findings and/or Concerns noted above. For Findings requiring the submission of documentation, that documentation must be submitted within the 30-day receipt date of this letter. For Concerns suggesting future CDBG operational changes by your community and/or its grant administrative staff, and a "no response" statement is not included above, it is strongly encouraged that you submit written assurance that the recommendations for those Concerns will be implemented, to reduce the likelihood that those Concerns will become Findings in the future, which may affect your community's ability to apply for CDBG funding in the future.

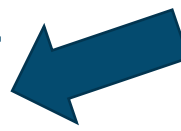
If a response is required, we look forward to receiving your response within thirty (30) days of receipt of this monitoring letter. Please send your response to Mr. Ernest Extraordinaire, CDBG Grants Manager, 807 E Adams St. 3rd Floor, Springfield, IL 62701. If there should be any reason why you would have difficulty responding by the deadline, please contact Ernest as soon as possible by calling him at 217-867-5309, or e-mailing him at ernest.extraordinaire@illinois.gov. Once all Corrective Actions requiring a written response noted above have been submitted to and approved by the Department, you will be sent a confirmation letter closing the grant monitoring. If none of the Corrective Actions require a written response, and only offer suggestions for future grant administrative improvements, then please consider the monitoring to be closed.

Our monitoring staff appreciated the assistance of your community's grant administrative staff during the monitoring visit.



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Monitoring: Future Impacts with Findings or Concerns

- Grantee may be assigned a higher level of risk and additional conditions to mitigate that risk of non-compliance may be assigned for this and future grants. 
- If a Grantee/Grant Administrator has repeated Findings/Concerns and has not implemented suggestions or utilized information provided via Technical Assistance, then DCEO can ban specific Grant Administrators or Grantees from applying for future funding; for a *minimum* of 1 year.
- HUD may consider taking enforcement action against non-compliant grantees as required by 2 C.F.R. 200.339 which speaks to remedies for non-compliance.

Types of outcomes resulting from a Monitoring Review or Visit.



Monitoring: Future Impacts with Findings or Concerns

- Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the activity or action not in compliance.
- Wholly or partly suspend or terminate the Federal award.



Types of outcomes resulting from a Monitoring Review or Visit .



Monitoring: Future Impacts with Findings or Concerns

- Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- Withhold further Federal awards for the project or program.
- Take other remedies that may be legally available.



Types of outcomes resulting from a Monitoring Review or Visit .



Common Mistakes

Sean Dickerson



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

Mistakes lead to policy changes

Due to some recent on-site monitoring, it has become apparent that there are some areas that seem to cause repeated issues for Grantees and therefore policy changes for DCEO. Let's discuss:



Bid Packets

Project bid packets are missing the signed Equal Employment Opportunity Certification (EEO) form by Contractors and Sub-contractors.



Contracts

Once the Grantee receives the Executed Grant Agreement, provisions need to be made for bid advertisement and bid specifications to be sent to your Grant Manager for review. We are seeing several projects delayed, which creates unnecessary end-date modifications.



Wage Rate Determination Issues

- You ***must*** remember to update your Wage Rate Determination (WRD) if your contract is not awarded within 90 days after the bid opening.



- **If not completed, this may result in financial restitution being warranted.**



Wage Rate Determination Issues

- You ***must*** remember to update your Wage Rate Determination (WRD) if construction starts more than 90 days after the bid opening.



- **If not completed, this may result in financial restitution being warranted.**



Payroll

Apprentices are working alone. This should not be a common practice. If there is an unexpected event that necessitates this happening, then prevailing wage must be paid...NOT apprentice rates.



Payroll

Employees are working under wrong job classifications. Please make sure to mark your payrolls according to the Classifications defined in your Wage Rate Determination (WRD).



Payroll

The person(s) signing certified payroll reports must be the person(s) authorized on the Contractor Profile Form.



Payroll-Fringe Benefits

- Fringe benefit information is missing from several grantee files.
- Fringe benefits are not being paid out correctly.



Employee Interviews

- Employee interviews are not being conducted or are not including all job classifications/trades.
- Interview forms are not being reviewed and compared to the payroll by the Payroll Examiner/Project Labor Standards Officer.
- Employee interviews are not being conducted in the appropriate numbers. You must interview one person from each trade on the job site.



Grantee Accounts

- CDBG funds should not be co-mingled with any other funds.
- CDBG funds should not be deposited into interest bearing accounts.



Grantee Accounts

Not all Grantees are following the 20-day disbursement rule. When a check is received from DCEO, those funds should be paid out within 20 days and not remain in the Grantee's account for an extended period of time.



On Site Monitoring Visits

- Grantees should have organized files. Please put your paperwork in a binder or organized in files and labeled for easy access.
- Everything that is submitted to your Grant Manager electronically, should be on file for monitoring.
- On site monitoring should be a very smooth and seamless process. Monitor visits should last no more than 4 hours. If your Grant Manager arrives for a monitoring visit, and they feel you are not ready, you will be asked to bring all files to Springfield to be monitored later.



Bonding

- Each signatory must be bonded at 20% of the grant award and the bond must cover 100% of each check written.
- For example: if the total grant award is \$1,500,000 and the bond is set at the required 20% threshold of \$300,000, then that is the total of any check that can be written.
- The grantee can't request \$250,000 in one voucher and then turn around in the next few weeks and ask for another \$100,000, as there would be likelihood that \$350,000 (above bond) in the account at one time.
- To best protect the community, the bond must be for any amount of CDBG funds the grantee may have on hand. In the previous example, if they request \$100,000 and have \$250,000 in the bank that the contractor has not cashed, then the bond should be for \$350,000, or they need to hold off on making the 2nd cash request until the original funds have left the account.



Miscellaneous Errors

- Make sure dates are correct throughout the grant application and all reports that follow.
- Project descriptions must match throughout documents.
- Making sure appropriate numbers match budget documents being submitted.
- Make sure GATA budgets are correct when submitted.
- Please pay attention to details.

