

City of Walla Walla, Washington  
Community Development Block Grant (CDBG) Program



Policy and Procedure Manual

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Community Development Block Grant (CDBG)

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## 1. INTRODUCTION

This Policy and Procedures Manual establishes a framework for guiding the operation of the City of Walla Walla CDBG program. It provides an approach for making decisions and ensuring that the City's programs are operated in a fair and consistent manner. Finally, the Policy and Procedures Manual provides information for program subrecipients in the management of their projects and how to achieve and maintain compliance with federal, state, and local requirements. They are also intended to facilitate uniform administration and accounting of funds and services.

This information complements the City Consolidated Plan, which identifies community needs and objectives and describes the structure and process for the administration of the CDBG program.

Definitions of terms found in this document can be found in Amendment A.

**Disclaimer:** The following policies were developed within the guidelines of the CDBG regulations established by HUD and may be revised at any time as necessitated to be in conformance with Federal mandates.

### 1.1 BACKGROUND

The City of Walla Walla (City) participates in federal grant programs through the U.S. Department of Housing and Urban Development (HUD) to promote affordable housing and community development. The City became a Community Development Block Grant (CDBG) entitlement community in 2014.

The Walla Walla City Council (Council) is legally responsible for administration of this program in compliance with HUD regulations and requirements and has responsibility for the final allocation of funds for program activities. Council has designated responsibility for management of the CDBG program to staff of the City's Support Services Department and the City Manager has authority granted in Resolution 2011-84 to sign all agreements relating to CDBG. The CDBG staff is responsible for policy analysis, conducting the annual planning process, assisting community partners to develop project activities and managing and implementing approved program activities throughout the year.

Further, is the policy of the City of Walla Walla that Community Development Block Grant Staff will:

1. Determine if the activity falls within a category of explicitly authorized activities in the CDBG statute. Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible. HUD's Guide to National Objectives and Eligible Activities describes all categories of basic eligibility that were authorized at the time of publication.



2. Determine if a proposed activity that appears not to be included in the statute's list of eligible activities has actually been interpreted as eligible under the statute by the CDBG Eligible Activity regulations.
3. Determine if the proposed activity can meet one of the national objectives of the program, allotted by the eligible activity.
4. Ensure that carrying out the activity with CDBG funds will not result in the City's certification that at least 70 percent of CDBG expenditures will be for activities that are considered to benefit L/M income persons over the one, two, or three consecutive program years specified by the grant recipient.
5. Review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR, Part 200, as applicable.
6. Complete the environmental review and clearance procedures for the project of which the activity is a part. Law prohibits HUD from releasing funds for a CDBG activity until the grant recipient certifies that it has met its responsibilities with respect to environmental protection.

Participation in this entitlement program requires that the City develop a strategic five-year plan, known as the Consolidated Housing and Community Development Plan or Consolidated Plan. Community members along with stakeholders create this plan that provides local direction. The Consolidated Plan establishes community needs, goals and strategies, as well as identifying and prioritizing local objectives, within the parameters of the national objectives for this entitlement program. After approval by Council, the plan is submitted to HUD and becomes part of our contractual agreement to pursue stated objectives with funding priorities. The plan is renewed and resubmitted for approval every five years. The current Consolidated Plan dated 2019-2023 can be found at [www.wallawallawa.gov](http://www.wallawallawa.gov).

The City must submit an annual Action Plan to HUD to formally request allocated program funds. The Action Plan includes a review of projects and organizations that the City has selected to fund for the following program year. In this plan, the City also describes how selected activities meet local objectives. Upon review by Council and the public based on the timelines outlined in the Citizen Participation Plan, a grant agreement is executed between HUD and the City and funds become available for local distribution.

At the conclusion of a program year, the City is required to file with HUD a Consolidated Annual Performance Evaluation Report (CAPER). The CAPER outlines how funds from CDBG were expended, including how the funds were used to meet the priorities, goals and objectives outlined in the Consolidated Plan.

## **1.2 FEDERAL OBJECTIVES**

The CDBG program was developed to give local jurisdictions the flexibility to develop their own funding priorities. However, the authorizing statute of the CDBG program requires that each activity funded must meet one of three national objectives. The three national CDBG objectives and subcategories include:

1. Benefit to low- and moderate- income (LMI) persons (24 CFR 570.208(a)).

The LMI objective is often referred to as the primary objective because the statute requires that recipients expend 70 percent of their CDBG funds to meet the LMI objective, using one of the following four subcategories:

- a. Area Benefit Activities: Project benefits all residents in a particular area, where at least 51 percent are low/moderate-income residents
  - b. Limited Clientele Activities: Project beneficiaries include at least 51 percent low/moderate income residents
  - c. Housing Activities: Project provides housing for at least 51 percent low/moderate income residents
  - d. Job Creation or Retention Activities: Project creates or retains jobs for at least 51 percent low/moderate income residents
2. Aid in the prevention or elimination of slums or blight (24 CFR 570.208(b))
  3. Meet a need having a particular urgency (referred to as urgent need). Meet community development needs having a particular urgency (major catastrophes or emergencies due to natural or manmade disasters such as floods, tornadoes, terrorist acts, etc.) (24 CFR 570.208(c)).

## **2.1 ANNUAL ACTION PLAN**

The annual Action Plan describes projects and funding for the upcoming year according to the City's identified objectives and outcomes. City Council holds a public hearing to approve the Action Plan. The Action Plan must be sent to HUD 45 days prior to the start of the program year. However, submission is contingent to an approved budget by Congress and the submission of the Action Plan must wait for the final budget approval.

From time to time, amendments to the plans will be necessary as conditions change. Amendments of a minor nature will be made as needed throughout the year. However, the public will be invited to review and comment on substantial amendments to adopted plans, in accordance with the Citizen Participation Plan. The definition of a "substantial amendment" to the Consolidated and Annual Action Plans is defined as:

- Changes to project or activity budgets of more than \$25,000 – An increase or decrease in the budget of more than 25% (unless the decrease is caused by a budget under run).
- Changes to project or activity budgets of less than \$25,000 – An increase or decrease of 50% of the budgeted amount (unless the decrease is caused by a budget under run).
- Changes in the purpose, scope, beneficiaries, or location of a project or activity.
- Adding or canceling a project or activity.

## **1.3 LOCAL FUNDING OBJECTIVES**

The current funding objectives as described in the current City of Walla Walla Consolidated Plan and can be found at <https://www.wallawallawa.gov/government/support-services/community->

[development-block-grant.](#)

#### **1.4 COMPLIANCE REQUIREMENTS**

Use of these federal funds must clearly demonstrate both program integrity and program results. In return for federal funding, not only does the City have compliance requirements in the form of reporting, administration and documentation, but each Contracted Agency assumes these as well. Every Contracted Agency is responsible for knowing and following the guidelines and providing access to all records pertaining to the grant for review by City and federal staff.

There are substantial documentation and data collection requirements for funded projects including:

- Demographic data collection on populations served
- Expenditures
- Personnel
- Procedures
- Program activities
- Results

This Policy and Procedure Manual was developed to improve regulatory compliance and ensuing documentation requirements. Contained herein is an overview of key processes and a list of references which point to the regulations guiding the process. This information is not a substitute for reading and understanding the federal regulations.

#### **1.5 FEDERAL OUTCOME CATEGORIES**

The City is responsible to report on activities through the outcome and performance measurement system established by HUD. The system is designed to provide the opportunity for the federal government to collect information on outcomes funded with grant assistance, and thereby demonstrate program results.

The HUD system identifies three overarching objectives and three measurable outcomes. When a proposal is reviewed, staff will determine how the specific activities including intended results, benefits or objectives fall within the outcome parameters outlined by HUD. The intent when funding an activity determines which of the three objectives best describes the purpose of the activity. The three objectives include:

1. **Suitable Living Environment:** In general, this objective relates to activities that are designed to benefit communities, families, or individuals by

addressing issues in their living environment.

2. **Decent Housing:** The activities that typically would be found under this objective are designed to cover the wide range of housing possible under CDBG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.
3. **Economic Opportunities:** This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

The three outcome categories are described:

1. **Availability/Accessibility:** This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and very low-income people where they live.
2. **Affordability:** This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
3. **Sustainability - Promoting Livable or Viable Communities:** This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low and moderate income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Each outcome category can be connected to one of the overarching objectives, producing nine result statements. Each proposed activity must intend to have one of the following results. Sometimes an adjective such as new, improved, or corrective may be added to refine the outcome results statement.

	<b>Outcome 1: Availability or Accessibility</b>	<b>Outcome 2: Affordability</b>	<b>Outcome 3: Sustainability</b>
<b>Objective 1: Suitable Living Environment</b>	Enhance Suitable Living Environment through Improved or New Accessibility	Enhance Suitable Living Environment through Improved or New Affordability	Enhance Suitable Living Environment through Improved or New Sustainability
<b>Objective 2: Decent Housing</b>	Create Decent Housing with Improved or New Availability	Create Decent Housing with Improved or New Affordability	Create Decent Housing With Improved or New Sustainability
<b>Objective 3: Economic Opportunities</b>	Provide Economic Opportunity through Improved or New Accessibility	Provide Economic Opportunity through Improved or New Affordability	Provide Economic Opportunity through Improved or New Sustainability

CPD Performance Measurement Guidebook July 7, 2006, Exhibit 2-1: Link between Objectives, Outcomes and Outcome Statements

### 1.6 COMMUNITY PARTNERS

The City of Walla Walla values community partnerships. Staff works with applicants to receive funding and then to implement eligible activities for the CDBG program. Key definitions:

**Recipient:** Receives federal funding directly from HUD; the City is the recipient who disburses funds to alleviate targeted needs in the community.

**Subrecipient:** A public or nonpublic entity receiving federal money administered and disbursed by the City. The subrecipient, also known subrecipient as “agency” or “organization”, is accountable to the City for the use of the funds provided and subject to the same compliance requirements as the City.

**Contractor:** Selected in accordance with procurement requirements to provide goods or services in accordance with the contract.

### 1.7 CITIZEN PARTICIPATION

The City of Walla Walla has established a Citizen Participation Plan to provide

opportunities for citizen involvement in the process of developing and implementing the Community Development Block Grant (CDBG) Program and other HUD programs administered by the U.S. Department of Housing and Urban Development (HUD).

The Citizen Participation Plan outlines when, where, and how citizens can access information; review and comment on major community plans; and comment on progress of funded activities under these programs. It can be found on the City website at [www.wallawallawa.gov](http://www.wallawallawa.gov).

## 1.8 APPEALS AND GRIEVANCE

### 1. **If an application for a loan or grant is denied by City of Walla Walla Staff:**

- a. City of Walla Walla staff will notify the applicant/borrower/sub-recipient in writing and state the reason for the denial and process to appeal (see below).
  - i. Applicant/borrower/sub-recipient must prepare an appeal letter
  - ii. Submit appeal letter to Community Development Block Grant Coordinator within 30 days of date of denial letter
  - iii. Letter must include a reason for appeal – in what way the denial was contrary to regulations or in some other way inequitable

### 2. Appeals process:

- a. The Community Development Block Grant Coordinator will consider the appeal and provide a written response within 15 working days of receipt of the appeal letter. Evaluation will look at:
  - i. Were the grounds of the denial factually accurate and, objective
  - ii. Validity of denial (based on regulations)
  - iii. Validity of the evidence – do the facts presented support the grounds for the appeal
- b. The written response will include a:
  - i. Final decision
  - ii. Brief statement of the reasons for the final decision
- c. If the decision to deny is overturned as a result of the appeal, processing will resume, and the applicant/borrower/sub-recipient will be notified of the next step in the process

If denial is communicated by a contracted agency, the City of Walla Walla Community Development Block Grant Coordinator will be the designated party to whom the appeal letter is addressed and

Statement to add to Denial Letter:

Appeal Language – for denial letter from City of Walla Walla staff

To appeal this decision, please submit a letter to the Community Development Block Grant Coordinator, 15 N. 3<sup>rd</sup> Ave., Walla Walla, WA, 99362, within 30 days of

the date of this letter. Include a reason for the appeal, specifically in what way was the denial contrary to regulation or in some other way inequitable.

Appeal Language – for denial letter from Contracted Agency

To appeal this decision, please submit a letter to the address below within 30 days of the date of this letter. Include a reason for the appeal, specifically in what way was the denial contrary to regulation or in some other way inequitable.

## 1.9 DISPUTE RESOLUTION

**If a grant or loan recipient is dissatisfied during the course of work together with either the City or with a contractor paid for through the City, a pro-active approach to conflict resolution outlined by the following steps should be followed:**

- a) The grant or loan recipient should discuss their area of concerns or disagreement with the Program Manager (Peggy Sheehan)
- b) The grant or loan recipient may contact the Program Director (Chad Eiken) to review their concerns
- c) The grant or loan recipient may submit a formal written statement delineating their concerns and areas of disagreement.
- d) The concern may be reviewed by the City Attorney's Office if necessary.

## II. PROJECT SELECTION

The City of Walla Walla program year begins January 1<sup>st</sup> and runs through December 31<sup>st</sup> but is subject to change. Available funding amounts are estimated based on the anticipated federal budget. The actual amount available is received from HUD upon Congress's approval of their annual budget. While minimum and maximum award amounts are set as follows, consideration may be made on a case-by-case basis for additional funding.

- \$10,000 – will be the minimum grant amount for a project or services
- \$199,000 – will be the maximum grant amount for a project

**Funding priority will be given to projects that:**

- Impact a significant number and/or percentage of low- and moderate-income person
- Projects that help end homelessness
- Meet the Strategic Plan Objectives provided in the Consolidated Plan
- Have adequate community support, and support an identified community

need

- Maximize the use of outside funds, match and services which are coordinated with other public and private efforts
- Established means for program evaluation and accomplishment tracking
- Are clearly defined as to scope, location, need, budget, goals
- Demonstrate the applicant has the capacity and the capability to carry out the project successfully
- Connection with employment in the community
- Can begin immediately and finish within the contracted time

**Program selection:**

CDBG Coordinator identifies projects and programs eligible for CDBG funding throughout the year in two primary ways:

1. Through review of existing subrecipients' performance and continued funding of existing programs when the program successfully furthers the CDBG goals, manages funds, and submits programs' reporting requirements
2. Consideration of programs and projects received either through direct solicitation or unsolicited application.
  - a. These programs or projects will be reviewed to determine if they:
    - i. Both meet the national objectives and eligible activity requirements
    - ii. Address one of the established priorities in the Consolidated Plan
    - iii. Score high in the project ranking criteria (see below)

**Contracting**

No expenditures or work initiated prior to receiving a Notice to Proceed will be approved. Contracts include both an implementation schedule, as well as an expiration date; modifications can be negotiated.

**2.2 DEFINITIONS**

**CDBG:** The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to states and local jurisdictions. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

[www.hud.gov/offices/cpd/communitydevelopment/programs/](http://www.hud.gov/offices/cpd/communitydevelopment/programs/)

**HUD:** The United States Department of Housing and Urban Development, also known as HUD, is a cabinet department in the executive branch of the United



States federal government. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. [www.hud.gov](http://www.hud.gov).

**Income Levels:** Funding is limited to serving low income persons which is a percentage of the median family income for the area as determined and published annually by HUD: Extremely Low (30%), Very Low (50%) and Low (80%) Current information can be found on the HUD website at [www.huduser.org/portal/datasets/il.html](http://www.huduser.org/portal/datasets/il.html). 1040 definition of income....

## 2.3 PROJECT RANKING CRITERIA

Ranking criteria is based on current community needs. Therefore, this criterion may be updated annually and presented during the funding application process. However, each project is assessed based on the criteria below. The specific questions and scoring are outlined in the annual application guidelines that are available online at the City website and are updated annually.

- **Clear Definition** – Are clearly defined as to scope, location, need, budget, goals
- **Consolidated Plan Alignment** – Meet the Strategic Plan Objectives
- **Local Backing** – Have adequate community support, and support an identified community need
- **Maximize Resources** – Maximize the use of outside funds; match and services are coordinated with other public and private efforts
- **Maximize Impact** – Impact a significant number or percentage of low- and moderate-income persons
- **Past Performance** – Demonstrate the capacity of the applicant and the capability of the organization to successfully implement the proposal through a review of agency audits
- **Performance Measures** - Established means for program evaluation and accomplishment tracking
- **Ability to Proceed** – Are able to begin immediately and finish within the contracted time

## 2.4 ELIGIBLE AGENCIES

Organizations that submit an application must meet the following criteria:

1. Proposed project must benefit residents of the City of Walla Walla.
2. Should be:
  - a) a non-profit, tax-exempt 501(c)(3) organization, in good standing with the State of Washington, and must have an active Board of Directors in compliance with IRS Section 501(c)(3);
  - b) a Government agency or department; or,
  - c) a private, for-profit business.
3. If previously funded by the City of Walla Walla, must have successfully fulfilled all prior contractual obligations, or explain reasons for non-compliance.

**2.5 ELIGIBLE ACTIVITIES**

Specific activities which CDBG funds may be used for include, but are not limited to:

- Acquisition of real property;
- Relocation and demolition;
- Rehabilitation of residential and non-residential structures;
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- Public services, within specific criteria;
- Activities relating to energy conservation and renewable energy resources;
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities;
- Contracting for services, i.e. bookkeeping, organizational development consultants, etc;

ELIGIBLE ACTIVITIES - The following examples of eligibility activities may be funded by the Community Development Block Grant, so long as they meet one or more of the national objectives stated above:

<ul style="list-style-type: none"> <li>• Clearance and Demolition</li> <li>• Direct Financial Assistance to For-Profits</li> <li>• Micro-Enterprise Assistance</li> <li>• Housing Services</li> <li>• Housing Rehabilitation Services</li> <li>• Owner Occupied Rehabilitation</li> <li>• Special Purpose Minor Rehabilitation</li> <li>• Public Facilities, Infrastructure and Real Property Improvements               <ul style="list-style-type: none"> <li>Neighborhood Facilities</li> <li>Parks, Recreational Facilities</li> <li>Educational Child Care Centers</li> <li>Transportation Infrastructure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public Services               <ul style="list-style-type: none"> <li>Abused and Neglected Children</li> <li>Battered and Abused Spouses</li> <li>Crime Awareness</li> <li>Educational Childcare Programs</li> <li>Employment Training</li> <li>Food Securities</li> <li>Health Services</li> <li>Housing Counseling and Education</li> <li>Mental Health Services</li> <li>Operating Costs of Emergency Shelters</li> <li>Senior Services</li> <li>Transportation Services</li> <li>Youth Services</li> </ul> </li> </ul>
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## 2.6 INELIGIBLE ACTIVITIES

Generally, the following types of activities are ineligible for CDBG funding:

- Acquisition, construction, or reconstruction of buildings for the general conduct of government;
- Political activities;
- Certain income payments;
- Salaries, wages, and other employee compensation and benefits for new or existing staff;
- Construction of new housing by units of general local government.

INELIGIBLE ACTIVITIES – The following activities may not be assisted with CDBG funds:

1. The construction of new permanent residential structures is not eligible.
2. Purchase of land on which to build affordable homes, however, is an eligible activity.
3. CDBG funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and Federal legislators.
4. Long term subsistence payments (longer than three months) for such needs as rent and utilities.
5. Underwriting, investments, stocks, bonds, or any financial obligation.
6. Interest and/or depreciation on loans, fines, penalties or costs of litigation.
7. Duplication of services or programs.
8. Projects located in a FEMA or City of Walla Walla floodplain are subject to special requirements and may be prohibited.

## 2.7 FUNDING ALLOCATION

The City may utilize up to 20 percent of CDBG funds for general administration and planning and up to 15 percent of the CDBG funds for public services. Additionally, the City may set aside a portion of funds to be utilized in the community through other programs.

## 2.8 ACQUISITION WITH RELOCATION

Federal law regarding acquisition and relocation is complex and involves an extensive series of notifications and actions within prescribed timelines. Rigorous documentation and recordkeeping standards are also outlined. Therefore, an agency considering such action ***must contact the City prior to any choice-limiting actions***. Choice-limiting actions include but are not limited to the expenditure or commitment of either federal or non-federal funds, or execution of any contract. City staff will work closely with any applicant pursuing such a project.

Refer to the City of Walla Walla CDBG Residential Anti-Displacement and Relocation Assistance Plan.

For more information see:

**Federal Register** /Vol. 73, No. 142 /Wednesday, July 23, 2008 /Notices **42895**  
Section 104(d) of the Housing and Community Development Act of 1974, as

amended Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended.

24 CFR 42 Displacement, Relocation Assistance, and Real Property Acquisition for HUD and HUD-Assisted Programs

## **2.9 LEVERAGING OTHER FUNDS**

The City encourages the leveraging of funds from both public and private resources to finance projects. Further, the City will work with applicants to assist in applying for all available funds and leveraging other resources to implement the housing strategies and programs.

Applicants must document funding commitments and leverage sources. Applicants will need to submit a capital campaign plan if applicable. In addition, applicants must disclose other funding requested and the status of that request.

## **2.10 LOAN FUNDING TERMS**

All funds necessary for the development of a project must be committed within 12 months of this award. The City will not execute documents until all funding commitments are confirmed.

The City of Walla Walla provides a variety of loans for different CDBG funded projects and programs.

- The loan shall be secured by a Promissory Note and/or Deed of Trust.
- Loan terms are finalized at time of project negotiation.
- Loan amounts are based on project budget and capacity for debt

**Loan Servicing and Delinquent Payments** The City of Walla Walla's Financial Department (finance) services all loans. Finance informs CDBG staff of any delinquent payments. City staff will work with property owner regarding rectifying any delinquency. If necessary legal remedies will be pursued.

**Deferred Payment Loans** are available to borrowers who are utilizing the Housing Rehabilitation Loan Program and have a household income of less than 80% of area median income. There are no pre-payment penalties. This loan has a 0% simple interest calculation. Refer to the Home Rehabilitation guidelines for additional information.

**Forgivable Loans** are loans that can be forgiven or deferred for a period of time if the borrower is in compliance with the terms and conditions of the loan. This type of loan is used for projects that serve the whole community but do not generate income.

**Nonprofit Agency Loans** are available to sub-recipients and developers approved for CDBG funding. Loans are negotiated at time of contract with general terms are

generally at 1-3% with a 5–20-year amortization. Repayments are always expected on income producing properties.

### III. FUNDING AWARD AND PROJECT OPERATION

#### 3.1 OVERVIEW

Agencies whose projects are approved for funding by Council will receive an initial award letter (example as Amendment B). Individual contracts are awarded based on the application for funding, including the scope of the identified problem, the proposed project activities, and the resources and administrative capacity of the applicants.

Amounts less than the original amount requested may be awarded at the discretion of the City. Receipt of the award letter does not imply approval of all activities or specific costs proposed by the application. The proposed project activities and budget are subject to modification, during contract negotiations between the agency and the City.

The contract negotiation process includes:

- Defining project objectives and measurable outcomes
- Finalizing the program budget
- Finalizing the implementation schedule
- Identifying special conditions to be included in the contract

No funds can be obligated until the following actions are completed:

- Execution of a Grant Agreement between HUD and the City
- Completion of an Environmental Review by the City
- Execution of the contractual agreement between the agency and the City
- Issuance of a written Notice to Proceed by the City

In some situations, contracts and therefore funding are held pending the agency securing additional funding to complete the project.

The contract is the legal document governing the administration of the CDBG funding. Each contract consists of provisions common to CDBG, generally referred to as 'boilerplate' language, as well as provisions specific to the agreement between the agency and the City. These provisions include:

- Amount of the funding
- Contract termination, modification and amendment
- Method of payment
- Minimum 'match' requirements, if applicable

- Policy requirements
- Program budget
- Program implementation schedule
- Requirement to comply with applicable laws and regulations
- Scope of services to be provided

By signing the contract, the agency is agreeing to meet federal regulations for financial management, procurement standards and nondiscrimination, as well as certifying to various operating standards and codes of behavior. The agency's final application and this policy and procedure manual are incorporated into the binding agreement of the contract, as funding is approved in part based on the information contained in the agency's application.

### **3.2 REQUIRED WRITTEN POLICIES**

Described in detail throughout this manual, agencies are required to have or develop written policies for the following items when applicable:

- Accounting Records
- Grievance and Complaint Process
- Affirmative Marketing
- Internal Control
- Allowable Costs
- Nondiscrimination
- Budget Control
- Procurement Transactions
- Cash Management
- Property Management
- Conflict of Interest
- Travel
- Drug Free Workplace
- Wage Laws
- Duplication of Costs

### **3.3 COMMON CONTRACT ELEMENTS**

The contractual obligations that an agency assumes on becoming a subrecipient of federal funds are many. The agency should be aware of the various elements that will by necessity inform daily program operations. This section will address some of the elements of the contract.

### **3.2.1 AMENDMENTS OR MODIFICATIONS**

Either party may request modifications in the scope of services, terms or conditions of the contractual agreement. Proposed modifications which are mutually agreed upon will be incorporated by written amendment to the agreement. Modification must be requested at least 30 days in advance.

### **3.2.2 CONSTRUCTION MANAGEMENT**

Agency must select a qualified construction manager for project. Contracted agency shall keep bids, change orders and construction progress meeting notes, cost certification, occupancy permits, and all Davis Bacon payrolls on file. For housing projects, Agency must contact City staff to complete a housing quality inspection prior to occupancy. For housing rehabilitation projects, City staff shall review scope of work prior to construction in order to comply with the city's local rehabilitation standards.

### **3.2.3 COPYRIGHT**

If any activities of the proposal results in any copyright material, the City reserves the right to royalty-free, nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use the work for governmental purposes.

### **3.2.4 COVENANT AGAINST CONTINGENT FEES**

To prevent the actual or attempted exercise of improper influence, agencies are required to warrant that no agent or employee has been engaged to obtain CDBG funds for a contingent fee. Contingent fees are defined as any payments conditioned upon the success an entity has in securing a government contract. Should it be discovered that a contract with the City involved contingent fees the City may annul the contract without penalty or pursue other measures to recover the full amount of such payment.

### **3.2.5 DUPLICATION OF COSTS**

Upon contracting for federal funds with the City an agency agrees to certify that the work performed does not duplicate any work that will be charged against any other agreement, contract, statement of work, or received from another source.

### **3.2.6 FUNDING CONTINGENCIES AND FUTURE SUPPORT**

The City recognizes the value of the agency and its work at the time the project is selected for funding. However, the City makes no obligation for additional support. Should the City's anticipated sources of revenue be withdrawn, reduced, or limited in any way, then the agency will be immediately notified in writing and the City will be released from all contractual liability for funding. Should a reduction in funding occur, the agency must immediately develop a plan to take appropriate and reasonable action to reduce its spending of the affected funds.

### **3.2.7 HOLD HARMLESS AND INDEMINIFICATION**

The agency is financially responsible (liable) for any audit exception which occurs due to its negligence or failure to comply with the terms of the contract or City program policy.

The agency must release, indemnify, and promise to defend and save harmless the City, its elected officials, officers, employees and agents from and against any and all liability, loss, damages, expense, action and claims, including costs and reasonable attorneys' fees incurred by the City, its elected officials, officers, employees and agents in its defense thereof, asserting or arising directly or indirectly on account of or out of the performance of service pursuant to the contract.

In making such assurances, the agency specifically agrees to indemnify and hold harmless the City from any and all bodily injury claims brought by employees of the agency and expressly waives its immunity under the Industrial Insurance Act as to those claims which are brought against the City.

### **3.2.8 INSURANCE**

All insurance purchased and maintained shall be from a company with a current minimum best rating of VII-A. Prior to starting any activity covered by this agreement, the agency shall provide the City with a copy of all required insurance instruments or certifications from the issuing insurance company or evidence of self-insurance. Cancellation of insurance is grounds for termination of the contract. Documentation should show:

- Coverage details
- Coverage period
- Amount of coverage; submitted on an ACORD form and the City named as an additional insured
- Policy endorsement stating that coverage shall not be suspended, voided, canceled, nor reduced in coverage or in limits, without a 30-day written notice by certified mail with a return receipt requested to the City.

The AGENCY shall obtain evidence of general casualty (commercial liability) insurance to protect against legal liability arising out of activities associated with this Agreement. The insurance shall include a Products/Completed Operations aggregate. Such insurance shall provide a minimum of \$1,000,000 per occurrence and \$2,000,000 per general aggregate limit with a maximum deductible of \$10,000.

1. If the AGENCY uses motor vehicles in conducting activities under this Agreement, liability insurance covering bodily injury and property damage shall be provided either through a self-insurance program or through a commercial insurance policy. Such insurance shall have minimum limits of



\$500,000 per occurrence, combined single limit for bodily injury liability and property damage with no aggregate limit.

2. The AGENCY shall ensure that every officer, director, or employee who is authorized to act on behalf of the AGENCY for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be bonded or be covered by fidelity insurance to provide protection against loss. The insurance or bond must be secured for the term of the contract and must name the City as beneficiary. The bond or certificate shall show the bonding or insurance coverage, the designated beneficiaries, who is covered, and the amounts. If the AGENCY chooses to purchase fidelity insurance, the coverage must include employee theft per loss, employee theft per employee, and theft (disappearance and destruction)."
3. The AGENCY shall require its subcontractors whose employees are providing work, labor or materials under this Agreement and who are subject employers under the Washington state Industrial Insurance law (RCW 51.04) to comply with RCW 51.04.120 (Certificate of coverage required) and WAC 296-17-31004 (Coverage requirements) and to provide proof of coverage with limits of not less than \$100,000 for each accident.
4. The AGENCY shall require any architect, engineer, land surveyor, or other licensed professional to obtain and maintain a professional Errors and Omissions insurance policy to protect against legal liability arising out of contract activity. Such insurance shall provide a minimum of \$2,000,000 per occurrence, with a maximum deductible of \$5,000.
5. The AGENCY shall purchase and maintain property insurance for all structures improved or constructed with funds under this agreement. Property insurance shall be in the amount of the initial construction contract as well as subsequent modifications thereto for all construction at the site on a replacement costs basis. For new construction, property insurance shall be on an all-risk form (builder's all-risk) and shall insure against the perils of fire and extended coverage and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, false work, temporary buildings and debris removal.
6. The AGENCY shall purchase ALTA title insurance for any property purchase made under this agreement. Title insurance shall name the AGENCY and the City and shall be in an amount not less than the amount of CDBG funds provided under this agreement.
7. The AGENCY shall purchase an ALTA Extended Coverage 1970 form (with 1984 amendments) loan policy of title insurance in the amount of the loan. The policy shall name the City as beneficiary.
8. The AGENCY shall purchase and maintain fire and extended coverage

insurance policies for all structures improved or constructed with funds under this agreement. The fire and extended coverage insurance policies shall be in the amount of 100% of the insurable value of the structure and improvements.

9. All insurance purchased and maintained shall be from a company with a current minimum best rating of VII-A.
10. Prior to starting any activity covered by this Agreement, the AGENCY shall provide the City with a copy of all required insurance instrument(s) or certification of the same from the insurance issuing agency or, if appropriate, evidence of self-insurance. The insurance instrument(s) shall show the coverage, period and amount of coverage submitted on an ACORD form and shall name City of Walla Walla as an additional insured. The policy shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits without a 30-day written notice by certified mail with a return receipt requested to the City of Walla Walla CDBG Program. Cancellation of policy is grounds for termination of this Agreement.

### **3.2.9 LICENSING, PERMITS, ACCREDITATION AND REGISTRATION**

The agency must comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of the contract. The loss of a required license, certification, or accreditation will be grounds for termination of a contract by the City, if the presence of such is a legal prerequisite to performing the service.

The agency must obtain all necessary and appropriate land use permits, zoning approvals, and any other permits and approvals required by local, city, state, and federal law.

### **3.2.10 NON-ASSIGNABILITY OF CLAIMS**

No claim arising under any contract shall be transferred or assigned by the agency.

### **3.2.11 NON-SUBSTITUTION FOR LOCAL FUNDING**

The agency shall not use funds provided under the contract to supplant local, state or other federal funds. The agency shall not use these funds to replace funding that would otherwise be made available to the agency had this funding not been provided.

### **3.2.12 OWNERSHIP OF MATERIALS**

Work products developed as a result of the funded activity will be jointly owned by the applicant and the City. Such work products may include but are not limited to reports, maps, charts, materials, software systems and any other product created as a result of the work performed under this contract.

### **3.2.13 PROGRAM INCOME**

The term “**program income**” means any gross income received by the agency that was directly generated from the use of CDBG funds. When income is generated by an activity that is only partially assisted with these funds, the income must be prorated to reflect the percentage of federal funds invested. Program income received by the agency must be reported to the City. Program Income may be utilized by the Contracted Agency according to their contract.

Program Income includes:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with federal funds.
- Proceeds from the disposition of equipment purchased with federal funds.
- Gross income from the use or rental of real or personal property acquired or owned and constructed or improved by a subrecipient with federal funds, less the costs incidental to the generation of the income.
- Funds collected through special assessments made against properties owned and occupied by households not of low-income, where the special assessments are used to recover all or part of the federal portion of a public improvement.
- Gross income paid to the subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of federal assistance.

### **3.2.14 PROMISSORY NOTE, DEED OF TRUST AND COVENANT**

Agencies that specifically receive CDBG funds may have to enter into a promissory note, deed of trust and covenant with the City. These run with the land for the period of affordability, as established by HUD regulations for repayment of the loan and shared equity.

In addition, these legal conveyances may impose conditions including maintaining:

- Property insurance to full insurable value of the structure
- Operation of the facility for the original purpose for which it received federal funding

### **3.2.15 REVISIONS TO CONTRACT BUDGET**

Any line-item expenditure that will exceed 10% of its allocated funding will require a formal modification to the signed contract. Requests for budget revisions must specifically state the reasons for the requested increase and, if applicable, a justification for the corresponding decreases in another budget category.

### **3.2.16 TAXES**

Receipt of this federal funding does not relieve the agency of typical financial responsibilities. The agency is responsible for all payments accrued on account of

payroll taxes, unemployment contributions, the agency's income or gross receipts, any other taxes, insurance or expenses incurred by the agency or its staff.

### **3.2.17 TERMINATION**

If the agency is unable or fails to comply with any of the provisions of the contract, the contract may be terminated, and the agency may be required to return all or a portion of funding to the City. Individual contracts will detail the specifics of termination.

Some projects are contingent upon securing additional funding sources. In these cases, a time limit will be established in the contract, by which all funding must be secured or the contract will be terminated and all funds returned.

### **3.2.18 TRANSFER SALE AND CHANGE OF USE**

The City of Walla Walla places a Deed of Trust on each property assisted with funding from CDBG. If the property ceases to be used as an eligible activity as outlined in the deed. The City of Walla Walla will collect on the note. Basic information is included below; further details are included in the deed.

As used in a Deed of Trust, "interest in the property" shall mean any legal or beneficial interest in all or any part of the property.

If all or any part of the property or any interest in the property is sold or transferred, or if there is a change of use or other transfer, and if such action or failure to act occurs without prior written consent of the City, the Agency may be required to immediately provide payment in full of all sums secured by the Deed of Trust.

Notwithstanding anything to the contrary in the Deed of Trust, the following shall not be considered a transfer, sale or change of use and shall not trigger the City's right to declare any amounts secured by this Trust Deed due and payable:

1. A transfer of a limited partnership or limited liability company interest in the Borrower or its assigns;
2. The transfer of a security interest in the property for purposes of financing or refinancing done with the knowledge and consent of the City of Walla Walla;
3. A sale, transfer or assignment of Borrowers interest in the property to a partnership, limited liability company or other entity of which Borrower or Borrower's affiliate is a partner, member or shareholder or to another 501(c)(3) organization or governmental entity reasonably acceptable to the City of Walla Walla; and
4. The transfer of a leasehold interest to a residential tenant in the ordinary course of Grantor's business.
5. Removal of the General Partner by the Limited Partner pursuant to the Borrower's Partnership Agreement;

**Shared Equity/Shared Net-Proceeds:** The borrower and the COV (Coefficient of

Variation) will share the appreciation at the time of sale or refinance. The calculation and payment of appreciated value of the property is described below:

**Determining Value:**

- The value is determined by an appraisal satisfactory to the COV; the sales price if sold; the appraised value if refinanced; or any insurance or condemnation proceeds received; or an appraisal required for condemnation or insurance proceeds. The appraisal shall take into account any covenants or restrictions which will remain in place; less
- The actual reasonable approved costs of sale (if the Property is sold), including appraisal, real estate commissions, real property excise tax, escrow fees, recording fees, title and insurance premiums; less
- Cost of depreciable improvements made to the Property subsequent to completion of the work funded or financed by this loan.

**Shared Appreciation (SA):**

- The Shared Appreciation is due and payable at the time any property is sold, refinanced or discontinued in service to the population it was intended to serve.
- Shared Appreciation is the Borrower's proportionate share of the appreciated value of the Property, together with the appreciated value of the improvements constructed on the property.

**Shared Appreciation (SA) is represented in the following formula:**

- $SA = (NP - TODC) \times (OP / TODC)$  where (SA) is the product of the Net Proceeds (NP) less Total Original Purchase Costs (TOPC) multiplied by the fraction whose numerator is the Original Principal (OP) amount of the City of Walla Walla Program Award (loan) and whose denominator is the total Original Development/Purchase Costs.

**TOPC costs include:**

- The appraised fair market value of the Property at the time of the loan or certification of cost if mutually agreed upon by the parties.

**Net Proceeds shall be calculated as follows:**

- The value is determined by an appraisal satisfactory to the COV; the sales price if sold to a bona fide third party; the appraised value if refinanced; or any insurance or condemnation proceeds received; or an appraisal required for condemnation or insurance proceeds. The appraisal shall take into account any covenants or restrictions which will remain in place; less
  - The actual reasonable approved costs of sale (if the Properties are sold), including appraisal, real estate commissions, real property excise tax, escrow fees, recording fees, title and insurance premiums, less
  - Cost of capital improvements made to the Properties subsequent to

completion of the work funded or financed by this loan. Improvements must meet the Capital Improvement section of this policy.

### **3.3 CERTIFICATIONS**

In order to receive federal funds, each agency must attest or certify to the following:

#### **3.3.1 ANTI-LOBBYING**

In accordance with federal regulations, all agencies, including subcontractors, must sign and submit an anti-lobbying certification to certify that they have not used federal funding to lobby a position (Appendix H).

In addition, agencies must disclose the use of any other money used for such purpose by completing the OMB form SF-LLL. When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs.

Agencies are also required to include an anti-lobbying clause in all of their contractual arrangements connected to the CDBG project.

#### **3.3.2 CERTIFICATION OF DEBARMENT**

Agencies must certify that neither the agency, nor its principals, officers, employees and subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. In addition, agencies agree that that they will not knowingly hire or enter into contract with any subcontractor who is debarred, suspended, declared ineligible, or voluntarily excluded from participation, unless authorized by the City. See Attachment D.

Agencies are required to include such a clause in all of their contractual arrangements with respect to this federally funded activity and maintain evidence of compliance in personnel files or with the subcontractor's documents.

Agencies are required to verify that a vendor is not on the federal government list of debarred vendors by visiting the following website: <http://www.sam.gov>. Verification must be included in the file.

#### **3.3.3 CONFLICT OF INTEREST**

Federal regulations require recipients of federal funds to comply with conflict of interest provisions. In general, no person, nor their family or business partners, who may exercise any function with respect to a federally funded activity may obtain a personal or financial benefit from the activity during their tenure and for one year after. In addition, any potential conflict of interest on the part of the

applicant or its employees must be disclosed to the City (See Attachment H).

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No agency or its subcontractor, shall hire, or permit the hiring of, any person if that person or a member of that person's immediate family has an administrative or policy-making position with the agency. The term "immediate family" includes wife, husband, domestic partner, son, daughter, mother, father, grandmother, grandfather, brother, sister, and in-law relationships. The term "administrative capacity" means persons who have selection, hiring, or supervisory responsibilities for employees or contractors of the program. The term "policy-making" capacity means membership on the board of directors, advisory boards and committees, or a similar position with the agency or any parent or subsidiary organization of the agency.

### 3.3.4 DRUG FREE WORKPLACE

Participation in these grant programs requires that agencies adopt their own policy to ensure a drug free workplace. See Attachment E. Specifically, agencies must make a good faith effort to maintain a drug-free workplace by:

- Publishing a drug-free workplace statement that is given to each employee who will be engaged in the performance of any federal award and which:
  - Informs employees that the manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the agency workplace;
  - Specifies the actions that the agency will take against employees for violating that prohibition; and
  - Informs employees that as a condition of employment under any award, he or she will abide by the terms of the statement and must notify the agency in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace and must do so no more than five calendar days after the conviction.
- Establishing a drug-free awareness program for agency employees about:
  - The dangers of drug abuse in the workplace;
  - The policy the agency has of maintaining a drug-free workplace;
  - Any available drug counseling, rehabilitation, and employee assistance programs; and
  - The penalties that the agency may impose upon Employees for drug abuse violations occurring in the workplace.
- Taking action when an employee is found in violation of drug statutes governing the workplace
  - Notify the City in writing within 10 days of learning of the conviction. Include the employee's position title and identification number of the affected award.
  - Take appropriate personnel action against the employee which may include termination or required participation in an approved rehabilitation program

- Agencies must also identify all known workplaces funded in part by CDBG funds

### **3.3.5 NONPARTICIPATION IN POLITICAL ACTIVITIES**

The applicant must agree that no funds provided, nor personnel employed under the contractual agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of the Hatch Act (USC Title V, Chapter 15).

### **3.3.6 Duplication of Benefits**

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) signed into Public Law (116-13) on March 27, 2020 provided funds to the City of Walla Walla. All grant applications related to this funding will be reviewed to meet the regulatory requirements detailed in 24 CFR Part 570 and 24 CFR Part 92 or additional guidance as developed by HUD. City staff will strive to ensure that community agencies providing COVID-19 assistance avoid duplication of services by requiring subgrantees give full disclosure of all Federal grant awards and applications. Any person and/or entity found to be knowingly withholding notification of an award or application will be barred from the Community Development Block Grant program for no less than one program year. Any person and/or entity receiving CDBG-CV assistance that Community Services staff determines to be duplicative will be required to repay the full amount of CDBG-CV assistance dispersed, and will be permanently ineligible to apply for CDBG assistance.

## **3.4 PROGRAM OPERATION**

### **3.4.1 INCOME DETERMINATION**

The City of Walla Walla calculates income for programs that serve low-moderate income clients using the definition in HUD 24 CFR Part 5. The HUD website <https://www.onecpd.info/incomecalculator/> allows for easy income calculations. These two programs require that the family income must be at or below 80% of Area Median Income meeting.

The following documentation received for this program includes:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- The net income from the operation of a business or profession;
- Income of any kind from real or personal property;
- Income received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts;
- Payments in lieu of earnings, such as unemployment and disability



compensation, worker's compensation and severance pay.

Agencies contracted to provide direct services to clients through CDBG may ask the client to self-certify their income. The self-certification must be on file. Agency must also submit a Direct Benefit Report that is included in the contract and available on the CDBG website. The Direct Benefit report includes the following information:

- Number of persons/households who apply and number who receive services
- Income Characteristics
- Race and Ethnicity Information
- Female Head of Household
- Homeless
- Numbers who live in City of Walla Walla

### **3.4.2 PROJECT OPERATION**

Funds are awarded for the sole purpose of completing the project identified in the application and incorporated into the contract. The use of CDBG funds is expressly limited to the activities described in the contract.

In the case of facilities funded with CDBG funds, the agencies must maintain and operate facilities for eligible activities, so as to be open for the use of the general public during all normal hours of operation and will not charge a fee that would restrict low-income persons from using the facility.

In the event the agency fails to maintain and operate the project, the City may, at its option, take possession of the project and operate and maintain it for any lawful purpose.

### **3.4.3 PROJECT SCHEDULE**

A project schedule is made part of the contract and is considered a critical element for review in the implementation of the proposal and the monitoring of performance. The contract will specify a time period that the agreement is in effect, including a project completion date. Contracted Agencies are required to submit quarterly reports and report project milestones. Projects will be periodically reviewed to ensure progress and agency requests for project extensions must be in writing, explaining the reasons for the request. Any funds unspent at the end of the agreement period will be retained by the City for allocation to another CDBG project.

### **3.4.4 PUBLIC INFORMATION**

In all news releases and other public notices related to projects funded under the contract, agencies must formally identify the source of funds. Depending on the

scope of the project, there may be additional notification requirements, such as:

- During construction agencies may be required to erect a durable and adequately visible sign at the construction site, identifying the source of funds.
- Upon the completion of construction, the agency may be required to place a metal plaque permanently in the highest foot traffic area readily visible to the public. The plaque should identify the funding sources, the project name, and the year constructed.

City staff will work with agencies to identify specific project requirements and contracts will carry provisions outlining the specifications of such notifications.

### **3.4.5 REAL PROPERTY MANAGEMENT**

Real property - land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment

### **3.4.6 REAL PROPERTY – CDBG PROGRAM**

When an agency uses in excess of \$25,000 of CDBG funds to acquire or improve real property the agency may not change the use or planned use of the property without City approval. This standard shall apply for a minimum of five (5) years from the date CDBG funds are first spent for the property. Specific terms will be outlined in the contract and deed as required.

### **3.4.7 RELIGIOUS ORGANIZATIONS**

Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this agreement. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

### **3.5 SPECIFIC TO HOUSING**

Please reference the City of Walla Walla CDBG Housing Rehabilitation Program Guidelines.

## **IV. ENVIRONMENTAL REVIEW**

### **4.1 SUMMARY**

As part of the contract preparation process, the City will conduct an environmental

review under the National Environmental Policy Act (NEPA). *No funds will be formally committed nor expended until the completion of the NEPA.*

To expedite the process, the City proceeds with the required environmental review and information gathering prior to the contract being signed. The agency may be required to furnish data, information and assistance as part of the environmental review.

Completion of the environmental review process is mandatory, before taking any choice-limiting actions, including the expenditure or commitment of either federal or non-federal funds. Prohibited actions include any physical action on a site such as demolition, movement, rehabilitation, conversion, repair or construction. Further the agency may not execute a construction contract prior to environmental clearance.

#### **4.2 HISTORICAL OR CULTURAL ARTIFACTS**

In the event that historical or cultural artifacts are discovered at a project site, funded with CDBG funds, during construction or rehabilitation, the agency or subcontractor shall immediately stop construction and notify both City staff and the state historic preservation officer at the Department of Archaeology and Historic Preservation at (360) 586-3065. For additional information, visit the state website at [www.dahp.wa.gov](http://www.dahp.wa.gov).

#### **4.3 HISTORIC PRESERVATION**

Projects will be reviewed to determine if a historic property is potentially affected by the undertaking. Properties that are in the Walla Walla Register of Historic Places will be subject to review and approval by the Historic Preservation Commission per WWMC 2.27.060. The Commission uses the Secretary of the Interior's standards for the rehabilitation's review.

#### **4.4 LEAD-BASED PAINT AND LEAD HAZARDS**

Projects that involve the acquisition or renovation of property built prior to 1978 must be tested for lead-based paint. Interim controls and safe work practices are required during construction. In addition, housing assisted with federal funds is subject to the:

- Prohibition of the use of lead-based paint
- Elimination of immediate lead-based paint hazards in residential structure
- Notification of the hazards of lead-based paint poisoning to purchasers and tenants of residential structures constructed prior to 1978

Paid renovators and multi-family housing maintenance workers who work in pre-1978 housing and child-occupied facilities will be required to meet the training and certification requirements of both HUD - Lead Safe Housing Rule (LSHR) and EPA (Environmental Protection Agency) – Renovation, Repair and Painting Rule (RRP).

Paid renovators include renovation contractors, painters and other specialty trades.

#### **4.5 NEW CONSTRUCTION SITE AND NEIGHBORHOOD STANDARDS**

A site for newly constructed housing must meet the site and neighborhood standards listed in 24 CFR 983.57. A checklist documenting compliance shall be completed and placed in the file titled "Site and Neighborhood Standards Checklist".

### **V. LABOR STANDARDS**

#### **5.0 FEDERAL WAGE LAWS AND LABOR STANDARDS**

CDBG activities are subject to federal wage laws and labor standards. Any one of the following activities triggers the Davis Bacon and Related Acts.

For CDBG-funded contracts, the Davis-Bacon Act is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It does not apply to the rehabilitation of residential structures containing less than eight units or construction carried out by employees of the City.

Contractors and subcontractors performing work on a construction project funded through the contract must comply with prevailing wage laws by paying the higher of state or federal prevailing wages according to:

- The Davis Bacon and Related Acts, Title 40 USC 276a to a-7 (Public Law 107-217-Aug.21, 2002, as amended), and applicable provisions of the implementing regulations at 29 CFR Part 3 and 29 CFR 5.5 and related federal acts provide that all laborers and mechanics employed by contractors or subcontractors shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor.
- The Copeland (Anti-kickback) Act (40 U.S.C. 2776c) governs the deductions from paychecks that are allowable. The Act makes it a criminal offense to induce anyone employed on a federally assisted project to relinquish any compensation to which he/she is entitled. In addition, the Act provides that all laborers and mechanics are entitled to receive pay weekly.
- Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as Amended, is applicable to federally assisted contracts subject to Davis-Bacon standards for construction projects employing mechanics or laborers and states that:
  - Eight hours is the standard workday, forty hours is the standard workweek.
  - One and one-half times the basic hourly rate of pay, exclusive of fringe benefit payments, must be paid for all hours over forty in a workweek.
  - No worker shall be required to work in surroundings or under working

conditions that are unsanitary, hazardous, or dangerous to health and safety.

## **5.1 ENFORCEMENT PROVISIONS**

The City CDBG program shall be responsible for monitoring of contractor compliance with the Federal Labor Standards Provisions. Grant Recipients are responsible for supporting the City in its efforts to monitor contractor compliance with Federal Labor Standards Provisions and more importantly are *responsible for the enforcement* of contractor compliance with the Federal Labor Standards Provisions. A number of actions must be taken at each step of the bidding & construction process for monitoring and enforcement of the Federal Labor Standards Provisions. These actions (generally listed in order of occurrence during the construction process) are as follows:

1. Prior to Bid Advertising
  - a. Agency requests from City staff a copy of Federal Labor Standards Provisions (Supplementary General Conditions) for inclusion in bid document/quote package.
  - b. Agency submits draft bid/contract document for review by City at least ten days prior to advertisement of bid.
2. Ten Days Before Bid Opening

Agency requests a copy of the current federal wage decision from City *ten days before bid opening*. The updated wage decision must be sent to all plan holders in a formal addendum to the bid document. This updated wage decision will apply to all work covered by the construction contract to be awarded under that bid advertisement. An exception to the “lock-in” date described above applies when the construction contract award is delayed 90 days or more after the bid opening. In these cases, changes in the wage decision published between the bid opening and construction contract award date must be included in the construction contract.
3. Before Awarding Construction Contract

Grant Recipient contacts City staff to verify eligibility (check for debarment) of the general contractor before awarding the construction contract.
4. Before Construction Begins

Contracted Agency holds pre-construction conference with representatives to ensure that federal labor standards requirements are discussed with the general (prime) contractor before construction begins. The City staff shall be responsible for leading the labor standards discussion. In scheduling the pre-construction conference, Agency should ask prime contractor to bring along person(s) responsible for doing company payroll.
5. During Construction

During the period of construction, the City is responsible for the following:

- a. Inform, advise and support contractor compliance.
  - b. Review certified payroll reports for compliance.
  - c. Monitor for violations and investigate probable violations and complaints of underpayment. If it is determined that contractor is in violation of Federal Labor Standards Provisions, Contracted Agency shall be required to take enforcement measures (withhold progress payment, assess liquidated damages, take legal action as appropriate and necessary, etc.).
6. Before Releasing Retainage on Construction Contract  
Before releasing retainage, Contracted Agency must check with City CDBG staff to make sure construction contractor has satisfied all requirements under the Federal Labor Standards Provisions. Note that for construction projects subject to Federal Labor Standards Provisions, the City shall reserve the final 10% of grant funds budgeted on the construction line item (as specified in Exhibit A of Construction Contract) pending the City's receipt of a complete and correct set of certified payrolls from project contractor(s).

## VI. FINANCIAL MANAGEMENT

### 6.1 FINANCIAL SYSTEM OVERVIEW

Agencies who receive CDBG federal funds must establish and maintain a financial system that meets the minimum federal requirement for financial management. Records must be reliable and up-to-date and are subject to review upon request. The system must be flexible enough to accommodate applicable laws and regulations, and yet also conform to *generally accepted accounting principles* (GAAP). Public agencies must maintain their accounting records in a manner consistent with the Budgeting, Accounting, Reporting System for Counties and Cities, and Other Local Governments (BARS) or equivalent accounting method.

In general, a financial system must:

- Provide effective control over and accountability for all funds, property, and other assets.
- Identify the source and application of funds for federally funded activities, including verification of the “reasonableness, allowability, and allocability” of costs and that no funds have been used in violation of any restriction or prohibition.
- Report accurate and complete disclosure of financial results in a timely manner.
- Develop board approved financial policies; a list of required policies is included in the *Funding Award* section.

### 6.2 ALLOWABLE COSTS

Costs are only eligible for reimbursement if they meet cost principle standards for allowable, reasonable and allocable.

Allowable:

- Necessary for performance or administration of grant award
- Authorized under all pertinent regulations and requirements
- Adequately documented, including source documentation
- Not charged to any other program; not a duplicate cost

Reasonable:

- Cost is ordinary or typical for the purchase
- Purchase benefits client population

Allocable:

- Incurred specifically for the grant award project
- If purchase is for program, rather than project, but can be proportionately prorated
- Is necessary for the overall operation of the organization, although a direct relationship to any cost objective cannot be identified

### **6.3 BUDGET CONTROL**

Agencies must monitor obligations and expenditures against their approved budget. In addition, financial data should relate to performance data. Whenever practical, unit cost information should be developed.

### **6.4 CASH MANAGEMENT**

Cash management standards require a strict attention to detail and accuracy and include:

- Accurate and supported information
- Returning erroneously drawn funds to the City immediately
- Transfers that result in using CDBG funds for any purpose other than that for which it was given are not allowed.

Regular banking procedures may be followed without any separate bank account or special bank eligibility requirements. However, agencies must be able to account for the receipt, obligation and expenditure of funds.

Please note that agencies are encouraged to use women-owned and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members) in conjunction with their CDBG activities.

## **6.5 INTERNAL CONTROL**

Agencies must adequately safeguard all property. Assets must only be used in a manner consistent with applicable laws, regulations and policies, and efforts must be made to protect against waste, mismanagement or loss.

Elements of internal control which establish a system of checks and balances include:

An organizational chart setting forth the actual lines of responsibility of individuals involved in approving or recording financial transactions.

- Written definition outlining the separation of employee duties, so no one individual has authority over an entire financial transaction. Key functional responsibilities:
  - a. Authorization to execute a transaction
  - b. Recording a transaction
  - c. Custody of the assets involved in the transaction.
  - d. Reconciliation of all transactions
- Physical access to confidential records, blank forms, cash, and other assets limited to authorized personnel only.
- Periodic comparisons of financial records to actual assets and liabilities with corrective action taken in response to any discrepancies: reconciliation.
- A designated representative who will be legally responsible to cost reimbursement requests and other forms as required throughout the project
- An assigned liaison that will be responsible for overall administration of the CDBG funded project and coordination with the City.

## **6.6 TRAVEL**

Travel expenses are recognized as a function of business and are included in the definition of the operating expenses of an organization. Travel expenses are not appropriate for casual or occasional use of a personal vehicle within the local area. The City will only approve travel consistent with the approved contract budget. The City has a travel policy, and the CDBG Coordinator will follow this policy.

## **6.7 ACCOUNTING RECORDS**

Records are to be maintained in a manner that costs can be tracked to specific revenue sources.

In addition, records should contain information pertaining to grant awards, all obligations, unobligated balances, assets, liabilities, expenditures, and program income. Documentation regarding how much of an obligation or expenditure is attributed to federal funds is required. An accounting system should include the following:



- **A chart of accounts.** A listing of all accounts in the general ledger of the organization; each account should be accompanied by a reference number
- **A cash receipts journal.** A chronological listing of when funds are received, in what amounts, and from what sources
- **A cash disbursements journal.** A chronological listing of the date and expenditure was incurred, how much was spent, to whom funds were paid, and for what purpose.
- **A payroll journal.** Documents the organization's salaries and benefits expenses, identifies funding sources per employee, and distinguishes various payroll categories.
- **A general ledger.** Chronological summary of the activity and financial status of all the accounts of an organization: cross-indexed with journal entries to permit the tracing of any recorded transaction
- **A trial balance practice.** A listing of the ledger accounts along with their respective debit or credit balances.

## 6.8 SOURCE DOCUMENTATION

Accounting records must be supported by source documentation. Source documentation must be readily available for review.

Supporting documentation is necessary to explain the basis of the costs incurred, as well as the actual dates and amount of expenditures.

Source documentation specific to:

### Payrolls

- Employment letters and all authorizations for rates of pay, benefits, and employee withholdings
- Union agreements
- Minutes from board of directors' meetings where salary schedules and benefit packages are established
- Written personnel policies
- W-4 forms
- Time and attendance records; particularly for time charged to City funding
- Time distribution records; to support the allocation of charges among multiple sources
- Canceled checks from the employees, insurance provider, or evidence of direct deposits

### Space and Utilities

- Rental or lease agreements
- Utility company bills

- Canceled checks

### **Supplies**

- Purchase orders or requisition forms initiated by an authorized representative
- Detailed invoice from the vendor (which has been signed-off to indicate the goods were received)
- Canceled check to the vendor
- Information regarding where the supplies are being stored and for what cost objective(s) they are being used

### **6.9 COST REIMBURSEMENT**

The City contracts on a cost reimbursement basis. In limited cases advance funding can be transferred to an escrow account. Indirect costs must be supported by a cost allocation plan. The Contracted Agency must provide the City with a copy of their cost allocation plan that defines how direct, shared, and administrative costs are allocated including the methodology.

Once a Contracted Agency has incurred an expense, a “request for reimbursement form” should be completed and submitted to the City. Requests must include a summary of expenses in support of all cost reimbursement items and staff costs by statement of work number and accompanied by general ledger detail.

For services or projects that are funded by multiple parties, the general ledger detail should identify which service, work, or staff costs were funded by the City and which by other parties. Supporting source documentation should show:

- When the expense was incurred
- How much was spent
- To whom funds were paid
- For what purpose (is the cost allowable)
- Who approved the expense
- How much of an obligation or expenditure is attributed to City funds

Agencies are encouraged to submit regularly and no less than quarterly for reimbursement. The City will make payment to the Contracted Agency *as soon as practicable*, but not more than thirty (30) days after an invoice is received. Occasionally other payment arrangements are agreed to by both parties.

Staff will review requests for reimbursement against supporting documentation and the approved contract budget. No payment shall be made for any service rendered by the Contracted Agency, except for services within the scope of each contract.

Please note that any cost submitted for reimbursement must be the net of all applicable credits. Any credits such as purchase discounts or price adjustments

must be deducted from total costs charged and documented.

#### **6.10 10% FUNDING RETAINED UNTIL PROJECT COMPLETION**

In cases where City funding is a portion of the purchase, acquisition or construction of a project, ten percent of the amount awarded will be held back pending successful completion. Documentation for completion of the project includes occupancy permits, leased units and an operational program. When constructing housing, the architect must certify that the number of required units meets Section 504 accessibility standards.

**Commented [RF2]:** Look at 10% unless it's prohibited by law.

**Commented [LC3R2]:** Amount changed to 10% from 5%

#### **6.11 DISALLOWED COSTS**

Upon signing the contract the subrecipient assumes responsibility for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

The City will expect payments to be returned if costs are considered disallowed. Disallowed costs are defined when the subrecipient has received payments for expenses or services that are outside the scope of the contract, prohibited, or paid for by another source. The contract may resume when the disallowed costs are recovered, and the corrective action process has been completed.

Examples of these would be, if funds were used to purchase a meal, if a rental home was rehabilitated under a home owner occupied rehabilitation contract, and if it was determined two funding sources paid for the same expenses.

#### **6.12 FEDERAL REGULATIONS GOVERNING FINANCIAL MANAGEMENT**

Please refer to 2CFR 200 for the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

### **VII. PROCUREMENT**

#### **7.1 OVERVIEW**

This section outlines requirements for using federal funds to purchase materials, products, or services using contracted funds under the CDBG program. These funds can only be used to purchase what is necessary to implement the approved proposal, as described and agreed to in the approved budget that is incorporated into the signed contract. Whether you are purchasing occasional office supplies or contracting for construction services, the requirements governing the purchasing process are designed to ensure that you:

- Follow a free and open competitive process in securing those products or services.
- Properly document your purchasing activities and decisions

- Observe the special rules for particular kinds of purchases (small purchases, competitive sealed bids, competitive proposals, and sole source procurements).
- Properly bond and insure work involving large construction contracts and/or subcontracts.
- Use local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible.
- Obtain supplies and services as efficiently and economically as possible.

## **7.2 REQUIRED STANDARDS**

Refer to City to Walla Walla Purchasing Procedures Manual as it adheres to more restrictive standards than the federal standards. As this is a live document, please request one from the City Clerk's office.

## **7.3 CONTRACTING WITH SMALL, MINORITY, AND/OR WOMEN-OWNED BUSINESSES**

Federal regulations for CDBG make it very clear that grant recipients and subrecipients should make every effort to use local business firms and contract with small, minority-owned and/or women-owned businesses while following the procurement process. Affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus area firms in its federally funded activities must be taken. The efforts should include:

- Incorporating such businesses in solicitation lists whenever they are potential sources.
- Ensuring that such businesses are solicited when identified as potential sources.
- Dividing procurement requirements, when economically feasible, to permit maximum participation of such businesses.
- Requiring prime contractors, when subcontracts are let, to take affirmative steps to select such firms.

### **7.3.1 NONDISCRIMINATION IN EMPLOYMENT BY GOVERNMENT**

In addition, the applicant and all subcontractors will comply with Executive Order 11246 - Nondiscrimination in Employment by Government. The order requires contractors and subcontractors to refrain from discrimination and take affirmative steps to ensure that applicants and employees receive equal employment opportunity regardless of race, color, religion, sex, and/or national origin. Construction contractors and subcontractors must make good faith efforts to employ women and minorities in all crafts and trades in their area where the contracts are to be performed and must also fully document their affirmative action efforts. In addition, sexual harassment is also a violation of the nondiscrimination

provisions of this Executive Order. See Attachment C.

### **7.3.2 TARGETED USE OF LOCAL BUSINESSES AND LOW- AND VERY LOW- INCOME PERSONS**

In conformance with the requirements of **Section 3 of the Housing and Community Development Act of 1968**, Section 3 is triggered when a project is awarded \$200,000 or more. To the greatest extent feasible, contracts must be awarded for work to be performed to eligible ***business concerns located in or owned by residents of the target area*** to ensure that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of governmental assistance for housing. Be advised that the desire to award contracts to local firms is *not* a legitimate excuse for avoiding an open and competitive procurement process.

The preferences provided under this section are based on income-level and location. To the greatest extent feasible, agencies must direct economic opportunities to low- and very low- income persons, particularly persons who are recipients of HUD assistance for housing.

As part of signing the contract, agencies are certifying that they will comply with the regulations in part 135, which assure that the objectives of Section 3 are met.

Agencies must provide notice of its Section 3 obligations to any labor organization or representative of workers with which the Contracted Agency has a collective bargaining agreement or other understanding. Further agencies must post this notice in conspicuous places at the work site where both employees and potential applicants for training and employment positions can see the notice. The notice should describe:

- The Section 3 preference
- The number of jobs and the job titles subject to hire
- The name and location of the person(s) taking applications for each of the positions
- The anticipated date the work shall begin.
- Availability of apprenticeship and training positions and qualifications for each

Agencies must also take appropriate action upon a finding that a subcontractor is in violation of Section 3. Further the Contracted Agency must not subcontract with any subcontractor, where the Contracted Agency has notice or knowledge that the subcontractor has been found in to be in violation of Section 3.

Agencies must advertise training and employment positions in the housing development (s) and transitional housing in the neighborhood or service area of the project by posting flyers which identify:

- The positions to be filled
- The qualifications required
- Where to obtain additional information about the application process

Noncompliance with Section 3 may result in sanctions, termination of the contract, and debarment or suspension from future HUD-assisted contracts.

**VIII. CIVIL RIGHTS COMPLIANCE**

**8.1 NONDISCRIMINATION**

In the provision of either employment or services, agencies who receive CDBG funds must comply with federal, state and city laws and regulations regarding nondiscrimination. Agencies must have policies and procedures to protect the rights of all individuals, employees and clients. Agencies must not discriminate on the basis of:

- |       |                 |                 |                    |
|-------|-----------------|-----------------|--------------------|
| Age   | Disability      | Marital Status  | Sex                |
| Color | Familial Status | National Origin | Sexual Orientation |
| Creed | Gender Identity | Race            |                    |

**8.2 REQUIRED ACTIONS**

**8.2.1 EMPLOYMENT SOLICITATIONS**

All solicitations for employment under the contract must state that all qualified applicants will be considered. The words “equal opportunity employer” in advertisements will constitute compliance with this section.

**8.2.2 GRIEVANCE AND COMPLAINT PROCEDURES**

Agencies must have or establish a grievance and complaint process and procedures. The process must allow current employees, applicants or members of the public who believe they have been discriminated against on the basis of a disability to report the incident. The process is subject to review by the City and at a minimum must:

- Be available to any individual requesting a copy
- Be in compliance with federal law regarding discrimination
- Be in writing
- Include both an informal and formal resolution process, including arbitration
- Include timelines for filing a grievance or a complaint
- Include timelines for response or action

### **8.2.3 LIMITED ENGLISH PROFICIENCY (LEP)**

Receipt of CDBG funds requires a Contracted Agency to take reasonable steps to provide meaningful access to persons with limited English proficiency.

### **8.2.4 NOTICE OF NONDISCRIMINATION**

Agencies must notify each person applying for or receiving services that per federal law:

- No otherwise qualified individual with a disability shall, solely by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination.
- Each person has the right to file a complaint, if they believe that they have been discriminated against in any program funded, in part or whole with CDBG funds.
- Each person must be informed where they may file such a complaint.

Notices must be posted in all work areas and must be visible to the public. In rental offices and other appropriate locations, agencies must display the HUD fair housing poster found at

[www.hud.gov/utilities/intercept.cfm?http://www.hud.gov/offices/fheo/promotingfh/928-1.pdf](http://www.hud.gov/utilities/intercept.cfm?http://www.hud.gov/offices/fheo/promotingfh/928-1.pdf).

## **8.2 ACCESSIBILITY REQUIREMENTS**

Participation in the CDBG program requires adherence to federal regulations governing the accessibility of buildings, facilities and programs. In many cases, new construction of rental projects must meet multiple accessibility construction requirements. Where two or more accessibility standards apply, the housing provider is required to follow and apply all standards, so that maximum accessibility is obtained.

A listing of applicable regulations, executive orders, notices and statutes is at the end of this chapter. For further information, visit the following:

<http://www.ada.gov/cguide.htm> [www.hud.gov/offices/fheo/progdsc/title8.cfm](http://www.hud.gov/offices/fheo/progdsc/title8.cfm)  
[www.hud.gov/offices/cpd/lawsregs/notices/2005/05-09.pdf](http://www.hud.gov/offices/cpd/lawsregs/notices/2005/05-09.pdf)  
<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/fedreq/>

### **8.2.1 FAIR HOUSING ACT**

- Applies to a building designed and constructed for initial occupancy after March 13, 1991; the design and construction requirements in the Fair Housing Act will not apply to rehabilitation projects or activities
- Prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin

- Prohibits discrimination in any aspect of the sale or rental of housing for families with children and persons with disabilities
- Establishes requirements for the design and construction of new rental or for sale multifamily housing to ensure a minimum level of accessibility for persons with disabilities
- Information about housing designs that provide accessible features in compliance with the Fair Housing Act can be found in HUD's Fair Housing Act Design Manual at <http://www.huduser.org/portal/publications/destech/fairhousing.html>

Under the Fair Housing Act covered multifamily dwelling units are:

- Dwelling units in buildings consisting of 4 or more units served by one or more elevators, or
- Ground floor dwelling units in other buildings with 4 or more units.

Covered multifamily dwelling units are required to be designed and constructed in a manner that includes:

- Public and common use portions of such dwellings are readily accessible to and usable by disabled persons
- Doors are designed to allow passage into and within the premises of such dwelling units and are sufficiently wide to allow passage by disabled persons in wheelchairs
- All premises within such dwelling units contain the following features of adaptive design:
  - a. An accessible route into and through the dwelling unit;
  - b. Light switches, electrical outlets, thermostats, and other environmental controls in accessible locations
  - c. Reinforcements in bathroom walls to allow later installation of grab bars
  - d. Usable kitchens and usable bathrooms such that an individual in a wheelchair can maneuver about the space

### **8.2.2SECTION 504 of the REHABILITATION ACT of 1973, as AMENDED**

Prohibits discrimination against persons with disabilities in any program or activity receiving Federal financial assistance.

HUD regulations implementing Section 504 require that new construction of multifamily projects, containing five or more dwelling units, be designed and constructed to be readily accessible to and usable by persons with disabilities. Both the individual units and the common areas in the building must be accessible. Alterations undertaken to a housing project that has 15 or more units with rehabilitation costs 75 percent or more of the replacement cost of the completed facility are considered to be substantial alterations and have the same requirements



as new construction, which are:

- A minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments
- An additional 2 percent of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments such as hearing or vision impairments
- Must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter.

To the point that it is not a financial or administrative burden, agencies are required to increase mobility accessibility to the minimum requirement when:

- Undertaking less than substantial alterations to units, common areas, facility or elements Projects may not be broken into multiple elements to avoid the requirement to increase accessibility.

Accessible units must be distributed throughout the projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice to the maximum extent feasible.

Agencies must make accessibility features available to tenants by:

- Offering vacant accessible units first to a current occupant requiring such features, then to an eligible qualified applicant on the waiting list requiring the accessibility features, before offering to anyone else
- Providing accessible features or policy modifications to applicants or tenants requiring them, unless doing so would result in a fundamental alteration in the nature of its program or an undue financial and administrative burden
- Conducting activities and meetings in an accessible location

### **8.3 AFFIRMATIVE MARKETING OF HOUSING**

By receiving HUD funding, agencies are required to implement affirmative marketing strategies, under which they identify groups, within the eligible population that are least likely to apply, and to conduct special outreach efforts through advertising in local media, including media targeted at persons with limited English proficiency.

The affirmative marketing requirements and procedures adopted must include:

1. Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the participating jurisdiction's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups);
2. Requirements and practices each owner must adhere to in order to carry out the

participating jurisdiction's affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster);

3. Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);

Additional information can be found in the City's Affirmative Fair Housing Marketing Plan in the Appendix of the current Consolidated Plan.

## **IX. OUTCOME DATA COLLECTION**

### **9.1 MONITORING OVERVIEW**

Monitoring is an ongoing process. Reviews begin as part of the pre-award selection process and continue throughout the contracting period. In some situations, monitoring will continue beyond the contract period, as a requirement of a major acquisition or construction project. All subrecipient monitoring will be completed in a manner consistent with the requirements of 24 CFR 570, 2 CFR 200.328, and 2 CFR 200.332 (d). Please also consult the City of Walla Walla CDBG Consolidated Subrecipient Monitoring Plan.

Monitoring includes a review of records, files and signed assurances, as well as reports generated specifically to document client and project eligibility. All supporting documentation, such as information submitted with cost reimbursement requests is reviewed, as a component of monitoring. During the contract period, a site visit may be scheduled.

By signing the contract, the Contracted Agency agrees that the City has the right to examine or copy, not only the fiscal components of the organization, but also all other aspects of an agency and its activities. The City is available to offer any necessary technical assistance to avoid or resolve any monitoring findings.

As part of the contract process the City will prepare Contracted Agency staff for monitoring by reviewing City program policies, HUD program guidelines, as well as reporting requirements.

In most cases, only City staff will monitor the Contracted Agency's project. However, HUD staff has the authority to visit any local CDBG project to check compliance with federal regulations.

### **9.2 OBJECTIVES**

The objectives of monitoring are to determine if agencies are:

- Carrying out federally funded activities as described in contracts.

- Carrying out the program or project in a timely manner, in accordance with the schedule included in the approved contract.
- Charging costs to the program or project that are eligible under applicable regulations.
- Complying with other applicable laws, regulations and terms of the contract.
- Conducting the program in a manner that minimizes the opportunity for fraud, waste and mismanagement.
- Maintaining the capacity to carry out the approved program or project.

**9.1.1 AREAS TO BE MONITORED**

- |                                                                  |                                      |
|------------------------------------------------------------------|--------------------------------------|
| 1. Accounting Records                                            | 15. Financial Management             |
| 2. Affirmative Marketing for both rental and home buyer projects | 16. Internal Control                 |
| 3. Affirmative Steps; Women & Minority Business                  | 17. Labor Standards                  |
| 4. Audit                                                         | 18. National Objectives              |
| 5. Bonding and Insurance                                         | 19. Nondiscrimination                |
| 6. Budget Control                                                | 20. Policy and Procedures            |
| 7. Cash Management                                               | 21. Procurement                      |
| 8. Code of Conduct Assurances                                    | 22. Program Income                   |
| 9. Complaint Procedure                                           | 23. Project Performance              |
| 10. Cost Allowability                                            | 24. Record Keeping                   |
| 11. Environmental Review                                         | 25. Relocation                       |
| 12. Equal Opportunity                                            | 26. Section 3 of the HUD Act of 1968 |
| 13. Equipment and Real Property Management                       | 27. Source Documentation             |
| 14. Fair Housing                                                 | 28. Timeliness                       |

**9.1.2 ONSITE MONITORING**

The City will schedule a site visit at a mutually agreed upon time. However, the City reserves the right to conduct on-site visits without prior notification.

When conducting a monitoring visit the City may:

- Review files, including third party contractor's files at the agency's administrative office
- Interview agency staff, third party contractor staff, citizens or citizen groups, to discuss the agency's performance
- Visit the project implementation site
- Discuss any discrepancy among data resulting from the files examined, interviews and visits to project sites
- Discuss the findings of the monitoring visit

### **9.1.3 PRE-AWARD MONITORING**

During the review and selection process, applicants must submit a copy of their most recent audit, to assess an agency's past performance. The City will carefully review any concerns or findings with the City auditor.

### **9.1.4 REQUIRED CORRECTIVE ACTION**

Following a site visit or review of records, the City will share results with the Contracted Agency. Sometimes monitoring will reveal issues that will require program changes to come into compliance with federal regulations. The City will help agencies identify problems, the causes of problems and potential problems and help agencies to correct them. Whenever possible, deficiencies will be corrected through discussion, negotiation or technical assistance. Failure by the Contracted Agency to correct deficiencies may result in funds being withheld and possible restrictions on future grants.

The results of the monitoring visit will be provided in writing following the visit. Corrective actions (detailed in the monitoring findings) may be required. If corrective actions are required, the Contracted Agency must submit a corrective action plan within thirty (30) days from the written notice by the City. Sometimes, as in the case of a material breach, the City may require an immediate corrective action plan and its implementation to avoid termination.

The City will approve or disapprove the Contracted Agency's corrective action plan in writing, within fourteen (14) days of receipt of the plan. If approved, the Contracted Agency will be required to implement the plan and ensure correction of the deficiency. If the Contracted Agency does not correct the deficiency, submit a corrective action plan within thirty (30) days, or the City deems the plan unsatisfactory, the City will take the necessary action. Such action may include, but is not limited to, reduction in payment or termination in whole or in part of the contract.

### **9.2 RECORD-KEEPING, REPORTING AND DOCUMENTATION**

Agencies are required to maintain sufficient records determining that CDBG program requirements have been met. Projects funded with CDBG dollars are also required to submit a Direct Benefit Report as detailed in the contract. A sample Direct Benefit Report is included in the attachments.

There are certain data elements commonly reported by all programs, although each program may require different specificity. These elements include:

- Number of persons, households, units or beds assisted, as appropriate
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent or 80 percent of area median income, per applicable program requirements.
- Race, ethnicity and disability of clients served

- Amount of money leveraged from other federal, state, local and private sources In addition, agencies must document the status and accomplishments of a project. Some examples of performance measurements include:
- Total number of square feet, linear feet, ramps, etc., constructed or installed;
- Number of houses rehabilitated;
- Number of jobs filled, training classes held, clients treated; and,
- Description of equipment or training supplies purchased.

### **9.2.1 DATA COLLECTION**

For Rental Construction Projects, the Contracted Agency shall collect and maintain the following information:

1. Number of units completed
2. Number of units meeting energy star standards
3. Number of Section 504 accessible units
4. Number of units designated for persons with HIV/AIDS (of those, the number for the chronically homeless)
5. Number of units designated for the homeless (of those, the number for the chronically homeless)
6. Name of the household or person assisted
7. Number of bedrooms in each household assisted
8. The amount of monthly rent paid by tenant
9. Income level of assisted household (i.e., very low-income/0-30% of AMI, low-income/31 to 50% of AMI, low/mod-income/50 to 60% of AMI)
10. Race of head of household (White, Black/African American, Asian, American Indian/ Alaskan Native, Native Hawaiian/Other Pacific Islander, American Indian/Alaskan Native & White, Asian & White, Black/African American & White, American Indian/ Alaskan Native & Black/African American, Other Multi-Racial)
11. If the head of household is Hispanic/Latino ethnicity
12. Household size – number of persons in the household
13. Household type (single/non-elderly; elderly; single parent; two parents; other)

### **9.2.2 REQUIRED RECORDS**

The Contracted Agency is required to keep the following specific records. If the Contracted Agency sponsors multiple projects, each project must be maintained in a separate file.

The AGENCY shall maintain all records required by the Federal regulations specified in 24 CFR 570.506 and 24 CFR 92.508 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not

be limited to:

1. Records providing a full description of each activity undertaken
2. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG Program 24 CFR 570.208
3. Records required to determine the eligibility of activities
4. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance
5. Records documenting compliance with the Fair Housing and Equal Opportunity components of the CDBG program
6. Finance records as required by 24 CFR 570.502, and 24 CFR 84.21-28.
7. Employment Information. The AGENCY will also maintain data which records its affirmative action in equal opportunity employment, and its good faith efforts to identify, train, and/or hire lower-income residents of the project area and to utilize businesses that are located in or owned in substantial part by persons residing in the area of the project.
8. Equal Opportunity. The AGENCY shall maintain records containing the following information for each applicant and each assisted person:
  - Name of the household or person assisted;
  - Income category (i.e., very low-income (0-30% AMI), low-income (31-50% AMI), or low/mod-income (50-60% AMI));
  - Racial/ethnic data (White, Black/African American, Asian, American Indian/Alaskan Native, Native Hawaiian/Other Pacific Islander, American Indian/Alaskan Native & White, Asian & White, Black/African American & White, American Indian/Alaskan Native & Black/African American, Other/multi-racial);
  - Gender data; and
  - Disability status.

This is to show the extent people have participated in, or benefited from, the activities carried out under this Agreement.

The AGENCY will also maintain data which records its affirmative action in equal opportunity employment, and its good faith efforts to identify, train, and/or hire lower-income residents of the project area and to utilize businesses that are located in or owned in substantial part by persons residing in the area of the project.

9. Affirmative Marketing
  - AGENCY shall maintain a file containing documentation of all marketing efforts (copies of newspaper ads, memos of phone calls, copies of

letters, etc.). These records must be available for inspection by the CITY.

- AGENCY must maintain a listing of all tenants residing in each unit.
10. Financial Management. Such records will identify adequately the source and application of funds for activities within this Agreement, in accordance with the provisions of 24 CFR §85.20. These records will contain information pertaining to grant awards and authorizations, obligations, non-obligated balances, assets, liabilities, outlays, and income.
  11. Hours Worked. The AGENCY will maintain records of the hours worked and rates of compensation for all personnel.
  12. Multiple Projects. In the event the Agency sponsors multiple projects, each project will be maintained under a separate file system.
  13. Property Acquisition. If the project involves property acquisition, the AGENCY's files must contain the following records:
    - Official Determination to Acquire - A citation of the action that constitutes the official determination to acquire, the date of the action, and the applicable HUD grant number.
    - Notice of Intent to Acquire the Property - A copy of the notice, citation of the date of transmittal to owner, and evidence of receipt by the owner.
    - Invitation to Accompany Appraiser - Evidence that owner was invited to accompany each appraiser on his inspection of the property.
    - Appraisal Reports - A copy of each appraisal report, on which determination of just compensation was based.
    - Review Appraisal - Arrange for a review appraisal to assure appraisal meets applicable standards.
    - Determination of Just Compensation - A copy of the resolution, certification, motion or other document constituting the determination of just compensation.
    - Purchase Offer - A copy of written purchase offer of just compensation, including all basic terms and conditions of such offer, and a citation of the date of delivery to the owner.
    - Purchase Agreement, Deed, Declaration of Taking, Tenant Waivers - A copy of each such document and any similar or related document utilized in conveyance.
    - Settlement Cost Reporting Statement - A copy of the statement.
    - Purchase Price Receipt - Evidence of owner receipt of purchase price payment.

- Ninety Days' Notice to Surrender Possession of Premises - A copy of the notice. As an alternative, a copy of this notice may be included in the relocation or property management files.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and HUD's implementing regulations in 24 CFR 42 applies to all real property acquisition by a grantee for an assisted program activity, regardless of the source of funding for the acquisition itself.

14. Other. Such other records necessary to document compliance with Subpart K or 24 CFR Part 570 as required by the City and/or the United States Department of Housing and Urban Development.

Separation of Funds. The AGENCY must account for CDBG funds separately from other funds in the AGENCY programs.

### **9.2.3 RETENTION OF RECORDS**

The AGENCY shall retain all financial records, supporting documents, statistical records and all other records pertinent to the Agreement in accordance with 24 CFR 570.506 and 24 CFR 92.508 except that the CITY requires a retention period of at least six (6) years. The retention period begins on the date of the submission of the CITY's annual performance and evaluation report (i.e., CAPER) to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the six-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the six-year period, whichever occurs later. Please note that any record with a longer retention schedule for purposes of public records disclosure under RCW 42.17 will apply.

Required records will be retained from the date the property ceases to be used as affordable housing or a public facility or the covenant has expired. In the case of public services, the retention date begins after the final performance report is approved.

- Records that are the subject of audit findings will be retained for the minimum period or until such audit findings have been resolved, whichever is later.
- The retention period for real property and equipment records starts from the date of the disposition, or replacement, or transfer at the direction of HUD.
- Any record with a longer retention schedule for purposes of public records disclosure under RCW 42.17.
- Records for any displaced person will be retained for seven years after such person has received final payment.
- Records pertaining to each real property acquisition will be retained for four years after settlement of the acquisition or until disposition of the applicable



relocation records in accordance with #3 above, whichever is later.

- Records of the hours worked, and rates of compensation shall be kept for a period of six years from the date of the submission of the final performance report under this Agreement.

#### **9.2.4 QUARTERLY REPORTS**

Quarterly, agencies will be required to submit a progress report package which includes:

- Financial statement, which at a minimum includes a balance sheet and a statement of activities listing income and expenses.
- The budget to actual report, which compares the approved operating budget to the actual revenue and expense activity for the fiscal period.
- The “quarterly progress report form”; format provided by the City.

The report form requires agencies to describe the status of their project and summarize actions taken towards objectives. Funds are obligated for a defined period of time as stated in the contract to meet these stated objectives. It is critical during quarterly reporting that agencies address any delays to the approved project timeline.

Reports are due on the 15th day after the end of the quarter. The quarterly reporting dates are:

- 1st Quarter – January, February, March – ***due on April 15th***
- 2nd Quarter – April, May, June – ***due on July 15th***
- 3rd Quarter – July, August, September – ***due on October 15th***
- 4th Quarter – October, November, December – ***due on January 15<sup>th</sup>***

In the event that quarterly reports are not submitted, invoices will cease to be processed until they are.

### **9.3 AUDIT**

#### **9.3.1 FISCAL AUDIT**

If the Contracted Agency expends \$750,000 or more in federal funds during the fiscal year, an audit report will be required.

**For Profit Agencies:** An independent audit, an independent limited scope audit or other evidence negotiated with and approved by the City that provides positive assurance of meeting GAAP (Generally Accepted Accounting Principles) or GGAAP (Governmental Generally Accepted Accounting Principles). Independent audits for fiscal years that include the contract must be completed and submitted to the City within nine months from the end of the agency’s fiscal year.

**Nonprofit Agencies and Public Entities:** The audit report must meet the Federal government’s guidance at Part 2 CFR 200 requirements with assurances of

financial record keeping that will enable identification of all federal funds received and expended by the OMB Catalog of Federal Domestic Assistance number. Audits completed shall be submitted to the City within nine months from the end of the agency's fiscal year.

If applicable, the agency shall include a corrective action plan for audit findings and a copy of any management letters. Failure to fulfill this requirement may result in corrective action, including withholding payment until the financial information or audit is received.

## **X. CLOSEOUT**

The closeout of an agreement should occur within thirty days of the end of the contract period. All required work under the contact must be completed and billed to the City. The City will execute a closeout letter, which may include:

- A final performance or progress report (including beneficiaries)
- A financial status report (including all program income)

Closeout letter may also include:

- Agency signature on closeout reconciliation that agreement has ended
- Inventory of property in the agency's possession that was acquired or improved with CDBG funds
- Review of tenant income qualification information and leases
- Site visit by City staff to ensure the completed project meets or exceeds minimum property standards.

## **XI. REFERENCES**

### **11.1 CITY RESOURCES AVAILABLE ONLINE**

<https://www.wallawallawa.gov/government/support-services/community-development-block-grant>

- Most recent Annual Action Plan
- Application Guidelines
- Most recent CAPER, Consolidated Plan Annual Evaluation Report
- Citizen Participation Plan
- Consolidated Plan
- Housing Rehabilitation Program Guidelines
- Neighborhood Revitalization Strategy Areas

- Past Projects

## 11.2 FEDERAL RESOURCES

Code of Federal Regulations, CFR

TITLE PART HEADING

2	2424	Grants and Agreements Nonprocurement Debarment and Suspension
		Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development Effectuation of
24	1	Rights Act of 1964
		Nondiscrimination On the Basis of Sex in Education Programs or
24	3	Activities Receiving Federal Financial Assistance
24	5	General HUD Program Requirements; Waivers
		Nondiscrimination in Programs and Activities Receiving Assistance
24	6	Title I of The Housing and Community Development Act of 1974
		Nondiscrimination Based on Handicap in Federally Assisted Programs and
24	8	Activities of the Department of Housing and Urban Development
		Enforcement of Nondiscrimination on the Basis of Disability in Programs
		or Activities Conducted by the Department of Housing and Urban
24	9	Development
24	21	Governmentwide Requirements for Drug-Free Workplace (Grants)
24	24	Governmentwide Debarment and Suspension (Nonprocurement)
		Lead-Based Paint Poisoning Prevention in Certain Residential Structures
24	35	
		Enforcement of Nondiscrimination on the Basis of Disability in Programs
		or Activities Conducted by the Department of Housing and Urban
24	9	Development
24	21	Governmentwide Requirements for Drug-Free Workplace (Grants)
24	24	Governmentwide Debarment and Suspension (Nonprocurement)
		Lead-Based Paint Poisoning Prevention in Certain Residential Structures
24	40	Accessibility Standards for Design, Construction, and Alteration of Publicly Owned Residential Structures
		Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the
24	41	Physically Handicapped

24	50	Protection and Enhancement of Environmental Quality
		Environmental Review Procedures for Entities Assuming HUD
24	58	Environmental Responsibilities
		Uniform Administrative Requirements For Grants And Agreements With
		Institutions Of Higher Education, Hospitals, And Other Non-Profit
24	84	Organizations
		Administrative Requirements For Grants And Cooperative
		Agreements
24	85	To State, Local And Federally Recognized Indian Tribal
24	87	New Restrictions on Lobbying
24	92	Home Investment Partnerships Program
		Nondiscrimination and Equal Opportunity in Housing under
		Executive
24	107	Order 11063
24	121	Collection of Data
24	135	Economic Opportunities for Low- and Very Low-Income Persons
24	146	Nondiscrimination on the Basis of Age in HUD Programs or
		Activities Receiving Federal Financial Assistance
24	570	Community Development Block Grants
24	982	Section 8 Tenant Based Assistance: Housing Choice Voucher Program
24	3280	Manufactured Home Construction and Safety Standards
		Nondiscrimination; Equal Employment Opportunity; Policies and
28	42	Procedures
29	1	Procedures for Predetermination of Wage Rates
29	3	Contractors and Subcontractors on Public Building or Public Work
29	5	Labor standards provisions applicable to contracts covering federally
		financed and assisted construction

Financed in Whole or in Part by Loans or Grants from the United States

Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also Labor Standards Provisions Applicable to Nonconstruction Contracts Subject to the Contract Work Hours and Safety Standards Act)

Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act

- 36 800 Protection of Historic Properties
- 41 Chapter 60 Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor
- 44 1 Rulemaking; Policy and Procedures

45 80

Nondiscrimination under Programs Receiving Federal Assistance through the Department of Health and Human Services Effectuation of Title VI of the Civil Rights Act of 1964

45 1624 Prohibition Against Discrimination on the Basis of Disability

48 52 Solicitation Provisions and Contract Clauses

United States Code, USC

TITLE PART HEADING

5 15 Political Activity of Certain State and Local Employees

16 Conservation Chapter 1A-Historic Sites, Buildings, Objects and Antiquities

16 Conservation Chapter 1B-Archaeological Resources Protection

31 Limitation on Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions

2 135

- 41 Chapter 10 Drug-Free Workplace
- 42 Chapter 63 Lead-Based Paint Poisoning Prevention
- 42 Chapter 69 Community Development §5309 Nondiscrimination in Programs and Activities

HUD Notice CPD 05-09

HUD Notice CPD 05-10

11470 **Federal Register** / Vol. 71, No. 44 / Tuesday, March 7, 2006 / Notices  
 21692 **Federal Register** / Vol. 73, No. 78 / Tuesday, April 22, 2008 / Rules and  
 Regulations 24802 **Federal Register** / Vol. 75, No. 87 / Thursday, May 6, 2010 / Rules  
 and Regulations 34044 **Federal Register** / Vol. 70, No. 111 / Friday, June 10, 2005 /  
 Notices

Executive Order 11063, as amended by Executive Order 12259 Equal Opportunity  
 in Housing

Executive Order 11246 (as amended by Executive Orders 11375, 12086 and 12107) —  
 Equal Employment Opportunity Programs  
 Executive Order 11593 Protection and Enhancement of the Cultural Environment  
 Executive Order 11625, as amended by Executive Order 12007 Minority Business Enterprises  
 Executive Order 12138, as amended by Executive Order 12608 Women's Business  
 Enterprise Executive Order 12432, Minority Business Enterprise Development  
 Executive Order 12549--Debarment and suspension

Executive Order 12892, as amended, Leadership and Coordination of Fair Housing in  
 Federal Programs: Affirmatively Furthering Fair Housing

Executive Order 12898, Federal Actions to Address Environmental Justice in  
 Minority Populations and Low-Income Populations

Executive Order 13166, Improving Access to Services for Persons with Limited  
 English Proficiency  
 Executive Order 13217, Community-Based Alternatives for Individuals with  
 Disabilities Executive Order 13330, Human Service Transportation Coordination

Accessibility for Persons with Disabilities to Non-Housing Programs funded by  
 Community Development Block Grant Funds -- Section 504 of the Rehabilitation Act of  
 1973, the Americans With Disabilities Act, and the Architectural Barriers Act

Age Discrimination Act of 1975, as

amended Architectural Barriers Act of  
1968 (ABA) Davis-Bacon and Related  
Acts (DBRA)  
Fair Housing Act, Title VIII of the Civil Rights Act of  
1968 Housing for Older Persons Act of 1995  
(HOPA)  
Section 104(b)(2) of Title I of the Housing and Community Development Act of  
1974, as amended  
Section 109 of Title I of the Housing and Community Development Act of 1974, as  
amended Section 3 of the Housing and Urban Development Act of 1968  
Section 3 of the Housing and Urban Development Act of  
1968 Section 504 of the Rehabilitation Act of 1973, as  
amended Section 508 of the Rehabilitation Act of 1973  
The Contract Work Hours and Safety Standards Act  
(CWHSSA) The Copeland (Anti-Kickback) Act  
Title II of the Americans with Disabilities Act (ADA) of  
1990 Title II of the Civil Rights Act of 1968  
Title IX of the Education Amendments Act of 1972  
Title VI of the Civil Rights Act of 1964, and as amended in 1988



## Amendment A

### **This section provides definition of key CDBG topics and terms.**

**The Act:** The Housing and Community Development Act of 1974 makes funds available to qualified cities to develop of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities.

**Action Plan:** An annual plan that outlines proposed housing and community development objectives, activities, and budget in the City of Walla Walla. The plan includes information regarding federal, state, and local funding resources, a description of each activity to be implemented, and other actions that the City will take to address barriers to affordable housing, support anti-poverty strategies, and facilitate fair housing.

**Administrative Cap:** A maximum of 20 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on planning and administration costs.

**CDBG:** The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.

**CDBG Recipient:** Local governments are known as grantees or recipients, and also referred to as units of general local government (UGLGs). Under the Entitlement CDBG Program, the City of Walla Walla receives funding directly from HUD.

**CFR:** The Code of Federal Regulations (CFR) is the codification of the general and permanent rules and regulations (sometimes called administrative law) published in the Federal Register by the executive departments and agencies of the federal government of the United States. The CFR is divided into 50 titles that represent broad areas subject to federal regulation.

**Citizen:** Unless otherwise distinguished by HUD or applicable statute, citizen and resident are used interchangeably.

**Conflict of Interest:** When an individual or organization is involved in multiple interests, one of which could corrupt or be perceived corrupt fair and objective allocation of funds or procurement of goods and services.

**Consolidated Annual Performance and Evaluation Report (CAPER):** An annual report prepared by the City of Walla Walla in accordance with 24 CFR Part 91, on the objectives, activities, and budget set forth in the Annual Action Plan and the progress on the three-to five year.

**Consolidated Plan:** The Consolidated Plan is a three-to five-year strategic plan prepared by the City in accordance with 24 CFR Part 91, and describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development CPD formula programs, including CDBG. An approved Consolidated Plan is one which has been approved by HUD.

**Contractors:** A contractor is an entity paid with CDBG funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process.

**Cost Allocation:** The identification, aggregation, and assignment of centralized costs.

**Cost Allocation Plan:** A description of a process whereby services provided on a centralized basis (e.g., motor pools, computer centers, purchasing and accounting services) can be identified

and assigned to benefited departments/agencies (e.g., the department/agency administering the CDBG program) on a reasonable and consistent basis.

**CPD:** The Office of Community Planning and Development (CPD) is an office within HUD. CPD administers and provides federal oversight of the CDBG program, along with other federal programs that provide decent housing, a suitable living environment, and expand economic opportunities for low and moderate income persons.

**Davis-Bacon Act:** Establishes the requirement for paying the local prevailing wages and fringe benefits, as determined by the U.S. Department of Labor, laborers and mechanics. It applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000.

**Draw Down:** Refers to the process of requesting and receiving CDBG funds. Grantees draw down funds from a line of credit established by HUD, while subrecipients typically draw down funds from grantees.

**Economic Development:** Activities to improve the economic health and standard of living in Walla Walla. Depending on the nature of the activity, eligible economic development activities may be subject to the Public Services or Administrative caps.

**Entitlement Community:** A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program. An Entitlement Community is sometimes referred to by HUD as a grantee or recipient.

**Entitlement Grant:** Federal funds received by an entitlement community in a program year.

**Household:** All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

**Housing Rehabilitation:** Activities that assist homeowners with the repair, rehabilitation, or reconstruction of owner-occupied units.

**HUD:** CDBG funds are provided to states through the U.S. Department of Housing and Urban Development (HUD). HUD established the regulations and requirements for the program and has oversight responsibilities for the use of CDBG funds.

**HUD Guidelines:** All tools, guidebooks, trainings, notices, and other guiding materials and correspondence provided by HUD or CPD regarding the laws and regulations of CDBG Program.

**Integrated Disbursement and Information System (IDIS):** A nationwide database that provides HUD with current information regarding program activities and funding data. The City of Walla Walla uses IDIS to fund and report on its CDBG Program.

**Income:** Adjusted gross income as defined by the IRS Form 1040.

**Indirect Costs:** Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

**Indirect Cost Rate:** A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

**Indirect Cost Rate Proposal:** The documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.

**Low – and Moderate Income:** Low- and moderate income (also referred to in this manual as LMI) means family or household annual income less than the Section 8 Low Income Limit,

generally 80 percent of the area median income, or a person within such household, as established by HUD.

**Low-Income Household/Family:** A household/family having an income equal to or less than the Section 8 Very Low Income limit (50% of the area median income) as established by HUD.

**Microenterprise:** A business that has five or fewer employees, one or more of whom own the enterprise.

**Minimum Contracting Standards:** A set of standards required before the execution of a Subrecipient Agreement. The standards indicate the minimum administrative and financial framework required to manage public funds.

**Minority Business Enterprise (MBE):** A business concern that is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian Pacific American or Asian-Indian American; and whose management and daily business operations are controlled by one or more of these owners.

**Moderate-Income Household/Family:** A household/family having an income equal to or less than the Section 8 Low Income limit (80% of area median income) established by HUD, but greater than the Section 8 Very Low Income limit (50% of area median income) established by HUD.

**Monitoring Visits:** Visits to subrecipient and city partner programs by Department of Library and Community Services staff to evaluate the progress/performance of the program and/or to provide technical assistance.

**Neighborhood Services:** Services that benefit an entire neighborhood and correspond with the neighborhood's or census tract's geographic boundaries.

**Presumed Benefit:** Benefit a group of clientele that is presumed to be principally Low – and moderate income. Presumed benefit groups include abused children, battered spouses, severely disabled adults, homeless persons, illiterate adults, persons with AIDs, migrant farm workers, and elderly persons over 62-years-of-age.

**Program Income:** Program income is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds.

**Program Year:** City of Walla Walla's Program Year begins October 1 and concludes June 30 of the following year.

**Public Service Activity:** Eligible public service activities including but not limited to those concerned with employment, crime prevention, child care, health, homelessness, drug abuse, education, fair housing counseling, energy conservation, and welfare. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase.

**Public Services Cap:** A maximum of 15 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on public service activities.

**Resident:** Unless otherwise distinguished by HUD or applicable statute, resident and citizen are used interchangeably.

**Section 3:** Section 3 of the Housing and Urban Development (HUD) Act of 1968 established the Section 3 Program, which requires recipients of HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very low income residents in connection with projects and activities in their neighborhoods.

**Small Business:** The U.S. Small Business Administration is responsible for defining small businesses. Small Businesses are commonly identified by 500 employees or less for

manufacturing and mining industries and \$7.5 million or less in average annual receipts for non-mining industries. However, there are a number of exceptions.

**Statement/Scope of Work:** An exhibit of the subrecipient agreement which must include a project description, the national objective claimed, activity descriptions, intended beneficiaries (number and type), detailed budget and location(s) of program-related activity.

**Subrecipient:** An entity charged with implementation of one or more activities funded with Walla Walla CDBG dollars.

**Subrecipient Agreement:** A written agreement between the City of Walla Walla and the subrecipient that is required before CDBG funds are disbursed. **Substantial Amendment:** An amendment to the Action Plan or the Consolidated Plan as required when 25 percent of the original award for an activity or plans to utilize funds under a different activity category are proposed.

**Technical Assistance:** Assistance to an entity by another entity more knowledgeable in the applicable subject field, resulting in increased capacity or knowledge of the assisted entity.

**Timeliness:** Carrying out CDBG-funded activities in a timely manner.

**Timeliness Spending Test:** A test conducted sixty days prior to the end of the current program year, to ensure that the amount of entitlement grant funds available to the City of Walla Walla under grant agreements but undisbursed by the U.S. Treasury is not more than 1.5 times the entitlement grant amount for the current program year.

**Urgent Need:** Activities designed to alleviate existing conditions of recent origin (18 months) that pose serious threats to the health and welfare of the community; this objective may only be used if the community cannot finance necessary activities with other source.

**Women's Business Enterprise (WBE):** A business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of these owners.

## Amendment B

Date

Name  
Address

RE: 20xx CDBG Project Award

Dear XXX,

After careful review from public comment, the Community Development Block Grant (CDBG) staff, and Advisory Board, I would like to inform you that the Organization has been selected for a 20xx Project Award. The Advisory Board is pleased with the project proposal and is enthusiastic to support these efforts.

It has been determined that the project is consistent with the 2019-2023 Consolidated Plan and is an eligible CDBG activity. Funding is approved at \$XXX for this project as a part of the 20xx CDBG Annual Action Plan. I will follow up this letter with a contract for you to review and sign.

I look forward to working with you and the team at Organization to make the City's CDBG project a success.

Sincerely,

Lydia Caudill  
CDBG Coordinator  
Support Services Department

# ATTACHMENT C

## NON-DISCRIMINATION AFFIDAVIT

I, the undersigned, hereby duly sworn, depose and say that the organization or business entity represented herein shall not discriminate against any person in its operations, activities or delivery of services under any agreement it enters into with the City of Walla Walla. The same shall affirmatively comply with all applicable provisions of federal, state and local equal employment laws and shall not engage in or commit any discriminatory practice against any person based on race, age, religion, color, gender, sexual orientation, national origin, marital status, physical or mental disability, political affiliation or any other factor which cannot be lawfully used as a basis for service delivery.

It is the policy of the City of Walla Walla that Minority/Women-Owned Business Enterprises (MWBE) shall have the maximum opportunity to participate in all contracts. The City of Walla Walla will accept MWBE certifications from Walla Walla County and any State of Washington certification.

Further, the City of Walla Walla requires that all contracting agencies of the City, or any department thereof, acting for or on behalf of the City, shall include in all contracts and property contracts hereinafter executed or amended in any manner or as to any portion thereof, a provision obligating the contractor not to unlawfully discriminate (as proscribed by federal, state, county, or other local law) on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age above the age of 21, sexual orientation, gender identity or expression, marital status, pregnancy, familial status, veterans status, political affiliation, or physical or mental disability and such person's association with members of classes protected under this chapter or in retaliation for or opposition to any practices forbidden under this chapter against any employee of, any City employee working with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended there under.

By: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF WASHINGTON  
COUNTY OF WALLA WALLA

Sworn to and subscribed before me this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by  
\_\_\_\_\_.

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_ Personally known, or  
\_\_\_\_ Produced Identification

\_\_\_\_\_  
Type of ID Produced

## ATTACHMENT D

### **NON-DEBARMENT AFFIDAVIT**

\_\_\_\_\_ Being first duly sworn, deposes and says that:

He/She is \_\_\_\_\_ of \_\_\_\_\_ the Proposer ("Respondent") that has submitted the attached Proposal. By offering a submission to this RFP, the Respondent certifies and affirms that to the best of his/her knowledge and belief, that:

1. The Respondent is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any transaction of any Federal, state or local agency; and
2. The Respondent has not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records; making false statements; or receiving stolen property; and
3. The Respondent is not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph 2 of this affidavit; and
4. The Respondent has not within a three-year period preceding this proposal had one or more public transactions (Federal, State or local) terminated for cause or default; and
5. The Respondent will submit a revised Debarment Affidavit immediately if the status changes.

If the Respondent cannot certify that he/she is not debarred, he/she shall provide an explanation with this submittal. An explanation will not necessarily result in denial of participation in a contract. Failure to submit a debarment affidavit will disqualify the contractor from the award of any contract.

\_\_\_\_\_ Check here if an explanation is attached to this affidavit.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF WASHINGTON  
COUNTY OF WALLA  
WALLA

The foregoing Agreement was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, who has affirmed that he/she has been duly authorized to execute the above document. He/she is personally known to me or has produced \_\_\_\_\_ as identification.

NOTARY'S SEAL:

\_\_\_\_\_  
NOTARY PUBLIC, STATE OF WASHINGTON

\_\_\_\_\_  
Name of Acknowledger, typed, printed, or Stamped



# ATTACHMENT E

## DRUG-FREE WORKPLACE CERTIFICATION

Preference must be given to vendors submitting a certification with their bid/proposal certifying they have a drug-free workplace in accordance with Section 287.087, Washington Statutes. This requirement affects all public entities of the State and becomes effective January 1, 1991. The special condition is as follows:

IDENTICAL TIE BIDS - Preference shall be given to businesses with drug-free workplace programs. Whenever two or more bids which are equal with respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie bids will be followed if none of the tied vendors have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
- 2) Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
- 3) Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
- 5) Impose a sanction on or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
- 6) Make a good-faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

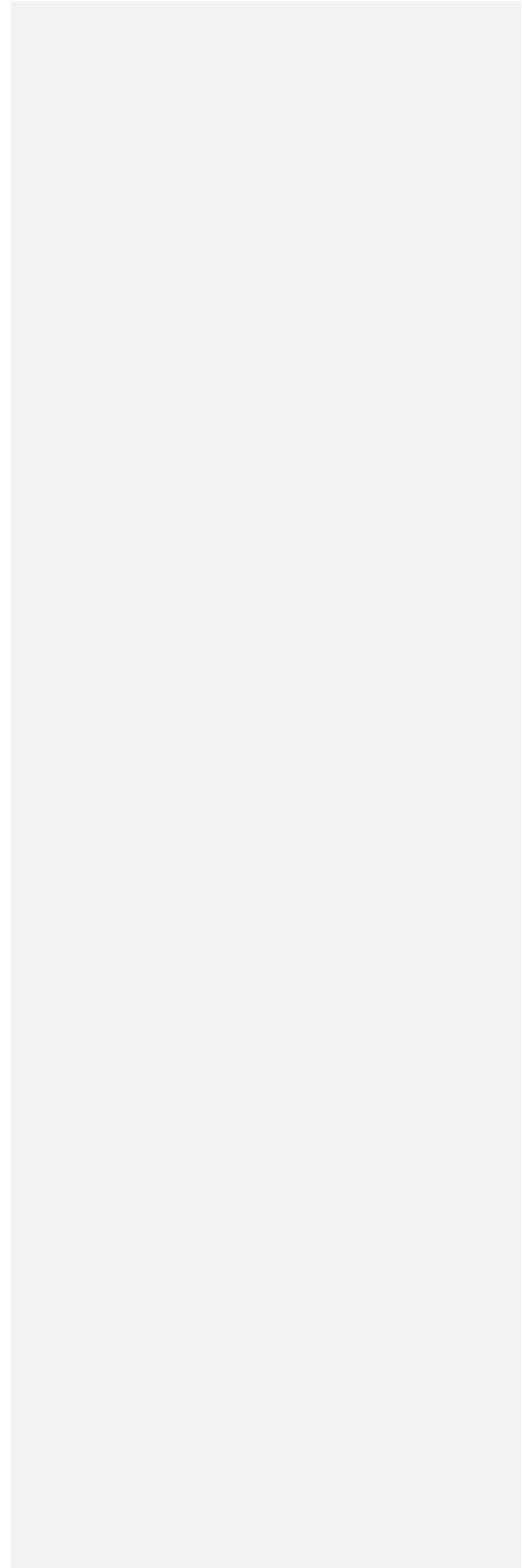
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COMPANY NAME

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VENDOR'S SIGNATURE

**Must be executed and returned with attached proposal to be considered.**



# ATTACHMENT F

## NON-COLLUSIVE AFFIDAVIT

State of Washington  
County of Walla Walla

\_\_\_\_\_ being first duly sworn deposes and says that:

- (1) He/she is the \_\_\_\_\_, (Owner, Partner, Officer, Representative or Agent) of \_\_\_\_\_ the Proposer that has submitted the attached Proposal;
- (2) He/she is fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal;
- (3) Such Proposal is genuine and is not a collusive or sham Proposal;
- (4) Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, have in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, firm, or person to submit a collusive or sham Proposal in connection with the Work for which the attached Proposal has been submitted; or to refrain from proposing in connection with such Work; or have in any manner, directly or indirectly, sought by agreement or collusion, or communication, or conference with any Proposer, firm, or person to fix the price or prices in the attached proposal or of any other Proposer, or to fix any overhead, profit, or cost elements of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against (Recipient), or any person interested in the proposed Work;
- (5) The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Proposer or any other of its agents, representatives, owners, employees or parties in interest, including this affiant.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

STATE OF WALLA WALLA  
COUNTY OF WALLA WALLA

Sworn, to and subscribed before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

by \_\_\_\_\_.

Signature of Notary Public

# ATTACHMENT G

## CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents of all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, United States Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Organization:

Street address:

City, State, Zip:

CERTIFIED BY:(type or print)

TITLE:

(signature) (date)

# Attachment H

## Conflict of Interest and Lobbying Certification

By applying for CDBG funds, the Applicant certifies that:

No member, officer or employee of the applicant, or its designee or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct, or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with the program assisted under the Grant, and that it shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this certification.

The Applicant certifies to the best of his or her knowledge and belief that:

No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative contract, and the extension, continuation, renewals, amendment, or modifications of any federal contract, grant loan, or cooperative contract.

If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative contract, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

Name of Organization: \_\_\_\_\_

Name of Applicant's Authorized Official: \_\_\_\_\_

Authorized Official's Title: \_\_\_\_\_

Signature of Authorized Official: \_\_\_\_\_