



Community Development Block Grant Program

SUBRECIPIENT GUIDEBOOK 2022

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Letter to Subrecipients

Dear CDBG Subrecipient,

Congratulations on being awarded Community Development Block Grant (CDBG) funds! The City of Flagstaff Housing Section welcomes your partnership and contribution to the advancement of our community.

CDBG funds are provided by the Department of Housing and Urban Development (HUD) and compliance with federal laws and regulations, as well as with the City's policies and procedures, are vital in ensuring the City of Flagstaff continues to receive CDBG funds. Your success in administering your grant means the City's success!

We recommend that you begin by reviewing your executed contract with the City of Flagstaff. Become familiar with the document, memorize the scope of your project, and be sure to reference the outlined statutes. This guidebook and all linked resources are only supplemental to the regulations and policies of the CDBG program and does not replace them. Staff, to help facilitate the administration of your contract, has also created a Subrecipient Toolkit located on the City's website. The Toolkit includes a variety of resources and valuable templates to begin administering your contract.

As you begin your project, please remember that Housing Section staff is always available to answer your questions and guide you through this complex process. We welcome you to reach out to Kristine Pavlik, Housing and Grants Administrator, for programmatic questions, and to Adriana Fisher, Housing Specialist, for any administrative questions related to monthly reports, reimbursements, etc. Communication is key!

We appreciate your dedication to providing critical services to our community.

Sincerely,

Housing Section Staff

SECTION 1: Introduction to CDBG

In 1974, the Community Development Block Grant (CDBG) program was authorized under Title 1 of the Housing and Community Development Act. The program provides annual grants to cities and counties for the development of viable urban communities, which are achieved by delivering decent housing, creating a suitable living environment, and expanding economic opportunities primarily for low- and moderate-income persons.

The City of Flagstaff is considered a CDBG Entitlement Community and receives an annual grant based on a formula considering population, extent of poverty, housing overcrowding, age of housing, and the population growth lag as compared to other metropolitan areas. Eligible Entitlement Community grantees are principal cities of Metropolitan Statistical Areas (MSAs), other metropolitan cities with populations of at least 50,000, or qualified urban counties with populations of at least 200,000.

To be considered an eligible activity, the activity must meet one of the following [National Objectives](#):

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

CDBG funds may be used for activities that 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 certain limits
- 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.

The City of Flagstaff and subrecipients share joint responsibility in complying with federal requirements and the following resources are fundamental to successful grant administration by both parties:

- [CDBG Laws and Regulations](#)
- [24 CFR 570—Community Development Block Grants](#)
 - [Subpart J \(24 CFR 570.500–570.513\)—Grant Administration](#)
 - [Subpart K \(24 CFR 570.600–570.613\)—Other Program Requirements](#)
- [Playing by the Rules Handbook](#)
- [Technical Guide for Determining Income](#)
- [City of Flagstaff Grant Provisions Project Manual for CDBG Construction Projects](#)
- [City of Flagstaff CDBG Income Verification Guidebook](#)

SECTION 2: CDBG Timeline & Procedures

While many CDBG processes occur simultaneously, below is a typical program year process. Resources and guidance for contract administration is provided for each section. One recommended resource is HUD's [Playing by the Rules Handbook](#), which is a comprehensive guide specifically written for subrecipients of CDBG Entitlement funds.

Please note Housing Section staff are always available to meet with organizations or individuals interested in applying for CDBG grant funds through Technical Assistance meetings.

Applications for Entitlement Funding (January – February)

In January, the first public meeting of the program year is held to answer questions from those interested in applying for CDBG grant funds. A Notice of Funding Availability (NOFA) application is available soon after the City publishes an ad announcing the beginning of the CDBG application process. Applications for CDBG grant funds are typically due in February.

In February, an ad for the second public meeting is published to inform applicants and the community about what proposals were submitted.

Project Selection & Notification of Award (March – August)

In March, the Housing Section assembles a Ranking Committee, comprised of City staff and a diverse group of community representatives, including those from the Housing Commission and A League of Neighborhoods (ALN). The Ranking Committee thoroughly assesses each application submitted and decides which applications to recommend to the Flagstaff City Council based on the application's adherence with HUD eligibility requirements, risk factors, and the project's relevance to prioritized needs outlined in the City's [Consolidated Plan](#).

The City Council makes all final funding decisions and the amount of funds awarded to each applicant is included in the [Annual Action Plan \(AAP\)](#). Once approved by City Council after a public hearing in April, the AAP is submitted to HUD between May and August, depending on HUD's timeline for the year.

The amount of funds awarded to each project is an estimate and will not be finalized until the City has a Grant Agreement from HUD.

Environmental Reviews (June – November)

From June through November, Environmental Reviews are conducted.

CDBG regulations require the preparation of a project [Environmental Review Record \(ERR\)](#) and environmental clearance before any funds, federal or otherwise, are expended or costs incurred. The environmental review process covers all phases of the project, whether the project is funded in whole or in part by CDBG funds. The overall governing regulation is the National Environmental Policy Act (NEPA).

Some activities, such as public services that will not have a physical impact or result in any physical changes to the environment, are Exempt. The environmental review for these types of activities will be completed by staff at the beginning of the program year so projects may begin to incur costs.

Generally, other types of activities will require some level of review and subrecipients may be asked to assist in the development of the ERR by providing additional information, maps, or site specifics. The level of review will depend on the type of activity.

Some capital projects that require permits through the County or City may also trigger an environmental review under the State Environmental Policy Act (SEPA). For these types of projects, special conditions and mitigation measures required by the SEPA will be included in the NEPA review. These reviews can run concurrently; however, NEPA requires additional time for public comment and issuance of an Authority to Use Grant Funds before the project can proceed.

Subrecipient's Contract Preparation (June – November)

During this period, subrecipients must prepare to manage their projects, which includes establishing a [record-keeping system](#) to ensure they can fully document and demonstrate CDBG project compliance with all applicable regulations. The filing system established by subrecipients must provide a historic account of their project. Files must be maintained in a central location and separate from regular operations. HUD has provided an effective [Recordkeeping Checklist for Tracking Activities](#).

It is imperative that the subrecipient examines their contract with the City of Flagstaff, as well as all relevant resources provided. The City is responsible for collecting data from subrecipients and reporting it to HUD so it is eminent that subrecipients keep accurate records that conform to federal requirements from the very beginning, starting with their application for funding.

HUD Approval (October - December)

Forty-five (45) days after the City submits its AAP to HUD, the plan is considered approved.

HUD prepares a formal approval for the proposed projects in the form of a Grant Agreement once the AAP is approved and after the federal government's fiscal year begins on October 1st. The Grant Agreement is executed by the City Manager and includes final allocation amounts based on the final total allocation from HUD to the City, which may increase or decrease the funds awarded to each subrecipient.

The City officially commits funds to the projects identified in the AAP.

Contract Development and Execution (November – March)

From November to February, Housing Section staff create contracts for each subrecipient based on the application submitted. The contract contains the scope of services, financial conditions, and federal, state, and local regulatory requirements.

Subrecipients review the contract created by staff. The CDBG application submitted will be the basis for the scope of services and budget included in the contract. Subrecipients will then provide required documentation to staff to obtain a Notice of Award (NOA) and will sign the contract to be executed.

From January to March, the City Grants Department will issue a Notice to Proceed (NTP) to subrecipients awarded CDBG funds. **Subrecipients may NOT spend CDBG funds prior to receiving a NTP.**

Prior to expenditure of funds, subrecipients will thoroughly review their contract and all documents referenced and included in their Subrecipient Guidebook. They will also attend an orientation to ensure their understanding of CDBG regulations. Technical Assistance meetings will be conducted as necessary.

Contract Administration & Monthly Reporting (March – March of Following Year)

Every month, effective when the NTP is issued to the organization, subrecipients will submit Monthly Reporting Packets by the **second Friday of each month**, unless an extension is approved by Housing Section staff. Packets will provide updates about the project's progress, and they should be able to provide a historic account of the project.

From the beginning of the project, a subrecipient's financial management system must meet the audit requirements as specified in [2 CFR §200.501](#). All financial transactions with CDBG monies are subject to federal audits.

Templates of forms necessary to begin submitting Monthly Reporting Packets can be found in the [Subrecipient Toolkit](#) on the City's website. When filling out template documents, please ensure all blanks are filled in or the phrases "not applicable," "N/A," or "None," are used as necessary to fill blank spaces. This helps avoid miscommunications and leaves no room for assumptions.

Monthly Reporting Packets may be submitted in person or be sent via **encrypted email in PDF format only** to Housing Section staff for review. **Electronic signatures will be accepted if they are dated and time stamped such as in the free version of Adobe Acrobat, as shown [here](#).**

Complete packets will include the following:

- ✓ **Monthly Performance Reports:** Submitted each month for the entire agreement period until the scope has been met and funds have been spent down. They must include information relevant to how the subrecipient is pursuing meeting the scope of the project, as well as any challenges encountered for that month. Reports must be well-written, comprehensive, and signed by the subrecipient's authorized agent.
- ✓ **Demographic Reports** (if applicable): Must be submitted for all contracts serving clients. They must clearly include the demographics of unduplicated clients served each month. Demographic information must match the information provided in supporting information submitted.
- ✓ **Requests for Reimbursement** (if applicable): Will not be processed until a NTP has been issued to the subrecipient by the City and will only be paid if they include eligible and approved expenditures. Incurred costs must be included in the approved CDBG Budget and must be allowable under [2 CFR 200 Subpart E – Cost Principles](#).

- Requests must be signed and dated by the subrecipient’s authorized agent and a second reviewer to minimize errors. Supporting information must be submitted for all eligible expenses, including, but not limited to proof of the expense, such as invoices from vendors for items or services purchased or equivalent documents, and proof the subrecipient paid the expense. For Payroll/Salary expenditures, the amount of staff time charged to the CDBG program activity must be clearly identified, and supporting information, such as signed timesheets for each employee and proof of payment to the employee must be provided. Examples of Source Documentation to provide with requests can be located in the [Playing by the Rules, Chapter 2: Financial Management, Section 2.5](#).
- Reimbursements typically take about two weeks to process from submittal but can exceed this timeline based on the accuracy and completeness of the request. Requests with vast errors or missing supporting documentation may not be reviewed for reimbursement until the following month, depending on the subrecipient’s ability to provide revisions in a timely manner and the Housing Section staff’s availability to verify corrections. **If the subrecipient continues (two or more times) to submit packets with excessive or major errors, Housing Staff may require the subrecipient to attend a Technical Assistance meeting to determine the source of the errors, as well as to conduct a plan to ensure better administration.**

The following format is an example of what is required of every subrecipient when submitting electronic Monthly Reporting Packets. Ideally, the subrecipient will submit a single PDF packet as they would if they turned in the packet in person. If the packet is too large, it can be split up into smaller PDF packets.

Sample Monthly Reporting Packet format & guide:

| | SUGGESTED TITLE (if applicable) | CONTENT |
|--------------|---|---|
| PDF PACKET 1 | (MM.YYYY) Request & Expenditure Forms | Include a complete Request for Reimbursement (Exhibit B – Part I) and Expenditure and II, which are included in the same Excel document in the template forms. |
| PDF PACKET 2 | Expense Item 1 | Include proof of all expenditures relevant to item 1: <ul style="list-style-type: none"> ▪ Proof of expenditure 1 ▪ Proof of client eligibility/timesheets/invoices/etc. ▪ Proof of payment of expenditure 1 |
| PDF PACKET 3 | Expense Item 2 | Include proof of all expenditures relevant to item 1: <ul style="list-style-type: none"> ▪ Proof of expenditure 2 ▪ Proof of client eligibility/timesheets/invoices/etc. ▪ Proof of payment of expenditure 2 |
| PDF PACKET 4 | Additional Expenses | Include additional expenses as needed (following the format above – continue numbering expense line items, if necessary) |
| PDF PACKET 5 | Report & Demographics | Include a thorough, filled out Monthly Performance Report (every month) & Demographics (if client services are involved) |

This PDF may be split up into the following three categories:

- Certified Payroll - All Contractors & Subcontractors
- Job-site Interviews

A sample Monthly Reporting Packet is available for review in the [Subrecipient Toolkit](#).

Subrecipients who are not already set up for Electronic Fund Transfer (EFT) payments and must fill out a [City EFT form](#) prior to the commencement of their contract. All EFT forms must be submitted to the appropriate City staff person.

Subrecipients are encouraged to share success stories to be featured on the Housing Section newsletter. The Housing Section newsletter is shared with the Flagstaff community, including community partners and the Flagstaff City Council, every two months – typically in February, April, June, August, October, and December.

Fiscal Year-End Requests for Reimbursement (June)

The City's end of the fiscal year is June 30th. All expenses incurred before June 30th must be submitted for reimbursement as quickly as possible, but no later than the date provided by Housing Section staff as they must be included in the City's fiscal year budgets. Subrecipients will receive notice well in advance of the deadline for submitting expenses. It is critical that subrecipients are proactive in this process, as end-of-year closeout procedures at the City are strictly enforced.

Monitoring (Ongoing)

HUD requires Grantees to conduct ongoing monitoring of subrecipient performance as necessary for a variety of reasons, including ensuring compliance of all regulations governing subrecipient administrative, financial, and programmatic operations. Additionally, this ensures subrecipients meet the performance goals from their subrecipient contract, including schedule and budget.

(Summary of Monitoring Objectives)

SUMMARY OF MONITORING OBJECTIVES

1. To determine if a subrecipient is carrying out its community development program, and its individual activities, as described in the application for CDBG assistance and the Subrecipient Agreement.
2. To determine if a subrecipient is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.
3. To determine if a subrecipient is charging costs to the project that are eligible under applicable laws and CDBG regulations, and reasonable in light of the services or products delivered.
4. To determine if a subrecipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.
5. To assess if the subrecipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.
6. To identify potential problem areas and to assist the subrecipient in complying with applicable laws and regulations.
7. To assist subrecipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
8. To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipients, and not repeated.
9. To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 2 CFR 200.328 and 200.331, as applicable.
10. To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CFR 570.611.
11. To ensure that required records are maintained to demonstrate compliance with applicable regulations.

A monitoring visit has three components:

- A question-and-answer session utilizing the City's [Monitoring Tool](#)
- A thorough file review with a review of random sample client files to ensure compliance with federal regulations
- An exit interview where suggestions, concerns, and findings pertaining to the monitoring are reviewed

Depending on the City's assessment of risk posed by the subrecipient, the following monitoring tools may be used to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- Providing subrecipients with training and Technical Assistance on program-related matters
- Performing on-site reviews of the subrecipient's program operations

Please note that all new subrecipients, subrecipients with new projects, and subrecipients with new key leadership positions filled will automatically undergo a formal monitoring session at the mid-year point. Ample notice will be provided to all subrecipients being monitored.

CONTRACT Close-Out

At the end of the contract period and once all funds are spent, a Contract Close-Out Procedures Report will be issued, which consists of Contract Close-Out Certifications and a Program Close-Out Narrative. Samples of these forms are included in the [Subrecipient Toolkit](#).

It is the subrecipient's responsibility to complete the Contract Close-Out Procedures Report and return it and pertinent documentation to the Housing Section to close out the contract officially. An essential part of the close-out process is the completion of demographics, which details all program beneficiaries and demographics from the entire contract period.

GRANT Close-Out Procedures and Report

The City of Flagstaff's closeout system establishes procedures to ensure that all applicable administrative actions and procedures within each contract have been completed by the subrecipient and approved by the City of Flagstaff. In addition, it ensures that the CDBG National Objective for each activity has been met. The close-out process addresses all federal requirements that have not already been addressed through the administration of the contract and by monitoring visits.

Close-Out Due Date

The City will send the subrecipient a letter allowing sixty (60) days to submit a Close-Out Report when one of the following Fundamental Contractual Obligations has been satisfied:

- All CDBG contract funds have been expended and the Scope of Work has been completed
- The CDBG contract has expired
- The Scope of Work defined in the contract has been completed

Final Close-Out

Although the subrecipient will receive a City-approved Close-Out Report, please know that it does NOT certify that the contract has been completely satisfied. A final close-out letter will be provided after ensuring that all contractual obligations have been met. The final close-out letter is issued to the subrecipient at such time that a required audit is received and when all monitoring and contractual issues have been resolved. However, project close-out does not indicate the end of the subrecipient's contractual obligations (for example – record retention and affordability periods).

Required Audits

The subrecipient agrees to have an annual financial audit conducted in accordance with current City policy, and as applicable, OMB, the related CDBG provisions as specified in 24 CFR 570.502(b)(1-4). The subrecipient will conduct an annual audit conducted in accordance, 2 CFR 200 Subpart F, if they expend more than seven hundred fifty thousand dollars (\$750,000) from Federal awards, in compliance with the Federal Single Audit Act (31 USC par. 7501-7507), as amended by the Single Audit Act Amendments of 1996 (PL 104 to 156). If the subrecipient has expended more than seven hundred fifty thousand dollars (\$750,000) in Federal funds, a copy of their audit report for the previous fiscal year must be submitted to the City for review within thirty (30) days of signing their contract with the City.

Projects funded with combined federal awards of less than three hundred thousand (\$300,000) shall submit a financial audit and Management Letter to the City within the earlier of thirty (30) days after

receipt of the audit report or nine months after the contract period ends. The City must be notified of the expected timeframe of when the audit will be completed.

De-obligated Funds

If the subrecipient completes the scope of work or the contract expires prior to CDBG funds being spent, the subrecipient must request, in writing, the City de-obligates the remaining funds. The City will include a notice of any de-obligated funds in the Close-Out Due letter.

Contract Termination for Cause or Convenience

If the contract is terminated for cause or convenience, the City will mail a letter to the subrecipient providing sixty (60) days to submit the Close-Out Report.

Monitoring

A final monitoring may be required prior to the issuance of a close-out letter. The City will determine whether the subrecipient has responded to all concerns and findings from monitoring visits and indicate such in the close-out letter. Subrecipients are subject to audits by the City or HUD for a period of ten (10) years after the project is completed and project files must remain available for inspection for a period of ten (10) years following the close-out letter date.

SECTION 3: City's Procurement Process

The subrecipient shall procure all materials, property, or services in accordance with the requirements of guidance in subparts [A through F of 2 CFR Part 200, Subpart D Procurement Standards](#) and the standards set forth in [24 C.F.R. Part 85.36](#) except with respect to price limits. Subrecipient procurement outreach and documentation shall be governed by the price limits set forth in the City of Flagstaff Procurement Manual, notwithstanding [2 CFR Part 200](#) and [24 C.F.R. Part 85.36](#). All procurement undertakings must try to utilize Minority and Women-Owned Business Enterprises. The subrecipient shall maintain an inventory of all equipment, furniture and non-expendable personal property purchased with CDBG funds.

An Overview of the City of Flagstaff's Procurement Policy

The process used by the City begins with the development of a requisition by the using department and ends with the closing out of the contract.

How Offers Are Solicited

Bids and proposals are solicited through "formal" and "informal" procedures. Formal procedures are used when the value of the purchase is estimated to be \$50,000 or greater. Informal procedures are used when the estimated value of the purchase is less than \$50,000.

Offers on formal purchases will be solicited by either an Invitation for Bid (IFB), a Request for Proposals (RFP), a Request for Statement of Qualifications (RSOQ) or by one of the Alternative Project Delivery Methods for a construction-related project. All formal solicitations will be advertised in a local newspaper of record at least one time no less than five days prior to the date offers are due. The advertisement will state the date offers are due, the general nature of the goods or services to be purchased, where bid or proposal forms may be obtained, and the time and place bids will be opened.

The amount of time it takes to conduct a formal solicitation process, from issuance to opening, will vary depending on the complexity of the purchase and the appropriate time necessary to give prospective offerors sufficient time to respond with a bid or proposal. Generally, the process takes anywhere from two to four weeks. After bids or proposals are opened, the evaluation, selection and award process may take up to an additional 90 days.

Offers on informal purchases are generally solicited by mail or telephone from a minimum of three vendors on the Vendor's Mailing List. Informal purchases do not require public advertising or council approval. Generally, the informal bid process from solicitation to the opening of offers takes from 10 days to two weeks. The evaluation and award process may take up to 30 additional days. Below is a matrix of the City's threshold dollar amounts that allow for comparative pricing, or require either verbal quotes, written quotes or a formal solicitation process and council approval:

| DOLLAR LIMIT | RESPONSIBLE PARTY | COMPETITION |
|--------------------|--|--|
| \$0 - \$3,500 | Requesting Department | Informal – Direct Select |
| \$3,500 - \$14,999 | Purchasing Division or Requesting Department | 3 documented quotes (verbal) |
| 15,000 - \$49,999 | Purchasing Division or Requesting Department | *3 written quotes on vendor letterhead |
| \$50,000 and over | Purchasing Division | Formal solicitation and Council approval |

*When requesting written quotes from vendors on letterhead, the requesting party may provide a single, emailed, itemized scope of work to all vendors with a request for a quote.

Applicability of Taxes

The City is exempt from Federal Excise Tax, however, state and local taxes do apply. If the vendor is an out-of-state vendor, the City will remit the Arizona Use Tax directly to the State of Arizona.

Laws, Regulations, and Procedures

The procurement function of the City of Flagstaff is governed by Federal and State Statutes, City Charter, Purchasing Policy and Regulations, and generally accepted purchasing practices.

Right to Protest

Any vendor or contractor who is aggrieved in connection with the solicitation or proposed award of a contract may file a formal protest. A protest shall be in writing and shall be filed with the City’s Purchasing Director. A protest of a solicitation shall be received at the City Purchasing Division before the solicitation opening date. A protest of a proposed award or of an award shall be filed within 10 days after the protester knows or should have known the basis of the protest. All protests shall be resolved, in accordance with the following:

- The name, address, and telephone number of the protester
- The signature of the protester or their representative
- Identification of the legal and factual grounds of the protest including copies of relevant documents
- The form of relief requested

Payment

Subrecipient Requests for Reimbursement are due to the Housing Section by the **second Friday of each month**. Requests will be processed in a timely manner, barring revisions and special circumstances.

Gratuities

It shall be unethical for any person to give, or agree to give, offer, solicit, demand, accept, or agree to accept from another person, any City of Flagstaff employee a gratuity or an offer of employment in connection with influencing any decisions.

Sample Bid Language

Eight firms were solicited for quotes, only two responded. The firm names, contact person and contact information is listed below.

XYZ Company: Jimmy John, Ph. #928-123-4567 JJohn@domain.com (quote received)

123 Enterprises: Billy Bob, Ph. #928-246-8100 billy@domain.com

Widget Excavating: Adriana Awesomeness, Ph. #928-111-1111 awesomeA@domain.com (quote received)

Epic Person Contracting: Kristine Kool Ph. #928-999-9999 koolepicperson@domain.com

Etc...

SECTION 4: Construction Projects

Labor Standards

All laborers and mechanics employed by contractors or subcontractors on construction work of more than \$2,000 and financed in whole or in part with CDBG funds must be paid “prevailing wages” that have been determined in accordance with the [Davis-Bacon Act, as Amended](#) (40 USC 276a–276a-5). The [Contract Work Hours and Safety Standards Act](#) (40 USC 327–333) also applies to such activities. These labor standards shall apply only to the rehabilitation of residential property if the property contains not less than eight units.

Davis-Bacon Wages and Related Regulations

The Davis-Bacon Act requires the payment of prevailing wage rates, which are determined by the U.S. Department of Labor, to all laborers and mechanics on federal government and District of Columbia construction projects more than \$2,000. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. Subrecipients may wish to review [A Contractor’s Guide to Prevailing Wage Requirements](#) and should share it with contractors. As part of any Davis-Bacon contract, wage determinations and a project wage rate sheet must be included. The subrecipient must also comply with responsibilities during construction, including facilitating the CDBG Administrator in carrying out contractor and subcontractor employee interviews and reviewing documentation.

Once a contractor has been selected and the project is underway, there are several steps that must be taken to ensure compliance.

- **Contractor**
 - Post applicable Davis-Bacon Wage Determinations in a place accessible to workers
 - Post Federal Davis-Bacon Act Employee Rights Poster on site
 - Complete and submit Certified Payroll forms on a weekly basis
 - Participate in periodic wage rate interviews
- **Subrecipient**
 - Ensure contractor’s participation in periodic wage rate interviews
 - Facilitate communications and coordinate site visits

Section 3

The Section 3 program ([24 CFR Part 75](#)), a provision of the Housing and Urban Development Act of 1968, requires subrecipients of HUD funding to direct economic opportunities, including employment, training, and contracting opportunities, to low and very low income individuals, especially those benefitting from government assistance or housing, and businesses who employ these individuals.

Section 3 projects include housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds \$200,000. The [Section 3 Language for Procurement](#) must be included in bid packages.

Subrecipients are required to maintain documentation to demonstrate they, their contractor, and subcontractor's employees meet the definition of a Section 3 worker or Targeted Section 3 worker at the time of hire or the first reporting period. Other recordkeeping requirements are provided in [24 CFR 75.31\(b\) – Recordkeeping](#).

Subrecipients with Section 3 compliant projects must review their responsibilities in the [Section 3 HUD Compliance Review Checklist for Subrecipients](#). Further information is available from HUD in Notice [CPD-21-09](#).

SECTION 5: Form Links

CDBG Administration Templates:

- [Amendment Request](#)
- [Authorized Signature Card for Requests for Reimbursement](#)
- [Contract Monitoring Tool](#)
- [Cumulative Demographic Report](#)
- [Expense Detail](#)
- [Monthly Demographics](#)
- [Monthly Performance Report](#)
- [Project Budget](#)
- [Project Schedule of Completion](#)
- [Request for Reimbursement](#)
- [Sample Monthly Reporting Packet](#)

CDBG Administration Resources:

- [24 CFR 570—Community Development Block Grants](#)
 - [Subpart J \(24 CFR 570.500–570.513\)—Grant Administration](#)
 - [Subpart K \(24 CFR 570.600–570.613\)—Other Program Requirements](#)
- [CDBG Laws and Regulations](#)
- [City of Flagstaff CDBG Income Verification Guidebook](#)
- [Playing by the Rules Handbook](#)
- [Technical Guide for Determining Income](#)

Construction Project Resources:

- [24 CFR §75.31 – Section 3](#)
- [A Contractor’s Guide to Prevailing Wage Requirements](#)
- [City of Flagstaff Grant Provisions Project Manual for CDBG Construction Projects](#)
- [Contract Work Hours and Safety Standards Act](#)
- [Davis-Bacon Act](#)
- [Department of Labor Wage Determinations](#)
- [Instructions For Completing Payroll Form](#)
- [Interview Forms](#)
- [Payroll Forms](#)
- [Section 3 HUD Compliance Review Checklist for Subrecipients](#)
- [Section 3 HUD Notice - CPD-21-09](#)
- [Section 3 Language for Procurement](#)

SECTION 6: Subrecipient Guidebook Acknowledgment

I, _____ (printed name), Contract Administrator, and _____
_____ (printed name), Agency Representative, for the _____
_____ (Project) by _____
_____ (Agency) agree to:

- ✓ Abide by the CDBG Contract associated with this project;
- ✓ Carefully read this guidebook and all relevant referenced documents;
- ✓ Reach out to or request Technical Assistance meetings with Housing Section staff when I need assistance in the administration of this contract; and
- ✓ Submit Monthly Reporting Packets by the second Friday of each month in the order outlined in Section 2 of this Guidebook.

I/we acknowledge that late reports may not be reviewed until the following month if appropriate extensions to the monthly due date are not obtained.

I/we also acknowledge that this guidebook is only a guiding document and not a replacement to the contract with the City of Flagstaff or any/all relevant rules and regulations pertinent to my project.

Contract Administrator Signature

Date

Agency Representative Signature

Date