

City of Mishawaka – Indiana

Federal Grant Management Policies and Procedures

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Purpose

The City of Mishawaka, through its Department of Community Development administers a number of federal grant programs through its own staff and in partnership with the City of South Bend, Department of Community Investment. In order to carry out its administrative responsibilities, the City of Mishawaka has established a three-person team to manage the oversight, financial administration and monitoring of each grant. These grant management teams have designed local Federal Grants Management Policies, applicable to any organization that receives City-grant funds.

This document consists of three sections. The first section provides reference information regarding grant programs administered by the Department, including definitions and eligibility requirements. The second segment details the processes in place to access funds through the Department. The third section highlights the principle federal regulations and local ordinances governing all grant contracts.

Definitions

Affordable Housing Generally defined as housing for which the occupant is paying no more than 30% of his or her gross monthly income for housing costs, including utilities.

Change Order A Change Order must be executed for any deviation, addition, or deletion made to the approved scope of work, design specifications, project timeline, or project budget after construction starts.

Citizen Participation Plan A plan that must be developed by all Participating Jurisdictions to describe and document efforts that will be undertaken to provide for and encourage citizens to participate in the development of the Consolidated Plan, any substantial amendments to the Consolidated Plan, and the performance report.

Claim A reimbursement request for expenses incurred and paid by an award recipient.

Community Based Development Organization (CBDO) A federally-defined type of entity, CBDOs are governed by the regulations in §570.204 and can be either be nonprofit or for-profit entities. CBDOs can be treated as developers or subrecipients by the City. CBDOs perform neighborhood revitalization, community economic development, or energy conservation project activities.

Department of Community Development (CD) A City of Mishawaka Department responsible for administering federal grants, economic development, real estate, and housing initiatives.

Community Development Corporation (CDC) Private, non-profit, corporation established to serve a specific geographic area.

Community Housing Development Organization (CHDO) A federally-defined type of private non-profit grassroots organization serving as either an owner, developer, and/or sponsor of affordable housing projects.

Fair Market Rents (FMR) Guidelines published annually by HUD that estimate the rents and utility costs that would be required to rent privately-owned, decent, safe and sanitary rental housing of a modest nature with suitable amenities.

Household All persons, whether related or unrelated, living in a housing unit.

Leverage Financial commitments for an organization or project used to obtain additional or other funding to support the organization or project.

Low-Income Housing Tax Credits/Rental Housing Tax Credits The Indiana Housing and Community Development Authority (IHCDA), a quasi-autonomous statewide government agency, administers the Rental Housing Tax Credit (RHTC) program. RHTCs are federal tax credits that IHCDA allocates to developers of affordable rental housing. By reducing a developer's federal tax liability or selling of tax credits to investors, tax credits can contribute significantly to the financial viability of developing affordable rental units.

Median Family Income (MFI) The level at which 50% of households have a higher income and 50% of households have a lower income, with adjustments made for

household size. Program eligibility is often relative to a client's percentage of the MFI.

Participating Jurisdiction The term given to any State or local government that HUD has designated to administer an Entitlement Program. HUD designation as a PJ occurs if a State or local government meets the funding thresholds, notifies HUD that it intends to participate in the program, and obtains approval by HUD of a Consolidated Plan.

Performance-Based Outcomes Goals that measure the impact of the program on the client served. Performance-based outcomes must be specific, measurable, achievable, realistic and time-bound.

Program Income Income generated from the use of grant funds. This includes but is not limited to income above project expenditures and any recapturing funds. All Program Income must be reported, and in some cases, repaid to the City annually.

Project-Based Rental Assistance HUD rental subsidy assistance provided to a specific housing unit aimed at providing decent, safe and sanitary housing opportunities for low-income individuals.

Project Sponsor Defined as a recipient of Federal grant funds from the City of Mishawka.

Request for Proposals (RFP) A solicitation of project proposals to meet a particular need. Annually, the City issues an RFP to identify projects that could receive housing and community development funding.

Sub-recipient Defined as a public agency or nonprofit organization selected by the participating jurisdiction to administer all or a portion of the PJ's programs. Local government members of consortia that receive consortium funds and urban county members are also considered subrecipients. If not noted otherwise, subrecipients must follow the same rules noted for project sponsors.

Tenant-Based Rental Assistance HOME program rental assistance provided to low-income families to obtain decent, safe, and sanitary housing in private accommodations that makes up the difference between what they can afford to pay and the approved rent for an adequate housing unit.

United States Department of Housing and Urban Development (HUD) The Federal Department responsible for the implementation and administration of programs designed to provide assistance for housing and urban development, housing production and mortgage credit programs.

Consolidated Plan

In compliance with federal regulations, the City of Mishawaka will publish a five-year Consolidated Plan that outlines housing and community development priorities over a five-year period. Three jurisdictions, the City of South Bend, the City of Mishawaka and St. Joseph County entered into an Inter-local Government Agreement in 1991 to establish the St. Joseph County Housing Consortium. As such, they must develop the Consolidated Plan together.

The 2010-2014 five year Housing and Community Development Plan of the St. Joseph County Housing Consortium indicates the priority needs and related objectives to support strong neighborhood revitalization activity in St. Joseph County. The priority needs and objectives are outlined in the Consolidated Plan under the following categories: Housing, Non- Housing Community Development, Homeless, and Non-Homeless Special Needs. Each year, the St. Joseph County Housing Consortium must update the plan with an Annual Action Plan, outlining specific projects, activities and funding levels.

The City of Mishawaka works with the Consortium to award HOME funds and a number of programs, but maintains its individuality by awarding its own allocation of Community Development Block Grant funds. The City of Mishawaka

The City will seek citizen input in the preparation of both the Consolidated and Annual Action Plans. Public notices will be published in The Indianapolis Star and The Court & Commercial Record to announce opportunities for citizen involvement in the process. The City will hold a minimum of two public hearings during the planning process to solicit citizen input.

Citizen input will be used in conjunction with the strategies outlined in the Consolidated Plan to create scoring criteria for evaluating annual requests for funding.

Project Selection

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Pre-Contract Requirements

Employer Identification Number

If a Project Sponsor has not already been issued an employer identification number, one must be obtained from the Internal Revenue Service.

Those sole proprietors/consultants who do not have an employer identification number may, with City approval, be allowed to use their social security number for identification.

To be entered as a vendor in the City's accounting system, an identification number must be submitted on the Project Sponsor's letterhead to the Director prior to the issuance of contracts, in order for the Project Sponsor to be set up as a vendor and be prepared to receive funds.

Federal Grants Single Audit Certification

Circular A-133 requires the Department of Community Development to monitor Sub-grantees of federal awards, and determine whether they have met the audit requirements of the circular and whether they are in compliance with federal laws and regulations. Project Sponsors will be required to complete and return the Federal Grants Single Audit Certification worksheet before a purchase order will be issued.

Proof of Insurance

Project Sponsors will be required to submit proof that their organization's insurance policy is in compliance with its City contract, and the City must be listed as an additional insured on the policy. Each project sponsor must also have workers' compensation. The Proof of Liability Insurance Certification must be presented to City staff before a purchase order can be created.

Davis-Bacon Compliance

All Project Sponsors receiving federal grants for construction, rehabilitation, brownfields and/or demolition activities must complete a Davis-Bacon Applicability Review form. This form must be submitted to the Davis-Bacon Compliance Monitor for review, prior to issuance of contract.

Project Sponsor Contact Information

All Project Sponsors must submit, on their letterhead, pertinent contact information such as, contact name, business address, mailing address (if different from business address), phone number, fax number, email address (if applicable) and employer identification number.

The City relies on performance-based contracts. During the contract negotiation process, all Project Sponsors must submit project-based outcomes, timelines, and budget, to give City staff a mechanism to monitor the organization's progress based on its projected results. The outcomes, timelines, and, budget will be the standard by which the city will monitor performance. Any changes to these standards during the course of the contract period must attain prior approval from City staff. This includes the reallocation of unused funds towards the end of the contract period.

In general, award notification letters will include a request for the submission of timelines, outcomes and benchmarks for those activities that will be funded and carried out specifically with City-grant funds. Contracts cannot be drafted until the necessary information is received.

All Project Sponsors must submit performance-based outcomes. Upon city approval, performance quarterly based outcomes will be included in grant contracts.

The Director will consult with the Project Sponsor to determine if the timeline should be amended or if an alternate course of action should be taken to correct the situation. ***All requests for amendment to contracts must be submitted to the Director for approval no later than October 1st of the year the contract is due to expires.***

Compliance Training

Prior to contract execution, two representatives of each Project Sponsor must attend the appropriate training session sponsored by the City, to ensure Project Sponsor familiarity with the rules and regulations of grant programs.

Once award notification has been given, grant management and compliance personnel will hold training sessions to provide background information for each grant and to answer any questions about the grant programs. The employees who will be managing the contract must attend.

Training sessions will provide an overview of all HUD and City requirements for each grant program. All forms and documentation that will be required for claiming funds and reporting activities will be discussed during these sessions.

For Project Sponsors participating in the South Bend HOME program, upon request, staff will travel to the offices of the project sponsor to present contracts, detail necessary information, and distribute new documents.

Davis Bacon Compliance

All projects receiving federal funds must complete a Davis-Bacon Applicability Review.

1. The **Davis-Bacon Compliance Monitor** will notify each Project Sponsor in writing as to the applicability of Davis-Bacon requirements on their project.
2. Where Davis-Bacon is applicable:
 - a. The applicable Wage Decision and HUD Form 4010 (Federal Labor Standards Provisions) must be incorporated and physically attached to all construction contracts and bid packets.
 - b. Pre-Construction training is recommended in order to review Davis-Bacon requirements and regulations. Project Sponsors and contractors will receive a copy of the Davis-Bacon Requirements information booklet.
 - c. Project Sponsors are responsible for completing and submitting: (a) Project Sponsor Agreement and (b) Davis-Bacon Project Checklist
 - d. All contractors and subcontractors performing work on a Davis-Bacon project must complete and submit (a) Contractor Agreement and (b) Wage and Fringe Benefit Certification form.
 - e. The **Davis-Bacon Compliance Monitor** will conduct on-site monitoring visits per project. These monitoring visits may consist of employee interviews.
 - f. A Davis-Bacon Payment Request Form signed by the Davis-Bacon Compliance Monitor must accompany all reimbursement claims. Claims submitted for projects not in compliance with the Davis Bacon requirements will not be approved for payment.

EXCEPTIONS:

The Davis-Bacon Act does not apply to CDBG used for supportive services or operation

cost, except where funds are received for the same project from other federal sources that are applicable to the Act.

Environmental Reviews

Before construction work will be approved or funds disbursed for property acquisition, an environmental review must be performed on all properties receiving federal funds. No construction may begin without a Notice to Proceed.

The Project Sponsor must submit three, color photos of each property/lot intended for construction/rehabilitation activities for Environmental Review. The three photos should depict the front of the property, the rear of the property, and the subject of repair. If the subject of repair is difficult to visually depict (i.e. electrical work, plumbing, etc.) the description of the work to be completed will aid greatly in the review process. The photos must be attached to the Environmental Review Request Form.

Project Sponsors shall provide the Compliance Officer with an environmental review request form that does not have to have photos attached in the event of an emergency repair. The Compliance Officer will email an Emergency Rehabilitation/Construction Approval (ERCA) form. ERCAs will only be issued for issues that may cause individuals or families to leave their residence. Some of these repairs include but are not limited to: Hot water heater, Furnace, Leaking roof, Residence contaminated by sewer water (plumbing)

The City will perform the environmental review, consisting of the following elements:

1. Historic and Archeological Review
2. Flood Plain Review
3. Zoning Review
4. Noise Abatement
5. Hazardous Operations
6. Airport Hazards
7. Protection of Wetlands
8. Toxic Chemicals & Radioactive Materials,
9. and Other 50.4 Authorities

Environmental Review Officer will verify that all work is in compliance.

Environmental Review Officer will notify the Project Sponsor of any findings.

For all owner occupied repair and summer of service projects, property taxes must be paid in full.

Once all necessary information has been gathered and all outstanding issues surrounding the Environmental Review have been resolved, the Project Sponsor must send that documentation to the Compliance officer responsible for reviewing this documentation. The Compliance Officer will sign a Notice to Proceed form, indicating that the Environmental Review is complete. This form will be forwarded to the Project Sponsor.

Approved Environmental Reviews will remain current for up to five years unless there is a significant change to the property or scope of work to be completed. If there is a change, the project sponsor should contact the Compliance Officer to determine if an updated environmental review will be required.

Bidding and Procurement

Project Sponsors must solicit goods and services based on a clear and accurate description of the material, product or service to be procured and cannot contain features which unduly restrict competition, such as:

- unreasonable qualifying requirements;
- unnecessary experience or excessive bonding requirements;
- specifying only brand name products, instead of allowing an “equal to” product;
- non-competitive pricing practices between firms or affiliated companies; or,
- non-competitive awards to consultants on retainer contracts.

All prospective bidders must receive the same Notice/Instruction to bidders. Questions must be answered in the form of an addendum to all prospective bidders. No negotiating may take place during or after bidding. You may accept alternate bids. Any changes will be in the form of a change order and must be approved by the Rehab Specialist prior to contract/change order signing. All bids must be based on written specifications, in writing and signed by the contractor. If an adequate number of bids are not received, Project Sponsors must document the efforts made to ensure an open competition (such as a public notice requesting bids). City staff may request solicitation of a third bid at its discretion. All bids received by the project sponsor shall be organized, collated, and reviewed for accuracy and thoroughness.

Project Sponsors must solicit bids from an adequate number of qualified sources. All projects expected to exceed \$2,000 must have a minimum of two bids. All bids must be based on approved specifications, in writing and signed by the contractor. If an adequate number of bids are not received, Project Sponsors must document the efforts made to ensure an open competition (such as a public notice requesting bids). City staff may request solicitation of a third bid at its discretion.

Project Sponsors must have a public bidding process for all projects over \$100,000 per contract. Notices or Instructions to bidders must include an open and close date. If an extension is needed, the proper notification must be submitted to all prospective bidders to ensure fair and open competition. Rehab Specialist will ensure compliance. No bids will be accepted after the close date.

If a project is expected to be less than \$2,000. The Project Sponsor must still comply with all applicable policies, such as the environmental review, specifications, estimates and approvals even though only one bid is required.

The Project Sponsor must ensure that the award is:

- Made to contractors, with the lowest and/or responsible bid and able to perform successfully under the terms and conditions of the proposed contracts;
- Made to contractors who are licensed, bonded and insured as required by the

- City of Mishawaka's Building Department.
- Not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs;
 - Not made to any contractor or persons that participated in the development or drafting of specifications, requirements, statements of work, invitations for bids and/or other requests for proposals.
 - Not made to a construction manager, who does self-performing work.
 - Not made to any contractor or any person that is a member of the project sponsor's board of directors.

No modifications and/or addenda can be made to a bid without prior approval of the City Rehabilitation Specialist.

If a pre-qualified list of contractors is used, it must be developed through an open Solicitation that allows entry of other firms at any time during the solicitation period. They must also include an adequate number of qualified sources.

Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs) and Veteran Business Enterprises (VBE's) shall have the maximum feasible opportunity to participate in the performance of Federal contracts. In order to achieve significant utilization of minority, veteran, and women-owned businesses, the City is requesting all Project sponsors, who receive Federal Entitlement funds for construction activities, to make a good faith effort to meet and carry out the following policies:

All contractors must be registered with E-verify.

Permits

The value of construction work shall determine the need for obtaining building permits.

City funded projects whose construction value is less than \$2,000 shall not require a building permit, unless the work performed requires one pursuant to City of Mishawaka, Building Department rules and regulations; e.g.; electric service panel.

City funded projects whose construction value meets or exceeds \$2,000 shall require a building permit.

Inspections

All City funded construction projects (except for when CDBG funds are used for soft costs) shall be inspected by the Community Development's Construction Coordinator.

The Construction Coordinator will verify that work completed with City funds is in compliance with the applicable Indiana Residential Code, Indiana Building Code, HOME Program Property Standards, Section 8 Housing Quality Standards, local codes, standards and ordinances, the manufacturers specifications and industry standards and all contractual obligations including the approved work specifications, plans, drawings, project manuals, construction budget, and workmanship practices.

Inspections are required prior to periodic payment requests and/or at the time of completion. City Construction Coordinator must be contacted for these inspections. All work components must be completed and in place for those items for which payment is being requested. City Construction Coordinator will submit written reports as to any deficiencies discovered upon inspection.

Project Sponsors shall comply with all required City of Mishawaka, Building Department permit inspections. The Project Sponsor must contact The Inspection Services Section for these inspections. All construction work requiring a permit shall have one.

Lead-Based Paint

All project sponsors must have a Lead Based Paint policy that is posted and notify clients of Lead Based Paint hazards. All project sponsors receiving federal assistance for rehabilitation activities for projects constructed prior to 1978 must comply with the following notification requirements.

All unit occupants must receive the HUD/EPA/CPSC pamphlet "Protect Your Family from Lead in Your Home".

If a unit is known to contain lead-based paint or lead-based paint hazards, the Project Sponsor must notify occupants or prospective purchasers.

All unit occupants must be notified of any lead hazard evaluation results (or the presumption of lead-based paint/hazards) and of the hazard reduction activities and clearance.

Exemptions to the Lead Based Paint Requirements:

1. Exemptions still applicable from the Current Regulations
 1. Residential Structures built after January 1, 1978
 2. Emergency activities
2. Existence of Lead-Based Paint Unlikely
 1. Areas where state and local governments banned lead-based paint prior to January 1, 1978.
 2. Properties found not to have lead-based paint during earlier testing that meets the requirements of proper evaluations.
 3. Properties where all lead-based paint has been identified and removed using approved methods.
3. Human Threat Unlikely
 1. Unoccupied units that will be demolished.
 2. Property not suitable for human habitation.
 3. Rehabilitation that does not disturb paint.
4. Child Occupancy Unlikely
 1. Zero-room dwelling units.
 2. Elderly and disabled housing.

Requirements for properties constructed prior to 1978 and receiving less than or equal to \$5,000 of federal funds per unit for rehabilitation activities include the following:

1. Lead hazard evaluation
 - Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or
 - Project Sponsors may assume that these surfaces contain lead-based paint.
2. Lead hazard reduction
 - If lead-based paint is detected, safe work practices must be used during rehabilitation.
 - If lead-based paint is assumed, all paint disturbed during rehabilitation must be repaired using safe work practices. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.
3. Clearance
 - Clearance is required only for the work area.
 - Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

Requirements for properties constructed prior to 1978 and receiving federal assistance between \$5,000-\$25,000 per unit for rehabilitation activities include the following:

1. Lead hazard evaluation
 - Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Project Sponsors may assume that these surfaces contain lead-based paint.
2. Lead Hazard Reduction
 - If lead-based paint or lead-based paint hazards are detected during the evaluations, safe work practices and interim controls must be implemented to reduce lead-based paint hazards.
 - Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.
 - Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-contaminated dust control; and lead-contaminated soil control.
 - If lead-based paint or hazards are assumed, the Project Sponsor must follow safe work practices and perform standard treatments in lieu of interim controls on all applicable painted surfaces and lead-based paint hazards.
 - Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.
 - Standard treatments include paint stabilization, smooth horizontal surfaces that can be cleaned, correcting dust generating conditions, and bare

residential soil.

3. Clearance

- Clearance is required when lead hazard reduction activities are completed in the unit, common areas servicing the unit, and exterior surfaces where hazard reduction took place.
- Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

Requirements for properties constructed prior to 1978 and receiving federal assistance over \$25,000 per unit for rehabilitation activities include the following:

1. Lead hazard evaluation

- Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Project Sponsors may assume that these surfaces contain lead-based paint.
- A risk assessment must also be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces, including soil; or Project Sponsors may assume that lead-based paint hazards are present.

2. Lead hazard reduction

- If lead-based paint hazards are detected during the evaluation, abatement must be completed to permanently reduce these hazards. Abatement permanently removes lead-based paint and lead-based paint hazards by removing lead-based paint and its dust, or permanently encapsulating or enclosing the lead-based paint, replacing components with lead-based paint, and removing or permanently covering lead contaminated soil. Encapsulation and enclosure require ongoing maintenance to check their effectiveness.
- If lead-based paint hazards are detected on the exterior surfaces that are not disturbed by rehabilitation during the risk assessment, interim controls may be completed instead of abatement to reduce these hazards. Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-contaminated dust control; and lead-contaminated soil control.
- If lead-based paint is detected or assumed, safe work practices must be used during lead hazard reduction. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of leaded dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

3. Clearance

- Clearance is required when lead hazard reduction activities are completed in the unit, common areas servicing the unit, and exterior surfaces where hazard reduction took place.
- Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

Quarterly/Year End Reports

The City will use progress reports, submitted quarterly and at year-end, to measure the progress of Project Sponsor activities throughout the year.

During pre-contract training, Project Sponsors will receive a reporting form that is to be submitted on a quarterly basis.

The Community Development staff must receive reports no later than the second Monday following the close of each quarter. The City operates on a calendar year, thus the last day of March, June, September, and December marks the close of the Fiscal quarters.

At the end of each year the Project Sponsor is responsible for submitting a cumulative report for each Public service grant. This year-end report should detail annual accomplishments, and provide insight into a number of other areas, including the average duration of the activities, the amount of funding used per activity, and demographic information concerning the individuals who benefited from the use of grant funds throughout the year.

If a Project Sponsor's reports are not submitted, and complete, by the due date, Community Development staff will withhold payment on all federal claims until all reports are current. In addition, failure to return reports in on a timely manner will reflect on future funding decisions and may be cause for termination of the current contract. All construction and rehab unit reports must reflect the completed work prior to reimbursement for that unit.

Community Development staff will closely monitor the activities reported on a quarterly basis. If the quarterly reports reveal that the activities being reported vary significantly from the timeline established prior to contract execution, the Director of Community Development will meet with the Project Sponsor to determine a proper course of action.

Financial leveraging and allowable match for the entire project shall be included on the quarterly report, not just federal funding received.

Program Income

To ensure compliance with federal reporting requirements while allowing flexible use of funds, the City may use its discretion in allowing program income to be retained by the recipient for a specific use covered by the contract.

Project Sponsors will be required to report program income to the City on an annual basis, by completing a program income form and submitting it with the year-end report. Program income forms are available from the Grant Managers.

Any award recipient who desires to retain realized program income must submit a written request to the Director of Community Development, detailing a proposed use of the funds.

The City of Mishawaka will respond to the request in writing, approving, denying or amending the request.

If the City of Mishawaka approves the Project Sponsor's retention of program income, those funds will be treated as additional federal dollars, subject to all applicable requirements governing their use.

Section 3

All Project Sponsors receiving federal funds for construction related projects such as, but not limited to, housing rehabilitation, new construction, and public facility improvements must complete the Section 3 Project Sponsor Form. This form will be used to determine Section 3 applicability and collect necessary information in regards to Section 3 reporting requirements.

Applicability When a Project Sponsor receives an award for non-construction activities at any dollar amount or for construction activities for less than \$200,000, Section 3 will not apply to the City or the Project Sponsor. When a project sponsor receives an award for construction activities totaling \$200,000 or more, Section 3 will apply to the City and the Project Sponsor. When a project sponsor receives an award for construction activities totaling \$200,000 or more and the project involves contracts and subcontracts that exceed \$100,000, Section 3 will apply to the City, the Project Sponsor, contractors and subcontractors.

Implementation

1. All contract and subcontract agreements related to the project must include the following language:

Section 3

1. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by

Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

2. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
3. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other standing, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge the subcontractor has been found in violation of regulations in 24 CFR part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed were not filled to circumvent the contractor's obligations under 24 CFR part 135.
6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
7. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) ("Section 7(b)") also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (1) preference and opportunities for training and employment shall be given to Indians, and (2) preference in the award of contracts and subcontractors shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract are subject to the provisions of Section 3 and Section 7(b) agrees to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section

8. 7(b).

2. Hiring Section 3 Residents

a. Any employment resulting from Section 3 eligible projects, including administration, management, clerical support, and construction, is subject to compliance with Section 3.

Examples of Opportunities Include:

Accounting	Carpet	Marketing
Heating	Installation	Painting
Architecture	Catering	Payroll
Appliance	Cement/Masonry	Photography
repair	Computer	Plastering
Bookkeeping	Information	Plumbing
Landscaping	Demolition	Printing
Iron Works	Drywall	Purchasing
Janitorial	Electrical	Research
Bricklaying	Elevator	Surveying
Carpentry	Construction	Tile Setting
Manufacturing	Engineering	Transportation
Machine	Fencing	Word Processing
Operation	Florists	

b. All job openings resulting from Section 3 eligible projects must be posted in the Project Sponsor’s office in a place that is visible to the public. In addition, all job openings shall be posted with the neighborhood community center that provides services within the project area and the Indianapolis Housing Agency.

Signs must be posted in a visible location at each Section 3 job site notifying the public of where they can go to inquire about possible employment and job training opportunities.

The following goals shall to the greatest extent feasible be obtained when Section 3 is applicable:

Employment Opportunities: Where Section 3 is applicable, recipients, Project Sponsors, their contractors and subcontractors shall commit to employ Section 3 residents as 30 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.

Contract Opportunities: Where Section 3 is applicable, recipients/Project Sponsors shall commit to award to Section 3 businesses at least 10 percent of the total dollar amount of all Section 3 covered construction contracts and at least 3 percent of the total dollar amount of all other Section 3 covered contracts (other includes architectural, engineering, etc.)

Reports

All Project Sponsors receiving federal funds for construction related activities are required to complete quarterly reports on the City’s On-line Quarterly Report system. This report tracks all contractor/subcontractor activities, including Section 3 contractors.

Projects Sponsors are required to submit the Section 3 Project Sponsor Report and the Section 3 Contractor Report with their final claim. Final payment will be withheld until these reports have been completed and submitted to the City.

Compliance

Project Sponsors that do not meet numerical goals identified in section III of this policy shall demonstrate why it was not feasible to meet the numerical goals and explain the efforts undertaken to comply with Section 3.

Monitoring Visits

At least once a year, the City will conduct an on-site monitoring visit for all contracts to verify compliance with all federal regulations and City policies. Additional visits may be made, as deemed necessary by the grants management staff.

Preparation

- The Project Sponsor will be notified, in writing, at least two weeks prior to the monitoring visit. This notification will include potential dates and times of the visit, and a list of documents to be reviewed. These documents must be readily available at the monitoring visit. If documents are not available or insufficient a Finding may be issued.
- An interview during the site visit with the Project Sponsor's Executive Director is required. Any additional staff (i.e., financial staff, etc.) that will need to be present for the visit should also plan to be available during the designated time.

On-Site Visit

- An initial and exit interview will be held with the Executive Director of the Program. A CDBG staff member will ask a series of questions relating to the capacity of the organization, program effectiveness, contractual compliance and any recent changes that the organization has undergone. CDBG staff or CED staff member will also describe the review process that will occur throughout the remainder of the visit to verify that all required data/files are accessible.
- Using the guidelines established in the monitoring form, CDBG staff or other CED staff member will review the client files thoroughly, noting any missing/incomplete information. Client eligibility and other requirements will be verified to demonstrate compliance with federal regulations.
- Claims will be reviewed to verify that the organization is maintaining appropriate and sufficient records. Specifically, the City reserves the right to assess any financial back-up documentation for these claims to determine whether unnecessary or unreasonable expenditures occurred.
- CDBG staff or CED staff member will conduct an exit interview with the Executive Director; in order to answer any questions or clarify any missing or unusual information found during the visit.

Post-Visit Procedures

The City of Mishawaka will mail a Monitoring Evaluation letter to the Project Sponsor, citing both strengths and weaknesses in addition to any corrective actions that should be taken.

An organization may receive either a Finding, which is a regulatory or contractual

violation, or they may receive a Concern, which is a programmatic violation or problem. A deadline will be set for these actions to be taken (no more than 60 days), and directions will be given regarding how to demonstrate compliance (i.e. a follow-up visit, written response, etc.).

If a Project Sponsor does not complete all corrective actions in the time allotted, a letter will be sent to the Project Sponsor, detailing areas of non-compliance, copies of previous correspondence, and listing sanctions that will be taken (including possible funding decrease) if the situation is not rectified. In addition, no claims will be paid on any grant contracts until the necessary documentation is received.

Desk Monitoring

In certain instances, City staff may monitor projects through a “desk monitoring” process of reviewing documents submitted by project sponsors of relevant activities.

Notification of Board Presidents

The Board President/Chair of each Project Sponsor will be included on all monitoring correspondence and other communications relating to contractual agreement(s) between the City and the Project Sponsor.

This correspondence is an effort by the City to ensure that the Board Members are kept informed of the activities within the organization.

Relocation

Project Sponsors must comply with the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended, whenever permanent displacement occurs as a direct result of rehabilitation, demolition or acquisition.

When temporary relocation occurs, as a direct result of rehabilitation, demolition or acquisition, the following guidelines must be adhered to:

- A maximum of \$100 per day will be reimbursed by the City for temporary housing.
- A maximum of \$40 per day will be reimbursed for meals, per person.
- Mileage will be reimbursed, at forty-five cents per mile, for distances that exceed what would be traveled if the relocation had not occurred (i.e. if a homeowner would normally travel ten miles to work, and must drive fifteen miles due to the relocation, then the additional five miles would be paid for.)

Conflict of Interest

Project Sponsors must agree to the following provisions, applicable to any person who is an employee, agent, consultant, officer, board member, elected or appointed representative of a Project Sponsor which is receiving funds for any City program:

No person who is in a position to participate in the decision making process or gain inside information, can have any financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under their agreement. In the performance of their agreement, no person having such a financial interest shall be employed or retained by the Project Sponsor. Any person having such a financial interest shall not personally benefit from the contract agreement.

If it is possible that a conflict of interest will occur, the Project Sponsor must submit a written request for a waiver of the regulatory requirements to the Director of Community Development. Additionally, the Project Sponsor must place a public notice in a newspaper of general circulation, disclosing the conflict of interest and requesting public comment prior to the commencement of any activity. This notice must be attached to the request for a waiver and submitted to the grant manager.

The City will forward the Project Sponsor's request for waiver to HUD. HUD may, on a case- by-case basis, grant an exception to this rule.

Use of Funds by Primarily Religious Organizations

A primarily religious organization may establish a wholly secular private non-profit entity to serve as a recipient of CDBG grant funds.

Where allowable by regulation, CED may award CDBG funds to a Project Sponsor that is a primarily religious organization, provided that the Sponsor agrees to conduct activities in a secular manner.

All Project Sponsors must agree to the following in connection with the provision of services with CDBG grant funds:

1. It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.
2. It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion.
3. It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services.

Complaint Procedures

All Project Sponsors are required to resolve any complaints that are received by the City regarding a project using City-grant funding. Project Sponsors are required to have in place a written grievance policy that addresses complaints from clients and staff.

Upon receipt of a complaint or request for service from a client (such as a homeowner, renter, or social service recipient) or a citizen, the Director of Community Development will contact the Project Sponsor, in writing, detailing the nature of the complaint.

In response, the Project Sponsor must submit to the Grant Manager, on letterhead, the following information:

1. Any actions that have been taken, to date, by the Project Sponsor to bring resolution to the situation.
2. A plan defining the ultimate resolution method and estimated date.
3. Commitments or procedures which will be implemented to prevent future complaints.

The Grant Manager will contact the Project Sponsor to verify that the situation was resolved by the estimated date.