CHAPTER 1
ADMINISTRATION & REPORTING

TABLE OF CONTENTS

Page

1.1 Project Startup 2

1.1.1 Pre-Agreement 2

1.1.2 Contract Execution 3

1.1.3 Establish a Local Administrative Structure 3

1.1.4 Administrative Thresholds 4

1.2 Reporting and Recordkeeping 5

1.2.1 Establish a Record-Keeping System 5

1.2.2 Progress Reports and Requests for Payment 6

1.2.3 Four Month Call/Meeting 6

1.2.4 Technical Assistance for Contracts Behind Schedule 6

1.2.5 Other Technical Assistance 7

CHAPTER 1
ADMINISTRATION & REPORTING

This chapter highlights the steps in getting started and implementing your TxCDBG contract for successful project management. Prior to implementing a project, a Locality should put systems in place that will allow it to track and report on its activities as required by its contract with TDA.

1.1 Project Startup

1.1.1 Pre-Agreement

Pre-award costs are those incurred by the Grant Recipient prior to the contract start date of the TxCDBG grant award directly pursuant to the negotiation and in anticipation of the TxCDBG grant award, where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the contract start date of the TxCDBG award and only with the written approval of TDA.

The Grant Recipient may request written approval to utilize the Pre-Agreement Policy in order to pursue early implementation of the project. TDA, in its sole discretion, may approve the written request. If the Grant Recipient receives an award and the Pre-Agreement Policy has been requested and approved, the award letter sent by TDA to Grant Recipient will grant authorization to incur Pre-Agreement expenses. Fund specific requirements and restrictions on the type of activities eligible as pre-agreement costs are addressed in the grant application guidelines.

In order to be eligible for TxCDBG grant funding or match funding, or both, costs incurred during the pre-agreement phase must be incurred:

1) after the TDA pre-agreement date (application due date or other date specific to the funding category);
2) after the administrative/engineering services contract award date (formal approval by elected body); AND
3) during the contract period identified in the administrative/engineering services contract ("Time of Performance" in the Implementation Manual Appendix D and E, sample contract) - the services contract period may begin prior to the date that the services contract was executed.

TDA will allow the Grant Recipient to incur costs for CDBG activities before the TxCDBG contract start date and to charge these pre-agreement costs to the grant, provided that the activities are eligible costs, meet the objectives of the program, and are authorized pursuant to applicable state and/or federal law. Procurement for grant expenditures must be specific to the project described in the application and must be supported by adequate documentation. All requests for reimbursement of pre-award costs are subject to review by TDA for determination of whether such expenses are allowable and eligible costs. Failure to meet all contract obligations will result in the required repayment of any pre-agreement expenses which were reimbursed by TDA.

The Grant Recipient may not incur costs or expend any contract funds for project construction prior to:

- Meeting the Environmental Review requirements in the TxCDBG contract (see Chapter 3); and
- Meeting all special condition requirements in Exhibit D of the TxCDBG contract that are required to release construction funds (see Chapter 4).

1.1.2 Contract Execution

The Grant Recipient must have an executed contract with TDA before funds can be drawn down through the State of Texas' Purchase Voucher system. An example of the contract is found on the TDA website.

Besides the contractual obligations owed between the State and the Grant Recipient, the contract specifies the following as Exhibits:

1) Exhibit A - the Performance Statement - Outlines the scope of the work to be performed under this contract by activity;
2) Exhibit B - the Budget – Specifies the contract budget line item by line item, which is used in the drawdown process. This Exhibit also includes all "Other" funds involved that are necessary to complete the Performance Statement specifics of this contract;
3) Exhibit C – Project Implementation Schedule – Specifies a timetable for milestones in project implementation.
4) Exhibit D – Special Conditions – Details the specific requirements for the release of construction funding

The chief local elected official for the Grant Recipient and the TDA Deputy Commissioner both must sign the contract before the contract is considered fully executed.

Ready to Proceed Rule

Prior to executing the contract, TDA will ensure that existing contracts are in good standing and will require that the following are resolved to TDA's satisfaction within ninety (90) days after the contract award date:

- "Readiness to proceed" issues regarding the current award; and
- Outstanding issues on existing contracts regarding compliance with program requirements.

If the issues identified by TxCDBG staff at the time of the funding award are not addressed within the required 90 days, the TDA Deputy Commissioner will not execute the contract and the TxCDBG funds awarded will be withdrawn and reallocated.

1.1.3 Establish a Local Administrative Structure

Each Grant Recipient must establish a local administrative structure to complete the grant. The Eligible Activity and National Objective requirements are not met until the project is completed, and there is sufficient documentation to ensure that the project is consistent with the designated National Objective.

The Grant Recipient must:

- Establish a record-keeping system to document compliance with all federal, state, local, and program requirements.
  - Grant files must be kept at city or county offices or buildings in which government records are maintained and accessible to the public throughout the contract period.
  - Records shall be retained for the greater of three years from closeout of the grant to the state, or the period required by other applicable federal and state laws and regulations.
- Review local charters, resolutions, ordinances, and policies that may be relevant to the project;
- Determine whether day-to-day administration of the project will be conducted by local staff or by a certified third-party consultant, and which party will conduct each administrative activity;

Texas Community Development Block Grant Program recipients have the final legal responsibility for the locally maintained grant files, the timely submission of reports, and compliance with program guidelines.

Best Practice: TxCDBG recommends that the Grant Recipient review the *Administrative Activities Checklist* **(Form A102)** item-by-item, and identify the activities that will be performed by Grant Recipient staff and those that will require outside assistance. It is also helpful to walk each staff member responsible for implementing the contract through the TxCDBG's program requirements.

1.1.4 Administrative Thresholds

For Release of Funds:

A. The 12-Month Rule for Release of Construction Funds

The Grant Recipient must submit all Start-up Documentation & Basic Federal Requirement Documentation (Group A) and Construction documentation (Group B) listed in Chapter 2 of this manual within 12 months of the contract start date. (See also TxCDBG contract, Exhibit D, Special Conditions.)

If a Grant Recipient fails to meet this requirement, TDA will begin the process of contract termination.

The TxCDBG contract ensures that the Grant Recipient will have an opportunity to resolve the deficiency as a part of the termination proceedings. For non-compliance with the 12-month rule:

- The Grant Recipient may submit a response to TDA within 30 days of the notice that termination proceedings have begun, providing a justification for the delay and a schedule for completing the Group A and Group B requirements.
- All required documentation must be submitted within 90 days of the termination notice, or the date determined by TDA during the review of the Grant Recipient's response.

For Applications after the Award of a TxCDBG contract:

B. Applicant Threshold Requirements

Grant Recipients currently receiving CDBG funding must be in compliance with the 12- and 24-month applicant threshold requirements in order to be eligible for new TxCDBG funding:

1. **12-Month Applicant Threshold Requirement** - This rule requires applicants for future TxCDBG funding with existing TxCDBG contracts to obligate at least fifty percent (50%) of the total TxCDBG funds awarded under an open TxCDBG contract within twelve (12) months from the start date of the contract. This means that 50% of the TxCDBG funds **must be obligated** through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. in order to be eligible to receive funding for new CDBG projects. The TxCDBG contract activities do not have to be 50% completed, nor do 50% of the TxCDBG contract funds have to be expended to meet this threshold.

If this threshold is required in the application guide, the requirement will apply to the current TxCDBG contracts:

- With an original twenty-four (24) month contract period;
- That have reached the end of the 12-month period but have not reached the end of the 24-month contract period prior to an application deadline; and
- That were awarded under an applicable fund as follows:

Threshold is Applicable	Threshold is Not Applicable
Community Development	Texas Capital Fund
Colonia Construction Fund	Colonia Self- Help Centers Fund
Colonia Planning Fund	Colonia Economically Distressed Areas Fund
Disaster Relief/ Urgent Need Fund	
Texas STEP Fund	
Planning/Capacity Building Fund	
Community Enhancement Fund	

This threshold will not prevent an eligible applicant from receiving TxCDBG Disaster Relief Fund assistance when the applicant meets the eligibility criteria for the TxCDBG Disaster Relief Fund.
Note: The 12-Month Applicant Threshold Requirement pertains to eligibility thresholds for applicants with current CDBG funding. It is distinct from the 12-month rule noted above for release of construction funds in the TxCDBG contract and Chapter 4 of this manual.

2. <u>The 24-Month Applicant Threshold Requirement</u>

This rule requires the Grant Recipient to complete its TxCDBG project prior to applying for future TxCDBG funding. For purposes of meeting the 24-Month threshold, funds are considered expended prior to the application deadlines if:

- All activities in the TxCDBG contract Performance Statement (Exhibit A) are complete;
- A Request for Payment for all remaining TxCDBG funds (excluding the final 10% of administrative costs and audit costs) has been submitted;
- The *Project Completion Report* (PCR) **(Form A1200)** has been submitted.

> 24 Month Threshold = Complete the project described in the contract; submit Project Completion Report (PCR) and final draw.

The PCR includes the Certificate of Expenditure to document compliance with the 24-Month threshold. Any funds other than final administrative and audit costs reserved on the PCR beyond the application deadline must be approved in writing by TxCDBG staff.

In those very limited instances in which the Grant Recipient cannot meet this requirement, please refer to Chapter 12, Section 12.2.5, Conditional Project Completion, of this Manual.

If this threshold is required in the application guide, the requirement will apply to TxCDBG contracts:

- With an original twenty-four (24) month contract period;
- That have reached the end of the 24-month contract period prior to an application deadline; and
- That were awarded under an applicable fund as follows:

24-Month Threshold is Applicable	24-Month Threshold is Not Applicable
Community Development	Texas Capital Fund
Colonia Construction Fund	Colonia Self- Help Centers Fund
Colonia Planning Fund	Colonia Economically Distressed Areas Fund
Disaster Relief/ Urgent Need Fund	
Texas STEP Fund	
Planning/Capacity Building Fund	
Community Enhancement Fund	

This threshold will not prevent an eligible applicant from receiving TxCDBG Disaster Relief Fund assistance when the applicant meets the eligibility criteria for the TxCDBG Disaster Relief Fund.

1.2 Reporting and Recordkeeping

1.2.1 Establish a Record-Keeping System

The Grant Recipient must establish a record-keeping system to document compliance with all federal, state, local, and program requirements.

- Grant files must be kept at city or county offices or buildings in which government records are maintained and accessible to the public throughout the contract period. Any alternate record storage location must be approved by TDA. All records included in **Form A103** Recommended Filing System must be included in the local records.
- Records shall be retained for a minimum of three years from closeout of the grant to the state. TDA will announce the closeout of each state grant and the individual grant contracts that may begin the three year retention period.

- Documents to be submitted to TDA cannot be uploaded nor accessed on such platforms as Google docs, Dropbox, etc. due to security risks and such action is considered a violation of security policy.

1.2.2 Progress Reports and Requests for Payment

Progress reports of the status of each project shall no longer be made on a quarterly basis but instead will be provided by the Grant Recipient with each draw request. See Request for Payment (**Form A203**). Such reporting requirement ensures that TxCDBG contract specialists will be given timely notice of the status of each project. Request for Payment (Form A203) must be downloaded from the TDA website. Please follow instructions found in Form A203 regarding data entry.

The Request for Payment (Form A203) **shall** be submitted electronically to: CDBG_Draws@TexasAgriculture.gov.

In addition, TxCDBG Contract Specialists may request updated progress information as needed. Failure to respond to such requests, as well as unresolved programmatic issues, monitoring findings, and/or audit findings will result in the contract being considered out of compliance. The contract shall remain out of compliance until all issues have been satisfactorily resolved. Non-compliance could affect future funding for a locality and may result in holds on submitted draw requests.

1.2.3 Four Month Call/Meeting

No later than four months after the contract start date, the grant recipient **shall** schedule a conference call / meeting with all members of the Project Team to discuss the project requirements and potential project issues based on the Performance Statement (Exhibit A to the TxCDBG contract), such as acquisition, special permitting, etc.

- The "Project Team" participants must include the chief local elected official (or authorized representative), project administrator, and project engineer. Administrative and engineering consultants must be properly procured before being considered part of the Project Team.
- The conference may take place no later than four months after the contract start date and may occur during the pre-agreement period, so long as all necessary professional services and administration providers have been procured or local staff has been assigned to administrative and engineering tasks.
- The Grant Recipient shall notify the assigned TxCDBG Contract Specialist of the date and time of the conference **at least one week prior to** the call/meeting; the Contract Specialist may participate in the conference at his/her discretion.
- The date of the conference must be reported on the first Request for Payment (A203) and minutes of the conference must be submitted to TDA within fourteen (14) days after the conference.
- The Grant Recipient may request an exception to the conference requirement if the construction contract has been executed within 4 months of the contract start date AND the construction contract (base bid) substantially agrees with the TxCDBG Performance Statement.

4-Month Conference Call Required Agenda Items

1) Review TxCDBG contract Performance Statement (Exhibit A) and Budget (Exhibit B):
2) Review TxCDBG contract Project Implementation Schedule (Exhibit C) milestone dates and early progress toward these dates;
3) Review 12 Month Rule requirements (TxCDBG contract);
4) Identify the need for Acquisition of Real Property and review URA requirements (The **Uniform Relocation** Assistance and **Real Property** Acquisition Policies **Act** of 1970 (**Uniform Act**); and
5) Identify and report potential project issues or delays.

1.2.4 Technical Assistance for Contracts Behind Schedule

Grant Recipients submitting a Request for Payment **(A203)** that indicates the project is more than three months behind schedule shall:

- Submit a revised timeline for completion using the TxCDBG contract Exhibit C milestones – the target dates identified for each milestone should allow the project to be completed within the contract period to the extent feasible;
- At the discretion of parties to the TxCDBG grant contract, a conference call with the Project Team may be requested with the assigned Contract Specialist, and any appropriate TDA program area specialists to discuss the revised schedule (the Contract Specialist may schedule an on-site technical assistance visit in lieu of a conference call).
- Approval will be given by the TDA contract specialist on the report sent back to them.

Grant Recipients submitting a Request for Payment **(A203)** that indicates the project is more than three months behind the revised schedule approved by TDA shall:

- Submit a narrative Plan of Action including a brief description of the project, identification of obstacles preventing progress, a summary of actions taken to reduce delays, and actions planned to resolve those issues – all members of the Project Team must sign the Plan of Action;
- Submit a revised timeline for completion - all members of the Project Team must sign the revised schedule;
- At TDA's discretion, schedule an on-site technical assistance visit with the Project Team, assigned Contract Specialist, TDA manager, and any appropriate TDA program area specialists;
- Conduct monthly conference calls with the Project Team to discuss the project milestones.

Contracts that continue to fall behind schedule and do not meet the target dates established by the Plan of Action timeline may be subject to termination and deobligation of funds. In very limited circumstances, extension requests for such projects will be considered where extenuating circumstances beyond the control of the Grant Recipient exist and the Grant Recipient demonstrates diligent efforts to resolve the issues preventing progress on the projects.

1.2.5 Other Technical Assistance

TDA will provide technical assistance at the Grant Recipient's request and as considered appropriate by TxCDBG staff. Technical assistance may include:

- Email correspondence;
- Individual and conference phone calls; and/or
- On-site visits and meetings.