

**CITY OF FRISCO
COMMUNITY DEVELOPMENT BLOCK GRANT
SUBRECIPIENT MANAGEMENT POLICY**

1. PURPOSE AND PROGRAM GOALS

- A. The purpose of this document is to establish and standardize the policies of the City of Frisco’s Community Development Block Grant Subrecipient Program so as to promote fairness and equitable treatment of applicants and recipients of program services.
- B. The goals of the Subrecipient Program mirror the objectives of the annual Action Plan. Subrecipient programs must meet at least one of the objectives of the City of Frisco “Consolidated Plan Goals and Objectives.” (See attached Exhibit A, Application)
- C. The City of Frisco’s Subrecipient Program is funded by the Community Development Block Grant (CDBG). These funds are awarded to the City of Frisco by the U.S. Department of Housing and Urban Development (HUD).

2. APPLICATION PROCESS

A. Applicant Eligibility:

To be eligible for funding, organizations must be one of the following:

- 1. A public or private non-profit, tax-exempt organization, in good standing with the State of Texas, and must have an active Board of Directors in compliance with IRS Section 501(c)(3); or
- 2. Local Government entity.

B. Project Eligibility:

The goals of the Subrecipient Program mirror the objectives of the annual Action Plan. Subrecipient programs must meet at least one of the objectives of the City of Frisco “Consolidated Plan Goals and Objectives.” (See attached Exhibit A, Application)

C. Notification of Funding:

A Notice of Available Funding and public hearings are made available to the public in several ways including the following: Notices are published in the *Frisco Enterprise* newspaper, published on the City of Frisco website, www.friscotexas.gov, and displayed at City Hall on the outside glass encased

announcement board, explaining the Community Development Block Grant Process.

D. Application Access

Applications may be downloaded from the website www.friscotexas.gov at Projects/Programs, then under Community Development, or are available at the City of Frisco, 6101 Frisco Square Blvd., 5th Floor, C516, Frisco, Texas 75034.

E. Application Training

An application training is held after the Notice has been published and before the applications are due, usually in February. This training gives an overview of the CDBG Subrecipient Program including eligibility requirements, reporting, and monitoring.

F. Application Format:

An original completed application plus one (1) copy must be submitted in a format ready for copying. Submissions should be unbound, on white paper, in a loose leaf format, printed on one side only, with pages numbered. Do not attach tabs. Please do not submit any more than the requested information; brevity and clarity are appreciated. Incomplete applications may prevent consideration of the request.

Please provide a one-page summary of your request, followed by the questions in the application, and then the “additional information” listed below. Please use the attached page titled “Application Summary Sheet” to provide the summary, and attach it as the first page of your application. Your answers should not exceed the space provided on the summary sheet.

Please include the following information with your application:

1. Detailed current annual agency budget, including sources of funds. Include a list of current and planned fund-raising efforts. If you are an area-wide agency, please submit the annual budget for the Frisco office and the services it provides. If you do not have a Frisco office, please indicate the portion of your budget that is designated for Frisco citizens.
2. Resume of Executive Director.
3. List of officers and members of your board of directors
4. A copy of your IRS Letter of Determination certifying tax-exempt status.
5. A copy of your Certificate of Good Standing from the State Comptroller’s Office. To obtain this document, go to <http://ecpa.cpa.state.tx.us/coa/Index.html>, and search by Tax ID or Company Name. At the next screen, click on your organization name, then click on Certificate of Account Status. If your organization name is now different from the name registered with the Comptroller’s Office, please register the correct name with them. The name on the Certificate should be the name on

- your application. If you are not in good standing with the State, you will need to take whatever correction action is needed before you can receive funding.
6. A copy of your Certificate of Liability Insurance. If you do not carry liability insurance in the amounts outlined in the attached Exhibit B, you will be required to do so if a grant is awarded to you.
 7. Evidence of Workers Compensation Insurance (if applicable)
 8. Include one (1) copy of the most recent audit of your financial records, including the management letter.

G. Application Submission:

Applications must be complete at the time of submission. No addenda will be accepted after the deadline date and time unless specifically requested by the City. Applications may NOT be sent by facsimile (fax) or by electronic mail (e-mail). Applications may be mailed or delivered to:

City of Frisco
Attention: Stacy Brown
Housing and Grants Administrator
C516
6101 Frisco Square Blvd.
Frisco, Texas 75034

3. CITIZEN FUNDING ALLOCATION PROCESS

The Housing Trust Fund Board is a group of seven citizens appointed by the City of Frisco City Council with the responsibility of making funding recommendations to the City Council. Recommendations are made to City Council based upon the review of applications and the public comments received including written and verbal at the public hearings. The Housing Trust Fund Board then forwards their CDBG funding recommendations to the City Council. The City Council considers and acts upon the recommendations during a City Council meeting. The City Council forwards the Annual Action Plan to the Department of Housing and Urban Development.

A. Subrecipient Training

1. Award Training

Once the Department of Housing and Urban Development releases the funds, subrecipients are contacted through an award letter notifying them of the amount of the award and the date of the award training. During the training, CDBG program rules are explained in addition to reporting and reimbursement, and monitoring procedures.

2. On-going Training

During the program year, City staff is available for subrecipient training. These trainings are held on an as needed basis. Types of training include: income determination procedures, demographic reporting, and financial management.

B. Contracts

At the conclusion of the Award Training, contracts will be available for the subrecipients to sign. The contract is a legal agreement between the subrecipient and the City of Frisco regarding Community Development Block Grant Funds. Please see the attached Application, p. 13, "OTHER REQUIREMENTS. Amendments to contracts must meet CDBG program requirements.

4. REPORTING

A. Program

Subrecipients are responsible for reporting beneficiary demographic information and program accomplishments on a quarterly basis with the final quarter cumulative report serving as a year-end report to the City of Frisco Housing and Grants Administrator, 6101 Frisco Square Blvd., Frisco, Texas 75034. Please see the attached reporting forms.

B. Financial

Subrecipients are responsible for reporting CDBG financial expenditures quarterly with the final quarter cumulative report serving as a year-end report to the City of Frisco Housing and Grants Administrator, 6101 Frisco Square Blvd., Frisco, Texas 75034. Please see the attached financial report.

C. Submission of Reports

Quarterly CDBG reports are due within 30 days of the end of the quarter. For example, first quarter reports are due by January 30 because the end of the first quarter is December 31. Final or year-end reports are due by October 30.

D. Reimbursement of CDBG Expenditures

Upon receiving quarterly reports, invoices, and financial reports, subrecipients will be reimbursed for eligible CDBG expenses. One exception is North Collin County Habitat for Humanity in which funds will be wired on the day of the land acquisition closing.

E. Record Retention

All CDBG records must be retained by the subrecipient for a period of not less than five years after the funds have been expended.

F. CDBG Property and Assets

Subrecipient CDBG property and assets are accounted for on the Property and Asset form. Property and Assets will be monitored on a yearly basis to prevent loss, damage, and theft.

5. MONITORING

A. Timing of Monitoring

- 1. Completion of Activity:** Within six months of the completion of the activity, City staff will conduct an onsite monitoring of the activity.
- 2. Periodic:** Periodically, upon the review of subrecipient reports, the need for an immediate monitoring may arise.

B. Monitoring Activities

- 1. Program:** Client service files will be reviewed including income eligibility, residence, and dates of service.
- 2. Financial:** Checks, bank statements, invoices, and internal controls will be reviewed.
- 3. Property/Assets:** If property or assets have been secured with CDBG funds, these items will be viewed and their condition will be noted.

C. Monitoring Letter

- 1. Compliance Letter:** If the subrecipient has met all of their responsibilities, a letter will be sent to the subrecipient detailing the activities of the monitoring and stating that the subrecipient is in full compliance and that the activity is completed.
- 2. Non-Compliance Letter:** If the subrecipient has not met all of their responsibilities, a letter will be sent to the subrecipient detailing the activities of the monitoring and stating the findings of the monitoring. In addition, a request for a response to the findings is requested within 30 days of the date of the letter. Upon receipt of the response, City staff will decide if the situation warrants funds needing to be returned to the City of Frisco and ultimately to HUD.

ACTIVITY ELIGIBILITY RULES

CITY OF FRISCO CONSOLIDATED PLAN GOALS AND OBJECTIVES

- ❖ **Goal No. 1:** Maintain the City's current affordable housing stock through home rehabilitation, while also pursuing new opportunities for expansion of affordable housing for Frisco's residents and workforce. (Housing)
- ❖ **Goal No. 2:** Continue to support households at-risk of homelessness with necessary support services, as well as, continue to support programs offering transitional housing opportunities for homeless families and individuals. (Homeless)
- ❖ **Goal No. 3:** Improve the lives of special needs citizens. (Non-homeless special needs)

NATIONAL OBJECTIVES - All activities funded by the Community Development Block Grant (CDBG) must meet one of the following two National Objectives:

Objective No. 1. Activities must primarily benefit low and moderate income persons, meaning that at least 51% of clients served must have low and moderate income. Low and moderate income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD, and revised annually. These maximum limits currently are:

<u>Number In Family</u>	<u>Maximum Income</u>	<u>Number In Family</u>	<u>Maximum Income</u>
1	\$37,850	5	\$ 58,450
2	43,300	6	62,750
3	48,700	7	67,100
4	54,100	8	71,400

Normally, each organization receiving CDBG funds must obtain written proof of income for each person or household assisted, to determine their eligibility. However, the following groups are presumed by HUD to meet this criterion, and no proof of income is required: abused children, battered spouses, elderly persons, severely handicapped persons, homeless persons, illiterate persons, and migrant farm workers.

Objective No. 2. Activities must aid in the prevention or elimination of slums or blight, either on an area basis or on a spot basis. The slum or blighted area must be so designated by the City.

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

1. Acquisition of real property by purchase, long-term (15+ years) lease, or otherwise. A five-year forgivable lien for the amount of the purchase is required. Acquisition which would result in the relocation of an existing business or resident will normally not be funded. Please discuss this with City staff before submitting your application.
2. Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds, with the proceeds from such disposition to be returned to the City of Frisco.
3. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including homeless shelters, convalescent homes, hospitals, nursing homes, battered spouse shelters, halfway houses, and group homes for mentally retarded persons. These projects are subject to the enforcement of the labor standards provisions of the Davis-Bacon Act, the Copeland Act, and the Contract Work Hours and Safety Standards Act. As such, all construction projects will be required to comply with these provisions which include the payment of the applicable federal wage rate with benefits; compliance with overtime pay requirements, and contractor and subcontractor eligibility requirements. In addition, projects will also be subject to the bidding and procurement requirements of 24 CFR Part 85.
4. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.
5. Provision of public services (including labor, supplies, and materials) which are directed toward improving the community's public services and facilities, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, or recreational needs. In order to be eligible, a public service must be either a new service, or a quantifiable increase in the level of a service above that which has been provided to residents of Frisco during the previous 12 months. The total amount of CDBG funds used for public services may not exceed 15 percent of the total City of Frisco CDBG grant.
6. Removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned buildings, facilities, and improvements.
7. Rehabilitation of privately and publicly owned buildings and improvements for residential purposes. If the rehabilitation will disturb or paint over existing paint, costly lead-paint abatement may be required. Please discuss this issue with City staff before submitting your application.

8. Rehabilitation of publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvements to the exterior of the building and the correction of code violations.
9. Improvements to buildings to increase energy efficiency.
10. Removal of lead based paint from residential structures.
11. Rehabilitation, preservation, or restoration of historic properties.
12. Provision of credit, technical assistance, and general support (including peer support programs, counseling, child care, transportation, etc.) for the establishment, stabilization, and expansion of microenterprises. A microenterprise is a business with five or fewer employees, one or more of whom owns the business.
13. Provision of assistance to a private for-profit business where appropriate to carry out an economic development project. Any project funded must be able to document the creation or retention of a certain number of jobs, depending on the type of project proposed and the amount of funding requested.

INELIGIBLE ACTIVITIES - The following activities MAY NOT be assisted:

1. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible.
2. CDBG funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and federal legislators.
3. Long term subsistence payments (longer than three months) for such needs as rent and utilities are ineligible.
4. Landscaping and tree trimming are not eligible expenses.
5. Mortgage payments for agency properties are not eligible, although rent payments may be eligible if the building is one in which services are provided directly to clients.
6. Administrative costs which do not provide services to clients. Examples: the salary of an administrative assistant who does not work directly with clients would not be an eligible expense; the rent for administrative office space would not be an eligible expense unless services are provided directly from that office space.

OTHER REQUIREMENTS

RULES AND RECORD-KEEPING REQUIREMENTS - Successful applicants will be required to sign a contract with the City which will state all the requirements to be placed on the applicant. In general, the following will apply to all applicants:

1. Written records to justify all expenditures and client eligibility must be maintained for a period not less than five years after the full amount of the grant is expended. Your records will be reviewed by the City, and may also be reviewed by HUD. Undocumented expenditures must be repaid to the City.

2. You will be required to maintain the City's minimum insurance standards for the length of the contract. A copy of your Certificate of Liability Insurance form (not a Binder) must be provided to the City as evidence of insurance before any funds can be disbursed to you.

3. You must agree to administer the CDBG program in accordance with OMB Circular A-122, "Cost Principles for Non-Profit Organizations," and 24 CFR Part 84 of the Federal regulations. In addition, if you are awarded \$300,000 or more, you will be required to comply with the Single Audit Act of 1984. Your accountant should be familiar with these requirements.

4. You will be required to provide quarterly reports stating the total number of persons served, including their income and ethnic origin, and whether they are female heads of household. These figures are required to be reported by HUD.

5. Programs, activities, employment opportunities, etc., funded totally or partially by the City of Frisco must be made available to all people regardless of race, color, religion, sex, age, national origin, handicap or political affiliation. Agency shall make known that use of facilities is available to all on a nondiscriminatory basis. No person shall on the grounds of race, color, religion, sex, age, national origin, familial status or handicap status, be excluded from participation in, or be denied the benefits of, or be subjected to discrimination in any of the operations of the Agency. Agency must also adopt and implement procedures designed to make available to interested persons information concerning the existence and location of services and facilities that are accessible to persons with a handicap.

6. You will be required to provide quarterly reports stating the total number of persons served, including their income and ethnic origin, and whether they are female heads of household. These figures are required to be reported by HUD.

7. **You will be required to obtain written proof of income for each person or household you assist, unless your clients are abused children, battered spouses, elderly persons, severely handicapped persons, homeless persons, illiterate persons, or migrant farm workers.**

8. You must have a written policy in place designed to ensure that your facilities are free from the illegal use, possession, or distribution of drugs or alcohol.

9. If any income is derived from the activities funded by CDBG, that income must be accounted for and returned to the City, or used according to requirements stated in your contract.

10. In the event that HUD or the City should determine that CDBG funds were improperly spent, and that money should be reimbursed to the U. S. Treasury, your organization will be responsible for this reimbursement.

FAITH-BASED ORGANIZATIONS - Executive Order 13279 requires federal programs to treat all organizations fairly and without regard to religion. The following rules apply to these organizations:

1. Faith-based organizations retain their independence over their governance and expression of their beliefs. They may constitute their boards on a religious basis, display religious symbols and icons, and retain their civil right to hire only employees that share their beliefs, to the extent consistent with governing HUD program statutes. However, faith-based organizations may not discriminate in hiring people who will be delivering services which are supported by HUD funding.

2. Direct HUD funds may not be used to support inherently religious activities such as worship, religious instruction, or proselytization. A faith-based organization may still engage in such activities so long as they are voluntary for program participants and occur separately in time or location from the activities directly funded under a HUD program.

3. Faith-based organizations, like all organizations under HUD-funded programs, must serve all eligible beneficiaries without regard to religion. For example, an organization receiving HUD funds may not restrict HUD-funded services to people of a particular religion or religious denomination.

4. Faith-based organizations may receive HUD funds to acquire, rehabilitate, or repair buildings or other real property, so long as the funds only pay the percentage of the total cost attributable to HUD activities. However, HUD funds may not be used to acquire or improve sanctuaries, chapels, and other rooms that a HUD-funded congregation uses as its principal place of worship.

SECTION 3 REQUIREMENTS:

Title 24: Housing and Urban Development

Subtitle B: Regulations Relating to Housing and Urban Development

CHAPTER I: OFFICE OF ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY,
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBCHAPTER B: EMPLOYMENT AND BUSINESS OPPORTUNITY

PART 135: ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME
PERSONS

Subpart B: Economic Opportunities for Section 3 Residents and Section 3 Business
Concerns

135.38 - Section 3 clause. All section 3 covered contracts shall include the following
clause (referred to as the section 3 clause):

A. 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.

B. 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.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, 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; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. 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

Subrecipient CDBG Policy
Update Effective 3/31/12

contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

EXHIBIT B

INSURANCE REQUIREMENTS

The Agency shall procure and maintain for the duration of the grant Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed hereunder by the Agency, its agents, representatives, employees, volunteers, officers, director, or subcontractors.

The Agency shall maintain insurance with limits not less than \$1,000,000 per occurrence, \$2,000,000 aggregate and will be as broad as ISO Form Number GL 0002 (Ed 1/72) covering Comprehensive General Liability and ISO Form Number GL 0404 covering Broad Form Comprehensive General Liability, or ISO Commercial General Liability coverage (“occurrence”) form CG 0001). Coverage will include:

- A. Premises - Operations;
- B. Broad Form Contractual Liability;
- C. Broad Form Property Damage; and
- D. Personal Injury

The policy will be endorsed to contain the following provisions: The City, its officers, officials, employees, volunteers, Boards and Commissions are to be added as “Additional Insureds” as respects to liability arising out of any activities performed by or on behalf of the Agency. The policy shall contain no special limitations to the scope of coverage afforded to the City. The Agency’s insurance coverage shall be primary and any insurance or self-insurance shall be in excess of the Agency’s insurance and shall not contribute with it.

Insurance Company Qualification: All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated an A.M. Best rating of at least an “A” or other equivalent rating service.

The Agency shall furnish the City with a certificate of insurance which shows the coverage provided. The insurance policy will be endorsed to state the coverage shall not be suspending, voided, canceled, non-renewed, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

If an applicant is awarded funding under the City of Frisco CDBG program, additional insurance may be required based on the types of services being provided by the grantee.

EXHIBIT C
CDBG REPORT PY 2011

CITY OF FRISCO

AGENCY NAME: _____

REPORT FOR GRANT YEAR: _____

October 1, 2011 – September 30, 2012

NOTE: All clients served are to be reported as new during the first quarter in which they receive service. They are to be reported only one time during the year.

	December 31 Quarter		March 31 Quarter		June 30 Quarter		September 30 Quarter		Annual Total	
	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics
RACE										
American Indian or Alaska Native										
Asian										
Black or African American										
White										
American Indian or Alaska Native and White										
Asian and White										
Black or African American and White										
American Indian or Alaska Native and Black or African American										
Other multiple race combinations greater than one percent										
Balance of individuals reporting more than one race										
Race Total (must equal Income Total)										
INCOME										
0-30% of Median Income										
30-50% of Median Income										
50-80% of Median Income										
Over Income Limits										
Income Total (must equal Race Total)										
Female Heads of Household										
Disabled										

Received: _____
 Reviewed by: _____ Date: _____
 Comments: _____
 IDIS entered: _____

FINANCIAL REPORT
CITY OF FRISCO – CDBG PY 2011
Exhibit D

Agency/Organization: _____

Reporting Period: _____

Program Revenues	Approved Budget	Current Period	Cumulative to Date	Available Balance
City of Frisco CDBG				
Program Income				
Total Revenues				
Program Expenditures	Approved Budget	Current Period	Cumulative to Date	Available Balance
Total Expenditures	0	0	0	0

CDBG Program Income at the end of this reporting period: \$ _____

CDBG Reimbursement Requested for this Period: \$ _____

I CERTIFY TO THE BEST OF MY KNOWLEDGE, THE DATA REPORTED HEREIN IS CORRECT. ATTACHED IS SUPPORTING DOCUMENTATION.

Authorized Signature: _____

Title: _____ Date: _____

Complete by City of Frisco

Received: _____

Reviewed by: _____ Date: _____

Comments: _____

Submitted for payment: _____