



the grant manager

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Governor

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A Newsletter for CDAP Grantees from the Illinois Department of Commerce and Economic Opportunity

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CHANGES FOR CLOSEOUTS

by Dana Cherrier

The department's Accounting Office sends the two-part CDAP closeout package at the end of the grant period, or when 100 percent of the funds are drawn, whichever occurs first. Examples of the closeout package are included in the Grants Management Handbook on pages 1-7-11 through 1-7-29. When completing the closeout package, please use the forms provided via mail or over the Internet from the department's Accounting Office.

The Financial Closeout is due 45 days after the end of the grant period. Accounting regularly follows up on the Financial Closeout and the grantee should make every effort to submit these documents promptly.

The second part of the closeout package is the Grantee

Evaluation Report (GER). Many grantees have traditionally submitted this package along with the Financial Closeout. Effective immediately, the CDAP staff will no longer accept the GER if it is signed and dated before the closeout public hearing. The closeout public hearing documentation (certification of publication, certified minutes of meeting, list of attendees) must be submitted with the GER and the closeout public hearing should not be held until the project is complete. GER's submitted without the appropriate documentation and signed prior to the public hearing will be returned for correction.

If you have any questions about this process, please contact your CDAP Grant Manager.

THE IMPORTANCE OF REQUESTING WAGE RATES IN A TIMELY MANNER *by Becky Blankenship*

Many grantees are not giving the CDAP labor standards officer sufficient lead time to process requests for wage rate decisions. The initial request should be made 30 days prior to the bid advertisement. This request may be made by either mailing or faxing in the two required forms found in the Grants Management Handbook (GMH pages 2-3-15 and 2-3-17). The 30 days is to provide the engineer or administrator ample time to request and receive the correct federal prevailing wage rates to put into the bid packet. These wages are included in the bid packet along with the mention of Davis Bacon regulations so that the bidding contractors can bid properly. The contractor will need to know how much to pay each worker in order to come up with an accurate bid.

A second request must be submitted 15 days prior to bid advertisement to see if any updates have been made to the federal prevailing wage rates for the project. This request can be made by fax, phone call, or e-mail. The two initial forms are not needed at this time. The administrator will need to have the following information: grantee name, grant number, and the date of the bid advertisement. The federal wage rates are updated every Friday, but not all of the wages change. Therefore, an update request must be made. If there is a change in the wages for the project, the labor standards officer will provide the new wages to the administrator as soon as possible.

The grant administrator must then provide an addendum to all the bid packet holders. Again, this is so the bidding contractors can submit an accurate bid.

The final request should be made 15 days prior to the bid opening. This request can also be made by fax, phone call, or e-mail. Again, the only information needed is the grantee name, grant number and the bid opening date. The final set of wage rates that the administrator receives should be posted at the work site and should be used for the duration of the project. A copy should also be kept in the labor standards file for checking the weekly payrolls.

Some grantees continuously fail to allow sufficient notice for wage rate requests. For instance, administrators will call in a panic because a bid opening may be scheduled for the following day. It is extremely important that the grantees, administrators, and engineers keep in close communication every phase of a CDAP project to avoid these types of last-minute requests. Not complying with the above timeline of requests will lead to a monitoring finding, which, in turn, can affect future grant awards.

Becky Blankenship is the CDAP staff to contact for wage rates. She can be reached by telephone at 217/558-2845, TDD 800/785-6055, by fax at 217/782-1206, or by e-mail at bblanken@commerce.state.il.us.

Kara Cozadd

Kara Cozadd is scheduled to be on maternity leave from the first of May, returning to work about October 1. In her absence, her responsibilities have been distributed to other staff as follows:

Environmental Clearance and Special Grant Conditions - Becky Blankenship will handle these duties while Kara is out of the office. Becky can be reached at 217/558-2845, or her e-mail address is bblanken@commerce.state.il.us.

Grant Management Duties - Dana Cherrier will have oversight of Kara's grants during Kara's absence. This includes grants in Calhoun, Cass, Christian, Greene, Jersey, Macoupin, Montgomery, Morgan, Pike, Scott, and Shelby counties. Dana can be reached at 217/558-2843 and her e-mail address is dacherri@commerce.state.il.us.

PUBLIC FACILITIES CONSTRUCTION/DESIGN ENGINEERING CHANGES FOR PROGRAM YEAR 2004

by Pam Jefferies

Application guidebooks were distributed at the annual CDAP Application Workshop held in Springfield on February 19, 2003. For the CDAP Public Facilities Construction/Design Engineering Component, applications are due this year on Wednesday, October 1.

The maximum CDAP amount for a Design-only grant has been raised from \$100,000 to \$300,000. The maximum CDAP design amount that will be considered is 70 percent of the total compensation payable, based upon the fee schedule below, plus easement costs. Easement costs shall be calculated at the estimated number of needed easements times \$150. Administrative fees will be based on the administration fee schedule as outlined in the application guidebook, not to exceed \$7,500.

| <u>Cost of Construction</u> | <u>Design Fee</u> |
|-----------------------------|-------------------|
| First \$100,000 | 13.0% |
| Next \$120,000 | 10.1% |
| Next \$200,000 | 8.3% |
| Next \$300,000 | 7.2% |
| Next \$750,000 | 6.5% |
| Next \$1,000,000 | 5.9% |
| Next \$4,000,000 | 5.4% |

It should be noted when projects will involve more than one construction contract the total design fee may be increased by five percent for a project with two contracts, and by three percent for each additional contract thereafter.

Again this year, as for the past couple of years, the new income limits were issued after the guidebooks were printed. These have been distributed as a separate mailing to all workshop attendees and guidebook recipients. If you did not receive a set, you may contact our office for a copy. Remember to discard the outdated income limits and begin using the new limits immediately. The income limits may also be obtained via the Internet at www.huduser.org/datasets/il.html. Select FY2003 Income Limits, after which you will need to scroll to the pages for Illinois.

As always, if you have any questions on these changes or the application requirements, please contact Pam Jefferies at 217/558-2836, TDD: 800/785-6055.



Chapter 2, Section 3 of the CDAP Grants Management Handbook provides guidance on Labor Standards. Paragraph G on page 2-3-11 discusses information that must be conspicuously posted at the work site. The telephone number and web site addresses for the US Department of Labor have changed. Please make note of the following information for future reference.

The Notice to Employees (WH Publication 1321) and Your Rights (WH Publication 1088) may be obtained from the US Government Printing Office, or the US Department of Labor, Employment Standards, Wage and Hour Division, 509 West Capitol Street, Springfield, IL 62701, 217/492-4060. Or the publications are available from the Internet at www.dol.gov/esa/regs/compliance/posters/pdf/fedprojc.pdf and www.dol.gov/esa/regs/compliance/posters/pdf/min



Revolving Loan Funds

by Lorraine Wareham

All locally administered CDAP Revolving Loan Fund (RLF) Programs are governed by RLF state regulations which, in the State of Illinois, are published by the Joint Committee on Administrative Rules (JCAR). Local RLF Administrators should carefully review the JCAR rules to be sure they are incorporated into their local RLF Guidelines.

The Illinois Administrative Code has recently changed to include the Revolving Loan Fund state regulations effective July 18, 2002. In your Revolving Loan Fund Handbook you will find the old regulations under Section 5, State Regulations, page 5-5-1. Included in this newsletter are only the changes and these have been underlined. If a change falls within a sentence the complete sentence has been included with the change underlined. The approved JCAR rules for RLF dated July 18, 2002 will supersede any rules within the RLF Handbook.

It will be necessary for each RLF to submit to the department for approval a new recapture strategy reflecting the approved JCAR changes under Section 110.230 Recapture Strategy Requirements. Until your RLF recapture strategy is approved by the department you will not be able to take advantage of the changes.

Please contact Lorraine Wareham at 217/558-2842, TDD 800/785-6055, or e-mail lwareham@commerce.state.il.us if you would like to receive a copy of the complete revised JCAR rules. You can also find the rules on the following website <http://www.legis.state.il.us/commission/jcar/admincode/047/04700110sections.html> under Subpart B: Revolving Loan Funds. If you have any questions regarding your RLF please feel free to contact Lorraine Wareham.

Section 110.230 Recapture Strategy Requirements

- 4) A description of how the applications will be generated from potential borrowers, including how minority-owned businesses will be reached.
- 6) The grantee shall assure that one job will be created or retained for every \$15,000 loaned.
- 7) A minimum leverage ratio of \$1 non-CDAP funds to \$1 CDAP RLF funds must be obtained for each project. RLF funds may not comprise more than 50% of the financing for any project.
- 8) The grantee shall assure that environmental reviews will be completed for each project funded, as well as prevailing wages paid if applicable.

Section 110.250 Use of RLF Funds

- 2) Grants to the grantee units of local government for public infrastructure improvement projects when the activities will directly result in the creation and/or retention of jobs by a specifically identified for-profit or not-for-profit business which satisfies the requirements of Section 110.280 of this Subpart. The unit of local government must obtain a Participation Agreement with the benefiting business outlining the job creation and/or retention requirements as a result of this public infrastructure;
- 3) Activities not listed in this subsection require written approval of the Department prior to final local approval; and

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Revolving Loan Funds

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4) RLF funds may be used for CDBG-eligible activities with prior written approval of the Department, provided that the unit of local government spends the fund in its entirety and the fund ceases to be used for the purpose of business loans.

b) RLF funds shall not be used to:

1) refinance existing private debts;

3) finance any activities for speculative activities (i.e., commercial/retail development without lease agreements) or purposes;

Section 110.260 Requirements for RLF Projects

a) Each RLF project shall create or retain at least one job for every \$15,000 of RLF investment of CDAP funds.

Section 110.330 Recordkeeping and Reporting

b) All grantees shall submit semiannual status reports to the Department. The January-June report shall be due no later than July 31; the July-December report shall be due no later than January 31. Failure to submit semiannual status reports could result in delayed reimbursement of other active CDAP payments to the grantee or rejection of pending CDAP grant applications. Status reports shall include the following information:

7) For each Department-funded CDAP loan, the following: F) Loan status (i.e., current (yes/no) or closed);

8) For each loan made out of the RLF, the following: F) Loan status (i.e., current (yes/no) or closed);

Section 110.340 Department Monitoring

e) Pursuant to its obligations under the Act, this Part, and the applicable grant agreements, the Department

will conduct a program of RLF visitations for the purpose of providing technical assistance and monitoring the operations of the local RLF grantees. As a result of those visits, the Department may take any of the following actions, by way of sanctions against inappropriate local RLF activities or against the grantee jurisdiction:

1) issue “Findings” outlining deficiencies in the RLF operations and requiring that they be corrected within a specified time;

2) the Findings may mandate the return to the RLF account, from non-Block Grant sources, amounts disbursed for ineligible activities;

3) require for a specified period of time (including permanently) that an RLF seek prior written approval from the Department for any specified activity. Specified activities may be limited, for instance, to include only new loans made, or may include all RLF activities. This sanction may include the requirement that all applications materials for new loans be forwarded for review to the Department;

4) the grantee may be deemed to be unable to continue operations of a local RLF program, in which case the Department may take any of the following actions:

A) revocation of local authority to operate a CDBG RLF

B) the Department may instruct the grantee to continue to collect loan payments of existing loans and service the current portfolio; however, no additional loans would be allowed from the portfolio. Instead, on a yearly basis the balance available in the account would be returned to the Department.

C) the Grantee may be instructed to turn over the cash balance and loans in the RLF to the Illinois Department of Commerce and Community Affairs.

CDAP STAFF RETIRE AND NEW STAFF COME ON BOARD

by Sarah Bates and Pat Ramirez

Three longtime CDAP staff retired under the state's early retirement incentive – Jean Thomas, LaNell Sittig and Shirley Watkins.

Jean Thomas served as the Manager of the Community Assistance Division for two years and Manager of the Community Development Assistance Program for over eight years. Jean worked for the State over 31 years. During her tenure with the CDAP Program, many improvements were made. Of significance during her time with CDAP is our improved spending rate of CDAP funds. When Jean took over the CDAP program, Illinois was in the bottom 10 of the 50 states. Within the last year, we moved to the top 10 of the 50 states in spending our CDAP funds. This is especially important since HUD is soon going to implement timeliness guidelines for the states. Jean took great pride in the improvements made to Illinois' CDAP program. We wish her well during her retirement.

LaNell Sittig worked for the State of Illinois for over 32 years. She spent 25 years in the Section 8 program before moving to CDAP for two years. Since retiring, she is working in a flower shop she owns and managing rental apartments part time.

Shirley Watkins served as a grant manager for the northern counties of Illinois. Over the years, Shirley was a loyal advocate for her grantees. She had a great deal of energy and willingness to help her grantees and grant administrators attain the best possible results for their community projects. Shirley has brought great balance to her life during her retirement by freeing up her time to travel and enjoy her family and grandchildren.

Stacie Sprovieri has been hired to replace Shirley Watkins in the Chicago office. She will be working with Pat Ramirez, managing the Northern Illinois grants. Prior to coming to CDAP, Stacie worked with the Illinois Main Street Program and the Bureau of Technology and Industrial Competitiveness. Stacie can be reached at 312/814-3550.

Jean Thomas' position remains vacant. Please contact your CDAP Grant Manager if you have program specific questions.

LaNell Sittig's position also remains vacant. Grantees may contact Pete Arnolds in the Marion office at 618/993-7227 for assistance in the interim.

BONDING

by Pete Arnolds and Shirley Webb

OMB Circular A-110 requires all persons who have access to CDAP funds to be sufficiently bonded to protect the government's interests. DCEO requires bonding to be equal to or greater than the amount of CDAP funds that may be drawn at any one time. This will normally be 30 to 50 percent of the total grant amount depending on the number of draws and how much money will be drawn at a time. In cases of small planning or design grants, or economic development grants, where only one draw might be made the grantee should be bonded for the full amount of the grant.

Generally Accepted Accounting Principles direct that a minimum of two signatures should be required on a check. To facilitate the appropriate flow of the payments, we recommend that three persons have authority to sign checks. Fidelity bonds are required for each employee or official having access to project assets, accounting records, or checks.

During monitoring of CDAP grantees, we repeatedly find that the grantee officials are inadequately bonded. We understand the difficulty grantees may have in determining the appropriate amount to use as a guide for obtaining fidelity bonds. However, payment of these bonds is an eligible CDAP administration expense. If you have hired a grant administrator to administer your CDAP grant, you need to keep enough money from your grant to pay the fidelity bond. Several years ago we researched the cost of fidelity bonds for municipality positions and determined that special issue bonds might be appropriate for CDAP grantees. We recommend you discuss this issue with your insurance agent.

Grantees who continue to be inadequately bonded may find the requirement to supply the fidelity bond as part of their Special Grant Conditions for any future grants. If you have any questions concerning this process, please contact your CDAP Grant Manager.

Questions & Answers

ADMINISTRATION PROCESS

Q. Do all of the grant funds have to be completely drawn by the grant end date?

A. No. The grantee has 45 days after the end date to draw the balance of the CDAP funds. However, all costs must have been incurred prior to the grant end date.

Q. When can a grantee incur non-administrative CDAP construction costs?

A. After DCEO has awarded the CDAP grant agreement, environmental clearance has been completed, and the grantee has received a release of funds letter.

ECONOMIC DEVELOPMENT PROCESS

Q. A local government received a CDAP economic development grant to install a waterline on behalf of a business. Due to difficult economic times, the company has had difficulty

attaining the required number of jobs created. However, since the original grant was issued, another company has located in the same industrial park. Under CDAP rules, jobs created by this second company may also be counted as benefiting from the CDAP funds. Which Section 8 income guidelines should be used to verify the incomes of employees at the new company - the income guidelines used for the original grant application or the current income guidelines?

A. The current Section 8 income guidelines would be used to verify the incomes of the jobs created at the second company.

HOUSING ADMINISTRATION PROCESS

Q. What type of documentation should an administrator of CDAP Housing Rehabilitation grants include in individual project case files regarding lead based paint requirements?

A. Each individual project case file should have the following documentation:

1. Lead Inspection – Risk Assessment provided by a licensed lead inspector/risk assessor. If the inspection determines there is no lead present in the structure, no further documentation is required regarding lead abatement or remediation.

2. Work write up and in house cost estimate that separates lead work from non-lead work or clearly defines lead work to be performed by a licensed general contractor.
3. Copy of current license(s) of lead abatement general contractor, lead worker(s) and lead supervisor(s) designated to perform lead work in subject property.
4. Copy of contractor's notice to Illinois Department of Public Health as performing lead work on subject property.
5. Copy of lead final clearance documents, including copies of any failed clearance tests.

Q. Are inspectors performing under CDAP Housing Rehabilitation grants required to be licensed under the new "Home Inspector License Act?"

A. No. According to the language of the new Act found in Section 1-10, "Home Inspection" means the examination of the exterior and interior components of residential real property in connection with or to facilitate the sale, lease, or other conveyance or residential real property. In addition, in Section 5-5.(c), the licensing requirements of the Act do not apply to any person engaged by the owner or lesser of residential real property for the purpose of preparing a bid or estimate as to the work necessary or the costs associated with performing home construction, home remodeling, or home repair work on the residential real property.

Upcoming Events

MAY

Housing Grant Management Workshop –
date and location to be determined.

July 11, 2003

Housing Rehabilitation and Mobility and
Accessibility Rehabilitation Supplement
applications due.

October 1, 2003

Public Facilities Construction and Design
Engineering Applications due.

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If you would like to see specific topics covered, please submit in text form. All articles are subject to editing.

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