

The Grant Manager

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

Fall 2003

New Division Manager

On September 2, 2003, Pat Davis was appointed as the new Division Manager for the Division of Community Assistance. In this position, he also serves as the manager of the Community Development Assistance Program.

Prior to coming to DCEO, he worked for the Secretary of State's office. During the course of his 12 year career, he has also worked for the Illinois House of Representatives, Illinois Comptroller, Illinois Attorney General and Illinois Treasurer. From 1992 to 1994 he served as a member of the Sangamon County Board. His private sector experience includes Hartland Mortgage Centers and American Loan Centers as a Loan Officer and Manager.

Pat is a graduate of Illinois State University in Normal with a BS degree in Political Science. He is married and has a daughter.

Pat can be reached as 217/785-6142, TDD 800/785-6055, and his e-mail address is Patrick_Davis@commerce.state.il.us.

AUDIT REQUIREMENT CHANGES

by Dana Cherrier

The Office of Management and Budget (OMB) has issued final revisions to OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." The only revision that directly effects the CDAP Program is the following: The new audit threshold for single audits is \$500,000 of cumulative federal expenditures during the grantee's fiscal year. The previous threshold was \$300,000 expenditures during the fiscal year. The new threshold is effective for fiscal years ending after December 31, 2003.

If during the applicable fiscal year the grantee has not received in excess of \$500,000 in federal funds (cumulative, add federal funds from all programs/sources), the grantee should submit a letter stating they will not be submitting an audit for the fiscal year in question because they did not expend in excess of \$500,000 in federal funds during said fiscal year.

The grantee must submit the audit (or letter) to the department within 30 days of the receipt of the audit, but no later than nine months after the end of the period for which the audit was performed. After nine months the audit is considered delinquent. The grantee or grant administrator should submit the audit as soon as possible and should not wait to be contacted by the department regarding the audit.

Send the appropriate audit or letter to the Department of Commerce and Economic Opportunity (DCEO), 620 East Adams Street, Springfield, Illinois 62701, attention Alyce Beggs. If you have any questions regarding this change to the audit requirement please contact Dana Cherrier at 217/558-2843, TDD 800/785-6055.

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MARS Grants

by Tim Call

The Mobility and Accessibility Rehabilitation Supplement (MARS) will take a new course during Program Year 2005. MARS will become a separate component and will no longer be a part of the Housing Rehabilitation component. The MARS component applications will be accepted at any time during the program year. We anticipate that by accepting applications as needed we will better serve the intended population of disabled persons. The application itself will change slightly as competitive aspects are removed and specific thresholds are implemented for funding.

Tentative funding levels for the MARS component are \$750,000, with the grant ceiling remaining at \$100,000. Funds for MARS will not be available until January 1, 2005. Application packets for MARS grants will not be provided until December 2004. Communities wishing to apply for MARS grants must request an application packet from the CDAP staff at 217/785-6142, TDD 800/785-6055. Packets will be provided as long as there are funds available during each program year. Questions regarding this change may be directed to Tim Call at the numbers above.



Application Deadlines

Due to more and more frequent delays in the federal budget process, CDAP staff have been discussing ways to reduce the length of time that applicants must wait for the Public Facilities and Design Engineering grants to be announced. As such, changes to the application due dates for calendar year 2004 are being proposed as follows:

Planning Assistance	September 13, 2004
Housing Rehabilitation	November 5, 2004*
Public Facilities Construction And Design Engineering	January 10, 2005*

* Funding for these applications to be provided from the Program Year 2005 allocation.

Even though the deadline for Public Facilities and Design Engineering applications is being moved from October to January, CDAP staff anticipate still being able to make grant awards in March, which will greatly reduce the amount of time applicants wait for a funding determination. In addition, with this revised schedule, the CDAP Grant Application Workshop has tentatively been set for June 1, 2004 in Springfield.

Design Engineering-Only Grants

Due to the average size of projects typically funded through CDAP, the maximum grant amount for design-only grants is being reduced to \$200,000. This is still twice the amount previously available when the grant maximum was only \$100,000.

Since it appears that there was much confusion with the adoption of the new engineering fee schedule, CDAP staff are changing the way in which the design fee is calculated. For the applications that will be due January 10, 2005, design costs should be calculated based upon a maximum of 10% of the estimated construction costs. Administration fees and easement costs may be added after the design cost is calculated, up to the \$200,000 maximum. This is not to say an engineering firm may not charge in excess of 10%. Any charges over and above the 10% would need to be allowed for by the applicant and committed at the time of application.

Questions regarding these changes may be directed to Pam Jefferies at 217/558-2836, TDD 800/785-6055.



MONITORING CHANGES

by Sarah Bates

CDAP staff recently completed a project to revise the CDAP Monitoring Checklist and Monitoring Report Letter. We're certain you will be pleased with the changes.

The Monitoring Checklist has been organized into a more user-friendly format. Questions are now worded with a yes/no format, allowing the CDAP grant manager to simply check an answer. The old checklist had some similar questions located in several locations and these have all been consolidated into the appropriate section. Beyond that, no significant changes were made to the checklist.

The major change many of you will notice is in the Monitoring Report Letter. The letter quite simply describes who monitored the grant, when and where monitoring took place, and the findings, concerns, or pending grant requirements observed during the monitoring visit. We have eliminated all of the detailed information included in the previous monitoring report letter.

The new checklist and report letter became effective in August 2003. If you have any questions about the changes we made, please contact your CDAP Grants Manager.

2004

ENVIRONMENTAL WORKSHOP

by Kara Cozadd

The Department of Commerce and Economic Opportunity's CDAP unit will be hosting an Environmental Workshop in April of 2004. This one-day workshop will be held in Springfield with the target audience being experienced administrators only. The environmental process can be a tedious and sometimes confusing process to complete. We hope that by hosting this workshop the administrators can better understand the environmental process from start to finish. Speakers from the four agencies have been invited. There will also be ample opportunity for open discussion. More details to follow as arrangements are finalized.

Preprinted, Pre-numbered Checks

by Shirley Webb



CDAP will no longer require grantees to use pre-printed, pre-numbered checks for their CDAP accounts. Grantees may use bank-provided checks as long as the bank routing number and account number are encoded at the bottom of the checks. We ask that you remember to write a check number in the upper right corner of the check (numbering consecutively). This will assist your CDAP grant manager in matching the checks to the bank statements during monitoring.

It is still permissible to use preprinted, pre-numbered checks and this expense is an eligible CDAP cost.

Under no circumstances will grantees be allowed to use checks where the bank routing number and account number are hand written.

If you have any questions about this change in procedure, please contact your CDAP grant manager.

Revolving Loan Funds

by Lorraine Wareham

Revolving Loan Funds

The Revolving Loan Fund handbook is currently being revised. Suggestions, corrections and revisions you would like to see made to the handbook may be submitted until December 15, 2003 via mail to Lorraine Wareham, Department of Commerce and Economic Opportunity, 620 East Adams Street, Springfield, Illinois 62701, or via e-mail to Lorraine_Wareham@commerce.state.il.us

The new handbook is scheduled to be completed in early 2004. Once completed, statewide training will be conducted regarding the revisions, as well as JCAR rule changes, the environmental process, completing job creation/ retention forms, protecting your RLF loans, and completing semiannual reports. We also plan to have all of the RLF forms in the handbook available on disk.

Several RLF administrators have asked what types of activities can be undertaken with the RLF funds. Others have asked questions regarding labor standards. The information below is provided for your information. If you have additional questions, please contact Lorraine Wareham.

RLF funds may be used for grants to the 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 that

satisfies the requirements of a revolving loan fund financial evaluation. The unit of local government must obtain a participation agreement (RLF Handbook pages 5-3-189 through 5-3-205) with the benefiting business outlining the job creation and/or retention requirements as a result of this public infrastructure.

RLF funds may be used for CDBG-eligible activities (i.e., public infrastructure) with prior written approval of DCEO, 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. If a project involves construction activities or the acquisition of machinery requiring installation by craft workers, funded in whole or in part with federal funds, the federal prevailing wage will apply (Davis-Bacon and Related Acts). The RLF administrator must comply with the federal labor standards requirements as set forth in the CDAP Grants Management Handbook, Chapter 2, Section 3. These requirements include securing contractor certification, conducting job site interviews to determine compliance with the federal prevailing wage, and maintaining the contractor's certified payrolls in the RLF project file.

Lorraine Wareham has been the manager of the CDAP Revolving Loan Fund for over a year. Please make note of this in your mailing lists and address all correspondence or telephone inquiries to her at 620 East Adams, Springfield, Illinois 62701, telephone 217/558-2842, TDD 800/785-6055, e-mail Lorraine_Wareham@commerce.state.il.us.

NEW FIDELITY BONDING REQUIREMENTS

by Sarah Bates

CDAP recently revised the section of the Grants Management Handbook regarding fidelity bonding. The paragraphs below replace paragraph 2 in Chapter 1, Section 3. This change is effectively immediately.

2. Bonding and Insurance

For your own protection, and in accordance with OMB Circular A-110, you must obtain a fidelity bond for each employee or official having access to project assets, accounting records, or checks. Some grantees may have more than one open CDAP grant (i.e., Housing Rehabilitation, Economic Development, Planning Assistance, Design Engineering, and/or Public Facilities). The bond (position or blanket) should be enough

to cover all CDAP funds contained in all bank accounts. In all cases, at least one of the persons with signature authority for the CDAP account must be bonded for this amount and their signature must appear on every check. The total bonding for each employee cannot be counted as a cumulative total. The cost of the fidelity bonds is a CDAP eligible administrative expense.

While not a practice encouraged by the department, a number of small communities in Illinois have provided authorization for grant administrators to request funds and process payments on their behalf. This process has required the department to review the practice of bonding at the grant administrator level with the department's audit staff and additional review of OMB Circular A-110. If grant administrators choose to process payments on behalf of their grantees, in all cases, at least one of the employees with signature authority in the grant administrator's office with access to CDAP funds will be required to be bonded for a minimum of \$750,000 and their signature must appear on every check.

If you have any questions concerning this issue, please contact your CDAP grant manager.

CDAP ADDRESS *by JoLaine Miner*

Most of you are aware that the CDAP staff are located in the Ameren-CIPS Building in Springfield at 607 East Adams. We moved into this building about three years ago when the department needed additional office space.

Recently, several pieces of correspondence from grantees, administrators and engineers have been addressed to the 607 East Adams address. Although we are physically located at this address, we do not have mail service here. Therefore, correspondence addressed to this address is not delivered to us. This could cause you to miss a submission deadline or for us not to receive critical grant documentation.

Please make note that all correspondence should be addressed to CDAP staff at the department's official mailing address:

Illinois Department of Commerce and Economic Opportunity
620 East Adams Street, Mail Code CIPS-3
Springfield, Illinois 62701



Construction Process

Q. If a grantee makes an application on behalf of a water or sewer district/ company, should the grantee make payments directly to the contractor or to the district/ company?

A. Either way is OK with DCEO. Often times since the contract is between the water company/district and a contractor they would prefer to make the payments themselves since they are the

responsible party in the contract. What is important is that there is sufficient documentation for DCEO to properly monitor the grant funds. Thus, at the time of monitoring, there must be bills, invoices, or pay requests tied directly to grant eligible expenses and canceled checks showing proof of payment. If the water company/district wishes to make the payments then there must be a copy of a check from the grantee to the water company and a copy of the check from the company to the contractor. If the grantee will be paying the contractor directly then they must insure that the company/district has accepted the work and approved the bill for payment before paying the contractor.

Q. If USDA Rural Development is used as leverage for a project, can the CDAP grant scope of work be modified to move all CDAP hookup funds to the construction line item and USDA funds used to pay for hookups?

A. No. CDAP funds must be used to pay for LMI hookups.

Q. Are apprentices paid full fringes?

A. According to 29 CRF Part 5, subpart A 5.5(4)(i): "Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination...." An apprenticeship program is one that is registered with and approved by the US Department of Labor. In this instance, the program, as approved by DOL, would specify the fringe requirements and if it does not, the apprentice must be paid the full fringe.

Low-to-Moderate Income Process

Q. When hookups are provided for rental properties, why is the income of the renters used for LMI qualification instead of the homeowner?

A. In most cases, a person who is financially able to own rental property would not qualify as low income. The intention of the program is to serve low-income persons. Renters most often will qualify as low income. Using the landowner's income to qualify a home for hookup could mean that many LMI persons are not benefiting from the program.

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Questions Answers

In addition, if the CDAP rules were changed to use the landlord income to qualify a house for hookup and the landlord's income was not low income, the landowner would be forced to personally pay for the hookup. Most likely, the landlord would then raise the rent to pay for the hookup, thereby causing hardship for the low-income renters. By qualifying the household for hookup using the renter's income, the hookup would be paid by CDAP and the hookup probably would not contribute to any increase in monthly rent.

Q. When calculating the percentage of low-to-moderate income persons, is it permissible to round up to 51%

LMI benefit for area benefit projects?

A. No. HUD recently received a great deal of communication about whether it was permissible to round up where the percentage of LMI residents was between 50.5% and 50.99%. In an August 25 memo, HUD reiterated that rounding up is not permitted.

Wage Rate Process

Q. The bid opening for our project was on November 1, 2002 and we awarded the contract on November 15, 2002. Work is still being done on the project as of August 30, 2003. Are the wages still applicable?

A. Yes. Once you receive the federal prevailing wage rates 15 days prior to the bid opening, those rates are applicable for the entire project.

Q. The bid opening for our project was on June 1, 2003. We did not award a contract until September 15, 2003. Are the federal prevailing wage rates that were sent to us 15 days prior to the bid opening still applicable?

A. No. If the contract is not awarded within 90 days of the bid opening, then new federal prevailing wage rates should be obtained from CDAP's labor standards officer.

Environmental Process

Q. Who are the four agency contact persons for environmental clearance letter sign-offs?

A. Illinois Environmental Protection Agency – IEPA – Linda Laws, Deputy Director's Office, 217/782-0547, TDD 217/782-9143

Illinois Department of Natural Resources – IDNR – Mike Branham, Division of Natural Resource Review and Coordination, 217/785-5500
TDD 217/782-9175

Illinois Historic Preservation Agency – IHPA – Cody Wright, Cultural Resources Manager, 217/785-3977
TDD 217/524-7128

Illinois Department of Agriculture – IDOA – Terry Savko, Soil Conservation Planner, 217/782-6297
TDD 217/524-6858

Upcoming **Events**

APRIL

Environmental Training
for Experienced Grant
Administrators

MAY

Grant Management
Workshop for New
Grantees

June 1, 2004

CDAP Application
Workshop, Northfield
Center, Springfield

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

CDAP MANAGER

Pat Davis

MANAGING EDITOR

Sarah Bates

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