



the grant manager

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A Newsletter for CDAP Grantees from the Illinois Department of Commerce and Community Affairs

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NEW RACE AND ETHNIC CATAGORIES

by Sarah Bates

During the 2000 Census, the race categories were redefined and expanded. As a result, HUD will be requiring grantees under the CDAP program to report based on the refined categories for identifying a person's race. DCCA plans to implement the new categories as of January 1, 2003. There are now 10 race categories as follows:

- White
- Black/African American
- Asian
- American Indian/Alaskan Native
- Native Hawaiian/Other Pacific Islander
- American Indian/Alaskan Native and White
- Asian and White
- Black/African American and White
- American Indian/Alaskan Native and Black/African American
- Other

One of the major changes with the revised race categories and ethnic designations is that Hispanic is no longer included in the race categories. Hispanic is now considered an ethnic designation and a person of any race may also be considered Hispanic. You will notice this change on the revised income survey forms and closeout documents. After completing the information requesting how many people of each race reside in a household, you will also need to complete the question asking how many of those people are also Hispanic.

If your community conducted an income survey after January 1, 2001, and prior to January 1, 2003, and intended to use the information obtained from that survey for an upcoming grant application, you do not need to re-conduct the survey to obtain the additional race category information.

Income surveys conducted after January 1, 2003, must be completed on the income survey forms included in the 2003/2004 application guidebooks. We will not accept an income survey conducted on the old forms.

The closeout forms will change effective January 1, 2003. If your project began before January 1, 2003, and race categories for the people served were obtained under the old standards, we ask that you complete the closeout to the best of your ability. However, eventually all grantees will be expected to be reporting the new race categories in the closeout packages.

Additional information on this topic will be provided at the CDAP Grant Application workshop to be held February 19, 2003. If you have any questions in the meantime, please contact your CDAP grant manager.

COMMON MISTAKES MADE IN COMPLETING THE GRANT AWARD DOCUMENT

by JoLaine Miner

Following the award of CDAP grants, Grant Award Documents are prepared and mailed to the grantee for signature. The letter of transmittal lists which pages must be signed and which forms must be completed prior to returning the Grant Award Document to DCCA for execution. Grantees are encouraged to return the documentation to us within 30 days.

With every grant cycle, a number of Grant Award Documents are inappropriately completed, causing undue delay in processing the executed document. Below are listed some of the most common problems we encounter and suggested guidance to make the process easier for everyone.

Problem: Grant Award Documents are returned with only partial or no signatures.

Guidance: The following pages must have the original signature of the chief elected official: Page 2, Page 15, Grantee Certification Form (Attachment, page 2), and Deposit of Recurring Payments (Attachment, Item F).

Problem: The Grantee Certification Form lists a different address for either the grantee or the grant administrator than does the Notice of Grant Award (page 2).

Guidance: Please verify the information on page 2 of your Grant Award Document. If there are any changes that need to be made, please list them in the right hand column of the Grant Award Document provided for changes. If you indicate a change is needed, the CDAP Certification Form must also reflect the new information. If not, your Grant Award Document could be returned to you.

Problem: Both sections of the CDAP Certification Form for Grantee Financial Depository methods of payments are checked yes.

Guidance: You must choose only one method of

payment. If you check yes for electronic direct deposit, do not complete the check to bank section. If direct deposit is checked, you must complete the Authorization for Deposit of Payments and attach a deposit slip before returning the Grant Award Document to the department.

Problem: The Authorization for Deposit of Payments is incomplete.

Guidance: Sections B, C, F and the bottom portion must be completed. B = Name of chief elected official; C = Name of Grantee; F = Signature of chief elected official; the bottom portion must be completed by your financial institution.

Problem: A deposit slip is not returned with the Authorization for Deposit of Payments.

Guidance: You must submit an original, preprinted deposit slip with routing numbers or the department cannot process your request.

Please read the Grant Award Document Cover Letter and the attached Instructions to Complete Authorization for Deposit of Payments at the back of the grant award document. These forms are prepared to assist you in correctly completing the Grant Award Document. The transmittal letter lists other forms required as part of the Grant Award Document (Certification of Lobbying Form and Drug Free Workplace Act). Grantees do not experience as many problems with these two forms as the problems described above. However, we cannot stress enough the importance of taking time to completely review the documents sent to you and the need to complete them accurately.

If you have any questions in regard to the content or information supplied to you at the time of grant award by the department, please contact your CDAP grant manager.

Monitoring Report Definitions

by Dana Huston

After a CDAP grant is monitored, the grantee and grant administrator receive a letter from DCCA transmitting the monitoring report. The monitoring report was recently revised to include Comments, Corrective Actions and/or Required Actions following each section of the report. The department defines these terms as follows.

Comments — This area may contain one or more of the Standard Monitoring Requirements, beginning with, “For all future grants, the village/city must...” For example, “For all future CDAP grants, the grantee must disburse all funds from a CDAP deposit within 20 calendar days of receipt.” Grant managers may also put general comments regarding the grant and its progress, problems, etc., in this area. The grantee is not required to respond to comments. However, these deficiencies are to be corrected for future grants.

Corrective Action(s) — This area will address any violations of CDAP rules and regulations or any documentation that, although required, was not provided at the monitoring visit. Each item that was not provided at the time of monitoring results

in a finding. For example, “The grantee must provide evidence that the eligibility of the contractor was verified prior to contract award to assure that the contractor was not excluded from federal procurement programs.” The grantee has 30 days to respond to listed corrective actions. Failure to respond to corrective actions within the required time frame may jeopardize the grantee’s ability to qualify for future grants.

Required Action(s) — This area addresses items the grantee and/or grant administrator will need to provide to the grant manager as soon as the information is available. These are not findings. For example, “The grantee must provide documentation of all remaining leverage expenditures prior to grant close out.” This documentation could not be provided at the monitoring visit because it did not yet exist. The grantee must provide the requested information prior to processing any closeout documents.

If you have any questions regarding this information, please contact your CDAP grant manager.

HOW TO AVOID CONDUCTING A NEW ENVIRONMENTAL REVIEW WHEN YOUR PROJECT AREA CHANGES

by Shirley Webb

Construction projects will sometimes cost less than originally anticipated and the grantee will have unspent CDAP funds. When this happens, grantees will usually request a grant modification to use the remaining funds for some additional work. This often involves a new target area, thus requiring a new environmental review for this new target area.

Conducting a new environmental might be avoided if the grantee had included a larger geographic area in the original environmental. For example, if the original project was to replace water lines on a targeted four-block area in the northeast corner of the town, the grantee could include the entire northeast corner of the town, not just the four blocks, in the original environmental. Then, if construction bids are lower than the amount of funds budgeted and the grantee wants to

replace water lines on more blocks in the same northeast corner of town, the environmental is already completed for this new target area. Another example — if the original project extended water mains in a rural area and the grantee anticipates that it might want to modify the grant to use any remaining funds to extend the water main an additional mile or so, then the grantee should consider including the entire area in the original environmental review.

If the grantee does decide to include a larger geographic area in the environmental review, this area must be involved in all aspects of the review, including the four state agency sign-offs, the environmental report (Format II), the 8-step floodplain review (if applicable), the publications, etc. Any questions concerning the environmental process may be directed to your CDAP grant manager.



CDAP REVOLVING LOAN FUNDS MANAGER

Lorraine Wareham has been appointed the new manager for the CDAP Revolving Loan Funds. Lorraine has worked with DCCA's CDAP program for over five years. Lorraine is currently on maternity leave (she had a baby girl in August). When she returns to the office on February 3, 2003, you will be able to reach her at 217/558-2842. In the meantime, other staff can assist you with your RLF questions by calling 217/785-6142. TDD for both numbers is 217/785-6055.



JOBS AND ECONOMIC DEVELOPMENT GRANTS

by Pete Arnolds

When a grantee receives a CDAP economic development grant from DCCA for either a direct loan to a company or for infrastructure improvements, there is always a job requirement that goes with it. HUD requires that grant funds benefit at least 51 percent low- to moderate-income (LMI) persons. In an economic development grant, the beneficiaries are those persons filling the jobs that are created and/or retained as a result of the grant. Thus, it will be necessary for the company to provide the following documentation to the grant administrator: 1) Job Retention Projects - Current payrolls and Employee Income Certification Forms of all employees at the time of grant application; and 2) Job Creation Projects - Current payrolls at the time of grant award and Employee Income Certification Forms for all new employees after the date of the grant award.

The need for job documentation as well as leverage documentation must be made clear to the company at the start of the grant to ensure that all information will be available to the grant manager at the time of monitoring. It is the grant administrator's responsibility to track this information at least quarterly for the duration of the grant or until the job commitment is met. Since often, during the course of a grant, employee turnover will occur, it is recommended that grant administrators update the CDAP Job Creation/Retention Form (GMH 1-8-135) at least quarterly.

Remember, when an employee leaves and another is hired, this is retention of a job, not a job creation. All initial employment numbers, as stated in the grant award document, must be met before any job creation can be counted.

In addition, HUD has determined that all job creation as a result of a grant must be at least 51 percent LMI. Therefore, if a company exceeds the number of jobs created, then it must also exceed the minimum number of LMI jobs stated in the grant agreement in order to have at least 51 percent LMI for all jobs created. As an example, let's say the grant agreement states the company will create 200 jobs with 51 percent of the new jobs going to LMI persons (200 new jobs, 102 of them filled by LMI persons). By the end of the grant, the company has actually created 300 new jobs. In order to comply with the federal requirement of 51 percent LMI, with 300 new hires, 153 of the people hired must be LMI persons.

Any questions concerning this process should be directed to your CDAP grant manager.

MOLD

On the Baseboards, In the Corners, On the Windows. The Next Housing Problem on the Horizon

by Tim Call

Many times we see specific problems in housing programs brought to the nation's attention, which on the surface seem to be much to do about nothing. Many of these problems are the consequences of past practices in housing programs, such as the use of inferior construction materials or just bad judgment on the part of government and/or the private sector. We have seen mold in the homes we rehabilitate and believed that this problem was not ours to deal with. Mold, after all, is caused by too much humidity trapped inside, not enough air exchange, consistent above-average heat temperatures within the home, sloppy housekeeping, and every other excuse we can think of to make this the homeowner's problem. But is it really?

Mold is fast becoming an issue with federal and state public health agencies, due to the increased number of health problems documented with children and adults. Why? Even though we consider this a problem of the resident or homeowner, there is growing documentation that our own federal- and state-funded housing programs may contribute to the causes of interior mold in housing units. How? By wrapping a home or rental unit too tight, not letting it breathe, and trapping moisture within the residence without proper air exchange. We all believe the practices we follow are the best and most current, right? But it's not always so.

Over the past 20 years, there have been tremendous advances in energy efficiency when it comes to building materials and construction methods. When constructing a new home or apartment building, using every energy efficient product/component available and implementing new construction techniques, it is almost possible to eliminate the problem of interior mold. During the rehabilitation of existing, older structures, we're using energy efficient replacement products and taking into consideration energy conservation measures. Our main goal is to address the major structural and mechanical failures of the home, not eliminate the growth of interior molds. But that is probably going to change.

What to do? Educating ourselves on the causes and cures of interior mold is the first step, so be prepared to attend workshops and conferences with mold as a topic, if not the only topic. Practicing what we learn and educating the public on what they can do to reduce or eliminate interior mold in their homes after rehabilitation will be very helpful. Unlike many other harmful effects of bad housekeeping, construction and rehabilitation, interior mold can be addressed effectively. If we do our part during rehabilitation and homeowners do their part after, we should all feel better, breathe easier and have much healthier lives.

CLOSEOUTS

by Sarah Bates

Closing a CDAP grant requires submission of a closeout package to DCCA. The closeout package contains two different sets of documentation — the financial closeout and the Grantee Evaluation Report (GER). While the documentation can be submitted either simultaneously or several months apart, the two documents must agree and be submitted correctly. Below we'll review some of the major points to keep in mind.

DCCA's Accounting Office distributes the closeout package to the grantee. It is either mailed or sent via the Internet. The closeout package is generated when the grant becomes 100 percent drawn or after the ending date, whichever occurs first.

The grantee has 45 days after the ending date of the grant to complete the financial closeout and return it to DCCA. Carol Schmidt, CDAP's accountant, conducts regular technical assistance and follow-up regarding the financial closeout. When a grant is fully drawn but has not expired, she may call the grant administrator asking if they wish to receive an early closeout. After the grant has expired, Carol will regularly follow-up to ensure timely completion and submission of the financial closeout. If you have any questions about completing the financial closeout, please contact Carol Schmidt at 217/785-6423 (TDD: 217/785-6055).

Keep in mind that before completing the financial closeout, it is imperative that the

money drawn out of a cost category was spent for that cost category. It is a violation of the grant agreement to draw funds from one cost category and spend the funds for another activity. For example, you cannot draw funds from the 0800 cost category (Rehabilitation, Residential) for hook-ups and spend the money on costs incurred under the 0400 cost category (Water) for construction. If you find this type of transaction is going to be necessary, the grant must be modified before the ending date.

The GER is submitted after the project is complete. Page 1-7-2 of the CDAP Grants Management Handbook lists the items which must be submitted along with the GER forms. One of the key steps is to conduct a public hearing after the project is completed. This gives the citizens an opportunity to comment on the project and bring any compliments or complaints to the attention of the community officials. This public hearing must be conducted in the same manner as the public hearing held prior to grant application.

Your CDAP grant manager will follow-up regularly on completion of the GER. While it may seem we are continuously calling and asking for submission of required paperwork, we are only trying to ensure the CDAP projects are completed expeditiously and the paperwork is not forgotten. If you experience any difficulties in completing the closeout package, please contact your CDAP grant manager.



ADMINISTRATIVE PROCESS/PUBLIC HEARINGS

Q. Two townships will each be submitting applications on behalf of one water district. Can one public hearing be held to discuss both applications?

A. No. A public hearing must be held for each local government that is submitting an application, regardless of whether they are for the same water district.

Q. The township hall is extremely small. Can the township hold its public hearing at a different location, a school for example?

A. Yes. Any location that can accommodate the citizens that is located within a reasonable distance may be used. Of course, the details would be spelled out in advance in the public hearing notice.

Q. Our small town does not have its own newspaper. What do we do?

A. The rules state that you may publish in a newspaper of "general circulation" in that area. Since many smaller communities do not have their own newspaper, they may utilize the newspaper that is distributed throughout that county. Alternatively, they may use the newspaper in the closest town that is large enough to have newspaper service. A good rule of thumb would be to look at your project area, determine which paper has the most subscribers in that area, and use it.

ENVIRONMENTAL PROCESS

Q. Who has the authority to sign the Environmental Status Checklist submitted to DCCA as part of the environmental package?

A. The Environmental Status Checklist must be completed and executed by a "Certifying Officer" (chief elected official) or a designee as stated in 24CFR58.13.

LABOR STANDARDS PROCESS

Q. When do Federal Prevailing Wage Rates/Davis Bacon apply?

A. Davis Bacon wage rates apply when a contract is \$2000 or greater.

Q. Are the federal prevailing wage rates available on the Internet?

A. Yes. However, it is DCCA's policy that grantees and administrators receive prevailing wage rates from CDAP staff. We want to assure the correct wage rate is being used at the appropriate time during the bidding, contract award, and construction process.

Q. After construction has started, are workers' wage rates affected when the wage determination for the area in which the project is located changes?

A. No. The federal prevailing wage rate determinations

obtained from DCCA are those in effect 10 days prior to bid opening. These determinations are to be used for the entire contract.

Q. A community received grant funds on behalf of a water district to extend water service to an unserved area. The water district would like to use its employees to do the work. Is this OK?

A. Yes. The water district employees must be paid the applicable Davis-Bacon prevailing wage rate for performing the work. This is required because the CDAP grant funds are being passed through from the community to the water district. Therefore, in this instance, the water district serves as the contractor and all employees are required to be paid federal prevailing wages.

Q. Does the grant administrator need to submit a payroll for every week including those when no work took place?

A. No. If the contractor knows no work will be completed for an extended period of time, the contractor may submit a note to the grant administrator indicating the break in work and giving an approximate return date. If a note is provided and payrolls are kept in sequential order when submissions resume, weekly payrolls stating "no work" are not required.

Q. When an employee on a construction job has been underpaid and wage restitution is required, how is the wage restitution reported?

A. The employer must report the restitution on a correction certified payroll. The correction payroll must show the period of time for which the restitution was made, the name of the employee to whom restitution was made, the job classification, total number of work hours involved, the adjustment wage rate (the difference between the required wage rate and what was actually paid), the gross amount of restitution, deductions, and net paid. A signed Statement of Compliance must be attached, and the correction payroll must also be signed by the employee as proof of his/her receipt of payment.

HOUSING PROCESS

Q. When rehabilitation is not feasible due to cost and a replacement housing unit would be more cost effective, does the replacement unit have to be a constructed or pre-constructed unit or can an existing vacant house in the community be used as replacement housing?

A. Typically, a one-for-one replacement is required under Section 104 (d) requirements when an occupied unit is demolished as part of a project using federal funds. There are, however, exceptions to the requirement if adequate, vacant, affordable housing is available. Under such circumstances, the grantee would be required to document that an excess of vacant yet occupiable structures in the community exists, and the proposed acquisition and the required rehabilitation of the replacement housing unit would still be more cost effective than rehabilitation of the occupied unit. Exceptions must be sought from DCCA before executing a contract for demolition of the existing occupied home.

Upcoming Events

FEBRUARY 19, 2003

CDAP Application Workshop, Springfield, Illinois

LATE MARCH/EARLY APRIL 2003

CDAP Grant Management Workshop, Springfield, Illinois

APRIL 30, 2003

CDAP Planning Assistance Grant Applications due.

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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