



the grant manager

George H. Ryan
Governor

Pam McDonough
Director

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

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SPECIAL GRANT CONDITIONS *by Kara Cozadd*

In the Fall 2001 issue of *The Grant Manager* we discussed the importance of timeliness. We stressed the fact that the U. S. Department of Housing and Urban Development (HUD) is pressuring the state to spend grant funds in a timely manner or risk the chance of a reduction in funding. In conjunction with that, I am going to discuss the importance of completing Special Grant Conditions within 90 days of grant award.

There are always Special Grant Conditions required of each CDAP grantee. These conditions must be completed before full release of CDAP funds by the state. The conditions are found in Part II of the grant award document and vary from grantee to grantee. There is one condition, however, which is common for all CDAP grants — the environmental review.

We are always stressing how very important it is to clear your Special Grant Conditions in a timely manner. We like to see applicants start the environmental process prior to submission of an application, resulting in an early environmental clearance. Keep in mind that if you are working with USDA-Rural Development or IEPA, the same sign-off letters from the four environmental agencies may be used for the CDAP signoff. Please do not reinvent the wheel.

Another major problem with Special Grant Condition sign-off has been delayed approval from leverage sources. As stated in the previous newsletter, a firm leverage commitment is to be determined prior to applying. In the future, the department will not approve a leverage source change after grant award unless the grantee proves they can complete the project within the original two-year period. We expect grantees to continue working with leverage sources on a regular basis to ensure clearance within the 90-day requirement.

If the grantee has not cleared Special Grant Conditions by 90 days into the grant process, we send an initial warning letter stating we expect to have your remaining grant conditions cleared as soon as possible. Failure to complete the Special Grant Conditions could result in the termination of the grant. After an additional 60 days, if grant conditions are still not met, a second warning letter will be sent stating the grantee has 30 days to clear all Special Grant Conditions or the grant will be terminated. Please don't put yourself or us in this position. Work very closely with your grant administrator and engineering firm to keep your project moving in an expeditious manner. If you have questions, don't hesitate to contact your CDAP grants manager.

CHANGE TO SECTION 3 REPORTING PROCESS

by Dana Huston

Starting with the current reporting period (January 1, 2002 through June 30, 2002, reports due July 15, 2002), reminder letters will not be sent out prior to the due date. Grantees are expected to be aware of all program requirements. If the reports are not received by the due date, a delinquency letter will be mailed to the delinquent grantees with a copy of the letter mailed to the grant administrators. Section 3 reports are due by July 15 (for the reporting period January 1-June 30) and January 15 (for the reporting period July 1-December 31 of the previous year) every year a CDAP grant is open.

Section 3 of the Housing and Urban Development Act of 1968 requires grant recipients to report to this office the number of Section 3 covered new hires on projects and information on contracts awarded to Section 3 covered businesses and the grantee's efforts taken to comply with Section 3 regulations. Grantees receiving grants in excess of \$200,000 and, once the threshold is met, contractors receiving contracts in excess of \$100,000, are required to comply with the regulations. Grantees are responsible for compiling their own data and the data from the contractor(s). Grantees should submit only one report form per grant per reporting period to DCCA.

A copy of the reporting form and instructions can be found in the Grants Management Handbook on pages 2-2-17 and 2-2-19. Please submit your reporting forms to: Dana Huston, Illinois Department of Commerce and Community Affairs, 620 East Adams Street, Mail Code: CIPS-3, Springfield, Illinois 62701.

If you have any questions concerning this information or need assistance in completing the Section 3 reporting form, please contact your CDAP grant manager.

Section 3 Tips

- All grants receiving \$200,001 or more are required to submit a Section 3 report twice a year.
- If a construction contract has not yet been signed, the grantee is still required to report for its own (the city, county, village, or township) hiring for that reporting period.
- If the construction is complete but the department has not received a Grantee Evaluation Report (GER) or Financial Close-out for the project, a Section 3 report is required to be submitted (for the city's hiring during the reporting period).
- If a grantee receives \$205,000 from DCCA but the only construction contract awarded for the project is for \$98,021, is the grantee required to submit Section 3 reports? Yes, the grantee is required to submit reports containing the information regarding its own hiring for each reporting period.

Public Facilities Construction/Design Engineering Changes for Program Year 2003

by Pam Jefferies

We would like to highlight a few of the changes made in the Public Facilities Construction/ Design Engineering grant applications for Program Year 2003. These applications were distributed at the workshop held February 20, 2002, and are available upon request. Applications are due October 1, 2002.

An additional criterion has been developed for the Construction component: Project Readiness. In the past, projects had to meet minimum requirements in order to qualify under the Project Readiness threshold. We have now added a criterion so that projects that have made the effort to advance their project's readiness as much as possible may receive more credit. Items that should be addressed, as they apply to your project, include: site control, easements, IEPA construction permit, leverage financing progress, water purchase or wastewater treatment agreement in place, and timely completion of previous CDAP grants. These are spelled out in more detail on Page 21 of the new application guidebook.

A second change involves the Project Location Map. We have clarified that we want the maps to include local landmarks, such as state highways, cities and villages in the area, county and township boundaries, railroads and other landmarks that will help us to better understand the proposed project area.

Finally, remember new income limits were issued after the guidebooks were printed. They should be included as an insert in all copies you have received. You may want to discard the old income limits as a reminder to yourself to use the new ones. The set you should be using will have the date of December 10, 2001 at the top. The income limits can also be accessed via the Internet at www.huduser.org/datasets/il.html. Select FY2002 Income Limits. Section 8 income limits are available in PDF, MS Word, and MS Excel. Scroll to the pages for Illinois.

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

CDAP ACCOUNTING STAFF

by Sarah Bates

DCCA's Division of Accounting has staff specifically assigned to assist with particular CDAP grant issues. Questions regarding direct deposit should be directed to Stacey Dodd at 217/785-6451, e-mail sdodd@commerce.state.il.us. Questions regarding cash requests and closeouts should be directed to Carol Schmidt at 217/785-6423, e-mail cschmidt@commerce.state.il.us.

(The hearing impaired may call DCCA's TDD number at 217/785-6055.) As always, you may contact your CDAP grant manager who will direct your call appropriately.

PROCESS FOR COMBINED USDA-RD AND CDAP ENVIRONMENTAL REVIEW *by Shirley Webb*

New guidelines are being issued for the environmental review process when both USDA-Rural Development and CDAP funds are included in a project. These new guidelines will be included in the revised CDAP Grants Management Handbook (GMH) which will be distributed at the grant management workshop in late April. However, below is a brief outline of the recommended process.

- 1) Coordination between the local CDAP administrator, the applicant, the engineer, and the Rural Development area representative should begin early in the project. This can start early regardless of the stage of financing.
- 2) Contact should be made with the state and federal agencies requiring clearance letters (IDOA, IEPA, IDNR, IHPA, and U.S. Fish & Wildlife). These clearance letters can be shared between the CDAP administrator and the RD administrator. The environmental agencies sign off on the project, not the funding source.
- 3) After the agencies have signed off, the USDA-RD Environmental Report should be prepared by the applicant with the assistance of the RD area office representative. It is then reviewed and approved by RD's state environmental coordinator. After it has been approved by RD, the report can then be adopted by the CDAP administrator; however, the CDAP administrator must attach the additional CDAP checklist (Attachment A, pages 2-1-199 to 2-1-200 in the old GMH) to the prepared report. RD's Environmental Report plus the CDAP checklist replaces the FORMAT II in the CDAP environmental procedure.
- 4) At this point the RD official will determine the level of review needed for the RD portion of the project (i.e., publications required) and the local CDAP administrator will follow CDAP guidelines for publication of official notices. PLEASE NOTE: DUE TO NEW USDA-RD ENVIRONMENTAL GUIDELINES, THE TERMS "ENVIRONMENTAL ASSESSMENT" AND "CATEGORICAL EXCLUSIONS" ARE NO LONGER INTERCHANGEABLE BETWEEN USDA-RD AND CDAP. For this reason, we no longer recommend joint publications.
- 5) If the project impacts a floodplain, the CDAP grantee must complete the Eight-Step Floodplain process. It is recommended that this process be initiated prior to receiving the agency clearance letters in order to expedite the process.

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



DAVIS-BACON PREVAILING WAGE REQUIREMENTS

by Pete Arnolds

All CDAP-funded construction projects over \$2,000 come under the Davis-Bacon Prevailing Wage Requirements for federally assisted construction projects. Many engineers, architects and contractors confuse union wages or state prevailing wages with the Davis-Bacon federal wage rates. This is especially true in economic development and elevated water storage construction projects when the construction crews are brought in from out of state. The **site at which the work is being performed** determines the proper wage rate, not the union local or state from which the workers come.

It is the responsibility of the contract administrator (CDAP Grant Administrator) to ensure the proper administration and enforcement of the federal labor standards provisions. The grant administrator should contact the DCCA Springfield office 30 days prior to the bid advertisement to obtain the proper wage rates to be placed in the bid document. Fifteen days prior to bid opening, the grant administrator should recheck with the DCCA office to ensure the wage rate remain unchanged. Wage rates published and in effect 10 days prior to bid opening are the rates that will apply to the project. Prior to bid advertisement, the grant administrator needs to review the bid document to ensure that it contains: 1) the correct wage rate, 2) the federal labor standards provisions (General Conditions Part II), and 3) all applicable EEO and Section 3 certifications.

At the pre-construction conference, the grant administrator should provide the contractor with a copy or transcript of the correct wage rates along with the required posters to be posted at the job site. The grant administrator should also ensure all the applicable EEO, Section 3 and prevailing wage rate certifications have been signed and inform the prime contractor that he is responsible for ensuring all subcontractors adhere to these same requirements.

It is recommended that the grant administrator determine the person who will be doing the payrolls for the contractor. Contact that person to ensure they have the proper wage rates and know how to correctly fill out the required payrolls and statement of compliance. The contractor should also be informed that no funds will be drawn down to pay any pay requests until all current payrolls have been received and reviewed, along with any required apprentice/trainee certificates of enrollment in a U.S. Department of Labor approved apprentice training program.

If grant administrators follow these simple steps they will save themselves, the grantee, and the contractor a lot of time, work and trouble when the grant is monitored. If you have any questions about these procedures, please contact your CDAP grant manager.



APPLICATION PROCESS

Q. If my community is using the reconsideration process for a Public Facilities Construction application this fall, do we still need to conduct a

new income survey if our previous survey was conducted prior to January 1, 2001?

A. Yes. Whether you are using the reconsideration process or not, ANY income survey conducted prior to January 1, 2001 must be reconducted.

ADMINISTRATION PROCESS

Q. Can a grantee with a CDAP Economic Development grant incur costs prior to receiving the Release of Funds letter from DCCA?

A. Yes. CDAP-funded project costs may be incurred after receiving the environmental clearance letter. However, funds cannot be drawn until after receiving the Release of Funds letter from DCCA. This applies to Economic Development grants only. All other CDAP grant components must receive the Release of Funds letter before incurring CDAP-funded project costs.

ENVIRONMENTAL PROCESS

Q. After a municipality is awarded a grant, how many days do they have to clear all Special Grant Conditions? Is there a timeline?

A. Yes. All Special Grant Conditions, including environmental clearance and leverage

commitment, must be cleared within the first 90 days.

CLOSEOUT PROCESS

Q. What documentation should be submitted when closing a CDAP Planning or Design Engineering grant?

A. The grantee must submit the following items:

1. CDAP Planning/Design Engineering Grant Monitoring Checklist (if you are unsure whether you have the most recent version, contact your CDAP grant manager)
2. Expenditure and disbursement documentation (i.e., checks, invoices, bank statements, etc.)
3. Completed financial close-out
4. Completed Grantee Evaluation Report (GER)
5. Public hearing publication/certification (published at least seven days prior to public hearing)
6. Public hearing minutes
7. Attendance sheet of persons attending public hearing
8. Completed plan (for planning grants)
9. Letter documenting the certification of the engineering design by a registered engineer (for design engineering grants)

Q. Is there a timeline to submit the Economic Development GER if job creation has not been met?

A. Yes. Economic Development grantees are required to submit the GER when all jobs are created, or within one year of the date they submitted the financial close-out package, whichever is earliest.

PERSONAL SERVICES CONTRACTS

by Sarah Bates

Last fall, CDAP staff received a number of inquiries regarding documentation held by grant writers/administrators. Grant applicants were wanting to change grant writers, engineers, etc., and were having difficulty obtaining some of the documentation from the previous grant writer.

DCCA does not become involved in these issues because we believe they are contractual matters between local governments and contractors. However, we want to emphasize the importance of good business practice and some of the requirements included in the sample professional service/consultant agreement in Chapter 3 of the CDAP Grants Management Handbook.

When local governments want to contract for grant writing/grant administration services, they should always consult with legal counsel first. Include in the contract in very clear terminology what will be expected of the contractor. Specific deliverables should be delineated in the scope of work. It is recommended a payment schedule be included. Also, the contract should clearly spell out what steps may be taken if the local government is dissatisfied with the contractor's work.

The local government may want to indicate that any paperwork generated as a result of the contract remains the property of the local government. If the contractor is going to maintain the paperwork, they must agree to do so in accordance with all rules and regulations of the CDAP program. At a minimum, records must be maintained for a period of three years after final audit of the local government's CDAP project. These records must be made available for examination by the local government, DCCA and duly authorized officials of the state and federal government.

Again, local governments should consult with legal counsel before entering into a contract.

BILL RHODES

It is with deep regret that we inform you Bill Rhodes passed away on February 26, 2002. Many of you worked with Bill, who served as CDAP's Labor Standards officer for a number of years. Bill also served as a grant manager covering the west-central part of the state. He was always willing to help his grantees and grant administrators achieve the best possible results for their projects.

William Richard Rhodes was born August 8, 1929 in Canton, the son of Harry and Clara Rhodes. He served in the U. S. Air Force from 1951 to 1954. He was a Decatur city planner from 1966 to 1981. He was a grant manager with DCCA from 1981 until his retirement in 1998. He is survived by three sons, one daughter, eight grandchildren, four brothers, and four sisters.

Upcoming Events

JUNE 7, 2002

Housing Rehabilitation Grant Applications and Mobility
and Accessibility Rehabilitation Supplement
Applications Due

OCTOBER 1, 2002

Public Facilities Construction and Design Engineering
Grant 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.

CDAP Manager
Jean Thomas

Managing Editor
Sarah Bates

Editorial Board
Pete Arnolds, Kara Cozadd, Dana Huston,
Pam Jefferies, Shirley Watkins, Shirley Webb

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