



COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PUBLIC SERVICES POLICIES AND PROCEDURES MANUAL

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CDBG PUBLIC SERVICES PROGRAM MANUAL

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I. INTRODUCTION

The guidelines set forth in this Policies and Procedures Manual specify some of the most significant rules and regulations to be followed by agencies receiving public services funding through the Department of Housing and Urban Development (HUD) funded Community Development Block Grant (CDBG) Program for the City of Mesquite. They are intended to facilitate uniform administration and accounting of funds and services.

Periodic revisions may be made to this manual. When changes are made which affect funded programs, a representative from the Community Services Department (hereafter referred to as "the Department") will inform the programs. Department staff will also provide technical assistance to programs when needed during the contract period. Any questions concerning fiscal policies and procedures not covered by this manual should be addressed to the Community Services Department staff liaison assigned to your funded agency. HUD Regulations can be found from the [Title 24 Code of Federal Regulations \(CFR\) Part 570 - Community Development Block Grants](#).

A. POLICY STATEMENT

It is the policy of the City of Mesquite that Community Development Block Grant Staff will:

1. Determine if the activity falls within a category of explicitly authorized activities in the [CDBG statute](#). Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible. HUD's [Guide to National Objectives and Eligible Activities](#) describes all categories of basic eligibility that were authorized at the time of publication.
2. Determine if a proposed activity that appears not to be included in the statute's list of eligible activities has actually been interpreted as eligible under the statute by [the CDBG Eligible Activity regulations](#).
3. Determine if the proposed activity can meet one of the national objectives of the program, allotted by the eligible activity.
4. Ensure that carrying out the activity with CDBG funds will not result in the City's certification that at least 70 percent of CDBG expenditures will be for activities that are considered to benefit L/M income persons over the one, two, or three consecutive program years specified by the grant recipient.
5. Review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR, Part 200, as applicable.
6. Complete the environmental review and clearance procedures for the project of which the activity is a part. Law prohibits HUD from releasing funds for a CDBG activity until the grant recipient certifies that it has met its responsibilities with respect to environmental protection.

II. GENERAL POLICIES & PROCEDURES

Overview: The Community Development Block Grant (CDBG) Program is a federal program of the U.S. Department of Housing and Urban Development (HUD). The program began in 1974, when congress passed the Housing and Community Development (HCD) Act. City CDBG funds are used to meet the needs of its low- and moderate-income residents through activities such as housing-related public services, the improvement of community facilities, economic development, and neighborhood revitalization. The policies and procedures outlined in this manual are a combination of federal and City requirements. This manual is specific for public services' recipients who receive monthly and quarterly reimbursements; other types of sub-recipients may find sections of this manual applicable and assistive.

A. CITY STAFF AND COMMISSION RESPONSIBILITIES

Community Services Department Staff:

It is the responsibility of the Department staff to monitor the programs' activities and report on contract compliance to the City Council. It is also the responsibility of Department staff to review and process reimbursement requests and to communicate applicable policies and regulations to programs. A Department staff liaison will handle all contract related matters for the funded program, including contract execution, performance reporting, monitoring, reimbursement of eligible expenses, and technical assistance. All contract-related matters will be channeled through the staff liaison. Technical assistance is available to programs upon request. The response to a request for technical assistance will take into account the availability of Department staff.

The City of Mesquite will follow its Citizen Participation Plan in conformance with all HUD requirements in giving notice annually of anticipated availability and proposed use of CDBG funds. Outside agency funding applications will be evaluated by the CDBG Advisory Committee for eligibility and appropriateness of funding through CDBG, then forwarded with written evaluation and recommendations regarding same to the City Council for approval.

III. Key Definitions

This section provides definition of key CDBG topics and terms.

The Act: The Housing and Community Development Act of 1974 makes funds available to qualified cities to develop of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities.

Action Plan: An annual plan that outlines proposed housing and community development objectives, activities, and budget in the City of Mesquite. The plan includes information regarding federal, state, and local funding resources, a description of each activity to be implemented, and other actions that the City will take to address barriers to affordable housing, support anti-poverty strategies, and facilitate fair housing.

Administrative Cap: A maximum of 20 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on planning and administration costs.

CDBG: The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.

CDBG Recipient: Local governments are known as grantees or recipients, and also referred to as units of general local government (UGLGs). Under the Entitlement CDBG Program, the City of Mesquite receives funding directly from HUD.

CFR: The Code of Federal Regulations (CFR) is the codification of the general and permanent rules and regulations (sometimes called administrative law) published in the Federal Register by the executive departments and agencies of the federal government of the United States. The CFR is divided into 50 titles that represent broad areas subject to federal regulation.

Citizen: Unless otherwise distinguished by HUD or applicable statute, citizen and resident are used interchangeably.

Conflict of Interest: When an individual or organization is involved in multiple interests, one of which could corrupt or be perceived corrupt fair and objective allocation of funds or procurement of goods and services.

Consolidated Annual Performance and Evaluation Report (CAPER): An annual report prepared by the City of Mesquite in accordance with 24 CFR Part 91, on the objectives, activities, and budget set forth in the Annual Action Plan and the progress on the three-to five year.

Consolidated Plan: The Consolidated Plan is a three-to five-year strategic plan prepared by the City in accordance with 24 CFR Part 91, and describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development CPD formula programs, including CDBG. An approved Consolidated Plan is one which has been approved by HUD.

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Contractors: A contractor is an entity paid with CDBG funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process.

Cost Allocation: The identification, aggregation, and assignment of centralized costs.

Cost Allocation Plan: A description of a process whereby services provided on a centralized basis (e.g., motor pools, computer centers, purchasing and accounting services) can be identified and assigned to benefited departments/agencies (e.g., the department/agency administering the CDBG program) on a reasonable and consistent basis.

CPD: The Office of Community Planning and Development (CPD) is an office within HUD. CPD administers and provides federal oversight of the CDBG program, along with other federal programs that provide decent housing, a suitable living environment, and expand economic opportunities for low and moderate income persons.

Davis-Bacon Act: Establishes the requirement for paying the local prevailing wages and fringe benefits, as determined by the U.S. Department of Labor, laborers and mechanics. It applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000.

Draw Down: Refers to the process of requesting and receiving CDBG funds. Grantees draw down funds from a line of credit established by HUD, while subrecipients typically draw down funds from grantees.

Economic Development: Activities to improve the economic health and standard of living in Mesquite. Depending on the nature of the activity, eligible economic development activities may be subject to the Public Services or Administrative caps.

Entitlement Community: A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program. An Entitlement Community is sometimes referred to by HUD as a grantee or recipient.

Entitlement Grant: Federal funds received by an entitlement community in a program year.

Household: All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

Housing Rehabilitation: Activities that assist homeowners with the repair, rehabilitation, or reconstruction of owner-occupied units.

HUD: CDBG funds are provided to states through the U.S. Department of Housing and Urban Development (HUD). HUD established the regulations and requirements for the program and has oversight responsibilities for the use of CDBG funds.

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HUD Guidelines: All tools, guidebooks, trainings, notices, and other guiding materials and correspondence provided by HUD or CPD regarding the laws and regulations of CDBG Program.

Integrated Disbursement and Information System (IDIS): A nationwide database that provides HUD with current information regarding program activities and funding data. The City of Mesquite uses IDIS to fund and report on its CDBG Program.

Income: Adjusted gross income as defined by the IRS Form 1040.

Indirect Costs: Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Indirect Cost Rate: A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

Indirect Cost Rate Proposal: The documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.

Low – and Moderate Income: Low- and moderate income (also referred to in this manual as LMI) means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income, or a person within such household, as established by HUD.

Low-Income Household/Family: A household/family having an income equal to or less than the Section 8 Very Low Income limit (50% of the area median income) as established by HUD.

Microenterprise: A business that has five or fewer employees, one or more of whom own the enterprise.

Minimum Contracting Standards: A set of standards required before the execution of a Subrecipient Agreement. The standards indicate the minimum administrative and financial framework required to manage public funds.

Minority Business Enterprise (MBE): A business concern that is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian Pacific American or Asian-Indian American; and whose management and daily business operations are controlled by one or more of these owners.

Moderate-Income Household/Family: A household/family having an income equal to or less than the Section 8 Low Income limit (80% of area median income) established by HUD, but greater than the Section 8 Very Low Income limit (50% of area median income) established by HUD.

Monitoring Visits: Visits to subrecipient and city partner programs by Department of Library and Community Services staff to evaluate the progress/performance of the program and/or to provide technical assistance.

Neighborhood Services: Services that benefit an entire neighborhood and correspond with the neighborhood's or census tract's geographic boundaries.

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OMB: The Office of Management and Budget (OMB) is the largest office within the Executive Office of the President of the United States (EOP). The main function of the OMB is to assist the President in preparing the budget. The OMB issues budget instructions or information, known as circulars, to Federal agencies.

Presumed Benefit: Benefit a group of clientele that is presumed to be principally Low – and moderate income. Presumed benefit groups include abused children, battered spouses, severely disabled adults, homeless persons, illiterate adults, persons with AIDs, migrant farm workers, and elderly persons over 62-years-of-age.

Program Income: Program income is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds.

Program Year: City of Mesquite's Program Year begins October 1 and concludes June 30 of the following year.

Public Service Activity: Eligible public service activities including but not limited to those concerned with employment, crime prevention, child care, health, homelessness, drug abuse, education, fair housing counseling, energy conservation, and welfare. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase.

Public Services Cap: A maximum of 15 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on public service activities.

Resident: Unless otherwise distinguished by HUD or applicable statute, resident and citizen are used interchangeably.

Section 3: Section 3 of the Housing and Urban Development (HUD) Act of 1968 established the Section 3 Program, which requires recipients of HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very low income residents in connection with projects and activities in their neighborhoods.

Small Business: The U.S. Small Business Administration is responsible for defining small businesses. Small Businesses are commonly identified by 500 employees or less for manufacturing and mining industries and \$7.5 million or less in average annual receipts for non-mining industries. However, there are a number of exceptions.

Statement/Scope of Work: An exhibit of the subrecipient agreement which must include a project description, the national objective claimed, activity descriptions, intended beneficiaries (number and type), detailed budget and location(s) of program-related activity.

Subrecipient: An entity charged with implementation of one or more activities funded with Mesquite CDBG dollars.

Subrecipient Agreement: A written agreement between the City of Mesquite and the subrecipient that is required before CDBG funds are disbursed. Substantial Amendment: An amendment to the

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Action Plan or the Consolidated Plan as required when 25 percent of the original award for an activity or plans to utilize funds under a different activity category are proposed.

Technical Assistance: Assistance to an entity by another entity more knowledgeable in the applicable subject field, resulting in increased capacity or knowledge of the assisted entity.

Timeliness: Carrying out CDBG-funded activities in a timely manner.

Timeliness Spending Test: A test conducted sixty days prior to the end of the current program year, to ensure that the amount of entitlement grant funds available to the City of Mesquite under grant agreements but undisbursed by the U.S. Treasury is not more than 1.5 times the entitlement grant amount for the current program year.

Urgent Need: Activities designed to alleviate existing conditions of recent origin (18 months) that pose serious threats to the health and welfare of the community; this objective may only be used if the community cannot finance necessary activities with other source.

Women's Business Enterprise (WBE): A business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of these owners.

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IV. ELIGIBILITY REQUIREMENTS

NATIONAL OBJECTIVE - Each activity, except planning and administrative activities, must meet one of the CDBG program's three broad National Objectives:

1. Benefit low and moderate-income persons (24 CFR 570.208(a)).
2. Aid in the prevention or elimination of slum or blight (24 CFR 570.208(b)).
3. Meet community development needs having a particular urgency (major catastrophes or emergencies due to natural or manmade disasters such as floods, tornadoes, terrorist acts, etc.) (24 CFR 570.208(c)).

ELIGIBLE AGENCIES - Organizations that submit an application must meet the following criteria:

1. Proposed project must benefit residents of the City of Mesquite.
2. Should be:
 - a) a non-profit, tax-exempt 501(c)(3) 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);
 - b) a Government agency or department; or,
 - c) a private, for-profit business.
3. If previously funded by the City of Mesquite, must have successfully fulfilled all prior contractual obligations, or explain reasons for non-compliance.

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

- Clearance and Demolition
- Direct Financial Assistance to For-Profits
- Micro-Enterprise Assistance
- Housing Services
- Housing Rehabilitation Services
- Owner Occupied Rehabilitation
- Special Purpose Minor Rehabilitation
- Public Facilities, Infrastructure and Real Property Improvements
 - Neighborhood Facilities
 - Parks, Recreational Facilities
 - Educational Child Care Centers
 - Transportation Infrastructure
- Public Services
 - Abused and Neglected Children
 - Battered and Abused Spouses
 - Crime Awareness
 - Educational Childcare Programs
 - Employment Training
 - Food Securities
 - Health Services
 - Housing Counseling and Education
 - Mental Health Services
 - Operating Costs of Emergency Shelters
 - Senior Services
 - Transportation Services
 - Youth Services

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INELIGIBLE ACTIVITIES - The following activities may not be assisted with CDBG funds:

1. The construction of new permanent residential structures is not eligible. Purchase of land on which to build affordable homes, however, is an eligible activity.
3. 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.
4. Long term subsistence payments (longer than three months) for such needs as rent and utilities.
5. Underwriting, investments, stocks, bonds, or any financial obligation.
6. Interest and/or depreciation on loans, fines, penalties or costs of litigation.
7. Duplication of services or programs.
8. Projects located in a FEMA or City of Mesquite floodplain are subject to special requirements and may be prohibited.

V. APPLICATION REVIEW CRITERIA

1. Section I: Organization Information – The CDBG Advisory Committee will evaluate the proposed program/project’s need as well as the organization’s capacity to administer a HUD grant using guidelines specified in OMB Circulars, grant regulations, and Uniform Administrative Requirements. Although no points will be assigned for this part of the review, grant applications may not be recommended for funding if an organization cannot meet the requirements under this section to demonstrate organizational capacity, or, if the need for the project/program is not supported or cannot be determined.

***CAPACITY:** Demonstrates the ability to carry out the proposed program activities, including 1) meeting stated goals and objectives, 2) maintaining all required documentation, 3) submitting all required reports in a timely manner, 4) adhering to acceptable financial management and recordkeeping, 5) sufficient staff to administer the grant, and 6) staff trained in federal grants

- Proposed Program/Project meets a CDBG National Objective
- Applicant is an eligible organization
- Organization attachments were included and met application criteria
- Financial demonstrate organization has stable operating funds and adequate cash flow to operate the program until reimbursement of grant funds occurs
- Required financial statements were submitted and any audit findings have been cleared
- Organization submitted policies and procedures that meet the grant criteria.
- Organization has experienced staff to operate the proposed program or complete the proposed project
 - Previous HUD grant experience
 - Adequate Program/Project Staff
 - Adequate Financial/Fiscal Staff
- Project-specific Attachments were included and met application criteria
- **Renewing projects – subrecipient files from previous grant years will be available for review during Rating Session.**

2. Section II: Program/Project Information

- Clearly defined and supported the need for the program/project and included verifiable, published data sources.

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- Thoroughly described program activities, project scope, and outcomes for the target population.
- Organization has previous experience in operating the program or delivering similar services.
- Clearly defined how the program/project success will be measured in qualitative and quantitative measurements (i.e. defined short-term goals that are specific, measurable, attainable, relevant, and time-bound).
- Presented realistic long-term expectations and outcomes.

3. Section III: Program/Project Financial Information

- Provided justification for the program/project funding request. A financial rationale was provided and included credible and realistic costs.
- Provided a realistic timeframe on how funds will be spent.
- Described how the program/project will be sustained past the grant cycle.
- Budget included accurate calculations
- Provided documentation to verify leveraged funds that are specific to support the program/project.

4. BONUS POINTS: Complete Application

- Applications that are not missing any required documentation and that are submitted in the format requested by the submission deadline may be awarded bonus points.

5. BONUS POINTS: Renewing Projects Only - Expended Funds

- Renewing projects which fully expended CDBG funds in the previously completed program year may be awarded bonus points.

VI. Operational Responsibilities and Procedures for CDBG-funded Programs

1. Program Income (24 CFR 570.500 and 570.504)

Unless the funds are in a Revolving Fund (RLF), program income funds must be used before requesting additional drawdowns of entitlement funds. The City may reuse any revenue generated from projects undertaken with CDBG funding towards any other eligible activities within the entitlement community. The City shall prioritize one-time City infrastructure projects for these funds. Furthermore, any program income earned by a subrecipient or City Program may be retained by the subrecipient or City Program provided the income is treated as additional CDBG funds and thus subject to all applicable federal and local requirements. Program Income Defined: Program income is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds. Program income includes:

- Proceeds from the sale or lease of property purchased or improved with CDBG funds;
- Proceeds from the sale or lease of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired, constructed or improved by the City less costs incidental to the generation of income;
- Payments of principal and interest on loans made using CDBG funds;

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- Proceeds from the sale of loans or obligations secured by loans made with CDBG funds;
- Interest earned on an RLF pending its disposition;
- Interest earned on program income;
- Funds collected through special assessments on properties not owned and occupied by LMI households in order to recover the CDBG portion of a public improvement.
- Subgrantee income from an ownership interest in a for-profit entity that was assisted with CDBG. Program income does not include:
 - Any income received in a single year by the City's subrecipients, that does not exceed \$25,000; and
 - Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act; and
 - Proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance;
 - Funds collected through special assessments used to recover the non-CDBG portion of a public improvement; and
 - proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in 24 CFR 570.503(b)(7)(i) for subrecipient-controlled property, or in 24 CFR 570.505 for recipient-controlled property.

Program income paid to the City is always program income and is not subject to the \$25,000 exclusion and must be distributed under the method of distribution. The program income should be distributed, as feasible, prior to additional draws from Treasury.

Program income retained by the City is treated as additional CDBG funds subject to all CDBG requirements.

Program income that is held in a revolving fund does not have to be used before grant funds are drawn down for a different type of CDBG project. However, program income in a revolving fund must be used before additional grant funds are drawn down for revolving fund activities.

2. Cost Principles

2 CFR Part 200 Subpart E provides basic guidelines for determining whether a cost is allowable.

To be allowable under CDBG (and other federal programs), cost must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of the federal award;

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- Be allocable to the federal award under the provisions of 2 CFR Part 200 (see below);
- Be authorized or not prohibited under state or local laws or regulations;
- Conform to any limitations or exclusions set forth in 2 CFR Part 200, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items;
- Be consistent with policies, regulations and procedures that apply uniformly to both federal awards and other activities of the governmental unit;
- Be accorded consistent treatment; a cost may not be assigned to the CDBG program as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the program as an indirect cost;
- Be determined in accordance with generally accepted accounting principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation;
- Be the net of applicable credits (that is, any credits such as discounts or price adjustments must be deducted from the total costs charged); and
- Be adequately documented.

2 CFR Part 200 Subpart E also contains a “selected” list of costs that are allowable or unallowable. However, the fact that an item of cost is not included does not mean it’s unallowable. Rather the cost’s allowability is determined by reference to the basic guidelines.

a. Cost Allocation

Costs charged to CDBG must also be allocable to the CDBG program.

A cost is allocable if it is treated consistently with other costs incurred for the same purpose in like circumstances (i.e., states/ units of general local government must treat costs consistently for all grant programs); and:

- Is incurred specifically for the CDBG program;
- Benefits both the CDBG program and other work and can be distributed in reasonable proportion to the benefits received; or
- Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

Any costs allocable to a particular federal award or cost objective (such as CDBG) may not be charged to other federal awards to overcome funding deficiencies, to avoid restrictions imposed by law or the terms of the federal award, or for other reasons.

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b. Indirect Costs

i. State and Local Governments

2 CFR Part 200 Subpart E requires that governmental entities support indirect costs with a cost allocation plan or an indirect cost proposal prepared in accordance with the circular. Indirect costs should be allocated in a manner which will result in the grant program bearing its fair share of total indirect costs.

A central service cost allocation plan is required if the local government has indirect costs resulting from centralized services that will be charged to federal awards.

A central service cost allocation plan, for the purposes of local governments, refers to a description of a process whereby services provided on a centralized basis (e.g., motor pools, computer centers, purchasing and accounting services) can be identified and assigned to benefited departments/agencies (e.g., the department/agency administering the CDBG program) on a reasonable and consistent basis.

Refer to [2 CFR Part 200](#) for additional information.

An indirect cost rate proposal is required if the local government has indirect costs resulting from centralized services that will be charged to federal awards and other indirect costs originating in various departments/agencies carrying out federal awards.

An indirect cost rate proposal is the documentation prepared by a governmental entity to substantiate its request for the establishment of an indirect cost rate. This rate, expressed in percentage terms, is applied to direct costs in order to determine the amount of reimbursement a state can obtain for indirect costs.

ii. Nonprofits

Under 2 CFR Part 200 Subpart E, there are three methods nonprofits are required to utilize for allocating indirect costs. Each method is applicable to certain specific circumstances.

Simplified allocation method:

- Used when a nonprofit organization has only one major function, or where all its major functions benefit from its indirect costs to approximately the same degree.

- The indirect cost rate is calculated by separating the organization's total costs for the base period (e.g., fiscal year) as either direct or indirect, and dividing the total allowable indirect costs by an equitable distribution base (total direct costs, direct salaries or other equitable distribution base). Multiple allocation base method:

- Used when major functions benefit in varying degrees from indirect costs.

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- Costs are separated into distinct groupings, and each grouping is then allocated to benefiting functions by means of a base which best measures relative benefits. An indirect cost rate must be developed for each grouping.

Direct allocation method:

- This method may be used for those nonprofits that treat all costs as direct costs except general administration and general expenses.
- These joint costs are prorated individually as direct costs to cost objectives using a base most appropriate to the particular cost being prorated. The base must be established in accordance with reasonable criteria and must be supported by current data.
- Indirect cost rates determined through one of the three prescribed methods must be submitted to and approved by the federal agency that provides the largest dollar value of funds to the nonprofit.
- A written agreement is executed between the nonprofit and the approving federal agency signifying the approval of the proposed indirect cost rate.

3. Other Requirements

a. Confidentiality – Agencies shall furnish all information and reports required by the City. Agencies shall permit access to books, records, and accounts by City staff, the U.S. Department of Housing and Urban Development, and the Office of the Inspector General for the purposes of evaluation to ascertain compliance with all applicable rules, regulations, and orders and for the purpose of monitoring programs' performance. Individual client information provided to the City for monitoring purposes will be kept confidential as required by law.

b. Record Retention – All records related to the contract, including financial, client, and administrative files must be maintained for a period of no less than four years from the date of project/program close-out, per 24 CFR 570.502(b)(3)(ix). This includes complete source documentation, used for financial reimbursement and to determine client eligibility. Exceptions to this "four-year rule" exist which require records to be maintained for longer periods of time. The most common exceptions include litigation, claim, or audit findings; and real property and equipment acquisitions. All exceptions to the "four-year rule" are listed under 24 CFR 84.53(b).

c. Nondiscriminatory Practices and Affirmative Action – Each agency is required, as a condition of its contract with the City, to comply with the "City of Mesquite Nondiscriminatory Employment Practices" provision and "Special Affirmative Action" provision for supply and service contracts. Access to the agency's services must also be in compliance with the federal Americans with Disabilities Act (ADA) of 1990. The agency shall make available to employees, participants, beneficiaries, and other interested persons, such information regarding the program's nondiscrimination policies, procedures, and responsibilities, as the agency or the City funds necessary to apprise such persons of the protections against discrimination assured them. The agency shall also notify such persons of their right to seek redress of alleged violations of 31 Code of Federal Regulations (CFR) Part 51.55 (d)(2) implementing Section 504 of the Rehabilitation Act of 1973 or violations of 24 CFR Part 41, by filing within 90 days of the date the complainant becomes aware of the alleged discrimination.

d. Personnel Policies – Each agency must have personnel policies regarding regular and temporary positions, probation periods, salaries, promotions, sick leave, vacation, time-off, etc. A copy of the agency's board-authorized Personnel Policies must be made available to the City upon request.

e. Client Grievance Procedure – Each agency is required to have a general Client Grievance Procedure. The Client Grievance Procedure should be posted for clients receiving services to see. The procedure should be in the primary spoken language(s) of the clients. At minimum the procedure should detail the steps of filing a grievance and the timeframe for response. Contact information for appropriate staff should be listed on the procedure. A log of all grievances and resolutions must be maintained.

f. Conflict of Interest – No agency or its subcontractor, shall hire, or permit the hiring of, any person if that person or a member of that person's immediate family has an administrative or policy-making position with the agency. The term "immediate family" includes wife, husband, domestic partner, son, daughter, mother, father, grandmother, grandfather, brother, sister, and in-law relationships. The term "administrative capacity" means persons who have selection, hiring, or supervisory responsibilities for employees or contractors of the program. The term "policy-making" capacity means membership on the board of directors, advisory boards and committees, or a similar position with the agency or any parent or subsidiary organization of the agency.

g. Program Operation Time Schedules – It is the responsibility of each agency to submit to the Department information regarding the program's hours of operation and observed holidays. It is expected that programs will maintain these hours of operation for the duration of the grant year. The Department must be notified of any changes in writing within 10 days after their occurrence.

h. Monitoring – The City conducts regular monitoring of all funded programs to verify that applicable laws and regulations are being met. All monitoring activities provide an opportunity to discuss any programming issues relevant to the contract such as program objectives, record keeping, service levels, fiscal procedures, and/or reporting requirements. Monitoring occurs throughout the program year through the following main activities:

1) Reporting Requirements – Programs receiving funds from the City will submit Performance Reports as required by the Contract Work Program. When service objectives are not met, an explanation must be provided and when appropriate, a plan of action intended to rectify the situation must be submitted. Failure to submit timely Performance Reports will result in suspension of funds until such time as the report has been received and approved by the Department.

2) Desk Monitoring – The staff liaison will conduct ongoing desk-monitoring of your program. Once each program year, all agencies will undergo a formal monitoring process, including a minimum of a desk audit. This process will require material submission by the agency for Department staff's review. Written notice with a checklist of required items will be provided approximately two weeks before the materials are due for submission. Department staff will notify the agency of areas of success, areas of concern, and any areas requiring corrective action as noticed by the desk audit.

3) On-Site Monitoring – Each agency will receive on-site monitoring by City staff. On-site monitoring will be conducted every twelve to twenty-four months as determined by

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the staff liaison. Written notice will be provided two to four weeks prior to the visit. These visits are typically two hours long and a checklist is provided to the agency prior to the visit to assist with preparation. Additional documentation may be requested at the time of the visit and the agency should be prepared to grant Department staff access to records.

Financial and administrative systems will be monitored for performance, internal controls, compliance with eligibility requirements, etc. Potential or existing problems and weaknesses may be identified. Any problem or weakness must be resolved within a reasonable and agreed upon timeline.

If the staff liaison has a particular area of concern, monitoring of specific areas and/or systems may occur as determined appropriate by the staff liaison. On-site monitoring is likely to occur more often than every twelve months if such a determination is made.

i. Other Site Visits - Site visits, outside of the formal monitoring process, may be conducted at separate times by the liaison from the Community Services Commission and City staff. Site visits provide both the Community Services Commission and City staff the opportunity to become acquainted with each program's operation, physical environment, and personnel. Site visits from City staff may be made to provide technical assistance and attend board or other meetings as appropriate.

j. Services to Low- Income Mesquite Residents - All funds provided by the City of Mesquite must be used to assist low-income Mesquite residents. For example, if Mesquite funds represent 25% of an agency's total program budget, at least 25% of that program's clients must be low income Mesquite residents. For shelters, the term "Mesquite resident" means a client's most recent domiciled address must have been in the City of Mesquite.

Agencies are required to collect source documentation from clients and make low-income determinations for each client served. The income status and eligibility of the client must be documented in the individual client file. To determine an individual's income status, the individual's entire household's gross income must be used. There are two acceptable methods which may be used to determine the income status of clients:

1) Agencies may use the City of Mesquite Gross Household Income Guidelines (Attachment A). Use of the Income Guidelines requires that agencies maintain copies of the source documentation used to make each determination (e.g., tax returns, SSI statements, etc.). **CLIENTS MAY NOT SELF-CERTIFY;** or

2) If an agency serves a clientele that HUD "presumes" to be low-income then an agency must document how it verified each client meets the definition. For example, if a program serves exclusively seniors over the age of 62, then a copy of each client's identification card would be sufficient. Activities that exclusively serve a group of persons in any one or combination of the following categories may be presumed to benefit, 51 percent of whom are low- and moderate-income: abused children, battered spouses/partners, elderly persons (62 or older), adults meeting the Bureau of the Census' Current Population Reports definition of severely disabled, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. If using presumed benefit categories, please report clients served as low (80% LMI) income clients on Performance Reports.

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Client income status must be reported on Performance Reports. Agencies may not use CDBG funds to serve clients who cannot be determined to be low-income through one of the above methods.

In instances where a program exclusively serves clients in low-income census tracts (Attachment B), the agency may not be required to collect source documentation. An agency must receive written determination from the Department that they do not need collect income source documentation as they met the Low-Moderate Area Benefit National Objective. Individual income data must still be collected and reported in the performance reports, but it may be self-reported by the client. A determination must be issued and documented by the Department each contract period. An agency may not make this determination without the Department's approval.

k. Contract Execution

- 1) **Environmental Review** – All CDBG funded projects are subject to National Environmental Protection Act (NEPA) review and clearance. Department staff usually conducts the NEPA review of projects with funding allocations in August, prior to the start of the program year on October 1. If the project does not meet NEPA requirements, then the project will not be funded.

- 2) **Work Program** –With assistance from the staff liaison, funded agency staff will develop program goals using objective, measureable, outcome-based indicators. The City may require programs to report on defined, pre-selected indicators.

- 3) **Budget** – Funded agency staff will negotiate with the staff liaison to set up the Contract Budget. This budget must reconcile with the agency's board-approved budget. Eligible expenses are described under Fiscal Policies and Procedures and blank line-item budget is included in this manual (Attachment A).

- 4) **Exhibit H** - The City requires all funded agencies to carry certain amounts and types of insurance. These are described in the Contract (Exhibit H). All funded agencies, both new and previous grantees, will need to have their insurance broker complete the Exhibit H prior to the start of each Program Year, and alert The City at least 45 days in advance of any cancellation, non-renewal, or change in insurance limits or coverage during the Program Year.

- 5) **Process and Time Frame** – When all of the City's Minimum Contracting Standards have been satisfied, and the Work Program and Budget have been finalized, the two original copies of the entire contract will be prepared and mailed to the agency's Executive Director for her/his signatures. When the signed Contract is returned to the Department, it will be executed and recorded. A duplicate original of the executed Contract will be mailed to the agency.

- 6) **Loss of Award: Failure to Execute Contract in a Timely Manner** – The submission of Minimum Contracting Standards begins in late July or early August: two months before the program year begins on October 1st. Broadcast e-mails are sent to all agencies with the directions for contracting by early August. Agency staff must work closely with their assigned staff liaison to assure that all contracting items are satisfied. As funds will

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not be disbursed without an executed contract, it is in the agency's best interest to satisfy all requirements by October 1st. If a contract is not executed in a timely manner funds may be forfeited. Funded programs whose contracts not prepared and in route for execution by September 15th, will receive a certified letter addressed to the agency's Executive Director listing the outstanding required items and notification that funds will be forfeited if a contract is not executed by September 30th.

If an Contract is not executed by the end of September due to the agency's and/or program's inability to meet the City's Minimum Contracting Standards in a timely manner, negotiate a contract work program and/or budget, resolve outstanding compliance issues from a previous funding cycle, or any other contracting issue as communicated, the staff liaison will make a recommendation to reallocate the allotted funds in order to best meet the intended or similar objectives of the award. If no similar intended objectives exist or if a more immediate objective exists, the staff liaison will recommend reauthorization of a use based on community need and available resources to meet that need. Reallocation and reauthorization must be approved by the Department Director and City Manager.

When the funds for reallocation result in the intent to fund a new contract in excess of \$25,000, or if an approved contract under \$25,000 will be increased to an amount over \$25,000, City Council authorization will be required. If the reallocation and reauthorization of funds is recommended to change the use from one eligible CDBG Matrix Activity to another eligible CDBG Matrix Activity, a Substantial Amendment to the City's Annual Action Plan will be made in accordance with the current Citizen Participation Plan.

I. Suspension or Probation of Funds and Termination of Contract – All subrecipient personnel are responsible for communicating any CDBG problems and/or noncompliance issues with laws and regulations in writing to the Department Staff Liaison. All subrecipient personnel are also responsible for communicating any illegal acts or irregularities associated with the CDBG program by subrecipient to the Department Staff liaison.

The Department may place an agency on probation, suspend, or terminate the Contract, as accorded by 24 CFR 85.43 and 24 CFR 85.44. When minor compliance issues exist (such as failure to maintain Minimum Contracting Standards), an informal approach via phone calls and e-mail may occur first and funds may be held until compliance is met. If compliance of the minor issue is not met within 10 business days or if another compliance issue exists, a certified letter requiring a Corrective Action Plan will be sent to the Executive Director's attention. In the case of suspension or probation, depending upon the severity of the compliance problem, city staff shall provide not less than 2 and not more than 10 business days to submit a Corrective Action Plan. Acceptance of the Corrective Action Plan and any required changes is at the discretion of the Department. If the agency does not implement the Corrective Action Plan according to the Department-approved schedule that will be grounds for termination.

If the agency and/or program fails to fulfill any of its obligations, the Department may terminate the Contract, in whole or part, by providing written notice of the termination and specifying the effective date, at least 5 days before the effective date of such termination. If funds were used in a

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non-eligible manner, the staff liaison will include written documentation of the determination and the sum due for repayment or deduction from undisbursed funds as appropriate.

The agency and the Department may terminate the contract for any reason upon giving at least 30 days written notice prior to the effective date. In the case of partial termination, the portion to be terminated must be specified in the notice. If the staff liaison determines that the partial termination will prevent the program from accomplishing the purpose of the award, the Department may completely terminate the contract.

m. Duplication of Benefits - The Coronavirus Aid, Relief and Economic Security Act (CARES Act) signed into Public Law (116-13) on March 27, 2020, included a \$672,453 allocation to the City of Mesquite. All grant applications related to this funding will be reviewed to meet the regulatory requirements detailed in 24 CFR Part 570 and 24 CFR Part 92 or additional guidance as developed by HUD. Community Development staff will strive to ensure that community agencies providing COVID-19 assistance avoid duplication of services by requiring subgrantees give full disclosure of all Federal grant awards and applications. Any person and/or entity found to be knowingly withholding notification of an award or application will be barred from the Community Development Block Grant program for no less than one program year. Any person and/or entity receiving CDBG-CV assistance that Community Services staff determines to be duplicative will be required to repay the full amount of CDBG-CV assistance dispersed, and will be permanently ineligible to apply for CDBG assistance.

VII. FISCAL POLICIES AND PROCEDURES

Standards for Financial Management Systems

The City must have financial management systems in place to comply with the following standards:

- Provide effective control over and accountability for all funds, property and other assets;
- Identify the source and application of funds for federally-sponsored activities, including records and reports that:
 - Verify the “reasonableness, allowability and allocability” of costs; and
 - Verify that funds have not been used in violation of any of the restrictions or prohibitions that apply to the federal assistance (through the use of budget controls and adequate accounting records).
- Permit the accurate, complete and timely disclosure of financial results in accordance with HUD reporting requirements or, for City, state reporting requirements.
- Minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the state or City.

The records reviewed by HUD in 2019 provide adequate information to document that the non-Federal entity takes reasonable measure to safeguard protected PII and other information. Records

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include written policies and procedures, internal documents, and/or written description on protecting PII and other information.

1. Accounting System

CDBG funded agencies must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. Each agency must maintain adequate accounting records that meet various standards, including cost principals and financial management, that are compliant with 2 CFR Part 200, and all other applicable laws and regulations. *These are lengthy documents and therefore electronic copies are available on www.whitehouse.gov.*

The City is required to have accounting records that sufficiently identify the source and application of CDBG funds provided to them. To meet this requirement, the City's accounting system should include at least the following elements:

- Chart of accounts - This is a list of account names and the numbers assigned to each of the account names. The names provide a description of the type of transactions that will be recorded in each account (e.g., an account titled "cash" denotes that only transactions affecting cash should be recorded in that account). The account number is required by most accounting software programs and is assigned to an account name to group similar types of accounts. For example, all asset accounts will begin with a "#1" and all liability accounts will begin with a "#2". A typical chart of accounts will generally include the following categories: assets, liabilities, net assets/fund balance, revenues and expenses.
- Cash receipts journal - A cash receipts journal documents, in chronological order, when funds were received, in what amounts and from what sources.
- Cash disbursements journal - A cash disbursements journal documents, in chronological order, when an expense was incurred, for what purpose, how much was paid and to whom it was paid.
- Payroll journal - A payroll journal documents payroll and payroll related benefit expenses on salaries and benefits, including distinguishing between categories for regulatory purposes.
- General ledger - A general ledger summarizes, in chronological order, the activity and financial status of all the accounts of an organization. Information is transferred to the general ledger after it is entered into the appropriate journal. Entries transferred to the general ledger should be cross-referenced to the applicable journal to permit the tracing of any financial transaction. All journal entries must be properly approved and supported by source documentation. Documentation must show that costs charged against CDBG were:
 - Incurred during the effective period of the agreement with HUD or, for Units of general local government, with the State; actually paid out (or properly accrued); or Expended on eligible items; and Approved by the appropriate official(s) within the organization.

2. Audit Requirements

All agencies are required to have an independent audit completed annually in order to qualify for and receive ongoing funding. All agencies must and provide the City with a copy of each audit as

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soon as it has been accepted by the board. Agencies must provide a written response to findings, if any, that includes a timeline for correction.

The auditor's report and financial statements must be prepared in accordance with applicable laws, including but not limited to the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), 2 CFR 200 Subparts E and F, and 2 CFR 230, "Cost Principles for Non-Profit Organizations".

The audit shall be conducted by a qualified independent auditor. An independent auditor is a state or local government auditor or a public accountant who meets the independence standards specified in above referenced regulatory document. If a grantee expends total direct or indirect federal assistance of \$500,000 or more per year, the grantee must obtain a financial and compliance audit made in accordance with 2 CFR Part 200 Subpart F.

3. Eligible Expenses

Eligible expenses must be directly related to the activity for which funds were allocated.

a. Salaries – Salaries will only be reimbursed up to the amount set forth in the approved budget. Accumulated savings due to late hiring or resignation may be transferred to other budget categories, but not from one position to the other. Transferring funds to other categories will require a budget revision and approval by the Department. No salary increases for any position, unless incorporated in the original budget, shall be made during the grant period. Exceptions may be made on a case by case basis.

Funded agencies must be in compliance with Labor laws pertaining to overtime and compensatory time ("comp" time). "Comp time" and overtime earned must be documented on timesheets and paystubs, and "comp time" balances must be maintained on timesheets along with other leave balances (e.g., sick leave and vacation). All salary source documentation including, but not limited to: timecards, payroll registers, and cancelled checks may be reviewed during site visits. Timecards must be signed by the employee and at least one supervisor.

Vacation time may be included in the salary line item per each agency's Personnel Policy Manual and in an amount up to the FTE% of that position assigned to the grant. Vacation time may be charged only as the employee uses the accumulated leave.

Documentation for salary expenses must be submitted completely and accurately each month. Source documentation for salary expenses includes:

1) Time sheets – Time sheets must clearly indicate the name of the employee and number of hours worked, the rate of pay, all deductions and contributions, and the payroll period. The time sheet must show the actual breakdown of hours spent on the Mesquite contract (i.e., not an estimate or an average). Shared costs may be allocated in accordance with cost principals as regulated by applicable 2 CFR Part 200 Subpart E.

2) Leave balances – For each employee who charges time, leave balances must be tracked and reported each month.

3) Payroll checks – Evidence that a payroll check has been issued and the expense has cleared is required. Copies of payroll registers and cancelled checks

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or a bank statement are the most common source documents. If an automated payroll service is used, that contract must be on file with the City of Mesquite.

4) Verification of employer contributions – Actual verification of payment for employee deductions and employer contributions is required at the end of every quarter, even if the grant is not charged for employer contributions.

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If the grant is charged for any salary-related expense the following forms are required:

<u>Deduction/ Contributions</u>	<u>Appropriate Form</u>	<u>Payment Schedule</u>
Federal Taxes	Federal Form 941 Employers Quarterly Tax Form	Quarterly
F.I.C.A.		
F.I.C.A.	Federal Form 8109 Withheld Income and F.I.C.A. Taxes	Monthly
State Taxes	DE3 Quarterly Contribution Return and Report of California Personal Income Tax Withheld	Quarterly
S.I.T., S.D.I. S.U.I.		
S.I.T., S.D.I.	DE88 Return of Disability Insurance Contributions and Personal Income Tax Withheld	Monthly

b. Benefits/Employer Contributions – Benefits and employer contributions that can be reimbursed include:

- 1) Social Security (F.I.C.A.)
- 2) Medical, Dental, Vision, Retirement and other cafeteria benefits as provided by the agency and as authorized by the agency’s Personnel Policies.
- 3) Workers Compensation (WCI)
- 4) State Unemployment Insurance (SUI) and other state-mandated taxes and withholdings

Agencies are required to make deposits of employer contributions each month or payroll period, unless their accounting is handled by a fiscal agent or payroll service that deposits these contributions on behalf of the agency. Pro-rated benefits may be reimbursed for all employees whose salaries are paid in full or in part by City funds. Source documentation, including filed tax forms, invoices, and cancelled checks for employer contributions and paid benefits must be included in monthly reimbursement requests and may be reviewed during a site visit. Reimbursement for Worker’s Compensation Insurance will be made upon actual submittal of policy statement and proof that the payment has cleared the bank.

c. Operational Costs – The following types of expenses are eligible only if they are incurred in direct support of a City-funded activity, or are involved in a City-approved allocation schedule that has been authorized by the agency’s Board of Director’s.

- 1) **Equipment Maintenance** – Equipment maintenance shall cover service contracts, parts, and service calls. Equipment eligible for maintenance

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reimbursement is field/yard equipment and/or office equipment such as typewriters, computers, copiers, etc.

2) Building Office Space Maintenance – This consists of garbage removal, janitorial supplies and services, etc.

3) Utilities – Eligible utilities for City fund allocation include:

a. Electricity – Only normal office use is covered unless express written permission has been granted from the Department.

b. Gas – Only normal heating uses may be charged unless prior approval is given.

c. Water – Only costs accrued during normal office use may be charged unless prior approval has been granted.

d. Telephone – Costs other than monthly service (e.g. installation charges) may not be charged to this grant unless the Department provides advance approval.

d. Services and Supplies

1. Consumable Supplies – Costs must be directly attributable to the funded project, and include but are not limited to office supplies (paper, pens, envelopes, etc.), postage, printing/copies, and advertising. Food for clients is eligible.

2. Field Supplies– Field supplies (including lumber, fencing, compost, fertilizer, etc.) used for implementation of the program are eligible.

3. Office Space Rental – The cost of the floor space occupied by, and used for, the contract program services. Rent does not include rental of parking space. Required rent increases may be accommodated by a budget revision. Rental contracts must be available to the Department upon request.

4. Office Equipment – The lease or purchase of office equipment such as computers, fax machines, and copy machines is eligible. Leases may be charged by actual use or in an amount not to exceed the City grant’s “share” of overall program, if included in the agency’s cost allocation plan.

5. Special Services – All contract services such as fiscal sponsorship, fiscal audits, special studies, and approved consultants for accounting are eligible. Consultant expenses are generally ineligible; exceptions require written approval from the Department.

6. Dues, Publications, Periodicals, and Books – Membership dues, publications, periodicals, and books that directly relate to program services are eligible.

7. Insurance – The City requires all contractors to carry comprehensive general liability insurance with a single incident limit of \$1,000,000 per occurrence and to

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name the City as Additional Insured. Policy costs of required insurance may be charged in the grant, in an amount not to exceed the City grant's pro-rata share of the overall program cost.

8. Mileage – Mileage for direct service-related trips is eligible; the cost of public transportation for direct service-related activities is eligible; and travel allowances for approved conferences, sessions, etc. with prior approval by the Department including parking fees and bridge tolls are eligible. Other trips directly related to the provision of services to qualified clients may be charged to the grant only with advance approval from the Department. Records of mileage must be documented and include record of location, purpose of trip, mileage, and cost reimbursed.

9. Training and Education – Supplies for training purposes, registration fees or training courses, and seminars provided by outside agencies that are directly related to the provision of contract services.

4. Monthly Reimbursement of Funds Expended on Eligible Activities

CDBG Public Service funds are reimbursed on a monthly basis. Reimbursement may only be for funds actually expended during the month's operation, typically up to 1/12th of the annual allocation. Exceptions may be made to accommodate budgeted one-time or short-term costs. Only expenses authorized by the contract budget will be reimbursed. Budget revisions may be approved on a case-by-case basis as described below.

a. Submitting Requests for Reimbursement - Requests must be reviewed and authorized by the agency's Executive Director prior to submission to the Department. The Department will advise agencies of updates or revisions to forms and/or procedures (e.g. online, hard copy, etc.).

Source documents showing eligible expenses were accrued and paid, must be submitted with the reimbursement request. Source documents must be submitted in the same order as they appear on the request for reimbursement and in the agency's approved program budget (EXHIBIT A of the CDBG Contract). Source documents must be legible. If invoices and cancelled checks do not appear to reconcile, reimbursement may be delayed or withheld.

b. Reimbursement Process – A reimbursement check will normally be issued within ten working days of submitting a complete and accurate reimbursement request. Monthly reimbursement requests should be submitted by the agency no later than the third week of each month for the month preceding (e.g. July's request would be submitted by the third week of August). **Agencies are required to submit the final reimbursement packet by no later than 7 days after the end of the fiscal year.**

Any concerns in performance, monitoring, or accounting must be resolved or payment may be held until there is appropriate resolution. Reimbursement checks will be sent by mail.

c. Budget Revisions – The original program budget is developed to cover the anticipated cost of carrying out the contracted program objectives. However, as a program proceeds, it may be necessary to revise the original budget. Budget revisions are required for all

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spending requests that vary from the original budget and approval from the Department. Budget revision requests must include line item justification for each proposed adjustment. Justification must include why the change is necessary and whether the scope or objectives of the contract will be altered in any manner as a result of the budget revision. All revisions in the budget will become effective upon approval. Requests must be submitted at least two weeks in advance of the anticipated effective date.

d. Contract Period – The fiscal year for Mesquite’s CDBG program is October 1st to June 30th. Costs of operation associated with a time period not covered by the contract will not be reimbursed.

5. Faith-Based Activities

As stated in 24 CFR 570.200(1), Religious or faith-based organizations are eligible to participate in the CDBG program. Local government representatives and CDBG program administrators shall not discriminate against an organization on the basis of its religious affiliation. Religious organizations awarded CDBG funding shall be subject to the following provisions:

(2) Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(3) A religious organization that participates in the CDBG program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct CDBG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide CDBG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a CDBG-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization’s name, select its board members on a religious basis, and include religious references in its organization’s mission statements and other governing documents.

(4) An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(5) CDBG funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. CDBG funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, CDBG funds may not exceed the cost of those portions of the acquisition, construction,

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or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in this part. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

6. Duplication of Benefits

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) signed into Public Law (116-13) on March 27, 2020, included a \$672,453 allocation to the City of Mesquite. All grant applications related to this funding will be reviewed to meet the regulatory requirements detailed in 24 CFR Part 570 and 24 CFR Part 92 or additional guidance as developed by HUD.

Community Development staff will strive to ensure that community agencies providing COVID-19 assistance avoid duplication of services by requiring subgrantees give full disclosure of all Federal grant awards and applications. Any person and/or entity found to be knowingly withholding notification of an award or application will be barred from the Community Development Block Grant program for no less than one program year. Any person and/or entity receiving CDBG-CV assistance that Community Services staff determines to be duplicative will be required to repay the full amount of CDBG-CV assistance dispersed, and will be permanently ineligible to apply for CDBG assistance.

VI. REMINDER CHECKLIST

- A. Submit all documents to satisfy the City's Minimum Contracting Standards prior to the beginning of the contract period. Please pay special attention to keeping the City's copy(ies) of insurance documents up-to-date.

- B. Submit changes to any documents used to meet the City's Minimum Contracting Standards within 30 calendar days of such change.

- C. Submit Quarterly Performance Reports in a timely fashion. Explain any variations in performance (as appropriate).

- D. Independent fiscal audits must be conducted annually, and submitted to the City including the management letter, as soon as the audit has been accepted by the agency's Board.

- E. If you have any questions, contact your Department staff liaison.

ATTACHMENT A
GROSS HOUSEHOLD INCOME GUIDELINES

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.

Instructions:

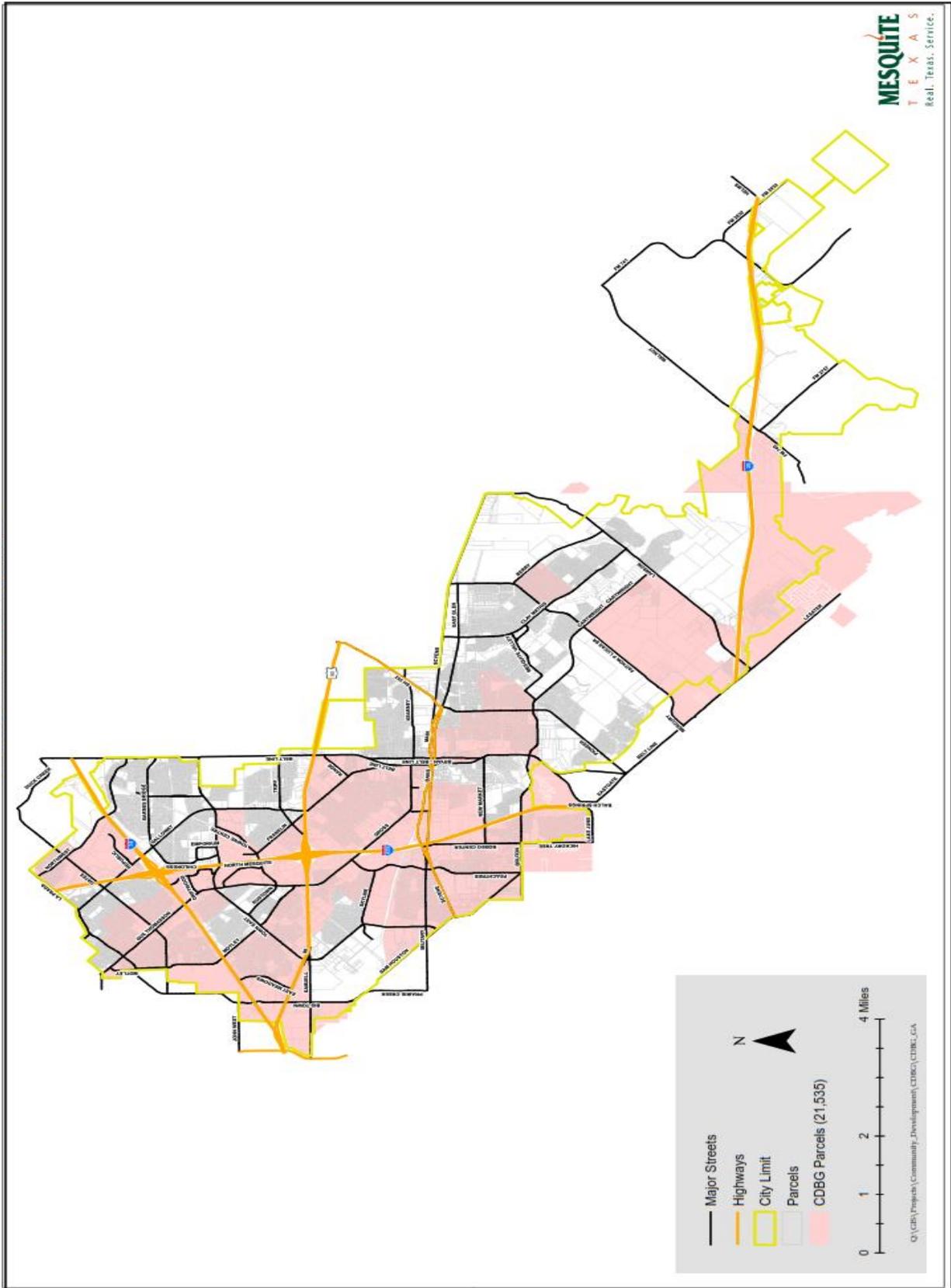
1. Source documentation (e.g. tax returns, social security statements, etc.) must be on file in order to determine that a household is low-income. Household size must be determined and tax documents must be submitted and retained in the client file.
2. Look down the left-hand column and pick the row which reflects the number of people living in the household.
3. Circle the income amount that the gross annual household income does not exceed.
4. Document the income level (i.e. extremely-low, low, or mod) in the client file and applicable reporting records.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PY 20-21 INCOME LIMITS**

Household Size	1	2	3	4	5	6	7	8
Moderate (80% AMI)	\$48,300	\$55,200	\$62,100	\$68,950	\$74,500	\$80,000	\$85,500	\$91,050
Low (50% AMI)	\$30,200	\$34,550	\$38,800	\$43,100	\$46,550	\$50,000	\$53,450	\$56,900
Extremely Low (30% AMI)	\$18,100	\$20,700	\$23,300	\$26,200	\$30,680	\$35,160	\$39,640	\$44,120
Moderate to High (81%+ AMI)	\$18,101+	\$20,701+	\$23,301+	\$26,200+	\$30,681+	\$35,161+	\$39,641+	\$44,121+

ATTACHMENT B

Exhibit A
CDBG 2020 SCORING



ATTACHMENT C
SUBRECIPIENT AGREEMENT TEMPLATE

CITY OF MESQUITE
COMMUNITY DEVELOPMENT BLOCK GRANT
AGREEMENT BETWEEN THE CITY OF MESQUITE
AND
(NAME OF ENTITY)
FOR
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM YEAR _____

This Agreement is entered into this ___ day of _____, 20__ by and between the **CITY OF MESQUITE** (herein referred to as the “**CITY**”) and _____ (herein referred to as “**SUBRECIPIENT**”).

WHEREAS, the CITY has received one or more Federal and/or State grants to more effectively carry out the Community Development Program in the City of Mesquite;

WHEREAS, the CITY is in need of assistance to further this program; and

WHEREAS, it is the desire of the parties hereto that SUBRECIPIENT engage in the performance of certain activities and in the development of programs related to this Community Development Program; and

WHEREAS, the City of Mesquite City Council approved this Agreement on _____, 20__.

NOW THEREFORE, the parties hereto mutually agree as follows:

1. **Identification of Subrecipient and Award**

- DUNNS: _____
- Federal Award Identification Number (FAIN): _____
- Federal Award Date: _____
- Sub-Award Period of Performance Start and End Date:

- Amount of Federal Funds Obligated by this action: \$ _____
- Amount of Federal Funds Obligated to the Subrecipient: \$ _____
- Total Amount of the Federal Award: \$ _____
- Federal award project description as required to be responsive to the FFATA:

- Name of Federal awarding agency, pass-through entity, and contact information for awarding official:
 - Federal Awarding Agency: US Department of Housing and Urban Development

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- Grantee (pass-through entity): City of Mesquite
- Contact information:
City of Mesquite
_____, Manager of Housing and Community Services
Department of Housing
P.O. Box 850137
Mesquite, TX 75185-0137
Telephone: _____
Fax: _____

- CFDA Number and Name: _____
- Identification of whether award is R&D: _____
- Indirect cost rate for the Federal award (including if the *de minimis* rate is charged per 200.414): ____%

2 Agreement to Disburse Funds

Upon the terms and conditions hereinafter stated, CITY agrees to disburse Community Development Block Grant funds, in an amount not to exceed \$_____ (“grant funds”) as described in **Exhibit "C"**, to SUBRECIPIENT in support of SUBRECIPIENT's Program as described in **Exhibit "A"**, Scope of Services, and in **Exhibit "B"**, Performance Objectives, (hereafter "PROGRAM"), said exhibits attached hereto and incorporated herein as if as if fully copied and set forth at length.

The parties expressly understand and agree that CITY's obligations under this Agreement are contingent upon the actual receipt of adequate grant funds from U.S. Department of Housing and Urban Development. If adequate grant funds are not received by the CITY, then the CITY shall have no further obligations or liabilities under this Agreement. It is expressly understood that this Agreement in no way obligates the General Funds or any other monies or credits of the City of Mesquite.

3 Term of Agreement

This Agreement shall commence upon the date this Agreement is signed by all parties and shall have an effective date of _____ until _____.

4 Scope and Objectives of Work Contemplated by PROGRAM

SUBRECIPIENT shall conduct, in a satisfactory manner as determined by CITY and the U.S. Department of Housing and Urban Development (“HUD”), a Community Development Block Grant Program, pursuant to 24 CFR Part 570. The scope and performance of the services of the PROGRAM shall be in accordance with the following documents:

1. **Exhibit A** – Scope of Services;
2. **Exhibit B** – Performance Objectives;
3. **Exhibit C** – Budget;
4. **Exhibit D** – Certification for Contracts, Grants, Loans, and Cooperative Agreements;
5. **Exhibit E** - Affidavit Against Prohibited Acts (Texas Penal Code – Offenses Against Public Administration)
6. **Exhibit F** - Applicable Laws and Regulations

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7. **Exhibit G** - Audit Certification
8. **Exhibit H** - Insurance Documentation
9. **Exhibit I** - Conflict of Interest Questionnaire
10. **Exhibit J** - Disclosure of Relations (Form 1295)

All of the above exhibits are incorporated herein by reference as fully copied and set forth at length. If any of the above exhibits require separate execution, SUBRECIPIENT hereby agrees to execute said exhibit and return such to CITY.

In addition, proper acknowledgment must be given to the CITY by including the following statement on all printed programs, publicity, publications or documents related to the PROGRAM: "The services provided by the _____ are made possible in part through a grant from the City of Mesquite." SUBRECIPIENT shall also prominently display this acknowledgment in any SUBRECIPIENT facility or on any SUBRECIPIENT property where the PROGRAM is to be performed.

SUBRECIPIENT's status shall be that of an independent contractor and not an agent, servant, employee or representative of CITY in the performance of this Agreement. No term or provision of or act of SUBRECIPIENT or CITY under this Agreement shall be construed as changing that status.

5. Intended Beneficiaries

The intended beneficiaries of this Agreement are those persons within the City of Mesquite who are in need of the services provided by SUBRECIPIENT under this Agreement, at least fifty-one percent (51%) of whom shall be of low and moderate income as defined by HUD, and is subject to change without notice. The program, the subject of this Agreement is for the benefit of homeless persons and may be presumed to comply with the requirements of 24 CFR 570.208.

6. Consideration Furnished by City and Limit of City's Disbursement

In consideration for the performance of the PROGRAM, CITY shall pay SUBRECIPIENT the above-specified grant funds, said amount to be paid upon submission to CITY of appropriate documentation and invoices as stipulated by CITY's Department of Housing staff. Payment shall be made upon submission of proper invoices, provided that services have been satisfactory, and that any and all service delivery data requested by CITY has been furnished. Invoices shall not be submitted and payment shall not be made more often than once every thirty (30) days throughout the term of this Agreement.

SUBRECIPIENT shall establish, maintain, and submit to CITY documentation concerning PROGRAM expenditures and activities in a form acceptable to CITY's Department of Housing staff on a **monthly basis**. All PROGRAM costs must be reasonable, necessary, and consistent with policies and procedures of the CITY, SUBRECIPIENT, and HUD. The costs must be accorded consistent treatment, and must be determined to be in accordance with generally accepted accounting principles. CITY reserves the right to audit all budgets, work schedules, and accounts. SUBRECIPIENT further agrees to comply with Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR, Part 200.

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Disbursed funds must be deposited in a depository having federal depository insurance. SUBRECIPIENT agrees that CITY, HUD, the Comptroller General of the United States, and any of their duly authorized representatives shall have access to any books, documents, papers and records of PROGRAM, for the purpose of making audit examinations, excerpts and transcriptions. SUBRECIPIENT shall include a provision securing this right in any contract entered into with third parties relative to the use of grant funds.

CITY shall not be liable to SUBRECIPIENT for any costs which:

1. Have been reimbursed to SUBRECIPIENT or are subject to reimbursement to SUBRECIPIENT by any source other than CITY;
2. Are not allowable costs, as set forth in the Act and/or this Agreement;
3. Are not strictly in accordance with the terms of this Agreement, including the exhibits;
4. Have not been reported to CITY within sixty (60) days following termination or expiration of this Agreement; or
5. Are not incurred during the term of this Agreement.

SUBRECIPIENT shall refund to CITY any sum of money which has been paid to SUBRECIPIENT by CITY, which CITY determines has resulted in an overpayment, or which CITY determines has not been spent strictly in accordance with the terms of this Agreement. Such refund shall be made by SUBRECIPIENT within fifteen (15) days after request by CITY.

Any grant funds allocated by the City of Mesquite for this PROGRAM which have not been invoiced by SUBRECIPIENT within fifteen (15) calendar days after the ending date of this Agreement shall be returned to the CITY and shall revert to the Community Development Block Grant Program to be allocated for other activities.

7. Administrative Requirements

SUBRECIPIENT agrees to comply with 2 CFR, Part 200 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

SUBRECIPIENT shall administer its program in conformance with Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR, Part 200. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

8. Program Income

No Program income is anticipated. In the event there is Program income derived from the use of CDBG funds disbursed under this Agreement, such Program income shall be retained by the SUBRECIPIENT for use in the Community Development Block Grant Program. In the event that there is a program income balance at the end of the Program Year, such balance shall revert to the CITY's Community Development Block Grant Program, for further reallocation.

9. Reversion of Assets

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Within ninety (90) days after expiration of this Agreement, SUBRECIPIENT shall transfer to CITY any grant funds allocated by the CITY for this PROGRAM which have not been invoiced by SUBRECIPIENT within sixty (60) calendar days after the ending date of this Agreement and any accounts receivable attributable to the use of CDBG funds. In addition, any real property under SUBRECIPIENT's control that was acquired or improved in whole or in part with grant funds in excess of \$25,000 shall either be:

1. Used to meet one (1) of the national objectives listed in 24 CFR 570.208 (benefit at least 51% low and moderate income persons, aid in the prevention or elimination of slums or blight or meet community development needs having a particular urgency, because they pose a serious and immediate threat to the health or welfare of the community) until five (5) years after expiration of the Agreement; or
2. Disposed of in a manner that results in CITY being reimbursed in the amount of the current fair market value of the property less any portion of the value attributable to expenditures of non-grant funds for acquisition of or improvement to the property. Such reimbursement shall not be required if disposition occurs more than five (5) years after expiration of this Agreement.

10. Monitoring and Recordkeeping

The CITY's Department of Housing staff will monitor and evaluate the SUBRECIPIENT's progress on PROGRAM performance. The SUBRECIPIENT will establish and maintain appropriate documentation to verify stated performance objectives and will submit such documentation to the CITY's Department of Housing staff when requested, which will be at least **monthly** during the term of this Agreement or more often, if deemed necessary. The SUBRECIPIENT further agrees to on-site monitoring by representatives of the CITY and HUD. The CITY's Department of Housing staff will establish a base line level of monitoring for the SUBRECIPIENT at the beginning of the Agreement. The level of monitoring can be adjusted during the term of this Agreement for reasons such as non-compliance with Agreement provisions, failure to meet performance objectives, failure to submit accurate and timely required monthly reports, findings identified from monitoring, staff turnover in key positions of the SUBRECIPIENT's organization, and other changes that increase the risk of the CITY in administering the grant funds, in accordance with the CITY's and HUD's regulations and policies. It shall be the CITY's sole determination when, and for what reasons, to adjust the level of monitoring.

Level 1: All SUBRECIPIENTS will receive Level 1 monitoring. Monthly reports are desk monitored by the CITY's Department of Housing staff to ensure substantiation of the reimbursement of expenditures and accuracy of program progress.

Level 2: All SUBRECIPIENTS who are placed in the medium risk category on the Risk Analysis receive Level 2 monitoring. In addition to all items in Level 1, an on-site monitoring visit is conducted by Department of Housing staff to review documentation at the SUBRECIPIENT'S administrative office and service delivery site.

Level 3: SUBRECIPIENTS that are placed in the high risk category on the Risk Analysis are assessed by City staff for Level 3 monitoring. All Level 3 SUBRECIPIENTS will receive on-site

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monitoring from Department of Housing staff and, if deemed necessary, the City's Internal Audit staff can monitor the SUBRECIPIENT in unison with the Department of Housing staff.

Additionally, if the SUBRECIPIENT has non-compliance issues during the grant year which increase the risk of administering grant funds, it could result in the SUBRECIPIENT providing monthly unaudited financial statements to the City and/or a letter from an external auditor indicating that the internal controls of the SUBRECIPIENT are adequate for the size and scope of work of the SUBRECIPIENT. The cost of this service will be paid by the CITY.

To support CITY's compliance with federal monitoring requirements, including those set out in 2 C.F.R. 200.302 and 200.328, and to comply with the Single Audit Act, SUBRECIPIENT shall submit to the CITY's Department of Housing staff a copy of an annual independent audit covering the Agreement period, together with any accompanying management letters, if the SUBRECIPIENT is required by federal law to prepare an annual audit, or does prepare an annual audit. If the SUBRECIPIENT's fiscal year does not correspond to the term of this Agreement, then audits covering the term of this Agreement will be submitted. Any audits provided to the CITY shall be completed by an independent auditor in accordance with generally accepted accounting and auditing standards governing financial and compliance audits, and a copy shall be submitted to CITY within nine (9) months of the end of the SUBRECIPIENT's fiscal year or within forty-five (45) days of acceptance and review by SUBRECIPIENT, whichever comes first. In the event that SUBRECIPIENT is not required by federal law to prepare an annual audit, and does prepare an annual audit, SUBRECIPIENT shall make all requested financial records available to the CITY, HUD, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. In the event SUBRECIPIENT is allocated \$750,000 or more in a year in Federal awards, SUBRECIPIENT shall be required to complete "**Exhibit G**" and comply with U.S. Governmental federal audit requirements, including the requirements contained in Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR, Part 200 Section C: Subpart F Audit Requirements. (**Exhibit "G"**).

CITY reserves the right to conduct additional financial and compliance audits of the funds received and performances rendered under this Agreement. All SUBRECIPIENT records with respect to any matters covered by this Agreement shall be made available to the CITY, HUD, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Should the CITY deem such additional audits necessary, and any irregularities are discovered during such audit, the SUBRECIPIENT shall reimburse the CITY the expense of such audit.

SUBRECIPIENT shall be liable to CITY for any costs disallowed pursuant to financial and compliance audit(s) of grant funds received under this Agreement. Reimbursement to CITY of such disallowed costs shall be paid by SUBRECIPIENT from funds which were not provided or otherwise made available to SUBRECIPIENT under this Agreement.

SUBRECIPIENT shall maintain all records required by the Federal regulations specified in 24 CFR 570.506 that are pertinent to the activities to be funded under this Agreement. Such records

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shall include but not be limited to:

Records providing a full description of each activity undertaken;

Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;

Records required determining the eligibility of activities;

Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;

Financial records as required by 24 CFR 570.502, and 2 CFR 200.302; and

Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

SUBRECIPIENT shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to CITY monitors or their designees for review upon request.

In addition to the reports and documentation required above, SUBRECIPIENT shall submit to CITY the following reports:

1. SUBRECIPIENT shall submit a monthly Financial Status Report and Performance Report on or before the fifteenth (15th) day of each month of the term of this Agreement;
2. SUBRECIPIENT shall submit a final Financial Status Report to CITY within twenty (20) days after the end of the term of this Agreement. The failure of SUBRECIPIENT to provide a full accounting of all funds expended under this Agreement within twenty (20) days shall be sufficient reason for CITY to deny or terminate any future contracts with SUBRECIPIENT; and
3. SUBRECIPIENT shall submit a final Performance Report not later than forty-five (45) days after the end of the term of this Agreement.

This Agreement and all records above and otherwise pertaining to such Agreement shall be maintained by both SUBRECIPIENT and CITY for a period of five (5) years after final payment is made and all other pending matters are finalized.

If SUBRECIPIENT fails to submit, in a timely and satisfactory manner, any report or response required by this Agreement, including responses to monitoring reports, CITY may withhold payments otherwise due to SUBRECIPIENT hereunder. If CITY withholds such payments, it shall notify SUBRECIPIENT in writing of its decision and the reasons therefor. Payments may be withheld by CITY until such time as the delinquent obligations for which funds are withheld are fulfilled by SUBRECIPIENT. If the delinquent report or response is not received within forty-five (45) days of its due date, CITY may suspend or terminate this Agreement and seek repayment

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of all grant funds provided under this Agreement. If SUBRECIPIENT receives CDBG funds from CITY under two (2) or more Agreements, funds may be withheld or this Agreement suspended or terminated for SUBRECIPIENT's failure to submit a report or response (including a report or audit) past due under a prior grant program Agreement.

SUBRECIPIENT's obligation to the CITY shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, submitting final program reports, and disposing of program assets. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the SUBRECIPIENT has control over CDBG funds, including program income.

11. Amendments

SUBRECIPIENT may request minor budget revisions to this Agreement at any time prior to the last quarter of the term of agreement provided that such amendments are between approved line items. "Minor budget revisions" means any change among the budget line items where the cumulative dollar amount of all transfers among budget categories is equal to or less than twenty-five percent (25%) of the total CDBG budget for the project. SUBRECIPIENT must request budget revisions in writing, and signed by the duly authorized representative of the SUBRECIPIENT. Such amendments shall not invalidate this Agreement, nor relieve or release the CITY or SUBRECIPIENT from its obligations under this Agreement. The CITY may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both CITY and SUBRECIPIENT.

12. Prevention of Fraud and Abuse

SUBRECIPIENT shall establish, maintain and utilize internal systems and procedures sufficient to prevent, detect and correct incidents of waste, fraud and abuse in the performance of this Agreement and to provide for the proper and effective management of all PROGRAM and fiscal activities funded by this Agreement. SUBRECIPIENT's internal control systems and all transactions and other significant events are to be clearly documented and the documentation shall be readily available for monitoring by CITY.

SUBRECIPIENT shall give CITY complete access to all of its records, employees and agents for the purpose of monitoring or investigating the performance of this Agreement. SUBRECIPIENT shall fully cooperate with CITY's efforts to detect, investigate and prevent waste, fraud and abuse.

SUBRECIPIENT may not discriminate against any employee or other person who reports a violation of the terms of this Agreement or of any law or regulation to CITY or to any appropriate law enforcement authority, if the report is made in good faith.

13. Conditions for Religious Organizations

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in CDBG programs. SUBRECIPIENT shall comply with all

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requirements of 24 §570.200(j) and CFR 2 CFR §5.109, including, but not limited to, the requirements that SUBRECIPIENT may not use grant funds to support inherently religious activities, such as worship, religious instruction, or proselytization; if SUBRECIPIENT engages in these activities, the activities must be offered separately, in time or location, from the PROGRAM funded with grant funds, and participation must be voluntary for the beneficiaries of the PROGRAM; and, if SUBRECIPIENT is a religious organization, it shall not discriminate against a PROGRAM beneficiary or prospective PROGRAM beneficiary on the basis of religion or religious belief. If SUBRECIPIENT is a religious organization, it should also refer to 24 CFR Part 570 and the Federal Register (68 FR 56396) for rules and regulations relative to the participation of faith-based organizations in certain HUD programs.

14. Lobbying

SUBRECIPIENT shall provide certification (*see Exhibit "D"*) to CITY that no federal appropriated funds have been paid, or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, SUBRECIPIENT will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

15. Hatch Act

SUBRECIPIENT agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V, United States Code.

16. Insurance and Indemnification

Prior to the execution of the contract by CITY and before commencement of any activities or work under this contract, SUBRECIPIENT shall furnish original proof of insurance to the CITY's Risk Management Department, which is clearly labeled with the contract name and CITY department. The proof will include completed/current Certificate(s) of Insurance, endorsements, exclusions, and/or relevant extracts from the insurance policy, or copies of policies. The City shall have no duty to pay or perform under this contract until the proof of insurance has been delivered to and approved by the CITY's Risk Management Department. No officer or employee other than the CITY's Risk Manager shall have authority to waive this requirement.

The CITY reserves the right to review these insurance requirements during the effective period of the contract and any extension or renewal hereof and to modify insurance coverages and their

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limits when deemed necessary and prudent by CITY’s Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this contract. In no instance will the CITY allow a modification which results in the CITY incurring increased risk.

A SUBRECIPIENT’s financial integrity is of interest to the CITY. Therefore, subject to a SUBRECIPIENT’s right to maintain reasonable deductibles in such amounts as are approved by the CITY, SUBRECIPIENT shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at SUBRECIPIENT’s sole expense, insurance coverage written on an occurrence basis by companies that are rated A- or better by A.M. Best Company and/or otherwise acceptable to the CITY in the following types and amounts:

Type	Amount
Workers' Compensation	Statutory
Employer’s Liability	\$1,000,000/\$1,000,000/\$1,000,000
Comprehensive General Liability Including: <ul style="list-style-type: none"> • Premises/Operations • Independent Contractors • Products Liability/Completed Operations • Personal & Advertising Injury • Broad form property damage, to include fire legal liability 	\$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired vehicles	\$1,000,000 per occurrence or its equivalent on a combined single limit (CSL basis).

Term of Policy: The required insurance coverage must remain in effect for a two (2) year period following the expiration or completion of the contract with the CITY.

Proof of Insurance Required:

Examination & Approval. All insurance policies shall be subject to the examination and approval of the CITY for their adequacy as to form and content, form of protection, and financial status of insurance company.

SUBRECIPIENTS with Multiple Projects. SUBRECIPIENTS who have multiple projects with the CITY will provide the general liability aggregate in a project form with the name and/or location of the project listed in the comments section of the certificate of insurance.

When to Submit. Prior to the execution of the contract by the CITY and before commencement of any work or services under the contract, the SUBRECIPIENT shall furnish to the CITY Risk Manager originals of completed certificates of insurance, policy endorsements, exclusions, and/or relevant extracts from the insurance policy, or copies of the policies, plainly and clearly evidencing

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such insurance. Thereafter, new certificates, policy endorsements, exclusions, and/or relevant extracts from insurance policies, or policies shall be provided prior to the expiration date of any prior certificate, endorsement, or policy.

Insurers. SUBRECIPIENT shall maintain said insurance with insurance underwriters authorized to do business in the State of Texas and satisfactory to the CITY.

Additional Insured. Except for Workers' Compensation and Employers' Liability, the CITY, its elected officials, officers, servants, agents, volunteers and employees shall be named as additional insureds. No officer or employee, other than the CITY Risk Manager, shall have authority to waive this requirement.

Other-Insurance Endorsement. All insurance policies are to contain or be endorsed to contain the following additional provisions:

1. "Other insurance" clause shall not apply to the CITY where the CITY is an additional insured shown on the policy; and
2. Provide not less than ten (10) calendar days advance notice to the CITY of any suspension, cancellation, non-renewal or material change in coverage.

Agent Information. The certificate(s) or other proof of insurance must be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits, and termination provisions shown thereon, containing all required information referenced or indicated thereon. The original certificate(s) or form must have the agent's original signature, including the signer's company affiliation, title and phone number. The proof of insurance shall be sent directly from the insurance agent to the CITY's Risk Manager by U.S. Postal Service to City of Mesquite, ATTN: Risk Manager, P.O. Box 850137, Mesquite, Texas 75185-0137 or by delivery service to 1515 North Galloway Avenue, Mesquite, Texas 75149. To send by fax or email, please contact the Risk Manager to obtain the fax number or email address.

Precondition to Performance & Basis for Termination. The CITY shall have no duty to pay or perform under this Agreement until such certificate(s), policy endorsements, exclusions, and/or relevant extracts from the insurance policy shall have been delivered to the CITY's Risk Manager. The SUBRECIPIENT understands that it is the SUBRECIPIENT's sole responsibility to provide this necessary information to the CITY and that failure to timely comply with these insurance requirements shall be a cause for termination of the Agreement. If the CITY determines that it will deny payment, not perform, or terminate the Agreement because of the failure to provide certain information or documents, the CITY shall give the SUBRECIPIENT notice of that determination and allow SUBRECIPIENT fifteen (15) days to correct the deficiency.

Waiver of Subrogation. Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the CITY.

Notice of Cancellation, Non-renewal, Material Change. When there is a cancellation, non-renewal, or material change in coverage which is not made pursuant to a request by the CITY, SUBRECIPIENT shall notify the CITY of such and shall give such notices not less than thirty (30) days prior to the change, if SUBRECIPIENT knows of said change in advance, or ten (10) days' notice after the change, if the SUBRECIPIENT did not know of the change in advance. Such notice must be accompanied by a replacement certificate(s) of insurance, policy endorsements, exclusions, and/or relevant extracts from the insurance policy.

INDEMNIFICATION.

SUBRECIPIENT AGREES TO ASSUME FULL RESPONSIBILITY AND LIABILITY FOR THE SERVICES RENDERED PURSUANT TO THIS AGREEMENT AND HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS THE CITY, ITS EMPLOYEES, AGENTS, AND SERVANTS, OF AND FROM ALL CLAIMS, DEMANDS, AND CAUSES OF ACTIONS OF EVERY KIND AND CHARACTER, INCLUDING THE COST OF DEFENSE THEREOF, FOR ANY INJURY TO, INCLUDING DEATH OF, PERSONS AND ANY LOSSES FOR DAMAGES TO PROPERTY CAUSED BY OR ALLEGED TO BE CAUSED, ARISING OUT OF, OR ALLEGED TO ARISE OUT OF, EITHER DIRECTLY OR INDIRECTLY, OR IN CONNECTION WITH, THE SERVICES TO BE RENDERED HEREUNDER, WHETHER OR NOT SAID CLAIMS, DEMANDS, CAUSES OF ACTIONS ARE CAUSED BY CONCURRENT NEGLIGENCE OF THE CITY AND A PARTY TO THIS AGREEMENT, OR WHETHER IT WAS CAUSED BY CONCURRENT NEGLIGENCE OF THE CITY AND SOME OTHER THIRD PARTY. THE SUBRECIPIENT AGREES THAT ANY INSURANCE CARRIER INVOLVED SHALL NOT BE ENTITLED TO SUBROGATION UNDER ANY CIRCUMSTANCES AGAINST THE CITY, IT OFFICERS, OFFICIALS, AND EMPLOYEES.

As shown by **Exhibit “H”**, SUBRECIPIENT has provided the CITY with documentation of insurance coverage that satisfies the requirements of this Agreement.

17. Conflict of Interest

SUBRECIPIENT shall establish safeguards to prohibit its employees, board members, advisors and agents from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business or other ties. SUBRECIPIENT shall disclose to CITY any conflict of interest or potential conflict of interest described above, immediately upon discovery of such.

No persons who are employees, agents, consultants, officers or elected officials or appointed officials of CITY or of SUBRECIPIENT who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a “CDBG”-assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter, unless they are accepted in accordance with the procedures set forth at Section 92.356, 24 C.F.R., Part 92.

SUBRECIPIENT further agrees to execute an Affidavit Against Prohibited Acts, in the form attached as **Exhibit “E”**, certifying that it will adhere to the provisions of the Texas Penal Code which prohibits bribery and gifts to public servants.

18. Equal Opportunity and Nondiscrimination

In performing under this Agreement, SUBRECIPIENT shall not discriminate against any worker, employee or applicant for employment, on the basis of race, color, creed, religion, age, sex, national origin, familial status, disability, handicap status nor otherwise commit an unfair employment practice.

SUBRECIPIENT will ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, age, sex, national origin, familial status, disability or handicap status. Such action shall include but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, selection for training, as well as access to all facilities necessary for any of the above. SUBRECIPIENT will require posting in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this nondiscrimination clause. This clause will be incorporated into all contracts entered into with suppliers of materials or services, contractors and subcontractors and all labor organizations furnishing skilled, unskilled and craft union skilled labor who may perform any such labor or services in connection with this Agreement.

The services provided under this Agreement shall be available to all otherwise eligible applicants without regard to their race, color, creed, religion, age, sex, national origin, familial status, disability or handicap status.

19. Meaningful Access for Limited English Proficient Persons

Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English (“limited English proficient persons” or “LEP”) may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the SUBRECIPIENT agrees to take reasonable steps to ensure meaningful access to activities for LEP persons. Any of the following actions could constitute “reasonable steps”, depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices, acquiring interpreters for face to face interviews with LEP persons, placing advertisements and notices in newspapers that serve LEP persons, partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

20. Compliance with Drug-Free Workplace

Per 24 CFR Part 182, Subpart B, SUBRECIPIENTS receiving CDBG must make a good faith effort, on a continuing basis, to maintain a drug-free workplace. You must agree to do so as a condition for receiving CDBG funds.

The specific measures that you must take in this regard are described in more detail in subsequent sections of this subpart.

Briefly, those measures are to:

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- (1) Publish a drug-free workplace statement and establish a drug-free awareness program for your employees (see §§ 182.205 through 182.220); and
- (2) Take actions concerning employees who are convicted of violating drug statutes in the workplace (see § 182.225); and
- (3) Identify all known workplaces under your Federal awards (see § 182.230).

21. Suspended and Debarred Contractors

SUBRECIPIENT shall comply with all requirements regarding the use of debarred, suspended or ineligible contractors and participants as made applicable to CDBG projects by 24 CFR §570.609, 2 CFR §5.105(c) and 2 CFR Part 24 relating to the employments, engagement of services awarding of contracts or funding for any contractors or subcontractors during any period of debarment, suspension or placement in ineligibility status.

22. Lead-based Paint Requirements

If applicable, the Project shall comply with the lead-based paint requirements in 24 CFR §570.608, 24 CFR Part 35, the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821- 4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR Part 35, subparts A, B, J, K, and R. If applicable, the following requirements relating to inspection and abatement of defective lead-based paint surfaces must be complied with:

1. Treatment of defective paint surfaces must be performed before final inspection and approval of the renovation, rehabilitation, or conversion activity under 24 CFR Part 576; and,
2. Appropriate action must be taken to protect shelter occupants from the hazards associated with lead-based paint abatement procedures.

23. Nonperformance and Termination

In the event that CITY makes a determination that the provisions of this Agreement have not been performed by either the SUBRECIPIENT or the PROGRAM, CITY may, in accordance with 24 CFR Part 200.338, suspend or terminate this Agreement by notice in writing to SUBRECIPIENT if the SUBRECIPIENT materially fails to comply with any term of the award. This Agreement may be terminated for convenience in accordance with 24 CFR Part 200.339.

24. Applicable Law

SUBRECIPIENT shall comply with all applicable local, state and federal laws and shall carry out each activity hereunder in compliance with all federal laws and regulations described in subpart K of 24 CFR Chapter V, as described in Section 570.503(b)(5) of 24 CFR Chapter V. In accordance with this, SUBRECIPIENT agrees to operate and maintain any facilities, properties, and improvements thereto which are utilized to provide the PROGRAM, in a sanitary, safe, and clean condition in accordance with federal, state, and local laws during the term of this Agreement.

Further, SUBRECIPIENT agrees to comply with all applicable uniform administrative

requirements. If SUBRECIPIENT is a governmental entity (including public agencies) the applicable uniform requirements are listed in 24 CFR 570.502(a), as amended. Otherwise, the applicable uniform requirements are listed in 24 CFR 570.502(b), as amended.

25. Assignment

CITY and SUBRECIPIENT each bind themselves, their successors, executors, administrators and assigns to the other party to this Agreement. Neither CITY nor SUBRECIPIENT will assign, sublet, subcontract or transfer any interest in this Agreement without the written consent of the other party. No assignment or delegation of duties under this Agreement shall be effective without the written consent of CITY.

26. Remedies

No right or remedy granted herein or reserved to the parties is exclusive of any right or remedy herein by law or equity provided or permitted; but each shall be cumulative of every right or remedy given hereunder. No covenant or condition of this Agreement may be waived without consent of the parties. Forbearance or indulgence by either party shall not constitute a waiver of any covenant or condition to be performed pursuant to this Agreement. In the event of default or breach of this Agreement, CITY may pursue any and all remedies contained in CFR Part 200.338.

27. Non-Waiver

It is further agreed that one (1) or more instances of forbearance by CITY in the exercise of its rights herein shall in no way constitute a waiver thereof.

28. Severability

If any of the terms, provisions, covenants or conditions of this Agreement are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated, unless the material benefits or ability to perform hereunder of either party shall be materially impaired thereby.

29. Entire Agreement

This Agreement embodies the complete agreement of the parties hereto superseding all oral or written previous and contemporary agreements between the parties relating to matters herein, and except as otherwise provided herein, cannot be modified without written agreement of the parties.

Notwithstanding anything to the contrary, any change in the terms of this Agreement which is required by a change in state or federal law or regulation is automatically incorporated herein effective on the date designated by such law or regulation.

30. Legal Authority

SUBRECIPIENT represents that it possesses the practical ability and the legal authority to enter into this Agreement, receive and manage the funds authorized by this Agreement and to perform the services SUBRECIPIENT has obligated itself to perform hereunder.

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The person or persons signing this Agreement on behalf of SUBRECIPIENT hereby warrants and guarantees that he, she or they have been duly authorized by SUBRECIPIENT's governing board to execute this Agreement on behalf of SUBRECIPIENT and to bind SUBRECIPIENT to all terms herein set forth.

CITY shall have the right to suspend or terminate this Agreement if there is a dispute as to the legal authority of either SUBRECIPIENT or the person signing this Agreement to enter into this Agreement or to render performances hereunder. SUBRECIPIENT is liable to CITY for any money it has received from CITY for performance of the provisions of this Agreement, if CITY has suspended or terminated this Agreement for reasons enumerated in this section.

31. Conflicts of Interest Questionnaire

SUBRECIPIENT agrees to provide the required information and comply with the requirements of Exhibit "I", Conflicts of Interest Questionnaire, which is attached hereto and incorporated herein.

32. Disclosure of Relations with City Council Member, Officer or Employee of the City of Mesquite

SUBRECIPIENT agrees to provide the required information and comply with the requirements of Exhibit "J", Disclosure of Relations with City Council Member, Officer or Employee of the City of Mesquite, which is attached hereto and incorporated herein.

33. Verification Required by Texas Government Code Section 2270.001

SUBRECIPIENT acknowledges that effective September 1, 2017, the CITY is required to comply with Section 2270.001 of the Texas Government Code, enacted by House Bill 89 (85th Texas Legislature), which requires that a governmental entity may not enter into a contract with a certain companies for goods or services unless the contract contains a written verification from the company that it does not boycott Israel and will not boycott Israel during the term of the contract. By executing this Agreement, if the SUBRECIPIENT employs 10 or more full-time employees and this Agreement has a value of \$100,000 or more, the SUBRECIPIENT hereby (i) represents that it does not boycott Israel, and (ii) subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of the Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2270.001, Texas Government Code.

Executed this _____ day of _____, 20__ by SUBRECIPIENT.

(SUBRECIPIENT)

By: _____
(Printed Name and Title)

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ATTEST:

By: _____

Executed this _____ day of _____, 20__ by the City of Mesquite.

**CITY OF MESQUITE
(CITY)**

By: _____
Cliff Keheley, City Manager

ATTEST:

By: _____
Sonja Land, City Secretary

APPROVED AS TO CONTENT:

By: _____
Manager of Housing and Community Services

APPROVED AS TO FORM:

By: _____
City Attorney or Designee

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EXHIBIT “A”
SCOPE OF SERVICES

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EXHIBIT “B”
PERFORMANCE OBJECTIVES

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EXHIBIT "C"
BUDGET

EXHIBIT “D”
CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND
COOPERATIVE AGREEMENTS

THE UNDERSIGNED CERTIFIES TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF THAT:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(NAME OF ENTITY)

By: _____

Signature

Printed Name and Title:

Date Signed: _____

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EXHIBIT “E”
AFFIDAVIT AGAINST PROIBITED ACTS

THE STATE OF TEXAS

AFFIDAVIT AGAINST PROHIBITED ACTS

COUNTY OF _____

My name is _____ and I hereby affirm that I am aware of the provisions of Texas Penal Code Title 8, Sections 36.02, 36.08, 36.09, and 36.10 (a copy which follows), dealing with Bribery and Gifts to Public Servants. I further affirm that I will adhere to such rules and instruct and require all agents, employees, and subcontractors to do the same. I am further aware that any violation of these rules subjects this agreement to revocation, my removal from bid lists, prohibiting future contract/subcontract work, revocation of permits, and prosecution.

By: _____

Signature

Printed Name

Title

Agency

Date Signed: _____

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TEXAS PENAL CODE

Title 8: Offenses Against Public Administration
Chapter 36. Bribery and Corrupt Influence

§ 36.02. BRIBERY.

- (a) A person commits an offense if he intentionally or knowingly offers, confers, or agrees to confer on another, or solicits, accepts, or agrees to accept from another:
- (1) any benefit as consideration for the recipient's decision, opinion, recommendation, vote, or other exercise of discretion as a public servant, party official, or voter;
 - (2) any benefit as consideration for the recipient's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding;
 - (3) any benefit as consideration for a violation of a duty imposed by law on a public servant or party official; or
 - (4) any benefit that is a political contribution as defined by Title 15, Election Code, or that is an expenditure made and reported in accordance with Chapter 305, Government Code, if the benefit was offered, conferred, solicited, accepted, or agreed to pursuant to an express agreement to take or withhold a specific exercise of official discretion if such exercise of official discretion would not have been taken or withheld but for the benefit; notwithstanding any rule of evidence or jury instruction allowing factual inferences in the absence of certain evidence, direct evidence of the express agreement shall be required in any prosecution under this subdivision.
- (b) It is no defense to prosecution under this section that a person whom the actor sought to influence was not qualified to act in the desired way whether because he had not yet assumed office or he lacked jurisdiction or for any other reason.
- (c) It is no defense to prosecution under this section that the benefit is not offered or conferred or that the benefit is not solicited or accepted until after:
- (1) the decision, opinion, recommendation, vote, or other exercise of discretion has occurred; or
 - (2) the public servant ceases to be a public servant.
- (d) It is an exception to the application of Subdivisions (1), (2), and (3) of Subsection (a) that the benefit is a political contribution as defined by Title 15, Election Code, or an expenditure made and reported in accordance with Chapter 305, Government Code.
- (e) An offense under this section is a felony of the second degree.

§ 36 .08. GITT TO PUBLIC SERVANT BY PERSON SUBJECT TO HIS W RISDICTION.

- (a) A public servant in an agency performing regulatory functions or conducting inspections or investigations commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows to be subject to regulation, inspection, or investigation by the public servant or his agency.
- (b) A public servant in an agency having custody of prisoners commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows to be in his custody or the custody of his agency.
- (c) A public servant in an agency carrying on civil or criminal litigation on behalf of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person against whom the public servant knows litigation is pending or contemplated by the public servant or his agency.
- (d) A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his discretion.
- (e) A public servant who has judicial or administrative authority, who is employed by or in a tribunal having judicial or administrative authority, or who participates in the enforcement of the tribunal's decision, commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the

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public servant knows is interested in or likely to become interested in any matter before the public servant or tribunal.

(f) A member of the legislature, the governor, the lieutenant governor, or a person employed by a member of the legislature, the governor, the lieutenant governor, or an agency of the legislature commits an offense if he solicits, accepts, or agrees to accept any benefit from any person.

(g) A public servant who is a hearing examiner employed by an agency performing regulatory functions and who conducts hearings in contested cases commits an offense if the public servant solicits, accepts, or agrees to accept any benefit from any person who is appearing before the agency in a contested case, who is doing business with the agency, or who the public servant knows is interested in any matter before the public servant. The exception provided by Section 36.10(b) does not apply to a benefit under this subsection.

(h) An offense under this section is a Class A misdemeanor.

(i) A public servant who receives an unsolicited benefit that the public servant is prohibited from accepting under this section may donate the benefit to a governmental entity that has the authority to accept the gift or may donate the benefit to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.

§ 36.09. OFFERING GIFT TO PUBLIC SERVANT.

(a) A person commits an offense if he offers, confers, or agrees to confer any benefit on a public servant that he knows the public servant is prohibited by law from accepting.

(b) An offense under this section is a Class A misdemeanor.

§ 36.10. NON-APPLICABLE.

(a) Sections 36.08 (Gift to Public Servant) and 36.09 (Offering Gift to Public Servant) do not apply to:

- (1) a fee prescribed by law to be received by a public servant or any other benefit to which the public servant is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a public servant;
- (2) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient; or
- (3) a benefit to a public servant required to file a statement under Chapter 572, Government Code, or a report under Title 15, Election Code, that is derived from a function in honor or appreciation of the recipient if:
 - (A) the benefit and the source of any benefit in excess of \$50 is reported in the statement; and
 - (B) the benefit is used solely to defray the expenses that accrue in the performance of duties or activities in connection with the office which are non-reimbursable by the state or political subdivision;
- (4) a political contribution as defined by Title 15, Election Code;
- (5) a gift, award, or memento to a member of the legislative or executive branch that is required to be reported under Chapter 305, Government Code;
- (6) an item with a value of less than \$50, excluding cash or a negotiable instrument as described by Section 3.104, Business & Commerce Code; or
- (7) an item issued by a governmental entity that allows the use of property or facilities owned, leased, or operated by the governmental entity.

(b) Section 36.08 (Gift to Public Servant) does not apply to food, lodging, transportation, or entertainment accepted as a guest and, if the donee is required by law to report those items, reported by the donee in accordance with that law.

(c) Section 36.09 (Offering Gift to Public Servant) does not apply to food, lodging, transportation, or entertainment accepted as a guest and, if the donor is required by law to report those items, reported by the donor in accordance with that law.

(d) Section 36.08 (Gift to Public Servant) does not apply to a gratuity accepted and reported in accordance with Section 11.0262, Parks and Wildlife Code. Section 36.09 (Offering Gift to Public Servant) does not apply to a gratuity that is offered in accordance with Section 11.0262, Parks and Wildlife Code.

EXHIBIT “F”

APPLICABLE LAWS AND REGULATIONS

Subrecipient shall comply with the Act specified in Section III of this Agreement, the OMB Circulars and regulations specified in the grant agreement; and with all federal, state, and local laws and regulations applicable to the activities and performances rendered by Subrecipient under this Agreement including, but not limited to the laws and regulations promulgated thereunder specified in this Exhibit.

I. Nondiscrimination and Equal Opportunity

Title VI of the Civil Rights Act of 1964, as amended, (42 U.S.C. §§2000d *et seq.*); 24 C.F.R. Part 1, “Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964”;

Title VIII of the Civil Rights Act of 1968, “The Fair Housing Act of 1968” (42 U.S.C. §§3601 *et seq.*) and implementing regulations;

Executive Order 11063, as amended by Executive Orders 12249, 12892, and 24 C.F.R. Part 107, “Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063”. The failure or refusal of the Contractor to comply with the requirements of Executive Order 11063 of 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. Part 107, §60.

The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42

U.S.C. §§6101 *et seq.*) and implementing regulations at 24 C.F.R. Part 146;

The prohibitions against discrimination against otherwise qualified individuals with handicaps under §504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and implementing regulations at 24 C.F.R. Part 8. For purposes of the Emergency Shelter Grants Program, the term “dwelling units” in 24 C.F.R. Part 8 shall include sleeping accommodations;

The affirmative action requirements of Executive Order 11246, as amended, and the regulations issued under the Order at 41 C.F.R. Chapter 60; and

Executive Orders 11625, 12138, and 12432, as amended. Contractor shall make efforts to encourage the use of minority and women’s business enterprise in connection with activities funded under this contract.

II. Employment Opportunities

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. §1701u).

III. Uniform Federal Accessibility Standards

For major rehabilitation or conversion, the Uniform Federal Accessibility standards at 24 C.F.R. Part 40.

IV. Lead-Based Paint

The requirements, as applicable, of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4821- 4856) and implementing regulations at 24 C.F.R. Part 35. In addition, Contractor must also meet the following requirements relating to inspection and abatement of defective lead-based paint surfaces:

1. Treatment of defective paint surfaces must be performed before final inspection and approval of the renovation, rehabilitation, or conversion activity under 24 C.F.R. Part 576; and,
2. Appropriate action must be taken to protect shelter occupants from the hazards associated with lead-based paint abatement procedures.

V. Use of Debarred, Suspended, or Ineligible Contractors

The provisions of 24 C.F.R. Part 24 relating to the employment, engagement of services, awarding of contracts or funding of any Contractors or subcontractors during any period of debarment, suspension, or placement in ineligibility status.

VI. Flood Insurance

No site proposed on which renovation, major rehabilitation, or conversion of a building is to be assisted under 24 C.F.R. Part 576, other than by grant amounts allocated to States under §576.43, may be located in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

1. The community in which the area is situated is participating in the National Flood Insurance Program and the regulations thereunder (44 C.F.R. Parts 59 through 79) or (ii) less than a year has passed since FEMA notification regarding such hazards; and
2. Contractor will ensure that flood insurance on the structure is obtained in compliance with §102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. §§4001 *et seq.*).

VII. Environmental Review

Activities must comply with environmental review requirements found at 24 C.F.R. Part 58.

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EXHIBIT “H”
SUBRECIPIENT INSURANCE DOCUMENTATION

Prior to the execution of the contract by CITY and before commencement of any activities or work under this contract, SUBRECIPIENT has furnished original proof of insurance to the CITY’s Risk Management Department, including completed/current Certificate(s) of Insurance, endorsements, exclusions, and/or relevant extracts from the insurance policy, or copies of policies.

THE UNDERSTATED CERTIFIES THAT:

The SUBRECIPIENT will maintain the previously submitted insurance policies approved by the CITY’s Risk Management Department, in accordance with insurance requirements listed in this AGREEMENT, for the entire duration of this AGREEMENT beginning on October 1, 2019 and ending on September 30, 2020, and will notify the CITY to any changes in coverage.

(NAME OF ENTITY)

By:

Signature

Printed Name and Title:

Date Signed:

**EXHIBIT “I - J”
CONFLICT OF INTEREST
DISCLOSURE OF RELATIONS (FORM 1295)**

YOU WILL BE REQUIRED TO COMPLY WITH THE FOLLOWING:

Chapter 176 of the Texas Local Government Code is an ethics law that was initially enacted by the Texas Legislature with HB 914 in 2005 that requires disclosure of employment and business relationships local government officers may have with contractors, consultants and vendors who conduct business with local government entities. The law applies to any written contract for the sale or purchase of real property, goods or services. Further information regarding Texas Conflict of Interest laws and the ***Conflict of Interest Questionnaire*** (FORM CIQ) can be found at the Texas Ethics Commission web site at the following web address:

https://www.ethics.state.tx.us/filinginfo/conflict_forms.htm

PLEASE COMPLETE THE ATTACHED FORM CIQ AND SUBMIT WITH YOUR RESPONSE.

Section 2252.908 of the Texas Government Code was enacted in 2015, by the Texas Legislature pursuant to HB 1295, which provides that a governmental entity may not enter into certain contracts with a business entity on or after January 1, 2016, unless the business entity submits a disclosure of interested parties (FORM 1295) to the governmental entity at the time the business entity submits the signed contract to the governmental entity. Further information regarding the disclosure of interested parties law and FORM 1295 can be found at the Texas Ethics Commission web site at the following web address:

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

PLEASE DO NOT COMPLETE FORM 1295 UNTIL YOU HAVE BEEN NOTIFIED OF CONTRACT AWARD AND REQUESTED TO ELECTRONICALLY FILE FORM 1295 WITH THE TEXAS ETHICS COMMISSION.

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CONFLICT OF INTEREST QUESTIONNAIRE		FORM CIQ
For vendor doing business with local governmental entity		OFFICE USE ONLY
<p>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	<p>Date Received</p>	
<p>1 Name of vendor who has a business relationship with local governmental entity.</p>		
<p>2 <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)</p>		
<p>3 Name of local government officer about whom the information is being disclosed.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Name of Officer</p>		
<p>4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</p> <p style="margin-left: 40px;">A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p style="margin-left: 80px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="margin-left: 40px;">B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?</p> <p style="margin-left: 80px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.</p>		
<p>6 <input type="checkbox"/> Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</p>		
<p>7</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Signature of vendor doing business with the governmental entity</p> <p style="text-align: right; margin-right: 100px;">_____</p> <p style="text-align: right; margin-right: 100px;">Date</p>		

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CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed;

or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

Non-Exclusion Affidavit for General Contractors
(System for Award Management)

Federal, state, and local government agencies, not-profits, and other organizations that use federal money to fund all or part of any program or project are required to follow specific requirements regarding the use of such federal funds. One of these requirements is that no contract, subcontract, grant, financial assistance, or other forms of assistance provided using federal funds may be awarded to individuals or entities that have been suspended, debarred, or otherwise excluded from participation in federally funded programs.

The U.S. federal government maintains a Web site known as the “System for Award Management” (SAM) at www.sam.gov. One of the purposes of the SAM Web site is to provide a comprehensive list of all individuals, firms, and other entities that have been suspended, debarred, or otherwise excluded from participation in federally funded contracts, subcontracts, grants, etc. SAM provides a simple means of helping government, non-profit agencies, and other organizations ensure that they do not award federally-funded grants, contracts, subcontracts, or other financial or non-financial benefits to any individual, firm, or other entity that has been excluded by any agency from participation in such federally funded activities.

I, _____ (Contractor Representative), hereby certify that neither I nor (Name of the company or organization I represent) nor any subcontractors that I or said company may employ to work on any federally funded activity have been suspended, debarred, or otherwise excluded by any federal agency from participation in any federally funded activity. I further acknowledge my understanding that, before entering into a contract with me or with the company or organization I represent, City of Mesquite staff will perform a search on www.sam.gov to verify whether I, the organization I represent, or any subcontractors I may employ to work on any federally funded activity, have been excluded from participation in any federally funded activity.

Signature of Contractor Representative

Date

State of Texas

County of _____

Before me, (insert the name and character of the officer), on this day personally appeared _____, known to me (or proved to me on the oath of _____ or through (description of identity card or other document) to be the person whose name is subscribed to the

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foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, (year).

(Personalized Seal) Notary Public's Signature

Notary Public's Signature