

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

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August 31, 2016

**MEMORANDUM FOR: ALL POTENTIAL APPLICANTS****FROM:** Laura A. Whittall-Scherfee, Deputy Director  
Division of Financial Assistance**SUBJECT: SPECIAL NOTICE OF FUNDING AVAILABILITY (NOFA)  
COMMUNITY DEVELOPMENT BLOCK GRANT  
PROGRAM - DROUGHT LATERALS FUNDING**

The State Department of Housing and Community Development is pleased to announce the availability of **approximately** \$5,000,000 in federal Community Development Block Grant (CDBG) Program funding for direct relief and mitigation of the effects of the California Drought Disaster, as declared by Governor Brown in his 2014 [Drought Declaration](#).

This special NOFA applies to CDBG-eligible installation of water lateral connections to new or existing public water systems as part of the Housing Rehabilitation activity (HUD Matrix Code 14A).

**The funding of applications will be on first come, first served basis, until all available funds are exhausted.**

If you have any questions, please contact Jon Diedesch at [Jon.Diedesch@hcd.ca.gov](mailto:Jon.Diedesch@hcd.ca.gov) or (916) 263-2561.

Attachment

**COMMUNITY DEVELOPMENT BLOCK  
GRANT PROGRAM (CDBG)**

# **2016 Special Drought Lateral Notice of Funding Availability**



**State of California  
Governor Edmund G. Brown Jr.**

**Ben Metcalf, Director  
Department of Housing and Community Development**

**Laura Whittall-Scherfee, Deputy Director  
Division of Financial Assistance**

NOFA Section, CDBG Program  
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**SPECIAL NOTICE OF FUNDING AVAILABILITY (NOFA)  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
DROUGHT LATERAL**

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# OVERVIEW

## A. NOTICE OF FUNDING AVAILABILITY (NOFA)

The Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$5,000,000 in federal Community Development Block Grant (CDBG) funding for direct relief and mitigation of the effects of the 2014 [California Drought Disaster](#), as declared by Governor Brown.

This NOFA applies only to the installation of CDBG-eligible water lateral connections to new or existing public water systems for single- and multi-family residential structures that have no running water as a result of having a dry or contaminated well. Also included are water meters, system connection fees and the abatement of existing dry wells. The CDBG activity is Housing Rehabilitation (HUD Matrix Code 14A).

### **Notes:**

- *The Department reserves the right, at its sole discretion, to rescind, suspend or amend this NOFA and any or all of its provisions at any time. If such an action occurs, the Department will notify interested parties via its email subscription list and web site.*

## B. AUTHORIZING LEGISLATION AND REGULATIONS

The CDBG Program is authorized by the Housing and Community Development Act of 1974 (HCDA) as amended<sup>1</sup>, and Subpart 1 of the Federal Community Development Block Grant regulations<sup>2</sup>. The requirements of the State CDBG Program are in Health and Safety Code, Sections 50825-50834, and Title 25 of the California Code of Regulations, Sections 7050-7126. Section 7065.5 of these regulations provides specific authority for this NOFA.

**Reference Note:** *The Act (HCDA) was codified as Title 42 of the United States Code, Section 5301, et seq.; thus, those citations are interchangeable and cite the same statute language. For example, the citation of HCDA 105(a)(22) and 42 USC 5305(a)(22) are references to the same statute language.*

Pursuant to **25 CCR 7065.5** the Department has the authority to issue special NOFAs within any funding cycle.

<sup>1</sup> *Title I of the Housing and Community Development Act of 1974 as amended. 42 U.S.C. 5301 et seq., Federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).*

<sup>2</sup> *Title 24 Code of Federal Regulations (CFR), Part 570, Subpart I.*

Pursuant to **25 CCR 7065.5** when the Governor declares an emergency, the Department may issue Emergency Disaster Assistance funding subject to the following special conditions:

1. The project or activity shall be designed to alleviate or mitigate existing conditions which pose a serious actual or impending threat to the health or welfare of the community;
2. The Department will review eligibility documentation for each proposed activity and its associated national objective and ensure no duplication of eligible costs; and
3. The proposed project or activity shall be otherwise eligible for funding under this Subchapter or be eligible pursuant to other HUD eligibility criteria.

### **C. APPLICATION TIMELINES**

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#### **1. Key Dates**

NOFA and Application Release:	August 31, 2016
<b>HCD Starts Accepting Applications:</b>	<b>October 1, 2016</b>
Awards Announced:	As Available

#### **2. Application Process**

##### **a. Submitting the application to the Department**

The Department will accept applications through a mail carrier service such as the U.S. Postal Service, United Parcel Service (UPS), Federal Express (FEDEX) or other mail carrier services that provide a date stamp verification confirming the date of delivery/arrival of the application package at the Department by the application due date. The Department will allow applications to be delivered in person during regular Department business hours (8:00 A.M. to 5:00 P.M.) *Note: This is different than other Department funding application receipt policies.*

##### **b. Deliver the application to the following address:**

**Department of Housing and Community Development  
Division of Financial Assistance  
NOFA AWARD SECTION (CDBG PROGRAM)  
2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833  
Hours: 8:00 A.M. to 5:00 P.M.**

In Addition:

- a. At least one original of the application signed by the Authorized Representative must be received by the Department.
- b. The application shall contain all the information required in this NOFA and shall contain a certified resolution adopted by the governing body of the eligible jurisdiction (see **Appendix B** for a sample resolution).
- c. Tele-faxed or e-mail transmitted applications will **not** be accepted.
- d. Only the eligible activity included in this NOFA will be considered for funding.
- e. Once the application has been reviewed, the Department will notify each applicant.

For further information about this NOFA, please contact Jon Diedesch at Jon.Diedesch@hcd.ca.gov or (916) 263-2561.

## FUNDING PARAMETERS

### A. FUNDING

The minimum application amount is \$150,000. Applicants may request up to \$2 Million, which is the maximum grant amount. HCD will make awards in two phases, to meet HCD's two goals: to distribute funding as widely as possible, while still allowing a maximum \$2 Million grant if there are only two or three applicants. HCD recognizes that some communities have an extremely high need for these funds.

#### **First Phase (first 60 days following the NOFA date)**

In the first phase, applicants may request up to \$2 Million, but the maximum award per application is \$1 Million. If there are insufficient funds to award the amount requested by each applicant, up to \$1 Million, in the First Phase, HCD will use the tie-breaker described in the Application Review and Evaluation Section of this NOFA.

#### **Second Phase (beginning 61 days following the NOFA date)**

In the second phase, subject to the availability of funds, HCD may award up to an additional \$1 Million each, to applicants which submitted applications for more than \$1 Million in the First Phase. If all funds are used in the First Phase, there will be no Second Phase. If there are funds remaining after the First Phase, HCD will award the amount requested by First Phase applicants, in excess of the initial \$1 Million, up to the \$2 Million cumulative maximum. If there are insufficient funds, HCD will use the tie-breaker described in the Application Review and Evaluation Section of this NOFA.

Any unallocated funds from the CDBG 2016 Drought NOFA will be re-allocated to future CDBG NOFA awards.

## Use of Program Income (PI) for Activities in an Application

PI on hand, including any Housing Revolving Loan Funds, must be spent before any grant funds may be drawn down.

### **B. PROGRAM ADMINISTRATIVE AND DELIVERY COSTS**

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#### **General Administrative (GA) Expenses**

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GA costs include staff and related costs required for overall contract and program management, coordination, monitoring, reporting and evaluation. For all contracts, grantees are allowed up to 7.5 percent of the total of all activity funds requested and awarded for reasonable GA expenses related to administering the activity.

#### **Calculation of General Administration**

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Below is the formula to be used to calculate 7.5 percent GA based solely on the amount of activity funding being requested (activity funding includes Activity Delivery (AD)). In essence, GA is calculated only on the amount of dollars being requested for the activity. Note: the actual amount of GA awarded will be adjusted by HCD based on the actual amount awarded. Examples of the calculation are below:

**Formula:**

Activity Total divided by 1.075 = Activity \$ Amount (including AD)  
Activity Total – Activity \$ Amount = GA

**Single Activity Example:**

Assuming an application for a \$2,000,000 Lateral Activity:  
 $\$2,000,000 / 1.075 = \$1,860,465$  available for Activity (including AD)  
 $\$2,000,000 - \$1,860,465 = \$139,535$  GA

Verification:  $\$139,535 / \$1,860,465 = 7.5\%$

Also:  $\$1,860,465 + \$139,535 = \$2,000,000$

#### **Activity Delivery (AD) Expenses**

A portion of the grant award may be used to pay for the actual costs associated with the delivery of the proposed activity. AD includes costs associated with staff and overhead directly involved with carrying out the activity, such as scope of work write-ups, obtaining and reviewing cost estimates, etc.

Up to 15 percent of the activity amount will be allotted for AD costs.

***Note:*** AD costs are calculated as a percentage of the actual activity amount after GA funds are subtracted. Please note that the formula is similar to the method of calculating GA, wherein AD dollars are based only on the actual activity funding amount. The allowable percentage for each activity category is turned into a numerical “factor,” by which the Activity Funding amount is divided. The quotient is the amount used solely for the

activity, which is then subtracted from the Actual Activity Funding Amount (Total Request less GA), and the result is the Allowable AD Amount.

**Formula:**

Activity Total – GA = Activity Funds / AD % Factor = Remaining Activity Amount  
Activity Funds – Remaining Activity Amount = Allowable AD Amount

**Single Activity Example:**

A \$2,000,000 Program with Activity Delivery costs of 15% AD will be calculated in the Summary Application using the formula above, as follows:

\$2,000,000 – \$139,535 (7.5% GA using 1.075 Factor) = \$1,860,465 (activity funds including AD)  
\$1,860,465 / 1.15 (AD Factor for Lateral Activity) = \$1,617,795 available solely for the Lateral Activity  
\$1,860,465 - \$1,617,795 = \$242,670 Allowable AD Amount

Verification: \$242,670 / \$1,617,795 = 15%

Also: \$1,617,795 + \$242,670 AD = \$1,860,465 Activity Amount; and,  
\$1,860,465 + \$139,535 GA = \$2,000,000

- *As noted above, the final amount of GA awarded in a contract will be based on activities awarded, will be shown in the contract as a total amount for GA rather than an amount tied to any specific activity.*
- *In the event AD costs are drawn down in the course of implementing an activity, and ultimately the activity does not proceed to its completion and a National Objective is not achieved by the contract expiration date, all expended Activity Funds and Activity Delivery Funds must be returned to the State.*

**Project Eligibility**

Project Eligibility will be based on the individual single- or multi-family residence having a water well that is dry, has low or inadequate water supply, or that has been determined to be unusable due to contamination directly caused by the drought. The home must have a commitment for water connection and service from a public water system (see the “Threshold Requirements, #1 (d)”). Any properties with failed or contaminated wells that require capping must be hooked up to a public water system.

Each application must document the number of homes within their jurisdiction that meet these criteria and the estimated costs for connection fees and installations of meters, valves and lateral connections. All failed/contaminated wells must be capped after connection to the public water system.

## C. ELIGIBLE APPLICANTS, AREAS AND THRESHOLD

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### ELIGIBLE APPLICANTS

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#### 1. **CDBG - Non-Entitlement Cities and Counties in California**

All Non-Entitlement Cities and Counties in California are eligible to apply, provided that they meet the following eligibility criterion:

#### **Non-Entitlement Definition:**

In general, incorporated cities under 50,000 in population and counties with an unincorporated area population of under 200,000 persons are considered “Non-Entitled Cities and Counties”, and are therefore eligible to participate in the State CDBG Program. Eligible cities and counties may apply for funds under each Program component. The following exceptions apply:

- *If a city under 50,000 in population has entered into a three-year urban county Cooperation Agreement, that city cannot participate in the State CDBG Program until the expiration of the Agreement.*
- *If a city under 50,000 in population has been declared the central city of a Standard Metropolitan Statistical Area, it cannot participate because it is entitled to receive CDBG funds directly from HUD.*
- *If a jurisdiction is presently debarred, proposed for debarment, suspended, or declared ineligible pursuant to Title 24 CFR, Part 24 and 48 CFR Part 9, Subpart 9.4, the jurisdiction cannot participate in the CDBG Program.*

Jurisdictional debarment status may be obtained by conducting a search at this site: <https://www.sam.gov/portal/public/SAM/>. This information will be required at the time of application. Also, please note that the link above is a new web-address for the Excluded Parties List System (EPLS). The EPLS is now part of the federal System of Award Management (SAM) system.

#### 2. **Funding Beyond a Grantee’s Jurisdictional Boundaries**

Given the CDBG Final Rules at 24 CFR 570.486(b) and (c), the Department issued CDBG Management Memo 13-06 which details the federal language and the resulting associated Department policy.

As part of the eligible activities review process, the Department will review the documentation to ensure all activities meet the above requirements.

### THRESHOLD REQUIREMENTS

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1. These threshold requirements apply to applications submitted pursuant to this Special NOFA:

- a. The City or County must be a Non-Entitlement Jurisdiction, and must not currently be party to an Urban County Agreement or participate in or be eligible to participate in the HUD administered CDBG Entitlement Program.
- b. The applicant shall submit all of the application information required in State CDBG **Regulations 7070 and 7072**, as applicable, for the activities and funding allocations being applied for.
- c. Standard public participation requirements, identified at **25 CCR Section 7080**, apply to this NOFA. For more details, please refer to Appendices A and B of this NOFA, or Chapter 18 of the CDBG Grant Management Manual at <http://www.hcd.ca.gov/fa/cdbg/manual/chapter18.html>.
- d. At time of application submission, the Department will review all applications from eligible applicants, for the following eligibility criteria. All criteria below must be documented in the application:
  - 1) Documentation substantiating a direct link between the current drought and the requested activity. For this criterion, the applicant must submit documentation showing the number of homes in their jurisdiction that currently *have dry water wells and no access to **permanent** potable water, and that these wells have dried up after the date of the 2014 California Drought Declaration.*

## 2. Threshold Documentation

- a. Documentation of the requested activity will alleviate the existing conditions which pose a serious and immediate threat to the health or welfare of the community, which are of recent origin (issue must not have existed prior to the 2014 Drought Declaration).
  - i. *For this criterion, the applicant must submit documentation that the impacted homes are near an existing or proposed water system that they can connect to, and that has committed to serving the residences (draft agreements are acceptable). If the water system is proposed, submit the timeline for completion, water use agreement, etc.*
- b. Documentation that the Applicant is unable to finance the activity on its own.
- c. Documentation that other sources of funding are not available to the Applicant to meet such needs.

*For criteria 2b). and 2c)., the application must include either certification by the Authorized Representative named in the Resolution that the Applicant is unable to finance the activity on its own, and that there are no other sources of funding available to meet such needs, or this certification can be included in the*

*Resolution adopted by the Applicant's governing body. **One of the certification types listed must be included with the application.***

- d. If the Urgent Need National Objective is being requested, documentation must be provided to show that the activity meets the eligible National Objective of meeting an Urgent Need.

2. Waived threshold requirements:

Pursuant to **25 CCR 7065.5 (c)**, the Department hereby waives the following threshold requirements:

- a. **25 CCR 7060 (a) (3)** relating to the threshold requirement to expend at least 50% of open grants is waived.
- b. **25 CCR 7060 (a) (4)**, relating to the threshold requirement to submit the most recent A-133 audit report required by the federal Single Audit Act, at the time of application, is waived. However, while this is no longer an application threshold requirement, cities and counties are still required to comply with the Act.
- c. **25 CCR 7060 (a) (5)**, relating to the threshold requirement to comply with Health and Safety Code Section 50829 (hereinafter "CDBG Statute") on housing elements at the time of application, is waived. However, the CDBG Statute still imposes certain housing element requirements on cities and counties as a condition of receiving CDBG funding. The waiver of the housing element threshold requirement does not change the underlying law, so CDBG payments pursuant to Standard Agreements executed pursuant to this NOFA are still conditioned on full compliance with the requirements of the CDBG statute.
- d. **25 CCR 7078**, relating to Application Evaluation criteria, is waived in its entirety.

3. Special Threshold Requirement for Tuolumne County.

Due to the unique circumstances relating to the publication and subsequent cancellation of the CDBG Drought Lateral NOFA on October 6, 2015 and December 7, 2015, respectively, one applicant, Tuolumne County, applied in the intervening timeframe. To avoid unnecessary governing board actions and application submittals, Tuolumne County need only submit a letter from its Authorized Representative, stating its intention to have its 2015 application considered for this 2016 NOFA, if it should so desire. Any other applicant which may be in the same situation as Tuolumne County may also avail itself of this special submission provision.

## E. ELIGIBLE ACTIVITIES

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### **Eligible Activities:**

1. Installation of water lateral connections within the private property boundaries to existing or proposed water systems, as part of the Housing Rehabilitation activity (HUD Matrix Code 14A).
2. Utility Connection Fees – one-time fees for capital water improvements, such as providing a connection from the water main to the meter, as well as installing the water meter and valve.
3. Capping of existing wells which are dry contaminated or have inadequate water supply due to the drought.

**Definition of Water Lateral Connection:** a new water line (underground water pipeline) that extends from the private residence to the public water line.

### **Eligible Properties:**

A Drought-impacted residential property with a private water supply that has failed since Drought Declaration of January 17, 2014 of (a water well that has dried up, has inadequate water levels, or became contaminated due to depleted water levels). In addition, the property must be located within a public water system service area (existing or proposed) and eligible for hook up to that water system. The proposed water system must reasonably be expected to be in place by the Standard Agreement expiration date.

### **Ineligible Activities:**

1. Drilling of new water wells or deepening of existing wells.
2. Installation of water lateral connections for households cannot connect to a public water system that will serve the households.
3. Installations of water mains.
4. Pre-paid future maintenance costs, such as those included in the utility connection fees.
5. Any remediation, clean-up, or similar work or costs regarding any contamination of wells or property(ies).

## F. NATIONAL OBJECTIVES AND DOCUMENTING BENEFICIARY REQUIREMENTS

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### 1. **Meeting a National Objective**

Depending on individual circumstances, the applicable National Objective may be “Meeting an Urgent Need.” However, no determination can be made until all the circumstances are made known to HCD through the application process and subsequent discussions.

***For more information on Urgent Needs, see the HUD Guide to National Objectives and Eligible Activities for State CDBG Program at [HUD Guide to National Objectives and Eligible Activities for State CDBG](#)***

## **MEETING AN URGENT NEED**

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To comply with the National Objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions which the grantee certifies and the Department determines:

- a. Pose a serious and immediate threat to the health or welfare of the community;
- b. Are of recent origin or recently became urgent;
- c. The State grant recipient is unable to finance the activity on its own; and
- d. Other sources of funding are not available to carry out the activity, as certified by both the State and the grant recipient.

A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the state grant recipient's certification. *Reference: **24 CFR 570.483(d)**. Since some homes may have been without water for 18 months by the time the Standard Agreement is executed, local circumstances must be carefully evaluated (and documented) before HCD can accept "Urgent Need" as the National Objective. If the "Urgent Need" National Objective cannot be achieved, the Low/Moderate Income Area or (Individual) Income National Objective must be used instead.*

### **2. Records to be Maintained**

If the Urgent Need National Objective is approved by the Department, the records maintained should include:

- a. A description of the nature and degree of seriousness of the conditions requiring assistance;
- b. Evidence that the state grant recipient certified that the CDBG activity was designed to address the urgent need, if applicable;
- c. Information on the timing of the development of the serious condition; and
- d. Evidence that other financial resources to alleviate the need were not available.

### **3. Beneficiaries**

If HCD approves the use of the Urgent Need National Objective, grantees would not be required to income qualify the beneficiaries being served. If the Low/Moderate National Objective is used instead, standard income documentation requirements apply.

### **4. Types of Assistance**

Grants may be provided for both owner-occupied and investor-owned single-family and multi-family residential properties.

# APPLICATION REVIEW AND EVALUATION

## A. EVALUATION CRITERIA

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### 1. Method for Accepting and Reviewing Eligible Applications

This NOFA is Over-the-Counter and, as such, funding will be provided on a first come, first served basis.

### 2. Tie-Breaker

In the event of over-subscription of funds in either Phase 1 or 2, or if multiple applications are received on the same day, a tie breaker process will be used. Specifically, such applications will be ranked according to jurisdiction-wide poverty levels.

# AWARD ANNOUNCEMENTS AND GRANT IMPLEMENTATION

## A. AWARD ANNOUNCEMENTS

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The Department anticipates an award will be announced within 45 days of receiving an application that has met the eligibility criteria.

If upon review a jurisdiction's application contains inadequate Threshold Documentation or ineligible activities, the Department will contact the jurisdiction and allow them to revise the application. However, in that case the date of submittal of the revised application will count as the jurisdiction's date of application for award purposes.

Unsuccessful applicants will have the opportunity to request, within 60 days from the award announcement date, an exit interview.

## B. GRANT CONTRACT PROCESSING

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All funded applications will be processed through a Standard Agreement (Agreement). The Agreement will contain information about the terms and General Conditions, as well as Special Conditions (activity specific) of the award. Applicants may be permitted to incur GA costs upon receiving their award letter, provided the Grantee has requested and **obtained written approval from Department.**

**Grantees must obtain clearance or approval for any special conditions prior to beginning a CDBG-funded activity. This requirement also applies to activities which may include non-CDBG funding. Beginning the activity prior to obtaining written clearance from the Department may cause the activity and any associated costs to become ineligible.**

**Term of Agreement:** The Agreement shall expire no later than 36 months from the date of award; however, the expenditure deadline will be no more than 30 months from the date of the award.

**Expenditure Milestone:** The Department may terminate the Agreement if Contractor fails to draw down at least 50 percent of the grant amount within eighteen months of Agreement execution.

## PROGRAM REQUIREMENTS

### A. FEDERAL OVERLAYS

The CDBG Program is administered under the rules and regulations promulgated primarily in Title **24 of the Code of Federal Regulations (CFR), Part 570**. These primary regulations are known as the Federal Overlays and form the basis of the programmatic requirements. The Department incorporates all Federal Overlays into the State CDBG Program, and the regulations in Part 570 are translated into required actions on the part of all grantees of the State program.

The link to 24 CFR Part 570 is [24 CFR Part 570](#).

The list below gives a summarized explanation of the Federal Overlays:

1. Environmental Standards (based on National Environmental Policy Act of 1969 (NEPA)). Note: NEPA requirements vary depending on the nature of the overall activity, not just the CDBG-funded laterals. If the overall activity includes development of a new water system, or an expansion of an existing system, an Environmental Assessment will generally be required. However, if the water system is already in place, and there is already a water distribution line adjoining the residence property, and the only activity is the lateral and related costs, then the normal NEPA clearance required for Housing Rehabilitation applies.
2. Labor Standards (Davis-Bacon and Related Laws). Note: The guidance provided by HUD on Page 24 in "Making Davis Bacon Work: A Practical Guide for States, Indian Tribes and Local Agencies." indicates that unless there are 8 single-family units located on contiguous lots and operated as a single rental property, Davis Bacon Labor Standards do not apply.
3. Achieving a HUD National Objective.
4. Public Participation Requirements.
5. Fair Housing and Affirmatively Furthering Fair Housing.
6. Equal Opportunity and Non-Discrimination in Federal Grant Programs.
7. Federal Procurement Guidelines.
8. National Flood Insurance Program Compliance.
9. Relocation and Displacement Requirements.
10. Employment and Contracting Opportunities.
11. Lead-Based Paint Requirements.
12. No Use of Debarred, Ineligible or Suspended Contractors or Subrecipients.
13. Uniform Administrative Requirements and Cost Principles.
14. Conflict of Interest Prohibitions.

15. Compliance with the Architectural Barriers Act and the Americans with Disabilities Act.
16. Compliance with Eligibility Restrictions for Certain Resident Aliens.
17. Federal Reporting Requirements.
18. Grant and Subrecipient Monitoring Requirements.

## **B. PUBLIC PARTICIPATION**

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Pursuant to State CDBG Regulation, Section 7080, all applications must be in compliance with federal CDBG Public Participation regulations to be eligible for funding. A minimum of one public hearing is required prior to submitting an application. Refer to Appendix A for requirements and sample Public Notice.

## **C. PUBLIC RECORDS ACT**

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Applications and Agreements are public information and are available for review upon request. Applicants are advised that information submitted to the Department may be made available to the public under the Public Records Act.

## **D. RELOCATION PLAN REQUIREMENT**

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Applicants engaging in project-specific activities that may or will cause the relocation and displacement of persons must provide a project-specific relocation plan. This plan must outline how they will manage the relocation and displacement activities for the project and estimate what relocation benefits will be required. When operating a single-family rehabilitation program which could cause temporary relocation of persons, the applicant must also provide a locally-adopted temporary relocation plan that outlines relocation benefits for owner-occupants and tenants.

This activity should not cause the displacement of any households since it will result in a permanent potable water source for the housing unit. However, if temporary relocation is considered necessary the applicant must submit documentation justifying the need for relocation.

## **E. PROCUREMENT**

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### **Procurement of Administrators**

If a Grantee chooses not to administer the activity in-house, it is required to follow the normal process for procuring activity administrators. However, if a Grantee is already under contract with a program operator for operation of its Housing Rehabilitation Program whose scope of work can reasonably be considered to include installation of lateral connections, then the Grantee can continue using its existing program operator.

### **Procurement of Contractors**

Grantees will be allowed to conduct a tiered procurement process, whereby a Grantee releases a Request for Proposal (RFP) to solicit contractors meeting specific criteria in order to create an “eligible contractor panel.” Once the panel is established, Grantees will

use the small-purchase procurement process (the lowest responsible bid must be selected) for securing contractors for jobs that will install water laterals. The construction contract(s) are executed between the individual property owners and the selected contractor, since work will be predominantly taking place on private property.

The Grantee may also procure one or more contractors to install water laterals for more than seven properties at a time. Please consult with the Department on the proper process for this option. However, as noted below in Section F, this would trigger the Davis-Bacon prevailing wage requirement.

## **F. PREVAILING WAGES (DAVIS-BACON)**

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According to federal CDBG regulations, a construction project that involves eight housing units or more will trigger federal prevailing wages. The guidance provide by HUD on page 24 in “Making Davis Bacon Work: A Practical Guide for States, Indian Tribes and Local Agencies,” indicates that unless there are eight single-family (not homeowners) located on contiguou8s lots and operated as a single rental property, Davis Bacon would NOT apply.

## **G. FEDERAL DEBARMENT AND SUSPENSION**

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Pursuant to **24 CFR, Part 5**, all CDBG grantees are required to verify they and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the grantee are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Applicants must check the Excluded Parties List at <https://www.sam.gov/portal/public/SAM/>, print and maintain evidence of the search results.

The Department will not award any CDBG funds to applicants that are debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from participation from federally-assisted programs.