

**RESOLUTION NUMBER 2877**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, STATE OF CALIFORNIA SETTING FORTH POLICIES INTENDED TO OBTAIN CONSISTENCY AND UNIFORMITY IN THE ADMINISTRATION OF THE FEDERALLY FUNDED COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**WHEREAS**, the County of Riverside has qualified as an urban county for the purposes of receiving a Community Development Block Grant from the United States Department of Housing and Urban Development, (HUD), under Title 1 of the Housing and Community Development Act of 1974, as amended, and

**WHEREAS**, the City has elected to participate with the County of Riverside (EDA) to assist and undertake essential community development and housing assistance activities pursuant to the Cooperation Agreement For Community Development Block Grant Funds and Housing and Community Development Act of 1974; and

**WHEREAS**, the City's Department of Planning and Community Development has been designated by the City to provide proper planning, coordination and administration of the City's programs as described in the City's Grant Agreement with Riverside County; and

**WHEREAS**, it is the intent of this City Council to establish policies that provide for the consolidation of legal and procedural obligations derived from certain Federal enabling legislation, Riverside County rules, and the City of Perris Municipal Code to obtain consistency and uniformity in the administration of the Federally funded Community Development Block Grant Program,

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Perris as follows:

**SECTION 1.** The Administrative Policies For The City of Perris Community Development Block Grant Program set forth in Exhibit "A," attached hereto and incorporated herein by this reference, shall define Departmental responsibilities for implementing and monitoring the legal and procedural obligations of the City of Perris Community Development Block Grant Program.

ADOPTED, SIGNED, and APPROVED and this 25<sup>th</sup> day of September 2001.

\_\_\_\_\_  
Mayor of the City of Perris

ATTEST:

\_\_\_\_\_  
City Clerk

STATE OF CALIFORNIA)  
COUNTY OF RIVERSIDE) ss  
CITY OF PERRIS )

I, Margaret Rey, duly elected City Clerk of the City of Perris, California, hereby certify that the foregoing Resolution Number \_\_\_\_\_ was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof and held the 25<sup>th</sup> day of September, 2001, by the following called vote:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
CITY CLERK

**EXHIBIT A**

**ADMINISTRATIVE POLICIES FOR THE CITY OF PERRIS  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

***Definitions:***

Annual Action Plan- The annual plan developed by the City that describes the needs assessment and program planning process, listing of program priorities, description of approved programs and/or projects, funding levels, and community non-profit funding requests.

Non-Entitlement/Participating Jurisdiction- A jurisdiction under contract with the Riverside County EDA to provide essential community development and housing assistance activities. Under the Agreement, the participating jurisdiction does not take the full responsibility for complying with all the requirements listed under 24 CFR Part 91 Consolidated Submission for Community Planning and Development Programs, and the Housing and Community Development Act of 1974.

Operating Agreement-Standard form agreement between the City and Sub-recipient that stipulates the scope of the project and conditions of the grant.

Sub-recipient- Organization, agency, or individual that receives a CDBG program grant to provide services.

Supplemental Agreement- An annual agreement executed between the City of Perris and the Riverside County EDA for the purpose of participating in the Federal Urban County Community Development Block Grant Program.

Third Party Contract- Agreement between a Sub-recipient and a contractor, consultant, or vendor that is required to assist the Sub-recipient in meeting its service delivery obligations under the City's Operating Agreement.

**PROGRAM MANAGEMENT:**

The Department of Planning and Community Development, shall be the lead compliance agency, and shall be responsible for providing management, planning, and oversight of the Program, and shall act as the City's authorized agency responsible for coordinating all CDBG related matters with the Riverside County EDA.

The Director of Planning and Community Development, shall appoint a program administrator who shall be responsible for providing management, planning, and oversight of the Program; assuring compliance with all Federal requirements, conducting appropriate environmental reviews, and shall act as the City's representative and point of contact for all CDBG related matters. All compliance work shall be reviewed by the Program Administrator and forwarded to the Director of Planning and Community Development for review, approval, and signature.

Project Representative- The director of a city department shall appoint a project representative to coordinate individually sponsored CDBG projects with the program administrator. The project representative shall be responsible, for providing management, planning, and implementation of the individually sponsored CDBG project.

At a minimum, the program administrator shall conduct monthly CDBG section meetings with the Director of Planning and Community Development to review progress of ongoing projects or programs and list of objectives.

**PUBLIC NOTICING:**

Required Public Hearing or Public Meeting Notices concerning the Annual Action Plan shall be provided in the print-advertisement or legal section of the following local news publication(s): 1) Press-Enterprise (Moreno-Valley edition). The City Clerk of the City of Perris shall cause all legal notices to be published. The Program Administrator, at his or her discretion, shall cause all print advertisements to be published. The following are meetings, public workshops, public hearings, and legislative actions related to the development of the City's Annual Action Plan, that require a Public Notice:

1. Community Needs Assessment Workshop- The required meeting notice shall be published no later than seven (7) days before the scheduled meeting date.
2. Technical Assistance Workshop- The required meeting notice shall be published no later than seven (7) days before the scheduled meeting date. \*Note: additional time is not required for combined meeting dates.
3. Public Hearing- The required public hearing notice shall be published no later than ten (10) days before the scheduled Public Hearing. The Riverside County EDA shall provide all other required public hearings and provide for the required public comment period, as required under 24 CFR 91.105.
4. Substantial Program Amendment- The required public hearing notice shall be published no later than ten (10) days before the scheduled Public Hearing. The Riverside County EDA shall provide the required public comment period, as required under 24 CFR 91.105.
5. Request For Proposals for CDBG Funded Activities- The required public notice shall be published no later than ten (10) days before the closing date noted on the Request For Proposal. Federal requirements at 24 CFR 85.36 require publication when the Request For Proposal method of procurement is used.
6. Public Bid Noticing for CDBG Assisted Construction Activities- Modified Informal and Formal Public Projects assisted with CDBG shall require that a Public Notice be published, at least two (2) times, not less than five (5) days apart, and no later than fourteen (14) days before the first scheduled opening date of the bids.

The Program Administrator may from time-to-time deem additional public notices, feature articles, or other announcements appropriate or necessary. The additional notices related to the development of the Annual Action Plan, projects, programs, or meetings will be distributed using one or more of the following methods: 1) placement in the "On Track in Perris" quarterly newsletter, Perris Progress Newspaper, or Perris Valley News; 2) outreach mailings; 3) distribution of fliers, literature, or other solicitation materials will be provided as take-home material for local schools, door hangers, or placed at other conspicuous locations throughout the project area; or 4) announcement on the local cable station.

#### **METHOD OF FUNDS DISTRIBUTION AND CITIZEN PARTICIPATION (ANNUAL ACTION PLAN DEVELOPMENT)**

After the City has received a final draft "Supplemental Agreement" for the use of current year CDBG funds from the County EDA, the Program Administrator shall, within a reasonably prompt manner, prepare a City Council Agenda Submittal for a regularly scheduled meeting. The Program Administrator shall file said Council Submittal with the City Clerk, who shall place the item on the designated "Old Business Consent Calendar." After the City Council Approval of the Supplemental Agreement, the City Clerk shall request the Mayor's original signature on four signature pages of the agreement. The City Clerk shall attest to each signature, keep one original signature page, and return the agreement along with three original signature pages to the Department of Planning and Community Development for further processing. The Program Administrator shall prepare a transmittal and forward three originally signed Agreements to the Riverside County EDA, for final execution, by the Riverside County Board of Supervisors.

Upon execution of Supplemental Agreement, and receipt of an authorization to incur cost from Riverside County EDA, the Program Administrator shall copy the agreement and forward the original to the Office of the City Clerk. Program Administrator shall provide one copy of the agreement to the Director of Finance. The Program Administrator shall forward a copy of the authorization to incur cost letter to effected department directors.

The program administrator shall prepare and distribute an annual program-planning schedule. Said schedule shall be used for the purpose of informing the City Council, City Manager, and all department directors of all target dates related to the implementation of the future annual action plan.

Upon request, the Program Administrator shall issue a CDBG funding application to local non-profit groups, City contract agencies, and other interested parties. The program administrator may issue a Request For Proposal, in order to solicit proposals from interested parties. Requests for CDBG funding from interested parties including City contract agencies, such as the Riverside County Sheriff's Department and the Riverside County Fire Department shall be on a standardized form prescribed by the Department of Planning and Community Development. The Planning and Community Development Department shall use the CDBG application prescribed by the Riverside County EDA, except that the program administrator shall revise said application to meet the needs of the local jurisdiction. CDBG funding requests must be complete, and on the approved standardized form in order to receive consideration by the City Council.

CDBG Capital Improvement Steering Committee- For the purpose of analyzing public facility improvement needs, the program administrator shall solicit input from an ad-hoc Capital Improvement Steering Committee. At a minimum, the committee shall consist of a representative from the Planning and Community Development Department, City Engineer's Office, Parks and Recreation Department, and Public Works. The program administrator may convene a special meeting, or may solicit input by way of memorandum with a date certain comment period.

Community Needs Assessment Workshop-The participating jurisdiction shall provide a minimum of one (1) workshop. This public meeting is intended to provide low and moderate income residents with the opportunity to provide input concerning: priority social service needs in the community, housing needs, priority physical improvement needs including infrastructure, strategies for meeting those needs; and an opportunity to comment on program performance.

Technical Assistance Workshop-The participating jurisdiction shall provide a minimum of one (1) workshop. This meeting may be combined with the community needs assessment, and is intended to provide technical assistance to groups representative of persons of low-moderate income, who may be developing a proposal for funding assistance under the program.

City Council Workshop- The participating jurisdiction shall provide a minimum of one (1) workshop with the City Council. This meeting is intended to inform the City Council of the progress of program planning activities for the CDBG program, and may be used to provide background and initial results from the needs assessment activities, solicit input from the Council concerning community needs, offer funding alternatives, and/or seek direction concerning the allocation of CDBG funds.

Draft Annual Action Plan (City Council Report)- At the conclusion of the needs assessment process, the program administrator shall, within a reasonably prompt manner, prepare a City Council Agenda Submittal and Draft Annual Action Plan for a regularly scheduled meeting. The program administrator shall file said Council Submittal and Draft Plan with the City Clerk, who shall place the item on the designated "Public Hearing Calendar." The content of the Draft Annual Action Plan Shall Include but not be limited to: 1) a description of the process used to by the Planning and Community development Department to encourage Citizen Participation during the development of the Draft Annual Action Plan; 2) an executive summary of the needs assessment process used to determine the annual program priorities; 3) a list of suggested program priorities resulting from the described needs assessment process; 4) a section describing community non-profit and City contract agency funding requests, with an attached analysis of each funding request, and an attached copy of the full length application submitted by the non-profit or city contract agency; 5) a section describing the proposed City Projects; and 6) staff recommendations, and proposed annual CDBG funding plan.

Public Hearing- The participating jurisdiction shall provide a minimum of one (1) Public Hearing before the City Council, to obtain citizen's views and to respond to proposals and questions, and to recommend to the Riverside County EDA a proposed Annual Action Plan for the allocation of CDBG funds.

**SUBSTANTIAL PROGRAM AMENDMENTS**

Substantial Program Amendment-The City Council may from time-to-time propose a substantial program amendment, which shall require a Public Hearing. A substantial program amendment, more fully described below, is an action taken by the City Council that would substantially change the Annual Action Plan that was previously submitted on behalf of the City, to the Riverside County EDA. Based on federal enabling legislation found at 24 CFR 91.505, and the local jurisdiction's own criteria, the City of Perris has determined that certain changes constitute a substantial amendment to the approved Annual Action Plan. As such the City shall provide citizens with a reasonable notice and opportunity to comment on the City's intent to make such a change, prior to instituting the change or notifying EDA that an amendment to the plan has been made. The following numbered items, with the exception of the lettered items, constitute substantial program amendments:

- 1) A change in the program priorities, that were determined by the needs assessment, presented to the City Council during the CDBG Public Hearing;  
or
- 2) A change in the method used by the City to develop its Annual Action Plan;  
or
- 3) Initiation of any new project that was not previously submitted to the Riverside EDA as part of the Annual Action Plan, regardless of its cost;  
or
- 4) Cancellation of a project that was submitted to EDA as part of the Annual Action Plan but was never started, but see letter (a) below:
  - (a) Cancellation of a public improvement project that is sponsored by a City Department, but was never started, and is less than \$100,000, shall not be considered a substantial program amendment.
- 5) A change in the purpose, scope, location, sponsor or beneficiaries of a project that was previously submitted to EDA as part of the Annual Action Plan, regardless of its cost, but see letters (a), (b) and (c) below:
  - (a) Purpose, Location, Beneficiaries-A project which as changed location, but is the same activity, and the same cost, and within the same census tract, and is less than \$100,000 shall not be considered a substantial program amendment.
  - (b) Scope-A Project, whose funding has been increased or decreased by 50% or less, when compared to the amount listed on the Supplemental Agreement for that project year, and the transferred amount is less than \$100,000 shall not be considered a substantial amendment.
  - (c) Sponsor-A project that has had its sponsorship changed from a non-profit to any City Department, or from one City Department to another, shall not be considered a substantial program amendment.
- 6) Any transfer of funds of \$100,000 or more, except see letter (a) below:
  - (a) A transfer of funds to consolidate multi-year funding for the same project shall not be considered a substantial program amendment.

**PROCUREMENT**

Procurement for the CDBG program is subject to the Federal Common Rule found at 24 CFR Part 85, and OMB Circular A-102. The Program Administrator shall also consult and follow the City of Perris Municipal Code. Whenever there is a discrepancy between the Federal and Local Code, the more stringent measure shall be applied. Procurement for the CDBG program shall also be subject to certain policies and procedures of the Riverside County EDA.

**Supplies, Equipment, Professional Services**

Requests for services less than \$5,000 shall be subject to the "Cost Reasonableness" standard, and shall not require bidding. However, the program administrator must be able to demonstrate cost reasonableness; i.e. that costs are at, or below, the market for said services. Requests and purchases shall be made on forms prescribed by the Director of Finance (material requisition forms, purchase orders).

Requests for services between \$5,000 and less than \$20,000 require the program administrator to obtain three bids, either written or verbal, with documentation as to the name, address, contact person, and amount. The program administrator may be designated as the "Bid Contract Officer," and shall follow the informal procedures established in the City of Perris Municipal Code in section 3.32.330. The Program Administrator shall develop a work description, if necessary, and advertise for services at his or her discretion. Based on bids received, the Director of Planning and Community Development may then award a contract to the lowest responsible bidder, unless it is shown that the bidder, or the bid itself, is not qualified. The Director of Finance shall execute the Contract.

Requests for services greater than or equal to \$20,000 are required to undergo "Formal Bid Procedures, through the Office of the City Clerk. The City Clerk shall be designated as the "Bid Contract Officer," and shall follow the procedures stipulated in the Perris Municipal Code at 3.32.340, and the Federal Procedures for "Procurement by sealed bids," found in the Common Rule at 24 CFR 85.36. A complete, adequate and realistic specification shall be approved by the Riverside County EDA. A Notice inviting bids shall be advertised, the program administrator shall analyze bids received and recommend that the City Council award and execute the contract to the lowest responsible bidder, unless it is shown that the bidder, or the bid itself, is not qualified.

The Federal "Common Rule" sets the simplified acquisition threshold at \$100,000, therefore any services that exceed \$100,000 shall be required to undergo "Procurement by Competitive Proposals," as stipulated in 24 CFR Part 85.36. There are no exemptions for CDBG contract services greater than \$100,000. The program administrator shall develop a Request for Proposal, advertise, and issue request to an adequate number of qualified sources. A review panel shall be established to review the qualifications of the responding firms. Price may be considered, or negotiated. The program administrator shall recommend that the City Council award and execute the contract to the most qualified respondent.



The program administrator shall consult the Perris Municipal Code section 3.32.350 Exemption—Supplies, equipment, and professional services, to determine the need to follow the procurement procedures outlined above. Generally, there are no exemptions for CDBG service contracts, but the program administrator may consult the Common rule at 24 CFR 85.36, and review the provisions stipulated under “Procurement by Noncompetitive Proposal,” (single source situations.)

**Public Construction Projects**

Requests for services less than \$5,000 shall be subject to the “Cost Reasonableness” standard, and shall not require bidding, but see letter (a) below. However, the program administrator must be able to demonstrate cost reasonableness; i.e. that costs are at, or below, the market for said services. Requests and purchases shall be made on forms prescribed by the Director of Finance (material requisition forms, purchase orders).

- (a) Construction services greater than \$2,000 shall be subject to the Federal Davis Bacon Act, and all Federal Labor Standards Provisions. Contractor’s selected for construction projects greater than \$2,000 shall be required to submit all Certifications and forms required by Riverside County EDA, and their debarment status must be verified on the Federal GSA list. No bidding or estimates are required, however, the program administrator must be able to demonstrate cost reasonableness.

Requests for services greater than \$5,000 but less than or equal to \$25,000 require the program administrator to obtain three written estimates, with documentation as to the name, address, contact person, amount, Federal Davis-Bacon Act certifications, Federal Labor Standards Provisions certifications, and Riverside County EDA forms: the program administrator shall provide the prospective bidder with the appropriate forms. Based on the complexity of individual project, the program administrator may develop a work description, with the appropriate documentation and solicit estimates from a minimum of three qualified contractors. The program administrator may advertise for services at his or her discretion. Based on bids received, the Director of Planning and Community Development may then award a contract to the lowest responsible bidder, unless it is shown that the bidder, or the bid itself, is not qualified. The Director of Finance shall execute the Contract.

Requests for services greater than \$25,000 but less than or equal to \$75,000 shall use a modified Informal Bid Procedure, which shall include bid advertising. The program administrator may be designated as the “Bid Contract Officer,” and shall follow the informal procedures established in the City of Perris Municipal Code in section 3.32.290, and the Federal Procedures for “Procurement by sealed bids,” found in the Common Rule at 24 CFR 85.36. A complete, adequate and realistic specification shall be approved by the Riverside County EDA. A Notice inviting bids shall be advertised, the program administrator shall analyze bids received and recommend that the Director of Planning and Community Development award a contract to the lowest responsible bidder, unless it is shown that the bidder, or the bid itself, is not qualified. The Director of Finance shall execute the Contract.

Requests for services greater than \$75,000 are required to undergo “Formal Bid Procedures, through the Office of the City Clerk. The City Clerk shall be designated as the “Bid Contract

Officer,” and shall follow the procedures stipulated in the Perris Municipal Code at 3.32.340, and the Federal Procedures for “Procurement by sealed bids,” found in the Common Rule at 24 CFR 85.36. A complete, adequate and realistic specification shall be approved by the Riverside County EDA. A Notice inviting bids shall be advertised, the program administrator shall analyze bids received and recommend that the City Council award and execute the contract to the lowest responsible bidder, unless it is shown that the bidder, or the bid itself, is not qualified.

### **OPERATING AGREEMENT PROCESSING**

The director of an effected city department shall assign each individual CDBG project to a project representative. The assigned personnel shall have full responsibility for planning, implementing and managing the project beginning with working with the Sub-recipient to develop the program concept and requirements, and ending with closing out the project. This applies to both public service and construction projects. The project representative shall coordinate all approvals with the program administrator.

With the exception of the applicable provisions of the “Substantial Program Amendments” section, written agreement shall be executed with the City Council approved sponsor of the program. The Sponsor of the program shall be the sponsor listed on the original CDBG application that was approved by the City Council at the Public Hearing during which the Annual Action Plan was approved. It shall be the policy of the City of Perris to discourage joint sponsorship CDBG applications and joint sponsorship agreements.

Prior to disbursing any CDBG funds to a sub-recipient, the City shall sign a written operating agreement with the sub-recipient. Sub-recipient agreements shall be written on a form that meets the minimum requirements outlined in the CDBG Final Rule at 24 CFR Part 570, as published in the Federal Register. At a minimum the written agreement with the sub-recipient shall include the provisions described in 24 CFR Part 570.503, and the other sections of 24 CFR 570 referenced therein. The program administrator shall also cause to be inserted into said agreement, other documents and polices required by the Riverside County EDA.

All CDBG funded construction projects, and contractual service agreements shall be required to use the short or long form prescribed by the City Attorney, as modified by the program administrator to include the “Special Federal Provisions,” and various procedures and policies of the Riverside County EDA.

Approval process- The project representative shall draft an operating agreement and obtain attachments, such as an operating budget. The program administrator in charge of overall CDBG program compliance shall provide any needed technical assistance. A first draft shall be prepared and submitted to the program administrator for review and approval. The program administrator shall forward the Operating Agreement to the Riverside County EDA for review and approval. Once the program administrator and EDA approve the agreement, the program administrator shall forward it to the Director of Planning for review and approval. The agreement is then transmitted, along with four signature pages, to Sub-recipient for signature. The sub-recipient will forward the signed agreement to the project representative. The project representative shall forward the signed agreement to the program administrator for transmittal to

the Director of Planning and Community Development for the appropriate action: 1) award and forwarding to the Director of Finance for execution, or 2) in the case of formal bid procedures, to the to the City Attorney for review, approval and signature, to the City Council for Execution, to the City Manager for Signature, and finally to the Director of Finance to encumber the appropriate CDBG program account. The four original signature pages are to be distributed as follows: 1) To the director of Finance, 2) to the Sub-recipient, 3) for the CDBG program file, and 4) In the case of formal bids to the City Clerk's office.

## **FINANCIAL MANAGEMENT**

Appropriation Summary- The Director of Finance shall designate a finance employee to track all awards, authorizations, unobligated balances, assets, and outlays under the CDBG program. The finance employee shall develop, keep current, and deliver to the program administrator a monthly appropriation summary for CDBG funding. At a minimum, the appropriation summary shall contain the following elements: 1) Identification of CDBG program year, 2) Appropriation Summary report period, 4) individual project names and account numbers, 5) current individual project budgets which shall reflect any revision, 6) individual fund transfers or additions information, 7) individual encumbrance amounts, 8) reimbursement request numbers for each project, 9) amount expended per reimbursement, 10) running aggregate expenditures for each project, 11) the unencumbered balance for each project, 12) EDA check number, and 13) the amount received from EDA.

Contract Encumbrances-To maintain effective control over and accountability for funds, and to assure that they are used solely for authorized purposes, the Department of Planning and Community Development shall coordinate with the finance employee and cause all CDBG related contracts to be encumbered under the appropriate CDBG account. Outside Departments, who have been designated as the sponsor of a CDBG project shall appoint a project representative to deliver the agreement to the program administrator for processing. In the case of or leveraged funding, the outside department shall deliver an executed agreement to the program administrator. Upon execution of the Agreement, the program administrator shall forward the original Agreement, along with a Purchase Requisition stating the specific amount of the contract to be encumbered under the CDBG project. The finance employee, shall complete a Purchase Order, assign an agreement number (vendor number), update the monthly appropriation summary to reflect the encumbrance, and return the completed purchase order to the program administrator. The Department of Finance shall not process warrant requests against encumbered accounts that do not meet all of the following criteria: 1) Purchase Order number, 2) original signature of the Program Administrator or the Director of Planning and Community Development, 3) a sufficient encumbrance balance to cover the amount of the warrant request.

Warrant Requests- Request for payments under the CDBG Program shall be forwarded to the Finance Department, for processing consistent with the City's policies for payable accounts. Accounts Payable shall forward all CDBG warrant requests to the assigned CDBG finance employee, prior to processing any requests. All warrant requests shall be originally signed. All warrant requests shall contain source documentation. Warrant requests that do not have adequate source documentation shall not be processed.

Advances-CDBG funds shall not be advanced to any sub-recipient. All payment requests shall be accompanied by adequate source documentation.

It is the Policy of the City of Perris to discourage sub-recipients from submitting budgets that indicate indirect costs for program related activities. Direct costs are the preferred method of cost allocation. Direct costs are those that can be identified specifically with a particular final cost objective. In the event that a sub-recipient does propose an indirect cost, prior to the approval of the budget, Sub-recipient shall deliver to the Program Administrator, a written indirect cost allocation plan, as described in OMB Circular A-122, "Cost Principals for Non-Profit Organizations." The Program Administrator shall forward the cost allocation plan to the Director of Finance. The Director of Finance shall review the written cost allocation plan for compliance with the Circular, and recommend approval or denial of the proposed budget line item.

Reimbursement requests-The assigned finance employee shall make all reimbursement requests, on forms prescribed by the Riverside County EDA. Reimbursements shall be processed consistent with the City's policies for accounts receivable. The finance employee shall forward copies of all reimbursement requests to the program administrator for filing.

The Department of Finance shall be the lead compliance agency concerning financial audits of the CDBG program. The Program Administrator shall make available all CDBG files to auditors and respond to requests from the Director of Finance.

## **BONDS**

Projects less than \$100,000 are not required to have Bid, Performance, or Payment Bonds. However, the Contractor must sign and submit an Unconditional Waiver and Release Upon Progress and Final Payment forms in lieu of bonds..

Projects over \$100,000 are required to have Bid, Performance, and Payment bonds.

## **CONSTRUCTION CONTRACT ADMINISTRATION FOR SUB-RECIPIENTS**

Projects under \$10,000 are subject to a five-year term with conditions for compliance.

Projects under \$10,000 require a Promissory Note; however, a Deed of Trust is not required.

Projects over \$10,000 are subject to a five year Promissory Note and Deed of Trust in order to secure the City's interest, guarantee compliance, and guarantee delivery of service. The amount of the Deed of Trust shall be the amount that is actually spent on the project by the Sub-recipient. The term of the Deed of Trust shall commence at the time of final completion and acceptance of the construction work. The city's financial lien, represented by the Deed of Trust, shall be amortized in equal monthly increments, with no payment due, over a 60 month term, at the end of which time, the City's financial interest shall be zero and the Deed of Trust shall be reconveyed.

Sub-recipients with existing City liens shall have those liens reconveyed and a new lien recorded representing the sum of the amortized balance of the existing lien with the new grant amount.

With the exception of a review of construction contract over \$75,000, Construction contractual agreements shall be between the Sub-recipient and licensed third party contractors. The City is not a party to construction contracts. The Program Administrator shall review all third Party contracts for compliance with applicable federal and codes and standards.

Third party contracts over \$75,000 require City Attorney's approval. Contracts shall be processed using the Formal Bid Procedures.

Third party construction contractors shall be required to use the City Attorney's short or long form, as determined by the discretion of the Director of Planning.

Third party construction contracts over \$75,000 shall require the filing of a Notice of Completion by the Sub-recipient, and a 10% retention shall be required.

The City shall review and, if appropriate, issue construction progress payments directly to third party contractors, after approval of each payment by the Sub-recipient. Third party contracts must be filed with the Finance Division in order to provide back-up documentation to make payments directly to third party contractors.

**SUB-RECIPIENT EQUIPMENT PURCHASES AND PROCUREMENT**

It shall be the policy of the City of Perris to discourage sub-recipients from purchasing equipment using CDBG funds, with the exception of integral fixtures and equipment related to a public facility improvement project. Prior to the purchase of equipment using CDBG funds, Sub-recipient shall deliver to the Program Administrator, their written Standards For Financial Management, Procurement, and Property Management as described in Sub-Part C of OMB Circular A-110. The program administrator shall review the written procedures for compliance with the Circular and authorize the sub-recipient to proceed with its procurement process. The Sub-recipient shall keep an inventory of CDBG acquired equipment, for the entire useful life of the property, in compliance with Sub-Part C of OMB Circular A-110.

Sub-recipients are responsible for sponsoring their own bidding process, using their own procurement process noted above. The program administrator may provide technical assistance.

**ENVIRONMENTAL PROCEDURES:**

The program administrator shall provide a CEQA environmental review for each proposed CDBG project. The review shall be completed consistent with the policies and procedures of the Planning and Community Development Department, and the California Environmental Quality Act for environmental assessments of development projects.

The Riverside County EDA shall be responsible for conducting the NEPA (National Environmental Policy Act) review for each proposed project, in compliance with the Environmental review procedures stipulated in 24 CFR Part 58.

**MONITORING**

The program administrator will monitor all public social service projects at least once yearly. Staff conducts a site visit to observe activities performed by Sub-recipient, reviews files, and interviews Sub-recipients. Within 45 days, a written monitoring report is issued to the Sub-recipient and filed.

Sub-recipients operating public social service projects are required to submit quarterly program activity reports, and a monthly report required by Riverside County EDA. Reports are reviewed and commented upon either formally, or via file notes.

With respect to public facility improvement projects, the Sub-recipient's operations, which do not pertain specifically to the construction project, will not be monitored. The City's monitoring will be limited to the construction project itself. The City monitors the use of construction funds on an ongoing basis for compliance with the "Special Federal Provisions," including but not limited to the Davis-Bacon Act, the Copeland Act, and the Federal Labor Standards Provisions. The program administrator shall assume adequate control and approval authority over disbursement of construction progress payments. At his or her discretion, the program administrator may require 10% retention. There may be exceptional cases where general questions surface about the Sub-recipient's qualifications or management practices that may warrant a monitoring review by the City as a condition of implementing the project and disbursing funds.

Internal file audits are completed by assigned personnel on all completed construction and public social service projects.

**FILE MAINTENANCE**

Individual Project Files-At a minimum the following shall be contained within a CDBG project file maintained in the Planning and Community Development Department: 1) application form, describing eligibility and national objective of project, 2) project monitoring forms, 3) copies of expenditures, 4) executed agreement, 5) substantial amendment documentation indicating fund transfers, 6) running balance sheet, 7) project correspondence, 8) if applicable, all required Federal, State and EDA forms (Davis-bacon, stop-payments, preliminary notices, EDA certifications, etc.), 8) if applicable bid documents, specifications, and plans., and 9) Procurement documentation.

Administration File- The Program Administrator shall keep and maintain, within the Department of Planning and Community Development, a CDBG Administration file for each individual CDBG Program Year. At a minimum, this file shall include documentation evidencing Program Management, Public Noticing and Citizen Participation, Annual Action Plan Development, Financial Management, Substantial Program Amendments, Environmental Procedures, and correspondence.

**INSURANCE REQUIREMENTS**

Sub-recipients of public social service, construction, and contractual services shall be required to maintain the following applicable insurance policies:

(a) Comprehensive General Liability Insurance. A policy of comprehensive general liability insurance written on a per occurrence basis. If the Contract Sum is \$25,000.00 or less, the policy of insurance shall be written in an amount not less than either (i) a combined single limit of \$500,000.00 or (ii) bodily injury limits of \$250,000.00 per person, \$500,000.00 per occurrence and \$500,000.00 products and completed operations and property damage limits of \$100,000.00 per occurrence and \$100,000.00 in the aggregate. If the Contract Sum is greater than \$25,000.00 but less than or equal to \$100,000.00, the policy of insurance shall be in an amount not less than either (i) a combined single limit of \$1,000,000.00 for bodily injury, death and property damage or (ii) bodily injury limits of \$500,000.00 per person, \$1,000,000.00 per occurrence and \$1,000,000.00 products and completed operations and property damage limits of \$500,000.00 per occurrence and \$500,000.00 in the aggregate. If the Contract Sum is greater than \$100,000.00, the policy of insurance shall be in an amount not less than \$5,000,000.00 combined single limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Contractor and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than either (i) bodily injury liability limits of \$250,000.00 per person and \$500,000.00 per occurrence and property damage liability limits of \$100,000.00 per occurrence and \$250,000.00 in the aggregate or (ii) combined single limit liability of \$500,000.00. Said policy shall include coverage for owned, non-owned, leased and hired cars.

(d) Professional Liability Insurance. A policy of errors and omission professional liability insurance written in amounts of \$1,000,000.00 per occurrence and \$1,000,000.00 in the aggregate.

Sub-recipient and contractors shall submit original copies of the applicable insurance forms, including additionally insured endorsement forms to the Program Administrator. The insurance shall read: "The City of Perris, Riverside County California, its agents, officers, and employees are named as additional insured under the policy. This insurance shall be primary to the coverage of the City of Perris. The City of Perris shall not be required to contribute to any loss." An authorized representative of the insurance company must sign all documents, including the endorsement forms. The insurance must be valid during the life of the agreement.