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City of Rochester Community Development Block Grant Policies and Procedures Manual

last updated January 2021

Table of Contents

National Objectives and Eligibility

Overview

The City of Rochester's Community Development Block Grant (CDBG) program is subject to the laws and regulations of the U.S. Department of Housing and Urban Development. The CDBG program's three national objectives are to (1) benefit low to moderate income (LMI) persons; (2) aid in the prevention of slums or blight; and (3) meet communities' particular urgent needs. In addition to meeting a national objective, all CDBG-funded activities must also qualify as eligible under CDBG regulations. "Low to moderate income" is defined as 80% or less of the area median income of the Portsmouth-Rochester Metropolitan Fair Market Rent/Income Limits Area. "Moderate income" is 80% of the area median income, "low income" is 50% of the area median income, and "extremely low income" is 30% of the area median income. The current HOME income limits are used to determine income eligibility (e.g., https://files.hudexchange.info/reports/published/HOME_IncomeLmts_State_NH_2020.pdf).

The City of Rochester's CDBG program has chosen to stay focused on projects in the four following eligible areas: (1) Public Service Grants, including assistance to regional homeless shelters, emergency rental assistance programs, legal assistance for abused and neglected children, and vocational and educational services for LMI adults; (2) Housing Rehabilitation, including the weatherization of homes owned by LMI households and lead-based paint remediation of homes occupied by LMI households; (3) Economic Development, including loans to local small businesses that pledge to create or retain jobs for LMI employees; and (4) Public Facilities/Infrastructure Improvements, including the renovation of playgrounds, park, and libraries in primarily lower-income neighborhoods, as well as renovations for homeless shelters, mental health care offices, and other such facilities.

The Rochester Economic & Community Development Office annually announces the Community Development Block Grant funds anticipated from the U.S. Department of Housing and Urban Development, as well as the procedures and deadlines for making application to the City of Rochester. Notices of application availability are sent via electronic means to current public service partners and groups with projects in development, as well as to other identified public service agencies that engage in work that is eligible for CDBG funding. Notice also is provided via electronic means, including but not limited to email announcements to community stakeholders (*e.g.,* currently-funded non-profits and community business associations), postings to the Community Development Division webpage, and postings to the Economic & Community Development Office's social media accounts (*e.g.,* Facebook and Twitter). The application includes actual or estimated funds available for distribution, a timetable for application evaluation, public hearing, and public comment period. Applications for project funding are due annually in mid-December.

All applications are reviewed by the Rochester Community Development Coordinator to determine whether the proposed activity meets a National Objective and constitutes an eligible CDBG activity. Assuming that the application does so, the Community Development Coordinator reviews the application to see whether it meets a priority identified in the current Consolidated Plan and whether it meets any current needs identified through consultants with city staff, nonprofit partners, and the general Rochester public.

The Community Development Coordinator then summarizes this information for all grant applications received, and this information is relayed to the City's Community Development Committee. The Community Development Committee is comprised of five current city councilors. The Community Development Committee invites the grant applicants to discuss their funding requests in-person at a committee meeting sometime between January and March then votes on its funding recommendations. The funding recommendations from the Community Development Committee are presented to the City Council at the City Council's next regular meeting in the form of the draft Annual Action Plan.

National Objectives

Low Mod Income Limited Clientele (Other Than "Presumed Benefit")

Limited clientele activities are activities that provide benefits to a specific subpopulation of residents (that might be spread across multiple geographic areas) rather than all of the residents in a single defined area. Under this category, at least 51% of the beneficiaries of an activity must qualify as low to moderate income under the current-year HUD income limits. Such activities include shelter services for homeless persons, domestic violence counseling and services for domestic violence victims, and educational services targeted for lower-income residents.

If the activity is being completed under a Limited Clientele national objective other than Presumed Benefit or Nature/Location, a verifiable self-certification form may be used to document that at least 51% of the beneficiaries served are low- or moderate- income based on family size and income. A verifiable self-certification is based on a Self-Certification of Annual Income by Beneficiary form in which the beneficiary states and signs off on their income at the time of assistance. The HUD income self-certification form shall be provided to all CDBG subrecipients with limited clientele-based activities at the beginning of the program year. (The form is included in Appendix D.)

Income verification will be undertaken via the 24 CFR Part 5 Annual Income determination methodology (please see determination form in Appendix E) or standardized self-certification form (Appendix D). Under the 24 CFR Part 5 methodology, income is calculated based on the client's salary and wages; net income from businesses or professions; interests, dividends, and other net income from real or personal property; periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, or disability or death benefits; and payments in lieu of earnings, such as unemployment payments, disability compensation, worker's compensation, and severance pay. Generally excluded from the income calculation are welfare assistance payments; alimony and child support payments; payments and allowances to Armed Forces members; income from employed children; payments for care of foster children; and other assets as defined under 24 CFR 5.609(c). For housing rehabilitation projects, income documentation must also include household size, which includes all persons living in the household, related or unrelated.

The subrecipient agency's staff will review and document income eligibility during client intake. The subrecipient also will maintain documentation on all clients' income eligibility. The Rochester Community Development Coordinator will review this documentation with the subrecipient agencies' executive director/CEO and financial staff at the annual subrecipient site monitoring visit.

Low Mod Income Limited Clientele – Presumed Benefit

For the national CDBG program, HUD presumes that certain categories of people are income-qualified. These categories are abused and neglected children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

The income levels for each category of presumed benefit client are:[1]

- Abused and neglected children – Extremely Low Income
- Battered spouses – Low Income
- Severely disabled adults – Low Income
- Homeless persons – Extremely Low Income
- Illiterate adults – Low Income
- Persons living with AIDS – Low Income
- Migrant farm workers – Low Income
- Elderly Persons (for senior center projects or activities) – Moderate Income
- Elderly Persons (receiving other public services) – Low Income

Limited clientele initial eligibility will be determined via the Rochester annual CDBG grant application.[2] The application requests detailed information on potential subrecipients' proposed activities and clients to be served. This includes a section where potential subrecipients provide a detailed description of the activity for which funding is requested and a section requesting information on the number and percentage of clients to be served who are low to moderate income. The Rochester Community Development Coordinator reviews each CDBG grant application to determine eligibility and applicability of the presumed benefit depending on the clientele to be served.

In most cases, the applicability of presumed benefit is easily determined, such as requests received from homeless shelters, where all clients are homeless persons, or from domestic violence shelters, where all clients are domestic violence victims. However, in cases where presumed benefit eligibility is unclear, the Rochester Community Development Coordinator will request additional information and documentation from the grant applicant to make this determination. The Rochester Community Development Coordinator documents the eligibility using the guidance in HUD's "CDBG National Objective and Eligibility Determination for Entitlement Communities" found at https://www.hudexchange.info/resource/89/community-development-block-grant-program-cdbg-guide-to-national-objectives-and-eligible-activities-for-entitlement-communities/ and the City's form found in Appendix A.)

<u>Low Mod Income Housing</u>

The housing category for National Objective qualification is for activities that improve permanent residential structures that are occupied by low to moderate income residents. The only housing rehabilitation activities that the City of Rochester's CDBG program funds, at present, is Community Action Partnership of Strafford County's weatherization assistance program.

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[1] This information was taken from the HUD Exchange website at https://www.hudexchange.info/onecpd/assets/File/IDIS-CDBG-Training-Slides-Module5.pdf

[2] The most recent Rochester CDBG grant application is available online at https://www.rochesternh.net/community-development-division/files/rochester-cdbg-grant-application-for-fy-2021.

Potential weatherization assistance clients are recruited through Community Action Partnership's fuel assistance program. The fuel assistance application (included in "Appendix B") requests information on the income of all household members, including benefits, and the number of all household members. For fuel assistance applicants who reside in the City of Rochester and have household income within the current-year HUD income limits, the weatherization assistance program director reviews these applications for acceptance into the weatherization assistance program. The weatherization assistance program director will review potentially eligible fuel assistance clients for CDBG program income eligibility using the Rochester Housing Rehabilitation Intake Application (Appendix B).

The Community Development Coordinator provides the current-year HUD income limits to the weatherization assistance program director at the beginning of each program year and reviews income documentation requirements with the weatherization assistance program director during the annual subrecipient site monitoring visit. The weatherization assistance program director conducts the income determinations for clients, and the Community Development Coordinator reviews these determinations during annual subrecipient site monitoring. Documentation of income eligibility will be kept with the client's file at the Community Action Partnership offices. Community Action Partnership files are kept in approved filing cabinets within an office with electronically controlled access. Personal identifying information is handled with care, waste documents are shredded, and computer terminals password protected. The office is equipped with sprinkler and fire alarm systems. In addition, all contractors are required to sign a confidentiality agreement annually.

Income verification will be undertaken via the 24 CFR Part 5 Annual Income determination methodology, using the HUD housing income calculator. Potential clients are initially sourced through Community Action Partnership's fuel assistance program intake form; clients' eligibility is then confirmed through use of HUD income determination forms. These intake forms are then submitted to the weatherization assistance program. The weatherization assistance program director reviews the provided income documentation against the current-year HUD income limits, which are provided by the Rochester Community Development Coordinator at the beginning of each program year. (The Rochester Community Development Coordinator reviews these income determinations at the annual subrecipient site monitoring visit to ensure proper income determinations are being made.)

Low Mod Income Jobs - Creation/Retention of Jobs

Currently, the only Rochester CDBG activity based on jobs assistance is the City's Job Opportunity Benefit (JOB) Loan Program. This program provides loans from a revolving loan fund to Rochester-based businesses in exchange for the creation or retention of jobs that are made available to low to moderate income individuals. For every $35,000 in loan funds provided to the business, the business must commit to the creation or retention of 1 FTE permanent job. Also, at least 51% of the jobs created are *held by* L/M income persons or considered to be *available to* L/M income persons.

The JOB Loan Program and application are available online at https://www.rochesternh.net/sites/g/files/vyhlif1131/f/uploads/job_loan_instructions_and_application_nov_20.pdf. The JOB Loan Program policy is included below.

The standard form of income verification for the JOB Loan Program is verifiable self-certification. The verifiable self-certification is based on a Self-Certification of Annual Income by Beneficiary form in which the beneficiary states and signs off on their income at the time of assistance. The HUD income self-certification form shall be provided to all CDBG subrecipients with limited clientele-based activities at the beginning of the program year. The business provides the form to new employee hires and then submits the completed form, via hard copy or electronically, to the Rochester Community Development Coordinator for review and documentation.

Low Mod Income Area Benefit

The area benefit category for National Objective qualification is for activities that benefit a primarily residential area/neighborhood that is at least 51% low to moderate income. Examples of area benefit activities include renovations of neighborhood parks, installation or repair of sidewalks, neighborhood libraries, and similar projects.

The analysis for area basis category activities begins with the CDBG grant application process. (This process is described in greater detail above under the "Overview" section.) The Rochester CDBG grant application requests detailed information on proposed projects, including targeted clientele, physical location of the project, and the geographic area to be served by the project. During the grant application review process, the Rochester Community Development Coordinator reviews this provided information and conducts an independent analysis of what the appropriate service area for the project should be. The Community Development Coordinator documents this analysis in the same file as the grant application, and the documentation includes a description of the project, a narrative to support the project service area, and a map with the project boundaries and census blocks included in the project area.

The Rochester Community Development Coordinator will use the "Determining Service Areas" appendix from the HUD *Guide to National Objectives & Eligible Activities for Entitlement Communities* as guidance in determining the appropriate boundaries of potential projects.[3] This involves analysis of the nature of the activity, location of the activity, accessibility, and comparable activities.

Determinations are based upon the entire geographic area that will actually be served by the activity or project, not simply upon the location of the activity or project. For example, a project located within a low-moderate income majority census block may provide access and/or services for all residents throughout the city; the income eligibility, therefore, would be based upon the overall percentage of low to moderate income residents within the City of Rochester and not only the single census block. Other relevant factors that the Community Development Coordinator will analyze to establish the appropriate service area are whether the residents accessing the activity will travel primarily by walking or vehicle to reach the activity, whether there are natural barriers (such as rivers) and/or manmade barriers (such as road layouts) that affect which geographic areas can access an activity, whether there are similar activities in other geographic regions, etc.

The City of Rochester's main source of data for area income eligibility determinations is the HUD American Community Survey (ACS) 5 Year Low- and Moderate-Income Summary Data. This information can be viewed online via the HUD exchange website.[4]

Prevention/Elimination of Slums or Blight – Area Basis, Spot Basis, and Urban Renewal

[3] The guide is available online at https://files.hudexchange.info/resources/documents/CDBG_Guide_National_Objectives_Eligible_Activities.pdf.
[4] The ACS income data can be accessed online at https://www.hudexchange.info/programs/acs-low-mod-summary-data/.

In general, the City of Rochester does not undertake projects or activities that meet a National Objective on the basis of slum/blight.

The City of Rochester does not currently have areas designated as Urban Renewal project areas or Neighbor Development Plan action areas. Therefore, activities and projects will not be considered eligible for CDBG funding on the basis of slum/blight-urban renewal National Objective.

Urgent Need

In general, the City of Rochester does not undertake projects or activities that meet a National Objective on the basis of urgent need. The City of Rochester will consider such projects, however, when current conditions present a serious and immediate threat to public health and safety. Examples of such conditions would include national or state declared states of emergency and the COVID-19 pandemic of Spring 2020.

Pre-Award and Grant Application Review Processes

Pre-award income limit verification is built into the Rochester CDBG grant application review process. The grant application is posted to the City of Rochester's website with application instructions in the autumn, as well as sent via email to previous subrecipients and agencies that have expressed interest in applying for CDBG funds. The applications are due in late fall or early winter.

The application requires applicants to provide an estimate of (1) how many clients overall will be served during the program year and what percentage of those clients are low to moderate income, including how income level is determined by the agency, (2) whether its clients qualify as presumed beneficiaries, or (3) whether the proposed project's area of service is located in a low to moderate income neighborhood. The application provides the current-year HUD CDBG/HOME income limits as a guideline for applicants.

The Rochester Community Development Coordinator reviews the received applications using the HUD "CDBG National Objective and Eligibility Determination for Entitlement Communities" found at https://www.hudexchange.info/resource/89/community-development-block-grant-program-cdbg-guide-to-national-objectives-and-eligible-activities-for-entitlement-communities/ and the City's form found in Appendix A to determine whether the proposed activity meets a HUD National Objective and constitutes an eligible activity. CDBG-eligible applications are forwarded along with a summary of public input and consultations to the Rochester Community Development Committee for review. The Rochester Community Development Committee is comprised of five city councilors and votes to allocate funds on the basis of community needs identified through the public input and consultation processes. After the committee makes it recommendations, these recommendations are forwarded to the full City Council for its consideration and final approval.

After an award is made to a subrecipient, National Objective is reported through standardized quarterly reports that subrecipients submit to the Rochester Community Development Coordinator. As stated previously, the subrecipient agency staff reviews and documents income eligibility during client intake. The Rochester CD Coordinator reviews this documentation for compliance during the site monitoring visit. The source documentation for the quarterly reports is collected as report attachments. At the beginning of each program year, the Rochester Community Development Coordinator provides the quarterly report template to all subrecipients to use. In the quarterly report, subrecipients must identify the number of clients served in the income categories of “Extremely Low,” “Low,” “Moderate,” and if applicable, “Non-Low-Moderate.”

Subrecipients must also submit supporting expenses documentation outlining CDBG funds expended for the quarter and on what activities those funds were expended. Examples include timesheets and time logs for funding of staff salaries, gas and electric bills and invoices for utilities expenses, and labor and materials invoices for construction expenses. These reports also serve as subrecipients’ method for invoicing for CDBG funds. The Community Development Coordinator reviews and approves all quarterly reports to determine if the subrecipient agency is on track to meet the National Objective (as determined by the post-grant application analysis by the Community Development Coordinator) prior to submitting invoices to the Rochester Finance Department for payment.

If a quarterly report shows that a subrecipient agency is not on track to serve at least 51% low to moderate income residents, the subrecipient agency will receive technical assistance from the City of Rochester’s Community Development Coordinator to enhance the number of low to moderate income residents served by agency programs. A formal corrective action plan may also be implemented. If a quarterly report shows expenses that are not eligible for CDBG funding and/or that are outside the scope of the city’s contractual agreement, the City of Rochester will withhold payment for such expenses. In such circumstances, the Rochester Community Development Coordinator will not forward the invoice to the city’s Accounts Payable Clerk but instead return to the subrecipient with a written explanation of why the invoice cannot be processed.

Finally, the City of Rochester conducts an annual site monitoring visit with all CDBG subrecipients at the end of the program year. The Rochester Community Development Coordinator uses the HUD “Checklist for On-Site Monitoring of a Subrecipient,” taken from the *Guidebook for CBDG Grantees on Subrecipient Oversight*, and a city-drafted monitoring form template to conduct monitoring and to identify concerns and findings in subrecipient programs. Both the checklist and the template are included in Appendix C.

During this site monitoring, the city reviews expense documentation, income documentation for compliance with income eligibility requirements for clients served, agency financial processes, and any programmatic concerns. Technical assistance may be provided in the form of sample and template forms and reports, review of relevant policy and procedure documents, and the formulation of formal correction action plans, as needed. Concerns and findings will be discussed in-person with the subrecipient and followed with a written report from the Rochester Community Development Coordinator, sent via either email or postal mail.

CDBG Eligible Activities

In addition to meeting a national objective, all CDBG-funded activities must also qualify as eligible under CDBG regulations. CDBG funds may be used for activities including but not limited to:

- Acquisition of real property (if the property’s subsequent use is CDBG-eligible)
- Relocation and demolition (for slums and blight)
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes

- Public services (non-construction activities)
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

The full listing of eligible activities can be found at 24 CFR 570.201-206.

Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

Generally, the following types of activities are ineligible:

- Acquisition, construction, or reconstruction of buildings for the general conduct of government
- Political activities
- Certain income payments
- Construction of new housing (with some exceptions)

The full listing of ineligible activities can be found at 24 CFR 570.207.

The Rochester Community Development Coordinator shall conduct eligibility analyses of all proposed CDBG activities during the annual grant application cycle for each grant application received. Any proposed activities that are determined to be ineligible for CDBG funding will not be included for consideration during the funding selection progress. City of Rochester Community Development Division staff shall use an eligibility analysis form to conduct its analyses for all proposed activities. This form also includes a national objective analysis section, as well. (Please see *Appendix A*.)

<u>Public Services</u>

Public services funds may be used to provide public services such as wages, benefits, supplies, and operating costs for facilities hosting the CDBG-eligible service(s). Examples of such activities include services for domestic violence victims, employment training, and emergency assistance payments made over a period of up to three consecutive months. Ineligible activities include political activities, inherently religious activities, administrative costs, mortgage payments, subsidies, and non-emergency payments (i.e., more than 3 consecutive months) to individuals for food, clothing, rent, utilities, etc.

If the public service is provided by the City of Rochester, then the service must be a new service or a quantifiable increase in the level of an existing service.

<u>Economic Development</u>

Economic development funds may be used for the acquisition and rehabilitation of commercial or industrial buildings, as well as assistance (such as loans or grants) to private for-profit businesses to carry out an economic development project. The full regulations for special economic development activities may be found at 24 CFR 570.203.

Currently, the only economic development activity funded by the City of Rochester's CDBG program is the Job Opportunity Benefit (JOB) Loan Program. This program provides loans from a revolving loan fund to Rochester-based for-profit businesses in exchange for the creation or retention of jobs that are made available to low to moderate income residents. At least 51% of the jobs created must be made available to low to moderate income residents.

Housing Rehabilitation

Housing rehabilitation funds may be used for the rehabilitation of both public and private residential property that is the primary residence for a low to moderate income household. Eligible expenses include costs of labor, materials, and supplies for the repair of principal fixtures and components of heating systems; property acquisition for the purpose of rehabilitation; security devices; water and sewer connections; removal of mobility/accessibility barriers; historic preservation; and lead-based paint evaluation and remediation. Ineligible expenses include luxury items, equipment and furnishings, and labor costs for labor performed by the homeowner.

Currently, the only housing rehabilitation activity funded by the City of Rochester's CDBG program is the weatherization assistance program run by the Community Action Partnership of Strafford County. The weatherization assistance program contracts out rehabilitation work for single-family homes in Rochester that are occupied by low to moderate income households. Such rehabilitation work includes the replacement of heaters and furnaces, installation of insulation, replacement of windows and doors, etc.

Public Facilities and Public Infrastructure

Public facilities and infrastructure funds may be used for acquisition of property (as long as the property will be used for CDBG-eligible activities), construction, and rehabilitation. "Public facilities" includes all facilities that are either publicly owned, that are traditionally provided by government, or owned by a nonprofit and made open to the general public. However, buildings used for the general conduct of government are not eligible, except for the removal of mobility/accessibility barriers. A city hall would generally be ineligible for CDBG funding, for example, while a library or community center would generally be eligible. Examples of public facilities activities include senior centers, street improvements, child care center, and homeless shelters (which are not considered "housing rehabilitation" as they are not meant for permanent residence).

Housing Rehabilitation

Introduction

The City of Rochester's Community Development Block Grant (CDBG) program is subject to the laws and regulations of the U.S. Department of Housing and Urban Development (HUD). As part of the national CDBG program's objective to serve low to moderate income persons, the Rochester CBDG program mandates that all funded programs and activities, including programs and activities undertaken by subrecipient agencies, must serve a minimum of 51% low to moderate income residents. "Low to moderate income" is defined as 80% or less of the area median income of the Portsmouth-Rochester Metropolitan Fair Market Rent/Income Limits Area. "Moderate income" is 80% of the area median income, "low income" is 50% of the area median income, and "extremely low income" is 30% of the area median income.

Community Action Partnership of Strafford County's weatherization assistance program is funded in part through Rochester's CDBG program as a subrecipient agency. The weatherization assistance program performs weatherization rehabilitation work (e.g., installation of insulation, replacement of heaters and furnaces, etc.) for low to moderate income homeowners. Assistance is provided in the form of grants without a requirement for matching funds. The weather assistance program director oversees day to day operations of the program with oversight from the Rochester Community Development Coordinator.

Income Limit Documentation Methodologies

Potential weatherization assistance clients are recruited through Community Action Partnership's fuel assistance program and required to complete the Rochester housing rehabilitation intake application. The Rochester housing rehabilitation intake application (included in Appendix B) requests information on the income of all household members, including benefits, and the number of all household members. The weatherization assistance program director reviews these applications for acceptance into the weatherization assistance program. The weatherization assistance program director will review potentially eligible fuel assistance clients for CDBG program income eligibility using the income determination forms found in the Appendix.

The Community Development Coordinator provides the current-year HUD CDBG/HOME income limits (e.g., https://files.hudexchange.info/reports/published/HOME_IncomeLmts_State_NH_2020.pdf) to the weatherization assistance program director at the beginning of each program year and reviews income documentation requirements with the weatherization assistance program director during the annual subrecipient site monitoring visit. Documentation of income eligibility will be kept with the client's file at the Community Action Partnership offices. Community Action Partnership files are kept in approved filing cabinets within an office with electronically controlled access. Personal identifying information is handled with care, waste documents are shredded, and computer terminals password protected. The office is equipped with sprinkler and fire alarm systems. In addition, all contractors are required to sign a confidentiality agreement annually.

Income verification will be undertaken via the 24 CFR Part 5 Annual Income determination methodology, using the HUD housing income calculator, by the weatherization assistance program director. Potential clients are sourced through Community Action Partnership's fuel assistance program intake form, which requests income documentation of the household and household size. These intake forms are then submitted to the weatherization assistance program. The weatherization assistance program director reviews the provided income documentation against the current-year HUD CDBG/HOME income limits, which are provided by the Rochester Community Development Coordinator at the beginning of each program year. (The Rochester Community Development Coordinator reviews these income determinations at the annual subrecipient site monitoring visit to ensure proper income determinations are being made.)

Sources of income used in determining gross annual household income are:

1. All wages and salaries overtime pay commission fees tips bonuses and other compensation for personal services before any payroll deductions. (Documentation requested: W2s or paystubs)
2. Net income from operation of a business.
3. All gross periodic payments received from social security annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts including a lump sum payment for the delayed start of a periodic payment. (Documentation requested: Pension statement, SSI statement, etc.)
4. Payment in lieu of earnings, such as unemployment, worker's compensation, severance pay and welfare assistance.
5. Periodic and determinable allowances such as alimony and child support payments and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue.
6. All regular pay special pay and allowances of a member of the Armed Forces whether or not living in the dwelling who is the head of the family spouse or other person whose dependents are residing in the unit.

Exceptions include:

1. Income of household members other than the property owner(s), under the age of 18 or full-time students under the age of 25 is not counted.
2. Payments received for the care of foster children.
3. Lump-sum additions to family assets such as inheritance insurance payments (including lump sum payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal and property losses.
4. Payments that are specifically for or in reimbursement of the cost of medical expenses.
5. Income from a live-in aide.
6. Amounts of education scholarships paid directly to the student or the educational institution and amounts paid by the government to veterans for use in meeting the costs of tuition fees books and equipment.
7. Special pay for a household member serving in the Armed Forces who is exposed to hostile fire.

8. Amounts received under HUD-funded training programs or received under a public assistance program that are specifically for out-of-pocket costs made solely to allow participation in a specific program.
9. Temporary, non-recurring, or sporadic income.
10. Lump sum payments of SSI and lump sum payments of Social Security benefits.

Property Eligibility Requirements

1. The property must be an owner-occupied single-family dwelling located within the City of Rochester. Homeowners must live in the dwelling as their primary residence.
2. The property must be economically feasible for rehabilitation. A project is considered economically infeasible if (a) costs for repair exceed the available funding, or (b) the costs of the needed repair represent 50% or more of the total home value. The property may not be eligible for housing rehabilitation assistance in cases of economic infeasibility.
3. The property must have an environmental review completed before funds can be committed/obligated/contracted the release of funds and commencement of work. The subrecipient agency will submit information on the property location and proposed scope of work to the Community Development Coordinator so that an environmental review may be completed.
4. Assistance is supplied in the form of grants, with no matching requirements for the homeowner.

Environmental Reviews

The Rochester Community Development Coordinator conducts a tiered environmental review for the Community Action Partnership weatherization assistance program. At the beginning of the program year, the Rochester Community Development Coordinator evaluated the project to determine whether an Environmental Assessment level of review is required. If so, then the Rochester Community Development Coordinator will conduct a separate environmental review for each individual project location. If not, then the Community Development Coordinator conducts a program-level (Tier 1) environmental review and identifies the statutory checklist law and authorities that will need to be reviewed on a project-level basis (Tier 2). A project-level review, based on the checklist laws and authorities at 58.5 that cannot be covered at the program-level review, is conducted by the Community Development Coordinator prior to any work and/or the commitment of funds for each site specific location. The Rochester Community Development Coordinator then publishes the Notice of Intent to Request the Release of Funds for the programmatic-level (Tier 1) review and, after the public comments period, (see link in footnote below)submits the Request for Release of Funds to HUD. No project funds may be committed until the receipt of the Release of Funds.[5] This includes other federal and non-HUD funds included in the projects.

After the weatherization assistance program director determines that a potential project is eligible for CBDG funding, the weatherization assistance program director submits the proposed project to the Rochester Community Development Coordinator for a project-level environmental review. The

[5] The Rochester Community Development Coordinator will use HUD's "Sample Notice of Intent to Request Release of Funds for Tiered Reviews" as a template for the weatherization assistance program notice. The sample notice can be found online at https://www.hudexchange.info/resource/5160/sample-notice-of-intent-to-request-release-of-funds-for-tiered-reviews/.

weatherization assistance program director will include the address of the proposed project, the name of the homeowner, the year the dwelling was built, and the full scope of work to be performed to weatherize the home. The Rochester Community Development Coordinator conducts the Tier 2 environmental review and then, after the review is completed and signed by the Rochester certifying officer, the City Manager, informs the weatherization assistance program director in writing that the project may proceed.

Cost Reasonableness Analysis

After the weatherization assistance program director determines that a potential project is eligible for CBDG funding, the weatherization assistance program director will develop a work write up and cost estimate based on the proposed scope of work. The weatherization assistance director is a former contractor and experienced with construction costs generally and home renovation and repair costs specifically. As most weatherization assistance program work involves one of a few types of repair (e.g., heater replacement, attic insulation, pipe replacement, etc.), the weatherization assistance program director is easily able to determine whether the proposed cost for a repair is in line with the costs of previous similar projects and regional average rates for such work. The weatherization assistance program director prepares the construction contract for the project. The cost estimate and work write up shall be placed in the project file.

The Rochester Community Development Coordinator will review general cost reasonableness provisions with Community Action Partnership at the annual subrecipient site monitoring visit.

Lead-Based Paint Hazards

Most weatherization assistance projects receive between $1,000 to $5,000 in CDBG funding. The weatherization assistance program director will ensure that a state-certified lead inspector/risk assessor evaluates the project and will provide oversight to ensure that all work is conducted in accordance with 24 CFR Part 35 requirements, including using lead-safe work practices and all workers be certified workers trained in lead safe work practices. The project will comply with the following requirements:

<u>Exemptions:</u> Individual projects may be exempt from the Lead Safe Housing Rule if they involve (1) housing units constructed after 1978, as determined through a property record card review conducted by the Rochester Community Development Coordinator; (2) emergency repairs to the property are being performed to safeguard against imminent danger to human life, health or safety, or to protect the property from further structural damage due to natural disaster, fire or structural collapse, as determined by the weatherization assistance program director and only to the extent necessary to respond to the emergency; or (3) the rehabilitation will not disturb any painted surface, as determined by the weatherization assistance program.

<u>For Projects Receiving Rehabilitation Assistance Up to and Including $5,000 per Unit:</u> Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced. Alternatively, grantees may presume that these surfaces contain lead-based paint.

Grantees must repair all paint that will be disturbed during rehabilitation, unless such paint is found not to be lead-based paint. If lead-based paint is detected or presumed, safe work practices must be used during rehabilitation. Clearance is required by a certified clearance examiner.

Notices must be provided to owners and tenants. These notices must include the Lead Hazard Information pamphlet, the Notice of Evaluation (if paint testing is performed) or Notice of Presumption (if paint testing is not performed), and the Notice of Lead Hazard Reduction.

For Projects Receiving Rehabilitation Assistance Between $5,000-$25,000 per Unit: A risk assessment must be conducted by a qualified professional prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation.

If the risk assessment identifies lead-based paint hazards interim controls must be implemented to address lead-based paint hazards. Interim controls must be performed by qualified professionals using safe work practices. Clearance, conducted by a qualified clearance examiner, is required when lead hazard reduction activities are complete.

Notices must be provided to owners and tenants. These notices must include the Lead Hazard Information pamphlet, the Notice of Evaluation (if a risk assessment is performed) or Notice of Presumption (if a risk assessment is not performed), and the Notice of Lead Hazard Reduction.

For Projects Receiving Rehabilitation Assistance Over $25,000 per Unit: Not applicable to the weatherization assistance program.

All of the above must be documented to the project file.

The weatherization assistance program director or his/her designee gives owners of all homes built prior to 1978 a copy of the Renovate Right pamphlet and discuss the risks associated with lead-based paint. All work performed on homes constructed prior to 1978 involves EPA RRP procedures conducted by RRP-certified contractors.

In addition, the Rochester Community Development Coordinator attends regular HUD trainings on lead-based paint hazards and provides information on lead safety requirements to the weatherization assistance program director. Documentation of the lead safety actions taken on projects is reported by the weatherization assistance program director via the CDBG quarterly reporting form submitted to the Rochester Community Development Coordinator.

Contractor Selection

Community Action Partnership of Strafford County maintains a list of potential contractors for its weatherization assistance program work. On an annual basis, the Community Action Partnership publishes an open solicitation for contractors to join the list. The solicitation is posted in the local newspaper and on the Community Action Partnership website. Contractors are selected for inclusion on the list of potential contractors by Community Action Partnership based on contractors' licensure and qualifications and contractors' not being on the federal debarment list. Request for bids on individual projects are then sent to all of the pre-selected contractors on the list, and contractors will submit their bid for the individual project by the prescribed bid deadline date. The weatherization assistance program director will then review the bids received and select the contractor for the project based on the lowest bid received from a qualified contractor. The weatherization program will seek three bids. In the event that bids received exceed the cost estimate for the project, the weatherization program will consult with the Rochester Community Development Coordinator on whether the lowest received bid is a reasonable cost. Assuming that both the Community Development Coordinator and weatherization assistance program director agree that the cost is reasonable, the weatherization program will proceed with the lowest bid. Otherwise, the project will be rebid.

In the event that bids received exceed the cost estimate for the project, the weatherization program will consult with the Rochester Community Development Coordinator on whether the lowest received bid is a reasonable cost. For example, the lowest qualified bid is within 10% of the cost estimate, otherwise, the project will be rebid. Assuming that both the Community Development Coordinator and weatherization assistance program director agree that the cost is reasonable, the weatherization program will proceed with the lowest bid. The cost reasonableness review will be documented to the project file.

When outside the time of the annual open solicitation, contractors not currently on the list may still request to be added. If the contractor has appropriate licensure and qualifications, as well as not appearing on the federal debarment list, the contractor will be added to the contractors' list. In addition, if during open solicitation the Community Action Partnership does not receive enough contractors to ensure a competitive procurement process, the weatherization assistance program director will rerun the solicitation and/or do a biannual open solicitation rather than an annual solicitation.

In cases where a project requires a contractor type not present on the pre-selected contractors list, the weatherization assistance program director will conduct an open, advertised bidding process, seeking three bids. If three bids are not received, the weatherization assistance program director will consult with the Rochester Community Development Coordinator to determine if an adequate solicitation of bids has been conducted and if the bids received are sufficient to determine whether the proposed bids are reasonable and, if so, the lowest bid will be selected. If only one bid is received then the project will be rebid. The weatherization assistance program director or his/her designee chooses the contractor for each project based on the lowest bid received from a qualified contractor.

All contractors undergo a vetting process, are checked against the state system, and agree to carry liability insurance and applicable licensing. The weatherization assistance program directors reviews each potential contractor against the debarment list maintained on the SAM.gov website; copies of the SAM.gov searches for each contractor will be kept in the contractors' file in the Community Action Partnership offices. The Rochester Community Development Coordinator reviews the contractors list, the bid process, and the debarment check process as part of the annual subrecipient site monitoring visit and verifies that all procedures are being performed and documented correctly.

Confidentiality

The City of Rochester's Community Development Block Grant program takes the protection of personally identifiable information very seriously. There are several procedures and practices in place to protect personal information. Hard copy files containing personally identifiable information are stored in lockable filing cabinets within the Community Development Coordinator's office. (The cabinets are not fireproof but are located in a newly renovated building equipped with fire sprinklers and other fire suppression technology.) The office door is kept locked whenever the Community Development Coordinator is not inside the office. Electronic copy files containing personally identifiable information are stored on the Office of Economic and Community Development network drive. Only personnel in the Office of Economic and Community Development, plus Rochester Information Technology staff, has access to this network drive.

The files at the Community Action Partnership of Strafford County's main office will also be maintained in such fashion to preserve confidentiality. Hard copy files containing personally identifiable information are stored in lockable, fireproof filing cabinets within the Community Action Partnership office. The files are only accessible to the weatherization assistance program director and weatherization assistance program staff. Electronic copy files containing personally identifiable information are stored on the weatherization assistance program's network drive, which is only accessible by weatherization assistance program staff and Community Action Partnership Information Technology staff.

Documentation of Specific Rehabilitation Projects

Subrecipients engaging in housing rehabilitation activities must properly document the work funded with CDBG funds. Individual project files (for each individual housing unit/household that receives weatherization assistance) should contain a full description of the housing rehabilitation work that is performed, so that its eligibility can be verified. The file should also contain the initial application for assistance, documentation on which programmatic year income limits were applied to the program, and copies of documentation used to determine client income and current program year income limits. The project files should also include documentation of inspections, work write-ups, cost estimates and construction contracts. A detailed scope of work will be included in all subrecipient agreements.

Inspections/Work Write-Ups/cost estimates/ contracts

The Community Action Partnership weatherization assistance program director or his/her designee will make an appointment with the homeowner to visit the house to make a detailed inspection and prepare a work write-up. All parts of the home must be made accessible including the attic and crawlspace, if any. The owner should report any known problems such as electrical or plumbing problems, roof leaks, etc. The inspection report and work write-up, with full scope of work to be performed to address the home deficiencies, will be maintained in the client file as written hard copy documents.

The weatherization assistance program director will prepare complete and detailed work specifications. The weatherization assistance program director is responsible for ensuring the work write-up, scope of work, and any other work specifications are included in the construction contract.

The Weatherization Standard Work Practices Manual requires all work to be complete and inspected prior to issuance of payment, and the weatherization assistance program director will ensure that a quality assurance inspection to confirm the contract specifications have been met is performed on all work prior to issuance of payment to contractors. In the event of a post-payment call-back, Community Action Partnership will hold payment for other jobs until the call-back is satisfied.

Routine Progress Inspections

The weatherization assistance program director and/or the weatherization assistance program auditor will conduct routine on-site progress inspections of projects to ensure that projects are completed in a timely fashion and to the contract specifications. These inspections will be documented in the project file. Any concerns identified during the progress inspection will be forwarded to the Rochester Community Development Coordinator for review and discussion on how to address.

Change Orders

Any change orders must be approved by the homeowner, the contractor, and the weatherization assistance program director in writing as a contract amendment. The weatherization assistance program director will review the change order for cost reasonableness and necessity, and the cost of the change order will be noted in the contract amendment. After review for cost reasonableness, the weatherization assistance program director will forward the project change details to the Rochester Community Development Coordinator, usually via email, and the Rochester Community Development Coordinator reviews and approves the change order via email. Documentation of such will be maintained in the project file.

Any change orders initiated by the homeowner and carried out by the contractor without the approval of the City of Rochester will be the financial responsibility of the homeowner, as well as any liability arising from the change order.

<u>Pre- and Post-Construction Conferences</u>

A pre-conference meeting is held via telephone before the project work begins, and a post-conference meeting is held at the project site after the project is completed. The meeting attendees include the weatherization assistance program director and/or his/her designee, the homeowner, and the subcontractor(s). Also, in-progress meetings are held in-person at the homeowner's home while the project is ongoing. A BTDIS form is used for both pre and post inspections, and the BTDIS contains four pages of data, including testing results, measurements, observations, and corrective action. This form is completed by the weatherization assistance program director and included in the client file held at Community Action Partnership. These forms are subject to review by the Rochester Community Development Coordinator during annual subrecipient site monitoring visits.

After the repairs are complete, the homeowner will be provided with any owner's manuals or warranties for equipment or material that was installed. The homeowner will be asked to sign to confirm receipt of the manuals and warranties. Operation and maintenance of the equipment will be reviewed with the homeowner. The weather assistance program director will answer any final questions the homeowner may have. A Quality Control Inspection (QCI) form is used after work is completed, completed by the weatherization assistance program director. The job will be closed out when the contractor has fulfilled all obligations and the homeowner has signed a Certificate of Satisfaction or similar release. The weatherization assistance director will perform the final inspection and close-out, documenting these in the hard copy client file.

<u>Contractor Payments</u>

Payments will be made to the contractor by Community Action Partnership of Strafford County after satisfactory completion of all items on the work write-up/specifications as per the terms of the contract and after the homeowner has provided written acceptance of the work completed. All required building inspections must have been completed and an inspection of the work performed by the weatherization assistance program director (or designee). The contractor must submit an invoice for the work completed as well as a release of liens signed by all subcontractors employed on the job and all suppliers from which materials for the job were obtained.

The Weatherization Standard Work Practices Manual requires all work to be complete and inspection prior to issuance of payment, and the weatherization assistance program director will ensure that a quality assurance inspection to ensure completion of the contract work specifications is performed on all work prior to issuance of payment to contractors. In the event of a post-payment call-back, Community Action Partnership will hold payment for other jobs until the call-back is satisfied.

Once Community Action Partnership has made payment to the contractor(s) for a project, Community Action Partnership must submit an invoice and report for reimbursement to the City of Rochester. The invoice/report and its attachments must include the project address, copies of all contractor invoices, and demographics information on clients served (including race, income, and elderly status). The invoice/report must also include the lead clearance report.

Dispute Resolution

The City of Rochester has coordinated with the Community Action Partnership of Strafford County to make the application and rehabilitation processes as fair as possible for program clients. However, if an applicant, program client, or contractor feels that he or she has not been treated fairly by the program, procedures have been put in place to mediate the complaint and possible resolution:

<u>During the Application Process</u>

1. If an applicant feels that his or her application was not fairly reviewed, he or she should contact the Rochester Community Development Coordinator to discuss the matter within ten (10) days of the date of the letter (or phone call, email, etc.) notifying the applicant of the decision. Applicants may contact the Rochester Community Development Coordinator via email, telephone, postal mail, facsimile, or in person.
2. The Rochester Community Development Coordinator will respond to the dispute within ten (10) business days of receiving contact from the applicant.

<u>During the Rehabilitation Process</u>

1. If the homeowner feels the repairs or modifications are not being completed according to the contract, he or she must inform the contractor, the weatherization assistance program director, and the Rochester Community Development Coordinator.
2. The Rochester Community Development Coordinator and the weatherization assistance program director will inspect the work in question review it with the homeowner and contractor and resolve the dispute.
3. If problems continue, the Rochester Community Development Coordinator will set up a conference with the homeowner, the contractor, and the weatherization assistance program director.
4. If the problems are still not resolved to the satisfaction of all parties, the Rochester Community Development Coordinator will consult with the Rochester HUD representative and thereafter will render a final written decision.

Davis-Bacon Act Wage Requirements

The weatherization assistance program projects that are funded through the City of Rochester's CDBG program are single-family homes and, therefore, exempt from the Davis-Bacon Act.

Job Opportunity Benefit (JOB) Loan Program Application Process

A. General

The City of Rochester's Job Opportunity Benefit (JOB) Loan Program is funded through the city's Community Development Block Grant (CDBG) program and subject to the oversight of the U.S. Department of Housing and Urban Development (HUD). The JOB Loan Program is designed to increase job opportunities through the timely and expeditious creation and/or retention of jobs for low to moderate residents of the City of Rochester, including the villages of East Rochester and Gonic. The JOB Loan Program is eligible for CDBG funding as a low-moderate income job (LMJ) economic development activity. Jobs conceived through this program are expected to be created within a three-year time period after finalization of the loan and dispersal of loan funds. Eligible activities are limited to land and building acquisition and expansion, the purchase of machinery and equipment, and working capital. All loan-funded projects are subject to environmental review prior to commitment of loan funds. Depending on the scope of work, loan projects may also be subject to Davis-Bacon Act federal wage rates.

The JOB Loan Program and its funds are appropriated by the Rochester City Council annually upon the council's adoption of the CDBG Annual Action Plan (generally occurring at the May City Council meeting), which outlines the JOB Loan Program and its funding. The Business and Finance Office will create new accounts for the JOB Loan Program and post the JOB Loan Program budget at the beginning of the fiscal year.

A loan application packet is to be completed for each JOB Loan Program loan proposal. Applications will be reviewed and evaluated by the City of Rochester's JOB Loan Committee. The JOB Loan Committee meets on an ad hoc basis and consists of the City Manager and at least three Rochester business persons. The JOB Loan Committee is advised by the Economic Development Manager, the Economic Development Specialist, and the Community Development Coordinator.

B. Lending Criteria

<u>1. General Criteria</u>

The Community Development Coordinator will review each JOB Loan Program application to make a determination that the use of funds is appropriate to support the purpose and aims of the JOB Loan Program to create and retain jobs for low to moderate income Rochester residents and that projected to be financed by the proposed loan will meet the program objectives below:

- That project costs are reasonable;
- That the project is financially feasible;
- That all sources of project financing are committed or will be committed by the time the loan is finalized;
- That to the extent practicable, CDBG funds will not be substituted for non-federal financial support;

- That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
- That to the extent practicable, CDBG funds are disbursed on a pro-rata basis with other finances provided to the project.

For projects involving completion of improvements to real property, the applicant must comply with all applicable code, permit, and license requirements, as well as federal environmental review and Davis-Bacon Act wage requirements.

2. Underwriting Criteria

The Economic Development Specialist will be responsible for the loan underwriting for each proposed loan under the JOB Loan Program. Factors to be evaluated during the JOB Loan Program underwriting process will include but not be limited to:

- Whether working capital is positive and increasing
- Current ratio (goal: 1.5:1 or higher)
- Current liabilities (goal: 1:1)
- Debt to equity ratio (goal: 4:1)
- Debt service coverage ratio (goal: 1 - 1.2)
- Loan to value (typically 80%)
- Credit worthiness (typically a credit score of 600 or above)
- Whether the cost of goods sold is consistent as a percentage of sales
- Whether financial projections include the costs associated with job creation
- Whether the value and quality of the collateral is sufficient to secure the loan
- Whether there are additional collateral or credit enhancements, such as guarantees or key person insurance

If one or more of the above factors is not met, Economic and Community Development staff must address the situation in the loan application memorandum with an explanation of how the proposed loan is impacted.

C. Loan Closing Procedures

The Municipal Accountant will draft the loan amortization schedule in conjunction with the Economic Development Specialist, in accordance with the terms of the loan approved by the JOB Loan Committee.

The Economic Development Specialist will consult with the Community Development Coordinator to ensure the environmental review has been completed for the project. Once the review's completion is confirmed, the Economic Development Specialist will coordinate with the loan applicant, the City Attorney, and the Economic Development Manager to schedule a mutually convenient time to conduct the loan closing. The Community Development Coordinator will submit the requisition and relevant documentation (*e.g.,* loan agreement, LOI, purchase and sales agreement, payrolls, invoices, etc.) to the Business and Finance Office for the creation of a check in the amount of the loan (whether in full or partial payment, as determined by the JOB Loan Committee). The drawdown for the loan amount will be entered by the Community Development Coordinator and approved by the municipal accountant after the loan has been finalized and dispersed.

The loan applicant is responsible for all fees and costs associated with the loan transaction, to include preparation of the lien loan closing documents, subordination agreement(s), recording fees, escrow closing fees, etc. The City of Rochester is not responsible for the payment of closing fees. The loan applicant will bring to the loan closing a check in the amount of the closing costs, made payable to the City of Rochester. This check will be processed by the City Attorney's Office and deposited in city's general fund revenue account.

Each loan recipient shall execute a Promissory Note, Loan Agreement, Mortgage (if applicable to the loan), Security Agreement, Financing Statement(s), Personal Guaranty(s), Job Creation Agreement, and/or other documents established under the JOB Loan Program's established program requirements. Loan documents will be drafted by the Economic Development Specialist and Community Development Coordinator and submitted to the City Attorney for review and revisions.

The Loan Agreement will set forth the terms and conditions of the loan, including but not limited to:

- Specification of the loan amount, interest rate, amortization period, and term of the loan;
- Specification that final approval of the drawdown of funds for the loan; and
- Specification of the City of Rochester's security interest in the collateral and/or other alternative security arrangements.

The Job Creation Agreement will set forth the requirements for job creation and/or retention for acceptance of the loan, including but not limited to:

- To document the number of and types of jobs which are made available to low-moderate income residents;
- Timeline for creation;
- To submit income data on the employees hired to fill vacant positions; and
- To comply with the provisions of Title VII of the Civil Rights Act of 1968, Executive Order 11246, and the Americans with Disabilities Act of 1990.

While HUD regulations and guidance allow for the retention of jobs and for jobs made available to low-moderate income residents, the preference of the JOB Loan Program will be for the creation of new jobs, held by actual low-moderate income residents. This will be documented through income self-certification by hired employees.

All original loan documents will be returned to the City of Rochester's Office of Economic and Community Development. Files will be retained in a secure location in the Office of Economic and Community Development; copies will be retained in the City Attorney's Office. The Economic Development Specialist is responsible for ensuring the original loan documents are appropriately filed. The City Attorney is responsible for ensuring the Uniform Commercial Code filing is filed with the State of New Hampshire. UCC filings fees, as well as all other loan closing costs not paid by the loan recipient, will be paid from the City of Rochester account that is funded by loan application fees.

D. Loan Application and Review Procedures

Outline of Process:

- Submission of application and loan application fee
- Review of application, plus underwriting, by Economic Development Specialist
- Review of application by Community Development Coordinator
- Draft of memorandum outlining proposed loan terms by Economic Development Specialist
- Presentation of loan application and memorandum to JOB Loan Committee

The applicant must complete a loan application packet and pay the current loan application fee. (The current application fee, as of March 2018, is $150 per application. The application fee is due and payable upon receipt of the application.) The Economic Development Specialist will review the application for completeness and for viability of the business and proposed project. The Economic Development Specialist will also perform the underwriting for the proposed loan. The Economic Development Specialist will use the JOB Loan Document and Processing Checklists in reviewing the applicant. (Please see checklist documents in ***Appendix G.***) If the application is determined to be complete by the Economic Development Specialist, the Community Development Coordinator will review the application to determine what level of environmental review would be needed for the project and whether the Davis-Bacon Act is applicable to the project.

If an application is incomplete or additional information has been requested by city staff, the applicant must provide the requested documentation within thirty (30) days of written request. Failure to do so may be considered grounds for rejecting the application. Application packets can be obtained by contacting the City of Rochester's Office of Economic and Community Development or accessing the Rochester Economic Development website at https://www.rochesteredc.com.

Once review by both the Economic Development Specialist and the Community Development Coordinator is completed, the Economic Development Specialist will draft a memorandum for the JOB Loan Committee summarizing the loan request and suggesting loan terms for the request. The Economic Development Manager will review the memorandum. After review of the memorandum, both the memorandum and the full loan application will be provided to the JOB Loan Committee members for review.

The Economic Development Specialist will take the application fee, paid in the form of a check, and transfer to the Municipal Accountant in the city's Business and Finance Office who has been assigned to manage the CDBG program's finances. The accountant will deposit the application fee in a special reserved account. These funds may be accessed by the Office of Economic and Community Development to pay for closing costs for loan recording fees, Uniform Commercial Code filing fees, lien discharges for loans that have been repaid, copying costs for JOB Loan Committee packets, postage for the mailing of documents related to the loan, costs related to conducting an environmental review for the loan-funded project, and other administrative costs directly related to the JOB Loan Program. The application fee is non-refundable regardless of whether a loan is awarded to the applicant.

E. JOB Loan Committee Review and Approval of Loans

The Office of Economic and Community Development will provide the loan summary memorandum and loan application to each member of the JOB Loan Committee, and a JOB Loan Committee meeting will be scheduled by the Economic Development Specialist with enough advance notice that all committee members will have adequate time to review the application in full before the meeting.

The JOB Loan Committee will consider each application on the basis of the information provided in the loan summary memorandum and the JOB Loan Program's established lending criteria (***Section D***). Upon review, the JOB Loan Committee may vote to take any of the following actions:

- To approve the requested loan, either as presented or with additional conditions; or
- To deny the loan and state the specific reason(s) for disapproval; or
- To return the application to Economic and Community Department staff for additional work, modification, or revision, to be resubmitted to the JOB Loan Committee at a later date.

If the JOB Loan Committee recommends that the loan be approved, all necessary environmental reviews and necessary HUD releases must be completed before any part of the loan-funded project may proceed.

A Letter of Intent is drafted by the Economic Development Specialist outlining the terms of the proposed loan and signed by the Economic Development Manager and the loan applicant. The Letter of Intent specifies that, unless the letter is signed within thirty (30) days from the date on the letter, the loan terms will expire.

Financial Management

General Duties and Oversight

The City of Rochester's Community Development Coordinator has primary oversight over the City of Rochester's Community Development Block Grant (CDBG) program. The Rochester CBDG grant application and grant agreement outline the financial (and other) responsibilities of subrecipient agencies that apply for and accept CDBG funding. Such responsibilities include:

- Ensuring that all expenditures involving the use of federal funds are eligible under the federal and local requirements of the grant
- Approving purchase orders and contracts to be reimbursed through HUD grant funds
- Receipting and approving of invoices
- Reviewing and approving requests for payments involving HUD grant funds are coded properly
- Ensuring compliance with all HUD regulations and rules, the Rochester CDBG grant agreement, and any other conditions imposed by the City of Rochester
- Implementing of an internal control system

The Rochester Community Development Coordinator conducts an in-person review of financial policies and compliance with subrecipient agency staff on an annual basis during subrecipient site monitoring visits. The Community Development Coordinator meets with program and finance staff at the agency, conducts an interview on financial policies and practices, and reviews financial documents (e.g., invoices and bills, payments and receipts, timesheets, payroll records trial balance reports, audits, and other documentation). The Rochester Community Development Coordinator uses the HUD "Checklist for On-Site Monitoring of a Subrecipient," taken from the *Guidebook for CBDG Grantees on Subrecipient Oversight*, and a city-drafted monitoring form template to conduct monitoring and to identify concerns and findings in subrecipient programs. Both the checklist and the template are included in the Appendices.

During this site monitoring, the city reviews expense documentation, income limit documentation for clients served, agency financial processes, and any programmatic concerns. Technical assistance may be provided in the form of sample and template forms and reports, review of relevant policy and procedure documents, and the formulation of formal correction action plans, as needed. Concerns and findings will be discussed in-person with the subrecipient and followed with a written report from the Rochester Community Development Coordinator, sent via either email or postal mail.

Program Budgets

Every five years, the City of Rochester adopts a five-year Consolidated Plan which outlines priorities and strategies for the use of federal grant program funds to address key goals and objectives for the benefit of Rochester's low and moderate income residents, neighborhoods, and the businesses that serve and employ them. On an annual basis, the City of Rochester adopts an Annual Action Plan which outlines the specific activities and projects which will be undertaken in the next program year to achieve the goals and objectives of the Consolidated Plan. The program year corresponds to the city's fiscal year, which begins on July 1st and ends on June 30th of the following calendar year. Once these plans are approved by HUD, the Annual Action Plan forms the basis for the budget for the expenditure of funds for the program year.

Prior to adoption by the Rochester City Council, the projects and activities, and the related spending plans are recommended by the Rochester Community Development Committee and reviewed by the Rochester Community Development Coordinator for compliance with program regulations.

Projects and activities listed in the Consolidated Plan are individually budgeted in HUD's IDIS system and the corresponding budget amounts are set up in the city's accounting software system, according to the chart of accounts, to assure proper accounting. The chart of accounts identifies the various orgs and objects with their respective descriptions. The "org" represents the funding source, and the "object" represents the service provided.

Budgets are established for grants to subrecipients, allocations of funds to other City Departments by cooperative agreements, project delivery activities, and individual administrative and planning activities by the Office of Economic and Community Development.

The city accounting system budgets (org, object and program year) are initiated by the Community Development Coordinator and submitted to the Deputy Finance Director for review and approval. When the Deputy Finance Director has verified that the budget line items and amounts are accurate, the budget entries are made. Once budgeted funds are reflected in the city's accounting software, the Community Development Coordinator may submit requisitions for the creation of purchase orders, invoices can be processed against the purchase orders, and payroll expenditures can be charged against the appropriate budgeted line items. At any time, the resources used cannot exceed the resources authorized.

Audits and Other Financial Statements

The receipt of CDBG funds, which are managed by the U.S. Department of Housing and Urban Development (HUD), subjects the City of Rochester to a 2 CFR part 200, subpart F Audit, based on the city's expenditures of federal funds. The Office of Management and Budget requires that grant recipients who expend $750,000 or more in federal funds in one fiscal year conduct a Single Audit per 2 CFR part 200, subpart F. CDBG Entitlement Funds may only pay for the portion of the city's annual audit that represents the percentage of CDBG funds in the overall city budget.

The City of Rochester's Finance Department oversees the city's annual audit. For the CDBG portion of the audit, the Community Development Coordinator works with the Staff Accountant assigned to the CDBG program to review documentation for the auditors and to answer any questions the auditors may have regarding the city's documents. The Community Development Coordinator maintains hard and/or electronic copies of all CDBG financial documents. These financial documents include copies of invoices from subrecipient agencies, supporting documentation for subrecipient invoices, purchase orders for CDBG-funded expenses, and copies of IDIS vouchers and receipts.

The receipt of Community Development Block Grant (CDBG) funds, which are managed by the U.S. Department of Housing and Urban Development, subjects Rochester CDBG subrecipient agencies to a 2 CFR part 200, subpart F Audit, a CPA Audited Financial Statement, or a Certified Financial Statement (CFA), depending on expenditures. The Office of Management and Budget requires that grant recipients who expend $750,000 or more in federal funds in one fiscal year conduct a Single Audit per 2 CFR part 200, subpart F.

Subrecipients are responsible for ensuring that their auditors conduct the proper type of audit. The Rochester Community Development Coordinator requires the submission of a Schedule of Expenditures of Federal Awards (SEFA) form with every CDBG grant application, and the FFATA form requires information on the amount of federal funding the agency receives. The Rochester Community Development Coordinator uses the SEFA form information to determine whether the agency must also submit a single audit. The audit requirement status will be documented in the grant application file for each agency.

Not all Certified Public Accountants (CPA's) are qualified to perform a Federal audit. Any agency that expends between $200,000 and $749,999 in federal funds will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. Subrecipients who are not required under 2 CFR part 200, subpart F to obtain an Audited Financial Statement must submit a Certified Annual Financial Statement (CFA). The Treasurer and the Board President must sign a statement certifying the CFA. The statement should read as follows:

> *We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.*

Audits have different due dates depending on the type the agency qualifies to conduct. Certified Annual Financial Statements are due three (3) months after the end of the fiscal year, CPA conducted audits are due six (6) months after the end of the fiscal year, and 2 CFR Part 200 Audits are due nine (9) months after the end of the fiscal year. Audits or other annual financial statements are required to be submitted (1) with all Rochester CDBG grant applications and (2) during the annual subrecipient site monitoring visit, if a new audit or other financial statements are available for review at that point in time. During the grant application process, the Community Development Coordinator reviews the audits as part of the grant application review. The City of Rochester also reserves the right to review all subrecipients' records and transactions, which is specified in the contract between the city and the subrecipient.

If the subrecipient is required to submit a single or program-specific audit for the current fiscal year in accordance with 2CFR part 200, subpart F audit, the Community Development Coordinator will obtain copies of the audit reports at time of grant application and review for findings. If audit finding is identified, the City of Rochester will send a letter with audit details, a management decision and corrective action to resolve the finding to the subrecipient. The letter will require the subrecipient to take appropriate and timely response to address the corrective action. The letter will request the subrecipient to respond within thirty (30) days. This plan will identify timeliness and individuals responsible for the corrective action. The agency may request timeline extensions if needed, subject to approval by the Rochester Community Development Coordinator. The City of Rochester will evaluate and follow up as needed to ensure the subrecipient is timely and takes appropriate action on all deficiencies and, if necessary, to provide guidance.

Once the corrective action has been sufficiently addressed, the Community Development Coordinator will send a close-out letter to the subrecipient. If the subrecipient fails to respond or the response is unsatisfactory, the Rochester Community Development Coordinator will consult with the Economic Development Director and City Attorney before proceeding with suspending invoice payments. All correspondence and documents will be documented in the subrecipient file.

Purchasing Policies and Procedures

It is the policy of the City of Rochester that all purchases of supplies, materials, services and equipment be conducted in accordance with the guidelines stated in this policy. This policy is intended to provide overall guidance to City departments for City purchases. The Finance Director or his/her designee shall serve as the Purchasing Agent. This policy is intended to work in conjunction with Chapter 27 of the City Charter and Chapter 7 of the City's General Ordinances, regarding purchasing. The City of Rochester's procurement policies are consistent with 2 CFR Part 200 procurement requirements and, in some cases, are more restrictive than the federal requirements. For purposes of this policy any reference to Finance Director shall be synonymous with Deputy City Manager.

One of the most important methods of effectively controlling purchases and the appropriations against which they are to be charged is the proper and timely use of purchase orders. To that end, it is of the utmost importance that departments follow this policy as authorization to purchase and as a means to properly manage funds by reserving a portion of departmental appropriations.

A purchase order must be procured through the City's electronic requisition system before any item or service is ordered or purchased by any method.

Requisitions

Purchase orders begin as requisitions through the electronic purchasing system and follow a predetermined approval process. The Rochester Community Development Coordinator is responsible for requisitions for the city's Community Development Block Grant program. These requisitions are based on the funded activities and programs approved by the Rochester City Council and by HUD in the Annual Action Plan. Once the Community Development Coordinator has submitted and/or approved the requisition, the requisition must be approved by the Rochester Economic Development Director (the direct supervisor of the Community Development Coordinator) and the Purchasing Account Clerk. For requisitions over $5,000, the Rochester Finance Director must also approve the requisition, and for requisitions over $15,000, the City Manager and Finance Director must also approve the requisition. Once all levels of approval have occurred the final conversion of the requisition changes the request to a purchase order, the final conversion of the requisition changes the request to a purchase order.

All purchase requests must clearly state in the notes section or as an attachment the need for the purchase. This clarification must be provided in such a way that the average user can determine what the purchase is being made for, without the knowledge of either internal or external codes.

Procurement Policies

All purchases shall have electronic approval, and sums for each category below shall not be exceeded for any one item, or combination of items to be purchased from any single vendor. Electronic approval levels are noted for each category. (As noted above, these amounts are more restrictive than what is required federally but are required by the city's policies and procedures.)

1. All purchases up to three thousand dollars ($3,000) shall have approval of the Department Head and Purchasing Department before conversion to a purchase order, if it has been determined by the Department Head that the price is reasonable.

2. All purchases three thousand and one dollars ($3,001) up to fifteen thousand dollars ($15,000) shall have a minimum of three (3) quotations for the same product or service. The three quotations must be written vendor responses, no verbal quotations shall be allowed. The quotation, or notes, must be attached to the requisition request. Approval is required by the Department Head, Purchasing Department, Director of Finance, or Deputy Finance Director before conversion to a purchase order. As a rule, purchases in this category will be made based on the lowest cost. Contracts will only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. If it is not possible to select the lowest cost vendor (*e.g.,* if the vendor is included on the federal debarment list), then detailed notes must be entered in the requisition request to justify why the lowest price vendor was not selected, and all other quotations must be attached.

3. Purchases between fifteen thousand and one dollars ($15,001) and up to $149,999 (or the current federal simplified acquisition threshold) require a competitive sealed bid process. Bid results and quotation notes must be attached to requisition request. Approval is required by Department Head, Purchasing Department, Finance Director, or Deputy Finance Director, and City Manager. As a rule, purchases in this category will be made based on the lowest cost. If it is not possible to select the lowest cost vendor (for example, if the vendor is included on the federal debarment list, per 2 CFR 200.213, or has financial instability or poor prior performance, per 2 CFR 200.205), then detailed notes must be entered in the requisition request to justify why the lowest price vendor was not selected, and all other quotations must be attached.
4. For purchases of $150,000 (or the current federal simplified acquisition threshold) or higher, the City of Rochester's Community Development Division will follow the procurement procedures outlined in 2 CFR 200.320(c). Bids will be publicly solicited, through publication of the bid invitation in the local newspaper and the city website, from an adequate number of known suppliers and with provision of sufficient response time. The invitation for bids, which will include any specifications and pertinent attachments, will define the items or services in order for the bidders to properly respond. All bids will be opened publicly at the time and place prescribed in the invitation for bids. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs will be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.
   A firm fixed price contract (lump sum or unit price) will be awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. In order for sealed bidding to be feasible, the following conditions should be present: (i) A complete, adequate, and realistic specification or purchase description is available; (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and (iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

Competitive Sealed Bidding Processes – Construction Projects

The bidding process falls under the oversight and monitoring of the Purchasing Account Clerk. Immediately upon receipt by the purchasing department, the sealed envelope shall be date and time stamped with the proper stamp, located in the purchasing department in the basement of Rochester City Hall. All bids in this category must be clearly marked on the bid invitation form:

The City of Rochester, New Hampshire, will accept sealed bids for "Bid Name". Bids must be submitted in a sealed envelope plainly marked:

"Bid Name"
Bid # xx-xx
City of Rochester, New Hampshire
31 Wakefield Street
Rochester, NH 03867
Attn: Purchasing Agent

All bids must be received in the Purchasing Office, Basement of City Hall, no later than "Date" at "2:15" PM. Actual bid opening will begin at 2:30 p.m. in the City Hall Council Chambers at 31 Wakefield Street, and all bids will be read aloud publicly. All attendees at the bid opening will be asked to sign in for the official bid recording. No late bids, telephone, faxed, or emailed bids will be accepted. The bid specifications, appendices and proposal forms may be obtained by visiting www.rochesternh.net, or emailing purchasing@rochesternh.net, or by contacting the Purchasing Agent at City Hall, 31 Wakefield Street, Rochester, NH 03867, (603) 335- 7602. All bid questions must be submitted in writing (email preferred) to the Purchasing Agent. All bid proposals must be made on the bid proposal forms supplied, and the bid proposal forms must be fully completed when submitted.

The City of Rochester reserves the right to reject any or all bids or any part thereof or to waive any formality, informality, information and/or errors in the bids. Failure to submit all information called for may be sufficient for disqualification.

The City maintains standard bid documents for small bids, small bids with bonds, and large bids. Generally large bids use engineer-produced documents for large construction or specialized projects, instead of the large bid sample. Starting with a sample bid document described above, the Rochester Community Development Coordinator will contact the Purchasing Account Clerk to obtain bid number and opening date. The Community Development Coordinator will enter product or project specifications and make appropriate changes to headers, invitation page, and all other pertinent pages. This includes ensuring that sections on Davis-Bacon Act wage rates, federal labor standards, and Section 3 hiring preferences are included in the bid package. The Community Development Coordinator will then forward the bid document to the Purchasing Account Clerk for review and approval.

After approval by the Purchasing Account Clerk, the Community Development Coordinator will advertise and distribute the bid. Per the city's procurement policy and in compliance with 2 CFR 200.320, the bid invitation is posted in the local newspaper, on the City's Purchasing/Bids website, and the New Hampshire Municipal Associations classified section no less than two weeks before the scheduled bid opening date. The bid invitation is also sent via email to the Rochester Housing Authority and to the list of Section 3-registered businesses within the tristate area (New Hampshire, Maine, and Massachusetts).

Also per 2 CFR 200.320, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly. Any or all bids may be rejected if there is a sound documented reason.

Every effort will be made to open bids on Thursday afternoons beginning at 2:30 PM. Bids will be read aloud upon opening in a public forum, the specific location to be included in every published bid invitation. The bid opening is conducted by the Purchasing Agent/Purchasing Account Clerk and the Rochester Community Development Coordinator. The Rochester Community Development Coordinator records the day and time of the opening, the bid project number, the names of the bidders, and the amounts of each bid received. The Rochester Community Development Coordinator also scans the received bid documents and forwards electronic copies to the Purchasing Agent/Purchasing Account Clerk. (An example of a bid opening recording is included in Appendix F.)

Bid selection will be made based on compliance with bidding requirements, licensure and qualifications of the bidder, the City's perceived ability to comply with bid requirements, and price. In accordance with 2 CFR Part 200.318(h), the non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. All bid acceptance recommendations must be approved by the Finance Director before bid acceptance or rejection letters are released.

It shall be the policy of the City to accept bids that are the lowest cost from a responsive and responsible bidder that is not included on the federal debarment list. Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

Once accepted, a bid acceptance letter will be sent to the successful bidder and arrangements will be made for a formal contract. A requisition must be entered into the electronic requisition system, all approvals must be received, and a purchase order processed before the actual order can be placed. Bid rejection letters will be sent to all applicable bidders. Bid results will be available on the City's website within 48 hours of bid opening. If all bids are rejected, the bid document must be reviewed, changed accordingly and approved again by the Purchasing Account Clerk. A new bid number and opening date will need to be authorized, and the remainder of the sealed bid procedure shall be repeated.

<u>Internal Controls</u>

Internal controls are processes put into place to assist the City of Rochester to operate efficiently and effectively to achieve its objectives. The purposes of internal controls are to: (1) protect assets; (2) ensure that records are accurate; (3) promote operational efficiency; (4) achieve organizational mission and goals; and (5) ensure compliance with federal, state, and local policies, rules, regulations, and laws. The City of Rochester follows the U.S. Standards for Internal Control in the Federal Government (the "Green Book") for its federally-funded programs, including the Community Development Block Grant program. The most recent copy of the Green Book is available at https://www.gao.gov/assets/670/665712.pdf.

The City of Rochester's Community Development Division will also ensure that all CDBG-funded projects comply with the federal internal control requirements at 2 CFR 200.303 to: (1) comply with federal statues, regulations, and the terms and conditions of federal awards; (2) evaluate and monitor subrecipients' and contractors' compliance with statutes, regulations, and the terms and conditions of federal awards; (3) take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and (4) take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

There are several procedures and practices in place to protect personal information. Hard copy files containing personally identifiable information are stored in lockable filing cabinets within the Community Development Coordinator's office. The office door is kept locked whenever the Community Development Coordinator is not inside the office. Electronic copy files containing personally identifiable information are stored on the Office of Economic and Community Development network drive. Only personnel in the Office of Economic and Community Development, plus Rochester Information Technology staff, has access to this network drive.

Equipment Management

The City of Rochester shall regularly monitor and inspect the use and condition of equipment purchased with federal funds. Property records shall be maintained by the Community Development Coordinator for all equipment purchased with federal funds and shall include at a minimum, the following information: serial number or other identification number; description of the property and its intended use; the source of funding for the property (including the FAIN); location and primary operator/user; condition of property/required maintenance if any; source and acquisition date; original purchase cost; percentage of federal participation in the project costs for the federal award under which the property was acquired; and disposition date and sale price, if applicable. A label identifying the property's serial number and source of funds used to purchase the property shall be affixed to the equipment.

The Rochester Community Development Coordinator will conduct a physical inventory of all property purchased with CDBG funds on an annual basis. This inventory may coincide with site monitoring visits to subrecipients, if logistically feasible. Any required maintenance will be reported during the physical inventory and updated in the property records maintained by the Community Development Coordinator. During the annual site monitoring visits to subrecipients, the Community Development Coordinator will discuss with the subrecipient whether the subrecipient has control systems in place to ensure adequate safeguards to prevent loss, damage, or theft of any property purchased with federal funds.

Equipment shall be used by the City of Rochester or its subrecipients in the program or activity for which is was acquired as long as needed, whether or not the program or activity continues to be supported by federal funds. When no longer needed for the original program or activity, the equipment may be used in other activities currently or previously supported by a federal agency. Equipment with a current per-unit fair market value of less than $5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency. Otherwise, federally-funded equipment must be surrendered to the Community Development Coordinator at the end of use, to be repurposed for other federally-supported activities.

Invoices and Payments

The Rochester Community Development Coordinator is the primary staff person who reviews CDBG invoices and payments, which are then approved by the Rochester Staff Accountant. Public service agency subrecipients submit invoices on a quarterly basis to the Community Development Coordinator. The Community Development Coordinator reviews the invoice to ensure the expenditures were for CDBG eligible activities; that the expenditures comply with 2 CFR 200 Subpart E cost principles, including that costs must be reasonable, allocable, and allowable; and that the amount requested does not exceed the amount of the subrecipients' grant for the program year. The Community Development Coordinator also reviews the submitted data statistics on clients served, which is included in the quarterly report and invoice, to ensure the subrecipient agency is on track to meet its annual goal.

If there are any errors or discrepancies in the invoice or its attached source documentation, the Community Development Coordinator will request clarification and/or a revised invoice from the subrecipient agency. If the invoice indicates expenditures that do not comply with the 2 CFR 200 Subpart E cost principles or for non-eligible CDBG activities, the Community Development Coordinator will contact the subrecipient via email or letter to inform the subrecipient of the non-allowability of the expenditures and to request a revised invoice that does not include the expenditures. The Community Development Coordinator will also provide written and/or verbal guidance to the subrecipient on which expenditures are and are not allowable.

Housing rehabilitation and public facilities subrecipients submit invoices as expenditures on a monthly basis. The review process is similar to public service agency subrecipients. The housing rehabilitation policy is included in this policy manual.

Source documentation that is submitted with the invoices must explain the basis of the costs incurred, as well as show the actual dates and amount of expenditures. Examples of source documentation for CDBG-eligible operating expenses include but are not limited to:

- Payroll source documentation (*i.e.,* timesheets);
- Rental or lease agreements;
- Utilities bills and invoices, along with documentation of payment such as cancelled checks; and
- Invoices from approved vendors, which have been signed off by the subrecipients to indicate the goods have been received, and the canceled check to the vendor or other proof demonstrating payment was made.

Examples of source documentation for CDBG-eligible construction project expenses include but are not limited to:

- Invoices with descriptions of work specifications completed as per the contract supplies, material, and labor costs;
- Building permits and inspection reports;
- Photographs of in-progress or completed work; and
- Davis-Bacon weekly payroll forms.

The Community Development Coordinator will partner with the Rochester Compliance Officer (under the Department of Building, Zoning, and Licensing Services) to verify completion of construction work through site visits for construction projects and will document project completion via photographs.

The Community Development Coordinator reviews all invoices, signs all invoices indicating his/her approval, and enters them into an invoice batch for payment. The Community Development Coordinator submits the payment batch and associated invoices to the Economic Development Director for review and approval. The Economic Development Director reviews all invoices, signs all invoices and batches indicating his/her approval, and forwards to the Accounts Payable Clerk. The Accounts Payable Clerk reviews and processes all invoices that are to be included in the weekly warrant. The Accounts Payable Clerk forwards the weekly warrants, which include all payments for the week, to the Deputy City Manager/Director of Finance & Administration. All accounts payable checks and weekly warrants are signed and approved by the Deputy City Manager/Director of Finance & Administration and the City Manager. Reimbursement checks are then sent to the subrecipient via postal mail.

Drawdowns, Receipts, and Voucher Creation

The City of Rochester maintains a system of checks and balances regarding CBDG expenses and requests for reimbursement. First, the City of Rochester only requests payments from HUD on a reimbursement basis. Second, there is a separation of duties between the Rochester Community Development Coordinator and the Rochester Staff Accountant (described below).

The City of Rochester performs drawdowns in the HUD's Integrated Disbursement and Information system (IDIS system), which provides the city with access to CDBG grant funds, only after payments have been made to vendors or subrecipients, through the invoicing and payment process described above.

Drawdowns and Vouchers

The Rochester Community Development Coordinator is responsible for the creation of vouchers in IDIS, and the Rochester Staff Accountant assigned to the CDBG program is responsible for the review and approval of vouchers in IDIS.

On a quarterly basis, the Staff Accountant reviews CDBG expenses for the quarter in the City's accounting software system and does a reconciliation. The City of Rochester maintains specific, segregated CDBG accounts for all CDBG funds. The Staff Accountant uses electronic year-to-date expense reports to prepare the quarterly expenditures summary in PDF format. The Staff Accountant then submits the quarterly expenditures summary to the Community Development Coordinator for review. The Community Development Coordinator compares the expenses listed in the summary with those reflected in the invoices received and processed during the quarter. If there are discrepancies, the Community Development Coordinator will meet with the Staff Accountant to compare reports and locate the source of the discrepancy. If there are no discrepancies, the Community Development Coordinator will enter the expenditures into IDIS as a drawdown and create a voucher.

Once the voucher has been created, the Community Development Coordinator will save an electronic copy of the voucher and forward this to the Staff Accountant. The Staff Account will log into IDIS to review the created voucher, double-check its accuracy, and approve the voucher electronically. The Staff Accountant then saves an electronic copy of the voucher approval and forward to the Community Development Coordinator. The Community Development Coordinator maintains copies of the quarterly expenditures summary, created voucher, and voucher approval together in electronic files organized by date.

When creating vouchers during the early part of each new program year, the "prior year" flag in IDIS will only be selected for expenditures actually incurred during the prior fiscal year. The Staff Accountant will note on the drawdown whether an expense is prior year, and the Community Development Coordinator will review the expenses and the date(s) they were incurred before creating the voucher in IDIS and selecting the prior year flag.

Program Income and Receipts

The same process is used to create receipts in IDIS for program income. The City of Rochester receives CDBG program income in the form of loan repayments from Job Opportunity Benefit (JOB) Program loan recipients. This program income is returned to the CDBG-funded revolving loan fund from which JOB Program loans are made. On a monthly basis, the Staff Account submits the program income (based on electronic accounting records) to the Community Development Coordinator for processing. The Community Development Coordinator creates the receipt in IDIS, and then the Staff Accountant reviews and files a copy of the receipt.

For the City of Rochester's Job Opportunity Benefit (JOB) Loan Program, which is designed to increase job opportunities through the creation and/or retention of jobs for low to moderate Rochester residents, loan payments are set to be withdrawn automatically from loan recipients' bank accounts on the 12th of every month. The Rochester Staff Accountant sets up the automatic withdrawals at the time of the loan closing and monitors the payments to ensure the payments are received every month. The loan servicing is conducted in-house by the Finance Department, and loan payments are made directly to the City of Rochester's account.

Payroll Expenses

The only City of Rochester employee who is paid, partially or in full, using CDBG funds is the Rochester Community Development Coordinator, who is a FTE employee. As of PY 2019, the Community Development Coordinator's salary and benefits are paid 75% through CDBG funds and 25% through local municipal funds.

The Community Development Coordinator tracks time spent on CDBG activities versus other non-CDBG duties through an Excel spreadsheet. The spreadsheet lists the date, the activity performed, whether the activity was related to management of the City's CDBG program, and how much time was spent on the activity (rounded to the nearest 15 minutes). The Community Development Coordinator reviews this timekeeping record to ensure that time is properly allocated between CDBG program management and other assigned duties.

In addition, the Community Development Coordinator is subject to the City of Rochester's electronic time-keeping policies. The City of Rochester uses an electronic software system to track employees' time and attendance and to manage leave requests. As a non-exempt hourly employee, the Community Development Coordinator is required to accurately record time worked at the beginning and end of each shift and at the beginning and end of all meal periods. If the Community Development Coordinator neglects to punch in or out for his or her shift or other required punch, the Community Development Coordinator must inform the Economic Development Director and submit a change request, which is then reviewed and approved by the Economic Development Director.

On a biweekly basis, the Community Development Coordinator will review and submit the completed timesheet electronically for approval. The Economic Development Director will review the timesheet for accuracy and then approve the timesheet. The Finance Department and Human Resources Department review all departments' timesheet approvals. After this review, payroll checks will be presented to the City Manager for the City Manager's signature. After the checks are signed, they are distributed to employees by the Human Resources Department.

Travel Reimbursements

The City of Rochester recognizes the constructive value of professional conferences, seminars, meetings, and trainings. The City provides travel funds for City officials and City employees who attend such official events. This included allocating CBDG funds for the Rochester Community Development Coordinator for CDBG-related travel expenses.

Costs for conferences, meetings, or other events must be processed through the City's purchasing procedures prior to the travel. Mileage reimbursement rates are established by the IRS standard mileage rate. Reimbursable mileage is from the employee's workplace to the conference/meeting or from the employee's home, less the mileage from home to workplace, to the conference/meeting. Tolls, EZ Pass, and parking receipts will be required for reimbursement for tolls and parking.

Employees must complete the City travel reimbursement form within 30 days of the travel. Original receipts must accompany the travel reimbursement request; credit card statements are not acceptable as original receipts. The Community Development Coordinator will complete the travel reimbursement form and sign the form. The Community Development Coordinator will then submit to the Economic Development Director for review and approval. Once the Economic Development Director signs the form, the form is submitted with supporting documentation through the invoice payment process described above.

Appendices

Appendix A – CDBG National Objective and Eligibility Determination for Entitlement Communities

CDBG National Objective and Eligibility Determination for Entitlement Communities

Activity Name:	
Activity Description:	
IDIS Activity Number:	**Local Activity Number:**

National Objective Determination

☐ **Low/Moderate Area (LMA)** 24 CFR 570.208(a)(1)

Percent low/mod income in service area: ______% Determined by:

☐ Census data — Attach a description of the service area including: written justification for the service area determination; a map of the boundaries of the service area that includes Census Tract/Block Group information; and documentation that the area as being primarily residential in nature.

☐ Survey data — Attach a copy of the HUD-approved survey and survey results.

☐ **Low/Moderate Clientele (LMC)** 24 CFR 570.208(a)(2)(i), (ii) and (iii)

☐ Presumed benefit: Activity exclusively serves abused children, battered spouses, elderly persons, adults meeting the Census definition of severely disabled, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers. List category(ies) of persons served: ________________

☐ Family size and income information indicates at least 51% of clientele are LMI.

☐ Income eligibility requirements limit the activity exclusively to LMI persons.

☐ Nature and location of the activity are such that it may be concluded that the activity's clientele will primarily be LMI persons.

☐ Activity removes material or architectural barriers to mobility and accessibility of elderly persons or of adults meeting the Bureau of Census' definition of severely disabled.

☐ Microenterprise assistance activity carried out in accordance with provisions of 570.201(o).

☐ **Low/Moderate Housing (LMH)** 24 CFR 570.208(a)(3)

Number of units at completion: ________________

Percent of units occupied by LMI households at completion: ________________

☐ **Low/Moderate Jobs (LMJ)** 24 CFR 570.208(a)(4)

☐ Job creation – Percent LM jobs to be created: ________________

☐ Job retention – Percent LM jobs to be retained: ________________

Public Benefit Standards 24 CFR 570.209(b)

Proposed # of FTE Jobs: _____ Cost Per Job: ______________ (Individual Activities – Cost Per Job ≤ $50,000)

☐ **Elimination of Slum and Blight** 24 CFR 570.208(b)(1) and 24 CFR 570.208(b)(2)

☐ Area Basis (SMA) – Attach documentation that area designation requirements have been met. Note that the blight determination must not be more than 10 years old, and must be redetermined every 10 years for continued qualification.

☐ Spot Basis (SBS) – Attach documentation of specific conditions of blight or decay to be eliminated.

☐ Urban Renewal Area (SBR) – Attach documentation that demonstrates that the activity is within an area in which funded activities were authorized und an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement and documentation that the activity is necessary to complete the urban renewal plan.

☐ **Urgent Need** 24 CFR 570.208(c)

☐ Attach required certification.

Eligibility Determination 24 CFR 570.201, 570.202, 570.203, 570.204, 570.205 and 570.206

☐ Acquisition of Real Property	☐ Loss of Rental Income	☐ Special Activities by CBDOs
☐ Disposition	☐ Privately-Owned Utilities	☐ Homeownership Assistance
☐ Public Facilities and Improvements	☐ Rehabilitation	☐ Planning and Capacity Building
☐ Clearance	☐ Construction of Housing	☐ Program Administration Costs
☐ Public Services	☐ Code Enforcement	☐ Miscellaneous Other Activities:
☐ Interim Assistance	☐ Special Economic Development Activities	________________
☐ Relocation	☐ Microenterprise Assistance	

Appendix B – Rochester Housing Rehabilitation Intake Application

City of Rochester, New Hampshire
Office of Economic & Community Development
31 Wakefield Street • Rochester, NH 03867
(603) 335-7522
www.RochesterNH.net

INTAKE APPLICATION

INSTRUCTIONS FOR APPLICATION

1. **APPLICANT INFORMATION**: Provide your legal name, an address where you receive your mail (may or may not be the property to be rehabilitated), an e-mail address (if applicable), your date of birth, and your marital status and other fields.
2. **CO-APPLICANT INFORMATION**: List other members of the household who hold as much responsibility for the property as the applicant. This person is often referred to as the co-owner of the property. Attach additional sheet if there are more than two applicants.
3. **HOUSEHOLD COMPOSITION AND CHARACTERISTICS**: As of today, list the current Head of Household and all other members of the household. Indicate the relationship of each family member to the Head of Household, gender, date of birth and marital status. Indicate if any of the members listed are disabled and explain if there are any expected additions to the future household, e.g. birth of a child, adoption, legal custody ruling resulting in an additional household member.
4. **RACE AND ETHNICITY FOR HEAD of HOUSEHOLD**: This information is being collected to ensure compliance with federal Housing and Equal Opportunity regulations.
5. **PROPERTY INFORMATION**: Provide basic information concerning the property to receive rehabilitation assistance (i.e. physical address of damaged property, floodplain information, and other names on the deed).
6. **OTHER ASSISTANCE RECEIVED**: Provide all information concerning other financial resources available for rehabilitation work.
7. **INCOME INFORMATION**: Provide information on all household income sources. Income includes the following: Wages, salaries and tips, alimony, child support, military income, part-time income, temporary income, TANF, Social Security, other benefits, and other income for all household members over age 18. Food benefits (THHSC: SNAP) are NOT considered income.
8. **ASSET INFORMATION**: Provide the requested information on any property you may own. Examples of what constitutes assets are listed below:

   Typical assets include:

   - Cash held in savings, checking accounts, safe deposit boxes, homes, etc.;
   - Stocks, bonds, treasury bills, CDs, mutual funds, money market accounts, and other investment accounts;
   - Individual retirement accounts, 401(k), Keogh accounts, and other similar retirement savings accounts;
   - Cash value of life insurance policies available to the holder before death;

- Personal property that is held for investment purposes;
- Equity in real property;
- Retirement and pension funds;
- Mineral rights; and
- Mortgage or deeds of trust held by the applicant

Some items of personal property are ***NOT*** counted as assets for the purposes of determining annual income:

- Automobiles;
- Jewelry; and/or
- Term life insurance policies

9. **APPLICANT CERTIFICATION**: Certify that all information in the application is true, to the best of your knowledge.
10. **ELIGIBILITY RELEASE**: It is required that you sign this form, which allows the Subrecipient, State or Vendor to request information from Third Parties concerning your eligibility and participation in this program. This form allows for income, assets, child support, etc. to be verified and documented.

HOUSING REHABILITATION INTAKE APPLICATION	
Application Number:	
Description of rehabilitation work:	
CDBG Application Received By:	Date/Time CDBG Application Received:

1. TO BE COMPLETED BY APPLICANT: **(Head of Household)**		**2. TO BE COMPLETED BY CO-APPLICANT:** **(If Applicable)**	
Last Name:		**List relationship type to Head of Household, e.g. spouse, sister, mother**	
Middle Name:		**Last Name:**	
First Name:		**Middle Name:**	
Current Address:		**First Name:**	
City:		**Current Address:**	
State:		**City:**	
Zip:		**State:**	
Mailing Address:		**Zip:**	
City:		**Mailing Address:**	
State:		**City:**	
Zip:		**State:**	
Home Phone:		**Zip:**	
Daytime phone:		**Home Phone:**	
Mobile Phone:		**Daytime Phone:**	
E-mail Address:		**Mobile Phone:**	
Date of Birth:		**E-mail Address:**	
Gender:		**Date of Birth**	
Marital Status:		**Gender:**	
		Marital Status:	

3. HOUSEHOLD COMPOSITION, CHARACTERISTICS AND FAMILIAL STATUS: - As of today**, list** the Head of Household and all other members of the household. Indicate the relationship of each family member to the Head of Household (spouse, sibling, etc.). In addition, indicate if there are any additional members in the near future to the household.						
Household Member Name	**Relationship to Head of HH**	**Gender M/F**	**Date of Birth**	**Marital Status**	**Is household member listed disabled? Y/N**	**Additional Members in the next (12) Months? If yes, explain, e.g. birth of a child, adoption, legal custody.**
	Head of Household					

4. RACE AND ETHNICITY FOR HEAD of HOUSEHOLD (Check one): -This information is being collected to ensure compliance with federal Fair Housing and Equal Opportunity regulations.	
RACE (Check all that apply):	
☐ American Indian or Alaska Native	☐ Asian
☐ Native Hawaiian or Other Pacific Islander	☐ White
☐ Black or African American	☐ Other Multi-Racial
ETHNICITY (Check one):	
☐ Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race. The term, “Spanish origin,” can be used in addition to “Hispanic or Latino.”	
☐ Non-Hispanic or Latino - A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.	

5. PROPERTY INFORMATION - Provide basic information concerning the property to be rehabilitated (i.e., physical address of property, floodplain information, and other names on the deed).					
Property Address:					
City:		State:		Zip:	
Property Phone No:					
i. What type of structure is the property? (Select One)					
☐ Single Family ☐ Manufactured Housing Unit ☐ Modular ☐ Other (Describe): Year Built:					
ii. Are you currently living in the property? If no, explain your current living situation below: ☐ Yes ☐ No If no, explain your current living situation:					
iii. Are you seeking assistance for a manufactured/modular housing unit?	☐ Yes ☐ No				
Do you own the land?	☐ Yes ☐ No ☐ Don't Know				
iv. Do you have a deed on the property?	☐ Yes ☐ No ☐ Don't Know				
v. Are there any other names on the deed for the property?	☐ Yes ☐ No ☐ N/A				
If yes, describe what deed information you have on the property (including any entity, for example, a Trust):					

6. OTHER ASSISTANCE RECEIVED: - Assistance provided under the Community Development Block Grant Program may not exceed a household's unmet needs. List all other sources of financial or housing assistance received (local, state, federal, and private sources).	
i. Did you receive any other assistance for the repair of your home?	☐ Yes ☐ No
ii. If yes, explain the type of assistance you received e.g. Red Cross, United Way, previous CDBG Home repair, etc.	☐ Yes ☐ No

7. INCOME INFORMATION: Income includes: Wages, salaries and tips, alimony, child support, military income, part-time income, temporary income, TANF, Social Security, other benefits, other income for all household members over age 18. List ALL household members and their incomes. Attach a separate sheet if you need more space.

FOOD STAMPS ARE NOT CONSIDERED INCOME- do not list food stamps.

Household Member Name	Full Time Student? Y/N	Source of Income (include employer name) If Applicable	Rate of Pay	Payment Basis (hourly, weekly, monthly, etc.)

8. ASSET INFORMATION: Provide the requested information on any property you may own or assets you may have.

1. Do you own any other real estate?	☐ Yes ☐ No ☐ N/A
If yes, provide address, city and state of property(s):	
2. Do you have a mortgage on the property you are seeking assistance on?	☐ Yes ☐ No
If yes, what is the current balance owed on the mortgage?	
3. Are your payments current on your mortgage?	☐ Yes ☐ No
4. Is your primary residence currently in foreclosure?	☐ Yes ☐ No

5. List below the types and sources of any household assets. Provide both the current cash value and the estimated annual income from the asset. (A listing of examples is located in the instruction section.)

Household Member Name	Type & Source of Asset	Cash Value of Asset	Annual Income From Asset

9. APPLICANT CERTIFICATION: Certify that all the information in the application is true, to the best of your knowledge. By signing this application to verify the information contained, the applicant authorizes the state or any of its duly authorized representatives d herein.	
I/We understand the information provided above is collected to determine if I/we are eligible to receive assistance under the Community Development Block Grant Program for the disaster. I/We hereby certify that all the information provided herein is true and correct. I/We understand that providing false statements or information is grounds for termination of housing assistance and is punishable under federal law. I/We authorize the above-referenced Subrecipient and any of its duly authorized representatives to verify all information provided in this application. I/We understand that additional information will likely be required to move forward with this program.	
Signature of Applicant:	**Date**
Signature of Co-Applicant:	**Date**

10. ELIGIBILITY RELEASE: It is required that you sign this form, which allows the Subrecipient, State or Vendor to request information from third parties concerning your eligibility and participation in this program.		
Applicant Name:		
Applicant Address:		
Information Covered: Inquiries may be made about items initialed below by the applicant.		
Instructions to Applicant: Your signature on this Eligibility Release, and the signatures of each member of your household who is 18 years of age or older, authorizes the state or any of its duly authorized representatives to obtain information from a third party regarding your eligibility and continued participation in the Community Development Block Grant Disaster Recovery Program for disaster. Each adult member of the household must sign this Eligibility Release.		
Privacy Act Notice Statement: Subrecipient requires the collection of the information listed in this form to determine an applicant's eligibility for the Program. This information will be used to establish the level of benefits for which the applicant is eligible and to verify the accuracy of the information furnished. Information received from an applicant or as a result of verifying an applicant's eligibility may be released to appropriate Federal, State, and local agencies or, when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in delay or rejection of your eligibility approval. Subrecipient is authorized to ask for this information under the National Affordable Housing Act of 1990.		
NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. If a copy of a tax return is needed, IRS Form 4506, “Request for a Copy of Tax Form", must be prepared and signed separately.		

Information Covered: Inquiries may be made about items initialed below by the applicant.		
Description	**Verification Required**	**Applicant Initials**
Income (all sources)	X	
Assets (all sources)	X	
Child Support	X	
Property Taxes	X	
List other item here:	X	
Dependent Income: Full-time Student	X	

Applicant's Authorization:

I authorize the above-named Subrecipient, State or Vendor to obtain information about me and my household that is pertinent to determining my eligibility for participation in the Program. I acknowledge that:

(1) A photocopy of this form is as valid as the original; AND
(2) I have the right to review information received using this form; AND
(3) I have the right to a copy of information provided to the Subrecipient and to request correction of any information I believe to be inaccurate; AND
(4) All adult household members will sign this form and cooperate with the Subrecipient in the eligibility verification process.

Signatures:		
Signature-Head of Household	*Print Name*	*Date*
Other Household Member	*Print Name*	*Date*
Other Household Member	*Print Name*	*Date*
Other Household Member	*Print Name*	*Date*
Other Household Member	*Print Name*	*Date*
Other Household Member	*Print Name*	*Date*

Applicant Checklist

Please provide the information listed below to ensure that your application will be processed in an expedited manner.

- ☐ Housing Intake Application;
- ☐ Properly executed Eligibility Release Form;
- ☐ Provide any and all proof of income for individuals that live at the property and that are over the age of 18;
- ☐ 6 months of bank statements;
- ☐ Last 3 consecutive months of pay check stubs;
- ☐ Current copy of social security statement/award letter;
- ☐ Current copy of retirement/pension statements; and
- ☐ Current copy of unemployment statement.

***Note: Some items required above may not apply to your situation*.**

Appendix C – CDBG Subrecipient Site Visit Monitoring Forms

CHECKLIST FOR ON-SITE MONITORING OF A SUBRECIPIENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Subrecipient____
Project Name/Agreement No. ____
Project Director ____

In-house review and general oversight conducted on ________________
On-site monitoring visit(s) conducted on _________________________

Monitoring letter sent on _____________________________
Follow-up monitoring visit conducted/letter sent on:______________

A. National Objective and Eligibility

1. Which National Objective does this project meet (24 CFR 570.208)*?

Benefit to Low- and Moderate-Income Persons
____Low/Mod Area Benefit
____Limited Clientele Benefit
____Low/Mod Housing Benefit
____Job Creation or Retention

Aid in the Prevention or Elimination of Slums or Blight
____on an Area Basis
____on a Spot Basis

An Urgent Need
____Needs having a Particular Urgency

2. Which eligibility category does the project meet? (570.201-6)?

B. Conformance to the Subrecipient Agreement

1. Contract Scope of Services – Is the full scope of services listed in the Agreement being undertaken? List any deviation.

2. Levels of Accomplishments – Compare actual accomplishments at the point of monitoring with planned accomplishments. Is the project achieving the expected levels of performance (number of persons served, number of units rehabbed, etc.) and reaching the intended client group? Explain any problem the subrecipient may be experiencing. **Acknowledge major accomplishments.**

3. Time of Performance – Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)? Explain.

4. Budget – Compare actual expenditures versus planned expenditures. Note any discrepancies or possible deviations.

5. Requests for Payment – Are requests for payment being submitted in a timely manner and are they consistent with the level of work accomplished? Is program income properly accounted for and recorded? Explain.

6. Progress Reports – Have progress reports been submitted with payment requests (where required) on time and were they complete and accurate?

7. Special Conditions – Does the project conform to any special terms and conditions included in the Subrecipient Agreement? Explain.

C. Record-Keeping Systems (24 CFR 570.506)

Records should demonstrate that each activity undertaken meets the criteria for National Objectives compliance. Such records should be found in both the grantee's project file and the subrecipient file.

1. Filing System – Are the subrecipient's files orderly, comprehensive, secured for confidentiality where necessary, and up-to-date? Note any areas of deficiency.

2. Documentation (activities, costs and beneficiaries) – Do the HCD project file and subrecipient records have the necessary documentation supporting the National Objective being met, eligibility, and program costs as they relate to 570.506? Do the project files support the data the subrecipient has provided for the CAPER?

3 Record Retention – Is there a process for determining which records need to be retained and for how long?

4. Site Visit (where applicable) – Is the information revealed by a site visit consistent with the records maintained by the subrecipient and with data previously provided to the grantee? Explain any discrepancies.

   a. Is the project manager located on-site and running the day-to-day operations? Do the staff seem fully informed about program requirements and project expectations? Explain.

   b. Is the project accomplishing what it was designed to do? Explain any problems.

D. Financial Management Systems [2 CFR Part 200]

1. Systems for Internal Control – Are systems in compliance with accounting policies and procedures for cash, real and personal property, equipment and other assets?

2. Components of a Financial Management System – Review the chart of accounts, journals, ledgers, reconciliation, data processing, and reporting system. Note any discrepancies.

3. Accounting – Compare the latest performance report, drawdown requests, bank records, payroll records, receipts/disbursements, etc. Note any discrepancies.

4. Eligible, Allocable, and Reasonable Costs – Pay particular attention to the time distribution records where the subrecipient has employees who work on both CDBG and non-CDBG funded activities. Note any discrepancies.

5. Cash Management/Drawdown Procedures – Has all cash been promptly drawn down and deposited? Are all drawdowns of Federal funds properly recorded? Note any discrepancies.

6. Management of Program Income – If the subrecipient generates program income, refer to 24 CFR 570.504 and the Subrecipient Agreement about its use. Note any discrepancies.

7. IPA Audit Reports/Follow-up – (2 CFR Part 200.501, 2 CFR Part 200.502) Determine if the subrecipient has expended $750,000 or more in Federal funds for the subject program year.

   IPA Annual Audit Required
   Yes______________________ No___ N/A____
   Date Conducted____________

   Any findings related to CDBG activity? Status? Explain.

8. Maintenance of Source Documentation –Note any discrepancies in sample records, invoices, vouchers and time records traced through the system.

9. Budget Control – Do actual expenditures match the line item budget? Note any discrepancies.

E. **Insurance**

1. Has the subrecipient submitted a current copy of its Certificate of Insurance?

2. Is the City named as an additional insured?

F. **Procurement**

1. Procurement Procedures – Do the procedures the subrecipient uses for procurement of goods and services meet CDBG requirements? Review a sample number of procurements.

2. Conflict of Interest – How does the subrecipient assure there was no conflict of interest, real or apparent? Review the process and comment.

G. **Equipment and Real Property**

1. Has the subrecipient acquired or improved any property it owns in whole or in part with CDBG funds in excess of $25,000? If yes, review for compliance with 570.503(b)(7).

2. Has the subrecipient purchased equipment with CDBG funds in excess of $1,000? Does the subrecipient maintain the records required per 2 CFR Par 200?

3. Has a physical inventory taken place and the results reconciled with property records within the last two years?

4. If the subrecipient disposed of equipment/property that was purchased with Federal funds within the last five years:

   a. Were proceeds from the sale reported as program income?
   b. Did the grantee approve expenditure of program income?
   c. Was the program income returned to the grantee?

H. Non-Discrimination and Actions to Further Fair Housing

1. Equal Employment Opportunity – Refer to 570.506, 601 and 602. Note any deficiencies.

2. Section 3 – Opportunities for Training and Employment for Local Residents – Refer to 570.506(g)(5) and 570.607(a) (affirmative action). Note any deficiencies.

3. Fair Housing Compliance – Refer to 570.904 and 570.601(b). Note any deficiencies.

4. Requirements for Disabled Persons – Refer to 8.6. Note any concerns.

5. Women and Minority Business Enterprises – Refer to 570.506(g), 2 CFR Part 200, and affirmative steps documentation. Note any concerns.

I. Conclusion and Follow-up

1. Is the subrecipient meeting the terms of the Subrecipient Agreement and HUD regulations? Discuss both positive conclusions and any weaknesses identified.

2. Identify any follow-up measures to be taken by the grantee and/or the subrecipient as a result of this monitoring review.

   a. List the required schedule for implementing corrective actions or making improvements.

   b. List the schedule for any needed technical assistance or training and identify who will provide the training.

____

Project Monitor   Date

____

City of Rochester CDBG Subrecipient Site Monitoring Form

AGENCY NAME: ____

DATE OF MONITORING: ____________________________________

1) The Subrecipient Agreement has been signed by all parties. ☐ Yes ☐ No

2) Invoices as required in the Subrecipient Agreement are current. ☐ Yes ☐ No

Number of Invoices submitted to date:	Amount requested to date	Total disbursed to date	Balance

3) Current audit (___FY_______) received and copy forwarded to CDBG? ☐ Yes ☐ No

A review of the Subrecipient's Financial Management System is *required*. If the answer is yes to any of the following questions, an on-site program reviews should be conducted:

1) Have there been any changes in the key management positions at the non-profit? ☐Yes ☐ No

If yes, please describe

2) Have there been any major changes in the organization? Major changes in programs? Location? ☐ Yes ☐ No

If yes, please describe

3) Are there any problems with the submission of statistics as required in the Subrecipient Agreement? ☐ Yes ☐ No

Comments

4) Is the agency behind in their progress towards the goals identified in the Statement of Work? ☐ Yes ☐ No

Program review monitoring is required on a bi-annual basis unless the answer to one of the above questions is yes. In that case, a program monitoring is required. However, if the answers to all of the above answers is no, only the financial management system monitoring is required on an annual basis.

The last **program** monitoring was conducted: ___________________.

Based on the above information, this year's monitoring will include:

☐ Financial Monitoring ☐ Program Monitoring

City of Rochester CDBG Subrecipient Site Monitoring Form
PROGRAM MONITORING

AGENCY NAME: ____

DATE OF MONITORING: ____________________________________

Monitored by: Fiscal Year:

Person(s) Interviewed: Position(s):

On Site: Service Review-Program Performance & Effectiveness

1) Is the project providing full scope of services delineated in the Statement of Work?

2) Has agency/program expanded at all in past year?

3) Who is the intended client group?

a) Is this group receiving services?

4) Is the project serving the projected number of people? (Compare quarterly statistics with projections in their application.)

Goals Set	Achievements to Date

5) Do performance reports indicate any potential problems or changes in goals or targets?

6) Has the subrecipient marketed the service/program as agreed? ☐ Yes ☐ No

7) Subrecipient is using current HUD Income Limits dated: _______________. Does a review of subrecipient files shows that income data is being collected from clients and falls within HUD Income Limits? ☐ Yes ☐ No

8) Does the agency periodically assess the effectiveness of the activities offered? ☐ Yes ☐ No

If yes, please describe:

Are activities modified as a result of these assessments? ☐ Yes ☐ No

If yes, please describe:

Contract Compliance

1) Are there any special CDBG contract conditions with which the agency must comply? ☐ Yes ☐ No

If yes, please describe:

2) Has any of the work done under this program been contracted out? ☐ Yes ☐ No

3) What are agency procurement procedures? (Documentation: written policies and procedures, purchase orders and petty cash receipts).

a) Are price or rate quotations obtained from an adequate number of qualified sources? ☐ Yes ☐ No

b) If over $10,000, was item put out to bid? ☐ Yes ☐ No ☐ N/A

Client Files

1) Is there a file system for Client Records? ☐ Yes ☐ No

2) Do individual client records contain the following information:

Address	☐ Yes ☐ No
Race/Ethnicity	☐ Yes ☐ No
Sex	☐ Yes ☐ No
Income*	☐ Yes ☐ No

* (circle/bold appropriate documentation): (1) signed statement from client, (2) income documentation in accordance with Part 5 from client, or (3) presumed LMI

3) Is there a system for identifying "new" unduplicated clients as compared to duplicated clients? ☐ Yes ☐ No

4) Is someone assigned the responsibility of maintaining the client records? ☐ Yes ☐ No

Please identify position:

5) How long are records retained for?

City of Rochester CDBG Subrecipient Site Monitoring Form
FINANCIAL MONITORING

AGENCY NAME: ____

DATE OF MONITORING: _________________________________

Monitored by: Fiscal Year:

Person(s) Interviewed: Position(s):

Financial Management

Obtain a copy of the:

☐ **Audit Trail Report (aka Job Ledger Report -should identify expenditures funded with CDBG)**

See Attachment:

☐ **CDBG Trial Balance Report (should identify crediting of CDBG funds)**

See Attachment:

☐ **Current Audit** **See Attachment:** ☐ **Management Letter** **See Attachment:**

☐ **(2 CFR 200.501-502) Required if federal funds in excess of $750,000 are expended.** ☐ **Not Required**

1)	Internal Controls	
a.	Title of person(s) who approves expenditures:	
b.	Title of person(s) who signs checks:	
c.	Title of person(s) responsible for bookkeeping/ general ledger transactions:	

2) Has the Subrecipient requested reimbursement for administration expenses e.g., utilities, office supplies, etc.?
☐ Yes ☐ No

If no, skip to question 3. If yes, review at least 2 purchases and complete the following:

a. Item: ________________________________

File contains documentation that three firms were contacted. ☐ Yes ☐ No

File contains documentation that the request for information was uniform. ☐ Yes ☐ No

File contains either documentation that the item was purchased for the lowest cost or rationale for other selection.

☐ Yes ☐ No

b. Item: ________________________________

File contains documentation that three firms were contacted. ☐ Yes ☐ No

File contains documentation that the request for information was uniform. ☐ Yes ☐ No

File contains either documentation that the item was purchased for the lowest cost or rationale for other selection.

☐ Yes ☐ No

3) Property Management

a. Have CDBG funds been used to purchase equipment/personal property? ☐ Yes ☐ No

b. If yes, does the subrecipient have an equipment tracking system? ☐ Yes ☐ No

Comments:

4) Source Documentation of Expenses Paid

Files should contain original records, invoices, vouchers and documents - select two items and trace through the system.

Payment

	Quarter	Amount	Item	Approval to Pay
a.				
b.				

Comments:

4) CDBG Funded Staff (based on application)

a. Name(s)/Title(s):

b. Subrecipient staff is performing work as described in application and agreement. ☐ Yes ☐ No

c. Time records signed by employee and supervisor. ☐ Yes ☐ No

d. Time records indicate time spent on CDBG activities vs. non-CDBG activities. ☐ Yes ☐ No

Comments:

5) Are direct salaries and wages of employees which are chargeable to more than one grant program or other revenue sources supported by records? Are time sheets kept by individuals working on CDBG projects as well as other projects? (Please collect timesheets, if not already collected through quarterly reporting methods.)

☐ Yes ☐ No ☐ NA

6) Does the project receive any program income? ☐ Yes ☐ No

7) Have audits been conducted of the project at least every two years? ☐ Yes ☐ No

8) If audits were conducted, were they conducted on an organization-wide basis? ☐ Yes ☐ No

9) Does the project have a method of assuring timely and appropriate resolution of audit findings? Please describe.
a

10) Did the subrecipient appropriately address any findings contained in the audit reports?

Cost Allowability

1) Have any disallowable costs been incurred?

Entertainment	☐ Yes	☐ No
Cost related to political activities	☐ Yes	☐ No
Cost related to religious activities	☐ Yes	☐ No
Contributions/donations	☐ Yes	☐ No
Fines & Penalties	☐ Yes	☐ No

2) Are there any obvious instances of unnecessary or unreasonable expenditures?

Salaries	☐ Yes	☐ No
Administrative Services or Cost	☐ Yes	☐ No
Travel	☐ Yes	☐ No
Entertainment	☐ Yes	☐ No

3) Has the agency purchased any equipment with CDBG funds? ☐ Yes ☐ No

4) Does a review of the personnel roster of staff being paid from program resources reveal any obvious instances of personnel being paid for, but not working on, program activities? ☐ Yes ☐ No ☐ N/A

Appendix D – HUD Income Self-Certification Form

SELF CERTIFICATION OF ANNUAL INCOME BY BENEFICIARY

Printed on: ***Effective Date:***

INSTRUCTIONS: This is a written statement from the beneficiary documenting the definition used to determine "Annual (Gross) Income", the number of beneficiary members in the family or household (as applicable based on the activity), and the relevant characteristics of each member for the purposes of income determination. To complete this statement, select the definition of income used, fill in the blank fields below, and check only the boxes that apply to each member. Adult beneficiary members must then sign this statement to certify that the information is complete and accurate, and that source documentation will be provided upon request.

Definition of Income

○ **HUD 24 CFR Part 5**	○ **IRS Form 1040**	○ **American Community Survey**

Beneficiary Information

Last Name:	**Beneficiary ID (if applicable):**

Member Information

First Names:	**Member IDs (if applicable):**	**HH**	**CH**	**DIS**	**62+**	**S≥18**	**<18**	**<15**
	1							
	2							
	3							
	4							
	5							
	6							

HH = Head of Household; **CH** = Co-Head of Household; **DIS** = Person with disabilities; **62+** = Person 62 years of age or older; S≥18 = Fulltime student age 18 or over; <18 = Child under the age of 18 years; **<15** = Minor under the age of 15 years

Contact Information

Address Line 1:	City:	
Address Line 2:	State:	Zip Code:

Income Information

Annual gross income (total of all members) = $ ____________________________

Certification

I/we certify that this information is complete and accurate. I/we agree to provide, upon request, documentation on all income sources to the HUD Grantee/Program Administrator.

COMPLETE SIGNATURES ON SECOND PAGE

I/we certify that this information is complete and accurate. I/we agree to provide, upon request, documentation on all income sources to the HUD Grantee/Program Administrator.

SELF CERTIFICATION OF ANNUAL INCOME BY BENEFICIARY

Printed on: ***Effective Date:***

Beneficiary ID: ________

HEAD OF HOUSEHOLD		
Signature	**Printed Name**	**Date**

OTHER BENEFICIARY ADULTS*		
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**
Signature	**Printed Name**	**Date**

* Attach another copy of this page if additional signature lines are required.

WARNING: The information provided on this form is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.

Appendix E – 24 CFR Part 5 Annual Income Determination Form

SAMPLE FORMAT FOR CALCULATING PART 5 ANNUAL INCOME

1. Name		2. Identification	
ASSETS			
Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets
3. Net Cash Value of Assets.......................		3.	
4. Total Actual Income from Assets..			4.
5. If line 3 is greater than $5,000, multiply line by ______ (Passbook Rate) and enter results here; otherwise, leave blank			5.

ANTICIPATED ANNUAL INCOME					
Family Members	Wages/ Salaries	Benefits/ Pensions	Public Assistance	Other Income	Asset Income
					Enter the greater of lines 4 or 5 from above in E.
6. Totals	A.	B.	C.	D.	E.
Enter total of items from 6a. through 6e. This is *Annual Income.*					7.

Appendix F – Examples of Bid Opening Documentation

City of Rochester, New Hampshire
31 Wakefield Street • Rochester, NH 03867
(603) 335-7522
www.RochesterNH.net

Bid Opening Form

Name of City Staff Person:	
Date and Time:	
Bid Invitation Title:	
Bid Invitation Number:	
Location of Opening:	

Names of Companies Bidding	Amount of Bid

___________________________________ ______________

Name: Date

Title:

City of Rochester, New Hampshire
31 Wakefield Street • Rochester, NH 03867
(603) 335-7522
www.RochesterNH.net

Bid Opening Sign-In Sheet

DATE:__________________

Bid Invitation Number:____________

Name	Company/Organization	Phone Number	Email Address	Signature

SAMPLE INVITATION TO BID

The City of Rochester, New Hampshire is accepting sealed bids for **"[Title of Project]".** Bids must be submitted in a sealed envelope plainly marked:

[Project Title]
Bid # XX-XX
City of Rochester
31 Wakefield Street
Rochester, NH 03867
Attn: Purchasing Agent

All bids must be received no later than **"XXXXXXX XX, 202X"** at **2:15 PM** Actual bid opening will be at Rochester City Hall, Room XXXXX, 31 Wakefield Street in Rochester NH, at **2:30 PM**. No late bids, faxed, e-mailed or telephone bids will be accepted. Bid proposals and specifications may be obtained by visiting www.rochesternh.net, or emailing purchasing@rochesternh.net, or by contacting the Purchasing Agent at City Hall, 31 Wakefield Street, Rochester, NH 03867, (603) 335-7602. All bid questions must be submitted in writing (email preferred) to the Purchasing Agent. Bidders are to monitor website for addendums, and postings of all bid questions and answers. All bid proposals must be made on the bid proposal forms supplied, and the bid proposal forms must be fully completed when submitted.

Appendix G – JOB Loan Document Checklist for Applicants

JOB Loan Document Checklist for Applicants

INSTRUCTIONS: JOB Loan Applicants must complete this checklist and turn in with all required documents listed. Once completed application and required documents are received by the City, the JOB Loan Committee will meet to review the application. Note: In some situations, certain documents below may not apply; however, exclusion of a document must be approved by the committee.

Loan and Borrower Information
Borrower's Name(s)
____
____

Borrower's Address
____

Business Address:
____

General Application Documents
- ☐ JOB Loan Agreement and Understanding
- ☐ Loan Application Fee ($150)
- ☐ Loan Application
- ☐ History and description of the business
- ☐ Current and complete Business Plan
- ☐ Statement of anticipated benefits from the proposed financing and identified community benefit
- ☐ Jobs to be Created and timeframe (specific by title)
- ☐ Lease/Purchase Agreements

Financing/Costs
Loan Amount: _________________________
Total Project Cost: _______________________
- ☐ Other Financing Commitments and Terms
- ☐ Commitment Letter(s) from other financing sources
- ☐ Preliminary plans and specs- estimate of costs
- ☐ Schedule of outstanding obligations
- ☐ Listing of collateral

Property Evaluations
- ☐ Real Estate Appraisals
- ☐ Feasibility Studies

Company Financial Information
- ☐ Balance Sheet (previous 3 years)
- ☐ Profit and Loss Statement (previous 3 years)
- ☐ Current balance sheet and operating statement (not older than 90 days)
- ☐ Statement of Cash Flows
- ☐ Tax Returns (last 2 years)

Company Projected Financial Statements

☐ Pro-forma Balance Sheet and Operating Statement (2 years)
☐ Profit and Loss Statement- Project 2 Years
☐ Statement of Cash Flows

Personal Financial Information (for each Business Owner for each with 20% or more ownership interest in the firm)

☐ Individual Tax Returns (last 2 years)
☐ Current Personal Financial Statements
☐ Credit Bureau Reports

Corporate Documents

☐ Names and affiliates and/or subsidiary firms
☐ If business is a franchise, copy of the franchise agreement
☐ Resumes of the principals and top management
☐ True attested copy of the Bi-Laws of the firm
☐ Resolution of the Board of Directors of the applicant firm
☐ Certificate of good standing with the State
☐ Other (please describe):______________________________

____

____

____

Signature

____

Date

JOB Loan Document and Processing Checklist

*Certain areas of evaluation below may not be applicable on every loan.

Loan and Borrower Information
Borrower's Name(s):
Borrower's Address:
Secured or Unsecured:
Collateral:
Loan Amount:
Term:
Total Project Cost:
Other Financial Participation:
Bankable:
Project Description:

Corporate Documents:

	Names and affiliates and/or subsidiary firms
	If business is a franchise, copy of the franchise agreement
	Resumes of the principals and top management
	True attested copy of Bi-Laws of the firm
	Resolution of the Board of Directors of the applicant firm
	Certificate of Good Standing with State
	Other:

CDBG Documentation

CDBG Eligibility (select one):	
	Microenterprise assistance (570.201 (o) (1))
	Assistance to a For Profit Business (570.203(b))
	Commercial/industrial rehab (570.202(a)(3))

Application Documents

	JOB Loan Agreement & Understanding
	Loan Application Fee ($150)
	Loan Application

Supporting Documents (as applicable):

	History and description of the business
	Current and complete Business Plan
	Statement of anticipated benefits from the proposed financing and identifying community impact
	Other financing commitments and terms
	Commitment Letter(s) from other financing sources
	Lease/Purchase Agreements
	Preliminary plans and specs - estimate of costs (construction and/or machines and equipment

Compliance with Section 570.208 Criteria for National Objectives:

	(a) Benefit to low/mod income families
	(1) Limited Clientele Activities (only ME)
	(2)Job Creation or Retention Activities
	(b) Prevention or elimination of slums or blight (only rehab)
	(1) Addresses slums & blight on area basis
	(2) Addresses slums & blight on spot basis

Public Benefits Assessment (570.203 only)

	Business provides services to Low/Mod Community
	Creates low/mod jobs?
	Financial underwriting?
	Increases tax base

	Schedule of outstanding obligations
	Listing of collateral to be offered as security for the loan
	Other:

Property Evaluations:

	Real Estate Appraisals	
	Feasibility Studies	
	Other:	

Company Financial Statements:

	Balance Sheet (previous 3 years)	
	Profit and Loss Statement (previous 3 years)	
	Current balance sheet and operating statement (no older than 90 days)	
	Statement of Cash Flows	
	Tax Returns (last 2 years)	
	Other:	

Projected Financial Statements:

	Pro-forma Balance Sheet and Operating Statement (2 years)
	Profit and Loss Statement
	Statement of Cash Flows
	Other:

Personal Financial Statements

(for each Business Owner with 20% of more ownership interest in the firm)

	Individual Tax Returns (last 2 years)
	Current Personal Financial Statements
	Credit Bureau Reports

	Are project costs reasonable?
	Are all sources of financing committed?
	CDBG funds are not replacing private financing?
	Is project financially feasible?
	Return on Owners investment not unreasonably high?
	CDBG funds being disbursed on a pro rata basis with other funds

Preliminary Preparation

	Executive Summary prepared
	Credit Bureau Reports

JOB Loan Committee review

	meeting scheduled
	copies of loan package made for committee
	received loan package copies back to shred

JOB Loan Committee recommenda

	Approved
	Denied
	Comments: