



**The City of San Marcos, Texas**

**COMMUNITY DEVELOPMENT BLOCK GRANT  
DISASTER RECOVERY**

**San Marcos Public Housing Authority  
Reimbursement Activity  
Policies and Procedures**



**Detailed Plan for Administration and Management of the  
HUD Disaster Recovery Community Development Block Grant Program**



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## I. Purpose

The City of San Marcos has been awarded \$33,794,000 by the U.S. Department of Housing and Urban Development Community Development Block Grant Disaster Recovery Program (Grant) through the Disaster Relief Appropriations Act of 2016 (Public Law 114-113, Approved Dec. 18<sup>th</sup>, 2015) published June 17, 2016 in the Federal Register Vol. , No.117 [Docket No. FR-5938-N-01] Department of Housing and Urban Development Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees to address the devastation of the floods of 2015 to the affected areas, and Federal Register Vol. 82, No. 150 published August 7, 2017 [Docket No. FR-6039-N-01] Allocation, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees. The City Council of San Marcos approved the Action Plan with Revisions November 4, 2016.

This Policies and Procedures Manual for the City of San Marcos CDBG-DR Public Housing Reimbursement Activity is provided to assist program staff in implementing and managing disaster recovery grants. It provides guidance regarding the general requirements that apply to units of local government. It is the responsibility of the Planning and Development Services CDBG-DR staff to ensure that subrecipient comply with all provisions of this manual, state and federal rules and regulations, and the grant award agreement. Subrecipients must also carry out proper and efficient grant administrative practices. The Policies and Procedures Manual is intended to provide clear areas of responsibility to ensure consistent application of the procedures outlined in the manual.

If there are any questions, please contact:

City of San Marcos  
Planning and Development Services  
630 East Hopkins  
San Marcos, Tx 78666  
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## II. San Marcos Public Housing Authority – Reimbursement of Flood-Related Repairs Made to PHA Housing Units

### A. Policy Amendments

#### Substantial Amendments to the Action Plan

According to the CDBG-DR Action Plan, Tab 3, Section X. Amendment Definition and Approach, a Substantial Amendment to the Action Plan shall be defined as:

1. A change in program benefit or eligibility criteria;
2. The addition or deletion of an activity; or
3. The allocation or reallocation of more than \$1 million between activities.

Only those amendments that meet the definition of a Substantial Amendment are subject to the public notification and public comment procedures previously identified within the Federal Register and this Action Plan. Specifically, a public notice will be published and comment will be sought when assistance programs are further defined (i.e. change in program benefit or eligibility criteria) or when funding allocations are further refined by type of activity and location, if applicable.

Citizens, other local governmental entities, and our community partners will be provided with advanced notice and the opportunity to comment on proposed Substantial Amendments to the Action Plan. An electronic copy of the proposed Substantial Amendment will be posted on the official San Marcos Disaster Recovery website. Hard copies will also be made available upon request. Translations and accommodations for residents with disabilities will be made in accordance with the Citizen Participation Plan as detailed in the Action Plan. No less than fourteen (14) days will be provided for review and comment on the Substantial Amendment. Comments will be accepted electronically or in writing. A summary of all comments received and responses will be included in the Substantial Amendment that is submitted to HUD for approval.

**Non-Substantial Amendments to the Action Plan**

Non-Substantial amendments are defined as minor, one that does not materially change the activities or eligible beneficiaries. This provision should not be construed as allowing the general administrative budget to exceed the allowable limit. Additionally, a Substantial Amendment is not required in the case where the City is simply requesting additional funding from HUD. HUD must be notified in advance of a Non-Substantial Amendment becoming effective.

Non-Substantial Amendments are not subject to the public notification and public comment procedures previously identified in the Federal Register of this Action Plan, however the City will publish all Amendments, Substantial or Non-Substantial, to the Disaster Recovery website, [www.smtxfloodrecovery.com](http://www.smtxfloodrecovery.com) and will be numbered sequentially for ease of identification and reference.

**B. Owner-Occupied Housing Program Policies Adopted in CDBG-DR Action Plan: August 2, 2016.**

The Housing Policy and Procedures document was modified following the approval by the City Council and HUD of the following Amendments to the CDBG-DR Action Plan:

Amendment Number	Revision	Date made to Policy
Amendment #2	Section V was revised to reflect the new period of affordability.	July 21, 2017
Amendment #3	Income determination was changed.	October 3, 2017
Amendment #5	Housing hard cost caps were revised.	April 12, 2018
Amendment #6	Relocation to City Owned Property (RCOP) was added.	June 15, 2018
Amendment #7	Monitoring Revisions – See cover sheet	December 20, 2018

### C. Procedure Amendments

The City permits changes to procedures with the approval of the DPD.

Overview of Procedure Amendment Procedure	
Responsible Party	Task
Director of Planning and Development Services (DPD)	Reviews recommendations, approves or denies recommendations
Housing and Community Development Manager (HCDM)	Reviews recommendations, approves or denies recommendations
Administrative Assistant Planning (AA)	Posts changes to transparency Web site;

### D. Procedure Amendment Policy

The City permits changes to procedure with the approval of the DPD.

1. Procedures are submitted in writing to the HCDM.
2. The HCDM approves, modifies or denies the change.
  - a. The HCDM approves or modifies the change, the HCDM submits the proposed change in writing to the DPD.
3. The DPD approves, modifies or denies the change.
  - a. If the DPD approves or modifies the change, the DPD returns the procedure change to the HCDM.
    - i. The HCDM makes the change to the procedure and forwards the corrected manual to the AA.
    - ii. The AA posts the changed Policies and Procedures Activity Manual(s) to the transparency website.
  - b. If the DPD does not approve the change, no further action is taken.

### III. Program Administrator

The City of San Marcos is the lead agency for the administration of the Grant and will implement the activities of the Grant through dedicated staff and procured professional services and contractor vendors.

### IV. Program Objectives

San Marcos was hit hard by the Floods of 2015 and the following objectives guide the Housing Programs' implementation.

- A. The primary objective of this Program is to provide decent, safe, and sanitary housing in the flood impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of the Floods of 2015, as well as any future floods.
- B. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

- C. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

## V. **Federal Regulations and Program Requirements**

### **Federal Regulations**

This activity complies with all relevant other federal regulations including, but not limited to, the following:

#### **PRESIDENTIALLY-DECLARED A MAJOR DISASTER**

All projects and activities must be located in a county that was presidentially-declared a major disaster.

#### **NATIONAL OBJECTIVES**

All activities funded with CDGB-DR funds must meet one of the CDBG-DR program's National Objectives: (a) benefit low- and moderate-income persons; (b) aid in the prevention or elimination of slums or blight; or (c) meet community development needs having a particular urgency, as defined in 24 CFR 570.208. The National Objective approved for the San Marcos Public Housing Authority – Reimbursement Program is Benefit to Low to Moderate Income (LMI). Households must meet the low to moderate-income (LMI) National Objective requirements in accordance with HUD LMI standards as shown under Threshold Eligibility Requirements to satisfy the income eligibility requirement for the Housing Programs. The procedure to verify that the LMI National Objective has been met is under the Eligibility Procedure in this document.

#### **COPELAND ANTI-KICKBACK ACT COMPLIANCE**

The City complies with the requirements of 29 CFR Part 3 (the Copeland Act). The “Anti-Kickback” section of the Act precludes a contractor or subcontractor from inducing an employee -- in any manner -- to give up any part of his/her compensation to which he/she is entitled under his/her contract of employment.

**CONFLICTS OF INTEREST** (24 CFR 570.611; 2 CFR 200.112 AND 200.318©24 CFR 85.35; and 24 CFR 84.42)

There are two sets of conflict of interest provisions applicable to activities carried out with CDBG funding. The first set, applicable to the procurement of goods and services by the City, is the procurement regulations located at 24 CFR 84.42 and 85.36. The second set of provisions is located at 24 CFR 570.611(a)(2). These provisions cover situations not covered by parts 84 and 85.

With respect to procurement activities, the City will maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

(a) Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:

- 1) An employee, officer, or agent of the Contractor;
- 2) Any member of an employee's, officer's, or agent's immediate family;
- 3) An employee's, agent's, or officer's partner; or
- 4) An organization which employs or is about to employ any of the persons listed in the preceding sections.

(b) Require that employees, agents, and officers of the City neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to sub-agreements.

(c) Provide for disciplinary actions to be applied for any violations of such standards by employees, agents or officers of the City.

With respect to all other CDBG-assisted activities, the general standard is that no employee, agent or officer of the City, who exercises decision-making responsibility with respect to CDBG funds and activities is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds for the activities. Specific provisions include that:

- 1) This requirement applies to any person who is an employee, agent, officer, or elected or appointed official of the City, a designated public agency, and to their immediate family members and business partner(s).
- 2) The requirement applies for such persons during their tenure and for a period of one year after leaving the grantee organization.
- 3) Upon written request, exceptions may be granted by HUD on a case-by-case basis.

#### **CERTIFICATION OF ELIGIBILITY** (24 CFR Part 23 (Debarment and Suspension))

The City certifies that it is active and not debarred on the government- wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p 189) and 12689 (3 CFR part 1989 Comp., p 235), "Debarment and Suspension".

The City ensures that awards are not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" and the UAR. City will have each contractor and subcontractor complete a contractor eligibility form in a format that is provided or approved by the City. This form will provide the information necessary to verify contractor eligibility.

In accordance with 24 CFR Part 23 Debarment and Suspension, the City verifies that the contractor or subcontractor is active and not debarred by printing the certification from the [www.sam.gov](http://www.sam.gov) website before the entity performs any work.

#### **BYRD ANTI-LOBBYING AMENDMENT**

(31 U.S.C. 1352) The City ensures that Contractors that bid for an award exceeding \$100,000 must file the required certification that it will not and has not used Federal appropriated funds to pay any persons or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352.

### **SECTION 3 COMPLIANCE**

The City complies with Section 3 [These provisions are applicable to projects for which the amount of HUD assistance exceeds \$200,000 and the contract or subcontract exceeds \$100,000.] The work to be performed under this activity is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing. The required Section 3 Reports will be provided to HUD by the required due date.

### **COMPLIANCE WITH RULES & REGULATIONS**

The City complies with all applicable uniform administrative regulations related to the application, acceptance and use of federal funds as contained in **2 CFR Part 200**, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards included in the following:

#### **Workers Compensation laws;**

- (a) Minimum and maximum salary and wage statutes and regulations, including but not limited to:

**Fair Labor Standards Act of 1938, as amended;**

**Equal Pay Act of 1963, PL 88-38;** and all applicable regulations implementing the above laws;

- (b) Non-discrimination statutes and regulations, including but not limited to:

**Title VII of the Civil Rights Act of 1964, as amended;**

**Section 504 of the Rehabilitation Act of 1973, as amended;**

**The Age Discrimination Act of 1975, as amended;** and all applicable regulations implementing the above laws;

- (c) Licensing laws and regulations;

Compliance with **Texas Accessibility Standards ("TAS")** and ADA requirements, issued by the Texas Department of Licensing and Regulation, under the Architectural Barriers Act, or other applicable Texas law;



Requirements under the **Architectural Barriers Act** and the **Americans with Disabilities Act** set forth in **24 C.F.R. Section 570.614**;

All applicable standards, orders, or requirements issued under the **Clean Air Act (42 U.S.C.7401-7671q)**, and the **Federal Water Pollution Control Act (33 U.S.C. 1251-1387, as amended)**, and **Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended**.

Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the **Energy Policy and Conservation Act (PUB L 94-163, 89 Stat. 871) codified at 42 U.S.C.A. Section 6321 et seq.**;

### **NATIONAL ENVIRONMENTAL POLICY ACT ("NEPA")**

including Environmental Protection Agency regulations (40 C.F.R. Part 15), applicable HUD regulations set forth in 24 C.F.R. Parts 50 and 58 including authorities cited therein, and National Historic Preservation Act of 1966, including Federal Historic Preservation Regulations (36 C.F.R. Part 800), which require environmental clearance of federal aid projects; and in connection with NEPA requirements, City is responsible for the preparation of NEPA documents required for environmental clearance of the Project covered hereunder; 24 C.F.R. Section 5.105, including applicable authorities cited therein, as well as applicable provisions of 24 C.F.R. Part 58, including Section 58.5 and applicable authorities cited therein and Section 58.6 and applicable authorities cited therein.

### **AFFIRMATIVE ACTION – WOMEN-AND MINORITY-OWNED BUSINESSES (W/MBE)**

The City takes all necessary affirmative steps to afford small businesses, minority business enterprises, and women’s business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this document, the terms “small business” means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and “minority and women’s business enterprise” means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, “minority group members” are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The City may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation. The City will complete the HUD 2516 Report in a timely fashion to demonstrate compliance.

Affirmative steps include:

- Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
- Assuring that small and minority businesses, and women’s business enterprises, are solicited whenever they are potential sources.
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce;

- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.

### **LABOR STANDARDS**

The City agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the CDBG-DR grant.

The City complies with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The City maintains documentation that demonstrates compliance with hour and wage requirements of this part.

The City agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this contract, shall comply with Federal requirements adopted by the City pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Contractor of its obligation, if any, to require payment of the higher wage. The City shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph. City staff shall complete HUD Report 4710 in a timely fashion to demonstrate compliance.

### **PROGRAM INCOME**

The City does not expect to receive program income from this CDBG-DR funding; and will accept and report program income to the federal government if an eligible activity allows and is approved.

### **FEDERAL FUNDING AND ACCOUNTABILITY TRANSPARENCY ACT (FFATA)**

Contracts equal to or greater than \$25,000 must be entered into the Federal Service Reporting System. Contractor information is needed to complete the compliance reporting for the Federal Funding and Accountability Transparency Act. The Contractor will complete the Federal Funding and Accountability Transparency Act form attached to this Contract. The City will complete the FFATA report in a timely fashion to demonstrate compliance.

### **LOBBYING**

The City hereby certifies that:

- a) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- c) It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Contractors shall certify and disclose accordingly:
- d) Lobbying Certification  
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### **LEAD-BASED PAINT**

The City agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-DR-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

### **FLOOD DISASTER PROTECTION**

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the City shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation). The City requires all projects and activities within a Special Flood Hazard Area (SFHA) to be designed or modified to minimize harm to or within floodplains in accordance with executive Order 11988 and 24 CFR Part 55.

### **HISTORIC PRESERVATION**

The City agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

### **RELIGIOUS ACTIVITIES**

The City agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization. The acquisition, construction, or rehabilitation of structures used for inherently religious activities is not allowable under this program.

### **FAIR HOUSING**

The primary focus of this program is to provide relief for those people impacted by the floods with consideration given to affirmatively furthering fair housing, as called for within the Fair Housing Act. The goal is to ensure that eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs", gender groups receive the intended benefit from each project and program.

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**San Marcos Public Housing Authority- 2015 DR Reimbursement Activity:****VI. Summary:**

“During the Memorial Day and All Saints floods of 2015 the San Marcos Public Housing Authority (SMPHA) sustained damages of approximately \$1,300,000 to 100 units of their 287-unit inventory. The SMPHA utilized resources originally intended for improvements to other public housing facilities to make flood-damage repairs to the CM Allen Homes Public Housing Authority complex, located at 795 River Road. The SMPHA received various sources of funding, including FEMA, SBA, and donations from non-profit organizations. The SMPHA has completed repairs and allowed residents to return to the complex. The majority of the units are occupied by persons/families below 30% of the local median income. The SMPHA has requested reimbursement for flood-related repairs from the City of San Marcos’ CDBG-DR funding.

**SUBSTANTIAL AMENDMENT NO. 7**

The Substantial Amendment No. 7 to the CDBG-DR Action Plan will allow for reimbursement of CDBG-DR funds to the San Marcos Public Housing Authority for eligible flood-related repairs.

**TIMELINE**

<b>SMPHA submits NFIP Insurance Certificate to City</b>	July 31, 2018
<b>Public will be notified of Substantial Amendment No. 7 Comment Period and Public Hearing</b>	<b>Website</b> – post August 5, 2018 <b>Newspaper</b> – Legal Notices: August 3, 2018
<b>Comment Period</b>	August 5, 2018 to September 4, 2018
<b>Public Hearing – City Council</b>	September 4, 2018
<b>Submit to HUD (HUD has 45 days to respond)</b>	Submit executed Action Plan, and Resolution to HUD
<b>HUD approved Substantial Amendment No. 7</b>	

**VII. Objective:**

Substantial Amendment No. 7 to the CDBG-DR Action plan will allow eligible flood-related San Marcos Public Housing Authority expenses to be reimbursed. The goal of the 2015 CDBG-DR SMPHA Reimbursement Activity is to identify and confirm eligible flood-related expenses incurred as a result of the Presidentially-declared Disaster, and provide reimbursement to the SMPHA for the repairs made to the CM Allen 100-unit PHA complex that was impacted by the May and October 2015 Floods.

**VIII. Eligible Activity: YES**

**Low/Moderate Income Housing**

Support: Page 2-38 and page 2-44 of the Guide to National Objectives (see attached)

**IX. National Objective: Low/Moderate Income Housing**

The San Marcos Public Housing Authority provides housing to at discounted rates to very low and low income residents.

**XI. Procedure:**

**1. Environmental Review**

The City of San Marcos completed an environmental review of the reimbursement activity and concluded the level of Environmental Review Determination to be: Exempt per 24 CFR 58.34(a): (3) Administrative Services and 58.34(5) Inspection for Hazards.

**2. Collect and Review Documentation of Expenses**

The SMPHA provided numerous boxes of documentation of expenses consisting of receipts of materials and services provided. City staff reviewed the receipts and completed spreadsheets to help compare and verify expenses. Staff verified that expenses by unit and compared receipts/amounts for possible duplication.

**3. Damage Assessments/ Physical Inspections**

City staff utilized work write-ups provided by the SMPHA to create inspection checklists for each unit. City staff coordinated physical inspections with PHA staff of the 100 units in CM Allen complex. On-site visits to inspect the units were made over a period of time. Photographs of the reported repairs were taken to augment the inspections and verify work completed.

**4. Comparison of Inspections vs. Receipts**

City staff conducted comparisons of the reported work completed to the inspection reports and photographs. The receipts were reviewed to verify the expenses incurred were for the reported work/services units. Staff compared receipts to check that materials and services purchased were for repairs completed at designated units.

**5. Collect and Review Documentation of Flood Assistance and Contributions Received**

The SMPHA provided documentation of flood assistance and contributions received from various sources, including FEMA, SBA, United Way, Texas Municipal League Flood Insurance, Housing Authority Capital Funds, San Marcos Investment Corporation, and private cash donations. The documentation of flood assistance included funding award notices from FEMA and SBA, copies of checks received, bank statements and journal entries. City staff created a spreadsheet of assistance received to determine the amount of funds received.

6. Cost Reasonableness Analysis

The scope of work for the units was inspected and compared to the actual materials and services provided, which were of reasonable/expected quality for public housing units. The costs of materials and services incurred for the urgently needed flood repairs were determined to be reasonable; with consideration of the region-wide flooding that affected so many homes and businesses

7. Duplication of Benefits Analysis

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the “Stafford Act”) prohibits any person, business concern or other entity from receiving financial assistance from CDBG-DR funding if the applicant has received or will receive financial assistance under any other program, such as from FEMA, SBA, NFIP, private insurance or any other source, for the same activity.

Fundamentally, the subrecipient (SMPHA) must account for, and report to the City, all private insurance, SBA, NFIP, FEMA and/or any other funding an applicant has received for the same purpose as the CDBG-DR grant, prior to expenditure of CDBG-DR funds.

City staff collected and reviewed the documentation provided by the SMPHA of expenses incurred for the flood-related repairs; and the funds and contributions received by the SMPHA.

If a duplicative benefit is discovered after the disaster recovery award is provided, the subrecipient will be required to recapture the amount of the duplicative award.

8. Analysis of “Unmet Need”

City staff will conduct a financial analysis of costs incurred; and, the total funds received for the flood-related repairs, to determine the “unmet need” (or expenses incurred that were not covered by the funds and contributions received). The eligible financial costs that were not covered will be provided by the City of San Marcos to the SMPHA from the CDBG-DR funding.

9. Recapture of Funds

The SMPHA may be required to repay all, or a portion of the funds received. The reasons for recapture include but are not limited to the following:

- The SMPHA is determined to have provided false or misleading information to the city CDBG-DR program;
- The SMPHA withdraws from the CDBG-DR program prior to completion of the project;
- The SMPHA does not report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other duplication of benefits received after calculation of the award.
- The SMPHA voluntarily or involuntarily relinquishes ownership of the property prior to the CDBG-DR program monitoring or prior to successful completion of final program inspection.

## **XII. Monitoring**

### **Monitoring Sub-grantees**

Monitoring is an important component of grant management. It ensures that activities specified in the subgrant agreement progress toward timely completion and allows for early identification of potential issues and problems so they can be prevented or corrected. The CDBG-DR monitoring program may include desk monitoring and onsite monitoring.

## **XIII. Closeout Overview**

Subrecipients are responsible for timely submission of closeout documents. A subrecipient agreement cannot be closed out until all activities associated with the project have been completed and the National Objective has been met.

The CDBG-DR Program staff coordinate with the subrecipient to ensure appropriate closeout documents are submitted. There are two stages in the closeout process: Administrative Closeout and Final Closeout. Administrative closeout means that the subrecipient has received notice from CDBG-DR staff that all applicable administrative actions and all required work in the subrecipient agreement have been completed, with the exception of the submission and approval of the final audit required under 2 CFR Part 200.

## **XIV. Record Retention**

After the subrecipient project is closed, the subrecipient must keep all records related to the grant award for a minimum of 6 years after final closeout has been approved or from the end of any audit or legal proceedings involving the subrecipient award.

## **XV. Financial Audit**

The Subrecipient is responsible for conducting a federal single or program specific audit in accordance with 2 CFR Part 200 or an attestation statement that a single audit is not required. A federal Single Audit is required if the Subgrantee and/or subrecipient has expended \$750,000 in total federal assistance in the fiscal year. The total federal assistance includes all direct or indirect funds received from a federal agency; not just funding from the CDBG-Disaster Recovery program.

Within sixty (60) calendar days of the close of the fiscal year, on an annual basis, the Subrecipient shall submit a completed Audit to city staff for review.