A G E N D A

CITY OF SEASIDE
COMMUNITY DEVELOPMENT
ADVISORY COMMITTEE

REGULAR MEETING
OLDEMEYER CENTER
986 Hilby Avenue
Wednesday, November 15, 2017
6:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. **CALL TO ORDER**

2. **ROLL CALL**
   Sue Hawthorne-Chair
   Clementine Bonner-Klein-Vice Chair
   John Francis
   Rebecca Pieken

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE

3. **PUBLIC COMMENT**

4. **APPLICATION WORKSHOP**
   APPLICATION WORKSHOP-MANDATORY FOR 2018-2020 CDBG SUBRECIPIENT APPLICANTS

5. **APPROVAL OF MINUTES**

   A. **APPROVAL OF REGULAR MEETING MINUTES FOR OCTOBER 18, 2017**

6. **OLD BUSINESS**

7. **NEW BUSINESS**

   A. **RECEIVE THE FIRST QUARTER REPORT FOR 2017-2018**

   PURPOSE: The purpose of this item is to receive an update on the First Quarter CDBG activities for 2017-2018

   RECOMMENDATION: It is recommended that the CDAC receive the report.

B. RECEIVE A REPORT ON UPCOMING SUBRECIPIENT MONITORING ACTIVITIES

PURPOSE: The purpose of this item is to update the CDAC on upcoming subrecipient monitoring activities.

RECOMMENDATION: It is recommended that the CDAC receive the report and comment as appropriate.

C. UPDATE ON MONTEREY REGIONAL ASSESSMENT OF FAIR HOUSING (AFH) PROJECT

PURPOSE: The purpose of this item is to update the CDAC on the regional AFH project progress.

RECOMMENDATION: It is recommended that the CDAC receive the report.

8. REVIEW LONG RANGE CALENDAR

A. REVIEW AND REVISE THE CDAC LONG RANGE CALENDAR AS NECESSARY

9. REPORTS FROM COMMITTEE MEMBERS

10. REPORTS BY STAFF

11. ADJOURNMENT

Next Regularly Scheduled Meeting:
December 20, 2017
6:30 PM

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http://cvp.telvue.com/player?id=T01629&video=52314&noplaylistskin=1&width=400&height=300
Videos of past meetings are available on demand through the City's website: http://www.ci.seaside.ca.us

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	MEETING MINUTES DRAFT	
CITY OF SEASIDE		OLDEMEYER CENTER 986 HILBY AVE
COMMUNITY DEVELOPMENT ADVISORY COMMITTEE		Wednesday October 18, 2017
		6:30 P.M.

1.	**CALL TO ORDER AT – 6:31 p.m.**
2.	**ROLL CALL – ESTABLISHMENT OF QUORUM**

MEMBERS	Sue Hawthorne, Clementine Bonner Klein, John Francis, Rebecca Pieken, Francisco Diaz
PRESENT:	Hawthorne, Bonner Klein, Francis, Pieken,
ABSENT:	Diaz

3. **PUBLIC COMMENT** – Shari Hastey, CPY, informed the CDAC that she was in attendance at the City of Seaside birthday celebration and felt the Committee was well represented by Chairperson Hawthorne during the Boards and Commissions appreciation ceremony.

APPROVAL OF MINUTES

4.

September 20, 2017

On motion by Member Bonner Klein and Seconded by Member Francis, and carried by the following vote, the CDAC approved the Meeting Minutes for September 20, 2017.

AYES	4	COMMITTEE MEMBERS	Hawthorne, Bonner Klein, Francis, Pieken
NOES	0	COMMITTEE MEMBERS	None
ABSENT	0	COMMITTEE MEMBERS	Diaz
RECUSED	0	COMMITTEE MEMBERS	None

OLD BUSINESS

5.

None

6. **NEW BUSINESS**

A. DETERMINE THE MOST URGENT PRIORITY NEEDS FROM THE SEPTEMBER 20, 2017 WORKSHOP FOR PREFERENCE WHEN

	SCORING 2018-2020 SUBRECIPIENT PROPOSALS. The CDAC reviewed the results of the September 20, 2017 Community Needs session and the priorities established were, Crime Prevention, Youth, Youth Centers, Emergency Repairs, Employment Training, Homeless Facilities, Fair Housing, Streets/Sidewalks, and New Housing. These will be presented to City Council on November 2, 2017. **B. REVIEW PREVIOUS SCORING METRICS FOR PROPOSALS AND DISCUSS ANY CHANGES THAT MAY BE WARRANTED FOR THE 2018-2020 PROPOSALS.** Following a brief review and discussion of the previous scoring metrics for proposals, the CDAC suggested adding customized questions to further assist them in their application scoring.
7.	**REVIEW LONG RANGE CALENDAR** No changes were made to the Long Range Calendar at this time.
8.	**REPORTS BY COMMITTEE MEMBERS** None
9.	**REPORTS BY STAFF** None
10.	**ADJOURNMENT**

<u>On motion by Member Bonner Klein and Seconded by Member Francis, and carried by the following vote, the CDAC approved the Meeting Minutes for September 20, 2017.</u>

AYES	4	COMMITTEE MEMBERS	Hawthorne, Bonner Klein, Francis, Pieken
NOES	0	COMMITTEE MEMBERS	None
ABSENT	0	COMMITTEE MEMBERS	Diaz
RECUSED	0	COMMITTEE MEMBERS	None

CITY OF SEASIDE
STAFF REPORT

Item No.: 7.A.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst
Patrice Clemons

DATE: November 15, 2017

SUBJECT: **RECEIVE THE FIRST QUARTER REPORT FOR 2017-2018**

PURPOSE

The purpose of this item is to receive an update on the First Quarter CDBG activities for 2017-2018

RECOMMENDATION

It is recommended that the CDAC receive the report.

BACKGROUND

The federal announcement of the CDBG grant awards was much later than usual. As a result, the Annual Action Plan (AAP) that would normally have been submitted to HUD by May 15 was not due nationwide until mid August.

Seaside's AAP was submitted to HUD on June 28 and Seaside's Funding Approval form was fully executed on October 3. These delays do not necessarily impact our local program, as HUD will honor reimbursements back to July 1 for the public service subrecipients.

The environmental clearance documents for the public service recipients and for Community Human Services and the Boys and Girls Club were prepared by City Staff and all of those projects may proceed. The Cutino Park project environmental documents are being prepared by the consultant designing the entire project and those are in progress.

The Library Accessibility Project held over from previous years has existing clearance documents. That project has gone out to bid and is expected to go into construction in December.

Additional information regarding Seaside's subrecipients is available in Patrice Clemons' 1st Quarter report, attached to this document.

FISCAL IMPACT

There is no additional fiscal impact as a result of this report. All projects have been funded.

ATTACHMENTS

1.

1. Patrice Clemons 1st Qtr Report
2. Attachment-Priorities

RESOURCE MANAGEMENT SERVICES
440 Harcourt Avenue Telephone (831) 899-6725
Seaside, California 93955 FAX (831) 899-6211

To: Community Development Advisory Committee Members

From: Patrice Clemons, Michael Baker International

Cc: Sharon Mikesell

Date: November 15, 2017

Re: FY2017-2018 FIRST QUARTER REPORT

2017-18 USES OF FUNDS
Please find a summary budget below.

Total CDBG Budget	
Grant Award 17-18	$363,989
Embassy Suites Program Income 2016	$103,100
Loan Principal Program Income (in May a loan was paid)	$43,778
Total Funds	**$510,867**

CDBG Allocations	
Obligatory Expenditures (Section 108 Loan)	$15,218
Program Administration	$102,173
Public Service Program	$76,630
Eligible Projects	$316,846
Total	**$510,867**

OBLIGATORY EXPENDITURES (SECTION 108 LOAN) – $15,218
In 1996, the City of Seaside applied for and received a Section 108 Loan Guarantee as part of a redevelopment project for the installation of public works improvements in the City Center Revitalization Area. The repayment of this loan is an eligible CDBG expense. Using CDBG funds to repay this loan alleviates an expense to the General Fund. This loan was re-financed in 2010. In 2016-17, the payment was for $304,426.50; and the final payment in 2017-18 is for $15,218 which was submitted in July shortly after the City's 2017-2018 fiscal year began.

PROGRAM ADMINISTRATION – $103,100
CDBG program administration funds will be used to plan, implement, and evaluate the CDBG program. Grant management activities may include, but are not limited to, federal reporting, budget oversight, subrecipient monitoring, policy development and writing, citizen and community outreach, and coordination and supplemental grant writing to enhance CDBG-funded activities. In plan year 2017–18, the City is retaining part-time contract staff to support the CDBG program. Expenditures for program income are capped at 20% of the annual entitlement plus plan year program income.

PUBLIC SERVICE PROGRAM– $76,630

Four of the five public service organizations have submitted their first quarter reports and first reimbursement requests. Salvation Army had no first quarter report or requests for reimbursement and anticipate that they will be spending down funds beginning the second quarter. All reporting agencies for quarter 1 are on target to meet and/or exceed program goals. To date, approximately 30 percent of the $76,630 CDBG funds allocated for public services in 2017-18 has been reimbursed to the organizations.

Org.	FY2017-18		QUARTER 1		FYTD Total	
	CDBG Funds	# Served	# Served	$ Request.	# Served	$ Request.
CPY	$17,126	15 + 400	20 + 398	$11,094.51	20 + 398	$11,094.51
Girls Inc.	$10,126	65	25	$4123.03	25	$4123.03
LSS	$17,126	180	87	$4281.50	87	$4281.50
Salv.	$16,126	40	0	$0	0	$0
TVP	$16,126	27	38	$4031.50	38	$4031.50
Total	**$76,630**	**727**	**568**	**$23,530.50**	**568**	**$23,530.50**

ELIGIBLE PROJECTS – $316,816

For FY2017–18, the City of Seaside allocated funds to three projects: Boys and Girls Club of Monterey County Clubhouse improvements, the Community Human Services Genesis House improvements, and Cutino Park improvements. The City's Library ADA improvement is also underway from previous a funding year.

Project Name	CDBG Funds	Funds Expended Q1	Accomplishments Q4
Boys & Girls Club of Monterey County: Seaside Clubhouse Improvements	$41,171	$0	Project includes replacement of new locks, doors and windows.
Community Human Services; Genesis House Facility Improvement	$61,171	$0	Installation of approximately 72 new energy efficient windows.
Cutino Park Improvements	$215,503	$0	Project includes accessibility features added to entrances, pathways, restrooms, snack shack, playground and spectator seating.
Library ADA Improvements (Previous Year)	$77,722	$0	Project includes accessibility improvements to railings, emergency exits, meeting and break rooms, entry vestibule, restrooms, and drinking fountain.
Total	**$445,538**	**$0**	

OUTREACH PRIORITY NEEDS 2018-19

CDAC members requested a more detailed breakdown from the "dot" posters provided at the September CDAC outreach meeting. The following list shows the top three priority needs identified by residents during the September workshops based on eligible activities:

Overall CDBG Eligible Activities:

1. Crime Prevention
2. Economic Development
3. Employment Training

Housing Activities:

1. Emergency Repairs (existing0
2. Fair Housing (no discrimination)
3. Rehabilitation

Crime Prevention Activities:

1. Crime Prevention
2. Crime Awareness
3. Graffiti Abatement

Public Facilities and Public Improvements:

1. Homeless Facilities
2. Youth Centers
3. Parks and Recreational Facilities

Economic Development Activities:

1. Employment Training
2. Acquisition, Construction, and Rehabilitation
3. Micro-Enterprise

Public Services Activities:

1. Youth Services
2. Mental Health Services
3. Neighborhood Clean-up

See Attachment 1 for a complete list of the priority activities selected by residents.

Priority Needs – Public Responses from September 20, 2017 CDAC Meeting:

	CDBG Eligible Activities	Priority Points
1	Crime Prevention	11
2	Economic development	10
3	Employment training	9
4	Housing – home ownership	7
5	Public Facilities and Public Improvements	6
6	Building capacity of community resources	6
7	Housing – rehabilitation	5
8	Relocation/rental assistance due to displacement	5
9	Public Services	4
10	Emergency/interim repairs to prevent further deterioration	3
11	Energy Conservation and renewable resources	2
12	New housing construction (CBDO only)	2
13	Code Enforcement (reduce blight)	1
14	Fair Housing (no discrimination)	1
15	Homeless Facilities	1
16	Real property – Acquisition, sale	0
17	Real property - Clearance, clean-up, demolition, relocation	0
18	Electrical utilities improvements	0

	Housing	Priority Points
1	Emergency repairs (existing)	30
2	Fair Housing (no discrimination)	15
3	Rehabilitation	14
4	New housing construction	13
5	Rental/rental assistance	13
6	Homeownership assistance	10
7	Housing counseling	10
8	Tenant/Landlord counseling	6
9	Foreclosed properties	2
10	Historic preservation	0
11	Lead abatement	0

	Crime Prevention	Priority Points
1	Crime prevention	32
2	Crime awareness	14
3	Graffiti abatement	10
4	Other	8
5	Code enforcement	6

	Public Facilities & Public Improvements	**Priority Points**
1	Homeless Facilities	23
2	Youth Centers	21
3	Parks and recreational Facilities	19
4	Street and sidewalks	18
5	Senior Centers	12
6	Misc. Neighborhood Facilities	6
7	Flood Drainage	3
8	Handicapped Centers	2
9	Parking	0
10	Solid Waste Disposal	0
11	Water/Sewer	0

	Economic Development	**Priority Points**
1	Employment training	22
2	Acquisition, construction and rehabilitation	18
3	Micro-enterprise	12
4	Infrastructure development	12
5	Other	6
6	Technical assistance provided	4

	Public Services	**Priority Points**
1	Youth	29
2	Mental Health	12
3	Neighborhood clean-up	10
4	Child Care	9
5	Senior	6
6	Legal assistance	6
7	Substance Abuse	6
8	Domestic Violence	5
9	Child Abuse	4
10	Other (Homeless)	3
11	Transportation	2
12	Handicapped	0
13	Health	0
14	Food	0
15	AIDS	0

CITY OF SEASIDE
STAFF REPORT

Item No.: 7.B.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst
Patrice Clemons

DATE: November 15, 2017

SUBJECT: **RECEIVE A REPORT ON UPCOMING SUBRECIPIENT MONITORING ACTIVITIES**

PURPOSE

The purpose of this item is to update the CDAC on upcoming subrecipient monitoring activities.

RECOMMENDATION

It is recommended that the CDAC receive the report and comment as appropriate.

BACKGROUND

HUD requires grantee monitoring of subrecipient activities under 2CFR Part 200 to ensure that awards are used in compliance with the terms and conditions of the Federal statutes and that performance goals are achieved.

The City of Seaside's CDBG Program Policies and Procedures requires monitoring of subrecipients as well. Both HUD and the City procedures recommend a blend of desk reviews and site reviews. All subrecipients receive "desk reviews" quarterly with a review of their submittals. During 2017-2018, the City will conduct site reviews of The Village Project and the Salvation Army.

Neither the Village Project nor the Salvation Army have experienced a recent site review and both agencies have had significant staffing turnover.As a result, they are the most appropriate to visit on site during this fiscal year. This is a good opportunity to get acquainted with the new staff members and ensure that best practices regarding the CDBG program are followed. Staff does not anticipate that there will be any significant findings needing correction with either subrecipient.

Staff anticipates scheduling the visits in early 2018 and a full report to the CDAC will follow.

FISCAL IMPACT

There is no additional fiscal impact to the program in conjunction with this staff report. Subrecipient monitoring is included as part of the CDBG administrative budget.

ATTACHMENTS

1.

1. HUD Integrity Bulletin-Subrecipient Oversight and Monitoring

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Summer 2016

Integrity Bulletin
U.S. Department of Housing and Urban Development
Office of Inspector General

Subrecipient Oversight and Monitoring – A Roadmap for Improved Results

This bulletin highlights the importance of effective subrecipient management and oversight by grantees receiving funds from the U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development (CPD). On December 26, 2013, the Office of Management and Budget issued revised guidance under 2 CFR (Code of Federal Regulations) Part 200. The result was consolidation of and changes to government-wide uniform administrative requirements, cost principles, and audit requirements for Federal awards. These changes emphasized a grantee's responsibility to manage and monitor its subrecipients, including monitoring a subrecipient's performance and compliance with applicable laws and regulations, as well as taking appropriate action when performance and compliance issues arise. This bulletin provides key tips for improving effective oversight of subrecipients.

2 CFR 200.93 defines a subrecipient as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program.

The Importance of Monitoring

The American public wants accountability from government and assurance that Federal funds are spent effectively to accomplish their intended purpose. For CPD programs, grantee oversight of subrecipients is a critical place "where the rubber meets the road." It is where results are attained and funds are safeguarded. Under 2 CFR Part 200, grantee monitoring of subrecipient activities is required to ensure that (1) subawards are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and (2) subaward performance goals are achieved. When no monitoring or insufficient monitoring occurs, the grantee may risk losing HUD funding. Regulations at 2 CFR Part 200 require grantees to establish and maintain effective internal controls for themselves and ensure that their subrecipients do the same. One way a grantee can develop internal controls is by designing an effective monitoring process.

Step 1 – Build Monitoring Into Your Work Plan

Effective subrecipient oversight includes building a monitoring strategy into a grantee's annual work plan. The purpose of a monitoring strategy is to define the scope and focus of a grantee's monitoring efforts, including establishing a framework for determining the appropriate level of monitoring for subrecipients based on the resources available. A grantee's work plan should include time to conduct a risk analysis on each subrecipient as well as where and when the grantee will apply staff and travel resources for monitoring, training, or technical assistance of its subrecipients.

Step 2 – Assess Your Subrecipients

The new rules under 2 CFR 200.331(b) require that grantees assess their subrecipients' capacity to be successful. This is done by annually conducting a risk assessment on each subrecipient. A risk assessment provides the information needed to prioritize your administrative resources to subrecipients that pose the greatest risk to the integrity of CPD programs. This process includes identifying the subrecipients to be monitored (either onsite or remotely), the program areas to be covered, and the depth of the monitoring review. The selection process should result in identifying those subrecipients and activities that represent the greatest vulnerability to fraud, waste, mismanagement, or lack of capacity.

> **Tip:** A key first step is to verify that the subrecipient is not on the suspension and debarment list before making a subaward. This step is often missed.

There are several resources (listed at the end of this document) available to assist in developing a risk assessment. In determining which format is best for your organization, make sure the following factors are covered:

1. What is their prior experience?
2. Were prior audits conducted?
3. Were prior audit findings resolved?
4. Does the subrecipient have the capability to comply with Federal rules?
5. Have financial systems changed?
6. Did prior monitoring identify problems?
7. Were past awards large or complex?
8. Is the funded activity prone to problems?
9. Does the award present potential conflicts of interest?
10. Has there been turnover of key personnel?

When conducting a risk assessment, use all information available, including news items or citizen complaints, to identify problems areas. Some activities have higher levels of risk than others and warrant additional attention. Activities that are riskier than others include rehabilitation projects involving lump-sum drawdowns; economic development activities that assist for-profit businesses; assistance to small or newly formed nonprofits that may struggle with implementing internal controls; and subrecipients not previously monitored, especially when they lack previous CPD program experience.

Be sure to document your risk assessments and show how they affected your risk plan and monitoring schedule. After completing this analysis for each subrecipient, compile a written monitoring schedule, identifying which grantees will be monitored, the method of monitoring (onsite or remote), programs and areas to be monitored, the type of monitoring (in-depth or limited), areas of technical assistance and training needed, resources needed, and projected timeframes. If adjustments are required in the middle of the program year, be sure to document those changes as well.

Step 3 – Create Your Monitoring Strategy
Keep notes on what factors contributed to the selection of each subrecipient as you go through the 10 questions above and additional factors you add to your own checklist or spreadsheet. A best practice is to rate recipients by a high-, medium-, and low-risk designation for each area reviewed and then give an overall rating. Once you have the ratings for all subrecipients, you can determine how best to monitor them and provide needed technical assistance and training. Your monitoring strategy should include a schedule for the frequency and types of monitoring (desk review or onsite) based on your resources, subrecipient risks, and number of subrecipients and distance from them. A schedule should also be written and approved by managers that specifies how each subrecipient will be monitored, when, and by whom on the staff. Any adjustments to the risk rating or monitoring schedule should be noted. Office of Inspector General (OIG) audits frequently find that grantees fail to conduct onsite monitoring visits or follow the schedules they have set. Be sure to commit the resources needed to accomplish monitoring as planned.

Develop a checklist for your lower risk subrecipients that can be used in a desk review and create individual onsite checklists for the higher risk subrecipients based on the risks identified in their assessments. At the end of this bulletin, several resources are listed that contain sample checklists for various CPD programs and compliance requirements. As a practical matter, you cannot complete all checklists for all subrecipients, which is why the results of the assessments should be used to tailor your monitoring approach. Choose the checklists that would be most useful in covering the weaknesses identified. You may also choose which questions on a particular checklist to use if some questions don't apply or if you have reason to believe the subrecipient will perform adequately in the areas covered by the questions. A best practice is to put a note next to the questions on why you are omitting them.

A. **Conduct Remote Monitoring**
Remote monitoring can be an appropriate tool for monitoring lower risk subrecipients. This practice, also known as a desk review, is a good way for grantees and subrecipients to share information on program updates, changes to policies, and other information that impacts the activity. A good technique is for the grantee to ask narrative, open-ended questions about how the activity is going and whether the sub-recipient is encountering any obstacles or difficulties. The focus of such a review should be on determining whether major operational changes have occurred since the last review. In addition to the desk review of submitted reports, conduct telephone interviews and determine whether the initial risk assessment score is correct or additional monitoring is needed. Note that for CPD programs, guidance for HUD staff conducting monitoring, including remote monitoring, is found in the CPD Monitoring Handbook, which grantees may also refer to in designing their monitoring checklists and procedures.

B. **Conduct a Site Review**
An onsite review should be conducted for subrecipients that score higher on the risk assessment or have not had a site visit in some time (2 CFR 200.331(d) and (e)). Make sure that your staff has updated checklists (see note above) and understands them in advance. A best practice is to develop a customized comprehensive checklist before the site visit based on factors identified during the risk assessment. This practice will allow staff to focus on the most important and riskiest areas to review. Encourage staff to ask questions and not have the review become a mechanical series of checkoffs. One way to avoid this problem is to build into the checklist an area to take notes, attach copies (or

photos) of what was examined, and document the resulting analysis. Another person analyzing the checklist should be able to determine what was reviewed and how it supports the determinations made.

Example of Insufficient Monitoring
City officials did not perform adequate onsite monitoring of all of a city's Community Development Block Grant (CDBG) subrecipients and did not have adequate procedures in place to effectively track the status of subrecipient monitoring and any related findings. While the city's 2013 and 2014 annual action plans stated that the city would monitor each subrecipient receiving Federal funds and conduct onsite visits to each subrecipient annually, the city's records showed that it did not adequately monitor 19 of its 41 subrecipients. For example, 13 of the 35 subrecipients were not included on the city's monitoring status tracking documents, and city officials informed auditors that the city had not monitored 6 of its subrecipients during the past few program years.

Step 4 – Document the Site Review and Issue a Monitoring Report

A. Documentation

Documentation is key to a monitoring review, demonstrating whether adequate subrecipient oversight is provided. While on site, keep notes about the items reviewed, activities physically inspected, and items unsupported by receipts or ineligible expenditures. Make copies of documentation that supports the review and any findings. Organize the files for easy retrieval. (Reference U.S. Government Accountability Office (GAO) Green Book, OV4.08, for additional guidance.)

B. Reporting

Once an onsite monitoring review has been completed, grantees should provide a timely written report to the subrecipient (2 CFR 200.328(d)). The report should summarize the review, document performance, and identify issues. It should identify delays or adverse conditions that will materially impair the subrecipient's ability to meet the objective of the Federal award. These shortcomings must be tied to specific program requirements to be sustainable if questioned by the subrecipient. To the extent necessary, the report should include any corrective actions the subrecipient must take as well as the required deadlines for the subrecipient's response and completion of the corrective actions.

Example of Insufficient Documentation
A State onsite monitoring review of a regional commission (subrecipient) was not adequately supported and a later audit of the State could not find any evidence that the State reviewed the commission's documentation of grant expenditures. The State awarded CDBG Disaster Recovery funding to this subrecipient to administer its buyout program. The State did not maintain documentation to support the details of the review, including checklists, notes, write-ups, or other documentation supporting its monitoring work or activities. The State should have discussed documentation requirements with the subrecipient at the time of the award or caught the problem in onsite reviews. Ultimately, with no documentation by the commission, HUD could not confirm that all procedures were followed and that costs were eligible.

Step 5 - Follow up with Subrecipients

A. Corrective Actions

After issuing a monitoring report, grantees must follow up with the subrecipient until all corrective actions are completed. Corrective action plans should include:

1. A description of each finding and recommendation.
2. Specific steps to be taken to implement the recommendation.
3. A timetable for performance of each corrective action.
4. A description of future monitoring to be performed to ensure implementation.

If subrecipients fail to correct problems, you should consider what sanctions are appropriate as listed in 2 CFR 200.338 to .342. The purpose of monitoring is to ensure that the results are used to achieve compliance and performance expectations. Enforcing regulatory sanctions helps ensure that appropriate actions are taken to protect taxpayers and the program as a whole. If audited by OIG or GAO, you, the grantee, could be left footing the bill for uncorrected problems.

Example of Insufficient Follow-up

There was no evidence that a State maintained documentation to confirm how findings from an onsite monitoring review of a subrecipient were resolved. The State requested a response from the subrecipient on how these findings were resolved but received no reply. There was no evidence that the State followed up to ensure how or whether the deficiencies noted were corrected or took action to require the subrecipient to do so. The State should have maintained a tickler file and pursued further efforts to obtain corrective action after the target date passed.

Summary

Subrecipients play a significant role in the effective implementation of many programs administered by CPD. To ensure that Federal funds awarded achieve their intended purposes, it is important for grantees to competently oversee the process from the award stage through closeout. Establishing comprehensive policies and procedures that incorporate the provisions of 2 CFR Part 200 as well as program-specific requirements is one of the keys to that oversight process. The second key is a strong and effective monitoring method that checks for compliance, rapidly addresses performance shortcomings, and provides a basis for compliance actions when warranted. Both OIG and CPD staff members are available to assist grantees in undertaking these important efforts, and we urge grantees to seek advice and guidance that will enhance subrecipients' use of Federal funds.

Resources Available

- Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight: https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_17086.pdf
- Playing by the Rules: A Handbook for CDBG Subrecipients on Administrative Systems: https://www.hudexchange.info/resource/687/playing-by-the-rules-a-handbook-for-cdbg-subrecipients-on-administrative-systems/
- CPD's Monitoring Handbook: 6509.2, REV-6, CHG-2
- Suspension and Debarment listing: (http://portal.hud.gov/hudportal/HUD?src=/program_offices/enforcement/susdebar)

New rules at 2 CFR 200.113 require you to report if you have knowledge of possible fraud. Promptly report it to the HUD Office of Inspector General at https://www.hudoig.gov/report-fraud%20.

CITY OF SEASIDE
STAFF REPORT

Item No.: 7.C.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: November 15, 2017

SUBJECT: **UPDATE ON MONTEREY REGIONAL ASSESSMENT OF FAIR HOUSING (AFH) PROJECT**

PURPOSE

The purpose of this item is to update the CDAC on the regional AFH project progress.

RECOMMENDATION

It is recommended that the CDAC receive the report.

BACKGROUND

An Assessment of Fair Housing report is required to be prepared in advance of the next cycle of the five year Consolidated Plan for CDBG program participants. Seaside's next Consolidated Plan is due to HUD on May 14, 2020.

As a result of the nationwide requirement, the five HUD funding recipients in Monterey County (County of Monterey-Urban County, City of Monterey, City of Salinas, City of Seaside and the Housing Authority of Monterey County) joined in a Memorandum of Understanding to collaborate on a joint report. The MOU was fully executed on April 27, 2017, with the City of Salinas taking the lead agency position.

An RFP was issued with six consultants submitting proposals. Veronica Tam and Associates was chosen as the consultant for the project and the City of Salinas executed the contract in October. Veronica Tam and Associates is the subconsultant with Raimi and Associates preparing the Housing Element for the General Plan Update process currently underway in Seaside.

A kickoff conference call for the AFH with all participating agencies is scheduled for November 29.

More information on the upcoming outreach for the project will be determined over the next few months.

FISCAL IMPACT

This project has been included as part of the CDBG program administrative costs and an MOU approved by all participating agencies.

ATTACHMENTS

1.
2.

CITY OF SEASIDE
Community Development Advisory Committee (CDAC)
Long Range Calendar
July 2017- – June 2018

July CDAC Meeting Orientation Presentation Elect Officers Status of AAP	**July 19,2017**
Staff draft Consolidated Annual Performance & Evaluation Report (CAPER)	July and August
AAP Due to HUD with appropriate attachments/certifications	August 15, 2017
Funding Approval Document received and contract documents to sub recipients	August-upon HUD approval of AAP
August CDAC Meeting - CAPER preview - Discuss 2016-2017 CDBG Subrecipient Monitoring Schedule - Fourth Quarter (Apr-Jun) and Annual Program Reports	**August 16, 2017**
Annual Planning Notice & Notice of CAPER Publication - notice of community workshop	August 31 2017
Draft CAPER publication (15 day comment)	September 6, 2017
September CDAC Meeting and Community Workshop - Annual Community Needs Assessment Workshop - There WILL be a FULL application process this year	**September 20, 2017**
City Council public hearing CAPER	September 21, 2017
CAPER due to HUD	September 30, 2017
October CDAC Meeting - Annual Priority Needs - Update of Affirmatively Furthering Fair Housing/Countywide Collaboration efforts	**October 18, 2017**
City Council - informational item to present the needs identified at the September workshop and discuss the annual process/two year cycle	November 2, 2017
NOFA announcement in Monterey County Weekly	**November 2, 2017**
November CDAC Meeting/MANDATORY PROPOSAL WORKSHOP Also: First Quarter Program Report (Jul-Sep) Review Plans regarding public service monitoring	**November 15, 2017**
December CDAC Meeting (if needed)	**December 20, 2017**
PROPOSALS DUE FOR 2018-2020 Public Service and City/Subrecipient Projects	**January 12, 2018 at 5PM**
January CDAC Meeting - Discuss mid-year re-allocation (if needed) - Distribute Proposals	**January 17, 2018**
February CDAC Meeting Second Quarter Program Report (October-December) Review of ranking of applications for 2018-2020	**February 21, 2018**
Administrative draft Annual Action Plan to CDAC	March 16, 2018
March CDAC Meeting Review AAP and recommend to start Public Comment Period/City Council approval process ***NEW in 2018-ANNUAL WORK PLAN to present to City Council (must be approved by CDAC by April 1-City Council will review/approve in May***	**March 21, 2018**

Advertisement to run for Annual Action Plan/Public Hearing for AAP	April 6, 2018,
April CDAC Meeting (likely to be cancelled)	**April 18, 2018**
City Council - present CDAC recommendations for annual Action Plan	April 19, 2018
City Council – public hearing - adopt annual Action Plan	May 3, 2018
Action Plan Due to HUD	May 15, 2018
May CDAC Meeting - 3rd Quarter sub recipient reports - Update on CDBG program/AFH	**May 16, 2018**
June CDAC Meeting (if needed) - Elections	**June 20, 2018**
Conditional notice of awards to Subrecipients	*TBD*