CITY OF MONTEREY
FY 2021-22 CDBG PUBLIC SERVICE GRANT MANUAL

Before submitting application for funding, please review and retain for reference.

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Application Schedule

Applicant agencies are required to attend a planned Technical Assistance Workshop on funding on **November 19, 2020 at 11:00 AM** to understand funding restrictions and obtain guidance regarding funding application completion and submittal.

The tentative timeline for the Application Process and Funding Decisions in FY 2021/22:

**November 19, 2020** – Thursday, 11:00 am (Required Meeting) Public Meeting- Stakeholder Workshop on Community Development Needs & Required Technical Workshop on Grant Application Process

**Dec 18, 2020** – Friday, 4 pm Public Services Grant Applications & Housing/Public Facilities Improvement Grant Applications Due

**Jan 14, 2021** – Tuesday, 11:00 am (Required Meeting) Agency Presentations of Applications to grant committee

**March 12, 2021** – Friday, Draft action plan available and start of 30-day public comment period

**March 23, 2021** – Tuesday, (Time TBD) Planning Commission Public Hearing for draft Action Plan

**April 20, 2021** – Tuesday, (Time TBD) City Council Public Hearing to adopt Action Plan and end of 30-day comment period

**May 15, 2021** – Action Plan due to HUD

Anticipated Funding Availability

It is anticipated that in FY 2021/22 approximately $140,000 will be allocated to Public Service Grants.

The City of Monterey may determine minimums and/or maximums for funding requests for more efficient allocation of funds. Until further notice, applicant agencies should consider minimum grant thresholds of $4,000 and maximum thresholds of $20,000 per program or project.

Due to funding constraints and emerging needs of the community, the City of Monterey reserves the right to modify proposed budgets and/or scopes of work to better target the City's identified priorities. Advance notification and consultation concerning such modifications will be provided to the applicant if the application is approved.

*City of Monterey CDBG PSG Manual*
Application Review and Approval

Prior to any public hearing, funding applications will be reviewed by Housing Programs Division (HP) staff for completeness and submitted to the Public Services Funding Committee. On November 19, 2020, the Housing Programs Office will hold a meeting to; 1) receive comments and recommendations on community needs; 2) receive comments on the public service application process. Public service grant applications are due December 18, 2020. Public Service Organizations are required to make a presentation to the City’s Public Service Grant Committee in January. Applicant agencies will receive official notice of this meeting confirming the date, time, and location via email. After separate discussion, the committee will make its funding recommendations to the Planning Commission and City Council.

The Committee’s funding recommendations are scheduled to be reviewed by the City Council with final award of grants scheduled in conjunction with the development and review of the FY 2021/22 Annual Action Plan later in the spring, during March and April.

Applicants will be notified by letter of the status of their funding requests at the conclusion of the review and award process. This will include the approved funding allocation amount and source.

At the time of agreement execution, funded agencies may be required to submit revised scopes of services and project budgets along with other required documentation such as updated insurance certificates.

CDBG Program Overview

The United States Department of Housing and Urban Development (HUD) provides Community Development Block Grants (CDBG) through an annual allocation to entitlement cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities to low- and moderate-income persons.

The City of Monterey is an “entitlement community,” awarded funds annually according to a formula to carry out a variety of community development activities that are prioritized under the five-year Consolidated Plan. The 2020/2025 Consolidated Plan Priorities for Public Services describes priorities in Housing, Supportive Services, and Community Development. Agencies may be awarded grants based upon unmet needs and priorities established in the Consolidated Plan:
Priorities in order:

- Chronic homeless outreach and services
- Seniors/frail elderly – services to assist them to remain independent
- Homeless prevention and rental assistance
- Handicapped services to assist disabled individuals to remain self sufficient
- Targeted Neighborhood Services to Low-Moderate-income Census Tract Block Groups: 127-01, 133-03 and 133-04.
- Single parents and youth assistance – Support for single heads of households and youth to provide positive examples and build resilient families
- First time homeowner credit counseling, homeownership financing counseling, and housing counseling

**Agency Requirements**

All agencies applying for City CDBG funds must meet the following requirements:

**Non-Profit Agency:** Applicant agencies must be a public or private non-profit agency. Applicants must be established operating agencies as evidenced through documentation required in the application checklist and evidence of tax-exempt status.

**Faith Based Agencies:** Faith based agencies are eligible to apply for funds. HUD issued a final rule amendment allowing faith-based agencies to compete for CDBG funds on the same basis as other non-profits. However, CDBG funds cannot be used to support worship or religious instruction. Religious activities must be offered separately from the CDBG supported activity. Faith based agencies may not use direct CDBG funds to support inherently religious activities such as worship or religious instruction. Faith based agencies that participate in the CDBG program shall not discriminate against a program beneficiary on the basis of religion or religious belief. (CPD Notice 04-10)

**Active Governing Body:** Applicant agencies must have the governance of the agency vested in a responsible and active voluntary board, which meets at least quarterly and establishes and enforces policies. The Board should be structured to be representative of the community it serves.

**Personnel:** The agency must provide for adequate administration of the program to ensure delivery of the funded services. If requested, the agency must provide a copy of its Personnel Policies, Affirmative Action Plan and the Drug-Free Workplace Policy.

**Non-Discrimination:** The City is required to ensure that each agency receiving funds from the City will conduct its business in compliance with the non-discrimination requirements of the City, and federal government as required under various federal laws. If requested, each agency must provide a copy of its Equal Opportunity in Employment Policies.
**Accounting:** Each agency shall provide evidence that it maintains accounting records which are in accordance with generally accepted accounting principles and auditing practices as outlined in OMB Circular A-102 *Uniform Requirements for Assistance to State and Local Governments*, OMB Circular A-122, *Cost Principles for Non-Profit Agencies*. Agencies will be required to submit the last fiscal year’s audit and financial statement with their application for funds.

**Insurance:** *Once an agency’s program has been approved, and at the time of agreement signing,* the agency must provide evidence of insurance, including but not limited to, multi-peril property and liability, worker’s compensation, automobile liability, and other coverage as deemed necessary by the City’s Risk Manager. Said evidence must contain an indemnification and hold harmless acceptable to the City’s Risk Manager. The required Certification of Insurance is described in Attachment 2.

**Program Requirements**

**Eligible Public Service Activities**
CDBG regulations allow the use of funds for a wide range of public services. Within those eligible activities, the Consolidated Plan identifies the City’s priorities for funding services.

- Very Low-Income and Low-Income Homeowner Households
- Homeless Persons and Persons At-Risk of Homelessness
- Very Low-Income and Low-Income Non-Homeless Special Needs Households
- Very Low-Income and Low-Income Renter Households
- First-Time Homebuyers - Low-Income Households

**Clients Served:** The program must provide services to residents of the City of Monterey only, and may target services to the City’s Low- and Moderate-Income Census Block Groups: 127-01, 133-03 and 134-04.

**Client Income Verification:** To be eligible for CDBG funding, a public service program/project must serve those whose incomes are less than 80% of Area Median Income. Documentation of the benefit to low income level persons is required of all projects funded (CDBG National Objective 24 CFR 570.208). The format of the income verification needed shall be approved by the City. If the activities serve a particular group citywide, then the agency must select one of the two options under the Limited Clientele benefit categories. If the agency is serving only in a specific low-income designated geographic area, then the Area Benefit option (City’s Low- and Moderate-Income Census Block Groups: 127-01, 133-03 and 134-04)

**Limited Clientele Option:**
The public service activity must be offered to a specific group of low-income residents in the entire City. Agencies will collect income data and demographic data for each person served.
in the program as either “Client Based” or “Presumed Benefit.” The agency must be classified as providing either “Client Based” or “Presumed Benefit” services:

- **“Client Based” (Provides services City-wide to low income clients)**
  Activities are offered to all residents of a specific group of low-income residents in the entire City. Income verification is required of all clients serves along with all other client statistical requirements (e.g. racial data).

- **“Presumed Benefit” Clients (Provides services only to specific approved groups)**
  Activities that exclusively serve a group of persons in any one or a combination of the following HUD approved categories that are designated as “presumed to benefit” persons who are low to moderate income. Because these groups are “presumed” to be low income, individual verification is not required, although other client statistical information is required.

**HUD Definition of “Presumed Benefit” Categories includes:**

- Elderly Persons (over 62 yrs)
- Homeless Persons
- Persons with HIV/AIDS
- Domestic Violence Victims
- Abused Children
- Disabled Adults

**Income Eligibility Limits**
Income eligibility is calculated by income and household size. HUD defines “household” as all persons living in the same home. “Low income households” are defined as those at or below 80% of area median income. Income data is typically updated annually by HUD. The following table is the current income limits for this application period.

**2 INCOME LIMITS* FOR FY 2020**

<table>
<thead>
<tr>
<th>PERCENTAGE OF MEDIAN INCOME FOR MONTEREY COUNTY</th>
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<tbody>
<tr>
<td>Number in Household</td>
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*These limits may change in May 2021 and updated figures will be confirmed prior to execution of the agreement.

**Client Data:** Agencies are required to obtain, update, and maintain individual client files documenting, program eligibility and statistical data including, but not limited to, income eligibility verification, HUD Race and Ethnicity intake forms, disability certifications, female heads of households, and seniors 62 years and older.
Application Scoring Criteria

The Public Services Funding Committee utilizes the following criteria to judge funding requests and the amount of funds allocated to each agency:

1. **Organizational Capacity & Experience** - The Agency has the staff and resources available to manage the proposed program and deliver services to City residents.
2. **Need/Extent of Problem in City of Monterey** - Need is justified in the Consolidated Plan and other studies as specific to the City of Monterey.
3. **Fiscal Capacity** - Agency’s Audit reflects no negative findings, and the Agency has the required Fiscal management system.
4. **Outputs** - There is a solid methodology for determining client eligibility and for tracking those served.
5. **Accomplishments** - What will be accomplished in measurable terms so performance and outcomes can be evaluated.
6. **Leveraging Resources** - Will the CDBG grant pay for the entire program? Is there outside funding, from whom, what kind, and is the outside funding committed?
7. **Achieving Results & Program Evaluation** - How has the agency performed in the past CDBG grant awards? Have the reports been submitted on time, billings occurred on time, and accomplishments matched targeted goals? Have services been expanded to the community, or have lesser numbers been assisted?

Budgets and Eligible/Ineligible Expenses

Agencies will be required to follow the application budget line item amounts in their submitted draw requests, unless the City has amended the budget. The Agency will have adequate time to review and agree with any City amendments to the line item budget presented in the grant application.

All Expenses (costs) shall be administered in conformance with OMB Circular A-122 Cost Principles for Non-Profit Agencies. This document is contained in Attachment 3.

**Eligible Expenses**: Eligible expenses are direct costs associated with program delivery only. An administrative cost not to exceed 10% of the total award may be utilized for overhead and administrative associated costs. **Costs associated with outreach to City residents are allowable program costs.**

**Ineligible Expenses include but are not limited to**: Costs for food/meals for staff, fund raising, entertainment, alcoholic beverages, deposits on equipment, incentives to clients (gift cards, raffle prizes, holiday gifts, prizes for social activities), and late fees or penalties.
➢ **Promotion of Agency**: Costs of advertising and public relations designed solely to provide the non-profit agency including costs of promotional items and memorabilia, including models, gifts, and souvenirs, are not allowed.

➢ **Contributions or donations**: Contributions or donations, including cash, property, and services, made by the agency, regardless of the recipient, are unallowable.

➢ **Entertainment costs**: Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are not allowable.

➢ **Fund raising**: Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequest, and similar expenses incurred solely to raise capital or obtain contributions are unallowable costs.

➢ **Goods or services for personal use**: Costs of goods or services for personal use of the organization’s employees is not an allowable cost.

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**Requirements for Agencies Awarded Funding**

Agencies awarded CDBG Funds must comply with the following requirements:

**Documents Required**: Agencies that are awarded funds will be required to execute an agreement with the City of Monterey. The required insurance certifications and endorsements shall be provided prior to Agency signing of the agreement.

**Reporting and Records**: The City of Monterey and HUD shall have access to program records at any time. Agencies will be required to obtain and provide individual client data, including but not limited to the HUD Race and Ethnicity Reporting form, certification of disability, female head of household, senior clients 62 years and older, and accomplishment data. If the Limited Clientele-Client Based Option was selected – individual client income verification documents need not be collected, but all other client data is required. If Area Benefit only is selected, individual income data is not required but area income information and other client data is required. Grant files and individual client files shall be maintained for City or HUD review for up to five (5) years after the program year has ended.

**Draw Requests**: Invoicing on City invoice forms is required on a quarterly basis. A draw request form shall be provided by the City after the agreement has been fully executed, and insurance certifications provided. All funds are provided on a reimbursement basis and supporting documentation must be approved by City staff prior to any payment. All quarterly invoices are due by the 15th of the month following the end of the quarter. *The final 4th Quarter draw request shall be due no later than July 5, 2022.*
**Monitoring and Technical Assistance:** All programs funded will be monitored by the City for compliance with City and HUD requirements and regulations. HUD staff may also monitor the program for compliance with regulations and reporting criteria. Program requirements including performance, accomplishments, eligibility, and expenditures will be included in desk review/remote monitoring and on-site monitoring reviews. The City will provide technical assistance as needed or requested to assist the grantees to track program progress and success of efforts. If the agency is not following the program requirements, and the Federal or State regulations, funding may be terminated, and funding reimbursement is required.

**Section 504 and Reasonable Accommodation:** Special assistance may be required in order to assist clients with disabilities. The City’s Section 504 Reasonable Accommodation Policy and forms to request assistance by clients are contained in Attachment 4. A federally funded agency must advise clients, who need, or request, a reasonable accommodation and provide them with the forms to make the request, so that they may participate in the agency’s program. The City must monitor that these policies are in place in all funded programs.

**Provide Recognition of Funding:** Grantees are required to provide recognition for the role of the City in services provided through this grant. All activities and items utilized pursuant to City grants shall be prominently labeled as to the funding source. In addition, the grantee will include a reference to the support provided therein in all publications made possible with funds made available under this funding. Example wording: “This publication was made available through funding of the U.S. Department of Housing and Urban Development from the City of Monterey CDBG Public Service Program.”

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**Post Award – Execution of Agreement**

**Grant Set-Up Requirements:** There are several steps to grant set-up prior to agreement execution.

1. **Establish the Scope of Work** to attach to the agreement. The application described the agency’s proposed activities and the measurement of quarterly goals. City and agency staff will jointly determine the goals appropriate to the level of funding that was approved by the City Council and HUD. Considerations for the goals in the Scope of Work:
   - Must be results oriented, rather than describing activities, objectives have a definite end and produce outcomes projected in your application submission;
   - Be specific and tied to the federal objectives you identified you would accomplish in your application submission;
   - Be measurable by the use of data;
   - Be attainable within the stated timeframe and with the staff available.
2. **Provide Current Insurance Endorsements:** All grantees shall provide the necessary Certifications of Insurance in the amounts listed in the agreement, and naming the City of Monterey as additional insured, for the following pursuant to the agreement provisions:

- General Liability Insurance
- Automobile insurance, liability, medical expenses, property damage, and uninsured motorist coverage.
- Worker’s Compensation Insurance

*Grantees should submit updated insurance certificates by July 1, 2021. Note: The agreement will not be executed until the appropriate documentation of insurance is on file.*

3. **Execution of Funding Agreement:** Two copies of the funding agreement will be provided to the agency soon after the City receives approval from HUD.

**Requesting Payment:** Within fifteen (15) days from the end of each quarter grantees shall submit payment requests on invoice forms provided by the City. All required back up data for the invoice shall be submitted or the invoice will not be paid. Attachment 6 contains the invoice form. Payment requests submitted without the quarterly reports will not be processed. All payment requests shall be submitted with an original signed invoice via mail.

**Reporting:** Within fifteen (15) days from the end of each quarter grantees shall submit quarterly reports for all funded activities. The data to be collected includes racial and ethnic data, seniors, income data, and homeless status. The reports must report the number of “unduplicated” households/persons assisted their income level, and units of service. The report format will be e-mailed to all grantees at agreement signing and posted on the City’s website [http://www.monterey.org/housing/](http://www.monterey.org/housing/). The reports shall be submitted to the program coordinator electronically via e-mail. Attachment 7 contains the quarterly report form.

**Annual Report:** By July 15 each fiscal year, the agency will be required to submit an Annual Report which should address the program’s progress during the fiscal year. The Annual Report form will be e-mailed to all grantees for completion on June 30th of each fiscal year. Data on beneficiaries is very important for the City’s CAPER. The Annual Year-End Report form is included in Attachment 7.
Monitoring Plan

Each year all programs will be monitored either by the desk review/remote monitoring method or on-site monitoring. The CDBG Monitoring Plan provides details. Site visits may include a HUD representative. Additional follow up visits may be scheduled to provide technical assistance as necessary. Staff reviews will be scheduled to be the least disruptive to the agency. All agencies will be required to fill out the Monitoring Questionnaire.

Further review may be conducted for agencies that have experienced some problems in complying with CDBG requirements. Past examples include an organization’s pattern of submitted incorrect payment requests, submittal of late payment requests, or incorrect or conflicting data. A program that may be viewed as not cost effective may be requested to provide revisions or additional data to substantiate costs or make revisions to increase the scope of their services to respond to a concern.