SUBLEASE AGREEMENT BETWEEN THE CITY OF SURPRISE

AND A NEW LEAF, INC.

This Sublease Agreement ("**Sublease**") is entered into as of the __ day of October, 2021 ("**Effective Date**") by and between the City of Surprise, Arizona, a political subdivision of the State of Arizona, located at 16000 N. Civic Center Plaza, Surprise, Arizona 85374 ("**City**"), and A New Leaf, an Arizona non-profit corporation, whose business address is 868 East University Drive, Mesa, Arizona 85203 ("**Sublessee**"). The City and Sublessee may be referred to herein individually as a "**Party**" or collectively as the "**Parties**."

Unless otherwise defined herein, capitalized terms used in this Lease shall have the meanings ascribed to them parenthetically or in Section 2.1 of this Lease.

RECITALS

A. The City has leased certain improved real property being Maricopa County Assessor Parcel No. 501-22-089, located at 12763 N W Grand Avenue, 12779 N W Grand Avenue, and 12785 N W Grand Avenue in Surprise, Arizona ("**Property**"), from Mustard Seed Ministry, Inc. ("**Property Owner**"), an Arizona non-profit corporation, pursuant to that certain "Lease Agreement Between the City of Surprise and Mustard Seed Ministry, Inc." dated September, 1st, 2021 ("**Primary Lease**"). The Property is legally described on the attached ***Exhibit A*** and is depicted on the attached ***Exhibit B***.

B. This Sublease will allow the City and Sublessee, as the City's subrecipient, to secure public funding, including United States Department of Housing and Urban Development ("**US HUD**") Community Development Block Grant ("**CDBG**") funds identified in the Catalog of Federal Domestic Assistance ("**CFDA**") as Program 14.218, from the United States Government under Title I of the Housing and Community Development Act of 1974 (Public Law 93-383; 42 U.S.C. Ch. 69 § 5301, *et seq.*), to fund all or portions of this Sublease, finance the Improvements to the Premises contemplated by this Sublease, and operate a housing support center that would serve the greater Surprise community.

C. It is the Parties' intent that this Sublease, and the establishment of the housing support center is in response to the Coronavirus Pandemic ("**COVID-19**"). President Trump authorized the Coronavirus Aid, Relief, and Economic Security Act ("**CARES Act**"), Public Law 116-136 on March 27, 2020.

ARTICLE 1 — LEASE OF THE PREMISES

§ 1.1. Subleased Premises. City hereby subleases to Sublessee and Sublessee hereby subleases from City, upon and in consideration of the terms and conditions contained herein, that portion of the Property located at 12779 and 12785 N W Grand Avenue in Surprise, Arizona, together, with a subsurface easement and right of support for such land and all improvements constructed thereon, consisting of approximately 56,515 square feet, and any and all improvements presently existing thereon, exclusive of the "Church" located at 12763 N W Grand Avenue, situated within the land legally described on ***Exhibit A*** and depicted on ***Exhibit B*** as the Social Hall and the Residential Facility, which land and improvements are hereinafter called the "**Subleased Premises.**" The Subleased Premises are subject to, and further described by, the following:

A. Other covenants, restrictions, easements, agreements, and reservations of record as of the Effective Date.

B. Present and future building restrictions and regulations, zoning laws, ordinances, resolutions and regulations of the City of Surprise and all present and future ordinances, laws, regulations and orders of all boards, bureaus, commissions, and bodies of the City of Surprise and any county, state, or federal authority, now or hereafter having jurisdiction.

C. The condition and state of repair of the Subleased Premises as the same may be on the Commencement Date.

§ 1.2. Term. The term of this Sublease shall commence on November 1, 2021 ("**Commencement Date**") and, shall expire the day preceding the fifth (5^{th}) anniversary of the Commencement Date, unless this Sublease is extended or sooner terminated. This Sublease may be extended for an additional three-year term provided the Parties agree to an extension in writing at least six months before expiration of the initial Term.

§ 1.3. Incorporation of Subrecipient Agreement. The Parties have also executed or will execute a Subrecipient Agreement for "Housing Support Center" ("**Subrecipient Agreement**") which is hereby incorporated by reference. Pursuant to the Subrecipient Agreement, City will award some of the City's Community Development Block Grant ("**CDBG**") funding to Sublessee to be used for construction of the Improvements and operation of the housing support center upon the Subleased Premises during the Term of this Sublease. A copy of the Subrecipient Agreement is attached hereto as ***Exhibit C***.

ARTICLE 2 — DEFINITIONS

§ 2.1. Definitions. For the purposes of this Sublease, the following words shall have the definition and meaning hereafter set forth.

"**Applicable Laws**": As defined in Section 9.1.

"**Commencement Date**": As defined in Section 1.2.

"**Enforced Delay**": As defined in Section 28.1.

"**Event of Default**": As defined in Section 18.1.

"**Improvements**": As defined in Section 8.2.

"**Leasehold Estate**": The City's interest in that certain Lease Agreement Between the City of Surprise and Mustard Seed Ministry, Inc. dated August 17, 2021, and recorded with the Office of the Maricopa County, Arizona Recorder on August 19, 2021 as Doc. No. 2021-0900793 ("**Primary Lease**").

"**Project**": As defined in Section 10.1.

"**Property Owner**": Mustard Seed Ministry, Inc. owns the fee interest in the Property, including the Subleased Premises.

"**Sublease**": This Sublease and any other agreement, written or oral, by which the City gives any person any rights of use or occupancy of or any benefit flowing from the Property, or a portion thereof, including a permit, license or concession, including the Sublease.

"**Sublessee**": Sublessee and any other sublessee of the City, and its successors and assigns.

"**Work**": As defined in Section 14.1.

ARTICLE 3 — RENT

§ 3.1. Rent Calculation. The rental amount for the social hall building ("**Social Hall**") located at 12779 N W Grand Avenue consisting of approximately 4,570 square feet, as depicted on ***Exhibit B***, and the multi-family residential structure ("**Residential Structure**") located at 12785 N W Grand Avenue consisting of approximately 5,640 square feet, as depicted on ***Exhibit B***, shall be $0.00 per square foot. The total annual rental payment ("**Rent**") shall be $0.00. The total monthly Rent shall be $0.00.

§ 3.2. Rent Adjustments. The Rent shall remain the same for the Term of this Sublease.

ARTICLE 4 — OMITTED

ARTICLE 5 — INSURANCE

§ 5.1. Sublessee Obligation to Insure. Sublessee shall procure and maintain for the duration of this Lease, at Sublessee's own cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with this Sublease by Sublessee, its agents, subtenants, employees, contractors, licensees, or invitees in accordance with the insurance requirements set forth below:

Sublessee agrees to carry, at its expense, property insurance insuring any personal property of Sublessee, from loss arising from fire or other casualty.

Sublessee shall also maintain a commercial general liability policy or policies of insurance insuring against any and all losses, claims, demands, or actions whatsoever for injury to or death of any one or more persons or for damage to the Subleased Premises occurring on, or in connection with Sublessee's use of the Subleased Premises in commercially reasonable amounts that are in keeping with prudent industry practice. The liability policy required to be carried by Sublessee hereunder shall name the City as an additional insured.

§ 5.2. City Insurance Obligations. The City shall require the Property Owner to procure and maintain for the Term of this Sublease property insurance for the Subleased Premises, including the completed Improvements, insuring it against loss due to fire or other casualty in an amount equal to the full replacement value.

§ 5.3. Failure to Maintain Insurance. If Sublessee fails or refuses to provide a copy of the certificates for required insurance coverages or any renewal thereof upon request, or otherwise fails or refuses to procure or maintain insurance as required by this Sublease, the City shall have the right, at its election, and without notice, to procure and maintain such insurance. The premiums paid by the City in electing to acquire the insurance shall be due and payable from Sublessee upon demand for payment. If the City should acquire any required insurance not acquired by Sublessee, the City shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer(s) and insured(s). The lapse or cancellation of any policy of insurance required herein shall be an event of default. No cure of such default can be accomplished unless a new or renewed policy is issued which specifically provides the required coverages for any liability arising during the lapsed or previously uncovered period.

ARTICLE 6 — SURRENDER

§ 6.1. Surrender--Removable Property. Upon the expiration of the Term or on the sooner termination thereof, Sublessee shall peaceably and quietly leave, surrender, and yield up to City all of the Subleased Premises, and shall repair all damage to the Subleased Premises caused by or resulting from the removal of any removable property of Sublessee, if any, normal wear and tear excepted. Sublessee shall not be required to remove any improvements constituting real property except as expressly set forth herein.

§ 6.2. Waste. Sublessee shall not commit or suffer to be committed any material waste or impairment of the Subleased Premises (it being acknowledged that removal and demolition of any of the existing improvements on the Subleased Premises is expressly permitted only with the advance written consent of City and Property Owner).

§ 6.3. Title to Improvements. The Parties understand and agree that the City shall hold legal title to any Improvements on the Subleased Premises constructed by Sublessee during the Term.

§ 6.4. Survival of Provisions. The provisions of this Article 6 shall survive the expiration or any termination of this Sublease.

ARTICLE 7 — CITY'S PERFORMANCE FOR SUBLESSEE

§ 7.1. Cures--Rights, Costs, and Damages. If Sublessee shall default in the performance of any other covenant, agreement, term, provision, limitation, or condition herein contained, City, without being under any obligation to do so and without thereby waiving such default, may remedy such default at the expense of Sublessee, immediately and without notice. Bills for any expense required by City in connection therewith, and bills for all such expenses and disbursements of every kind and nature whatsoever, for enforcing or endeavoring to enforce any right against Sublessee, under or in connection with this Sublease, or pursuant to law, including (without being limited to) any such cost, expense, and disbursements involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor, or services provided furnished, or rendered, or caused to be furnished or rendered, by City to Sublessee, with respect to the Subleased Premises done for the account of Sublessee may be sent by City to Sublessee monthly, or immediately, at City's option, and shall be due and payable in accordance with the terms of said bills and if not paid when due the amount thereof shall immediately become due and payable.

ARTICLE 8 — USES AND MAINTENANCE

§ 8.1. Absence of Warranties. Sublessee has leased the Subleased Premises after a visual examination thereof, as well as the title thereto and knowledge of its present uses. Sublessee accepts the Residential Facility in the condition or state in which it is without any representation or warranty, express or implied in fact or by law, by City or Property Owner and without recourse to City or Property Owner, as to the title thereto, the nature, condition, or usability thereof or the use or uses to which the Residential Facility or any part thereof may be put. City acknowledges that the Social Hall and commercial kitchen inside the facility are assumed to be in working order, comply with applicable codes, and ready for occupancy by Sublessee to carry out the scope of work included in the Subrecipient Agreement. City shall be required to furnish any services or facilities or to make any repairs or alterations in or to the Subleased Premises as outlined in **Section 8.3.** Sublessee hereby assumes responsibility to perform the scope of work outlined in the Subrecipient Agreement.

§ 8.2. Permitted Use. Sublessee and City agree that Sublessee shall have the right to renovate the Social Hall and complete the construction and/or renovation of the Residential Facility and related improvements (collectively, and together with such other improvements to the Subleased Premises made from time to time by Sublessee under this Sublease, the "**Improvements**") on the Subleased Premises and to use the Subleased Premises and the Improvements as a housing support center and housing facility in accordance with Applicable Laws and the terms of this Sublease and the Subrecipient Agreement during the duration of the Term, including any extension thereof. Sublessee and City further agree that no structural changes will be made to the Social Hall or the Residential Facility, as depicted on ***Exhibit B,*** by the Sublessee without the advance written consent of City and Property Owner.

§ 8.3. Maintenance, Repairs. Sublessee shall be responsible for routine maintenance, take good care of the Subleased Premises, and keep the landscaping in good condition in accordance with City of Surprise standards and this Sublease, whichever is more stringent. Excluding the rehabilitation described in the Subrecipient Agreement, City shall be responsible for any major repairs to the Subleased Premises that are not considered routine maintenance or wear and tear. Major repairs include but are not limited to, roof repair or replacement, plumbing failure or replacement, HVAC failure or replacement, electrical failure or replacement, and fire suppression failure or replacement, repairs to mitigate water intrusion, structural repairs, and any required site improvements. Upon the issuance of a Certificate of Occupancy for the Residential Facility, City shall be responsible for all major repairs to the Residential Facility.

§ 8.4. Utilities. During the Term of this Sublease and any extension thereof, Sublessee shall be responsible for securing and paying for all utility services as deemed necessary to use and occupy the Subleased Premises, including, but not limited to water, sewer, electric, and Internet and telecommunications services. Sublessee shall also arrange and pay for trash collection service for the Subleased Premises.

ARTICLE 9 — COMPLIANCE

§ 9.1. Sublessee Obligations. Sublessee shall assume and perform any and all obligations under this Sublease and the Subrecipient Agreement in accordance with all applicable present and future laws, acts, rules, requirements, orders, directions, ordinances, and/or regulations, ordinary or extraordinary, foreseen or unforeseen, (collectively "**Applicable Laws**"), concerning the operation of shelter beds/units and a housing support center.

§ 9.2. Certificate of Occupancy. Sublessee shall obtain any Certificate of Occupancy or similar certificate or permit with respect to the Residential Facility and any additional Improvements performed by Sublessee to the Social Hall, which may at any time be required by any governmental agency having jurisdiction thereof (such certificate or permit being a "**Certificate of Occupancy**"). Sublessee shall be provided a copy of the current Social Hall Certificate of Occupancy prior to the execution of the Sublease.

§ 9.3. **Construction of Improvements; Management and Operation of Improvements.** Sublessee shall ensure that any Improvements carried out by Sublessee or contractors procured by Sublessee are constructed in accordance with Applicable Laws and, following the issuance of a Certificate of Occupancy, shall ensure that the Subleased Premises are prudently managed and operated and kept in good repair, reasonable wear and tear excepted.

ARTICLE 10 — CONSTRUCTION AND OPERATION OF IMPROVEMENTS

§ 10.1. Project. Sublessee and City acknowledge that the initial Improvements to the Subleased Premises are to be tenant improvements by the Sublessee in the Social Hall and completion and/or renovation of the Residential Facility, as depicted on ***Exhibit B***, to create a housing support center and related residential complex on the Premises ("**Project**"). Sublessee shall enforce all of the terms and conditions relating to the construction and operation of the Project set forth in the Subrecipient Agreement, as well as the requirements set forth in Article 9 of this Sublease. Sublessee shall obtain any required approvals of the final plans and specifications for the Project by any and all federal, state, municipal, and other governmental authorities, offices, and departments having jurisdiction in the matter and shall, upon request from City, provide conformed copies of executed approvals (if any) to City. After the expiration or earlier termination of this Sublease, City may make such alterations or modifications to the Subleased Premises and Improvements as are permitted by Applicable Laws and otherwise comply with the terms of the Primary Lease.

ARTICLE 11 — IMPAIRMENT OF TITLE

§ 11.1. No Liens. Subject to the right of contest and appeal, Sublessee shall not create, or suffer to be created or to remain, and shall discharge any mechanic's, laborer's, or materialman's lien which might be or become a lien, encumbrance, or charge upon the Subleased Premises or any part thereof or the income therefrom.

§ 11.2. Discharge. If any mechanic's, laborer's, or materialman's lien shall at any time be filed against the Subleased Premises or any part thereof, as a result of improvements made by Sublessee, Sublessee, within thirty (30) days after notice of the filing thereof, shall cause such lien to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction or otherwise (or shall commence and diligently pursue such actions as will achieve such result). Sublessee shall notify City in writing of its action to either satisfy or contest the lien and, if contested, of the matter's status on a monthly basis until concluded.

§ 11.3. No Implied Consent. Nothing contained in this Sublease shall be deemed or construed in any way as constituting City's express or implied authorization, consent, or request to any contractor, subcontractor, laborer or materialman, architect, or consultant, for the construction or demolition of any improvement, the performance of any labor or services or the furnishing of any materials for any improvements, alterations to or repair of the Subleased Premises or any part thereof.

§ 11.4. No Agency Intended. The Parties acknowledge that Sublessee is entitled to construct the Improvements. In connection therewith, the Parties agree that Sublessee is not the agent of City for the construction, alteration, or repair of any Improvements which may be constructed upon the Subleased Premises.

ARTICLE 12 — INSPECTION

§ 12.1. Inspection and Entry. City may enter upon the Subleased Premises, or any part thereof, for the purpose of ascertaining their condition or whether Sublessee is observing and performing the obligations assumed by it under this Sublease, all without hindrance or molestation from Sublessee, provided that such entry does not interfere with Sublessee's business operations and provided that City shall give Sublessee at least seventy-two (72) hours written notice prior to any inspection of any building interior. This limitation upon entry into and upon the Subleased Premises for inspection does not extend to nor limit any entry made by the City of Surprise Police Department, City of Surprise Fire Department, or City of Surprise Code Enforcement for purposes of discharging and exercising their respective official governmental duties.

ARTICLE 13 — INDEMNIFICATION

§ 13.1. Indemnification of City.

Sublessee shall indemnify and save City and its officials, employees, and agents (collectively, the "**Indemnified Parties**"), harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including property damage, personal injury and wrongful death and further including, without limitation, attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against any Indemnified Party by reason of the Sublessee's performance of its obligations under this Sublease during the Term unless caused by the intentional conduct or misconduct, gross negligence, or active negligence of the Indemnified Party(ies) or a failure to act by the Indemnified Party(ies) when a duty to act is present. The provisions hereof shall survive the expiration or earlier termination of this Sublease.

A. Sublessee will hold all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the Subleased Premises at the sole risk of Sublessee and save the City and the other Indemnified Parties harmless from any loss or damage thereto by any cause whatsoever other than the negligence or willful conduct of City or an Indemnified Party(ies).

B. The obligations of Sublessee under this Section shall not in any way be affected by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part to be performed under insurance policies affecting the Subleased Premises.

C. If any claim, action ,or proceeding is made or brought against City or any other Indemnified Party(ies), by reason of any event to which reference is made in this Section, then, upon demand by City, Sublessee, at its sole cost and expense, shall resist or defend such claim, action, or proceeding in the name of City and the Indemnified Party(ies), if necessary, by the attorneys for Sublessee's insurance carrier (if such claim, action or proceeding is covered by insurance), otherwise by such attorneys selected by Sublessee in its absolute discretion. Notwithstanding the foregoing, City may engage its own attorneys to defend it, and the other Indemnified Party(ies) or to assist in its defense at City's sole expense.

ARTICLE 14 — DAMAGE OR DESTRUCTION

§ 14.1. In the event that all or any portion of the Subleased Premises shall be totally or partially destroyed or damaged by fire or other insurable casualty, Sublessee may choose to terminate this Sublease by providing a written notice of termination to City within sixty (60) days of the casualty event. Alternatively, the Parties may agree to work cooperatively to rebuild or repair the damaged portions of the Subleased Premises using the proceeds of the property insurance held by Property Owner for the Property and other funds, as appropriate and available. In such event, the obligation of the Sublessee to pay Rent under this Sublease for the destroyed or damaged portions of the Subleased Premises shall be abated and suspended during the time between the date of the casualty and the issuance of a Certificate of Occupancy for the rebuilt or repaired portions of the Subleased Premises.

ARTICLE 15 — CONDEMNATION

§ 15.1. Takings.

If all or any part of the Subleased Premises or any right appurtenant thereto is taken, or there is a change in grade of road or other property abutting the Subleased Premises that adversely affects the use of the Subleased Premises, by any condemning authority, other than the City of Surprise ("**Condemning Authority**") (a) in the exercise of any right of eminent domain or condemnation by proceedings or otherwise, or (b) by agreement between Sublessee, City, Property Owner, and/or the Condemning Authority (any such taking or other action, a "**Taking**"), this Sublease shall terminate with respect to the part of the Subleased Premises so taken, and Sublessee reserves unto itself the right to claim and prosecute its claim in all appropriate courts and agencies for any award or damages based upon loss, damage, or injury to its leasehold interest without impairing any rights of City or Property Owner for the taking or injury to the reversion (subject to and encumbered by this Sublease). If Sublessee or City becomes aware of any actual, contemplated, or threatened Taking, it shall promptly notify the other Party. City shall not settle or compromise any Taking Award without the prior consent of Sublessee. Each party participating in the proceedings shall pay its own expenses.

§ 15.2. **Temporary Taking.** If there is a Taking of all or a part of the Subleased Premises for a temporary period, this Sublease shall continue in full force and effect without change as between Sublessee and City, and Sublessee shall be entitled to the entire Taking Award made for such use.

ARTICLE 16 — OMITTED

ARTICLE 17 — ASSIGNMENT, SUBLETTING, MORTGAGE

§ 17.1. **Transfers by Sublessee.** Sublessee shall not effect a transfer, conveyance, assignment, sublease, or other pledge, encumbrance, or disposal of all or a portion of its interest in this Sublease without the prior consent of City ("**Transfer**"), with such approval to be granted or denied by the City in its absolute discretion. If approved in writing by the City, no Transfer shall be binding upon City unless such assignee or purchaser shall deliver to the City a recordable instrument which contains a covenant of assumption by said assignee or purchaser to such effect, but the failure or refusal of such assignee or purchaser to deliver such instrument shall not release or discharge such assignee or purchaser from its obligations and liability as above set forth. Upon recordation of the assumption instrument, Sublessee shall be released from liabilities and obligations under this Sublease accruing thereafter, and the assignee shall be and become and remain liable for the payment of all rents and other sums payable hereunder and for the due performance of all the covenants, agreements, terms and provisions hereof on Sublessee's part to be performed throughout the remainder of the Term. The provisions hereof shall be operative for and apply to each subsequent assignment.

§ 17.2. **Subleases.** Sublessee shall not sublease the Subleased Premises under any circumstances or for any reason.

§ 17.3. **Obligations of Assignee.** If this Sublease is assigned, in whole or in part, City may and hereby is empowered to collect all amounts due hereunder from the assignee.

ARTICLE 18 — DEFAULT BY SUBLESSEE

§ 18.1. **Events of Default.** The happening of any one of the following events (herein called an "**Event of Default**") shall be considered a material breach and default by Sublessee under this Sublease:

A. ***Monetary Default.*** If default shall be made in the due and punctual payment of Rent or any Additional Payments and such default continues for thirty (30) days after written notice thereof to Sublessee; or

B. ***Non-Monetary Default.*** If default shall be made by Sublessee in the performance of or compliance with any of the covenants, agreements, terms, limitations, or conditions hereof other than those referred to in the foregoing subsection (A), and such default shall continue for a period of thirty (30) days after written notice thereof from City to Sublessee (provided, that if Sublessee proceeds with due diligence during such thirty (30) day period to substantially cure such default and is unable by reason of the nature of the work involved, to cure the same within the required thirty (30) days, Sublessee's time to do so shall be extended by the time reasonably necessary to cure the same as reasonably determined by City).

§ 18.2. Notice and Termination. Upon the occurrence of one or more Event of Default listed in Section 18.1, City at any time thereafter, but not after such default is cured, may give written notice ("**Second Notice**") to Sublessee specifying such Event(s) of Default and stating that this Sublease shall expire and terminate on the date specified in such notice, which shall be at least forty five (45) days after the giving of such Second Notice, and, upon the date specified in such Second Notice, this Sublease and all rights of Sublessee under this Sublease shall expire and terminate as though such date were the date originally set forth herein for the termination hereof. In addition, after expiration of the initial Term, Sublessee may terminate this Sublease at any time upon giving the City a written ninety (90) day notice of its intent to terminate.

§ 18.3. Sublessee Liability. Expiration or termination of this Sublease shall relieve Sublessee of its liabilities or obligations under this Sublease from and after the date of expiration or termination with the exception of those liabilities which by the express terms of this Sublease survive any such expiration or termination.

§ 18.4. No Implied Waiver. Any failure by City to insist upon the strict performance of any covenant, agreement, term, or condition hereof or to exercise any right or remedy consequent upon a breach hereof, and no acceptance of any payments from Sublessee during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term, or condition. No covenant, agreement, term, or condition hereof to be performed or complied with by City or Sublessee, and no breach thereof, shall be waived, altered, or modified, except by a written instrument executed by the party to be charged therewith. No waiver of any breach shall affect or alter this Sublease, but each and every covenant, agreement, term, limitation, and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach hereof.

§ 18.5. Remedies Cumulative. In the event of any breach by Sublessee of any of the covenants, agreements, terms, or conditions hereof, City shall be entitled to enjoin such breach and shall have the right to seek specific performance by Sublessee of its obligations under this Sublease. City may not seek nor shall be entitled to any award of monetary damages from Sublessee, except for payment of unpaid Rent or Additional Payments or any other monetary amount expressly provided for under the terms of this Sublease.

§ 18.6. Specific Performance. If a default is not commenced to be cured within thirty (30) calendar days after service of the notice of default and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, City may, at its option, thereafter (but not before) commence an action for specific performance of the terms of this Sublease pertaining to such default.

ARTICLE 19 — DEFAULT BY CITY

§ 19.1. In the event of any breach by City of any of the covenants, agreements, terms, or conditions hereof, Sublessee shall be entitled to enjoin such breach or seek specific performance of any duty not timely performed by City after written notice to cure. Under no circumstances may Sublessee seek or be awarded monetary damages against City or any elected or appointed official, employee, or agent of the City of Surprise.

ARTICLE 20 — UNENFORCEABLE TERMS

§ 20.1. Severability. City and Sublessee each believes that the execution, delivery, and performance of this Sublease are in compliance with all Applicable Laws. However, in the unlikely event that any provision of this Sublease is declared void or unenforceable (or is construed as requiring either Party to do any act in violation of any applicable law, including any constitutional provision, law, regulation, County or City Code), such provision shall be deemed severed from this Sublease and this Sublease shall otherwise remain in full force and effect; provided that this Sublease shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the parties as if such severance and reformation were not required. Unless prohibited by Applicable Laws, the Parties further shall perform all acts and execute, acknowledge and/or deliver all amendments, instruments, and consents necessary to accomplish and to give effect to the purposes of this Sublease, as reformed.

ARTICLE 21 — NOTICES

§ 21.1. Notices. Any notice, request, demand, statement, or consent herein required or permitted to be given by either party to the other hereunder, except as pursuant to Article 12, shall be in writing signed by or on behalf of the party giving the notice and addressed to the other parties to the at the address as set forth below:

City:

City of Surprise
Attn: City Manager
16000 N. Civic Center Plaza
Surprise, Arizona 85374

And

Seth Dyson
Director of Human Services and Community Vitality
City of Surprise
16000 N. Civic Center Plaza
Surprise, Arizona 85374

City of Surprise
Attn: City Attorney
16000 N. Civic Center Plaza
Surprise, Arizona 85374

Sublessee:

A New Leaf, Inc.
Attn: Michael Hughes, Director
868 E. University Drive
Mesa, Arizona 85203

Each party may by notice in writing change its address for the purpose of this Sublease, which address shall thereafter be used in place of the former address. Each notice, demand, request, or communication which shall be mailed to any of the aforesaid shall be deemed sufficiently given, served, or sent for all purposes hereunder two (2) business days after it shall be mailed by United States registered or certified mail, postage prepaid, in any post office or branch post office regularly maintained by the United States Government, upon personal delivery, or one business day after deposit with any commercial air courier or express service.

ARTICLE 22 — CONDITION

§ 22.1. Condition of Subleased Premises. Sublessee represents that the Subleased Premises, any sidewalks, the title to the Subleased Premises, parking areas adjoining the same, any subsurface conditions thereof, and the present uses and non-uses thereof, have been examined by Sublessee and that Sublessee accepts the same in the condition or state in which they or any of them may be on the date of the execution of this Sublease, without representation or warranty, express or implied in fact or by law, by City and without recourse to City, as to the nature, condition, or usability thereof or the use or uses to which the Subleased Premises or any part thereof may be put.

§ 22.2. Quiet Enjoyment. Subject to all of the conditions, terms, and provisions contained in this Sublease, City covenants that Sublessee, upon paying the Rent and Additional Payments and observing and keeping all terms, covenants, agreements, limitations, and conditions hereof on its part to be kept, shall quietly have and enjoy the Subleased Premises during the Term, without hindrance or molestation by City.

ARTICLE 23 — ESTOPPEL

§ 23.1. Estoppel Certificates. City or Sublessee may request, at any time, from one another a certificate evidencing whether or not:

A. The Sublease is in full force and effect along with the amount and current status of the Rent and any Additional Payments due hereunder;

B. The Sublease has been modified or amended in any respect or describing such modifications or amendments, if any; and

C. There are any existing defaults thereunder, to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any.

Such certificates shall include such other information as either party reasonably requires. The party receiving such a request shall cooperate with the requesting party and shall deliver a written response within twenty (20) days of such request.

ARTICLE 24 — CONSENTS

§ 24.1. Parties and Notice. Whenever the consent or approval of a party to this Sublease is required or reasonably requested under this Sublease, if they fail to notify the other party in writing within forty-five (45) days (except where a longer period is otherwise specified herein for the giving of such consent or approval) after the giving of a written request therefor in the manner specified herein for the giving of notice, it shall be concluded that such consent or approval has been given.

§ 24.2. No Unreasonable Withholding. Wherever in this Sublease the consent or approval of either party is required, such consent or approval shall not be unreasonably withheld nor delayed, except where otherwise specifically provided. The remedy of the party requesting such consent or approval, in the event such party should claim or establish that the other party has unreasonably withheld or delayed such consent or approval, shall be limited to injunction or declaratory judgment and in no event shall such other party be liable for a money judgment.

ARTICLE 25 — INTENTIONALLY OMITTED

ARTICLE 26 — MISCELLANEOUS

§ 26.1. Right of Cancellation. All parties hereto acknowledge that this agreement is subject to cancellation by City pursuant to the provisions of §38-511, Arizona Revised Statutes, for conflict of interest.

§ 26.2. City's Representations and Warranties. City hereby represents, warrants, covenants and agrees that (a) its execution of the Sublease will not violate any agreement to which City is a party; (b) there is no litigation pending against City which would have a material impact on the Subleased Premises, or City's ability to perform its obligations under this Sublease, or with respect to the Subleased Premises; (c) there is no pending taking of the Subleased Premises; (d) other than City and Sublessee there is no tenant or sublessee who would have any right of claim to possession or use of the Subleased Premises; (e) there are no unpaid special assessments touching, concerning, or relating to the Subleased Premises.

§ 26.3. Sublessee's Representations and Warranties. Sublessee hereby represents, warrants, covenants and agrees that (a) its execution of the Sublease will not violate any agreement to which Sublessee is a party; (b) there is no litigation pending against Sublessee which would have a material impact on Sublessee's ability to perform its obligations under this Sublease; (c) Sublessee is a non-profit corporation organized and existing under the laws of the State of Arizona that is in good standing with the Arizona Corporation Commission; and (d) that the person executing this Sublease on behalf of Sublessee is fully authorized to do so on behalf of the corporation.

§ 26.4. Exculpatory Provision – City. Sublessee acknowledges that in the event of a default under this Sublease by City, of any kind or nature whatsoever, Sublessee shall look solely to City for remedy or relief; and that no Surprise City Council Member, elected official, officer, agent, or employee of the City of Surprise shall be liable to Sublessee, or any successor in interest to City, in any way due to a default by City under this Sublease. Nor shall Sublessee look to Property Owner in the event of a default by City.

§ 26.5. Legal Actions. Any legal action instituted pursuant to this Sublease shall be brought in the County of Maricopa, State of Arizona, or in the Federal District Court in the District of Arizona in Phoenix, Arizona. The prevailing party in such action shall be reimbursed by the non-prevailing party for all costs and expenses of such action, including reasonable attorneys' fees as may be fixed by the Court. This Sublease shall be construed and enforced in accordance with the laws of the State of Arizona.

§ 26.6. Entire Agreement. This Sublease, together with its Exhibits and all documents incorporated herein by reference, contains the entire agreement between City and Sublessee and any executory agreement hereafter made between City and Sublessee shall be ineffective to change, modify, waive, release, discharge, terminate, or effect an abandonment of this Sublease, in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, waiver, release, discharge, termination, or the effect of the abandonment is sought.

§ 26.7. Captions. The captions of Articles and Sections in this Sublease are inserted only as a convenience and for reference and they in no way define, limit, or describe the scope of this Sublease or the intent of any provision thereof. References to Articles and Section numbers are to those in this Sublease unless otherwise noted.

§ 26.8. Execution and Delivery. This Sublease shall bind City upon its execution thereof. City shall be bound only after it executes and delivers the Sublease to Sublessee.

§ 26.9. Amendments. This Sublease shall not be amended or modified without the express written consent of City and Sublessee.

§ 26.10. Exhibits and Incorporation. The following exhibits and schedules, which are attached hereto or are in the possession of the Sublessee and City, are incorporated herein by reference as though fully set forth:

Exhibit A -- Legal Description of the Property
Exhibit B -- Depiction of Improvements on the Property
Exhibit C – Subrecipient Agreement

ARTICLE 27 — INTENTIONALLY OMITTED

ARTICLE 28 — ENFORCED DELAY

§ 28.1. Enforced Delay; Extension of Time of Performance. Whether stated or not, all periods of time in this Sublease are subject to this Section. Neither Sublessee nor City, as the case may be, shall be considered to have caused an Event of Non-Performance with respect to its obligations under this Sublease (or to have failed to meet any required date of performance) in the event of enforced delay ("**Enforced Delay**") due to (1) causes beyond its reasonable control and without its negligent or intentional failure to comply with Applicable Laws, including, but not restricted to, acts of God, acts of public enemy, acts of the Federal, state or local government, acts of the other party, litigation or other action authorized by law concerning the validity and enforceability of this Sublease or relating to transactions contemplated hereby (including the effect of petitions for initiative or referendum), fires, floods, epidemics, quarantine, restrictions, strikes, embargoes, labor disputes, and unusually severe weather or the delays of subcontractors or materialmen due to such causes, act of a public enemy, war, terrorism or act of terror (including but not limited to bio-terrorism or ecoterrorism), nuclear radiation, declaration of national emergency or national alert, blockade, insurrection, riot, labor strike or interruption, extortion, sabotage, or similar occurrence or any exercise of the power of eminent domain, condemnation, or other taking by the action of any governmental body on behalf of any public, quasi-public, or private entity, or declaration of moratorium or similar hiatus directly affecting the Subleased Premises (whether permanent or temporary) by any public, quasi-public or private entity; (2) the discovery of Regulated Substances on, at or affecting the Subleased Premises not disclosed by any applicable environmental assessment or otherwise known by or disclosed to the party or parties affected thereby; the discovery of funerary objects or archaeological resources or artifacts on, at or affecting the Subleased Premises requiring repatriation, study, removal or further acts mandated by federal or state law; or the discovery of Endangered Species on, at or affecting the Subleased Premises; (3) the order, judgment, action, or determination of any court, administrative agency, governmental authority or other governmental body (collectively, an "**Order**") which delays the completion of the work or other obligation of the party claiming the delay; or the suspension, termination, interruption, denial, or failure of renewal (collectively, a "**Failure**") of issuance of any permit, license, consent, authorization, or approval necessary to Sublessee's undertakings pursuant to this Sublease, unless it is shown that such Order or Failure is the result of the failure to comply with Applicable Laws or to fully comply with the applicable application requirements by the party claiming the delay; provided, however, that the contesting in good faith of any such Order or Failure shall not constitute or be construed or deemed as a waiver by a party of Enforced Delay; and (4) the denial of an application, failure to issue, or suspension, termination, delay or interruption other than by or from Maricopa County or the Surprise City Council or one of its departments, divisions, agencies, commissions or boards (collectively, a "**Denial**") in the issuance or renewal of any permit, approval or consent required or necessary in connection with City's or Sublessee's undertakings pursuant to this Sublease, if such Denial is not also the result of the failure to comply with Applicable Laws or to fully comply with the applicable application requirements by the party claiming the delay. In the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of the party claiming delay shall be extended for a period of the Enforced Delay; provided that the party seeking the benefit of the provisions of this Section 28.1 shall, within thirty (30) days after such party knows of any such Enforced Delay, first notify the other party of the specific delay in writing and claim the right to an extension for the period of the Enforced Delay; provided, however, that either party's failure to notify the other of an event constituting an Enforced Delay shall not alter, detract from or negate its character as an Enforced Delay if such event of Enforced Delay were not known or reasonably discoverable by such party.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE 1 OF 2 TO LEASE

"Sublessee"

A New Leaf,
an Arizona non-profit corporation

By: ______________________________
Michael Hughes, Director

STATE OF ARIZONA)
) ss:
County of Maricopa)

On this 16 day of September, 2021, before me personally appeared Michael Hughes, the Director of A NEW LEAF, an Arizona non-profit corporation, for and on behalf of, whose identity was proven to me on the basis of satisfactory evidence to be the person who she claims to be, and acknowledged that she signed the above document on behalf of the corporation.

[Affix notary seal here]

Constance J. Orr
Notary Public

Signatures continue on following page.

OFFICIAL SEAL
CONSTANCE J. ORR
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
COMM # 563262
My Comm. Expires May 18, 2023

SIGNATURE PAGE 2 OF 2 TO LEASE

"City

CITY OF SURPRISE

By________________________________
Skip Hall, Mayor

ATTEST:

____
Sherry Ann Aguilar, City Clerk

APPROVED AS TO FORM:

____
Robert Wingo, City Attorney

STATE OF ARIZONA)
) ss:
County of Maricopa)

On this ________ day of ____________________, 2021, before me personally appeared Skip Hall, the Mayor of the City of Surprise, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of the municipal corporation.

[Affix notary seal here]

____
Notary Public

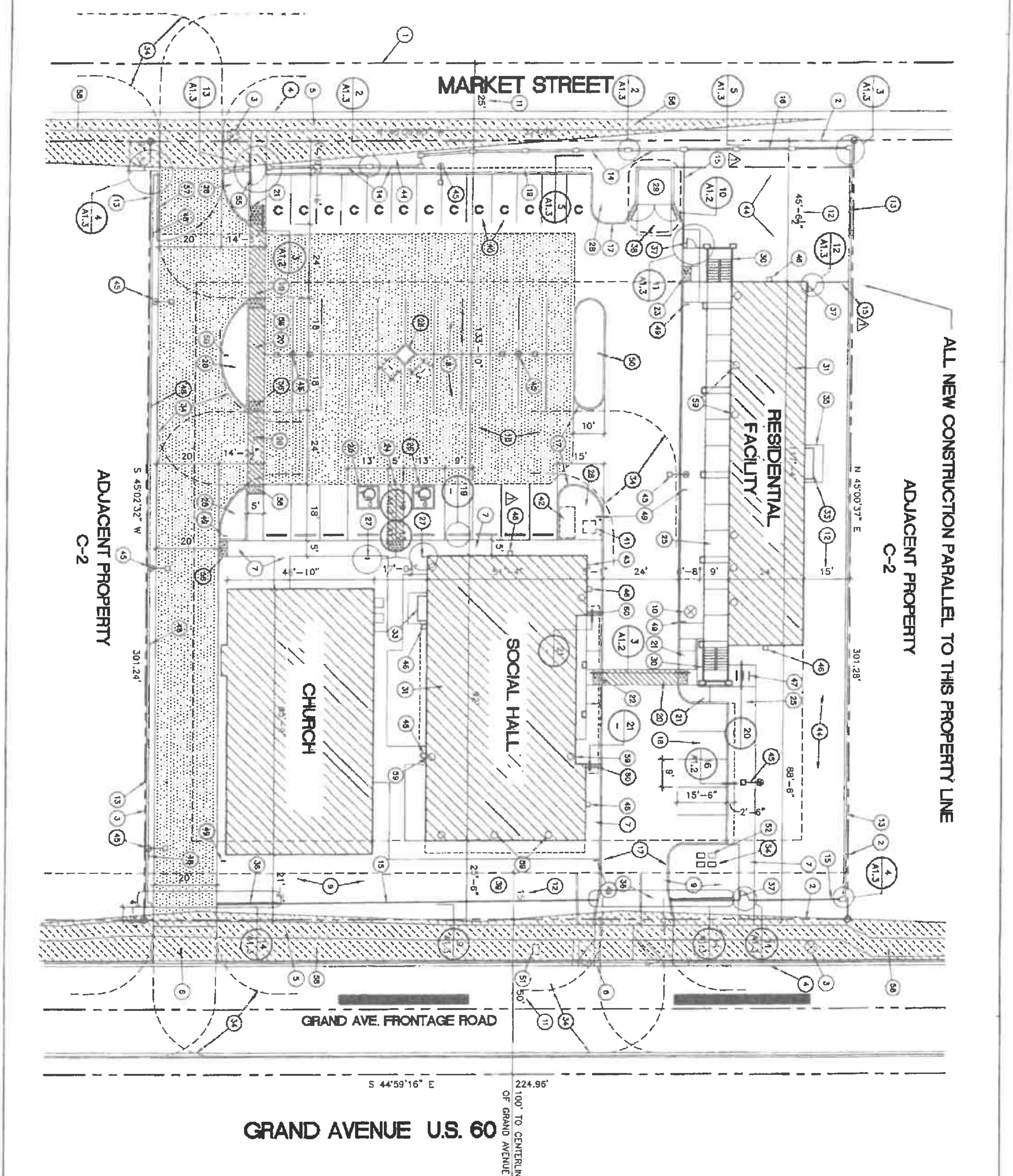
Exhibit A to Lease

Legal Description of the Property

Lot 1 Mustard Seed Ministries Book 1104 Page 44

Exhibit B to Lease

Depiction of Existing Improvements on the Property



SITE PLAN

SCALE : 1"=20'-0"

Exhibit C to Lease

Subrecipient Agreement

SUBRECIPIENT AGREEMENT

Between the City of Surprise

And

A NEW LEAF

For
"Housing Support Center"

Community Development Block Grant
CDBG-CV-NSD-02-2020 (CFDA 14.218)

THIS AGREEMENT, entered **this 1st day of July, 2021**, by and between **the City of Surprise, Arizona,** herein called the "Grantee" or "City" and **A NEW LEAF [DUNS #611923640]** herein called the "Subrecipient." The Grantee and the Subrecipient may collectively be referred to as the "Parties."

WHEREAS, the Grantee is the recipient of Community Development Block Grant (CDBG) funding through the U.S. Department of Housing and Urban Development (hereinafter "HUD" or "Grantor"), identified in the Catalog of Federal Domestic Assistance (CFDA) as program 14.218, from the United States Government under Title I of the Housing and Community Development Act of 1974; Public Law 93-383; and

WHEREAS, the Grantee wishes to engage the Subrecipient In response to the **Coronavirus Pandemic (COVID-19), President Trump authorized the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136 on March 27, 2020** ; and

WHEREAS, Funds must be used to prevent, prepare for, and respond to **COVID-19** and all other funding options must be used prior to using CDBG-CV funding; and

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing funds from Program Year(s) **2020(B-20-MW-04-0514)** award of August 10, 2020.

NOW, THEREFORE, it is agreed between the parties hereto that:

I. GENERAL AWARD INFORMATION

The subaward from the Grantee to the Subrecipient, which is described below, is for the purpose of carrying out a portion of a Federal award described in section I of this agreement, and creates a Federal assistance relationship with the Subrecipient. This agreement must be updated to reflect any changes to the federal award and the following award information:

Grantee: City of Surprise	**Subrecipient: A New Leaf**
Name of awarding official: Michael T. Frazier	Name of primary contact: Michael Hughes
Title: City Manager	Title: Chief Executive Officer

16000 N Civic Center Plaza Surprise, AZ 85374	868 E. University Drive Mesa, AZ 85203

Federal Award: Community Development Block Grant
CFDA 14.218
Total Amount of Federal Award: $300,000

B-20-MW-04-0514: $300,000

I. **SCOPE OF SERVICE**

A. **Activities/Levels of Accomplishment**: The Subrecipient will be responsible for administering a CDBG Program described below in a manner satisfactory to the Grantee and consistent with any standards required as a condition of providing these funds. The Subrecipient is responsible for administrative services needed to carry out the funded program(s) described below and detailed Scope of Work attached hereto as **Exhibit A**, and incorporated herein by reference, as such may be amended from time to time. Such program(s) will include the following activities and levels of program services eligible under the Community Development Block Grant Program:

ACTIVITY	BUDGET AMOUNT	LEVEL OF ACCOMPLISHMENT	TOTAL UNITS/YEAR
03C Homeless Facilities (not operating Costs) 24 CFR 570.201(c)	$300,000	Acquisition, construction, conversion of buildings, or rehabilitation of temporary shelters and transitional housing for the homeless.	1 Public Facility Improvement (LMC)

B. National Objectives: The Subrecipient hereby acknowledges that all activities funded with CDBG funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208.

CDBG-CV Subrecipients will be required to maintain accurate records documenting the prevention of, preparation for, response to the Coronavirus AND records documenting targeted populations and/or areas being served by the program or project. Funds must be used to prevent, prepare for, and respond to COVID-19 and all other funding options must be used prior to using CDBG-CV funding.

The Subrecipient shall provide written certification within the year-end report to Grantee that the activities carried out under this Agreement met at least one of the CDBG program's national objectives and how this was accomplished. **Target completion date for all projects shall be June 30, 2022.**

C. **Staffing:** The following staff members shall be responsible for compliance with this contract. Any changes in key personnel assigned or their general responsibilities shall be subject to the prior approval of the Grantee.

INDIVIDUAL/TITLE	COMPLIANCE AREA	WORK WEEK & HOURS
Kathy DiNolfi/ Chief Program Officer	Leadership	Monday- Friday 8am-5pm
Michelle Alberti/ Program Director	Project Oversight	Monday- Friday 8am-5pm
Evangelina Sesma/ Program Manager	Project Oversight	Monday- Friday 8am-5pm
TBD/ Housing Case Manager	Direct Housing Service	Monday- Friday 8am-5pm
Keon Montgomery Real Estate Director	Construction Oversite	Monday-Friday 8am-5pm

D. **Performance Monitoring**: The Grantee will monitor the performance of the Subrecipient against goals and performance standards required herein. Substandard performance as determined by the Grantee will constitute noncompliance with the Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time (as dictated in Section II of this contract) after being notified by the Grantee, contract suspension or termination procedures will be initiated or future threshold exceptions will not be allowed.

II. TIME PERFORMANCE

Services of the Subrecipient shall start on the **1st day of July 1, 2021**, and end on the **30th day of June, 2022**. The term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Subrecipient remains in control of CDBG funds or other assets including program income. A written request must be submitted to the City stating the reason for the extension, and is subject to the amendment process outlined in VI.G below.

III. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the Grantee under this contract shall not exceed **$300,000**. Drawdowns for the payment of eligible expenses shall be made against the line item budgets (**Exhibit B**) specified in Paragraph I.A. herein and in accordance with performance as follows:

Itemized Budget	CDBG-CV Funds ($)	CDBG Funds ($)	Other General Purpose Funds ($)	Total Project Cost ($)
A & E	$25,000			$25,000
Construction Costs	$ 255,000			$255,000
PM & Planning				
Professional Services	$20,000			$20,000
Total Rehab & Facility	$ 300,000	$0	$0	$300,000
Salary & Related				
Outreach & Marketing				
Postage & Supplies				
Travel & Training				
Communications				
Insurance				
Occupancy				
Equipment & Supplies				
Client Expenses				
Program Expenses				
Total Program & Facility Operations				
Management & General (Indirect 10% Max)				
Total	$300,000			$ 300,000

Budget amendments that total less than 20% of the overall award, and do not increase or decrease total funding award, or result in a change to the purchase order, may be approved by the Neighborhood Services Supervisor without an amendment to the agreement. Request for budget amendments must be made in writing by the Subrecipient. Amendments must be approved in writing prior to requesting reimbursement of amended budget line items.

Reimbursement requests (**Exhibit C**) shall be submitted with proof of expenditure of funds and well as documentation that the benchmark or goal was attained **(Exhibit D Monthly Progress Report due on the 10th**). **Monthly reports must be completed in the Neighborly portal. No reimbursement requests will be processed if required documentation is outstanding.**

All request for reimbursements must be submitted through Neighborly. When requesting reimbursement, corresponding bills and cash receipts must be uploaded. If the funding is used for salaries, time sheets must be submitted. Allocating staff costs between Program Administration vs. Activity Delivery Costs must be clearly documented. Treatment of dividing allocable costs between PACs and ADCs must be consistently applied and supported by staff timesheet documentations relative to specific eligible activities (See CPD Notice 13-07). **Reimbursement Request due by the 15th of each month.**

Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 2 CFR 200.

IV. NOTICES

Notices required by this Agreement shall be in writing and delivered via postal mail (postage prepaid), commercial courier, and personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

GRANTEE	SUBRECIPIENT
Adam Lane	Larry Grubbs
Neighborhood Services Supervisor	Government Grants & Contracts Director
City of Surprise, NSD	A New Leaf
16000 N. Civic Center Plaza	868 E. University Drive
Surprise, AZ 85374-7470	Mesa, AZ 85203
623-222-3238	480-637-1425
Adam.Lane@surpriseaz.gov	contracts@turnanewleaf.org

V. SPECIAL CONDITIONS

The Subrecipient agrees to comply with the requirements of Title 24 Code of Federal Regulations, Part 570 of the Housing and Urban Development regulations concerning Community Development Block Grants (CDBG) and all federal regulations and policies issued pursuant to these regulations.

Arizona Revised Statutes §§ 1-501, 1-502 & 41-1080 prevent a state/city agency from issuing any government benefit, federal, state or locally funded or issuing a new or renewed license to an individual unless the individual has provided the agency with one of the forms of identification listed below.

To become or remain eligible for the benefit this contract outlines, service applicant must verify to subrecipient proof of citizenship.

Below are listed the accepted forms of citizenship identification subrecipient will use for verification purposes:

1. An Arizona driver's license issued after 1996 or an Arizona non-operating identification license.

2. A birth certificate or delayed birth certificate issued in any state, territory or possession of the United States.
3. A United States certificate of birth abroad.
4. A United States passport
5. A foreign passport with a United States visa.
6. A I-94 form with a photograph.
7. A United States citizenship and immigration services employment authorization document or refugee travel document.
8. A United States certificate of naturalization.
9. A United States certificate of citizenship.
10. A tribal certificate of Indian blood.
11. A tribal or bureau of Indian affairs affidavit of birth.
12. A United States Military Veteran identification card.

VI. GENERAL CONDITIONS

A. **General Compliance**: The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants {CDBG}) including Subpart K of these regulations, except that (1) the Subrecipient does not assume the recipient's environmental responsibilities described in 24 CFR 570.604 and (2) the Subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient also agrees to comply with all other applicable federal, state and local laws, regulations and policies governing the funds provided under this Agreement. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. **Independent Contractor**: Nothing contained in this agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subrecipient shall at all times remain an independent contractor with respect to the services to be performed under this agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Subrecipient is an independent Subrecipient.

C. **Hold Harmless**: The Subrecipient shall hold harmless, defend and indemnify the Grantee from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this agreement.

D. **Workers' Compensation**: The Subrecipient shall provide Workers' Compensation Insurance coverage for all employees involved in the performance of this Agreement.

E. **Insurance & Bonding**: The Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and at a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the Grantee.

The Subrecipient shall comply with the bonding and insurance requirements of 2 CFR 200. The Grantee requires general liability coverage of Subrecipient naming the Grantee as an additional insured with $500,000 per person per occurrence coverage.

F. **Grantee/Grantor Recognition**: The Subrecipient shall insure recognition of the role of the Grantee and the Grantor agency in providing services through this Agreement. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to funding source. In addition, the Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

G. **Amendments**: Grantee or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release Grantee or Subrecipient from its obligations under this Agreement.

Grantee may, in its discretion amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement or referenced in Section I, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

H. **Suspension or Termination**: In accordance with 2 CFR 200 the Grantee may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time.

2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement.

3. Ineffective or improper use of funds provided under this Agreement.

4. Submission by the Subrecipient to the Grantee reports that are incorrect or incomplete in any material respect.

In accordance with 2 CFR 200 this Agreement may also be terminated for convenience by either the Grantee or the Subrecipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the Grantee may terminate the award in its entirety.

VII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. *Accounting Standards:* The Subrecipient agrees to comply with 2 CFR 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards, and agrees to adhere to the accounting principles and procedures

required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. *Cost Principles:* The Subrecipient shall administer its program in conformance with the requirements of the OMB "Super Circular," as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. **Documentation and Record-Keeping**

1. *Records to be Maintained:* The Subrecipient shall maintain all records required by the federal regulations specified in 24 CFR Part 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

a. Records providing a full description of each activity undertaken.
b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program.
c. Records required to determine the eligibility of activities.
d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance.
e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program.
f. Financial records as required by 24 CFR Part 570.502, and 2 CFR 200.
g. Other records necessary to document compliance with Subpart K of 24 CFR 570.

2. *Retention:* The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years. The retention period begins on the date of the submission of the Grantee's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

3. *Client Data:* The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided and ethnicity in compliance with the Office of Management and Budget's (OMB) revised categories. Such information shall be made available to Grantee monitors or their designees for review upon request.

4. *Disclosure:* The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee's or Subrecipient's responsibilities with respect to services provided under this contract, is prohibited.

5. *Property Records:* The Subrecipient shall maintain real property inventory records, which clearly identify properties purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform with the "changes in use" restrictions specified in 24 CFR Parts 570.503(b)(8).

6. *National Objectives:* The Subrecipient agrees to maintain documentation that demonstrates that the activities carried out with funds provided under this contract meet one or more of the CDBG program's national objectives - 1) benefit low- and moderate-income persons, 2) aid in the prevention or elimination of slums or blight, 3) meet community development needs having a particular urgency - as defined in 24 CFR Part 570.208.

7. *Close-Outs:* Subrecipient obligations to the Grantee shall not end until all closeout requirements are completed. Activities during this close-out period shall include, but are not limited to; making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG funds, including program income.

8. *Use and Reversion of Assets:* The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR Part 200 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

a. The Subrecipient shall transfer to the Grantee and CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.

b. Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of $25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement (or longer period of time as the Grantee deems appropriate). If the Subrecipient fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the Grantee. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period (or such longer period of time as the Grantee deems appropriate).

c. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to which funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee (an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment).

9. *Audits & Inspections:* All Subrecipient records with respect to any matters covered by this agreement shall be made available to the Grantee, Grantor agency, their designees or the federal government, at any time during normal business hours, as often as the Grantee or grantor agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data in order to fulfill monitoring requirements. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within 30 days after receipt of written notice by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit including review of any letters to management conducted in accordance with current City policy concerning Subrecipient audits and 2 CFR 200.

10. *Methods for collection, transmission, and storage of information:* The Subrecipient should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal Awarding Agency, or the City must always provide or accept paper versions of Federal award-related information to and from the Subrecipient. If paper copies are submitted, the Federal awarding agency or the City must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

C. **Reporting and Payment Procedures**:

1. *Federal Funding Accountability and Transparency Act*: Grantee is required under the Federal Funding Accountability and Transparency Act (FFATA) to report information on first-tier sub-awards, including making the executive compensation of awardees publicly available. In conformance with the requirements of the FFATA, the Grantee must report the names and total compensation of the five most highly compensated officers of the entity if: 1) the entity in the preceding fiscal year received i) 80 percent or more of its annual gross revenues in federal awards; and ii) $25,000,000 or more in annual gross revenues from federal awards; and 2) the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under the applicable sections of the Securities Exchange Act of 1934 or the Internal Revenue Code of 1986.

2. *Budgets:* The Subrecipient will submit a detailed contract budget in a form and content prescribed by the City for approval by the Grantee. The Grantee and the Subrecipient may agree to revise the budget from time to time in accordance with existing City policies and as described in Section 3.

3. *Program Income:* The Subrecipient shall report monthly with Progress Reports all program income as defined at 24 CFR 570.500(a) generated by activities carried out with CDBG funds made available under this contract. The use of program income by the Subrecipient shall comply with the requirements set forth at 24 CFR 570.504 for activities permitted under this contract and shall reduce requests for additional funds by the amount of any such program income balance on hand. Subrecipient agrees that all program income funds earned but not used in each monthly draw period shall be remitted to the Grantee, upon Grantee's verification of the draw request. Any interest earned on cash advances from the U.S. Treasury is not program income and shall be remitted promptly to the Grantee.

4. *Indirect Costs*: Indirect Costs shall not exceed the de minimis indirect cost rate as defined at 2 CFR 200.414(f).

5. *Payment Procedures:* The Grantee will pay to the Subrecipient funds available under this contract based upon information submitted by the Subrecipient and consistent with any approved budget and City policy concerning payments. Payments will be made for eligible expenses actually incurred by the Subrecipient, not to exceed actual cash requirements. Payments will be adjusted by the Grantee in accordance with program income balances available in Subrecipient accounts. In addition, the Grantee reserves the right to utilize funds available under this contract for costs incurred by the Grantee on behalf of the Subrecipient.

6. *Progress Reports:* The Subrecipient shall submit regular Progress Reports to the Grantee in the form, content, and frequency as required by the Grantee. The parties agree Progress Reports shall be submitted to the Grantee monthly with each draw until closeout requirements are met.

D. **Procurement**

1. *Compliance:* The Subrecipient shall comply with current City policy including the City's Procurement Code, concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the Grantee upon termination of this Agreement.

2. *OMB Standards*: The Subrecipient shall procure materials, property, or services in accordance with the procurement requirements of 2 CFR 200.

3. *Travel*: The Subrecipient shall obtain written approval from the Grantee for any travel expenses outside the metropolitan area with funds provided under this contract.

VIII. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

The Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR

Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570-606(c) governing and Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies (the Grantee may preempt the optional policies). The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570-606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning the displacement of persons from their residences.

IX. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. *Compliance*: The Subrecipient agrees to comply with any City of Surprise and State of Arizona civil rights ordinances, and laws, and with all applicable Federal Codes and Regulations, including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 109 of Title I of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and with Executive Order 11246 as amended by Executive Orders 11375, 11478, 12086 and 12107.

2. *Nondiscrimination:* The Subrecipient agrees to comply with the nondiscrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable nondiscrimination provisions in Section 109 of the HCDA are still applicable.

The Subrecipient will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital status, or status with regard to public assistance. The Subrecipient will take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include, but are not limited to, the following: hiring upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Subrecipient agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

3. *Land Covenants*: This contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this contract, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the Grantee and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and

will not itself so discriminate.

4. *Section 504:* The Subrecipient agrees to comply with all federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 706), which prohibits discrimination against the handicapped in any federally assisted program. The Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. **Affirmative Action**

1. *Approved Plan:* The Subrecipient agrees that it shall be committed to carry out an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. *Women and Minority Owned Business Enterprise (W/MBE):* The Subrecipient will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, 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 Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. *Access to Records:* The Subrecipient shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the Grantee, HUD or its agent, or other authorized federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. *EEO/AA Statement:* The Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action employer.

5. *Subcontract Provisions:* The Subrecipient will include the provisions of Paragraphs IX A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipient or subcontractors.

C. **Employment Restrictions**

1. *Prohibited Activity:* The Subrecipient is prohibited from using funds provided

herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. *OSHA:* Where employees are engaged in activities not covered under the Occupational Safety and Health Act of 1970, they shall not be required or permitted to work, be trained, or receive services in buildings or surroundings or under working conditions which are unsanitary, hazardous or dangerous to the participants' health or safety.

3. *Right to Know:* Participants employed or trained for inherently dangerous occupations, e.g., fire or police jobs shall be assigned to work in accordance with reasonable safety practices. The Subrecipient will comply with the Arizona Public Records Law, including A.R.S. Title 39, Chapter 1.

4. *Labor Standards:* The Subrecipient 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, the 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 performance of this Agreement. The Subrecipient agrees to comply with the Copeland Anti-Kickback 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 Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Grantee for review upon request.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property designed for residential use for less than eight (8) households, all contractors engaged under contracts in excess of $2,000.00 for construction, renovation or repair of any building or work financed in whole or in part with assistance provided under this contract, shall comply with federal requirements adopted by the Grantee pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 3, 1, 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 Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

5. *Section 3*

a. Compliance: Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the federal financial assistance provided under this contract and binding upon the Grantee, the Subrecipient and any of the Subrecipient's subrecipients and subcontractors. Failure to fulfill these requirements shall subject the Grantee, the Subrecipient and any of the Subrecipient's subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which federal assistance is provided. The Subrecipient certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements. The Subrecipient further agrees to comply with these Section 3 requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project-assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

"The Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

"The Subrecipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements."

b. Notifications: The Subrecipient agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Subcontracts: The Subrecipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Grantor Agency. The Subrecipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations

D. **Conduct**

1. *Assignability:* The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto; provided, however, that claims for money due or to become due to the Subrecipient from the Grantee under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Grantee.

2. *Hatch Act*: The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.

3. *Conflict of Interest:* The Parties have notice and are aware and understand that A.R.S. § 38-511 is applicable to this Agreement. Additionally, the Subrecipient agrees to abide by the provisions of 2 CFR 200 and 570.611, which include (but are not limited to) the following:

a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by federal funds.

b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by federal funds if a conflict of interest, real or apparent, would be involved.

c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

4. *Lobbying:* The Subrecipient 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 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 sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly.

d. The Certification Regarding Lobbying 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.

5. *Subcontracts*

a. Approvals: The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the Grantee prior to the execution of such agreement.

b. Monitoring: The Subrecipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. Content: The Subrecipient shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

d. Selection Process: The Subrecipient shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accord with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process.

6. *Copyright:* If this contract results in any copyrightable material, the Grantee and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work for

governmental purposes.

7. *Religious Activities*: The Subrecipient 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.

X. ENVIRONMENTAL CONDITIONS

A. **Air and Water**: The Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C., 7401, *et seq.*
- Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq. as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.
- Environmental Protection Agency (EPA) regulations pursuant to 40 C.F.R., Part 50, as amended.

B. **Flood Disaster Protection**: In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient 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).

C. **Lead-Based Paint**: The Subrecipient 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-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.

D. **Historic Preservation**: The Subrecipient 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 50 years old or older or that are included on a federal, state, or local historic property list.

XI. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

XII. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XIII. WAIVER

The Grantee's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XIV. DUPLICATION OF BENFITS

The CARES Act provides that the Secretary shall ensure there are adequate procedures in place to prevent any duplication of benefits as required by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155) and in accordance with section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115–254; 132 Stat. 3442), which amended section 312 of the Robert T. 2 Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155).

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. As a HUD requirement, the Subrecipient must prevent the duplication of benefits when providing financial assistance with CDBG-CV and ESG-CV funds. Grant funds may not be used to pay for a particular cost if another source of financial assistance is available to pay for that same cost.

REQUIRED POLICIES AND PROCEDURES

To prevent the duplication of benefits, Subrecipient must establish policies and procedures that include the following components:

1. Requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must agree to repay assistance that is determined to be duplicative. This may be documented through a subrogation agreement or similar clause included in the agreement with the person or entity. The Subrecipient should establish a protocol to monitor compliance based on risk of duplication of benefits for each activity.
2. Method of assessing whether the use of these funds will duplicate financial assistance that is already received or is likely to be received (such as insurance proceeds) by acting reasonably to evaluate the need and the resources available to meet that need. Subrecipients should evaluate current programs available at the local, county, state, and federal level as well as current and anticipated non-governmental assistance from nonprofits or faith-based groups and establish lines of communication for preventing duplication of benefits. HUD has prepared a list of active Federal CARES Act and coronavirus response programs and funding sources to help grantees

evaluate potential risk for duplication for each activity and applicant. Subrecipients should target CDBG-CV activities to address unmet needs and gaps to reduce the risk of duplication of benefits.

XV. ENTIRE AGREEMENT

This Agreement, including all Exhibits attached hereto, embodies the entire agreement and understanding between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, representations, and discussions, whether verbal or written, of the parties pertaining to the subject matter. In the event of a conflict between this Agreement, on one hand, and any Exhibit attached hereto, on the other hand, the provisions of this Agreement shall control; provided, if it is possible to comply with the requirements of this Agreement and the Exhibits, the parties shall do so. The following Exhibits are attached to this Agreement and incorporated herein:

Exhibit A	Scope of Services
Exhibit B	Project Budget
Exhibit C	Reimbursement Form
Exhibit D	Project Progress Report
Exhibit E	City of Surprise CDBG Policies and Procedures
Exhibit F	A New Leaf Project Proposal

IN WITNESS WHEREOF, the parties have executed this CDBG Subrecipient Agreement to be duly executed by authorized officers as of the Effective Date which is on the day and year first written above.

CITY OF SURPRISE:

By: Michael T. Frazier
Michael T. Frazier, City Manager

Date: 8/2/21

SUBRECIPIENT:

DocuSigned by:
By: Michael Hughes
78964D4D9E8B461...
Michael Hughes, Director

Date: 7/22/2021 | 10:44 AM MST

Approved as to form:

Robert Wingo, City Attorney

Date: 7/23/21

DS
MTH

Community Development Block Grant Project CDBG-CV-NSD-02-2020 (CFDA 14.218)

EXHIBIT A

Statement of Work

Activities Description
In support of the City of Surprise efforts to acquire, renovate, and open a Housing Support Center in response to the COVID-19 Pandemic, A New Leaf will renovate an existing facility, and operate an emergency housing facility, and Day Resource Center in Surprise. The Housing Support Center will provide services to prevent and respond to homelessness among individuals and families impacted by the COVID-19 pandemic, and to mitigate the spread of the coronavirus among unsheltered individuals, and subsequently the community at large. The facility, located at 12763 W. Grand Avenue, Surprise, AZ 85374, was identified by the City of Surprise as a viable location for services. The "SEEDS of Life Center", named in part to honor the historical value this site has had in the community, providing emergency housing services and support for people in need. A New Leaf will operate the facility in line with the agency mission of "Helping Families.... Changing Lives." SEEDS = Shelter, Employment, Education, Development, and Support.

Emergency Housing
Seven apartment-style units will provide emergency shelter for families with minor age children who are homeless. Individual units will allow male adults to be sheltered with their families, thereby preserving the family unit to avoid further trauma and hardship. Up to two, single female adults with children may share a unit if appropriate. Additionally, shelter placement for single females with no children may be considered.

Day Resource Center
Support services will be available to shelter residents, as well as community members who are experiencing hardships related to the pandemic to prevent families and individuals from becoming homeless. All services will be delivered with consideration for social distancing and following CDC guidelines. Proposed onsite services include:

- Case management
- Employment assistance
- Budget coaching
- Assistance with applying for public benefits
- Transportation assistance
- Access to computers
- Information and assistance with applying for Rapid Re-Housing or Tenant Based Rental Assistance
- Access site for WIC and SNAP
- A Coordinated Entry site for assessing, and referring individuals and families to appropriate need-based housing interventions in Maricopa County
- Resources and referrals for other community assistance services, including COVID testing sites and related health services.

1.1 National Objective

This Project meets the following National Objectives as required by 24 CFR 570:

1.1.1 Benefitting Low and Moderate Income Persons- L/M Income Limited Clientele (LMC)

1.2 Eligible Activity

This Project meets the eligible activity under the below Matrix Codes and as allowed by 24 CFR 570.201(c), 570.201(e) + 570.201(c)(2)

1.2.1 **03C**- Homeless Facilities (not operating costs) Acquisition, construction, conversion of buildings, rehabilitation of temporary shelters and transitional housing for the homeless.

2 Scope of Services

A New Leaf will:

2.1 Procure and contract for construction services to rehabilitate the existing facility to minimum property and use standards to operate the Housing Support Center.

2.2 Acquire furnishings, equipment and program supplies.

3 Performance Outcomes

City of Surprise shall evaluate and measure A New Leaf's overall effectiveness based on the following outcomes:

A New Leaf will:

3.1 Improve one (1) public facility through rehabilitation of an existing facility.

3.2 Serve one-hundred (100) unduplicated persons experiencing homelessness throughout the program year.

3.3 One- Hundred percent (100%) of performance reports (Exhibit B & D) will be submitted timely. The City reserves the right to add, remove, or revise reporting requirements at its discretion.

3.4 Performance reporting is due on the 15th of each month following the month being reported (i.e, February 15th for January report).

4 Staffing

A New Leaf will provide adequate staffing qualified to administer the scope of services.

5 Administration

A New Leaf shall:

5.1 Be responsible for hiring, managing, training, and terminating staff as necessary, in accordance with A New Leaf's established policy and procedures.

5.2 Ensure staff training is commensurate with role and responsibility.

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EXHIBIT B (as may be amended)

DS MTH

SURPRISE
ARIZONA

City of Surprise Subrecipient Agreement

Program YR	20
City FY	22

City of Surprise Neighborhood Services - Subrecipient Budget

Subrecipient Name	A New Leaf			Date of request:	
Contract No	Housing Support Center			Contract Amount ($)	$ 300,000.00
Address				Contract Balance ($)	$ 300,000.00
Contact Person	Larry Grubbs, Government Grants and Contracts Director			Contract Start Date	1-Jul-21
Phone	480-637-1425	Email	contracts@turnanewleaf.org	Contract End Date	30-Jun-22

Actual receipts, invoices, bank statements or copies of such items MUST be included to process this request.

Itemized Budget	Budgeted Amount ($)	Amount Previously Expended ($)	Amount of this Request ($)	Remaining Balance ($)	YTD % Expended
Rehabilitation & Facility Expenses					
Architectural & Engineering	$ 25,000	$ -	$ -	$ 25,000.00	0%
Construction Costs	255,000	$ -	$ -	$ 255,000.00	0%
Project Management		$ -	$ -	$ -	#DIV/0!
Professional Services	20,000	$ -	$ -	$ 20,000.00	0%
Total Rehab & Facility Expenses	$ 300,000.00	$ -	$ -	$ 300,000.00	0%
Program & Facility Operations					
Salary & Fringe		$ -	$ -	$ -	#DIV/0!
Outreach & Marketing		$ -	$ -	$ -	#DIV/0!
Postage & Supplies		$ -	$ -	$ -	#DIV/0!
Travel & Training		$ -	$ -	$ -	#DIV/0!
Communications		$ -	$ -	$ -	#DIV/0!
Insurance		$ -	$ -	$ -	#DIV/0!
Occupancy		$ -	$ -	$ -	#DIV/0!
Equipment/Supplies		$ -	$ -	$ -	#DIV/0!
Client Expenses		$ -	$ -	$ -	#DIV/0!
Program Expenses		$ -	$ -	$ -	#DIV/0!
Total Program & Facility Expenses	$ -	$ -	$ -	$ -	#DIV/0!
Administration					
Management & General (Indirect 10% Max)	$ -	$ -	$ -	$ -	#DIV/0!
Total Program Administration	$ -	$ -	$ -	$ -	#DIV/0!
Total	$ 300,000.00	$ -	$ -	$ 300,000.00	0%

Recipient Authorized Signature   Date   Title

Recipient Authorized Signatory certifies that all activities undertaken by the contractor with funds provided under this contract have been carried out in accordance with the contract. In accordance with 2 CFR 200.415, By signing this request, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 3).

Performance Received YES/NO		For HSCV NSD Use Only	
HSCV NSD COORDINATOR APPROVAL	DATE		
FINANCE APPROVAL	DATE		
PO #	Account String#		HSCV NSD SUPERVISORY APPROVAL — Date

DS
MTH

Statement

Case Id: 32119
Name: A New Leaf - Housing Support Center
Address: *No Address Assigned

Funding Source: All

Date	Funding Source	Type	Category	Amount
7/21/2021	CDBG-CV-3	Amendment	Architectural & Engineering	$25,000.00
7/21/2021	CDBG-CV-3	Amendment	Construction Costs	$255,000.00
7/21/2021	CDBG-CV-3	Amendment	Professional Services	$20,000.00
			Escrowed Deposited Amount	**$300,000.00**

Date	Funding Source	Type	Category / Payee	Amount
			Expensed Amount	**$0.00**
			Remaining Balance	**$300,000.00**

This statement is accepted as a complete and final accounting for the escrow account funds.

Funding Source	Remaining Balance
CDBG-CV-3	$300,000.00
Total Balance	**$300,000.00**

Staff Certification

Date

Mailed to Borrower

Copy to Program file

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SURPRISE
ARIZONA

DS
MTH

City of Surprise
Neighborhood Services Division
CDBG Project Performance Report

Activity Name: ______________________

Subrecipient: ______________________

Contract Number: ______________________

Contact Person: ______________________

Phone: ______________________

Email: ______________________

Date Submitted: ______________________

Accomplishments: List Accomplishments achieved to date:

Activity is approximately ☐ 30% ☐ 40% ☐ 50% ☐ 60% ☐ 70% ☐ 80% ☐ 90% ☐ 100% complete.

Implementation Schedule

Tasks yet to be completed	Estimated completion date

Davis-Bacon Labor Compliance (attach jobsite interview sample along with related certified payroll sample)

Date of Site Visit	# of Interviews	Activities Observed

HUMAN SERVICE & COMMUNITY VITALITY DEPARTMENT

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SURPRISE
ARIZONA

Section 3 Compliance

Number of new hires to date	Section 3 hires to date	Anticipated new hires remainder of contract	Section 3 sub-contractors hired (list)

Describe efforts to hire Section 3 workers and sub-contractors

Summary of Cost Overruns (Provide summary of additional costs, change orders, etc. & explain reasons for overruns):

Special Accomplishments and Achievements:

Areas of Concern:

HUMAN SERVICE & COMMUNITY VITALITY DEPARTMENT

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MTH

City of Surprise, Arizona

POLICIES AND PROCEDURES MANUAL

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INTRODUCTION

The Community Development Block Grant (CDBG) program was established by Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, 42 United States Code 5301. Under the CDBG program, the U.S. Department of Housing and Urban Development (HUD) awards grants to State and local governments.

CDBG grew out of the consolidation of eight categorical programs under which communities competed nationally for funds. The consolidated programs include:

- Open Space;
- Urban Renewal;
- Neighborhood Development Program grants;
- Historic Preservation grants;
- Model Cities supplemental grants;
- Public Facilities loans;
- Neighborhood Facilities grants; and
- Water and Sewer grants.

The primary objective of the CDBG Program
is the development of viable urban communities,
by providing decent housing and a suitable living environment,
and expanding economic opportunities,
principally for persons of low and moderate income.

To be eligible for funding, program-funded projects must satisfy one of three HUD national program objectives required in 24 CFR (Code of Federal Regulations) 570.208:

- provide a benefit to low- and moderate-income persons,
- prevent or eliminate slums or blight, or
- meet other urgent community development needs due to disasters or other emergencies.

At least 70 percent of the total CDBG funds expended must be used for activities that benefit low- and moderate-income persons, over a one-, two-, or three-year period (selected by the grantee).

To achieve these goals, the CDBG statute and regulations set forth eligible activities and the national objectives that each activity must meet. As recipients of CDBG funds, the City of Surprise is charged with ensuring that these requirements are met.

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NATIONAL OBJECTIVES

Each activity, except planning and administrative activities, must meet one of the CDBG program's three broad National Objectives:

1. Benefit low- and moderate-income persons,
2. Aid in the prevention or elimination of slums or blight, or
3. Meet community development needs having a particular urgency.

At least 70 percent of the grantee's overall expenditures during a one-, two- or three-year period (specified by the grantee) must be used for activities that benefit low- and moderate-income persons.

Activities benefiting low- and moderate-income persons

Area benefit activities

An activity, the benefits of which are available to ***all*** the residents in a particular area, where at least 51 percent of the residents are low- and moderate-income persons. The service area must be primarily residential, and the activity must meet the identified needs of low- and moderate-income persons. Examples include: street improvements, water and sewer lines, neighborhood facilities, and facade improvements in neighborhood commercial districts. Such an activity must meet one of the following qualifying criteria:

a) Fifty-one percent of the persons residing in the service area are low and moderate income, supported by the most recently available decennial census information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. (HUD provides grantees with information by census tract and block group that may be used to determine this percentage); or
b) Fifty-one percent of the persons residing in the service area are low- and moderate-income residents supported by a current survey of the residents of the service area ***if*** the recipient believes that the census data do not reflect current relative income levels in an area, **or** where census boundaries do not coincide sufficiently well with the service area of an activity. The survey results must meet statistical reliability standards and be approved by HUD; or
c) Under the Exception Criteria, a service area that contains less than 51 percent low- and moderate-income residents will be considered to meet this National Objective if the proportion of low- and moderate-income persons in the area is within the ***highest quartile*** of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose.

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Area Benefit Activities Records to be maintained:

- Boundaries of the service area;
- Data showing the percent of low- and moderate-income persons residing in the service area; and
- Data showing that the area qualifies under the exception rule if the percent of low- and moderate-income persons in the service area is less than 51 percent. Specific data requirements for the Consolidated Annual Performance and Evaluation Report (CAPER) can be found in the Appendix to Chapter 6, CAPER Information.

Limited clientele activities

An activity that benefits a limited clientele, at least 51 percent of whom are low- and moderate-income persons. Examples include: construction of a senior center; public services for the homeless; meals on wheels for the elderly; and construction of job training facilities for the handicapped. The activity must meet one of the following qualifying criteria:

a. The activity must exclusively serve a group of persons in any one or a combination of categories generally presumed to be principally low and moderate income: abused children, battered spouses, elderly persons, adults meeting the definition of "severely disabled" in the Bureau of Census's Current Population Reports, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

b. Information must be required on family size and income to document that at least 51 percent of the clientele are persons whose family income does not exceed Section 8 low- and moderate-income limits; or

c. The activity must have income eligibility requirements that limit the activity exclusively to low- and moderate-income persons; or

d. The activities must be of such nature and in such location that it may be reasonably concluded that the activity's clientele will primarily be low- and moderate-income persons.

e. A special project that serves to remove material and architectural barriers that restrict the mobility and accessibility of elderly persons or of adults meeting the definition of "severely disabled" in the Bureau of Census's Current Population Reports will qualify if it is restricted, to the extent practicable, to the removal of such barriers by assisting:
   - the reconstruction of a public improvement or facility, or portion thereof, that does not serve an area that is predominantly low and moderate income;
   - the rehabilitation of a privately-owned non-residential building or improvement that does not serve an area that is predominantly low or moderate income or create or retain jobs primarily for low- and moderate-income persons; or,

The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

- the rehabilitation of the common areas of a residential structure that is not principally occupied by low- and moderate-income households.

Limited Clientele Records to be maintained:
One of the following types of documentation must be kept for each activity:

- Documentation showing that the activity is designed for and used by a segment of the population presumed by HUD to be principally low and moderate income; or
- Documentation describing how the nature and, if applicable, the location of the activity establishes that it will primarily benefit low- and moderate-income persons; or
- Date showing the size and annual income of the family of each person receiving the benefit; or
- Data showing that the activity is a special project removing accessibility barriers in the limited cases described above.

Housing activities

An activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be principally occupied by low- and moderate-income households. Examples include: property acquisition or rehabilitation of property for permanent housing; conversion of non-residential structures into permanent housing; and new housing construction. The activity must meet the following qualifying criteria:

a) One-unit structures must be occupied by low- and moderate-income households.
b) Two-unit structures must have at least one unit occupied by a low- and moderate-income household.
c) Structures containing more than two units must have at least 51 percent of the units occupied by low- and moderate-income households.
d) Rental buildings under common ownership and management that are located on the same or contiguous properties may be considered as a single structure.
e) For rental housing, occupancy by low- and moderate-income households must be at affordable rents, consistent with standards adopted and publicized by the CDBG grantee for determining "affordable rent" levels.
f) Assistance to reduce the development cost of the new construction of non-elderly, multi-unit rental structures may qualify if: (a) at least 20 percent of the units are occupied by low- and moderate-income households; (b) where low- and moderate-income occupancy is between 20 percent and 51 percent, the CDBG proportion of the total development costs (including the costs of all work from design and engineering through completion

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of the physical improvements and, if integral to the project, the costs of acquisition) is no greater than the proportion of units occupied by low- and moderate-income households.

Records to be maintained:

- A copy of the written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multi-unit structure assisted and the number of those units that will be occupied by low- and moderate-income households after assistance.
- The total cost of the activity, including both CDBG and non-CDBG funds.
- For each unit occupied by a low- and moderate-income household, the size, ethnicity, and income of the household.
- For each property acquired on which there are no structures, evidence of commitments ensuring that the above criteria will be met when the structures are built.
- Where applicable, records documenting that the activity qualified under the exception allowed for new construction of non-elderly, multi-unit, rental housing.

For rental housing only:

- Rent charged (or to be charged) after assistance, for each dwelling unit in each structure assisted; and
- Information as necessary to show the affordability of units occupied (or to be occupied) by low- and moderate-income households pursuant to criteria established and made public by the grantee.

Job creation or retention activities

An activity designed to create or retain permanent jobs where at least 51 percent of that, computed on a full-time equivalent (FTE) basis, involve the employment of low- and moderate-income persons. Potentially eligible activities include: construction by the grantee of a business incubator designed to offer space and assistance to new firms to help them become viable small businesses; loans to pay for the expansion of a plant or factory; and assistance to a business to prevent closure and a resultant loss of jobs for low- and moderate-income persons.

As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies. However, in certain cases, such as where CDBG funds are used to acquire, develop or improve real property (e.g., a business incubator or an industrial park), the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided such businesses are not otherwise assisted by CDBG funds. Additionally, where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving loans during each program year. Finally, a job creation/retention activity undertaken pursuant to the strategy for a HUD-approved Neighborhood Revitalization Strategy Area may be considered to meet the low/moderate area benefit National Objective under 570.208(d)(5)(i).

Jobs may be taken by low- and moderate-income persons or made available to such persons. Jobs are only considered to be ***available to*** low- or moderate-income persons when:

1. Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

2. Local government and/or the assisted business take actions to ensure that low- and moderate- income persons receive ***first consideration*** for filling such jobs.

Records to be maintained for benefit based on job creation:
Where the grantee chooses to document that at least ***51 percent of the jobs will be available to*** low- and moderate-income persons, documentation for each assisted business shall include:

A copy of a written agreement, containing:
- A commitment by the business that it will make at least 51 percent of the FTE jobs available to low- and moderate-income persons and will provide training for any of those jobs requiring special skills or education;
- A listing by job title of the permanent jobs to be created, indicating which jobs will be available to low- and moderate-income persons, which jobs require special skills or education, and which jobs are part-time; and,
- A description of the actions to be taken by the grantee and business to ensure that low- and moderate-income persons receive ***first consideration*** for these jobs; and
- A listing by job title of the permanent jobs filled, and which jobs were available to low- and moderate-income persons, as well as a description of how first consideration was given to any such persons for these jobs. The description shall include what type of hiring process was used; the names of the low- and moderate-income persons interviewed for each such job; and those hired.

or

Where the grantee chooses to document that at least ***51 percent of the jobs will be held by*** low- and moderate-income persons, documentation for each assisted business shall include:

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- A copy of a written agreement, containing: (1) a commitment by the business that at least 51 percent of the jobs created, on a full- time equivalent basis, will be held by low- and moderate-income persons; and (2) a listing by job title of the permanent jobs to be created (identifying which are part- time, if any).
- A listing by job title of the permanent jobs filled and which jobs were ***initially taken*** by low and moderate-income persons;
- For each low- and moderate-income person hired, information on the size and annual income of the person's family prior to the time the person was hired for the job, or evidence that the person may be presumed to be low or moderate income based on the location of the business or the person's residence [see §570.208(a)(4)(iv)].

For benefit based on job retention, the following documentation must be kept:

1. Evidence that in the absence of CDBG assistance, the jobs would be lost; and,
2. For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by low- and moderate-income persons at the time the assistance is provided; and,
3. Where applicable, identification of any of the retained jobs (other than those known to be held by low- and moderate-income persons) that are projected to become available to low- and moderate-income persons through job turnover within two years of the time CDBG assistance is provided, and information on how the turnover projections were calculated; and,
4. For each retained job claimed to be held by a low- and moderate-income person, information on the size and annual income of the person's family, or evidence that the person may be presumed to be low or moderate income based on the location of the business or the person's residence [see §570.208(a)(4)(iv)]; and,
5. For jobs claimed to be available to low- and moderate-income persons based on job turnover: a description covering the items required for "available to" jobs identified above; a listing of each job that has turned over to date, indicating which of those jobs were either taken by, or made available to low- and moderate-income persons; and a description of how "first consideration" was given to low- and moderate-income persons for those jobs.

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Activities that aid in the prevention or elimination of slums or blight

Activities to address slums or blight on an area basis

An activity that aids in the prevention or elimination of slums or blight in a designated area. Examples include: assistance to commercial or industrial businesses, public facilities or improvements, and code enforcement **in a blighted neighborhood.**

The activity must meet ***all*** of the following qualifying criteria:

a. The area, delineated by the grantee, must meet a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;
b. There must be a substantial number of deteriorated or deteriorating buildings throughout the area, or the public improvements are in a general state of deterioration;
c. The activity must address one or more of the conditions that contributed to the deterioration of the area; and
d. If rehabilitation of residential buildings not occupied by low- and moderate-income households is undertaken, each such building rehabilitated must be considered substandard under local definition before rehabilitation, and ***all deficiencies making a building substandard must be corrected before less critical work on the building may be undertaken.***

Records to be maintained:

- Boundaries of the area.
- A description of the conditions that qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the qualifying criteria.
- For each residential rehabilitation activity:
- A local definition of 'substandard' that must be at least as stringent as the housing quality standards used in the Section 8 Housing Assistance Payment Program - Existing Housing; and
- A pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and
- Details and scope of CDBG-assisted rehabilitation, by structure

Activities to address slums or blight on a spot basis

An activity that aids in the prevention or elimination of slums or blight ***outside of a slum or blighted area***. Examples include: elimination of faulty wiring, falling plaster, or other similar conditions that are detrimental to all potential occupants; historic preservation of a deteriorated public facility; and demolition of a vacant, deteriorated, abandoned building. The activity must meet the following qualifying criteria:

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a) The activity must be designed to eliminate ***specific conditions of blight or physical decay*** on a spot basis; and

b) The activity must be limited to ***acquisition, clearance, relocation, historic preservation, and/or rehabilitation of buildings***. Rehabilitation is limited to the extent necessary to eliminate specific conditions ***detrimental to public health and safety.***

Records to be maintained:

- A description of the specific condition of blight or physical decay treated;
- For rehabilitation carried out under this category, a description of the structure, including:

(1) the specific conditions detrimental to public health and safety that were identified and (2) details and scope of the CDBG-assisted rehabilitation.

Activities to address slums or blight in an urban renewal area

An activity that aids in the elimination or prevention of slums or blight in an urban renewal area. The activity must meet the following qualifying criteria:

- The activity must be located within a Federally designated ***urban renewal project area or Neighborhood Development Program (NDP) action area;*** and,
- The activity must be ***necessary to complete the urban renewal plan***, then in effect, including ***initial*** land redevelopment permitted by the plan.

Records to be maintained:

A copy of the Urban Renewal Plan, in effect at the time the CDBG activity is carried out, including maps and supporting documentation.

Activities designed to meet urgent community development needs

An activity designed to alleviate existing conditions that have a particular urgency. Examples include reconstruction of water and sewer lines destroyed by major catastrophes or emergencies such as floods or tornadoes. The activity must meet the following qualifying criteria:

1. The existing conditions must pose a ***serious and immediate threat to the health or welfare*** of the community;
2. The existing conditions are of ***recent origin*** or recently became urgent (generally within the past 18 months);
3. The grantee is ***unable to finance*** the activity on its own; and
4. ***Other sources of funding are not available.***

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Records to be maintained:

- Documentation concerning the nature and degree of seriousness of the condition requiring assistance;
- Evidence that the grantee certified that the CDBG activity was designed to address the urgent need;
- Information on the timing of the development of the serious condition; and
- Evidence confirming that other financial resources to alleviate the need were not available.

Acquisition of Real Property

- According to 24 CFR 570.208(d), where the assisted activity is ***acquisition of real property,*** a preliminary determination of whether the activity addresses a National Objective may be based on the planned use of the property after acquisition. The documentation required depends on planned use.
- ***Where acquisition is for the purpose of clearance*** that will eliminate specific conditions of blight or physical decay, ***the clearance activity will be considered the actual use of the property.*** However, any subsequent use or disposition of the cleared property is treated as "change of use" under §570.505.

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PROGRAMS – HOUSING REHABILITATION

Homeowner rehabilitation is one of the most common community development programs administered nation-wide. The City of Surprise has a robust housing rehabilitation program that provides deferred loan for low- and moderate-income residents for residential improvements to (1) health, safety, and livability improvements and (2) home weatherization and energy efficiency.

Eligible Types of Assistance

The City of Surprise delivers two home rehabilitation programs utilizing CDBG funding: home safety and weatherization.

The priorities of the home rehabilitation program are to:

- Improve the health and safety of homes and
- Provide weatherization improvements that increase the energy efficiency of homes.

The following costs may be eligible for low- and moderate-income homeowners who qualify for either the Home Safety or Home Weatherization Rehabilitation Programs.

Costs—Costs of labor, materials, supplies and other expenses required for the rehabilitation of property, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system).

Security devices—Installation costs of sprinkler systems, smoke detectors and dead bolt locks, and other devices for security purposes.

Conservation—Costs required to increase the efficient use of water (e.g., water saving faucets and shower heads) and improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, insulation, and modification or replacement of heating and cooling equipment.

Barrier removal—Costs to remove material and architectural barriers that restrict the mobility and accessibility of elderly and severely disabled persons to buildings and improvements that are eligible for rehabilitation under this category.

Landscaping, sidewalks, and driveways—The costs of installation or replacement of landscape materials, sidewalks, and driveways *when incidental to other rehabilitation of the property.*

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Lead-based paint hazard evaluation and reduction—The costs of evaluating and treating lead-based paint may be undertaken under this category whether alone or in conjunction with other rehabilitation.

Rehabilitation services—Staff costs and related expenses required for outreach efforts for marketing the program, rehabilitation counseling, screening potential applicant households and structures, energy auditing, preparing work specifications, loan underwriting and processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities who are participating or seeking to participate in rehabilitation activities eligible under this category; under the Section 312 of the Housing Act of 1964, as amended; under Section 810 of the Act; or under Section 17 of the United States Housing Act of 1937.

*Rehabilitation does **not** include:*

- Creation of a secondary housing unit attached to a primary unit;
- Installation of luxury items, such as a swimming pool;
- Costs of equipment, furnishings, or other personal property not an integral structural fixture, such as: a window air conditioner or a washer or dryer (but a stove or refrigerator is allowed);
- Labor costs for homeowners to rehabilitate their own property; or
- Other items designated by the City of Surprise.

Project Guidelines

- Eligibility is limited to onsite homeowners. The program is not available for rental units.
- Funding in provided as a deferred loan. Recipients have a lien on their property that is removed when property changes ownership and the loan is repaid.
- Funding is not available to homeowner's who have an active lien from the City of Surprise on their property for a rehabilitation project.
- Property may not be located in a Special Flood Hazard Area (SFHA).
- Funding in provided on a first-come, first-serve basis to Surprise residents who meet income eligibility requirements and have an eligible project.
- Applicants must choose to participate in either (but not both) the (1) housing safety or (2) weatherization program. Project cost cannot exceed $20,000.
- Project must meet the minimum standards habitability for building code (no sewer, no running water, etc.) be a habitable structure.

Small Grant Guidelines

Homeowner Rehabilitation Grant Program

- These projects will include typical small residential repairs and activities allowed by local and HUD regulations.
- Preference may be given to properties within the areas designated as low- and moderate-income per the latest Census information. However, any property within the Surprise city limits is eligible, if the owner qualifies as low- and moderate-income.
- Applicants must have recorded documentation of property ownership.
- The applicant's household income shall not exceed 80 percent of the current area median income at the time of application. Median income is established annually by HUD and provided through the Income Limits Documentation System
- Financing will be in the form of a grant not to exceed $3,000 per three-year period, beginning with the date of project completion. Funds cannot be used on the same activity more than once.
- Cost estimates may be solicited by the homeowner from licensed, insured, and appropriately certified contractors. The project scope of work, cost estimates, and regulatory requirements will be reviewed for accuracy by the Rehab Coordinator.
- Cost estimates may be solicited by the Rehab Coordinator through the micro-purchase procedure, after inspection of the project and development of a scope of work.

Marketing and Outreach

The City of Surprise will make consistent and planned efforts to reach out to low- and moderate-income residents about the City's rehabilitation program.

- All marketing materials and program application will be available in both English and Spanish.
- The City's website, outline the rehabilitation program, is able to fully translated into Spanish
- Mailings to in both English and Spanish are utilized when reaching out to residents in the Original Town Site (OTS).
- The City will participate in community events and provide information on the rehabilitation program
- Social media is utilized to inform residents of the program
- Neighborhood Services staff participate in quarterly Community Resources Meetings to share information on the rehabilitation program.
- The City Resource Center provides information and referral into the rehabilitation program.

Staff Training

Staff training includes:

- Access to HUD Exchange online trainings and webinars as applicable
- Utilizing Basically CDBG
- Requirements of 24 CFR 570.202 – Eligible Rehabilitation and Preservation Activities

Standard Specifications/Performance Model

- Projects must demonstrate a substantial improvement to the health and safety of a home or substantial improvement to the energy efficiency or a home.
- All completed projects must meet the standards of the local housing code.
- Completed project must me the standards set forth in the Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards.

Income Verification

Owner-occupied housing rehabilitation programs established to meet the National Objective of Low- and Moderate-Income Housing (LMH) found at 24 CFR 570.208(a)(3) must benefit households earning less than 80% of area median income adjusted for household size as published by HUD.

- Once chosen for a particular program, the income determination method shall be consistently applied for all applicants.
- The City does not accept self-certification for documenting compliance with the housing national objective.
- The CDBG assistance should be provided within 6 months of the income certification date or the verification process should begin again.

Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

- Wages, salaries, tips, commissions, etc.;
- Self-employment income from own nonfarm business, including proprietorships and partnerships;
- Farm self-employment income;
- Interest, dividends, net rental income, or income from estates or trusts;
- Social Security or railroad retirement;
- Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- Retirement, survivor, or disability pensions; and
- Any other sources of income received regularly, including Veterans' (VA) payments,

unemployment compensation, and alimony; or

- Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

The City estimates the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income includes income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

Small Bid Procedures

The City of Surprise uses small purchase procedures for housing rehabilitation projects. Price or rate quotations are obtained from an adequate number of qualified sources. Generally, obtaining three (3) bids is regarded as a minimum standard for small purchase procurements. In order for the formal sealed bid procedure to be feasible, two (2) or more responsible bidders must be willing and able to compete effectively for the business (i.e. two bids must be received).

Micro-Purchase Procedures

The City of Surprise uses micro-purchase procedures for housing rehabilitation projects when the total contract amount is less than $5,000. See City Code 2-339 501(A).

Beneficiary Dispute Resolution

The Program Coordinator shall arbitrate all claims between the Owner and Contractor and on all other matters relating to the execution and progress of the work or in the interpretation of the contract documents.

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Housing Rehab Contractors

Choosing a contractor

Contractors are chosen in accordance with the City of Surprise's Procurement Policy and requirements of 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Contractors are chosen based upon lowest price, responsiveness, and capacity.

Contractor Scoring

Lowest Price for Scope of Work	Pass/Fail
Responsiveness to RFQ	Pass/Fail
Capacity to complete project in a timely manner	Pass/Fail

Adequate Pool of Contractors

The City works to have a wide and qualified pool of contractors to complete home rehabilitation projects.

- Contractors are informed of projects through the City's procurement website and registered contractors receive email notices from the Department of Procurement.
- Project RFP's are emailed to the Public Housing Authority so that the City may have more Section 3 residents bidding on projects.
- Project RFP's are posted at the City's Resource Center and provided to the City's Workforce Coordinator

Monitoring of Contractors

The City is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the City of this responsibility. The City is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise.

The City provides oversight of rehabilitation contractors by having the following key policies in place;

- Program Coordinator meets with and does a job walk with contractor prior to beginning work.
- Onsite inspections by the Program Coordinator are required on daily during construction.
- The project coordinator does a final walk through and documents that the project reflect the scope of work and applicable municipal building code.

The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

Procedure for Changes in Scope of Work

The City has a standardized process for making changes in the scope of work during a rehabilitation project.

- Contractor informs Rehab Coordinator of need for a change order.
- Rehab Coordinator reviews request to determine need and cost.
- If needed, Supervisor reviews and signs off on separate cost estimate.

Ensuring Reasonable Cost Estimates

The City's home rehabilitation program two focus areas of improving the health and safety of homes; and improving the weatherization of homes through energy efficiency projects. These two program area naturally limit the areas of eligible home rehabilitation projects.

Project reasonableness is ensured by;

- Comparing the project to past similar projects
- Review by Rehab Coordinator and Supervisor.

Contractor Responsibilities and Notices

Contractor agrees to furnish all of the materials, obtain necessary approvals and permits, and perform all of the labor to complete the repairs and improvements being bid. Contractor agrees to perform all work in accordance with applicable building codes for the total price listed. Contractors working on projects funded by the City of Surprise Community Development Block Grant funds must meet all requirements of the HUD Lead Safe Housing Rules and EPA RRP regulations. Bids must be good for 90 days.

Contractor must save and protect all surrounding property and right-of-way areas. Any damage of any sort must be repaired at Contractor's expense, prior to release of final payment.

PRE-BID REVIEW & INSPECTION: Before submitting a bid, Contractor shall carefully examine any specifications, addenda, and plans; visit the work site, including attending the walk-through, if required; verify all measurements; fully inform him/herself as to all existing conditions and limitations; and include in the bid a sum to cover the cost of all items included in the bid request. Change orders shall not be granted for anything concerning which the bidder might have fully informed him/herself about prior to bidding.

WORKERS COMPENSATION: If contractor or subcontractor plans to use current or new employees for this project, proof of Workers Compensation coverage must be presented for verification before contract is signed.

LEAD-BASED PAINT: All painted surfaces that may be disturbed in the course of this project have been tested for the presence of lead-based paint (LBP). In areas testing positive for LBP, safe work practices must be used, including hazard signs, plastic containment, and daily HEPA vacuum clean up. Final clearance will be done. Repetitive cleanings necessary to achieve clearance will be at the expense of the Contractor. In those areas testing negative for LBP, plastic containment must be used to prevent dust and debris from spreading; vacuum clean up shall be completed prior to removing the containment. No final clearance will be required.

NEW PAINT PROHIBITION: The use of paint containing more than .009% dry weight of lead on any interior or exterior surface in federally-owned housing or housing receiving federal financial assistance is prohibited. As appropriate, each federal agency shall include the prohibition in contracts, grants, cooperative agreements, insurance agreements, guaranty agreements, trust agreements, or other similar documents.

NEW MATERIALS REQUIRED: All materials used in connection with this project are to be new, of first quality, and without defects, unless stated otherwise and pre-approved by the Owner and Rehabilitation Specialist. All material costs are to be included in the bid, unless explicitly stated in the bid request that the Owner will supply a particular material, fixture, etc. Quality of materials provided by owner shall be "B" grade at a minimum.

MATERIALS DISPOSAL: All materials removed from the project site must be properly disposed of at a legal landfill and meet all federal, state, and local requirements. Any materials removal/handling requirements for a given landfill are the Contractor's full responsibility. **Where applicable, a copy of the "Asbestos Waste Shipment Report" of disposal will be required.** A receipt of proper disposal for all loads must be submitted with pay requests for any loads requiring special handling. Neither the City of Surprise nor any of its employees makes any warranty, expressed or implied, or assumes any legal liability for potentially hazardous materials removed from any site.

CLEANUP: Daily cleanup is required during the project. When work is finalized, remove from site all construction materials, tools, and debris. Vacuum all exterior and interior work areas, removing all visible dust, stains, tables, and rags. Clean all windows involved in the project.

TRAFFIC CONTROL: Contractor shall be responsible for obtaining approval of any required traffic control measures.

GENERAL WARRANTY: Contractor shall remedy any defect due to faulty material or workmanship and pay for all damage to other property or work resulting therefrom, which appears within one year for rehab projects and two years for sidewalk projects, from date of final payment. Further, Contractor shall furnish Owner with all manufacturers' and suppliers' written warranties covering items furnished under this contract prior to release of the final payment.

Lead-Based Paint – Housing Built Prior to 1978

The City of Surprise lead-based paint evaluation and reduction of lead-based paints involves the following areas: notification, lead hazard evaluation; lead hazard reduction, and clearance. CDBG housing rehabilitation projects do not require ongoing lead-based paint maintenance. Lead-based paint activities apply to all homes built prior to 1978.

Housing Rehabilitation Projects - Less than $5,000 per Unit

Notification. The lead hazard information pamphlet must be provided prior to housing rehabilitation activities to a house or unit that was built prior to 1978.

Notices. Posting or delivering Notices of Lead Hazard Evaluation or Presumption and Lead Hazard Reduction Activity must be completed within 15 calendar days of the date when the lead hazard evaluation or reduction work is completed.

Lead Hazard Evaluation. Paint testing must be conducted to identify lead- based paint on painted surfaces that will be disturbed or replaced, or grantees may assume that these surfaces contain lead-based paint.

Lead Hazard Reduction. Grantees must repair all paint that will be disturbed during rehabilitation, unless such paint is found not to be lead- based paint. Rehabilitation work that disturbs surfaces known or assumed to contain lead-based paint must be performed using safe work practices. Safe work practices are not required for work that disturbs surfaces below de minimis levels. Clearance is required only for the work area.

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Clearance. Once hazard reduction work is completed, a clearance examination must be performed by a certified professional to ensure that no lead-based paint hazards remain. Clearance is required for all categories of rehabilitation activities.

For rehabilitation assistance <$5,000 per unit, clearance is required only for the worksite.

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Housing Rehabilitation Projects - $5,000 - $25,000 per Unit

The City of Surprise has a housing rehabilitation cap at $20,000 per home.

Notification. The lead hazard information pamphlet must be provided prior to housing rehabilitation activities to a house or unit that was built prior to 1978.

Notices. Posting or delivering Notices of Lead Hazard Evaluation or Presumption and Lead Hazard Reduction Activity must be completed within 15 calendar days of the date when the lead hazard evaluation or reduction work is completed.

Lead Hazard Evaluation. There are two requirements, as follows:

- Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or grantees may presume that these surfaces contain lead-based paint.
- A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces, or grantees may assume that lead-based paint hazards exist.

Lead Hazard Reduction. If lead-based paint or lead-based paint hazards are detected during the evaluations on interior surfaces in the dwelling units and the common areas that service those units or on exterior surfaces, including soil, to be disturbed by rehabilitation or are presumed, interim controls must be implemented to reduce lead-based paint hazards, including any hazards created as a result of the rehabilitation work.

- If lead-based paint is detected or presumed, safe work practices must be used during lead hazard reduction and rehabilitation.
- Clearance is required when lead hazard reduction activities are complete.

Records

Confidentiality and Secure Facility

The City ensures client confidentiality by housing project files with personally identifiable information in a locked and secured room with files in locked cabinets. Additionally, the cabinets are accessible only but Neighborhood Services staff.

All files are also stored electronically and are backed up on City servers. The shared drives are only accessible by Neighborhood Services staff.

Housing Rehab File Checklist

OWNER

- [ ] Project Summary Sheet
- [ ] Rehab Application
- [ ] Bank Statements (3 months)
- [ ] Income Documentation (3 months)
- [ ] Tax Returns or Affidavit of Non-Filer (2 years)
- [ ] Program Supervisor Approval

- [ ] Recorded Deed of Trust
- [ ] Lead Hazard Requirements
- [ ] Environmental Review
- [ ] Special Flood Hazard Area
- [ ] Conditional and Unconditional Waiver
- [ ] Deferred Loan Agreement
- [ ] Deferred Loan Promissory Notes
- [ ] Right of Rescission

REHAB

- [ ] Initial Inspection
- [ ] Scope of Work
- [ ] Request for Quotes
- [ ] Project Estimate
- [ ] Owner/Contractor Agreement
- [ ] Environmental Review
- [ ] Excluded/Disbarred Documentation
- [ ] Notice to Proceed
- [ ] Change Orders
- [ ] Building Permits
- [ ] Final Inspection/Notice of Completion
- [ ] Copy of Owners Contractor and Equipment Warranty
- [ ] Program Supervisor Final Review

Note: Checklist is meant as an internal tool for standardizing and reviewing files. Not all items are applicable to all projects at all times.

PROGRAMS – PUBLIC FACILITY IMPROVEMENTS

The City of Surprise's Public Facility Improvement Program will assist in the acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, carried out by the recipient or other public or private nonprofit entities. Additionally, the City may include projects that remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements. Projects may also include design features and improvements which promote energy efficiency. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art.

Eligible Activities

- Infrastructure improvements (construction or installation) including, but not limited to streets, curbs, and water and sewer lines;
- Neighborhood facilities including, but not limited to public schools, libraries, recreational facilities, parks, playgrounds; and
- Facilities for persons with special needs such as facilities for the homeless or domestic violence shelters, nursing homes, or group homes for the disabled.
- Energy efficiency improvements;
- Handicapped accessibility improvements (including improvements to buildings used for general conduct of government); and
- Architectural design features and other treatments aimed at improving aesthetic quality (e.g., sculptures, fountains).

Ineligible Activities

The maintenance and repair of public facilities and improvements is generally ineligible (e.g., filling potholes, repairing cracks in sidewalks, mowing grass at public recreational areas or replacing street light bulbs).

Operating costs associated with public facilities or improvements are ineligible unless part of a CDBG-assisted public service activity or eligible as an interim assistance activity.
A public facility otherwise eligible for assistance under the CDBG program may be assisted with CDBG funds even if it is part of a multiple use building containing ineligible uses, if:

- The public portion of the facility that is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and

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- The grantee can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility. Allowable costs are limited to those attributable to the eligible portion of the building or facility.

Public Facilities are required to:

- Demonstrate that the project (1) meets a national object, (2) is an eligible project, and (3) meets the goals in the Consolidated Plan and Annual Action Plan.
- Ensure that the project is not for the general use of government nor does it replace funding for a project already funded with City funds.

Additionally, priority will be given to projects that are within the Original Town Site (OTS).

PROGRAMS – COMMUNITY FACILITIES

Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in §570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims.

In certain cases, nonprofit entities and subrecipients including those specified in §570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in §570.200(b).

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HOME TENANT BASED RENTAL ASSISTANCE (TBRA)

HOME Investment Partnerships Program (HOME) permits Participating Jurisdictions (PJs) to create flexible programs that provides assistance to individual households to help them afford the housing costs of market-rate units. There are many different types of TBRA programs, but the most common type provides payments to make up the difference between the amount a household can afford to pay for housing and the local rent standards. Other TBRA programs help tenant pay for costs associated with their housing, such as security and utility deposits.

HOME TBRA programs differ from other types of HOME rental housing activities in three key ways:

- TBRA programs help individual households, rather than subsidizing particular rental projects.
- TBRA assistance moves with the tenant—if the household no longer wishes to rent a particular unit, the household may take its TBRA and move to another rental property.
- The level of TBRA subsidy varies—the level of subsidy is based upon the income of the household, the particular unit the household selects, and the PJ's rent standard (rather than being tied to the PJ's high and low HOME rents).

TBRA Payment Standard

PJs administering a TBRA program must establish a payment standard which represents the rent plus utility cost of moderately priced units that meet HUD Housing Quality Standards (HQS) in the jurisdiction. Therefore, when tenants pay their own utilities, the PJ must establish a utility allowance amount that is deducted from the tenants' rent payment to the owner. HUD recognizes that Public Housing Authorities (PHAs) often administer a PJ's TBRA program and in the interest of reducing the administrative costs to TBRA administrators, the HOME Program permits the PJ to use the PHA's utility allowance schedule for its HOME TBRA program. The PJ may also use other HUD-approved methodologies to establish utility allowances for its HOME TBRA program.

TBRA Security Deposit Program

The City has a TBRA program that limits assistance to help tenants with security deposits. The term "security deposit" is defined by the local or state tenant-landlord law covering the jurisdiction. Arizona Revised Statute, *Title 33 – Property*, Chapter 10 – Arizona Residential Landlord and Tenant Act defines "Security" to mean money or property given to assure payment or performance under a rental agreement. "Security" does not include a reasonable charge for redecorating or cleaning.

The maximum amount of TBRA HOME funds that may be provided for the security deposit is the equivalent of two months' rent for the unit.

- Only the tenant (*not* the landlord) may apply for security deposit assistance.
- The lease between the landlord and tenant may not contain certain prohibited lease provisions and must be in effect for at least one year. The City of Surprise requires the addition of 29.253(a) and (b) to be included in the lease agreement.
- The security deposit may be paid to the tenant or directly to the landlord.
- The security deposit may be made as a grant.

TBRA Rental Assistance Program

The City must disapprove a lease if the rent is not reasonable, based on rents that are charged for comparable unassisted rental units.

The lease between the landlord and tenant may not contain certain prohibited lease provisions and must be in effect for at least one year. The City of Surprise requires the addition of 29.253(a) and (b) to be included in the lease agreement.

Items Disallowed in Lease Agreement

- Agreement to be sued, admit guilt, or judgement in favor of landlord in a lawsuit over the lease
- Treatment of property, (ability to take, hold or sell property of household without notice to tenant or court decision unless tenant has moved out and state law allows
- Excusing owner from responsibility for any action
- Waiver of notice of lawsuit
- Waiver of legal proceedings relating to eviction
- Waiver of jury trial
- Waiver of right to appeal court decision
- Tenant chargeable with cost of legal action regardless of outcome
- Mandatory supportive services other than a tenant in transitional housing

Additionally, the tenant and landlord must both sign HUD-91067 VAWA Lease Addendum and provide a copy to the City of Surprise.

The amount of the monthly TBRA HOME assistance for a family may not exceed the difference between a rent standard for the unit size established by the City jurisdiction and 30 percent of the family's monthly adjusted income.

Housing Quality Standard

Housing occupied by a family receiving tenant- based assistance under this section must meet the requirements set forth in 24 CFR 982.401. The City will inspect rental housing prior to the signing of a rental contract and annually thereafter. Staff will utilize the HUD HQS Inspection Form to ensure compliance and document the condition of the rental.

TBRA Marketing

The City of Surprise will make consistent and planned efforts to reach out to low- and moderate-income residents about the City's rehabilitation program.

- All marketing materials and program application will be available in both English and Spanish.
- The City's website is able to fully translated into Spanish
- The City will participate in community events and provide information on the TBRA program.
- Social media is utilized to inform residents of the program
- Neighborhood Services staff participate in quarterly Community Resources Meetings to share information on the rehabilitation program.
- The City Resource Center may provide information and referral into the TBRA program.

Income Eligibility

Low-income: HOME TBRA is limited to tenants who are at or below the HUD low-income limit. The low-income limit is defined as 80 percent or below of area median income. HUD establishes and periodically publishes this income limit by family size for each jurisdiction.

¾ Funding allocation: For each fiscal year allocation, at least 90 percent of the families assisted through HOME TBRA and the households occupying assisted units in HOME rental developments (taken together) must be at or below 60 percent of area median income.

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Tenant Selection Policy and Criteria

Residents participating in the TBRA program must;

- Be a resident of Surprise for the previous 3 months or be evicted from a Surprise address within the past 1-4 months;
- Meet the 60% LMI threshold;
- Meet the HUD Category 1 Individuals and Families standard of being at risk of becoming homeless.

HUD CATEGORY 1 – INDIVIDUAL AND FAMILIES AT RISK OF BECOMING HOMELESS

An individual or family who:

(i) Has an annual income below 30% of median family income for the area; AND

(ii) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the "homeless" definition; AND

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR

(B) Is living in the home of another because of economic hardship; OR

(C) Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; OR

(D) Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; OR

(E) Lives in an SRO or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; OR

(F) Is exiting a publicly funded institution or system of care; OR

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved Con Plan

TBRA Rent Standard

For each unit size, may not be less than 80 percent of the published Section 8 Existing Housing fair market rent (in effect when the payment standard amount is adopted) nor more than the fair market rent or HUD-approved community-wide exception rent (in effect when the participating juris- diction adopts its rent standard amount).

HOME TBRA Monitoring

The City of Surprise monitors its TBRA program on an ongoing basis, to ensure compliance with HOME Program requirements. Monitoring includes an;

- Annual inspection to determine that the unit continues to meet property standards,
- Re-verification of tenant income to ensure assisted households are low income, and
- Review of rental payments to determine that the rents remain reasonable.

TBRA Lead-Based Paint

TBRA lead-based paint requirements apply to dwelling units occupied or to be occupied by families or households that have one or more children under age six, the common areas servicing the units, exterior painted surfaces associated with such units, and other areas used by unit residents and frequented by children under age six.

Units with tenant-based rental assistance and households with no children under the age of six are exempt from the requirements, except families and households in all tenant-based rental assistance pre-1978 units must receive the lead hazard information pamphlet and disclosure information.

The City of Surprise TBRA activities for units with families or households that have one or more children under age six must includes: notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and responding to children with environmental intervention blood lead levels.

Notification. Notification is comprised of four requirements: the pamphlet, disclosure, and two notices. The lead hazard information pamphlet must be provided to the household prior to their renting a house or unit that was built prior to 1978. Posting or delivering Notices of Lead Hazard Evaluation or Presumption and Lead Hazard Reduction Activity must be completed within 15 calendar days of the date when the lead hazard reduction work is completed.

1. Lead Hazard Evaluation. A visual assessment for deteriorated paint must be conducted during initial and periodic inspections by a person who is trained to detect deteriorated paint. The visual assessment must be completed prior to occupancy.

1. Lead Hazard Reduction. Deteriorated paint must be corrected using paint stabilization methods, such as covering the surface with a permanent wall covering or wet scraping and repainting the surface using appropriate methods. Paint stabilization is complete

when clearance is achieved. The stabilization of any deteriorated paint must be completed prior to occupancy. If the unit is already occupied, paint stabilization must be completed within 30 days of notification of the results of the visual assessment.

Safe Work Practices. Safe work practices are required for all lead-based paint hazard reduction activities in tenant-based rental assistance units.

Clearance. Clearance procedures must be performed by a certified risk assessor, lead-based paint inspector, or lead sampling technician. These procedures must include a visual inspection and sampling and testing for lead-contaminated dust. A notice regarding the clearance results must be provided to occupants.

Ongoing Maintenance. The owner is required to incorporate ongoing maintenance into regular building operations if occupants receive tenant- based rental assistance.

Environmental Intervention Blood Lead Level Requirements
Share and Compare Information Quarterly. The City is required to communicate with the State or local public health agency to provide and receive identification information about children with environmental intervention blood lead levels.

- The City reports information to the public health department of a child with an environmental intervention blood lead level within five days of notification by any other medical health care provider.
- Quarterly, the City will attempt to obtain from the public health department(s) the addresses of children under the age of six with environmental intervention blood lead levels.
- Quarterly, the City must report an updated list of units receiving assistance to the public health department(s), except that the report is not required if the public health department states that it does not wish to receive it.
- The City must match information on environmental intervention blood lead level cases of children under six with names and addresses of families receiving Federal assistance for rental assistance under the grantee's program.
- If there is a match in address, the City must follow the evaluation and lead hazard reduction procedures as if it had received the name of a child under age six with an environmental intervention blood lead level.

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Respond to Notification of a Child With an Environmental Intervention Blood Lead Level. If the City receives notice of a child under the age of six with an environmental intervention blood lead level in a TBRA household, it must conduct lead hazard evaluation and reduction measures.

If the City Began Activities Before Notification. If the City begins evaluation and lead hazard reduction activities after a child's blood level is tested but before being notified of the child with an environmental intervention blood lead level, the City must finish these activities but does not need to repeat them.

If the Child Moves Before Activities Are Complete. If a child with an environmental intervention blood lead level moves before the grantee has completed the risk assessment and lead hazard reduction measures, the City must ensure that these measures are completed, and the unit must be certified free of lead-based paint hazards before the unit will be assistance-eligible.

Ineligible Program Activities

Despite the flexibility the HOME Program provides for TBRA, there are a number of program activities that are ineligible for HOME TBRA assistance.

- Utility deposit assistance must be provided in conjunction with a TBRA security deposit or monthly assistance program. In addition, utility deposit assistance may be used only for utilities permitted under the Section 8 utility allowance. This includes electric, gas, water and trash, but does not include telephone and cable television.
- TBRA may not be used to assist a resident owner of a cooperative or mutual housing unit when that resident is recognized by state law as a homeowner unless they are considered a rental under state law or they are a tenant who rents from an owner of the cooperative or mutual housing unit.
- HOME TBRA may not be used to prevent the displacement of tenants from projects assisted with Rental Rehabilitation Program funds.
- TBRA funds may not be utilized to provide temporary or overnight shelter to homeless persons.
- HOME TBRA may not duplicate existing rental assistance programs that already reduce the tenant's rent payment to 30 percent of income. For example, if the household is already receiving assistance under the Section 8 Program, the household may not also receive assistance under a HOME TBRA program.

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SUBRECIPIENT OVERSIGHT

CDBG programs depend upon cooperative, problem-solving relationships between grantees and subrecipients. Too often, program monitoring requirements and other regulations seem to set up an "us-them" adversarial situation between the monitor and the entity being reviewed, leading to "management by intimidation."

This is unnecessary and can be destructive. Monitoring that focuses largely on uncovering errors and assigning blame tends to make subrecipients defensive or resentful; it increases their resistance to taking corrective action or improving their performance. This often means that grantees spend more time "looking for mistakes" and less time solving problems. It can also mean that subrecipients spend more energy hiding problems, than finding solutions. It is far better to fix the problem than to fix the blame. Subrecipients are partners.

An effective service and support strategy also requires open and consistent communications. It begins with a complete understanding the City's objectives and also what subrecipients want to achieve, and what the rules of the program are. It ends with recognition for achievement and acknowledgement of mistakes. A centerpiece of the management process is to remove barriers to communication.

Successful subrecipient programs begin with plans that anticipate potential problems before they occur and with management strategies that emphasize prevention, not cure.

This means:

- **Pre-Award Screening, Risk Assessment, and Orientation**
  Implementing strong subrecipient screening, risk assessment, selection, and orientation procedures (before awarding funds);

- **Strong Written Agreements**
  Negotiating a consistent and thorough **award agreement** with every subrecipient;

- **Performance Standards**
  Establishing a clear and coherent set of **performance standards** for tracking the accomplishment of each activity described in the agreement.

Performance standards define how progress will be measured, accomplishments rewarded, and (by implication) when and how sanctions may be imposed. With clear agreements and appropriate performance standards monitoring will be less burdensome and more effective for achieving both performance objectives and regulatory compliance.

Pre-award Assessment

There is no Federal regulatory requirement that grantees formally assess prospective subrecipients. The authority to "designate" an organization as a subrecipient is one of the features of this category of service provider that distinguishes it from a contractor. (The City can select contractors only after a formal procurement process designed to afford "free and open competition.")

Formal application process;
Under this model, the prospective subrecipient is required to submit a formal application to the grantee, generally as part of the grantee's planning process for developing its subsequent year's CDBG Action Plan. In the application, the prospective subrecipient describes its proposed activity(ies), implementation schedule, budget, and staffing structure, as well as its related past experience and how the organization intends to assure compliance with the program regulations that apply to the proposed activity(ies). The grantee then evaluates each application according to explicit selection criteria, its CDBG program priorities and (if the proposed activity is housing- related), the local priorities as expressed in the Consolidated Plan.

The City will **make the selection criteria explicit and,** as much as possible, **tie these criteria directly to the CDBG program requirements.** In addition, the City's application will list all the applicable rules, including environmental reviews, anti-discrimination, and accessibility standards as part of the application process.

This will serve several purposes, among them:

- By presenting the criteria explicitly at the beginning of the process, the City will reduce the number of questions that may arise over the objectivity and fairness of your assessments; and
- By tying the criteria to Federal program requirements, the City will begin to educate prospective subrecipients and the community at large about the regulatory constraints that limit how local CDBG program is operated.

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Basic Required Elements in Subrecipient Application

Data	Description	
1. Project Summary *24 CFR 570.200(a), 570.201, 570.208, 507.503*	A brief project description including: • Need or problem • Population to be served • Geographic service area • Description of work and how it addresses the problem	• Proposed accomplishments • Eligibility/National Objective • Proposed budget • Intended staffing • Other sources of funding • Schedule for completion
2. Agency Background *24 CFR 570.506, 570.507, 570.610; 2 CFR 200*	• Years in operation • Purpose • Type of services provided • Agency's capabilities	• Experience with Federal Programs • Number/characteristics of clients served • License to operate
3. Personnel *24 CFR 570.506, 570.507, 570.601, 570.602, 570.607(b), 570.611*	Describe: • Staff positions and qualifications • Policy/procedures manual	
4. Financial *24 CFR 570.502, 570.504, 570.506, 570.507, 570.610; 2 CFR 200*	Describe: • Operating budget • Commitments for ongoing funding • Fiscal management (reporting, records, accounting principles)	
5. Audit Requirements *OMB Circular A-133*	Organizations receiving $300,000 or more in Federal financial assistance in a fiscal year must secure an audit.	
6.Insurance/Bonding Worker's Compensations *2 CFR 200*	Indicate if agency: • Has liability insurance • Pays payroll taxes and worker's compensation • Has fidelity bond coverage	
7. Standard Documents for Submission * *24 CFR 570.208, 570.500(c), 570.611*	• Articles of Incorporation/Bylaws • Non-profit determinations • List of Board of Directors • Authorization to Request Funds • Authorized official designation	• Organization Chart • Resumes of Chief Program Admin. and Chief Fiscal Officer • Financial Statement and Audit • Conflict of Interest Questionnaire • Framework for Documenting Compliance with National Objectives

* NOTE: Although these regulations do not require formal submission of all these documents at the point of application, the grantee can still request this information to obtain a better understanding of the organization, systems, and personnel of a potential subrecipient.

Checklist is meant as an internal tool for standardizing and reviewing files. Not all items are applicable to all projects at all times.

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Standard Required Documents for Application

- ☐ **Articles of Incorporation/Bylaws**
- ☐ **Non-profit Determination**

☐ **List of the Board of Directors**
A list of the current board of directors or other governing body of the agency must be submitted. The list must include the name, telephone number, address, occupation or affiliation of each member and must identify the principal officers of the governing body.

☐ **Authorization to Request Funds**
Documentation must be submitted of the governing body's authorization to submit the funding request. Documentation of this requirement consists of a copy of the minutes of the meeting in which the governing body's resolution, motion or other official action is recorded.

☐ **Designation of Authorized Official**
Documentation must be submitted of the governing body's action authorizing the representative of the agency to negotiate for and contractually bind the agency. Documentation consists of a signed letter from the Chairperson of the governing body providing the name, title, address and telephone number of each authorized individual.

☐ **Organizational Chart**
An organizational chart must be provided that describes the agency's administrative framework and staff positions, indicates where the proposed project will fit into the organizational structure, and identifies any staff positions of shared responsibility.

- ☐ **Resume of the Chief Program Administrator and Chief Fiscal Officer**
- ☐ **Financial Statement and Audit**
- ☐ **Conflict of Interest Questionnaire**
- ☐ **SAMs Registration**
- ☐ **Documentation of Compliance with National Objectives and Eligible Activities**

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Risk Assessment 2 CFR 200.331(b)

Subrecipient:	____________	Subrecipient Contact:	____________
Project:	____________	Phone Number:	____________
Date:	____________	Year Funded:	____________
Contract:	____________	Award Amount:	____________

RISK FACTORS

	Subrecipient has little to no experience with same or similar awards
	Poor results from previous audits and/or noncompliance with required Single Audit in accordance with Subpart F
	High key staff turnover and/or new personnel
	Systems, goals, or agency direction have changed significantly
	Previous negative monitoring results from City or from other Federal awarding agency
	Previous funding was not utilized for an authorized purpose
	Subrecipient is not compliant with federal statutes, regulations, and terms and conditions of subaward
	Previous subaward goals were not achieved
	Financial and performance reports were not compliant and timely
	Deficiencies from previous subaward contracts were not corrected in a timely and appropriate manner
	Project involved economic development or microenterprise activities
	Project funded for $100,000 or more
	Project will require long-term monitoring (e.g. low-mod, affordability, etc.)
	Project not monitored on-site in past three years

Total Checked	____________	High Risk – Onsite Monitoring (4 + risk factors)
	____________	Medium Risk (2-3 risk factors)
	____________	Low Risk (0-1 risk factors)
Staff. Recommend	____________	Desk Review Only
	____________	On Site Monitoring and Desk-Review
	____________	No Review
Supervisor Recommend	____________	Desk Review Only
	____________	On Site Monitoring and Desk-Review
	____________	No Review

The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

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Subrecipient Agreement

The Subrecipient Agreement is both an indispensable management tool and an orientation and educational document for the subrecipient.

As a management tool, the written Agreement provides the City with a mechanism for verifying regulatory compliance and monitoring program performance. In particular, the "Statement of Work" (or "Scope of Services") section will describe the objectives for each activity and the specific tasks that need to be accomplished to achieve those objectives.

At a minimum the Statement of Work should specify:

- The **purpose and nature** of the different services to be offered and where they will be provided;
- The **tasks** to be performed (outreach, intake or enrollment, day care services, family child care classes, etc.);
- The **level of service** that will be provided for each activity (identified in some quantifiable unit of service, for example, children cared for per month, parents to receive instruction, courses to be taught);
- The schedule for performance of the work—in terms of **overall duration** and **cumulative units of service per month** during the contract period;
- The **measurable objectives** for the outcome of the project.

Federal regulations make the City responsible for monitoring whether the subrecipient achieves the objectives and does so according to schedule. Therefore, the Scope of Work will have ***measurable objectives*** and deadlines that will allow the City to determine whether the promised services have been delivered, as well as whether they were delivered on time.

The subrecipient agreement is an opportunity to educate/inform subrecipient staff who are not familiar with HUD's administrative and fiscal requirements, OMB circulars, and Executive Orders and to show them how to comply with these key administrative provisions.

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Tie Payment to Performance Measures
The City ensures that reimbursements to subrecipients reflects timely performance in accomplishing measurable objectives (such as numbers of housing units inspected, buildings rehabilitated, or clients assisted). The City will work to avoid situation where the subrecipient spent all of its CDBG funds before it has achieved its work objectives.

Review Terms and Conditions with the Subrecipient
City staff will review the document, line by line, with the subrecipient's key officials and staff as part of an orientation at the beginning of each program year particularly with the Board of Directors who, depending on the organization's by-laws, may be the only individuals legally empowered to sign the written Agreement and who have the responsibility to ensure compliance regardless of changes in the organization's staff.

Amend Agreements in Writing
Even with excellent Subrecipient Agreement in place, amendments may occasionally be necessary if there are changes in the scope or schedule of work. Although the City and the subrecipient may enjoy an excellent relationship, neglecting to amend the Agreement to reflect the current understanding of subrecipient responsibilities places both of parties at risk.

- Update for Current Year
- Update and execute written Agreements with each subrecipient on an annual basis

Internal Agreements

Neither procurement contracts nor Subrecipient Agreements are required by HUD regulations when CDBG activities are carried out by various departments or other organizational units within the grantee's government itself. However, because 570.501(a) provides that local governments are subject to the same requirements as subrecipients, inter-agency or inter-departmental agreements should include the same provisions as required in a Subrecipient Agreement. In addition, all "employees" responsible for CDBG activities, that is, other departments within the unit of local government carrying out activities with CDBG funds, are subject to the same regulations as the grantee for the particular activities undertaken.

The City of Surprise has a written agreement and full scope of work for all activities carried out by City departments and employees.

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Subrecipient Agreement Checklist

Note: Checklist is meant as an internal tool for standardizing and reviewing files. Not all items are applicable to all projects at all times.

- [ ] 1. National Objective Compliance/Eligibility
- [ ] 2. Scope of Work
- [ ] 3. Time of Performance
- [ ] 4. Personnel Assigned to Scope of Work
- [ ] 5. Levels of Performance
- [ ] 6. Budget
- [ ] 7. Project Schedule/Milestones
- [ ] 8. Monitoring
- [ ] 8. Compensation and Method of Payment
- [ ] 9. Program Income
- [ ] 10. Reporting Requirements
- [ ] 11. Grant Closeout Procedures

- [ ] 12. Record-Keeping Requirements and Retention
- [ ] 13. Public Access to Program Records
- [ ] 14. Public Access to Program Records
- [ ] 15. Uniform Administrative and Program Management Standards
- [ ] 16. Use and Reversion of Assets
- [ ] 17. Real Property
- [ ] 18. State or Municipal Level Program Requirements
- [ ] 19. Suspension and Termination
- [ ] 20. Compliance with Laws/Regulations
- [ ] 21. Antidiscrimination/Affirmative Action and Equal Employment Opportunity
- [ ] 22. Financial Management
- [ ] 23. Audits
- [ ] 24. Religious and Lobbying Activities
- [ ] 25. Budget Modifications
- [ ] 26. Monitoring
- [ ] 27. Conflict of Interest
- [ ] 28. Procurement Standards and Methods
- [ ] 29. Environmental Review

Review of Items for Other Federal Program Requirements That May Be Applicable

- [ ] A. Federal Labor Standards
- [ ] B. Equal Employment Opportunity
- [ ] C. List of Debarred or Ineligible Contractors
- [ ] D. Non-Discrimination
- [ ] E. Fire Safety Codes
- [ ] F. Building, Housing, and Zoning Codes; Housing Quality Standards
- [ ] G. Lead Based Paint
- [ ] H. Lump Sum Drawdowns
- [ ] I. Environmental/Historic Preservation/National
- [ ] J. Environmental Policy Act/Flood Insurance Requirements
- [ ] K. Relocation, Real Property Acquisition, and One-For-One Housing Replacement
- [ ] L. Definition of Computation of Units of Services
- [ ] M. Section 108 Loan Guarantees
- [ ] N. Applicable Credits

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Citations for the Basic Elements of a Subrecipient Agreement

Provisions	Federal Regulations*	OMB Circulars for Non Gov't. Subrecipients	OMB Circulars for Gov't. Subrecipients	Other Federal Regulations**
1. National Objective Compliance/Eligibility	570.200(a)(1)+(2), 570.201⊚570.209, 570.506			
2. Scope of Work	570.503			
3. Time of Performance	570.503			
4. Compensations and Method of Payment	570.502, 570.513	A-122, A-21	A-87	2 CFR 200
5. Program Income	570.500(a), 570.503(b)(3), 570.504			
6. Record-Keeping Requirements	570.502, 570.503(b)(2), 570.506			2 CFR 200
7. Reporting Requirements	570.502, 570.507			2 CFR 200
8. Public Access to Program Records	570.502, 570.508			2 CFR 200
9. Grant Closeout Procedures	570.502, 570.509			
10. Uniform Administrative and Program Management Standards	570.502, 570.503(b)(4), 570.610 2 CFR 200	2 CFR 200	2 CFR 200	2 CFR 200
11. Reversion of Assets	570.502, 570.503, 570.505			
12. Real Property	570.502, 570.503(b)(7), 570.505			
13. Other Program Requirements	570.503(b)(5), 570.600⊚603, 570.605⊚614			
14. Termination	570.502, 570.503 2 CFR 200			24 CFR Part 84.43
15. Compliance with Laws/Regulations	570.501	A-122		2 CFR 200
16. Antidiscrimination/Affirmative Action and EEO	570.601, 570.602, 570.607			
17. Financial Management	570.502, 570.610 2 CFR 200			2 CFR 200
18. Audits	570.502, 570.610 2 CFR 200	A-133	A-133	2 CFR 200
19. Religious and Political Activities	570.200(j), 570.207			
20. Budget Modifications	570.502, 570.503(b)(1)			
21. Monitoring	570.501(b), 570.502(b)(vii), 570.503(b)(1)			2 CFR 200
22. Conflict of Interest	570.611 2 CFR 200			2 CFR 200

23. Procurement Methods	570.502			2 CFR 200
24. Budget	570.503			
25. Project Schedule/Milestones	570.503			
26. Environmental Review	570.503(b)(3)(1)			

OTHER PROGRAM REQUIREMENTS

Requirements	Federal Regulations	Other References
Federal Labor Standards – Davis-Bacon – Copeland Act (Anti-kickback) – Contract Work Hours and Safety Standards	24 CFR 570.603; 29 CFR Parts 1, 3, and 5	Section 110, Housing and Community Development Act of 1974 (HCDA); 40 U.S.C. 276a◎276a-5; 40 U.S.C. 276c; 40 U.S.C. 327
2. Equal Employment Opportunity	24 CFR 570.601◎602, 24 CFR 570.607, 41 CFR 60	Executive Orders 11246 and 12086, 12 U.S.C. 1701u
3. List of Debarred or Ineligible Contractors	24 CFR 570.609, 24 CFR 24	
4. Non-Discrimination	24 CFR Part 8, 24 CFR 570.601, 24 CFR 570.602	Section 504 of Rehab. Act of 1973, Americans with Disabilities Act of 1990, Exec. Order 11063
5. Fire Safety Codes		Local
6. Building, Housing, and Zoning Codes; Housing Quality Standards	24 CFR 570.208(b)(1)(iv) and (b)(2)	Local
7. Lead-Based Paint	24 CFR 570.608, 24 CFR 35	42 U.S.C. 4821 *et seq*.
8. Lump Sum Drawdowns	24 FR 570.513	
9. Environmental/Historic Preservation/National Environmental Policy Act/Flood Insurance Requirements	24 CFR 570.503(b)(5)(i), 24 CFR 570.604, 570.202, 24 CFR 58	Sec. 104(g), HCDA
– Siting Near Airports and Coastal Barrier Resources	Ref. At 24 CFR 58.6	
– Fish and Wildlife Protection – Flood Plain – National Historic Preservation	See reference at 24.CFR 58.5570.605, 58.6	
– Noise Abatement & Control – Wetlands – Air Quality – Coastal Zones – Endangered Species – Thermal/Explosive Hazards – Flood Insurance		42 U.S.C. 4001 *et seq*.
10. Relocation, Real Property Acquisition, and One-For-One Housing Replacement – Uniform Relocation Act – Residential anti-displacement and relocation assistance – One-for-One Replacement	24 CFR 570.201(i), 570.606, 49 CFR 24, 24 CFR 570.606(c)(1)	Sect. 104(d) and 105(a)(11) of HCDA, www.hud.gov/relocation
11. Definition of Computation of Units of Services	24 CFR 570.503(b)(1)	IDIS instructions
12. Section 108 Loan Guarantees	24 CFR 570.700◎570.709	Sec. 108 of HCDA
13. Applicable Credits		A-87

NOTE: These items <u>supplement</u> the basics of the table on the previous page.

SMART Goals for Scope of Work

1. Specific

Goals should be clear and specific, otherwise they won't be able to focus your efforts or feel truly motivated to achieve it. When drafting the goal, try to answer the five "W" questions:

- **What** do I want to accomplish?
- **Why** is this goal important?
- **Who** is involved?
- **Where** is it located?
- **Which** resources or limits are involved?

2. Measurable

It's important to have measurable goals, so that the progress can be. Assessing progress helps the project participants to remain focused, meet deadlines, and achieve the goal.

A measurable goal should address questions such as:

- How much?
- How many?
- How will I know when it is accomplished?

3. Achievable

Goals also needs to be realistic and attainable to be successful.

An achievable goal will usually answer questions such as:

- How can I accomplish this goal?
- How realistic is the goal, based on other constraints, such as financial factors?

4. Relevant

This step is about ensuring that your goal matters and that it also aligns with other relevant goals. Make sure that the plans drive the project forward.
A relevant goal can answer "yes" to these questions:

- Does this seem worthwhile?
- Is this the right time?
- Does this match our other efforts/needs?

5. Time-bound

Every goal needs a target date to help ensure a successful completion prior to the deadline and something to work toward.

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File Checklist for Subrecipients

- [ ] National Objective Documentation (570.200(2))
- [ ] Environmental Review Record (58.34(a))
- [ ] DUNS# and SAM Registration
- [ ] Form 990 or Form 990EZ (if organization is a non-profit)
- [ ] Disbarment Eligibility
- [ ] Subrecipient Agreement
- [ ] Subrecipient Amendments
- [ ] Subrecipient Certifications: Anti-discrimination, Fair Housing, ADA/Section 504, EEO, and any others required by terms of subrecipient agreement
- [ ] Confidentiality Policy
- [ ] Job Descriptions (for staff listed in CDBG budget only)
- [ ] Staff Resumes (if positions are filled)
- [ ] Project Application
- [ ] Pre-Award Risk Assessment (200.331(6)(b))

Administrative Systems

- [ ] Articles of Incorporation/Bylaws
- [ ] IRS 501(c)3 letter
- [ ] Board of Directors Roster
- [ ] Authorization to Request Funds from Board
- [ ] Organization Chart
- [ ] Organizational Mission Statement and/or Strategic Plan
- [ ] Conflict of Interest Policy (200.318(c)(1))
- [ ] Non-Discrimination Policy
- [ ] Grievance/Termination Policy for Employees and Clients
- [ ] Procurement Policy (200.318(a))
- [ ] Record Retention Policy
- [ ] Confidentiality Policy – Protected Personal Information (200.393(e))
- [ ] Certification of Policy Compliance
- [ ] Certificates of Insurance (General Liability and Workers' Compensation)
- [ ] Certification regarding Debarment/Lobbying

Financial Management Systems

- [ ] Most recent audit (if federal expenditures exceed $750,000)
- [ ] Statement from CPA (if federal expenditures do not exceed $750,000)
- [ ] Current Approved Budget for Activity

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- [ ] Financial Status Report
- [ ] Chart of Accounts
- [ ] Documentation of Match
- [ ] Documentation of Negotiated Indirect Cost Rate (if applicable)
- [ ] Program Income Tracking Ledger (if applicable)
- [ ] Payroll records – timesheets, salary schedule (if applicable)
- [ ] Payment Requests

Client Documentation

- [ ] Dated HUD-Approved Income Chart
- [ ] Example/blank Client Intake Forms – Subrecipient to keep all client intake forms onsite utilizing required confidentiality protocols
- [ ] Number of persons assisted (for non-housing activities): income, race, and ethnicity
- [ ] Number of households assisted (for housing activities): income, race, ethnicity, female head of household

Reporting

- [ ] Copies of all subrecipient reports submitted to the City
- [ ] Correspondence – copies of emails, letters, and phone call notes

IDIS Reports

- [ ] PR03 ☐ PR05

Compliance Documents – Documentation that subrecipient received

- [ ] Playing by the Rules, a Handbook for CDBG Subrecipients
- [ ] Governing regulations, 2 CFR Part 200, CPD Notices
- [ ] Information on program changes and new or revised requirements to subrecipient

Training Log

- [ ] Training log outline number of persons trained, topics, and training date(s)

Monitoring Documents

- [ ] Monitoring Letter ☐ Monitoring Conclusions Letter
- [ ] Any response to findings/concerns from subrecipient

Note: Checklist is meant as an internal tool for standardizing and reviewing files. Due to the nature of differing projects, not all items are applicable to all projects at all times.

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Monitoring Strategies and Procedures

The goal of monitoring is to encourage completion of projects within the contract period while ensuring that project objectives are met. Monitoring is an ongoing, two-way communication process between the City and recipients. Successful monitoring involves frequent telephone contacts, written communications, analysis of reports and audits, and periodic meetings.

Monitoring is the principal means by which the City:

- Ensures that HUD-funded programs and technical areas are carried out efficiently, effectively, and in compliance with applicable laws and regulations
- Assists subrecipients in improving their performance, developing or increasing capacity, and augmenting their management and technical skills
- Stays abreast of the efficacy and technical areas of HUD CDBG and HOME programs.
- Documents the effectiveness of programs administered by the subrecipients.

Monitoring Risk Assessment

The City will perform a risk assessment of subrecipients annually within 60 days prior to the end of the program year to identify which subrecipients require comprehensive monitoring. High-risk subrecipients include those that are:

- New to the CDBG program;
- Experience turnover in key staff positions or change in goals or directions;
- Encountering complaints and/or bad press;
- Previous compliance or performance problems including failure to meet schedules, submit timely reports, or clear monitoring or audit findings;
- Carrying out high risk activities (economic development, job creation, etc.);
- Undertaking multiple CDBG-funded activities for the first time

City staff will complete the Subrecipient Risk Assessment to determine the depth and frequency of monitoring individual subrecipients. ***The pre-award assessment for extending current subrecipient agreements is incorporated into the City's normal monitoring process.*** To save time and effort, the City schedules monitoring reviews to coincide with decisions about renewing subrecipients for another program year.

Monitoring Scheduling

Monitoring, whether on site or desk review, will be timed to coincide with the various phases of the implementation cycle of each project. Projects selected for monitoring will not have final drawdown approved until the monitoring has been performed and all findings resolved in order to ensure the project met all contractual requirements.

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Monitoring Risk Assessment 2 CFR 200.331(b)

Subrecipient:	____________	Subrecipient Contact:	____________
Project:	____________	Phone Number:	____________
Date:	____________	Year Funded:	____________
Contract:	____________	Award Amount:	____________

RISK FACTORS

	Subrecipient has little to no experience with same or similar awards
	Poor results from previous audits and/or noncompliance with required Single Audit in accordance with Subpart F
	High key staff turnover and/or new personnel
	Systems, goals, or agency direction have changed significantly
	Previous negative monitoring results from City or from other Federal awarding agency
	Previous funding was not utilized for an authorized purpose
	Subrecipient is not compliant with federal statutes, regulations, and terms and conditions of subaward
	Previous subaward goals were not achieved
	Financial and performance reports were not compliant and timely
	Deficiencies from previous subaward contracts were not corrected in a timely and appropriate manner
	Project involved economic development or microenterprise activities
	Project funded for $100,000 or more
	Project will require long-term monitoring (e.g. low-mod, affordability, etc.)
	Project not monitored on-site in past three years

Total Checked	____________	High Risk – Onsite Monitoring (4+ risk factors)
	____________	Medium Risk (2-3 risk factors checked)
	____________	Low Risk (0-1 risk factors checked)
Staff. Recommend	____________	Desk Review Only
	____________	On Site Monitoring and Desk-Review
	____________	No Review
Supervisor Recommend	____________	Desk Review Only
	____________	On Site Monitoring and Desk-Review
	____________	No Review

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Preparing for Monitoring

Successful monitoring depends both on effective use of time and knowledgeable reviewers. City staff are responsible for being thoroughly familiar with the Federal program to be monitored and knowledgeable of the entity or entities to be monitored. Such comprehension is crucial for making the most of scarce time and resources and effectively determining compliance and accomplishments, especially given program complexities. It also enables the reviewer to make observations and provide technical assistance or develop recommendations to improve program performance.

This preparation process involves:

1. Understanding the governing statutes, regulations and official guidance for that specific program area;
2. Reviewing and analyzing subrecipient reports, available data, program files, audits and financial information, previous monitoring reports and issues; and
3. Obtaining other relevant information from knowledgeable City staff.

This preparatory work may result in revisions to the individual monitoring strategy, either with respect to areas to be covered, estimated time frames, and/or staff resources needed/participant staff to be consulted.

MONITORING TIMELINE	
Monitoring Notification Letter	15 days prior to monitoring
Monitoring Conclusions Letter	60 days after monitoring
Subrecipient Response to Monitoring	30 days after receipt of letter

Closeout of monitoring occurs once monitoring findings and concerns are resolved; and staff document resolution.

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Summary of Monitoring Objectives

The City will utilize the following Monitoring Objectives when monitoring CDBG and HOME programs. The applicable monitoring objectives will also be written into the initial monitoring notice letter so that the City and subrecipient both understand the desired outcomes for the monitoring.

1. To determine if a subrecipient is carrying out its community development program, and its individual activities, as described in the application for CDBG assistance and the Subrecipient Agreement.

2. To determine if a subrecipient is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.

3. To determine if a subrecipient is charging costs to the project that are eligible under applicable laws and CDBG regulations, and reasonable in light of the services or products delivered.

4. To determine if a subrecipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.

5. To assess if the subrecipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.

6. To identify potential problem areas and to assist the subrecipient in complying with applicable laws and regulations.

7. To assist subrecipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.

8. To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipients, and not repeated.

9. To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 2 CFR 200, as applicable.

10. To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CFR 570.611 and 2 CFR 200.

11. To ensure that required records are maintained to demonstrate compliance with applicable regulations.

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Conducting the Monitoring

All CDBG and HOME monitoring consists of the following elements:

1. Notification to the Program Participant

CONDUCTING THE MONITORING

1. Notify the Subrecipient
2. Assessment Process
3. Exit Conference
4. Monitoring Conclusions

After the monitoring strategy has been developed, communicate with the program participant to establish a date (whether on-site or remote). Once a date has been set, a formal written letter to the program participant is to be sent. Unless there are extenuating circumstances, this letter should be sent at least 15 days prior to the monitoring. The letter should discuss the monitoring schedule, identify the areas to be reviewed, and the names and titles of the City staff conducting the monitoring. It should also request that the necessary participant staff be available during the monitoring. For on-site monitoring, the letter should confirm the need for any required services (e.g., conference rooms, telephones, computers, access to electronic recordkeeping systems). For either on-site or remote monitoring, the letter should identify specific information to be submitted by the program participant and a timeframe for submission.

2. The Assessment Process

The "real work" of monitoring entails interviews and file reviews to verify and document compliance and performance (and can include physical inspections, if monitoring is conducted on-site).

Desk Monitoring

The City will use the following sources of information for conducting on site and in-house desk reviews:

- Recipient files, including all project related correspondence;
- Grant contracts, including approved applications, project budgets and special conditions;
- Cash requests and periodic reports on the progress of the project;
- Recipient monitoring file including checklists, monitoring letters and letter closing monitoring findings;
- Financial files, including drawdowns; and
- Citizen complaint files.

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On-site Monitoring

Every project will be monitored formally at least once during the project period, when approximately 50% of the grant has been drawn down by the recipient.

- All subrecipients received a risk assessment
- Onsite monitoring will happen if scored as high risk or receives a staff determination.

Evaluate!

The "Monitoring Tool" questions are designed to assess and document compliance with program requirements based upon:

1. File reviews to determine the accuracy of the information, using both automated and manual data and reports submitted to the City by the program participant; and
2. Interviews with program participant subrecipients, clients, and contractors to clarify and determine the accuracy of the information, assess level of satisfaction with the provision of services or the "end products," and document performance.

Because it is unlikely that City staff will be able to monitor all of a program participant's activities, projects and/or functions, or even review activities in a specific area spanning a participant's entire program year, sampling is generally expected to form the basis for drawing conclusions about the subrecipient's performance.

Monitoring activities should consider any unresolved problems remaining from previous monitoring, any new types of activities being undertaken, and/or the extent of any activities considered high risk. Any sample review or spot-check of program participant records that raises questions concerning the accuracy of the data indicates the need for further follow-up.

Use a common-sense approach and engage in a thorough evaluation of data and other information to draw defensible and supportable conclusions. Always keep in mind that the main objective of monitoring is to **assist** program participants in carrying out their program responsibilities.

Key Monitoring Reflective Questions

1. **Is the program purpose being accomplished?**
2. **Are the program beneficiaries being served as intended?**
3. **Are program requirements being met?"**

Throughout the monitoring, maintain an on-going dialogue with the program subrecipient. Such communication keeps the participant informed as to how the monitoring is progressing,

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enables discussions of any problem areas encountered, and provides the participant an opportunity to make "on-the-spot" adjustments or corrections or present additional information to help the monitoring. It also minimizes the potential for surprises to the subrecipient when the exit conference is held as well as when the monitoring results are formally communicated in writing.

The responses to the questions in the Monitoring Tool form the basis for monitoring conclusions and are supplemented by subrecipient's records copied or reviewed during the monitoring. All questions must be clearly answered.

Keep in mind that people unfamiliar with the subrecipient, or the program/area being monitored, assess the monitoring efforts (e.g., HUD CPD staff, City management, etc.). Therefore, monitoring conclusions must be clear to persons unfamiliar with the subrecipient's program or technical area.

3. Exit Conference

At the end of the monitoring review, City staff conducts an exit conference with the appropriate participant or staff to discuss preliminary conclusions. In part, this serves to confirm the accuracy and completeness of the information used to form the basis for the monitoring conclusions. It may also highlight areas of disagreement between the City and the subrecipient. The City staff conducting the monitoring is responsible for using the "Monitoring Summary Form" (not only to prepare for the exit conference by clearly and concisely summarizing the conclusions, but also to document the issues discussed at the exit conference, the date and time of the meeting, and the names and titles of the attendees. To the extent that a program participant signifies disagreement, the basis for any objections should be noted.

4. Monitoring Conclusions

As a result of monitoring, City staff may reach one or more conclusions that:

1. Performance was adequate or exemplary;
2. There were significant achievements;
3. There were concerns that need to be brought to the attention of the program participant;
4. Technical assistance was provided or is needed; and/or
5. There were findings that require corrective actions.

All conclusions – positive or negative - must be supportable, defensible, and adequately documented.

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Where deficiencies are identified, the following procedures apply:

Concerns

Monitoring concerns brought to the program participant's attention should include the **condition, cause**, and **effect**. The reviewer should suggest or recommend actions that the subrecipient can take to address a concern, based on sound management principles or other guidelines. However, corrective actions are not *required* for concerns.

Findings

A finding is defined in paragraph 1-6.d of the CPD Monitoring Handbook, 6509.2 REV-4, as

"a deficiency in program performance
based on a statutory or regulatory requirement
for which sanctions or other corrective actions are authorized."

If such a deficiency is identified at any time during the City's review of a subrecipient's performance, a finding must be made. Each finding requires corrective action. The corrective action should be suitable to the nature and severity of the deficiency. Section 570.910 of the regulations provides a listing of actions which may be taken to correct the deficiency. Corrective and remedial actions should be designed to prevent a continuation or recurrence of the deficiency and to mitigate, to the extent possible, the adverse effects or consequences of the deficiency. There may be a number of acceptable solutions to resolving a deficiency and the City will work with the subrecipient to ensure a solution for corrective action which will achieve HUD's programmatic objectives and ensure regulatory compliance.

Where an identified deficiency results in a finding, the finding <u>must</u> include the **condition, criteria, cause, effect,** and **required corrective** action.

1. The **condition** describes what was wrong or what the problem was.
2. The **criteria** cite the regulatory or statutory requirements that were not met.
3. The **cause** explains why the condition occurred.
4. The **effect** describes what happened because of the condition or what could happen.
5. The **corrective action** identifies the action(s) needed to resolve the problem and, unless inapplicable or there are extenuating circumstances, should include the time frame by which the participant is to respond to the finding.

The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

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Monitoring Letters

The City will send a monitoring letter to the recipient with the results of the review. This monitoring letter and report will be mailed to the recipient within 60-days after completion of the on-site or desk review. Those areas in which the recipient has done well will be noted. The letter will also describe monitoring findings or concerns and will include a deadline for a response to all findings. If there were findings, the recipient will have 30 days from the date of the monitoring letter to resolve the findings. Once the recipient resolves the findings the City will mail out a Findings Cleared letter to the recipient.

Each monitoring letter is to include:

1. The program, project or entity monitored;
2. The dates of the monitoring;
3. The name(s) and title(s) of the City staff who performed the monitoring review;
4. A listing of the program/project/activity areas reviewed (which, in most cases, will repeat the areas outlined in the notification letter to the subrecipient);
5. If applicable, a brief explanation of the reasons why an area specified in the notification letter was not monitored or other schedule deviations (e.g., time constraints, unanticipated problems arising in another area);
6. Monitoring conclusions;
7. If applicable, clearly list all concerns and findings. Each finding will outline the **condition, criteria, cause, effect,** and **required corrective** action;
8. If applicable, ensure specific guidance is provided to the grantee that will not only resolve a particular monitoring finding but ensure that any systemic problems that caused the deficiency are addressed;
9. If there are findings, an opportunity for the program participant to demonstrate, within a time prescribed by the City, that the participant has, in fact, complied with the requirements;
10. Response time frames, if needed;
11. An offer of technical assistance, if needed, or a description of technical assistance provided during the monitoring.

Because City works in partnership with the entities it funds, generally, the tone of the monitoring letter should be positive, in recognition of the common goal to responsibly and effectively implement HUD's CDBG and HOME programs. Include significant accomplishments or positive changes to establish and maintain positive relationships and to recognize the dedication and commitment of the program participant staff to our program missions.

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Avoid general statements such as 'the program was found to be in compliance with all applicable rules and regulations." Monitoring reviews cover selected program areas. Therefore, it is inappropriate to advise the grantee that it is in compliance with all governing program requirements when only a portion of its program or a portion of the rules has been reviewed. Even for the area(s) reviewed, the monitor often only looks at a sample of activities or aspects. Thus, the conclusion should be qualified, such as "based upon the materials reviewed and staff interviews, it appears that the activity (or area) was carried out in compliance with (SPECIFY REQUIREMENTS)."

Additionally, the monitoring letter should not include any personally identifiable information ("PII") regarding assisted individuals. PII includes any information that can be used to distinguish or trace an individual's identity, such as their name, social security number or other identifying information. OMB guidance requires that entitlement minimize the use of PII. Therefore, it is inappropriate to include PII in these letters.

In all cases, prior to sending the monitoring letter to the subrecipient, the Neighborhood Services Supervisor should not only concur in the monitoring letter but evaluate all of the back-up documentation to determine if the facts are clearly supportable by the working papers and materials generated during the on-site visit.

The documentation should be such that:

a) the Neighborhood Services Supervisor can adequately assess the quality of the review;
b) the Neighborhood Services Supervisor can track consistency in the handling of monitoring findings, particularly if the reviewer has changed since the last monitoring;
c) performance problems are properly detected and the selected corrective actions are designed to remedy the specific instance of non-compliance as well as any systemic deficiencies which may affect the expenditure of funds in the future;
d) City staff are making appropriate, supportable judgments and drawing sound conclusions; and
e) a subrecipient will have a clear understanding of the City's perception of its performance during a specific time period.

Closing Findings

Close with letter showing if acceptable conclusion is done. And then recheck.

The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

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Job Descriptions and Organization Chart

Human Service and Community Vitality Manager

The duties listed below are intended only as general illustrations of the various types of work that may be performed. Specific statements of duties not included does not exclude them from the position if the work is similar, related, or a logical assignment to the position. Job descriptions are subject to change by the City as the needs of the City and requirements of the job change.

- Supervises staff to include: prioritizing and assigning work; conducting performance evaluations; ensuring staff are trained; ensuring that employees follow policies and procedures; maintaining a healthy and safe working environment; and, making hiring, termination, and disciplinary recommendations
- Administers and monitors the Neighborhood and Senior Services Division budgets, including allocating resources and approving expenditures, and forecasting division revenues and expenditures
- Provides leadership, direction, oversight and support to all grant programs in support of Neighborhood Services and Senior Services
- Successfully identifies, designs, writes and applies for grants to grow services in the Neighborhood Services and Senior Service programmatic areas
- Manages the activities of the Neighborhood Services and Senior Services Divisions, including overseeing the development and administration of policies, procedures, programs, services, facility operations and maintenance, events and goals and objectives
- Develops and maintains short and long-term strategic planning processes, and coordinates division efforts related to assigned areas of responsibility
- Provides direction and guidance to external consultants and/or partners engaged in studies and projects on behalf of the City; initiates and monitors the progress of special projects undertaken by internal staff
- Reviews division operations to determine the efficiency and effectiveness of services and/or programs
- Serves as liaison with employees and contractors; represents the City at a variety of meetings, advisory commissions, public events, training sessions, committees, and/or other related events; coordinates activities with other departments, agencies, and/or other applicable parties
- Acts in the absence of the HSCV Director
- Assists in determining strategic plans, master plans, and future needs of the department such as additional equipment, programs, services, and staff

- Manages business processes for department, including assisting in preparing procurement documents for contracting services and supplies, and submitting documents for legal review
- Prepares and presents items for boards, commissions, and council agendas
- Works evenings, weekends, and holidays as required
- Performs the essential functions as described in the physical demands and work environment sections below
- Maintains regular attendance and punctuality
- Performs other duties of a similar nature or level

Neighborhood Services Supervisor
The duties listed below are intended only as general illustrations of the various types of work that may be performed. Specific statements of duties not included does not exclude them from the position if the work is similar, related, or a logical assignment to the position. Job descriptions are subject to change by the City as the needs of the City and requirements of the job change.

- Supervises staff to include: prioritizing and assigning work; conducting performance evaluations; ensuring staff are trained; ensuring that employees follow policies and procedures; maintaining a healthy and safe working environment; and, making hiring and disciplinary recommendations
- Supervises, evaluates, and ensures compliance with day-to-day operations of HUD grant programs and other revitalization initiatives
- Supervises and coordinates all programmatic facets of the Community Development Block Grant, HOME Grant, and Neighborhood Stabilization Grant Program
- Provide customer service to residents that inquire about community resources to include file intake, applicant interviews, and resource referrals
- Coordinates with applicable internal and external requirements the development, evaluation, and implementation of program goals, objectives, activities, and strategic initiatives, assesses consequences and outcomes of programs
- Identifies funding sources and participates in writing and administering grants as contractually required. Oversees procurement process as it relates to grant funded activities to ensure compliance with grant requirements. Oversees grant sub- recipients and conduct regular audits to ensure grant compliance. Coordinates with all relevant departments in order to properly execute Revitalization programs and meet grant compliance requirements. Completes internal audits of grant funded programs to assure adherence to internal program guidelines as well as contractual grant requirements

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- Serves as a liaison for program activities; coordinates program activities with other internal departments and external Federal, State and Tribal agencies. Manage and direct volunteers as necessary with relation to community investment events
- Completes necessary reporting to Housing and Urban Development under the IDIS and DRGR system
- Compiles and analyzes data; prepares and reviews related reports and correspondence. Completes required environmental reviews as necessary
- Performs field inspections of homes, construction projects, rehabilitation projects, and maintenance activities as necessary
- Assists in developing and monitoring program budgets
- Conducts research to identify emerging needs, trends, and services related to assigned area of responsibility
- Assist with the coordination of/or attend City meetings, advisory board meetings and public hearings as needed to effectively implement or assist in the success of neighborhood revitalization initiatives
- Serves as a liaison of the City on regional and statewide housing and community development working groups, strategic initiatives and neighborhood engagement.
- Serve as liaison among tenants, housing project personnel and the persons of the community as it relates to Fair Housing outreach and education
- Designs and implements marketing and/outreach materials to ensure public exposure to program offerings
- Performs the essential functions as described in the physical demands and work environment sections below
- Maintains regular attendance and punctuality
- Performs other duties of a similar nature or level

Neighborhood Services Program Coordinator

The duties listed below are intended only as general illustrations of the various types of work that may be performed. Specific statements of duties not included does not exclude them from the position if the work is similar, related, or a logical assignment to the position. Job descriptions are subject to change by the City as the needs of the City and requirements of the job change.

- Coordinates, evaluates, and ensures compliance with day-to-day operations of HUD grant programs and other revitalization initiatives
- Provide customer service to residents that inquire about community resources to include file intake, applicant interviews, and resource referrals

- Coordinates with applicable internal and external requirements the development, evaluation, and implementation of program goals, objectives, activities, and strategic initiatives, assesses consequences and outcomes of programs
- Identifies funding sources and participates in writing and administering grants as contractually required. Oversees procurement process as it relates to grant funded activities to ensure compliance with grant requirements. Oversees grant sub- recipients and conduct regular audits to ensure grant compliance. Coordinates with all relevant departments in order to properly execute Revitalization programs and meet grant compliance requirements. Completes internal audits of grant funded programs to ensure adherence to internal program guidelines as well as contractual grant requirements
- Serves as a liaison for program activities; coordinates program activities with other internal departments and external Federal, State and Tribal agencies. Manage and direct volunteers as necessary with relation to community investment events
- Completes necessary reporting to Housing and Urban Development under the IDIS and DRGR system
- Compiles and analyzes data; prepares and reviews related reports and correspondence. Completes required environmental reviews as necessary
- Performs field inspections of homes, construction projects, rehabilitations projects, and maintenance activities as necessary
- Assists in developing and monitoring program budgets
- Conducts research to identify emerging needs, trends, and services related to assigned area of responsibility
- Assist with the coordination of/or attend City meetings, advisory board meetings and public hearings as needed to effectively implement or assist in the success of neighborhood revitalization initiatives
- Serve as liaison among tenants, housing project personnel and the persons of the community as it relates to Fair Housing outreach and education
- Designs and implements marketing and/outreach materials to ensure public exposure to program offerings
- Performs the essential functions as described in the physical demands and work environment sections below
- Maintains regular attendance and punctuality
- Performs other duties of a similar nature or level

Housing Rehab Coordinator
This list of duties and responsibilities is illustrative only, and is not a comprehensive listing of all the duties and responsibilities performed.

- Inspects Residential structures to determine work required to correct property health and safety deficiencies or code violations.
- Develops work specifications and cost estimates required for competitive bidding for construction activities.
- Inspects progress of rehabilitation projects for compliance with workmanship standards, specifications, codes, property rehab standards, contract conditions and progress payment disbursements
- Evaluates change order requests to ensure validity of request and cost, prepares and approves necessary change orders, as appropriate.
- Reviews work specifications and provides technical support to property owners, contractors and building inspectors as needed.
- Reviews contractor pay requests
- Assists with the compilation of data for technical and administrative reports and maintains property rehabilitation files according to program guidelines and requirements.
- Assists other City departments to evaluate community facilities for possible repair or rehabilitation.
- Facilitates construction and professional services under city and federal procurement requirements.
- Assist division staff with community outreach and other department initiatives.
- Maintains regular attendance and punctuality
- Performs other duties

Program Income

Compliance with the public service and planning and administrative limits is calculated separately for each program year. For this purpose, a grantee includes program income in these calculations based on the program year in which the program income is received. Specific guidance for determining compliance with the public service and planning and administrative limits is included in the ***Community Development Block Grant Program - Guide to National Objectives and Eligible Activities for Entitlement Communities***, Chapter 2, Categories of Eligible Activities.

In addition, the City must consider program income received as one of the resources available when considering proposed activities for an Annual Action Plan or amendment. If the

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program income received has not been previously designated to be used for a specific eligible activity, the amount program income available as a program resource must be part of the information provided to the public in the process of preparing an Annual Action Plan or amendment.

Self-Certification

Income self-certifications are permissible pursuant to 24 CFR 570.506(b), but their use is generally limited to documenting beneficiary income for public service activities and even more limited when there is a direct financial benefit (e.g., day care subsidy, rental security deposit, etc.). Self-certifications are not intended to be used with housing and other direct-benefit activities, such as down payment assistance, where significant financial benefits accrue to the beneficiary of the activity. There is no need to use self-certifications for an activity seeking to meet a low- and moderate-income area (LMA) national objective. In most service areas, the grantee can often rely on Low and Moderate Income Data (LMISD) from the Census Bureau to document the income of persons living within the boundaries of the activity. See further guidance on CDBG Low- and Moderate-Income Data.

Self-certifications are generally intended to be used for CDBG eligible activities where there is not a direct financial benefit to the recipient, the service is minimal, or there is only an indirect benefit, such as access to after-school programs for low- or moderate-income children

HUD recommends source documentation be requested from the CDBG beneficiary for 20% of the certifications. The beneficiary should also be informed that all sources of income and assets must be included when calculating annual income, depending upon the specified definition of the CDBG grantee (e.g., Part 5 (24 CFR 5.609), or the IRS definition. Depending on local policies and procedures, the grantee or subrecipient would review verifiably income documentation through either: a) third party verification (e.g., verification of employment) or b) source documentation (e.g., wage statements, pensions, social security letter, etc.).

It is only a recommendation. HUD encourages CDBG grantees to establish their own policies and procedures for implementing a self-certification program. HUD recommends that grantees' local policies and procedures are consistent across similar types of CDBG-funded activities (e.g. for all public services that provide indirect financial assistance to beneficiaries).

As part of any policy, it is recommended that grantees alert beneficiaries while they are self-certifying as to income, that a select sample of self-certifications will be tested, and those beneficiaries will be expected to produce verifiable income documentation.

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Grantees must use their best judgment in funding agencies providing these services and should at least ensure that they have a written policy on self-certifications and that a majority of the types of services being provided do not depend on self-certifications. Grantees may also find it useful to explore other ways of meeting a national objective, such as "Low and Moderate Clientele (LMC) nature and location" or "LMC presumed benefit" would offer a more reliable path toward documentation.

CDBG regulations permit self-certification of income for public service activities as referenced in 24 CFR 570.506(b) It is important to note that grantees should develop their own policies and procedures relating to a self-certification program. These policies and procedures would include such items as the definition of income, income verification (third party verification or review of documents provided by the applicant) what activities will be allowed to use self-certification, monitoring requirements and training of grantee and subrecipient staff. We recommend that you request source documentation for 20% of the certifications and inform the beneficiary that all sources of income and assets must be included when calculating annual income. Depending on your policies and procedures, you would verify income through third party verification or review of documents. In the CDBG program a grantee or subrecipient need only document that the beneficiary is low-and moderate-income at the time CDBG assistance is provided. There is no re-qualification of income once assistance has been provided. There is no need to collect annual income information on existing clients that have been previously qualified and continue to be assisted.

HUD recommends using the Self Certification of Annual Income by Beneficiary Form contained in the CPD Income Eligibility Calculator. This form contains all the required certifications and warnings. It should be noted that using a self-certification approach to income documentation can put an activity at possible risk if the beneficiary is later audited and determined to be over the applicable income limit.

Suspension and Debarment

All entities receiving CBDG and HOME funds from the City of Surprise are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Prior to the awarding of a contract or subrecipient agreement, staff will utilize the online database System For Award Management (SAM) www.sam.gov to determine if the entity has been disbarred from receiving Federal Funding. Staff will search (1) by DUNS number and (2) by name of organization. Organizations that show they have been disbarred from receiving Federal funding will not move forward with an executed contract or subrecipient agreement. The results of the SAM search are printed, noted with the date, and placed in the project file.

Contractor Scoring Matrix

Contracts will only be awarded to entities that possess the ability to perform successfully under the terms and conditions of a proposed procurement. Additionally, organizations that have been disbarred are ineligible to receive funding.

SCORING INDICATOR	SCORE Pass/Fail
Contractor Integrity	
Compliance with Public Policy	
Record of Past Performance	
Financial Resources	
Technical Resources	

Procurement Records

The City maintains records for contracts detailing;

1. Rationale for the method of procurement
2. Selection of contract type
3. Contractor selection or rejection
4. Basis for the contract price.

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Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

The City of Surprise is committed taking all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

- The City works to ensure that qualified small and minority businesses and women's business enterprises are included on solicitation lists;
- The City works to ensure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- The City divides total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- The City establishes delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- The City reaches out to the following organizations and includes them on solicitation lists to distribute to their members;
    - Microbusiness Advancement Center
    - Women's Center for Economic Opportunity
    - Arizona Small Business Association
    - Arizona Hispanic Chamber of Commerce
    - Maricopa SBDC
- The City requires the prime contractor, if subcontracts are to be let, to take the affirmative steps to reach out to and hire qualified minority businesses, women's business enterprises, and labor surplus firms when possible.

Audit Requirements

A 2 CFR Part 200 audit is required if an organization expends more than $750,000 in federal funds during your fiscal year. CDBG grantees and subrecipients that expend $750,000 or more in a year in federal awards must have an audit conducted in accordance with 2 CFR Part 200, Subpart F—Audit Requirements except when they elect to have a program-specific audit conducted. A program audit is an audit of one federal program (such as CDBG). A program-specific audit is allowed when the grantee or subrecipient expends federal awards under only one federal program. A single audit is an audit that includes both an entity's financial statements and its federal awards (from all applicable federal programs). If a grantee or

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subrecipient expends less than $750,000 a year in federal awards, it is exempt from the audit requirements for that year; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the Government Accountability Office.

ENVIRONMENTAL REVIEW AND MONITORING

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. Not every project is subject to a full environmental review (i.e., every project's environmental impact must be examined, but the extent of this examination varies), but every project must be in compliance with the National Environmental Policy Act (NEPA), and other related Federal and state environmental laws.

An environmental review must be performed before any funds, regardless of source, are committed to a project.

Documentation of the environmental review should be maintained in the environmental review record. This record contains the description of all activities that are part of the project and an evaluation of the effects of the project on the human environment and vice versa. This record should be made available for public review.

Part 50 and Part 58

The first step in the environmental review process is determining whether the HUD assistance falls under a Part 50 or Part 58 environmental review. This is usually specified in the Notice of Funding Availability, program regulations, or legislation. Part 58 and Part 50 are the sections of HUD regulations that implement that National Environmental Policy Act (NEPA). Part 50 applies to programs where HUD performs the environmental reviews, and Part 58 applies to programs that allow a responsible entity to perform the environmental reviews.

Part 58

HUD regulations at 24 CFR 58 allow the assumption of authority to perform the environmental reviews by responsible entities, which are units of general local government, such as a town, city, county, tribe, or state. The responsible entity is responsible for the scope and content of the review and making the finding. The certifying officer of the responsible entity, usually the mayor, signs the review and takes legal responsibility for the review.

HUD responsibilities under Part 58 are very limited. HUD will receive the Request for Release of Funds and Certification (HUD form 7015.15) from the responsible entity, accept public

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comments during the HUD public comment period, and approve the use of HUD assistance through the Authority to Use Grant Funds (HUD form 7015.16). HUD will also periodically conduct in-depth monitoring of responsible entities' environmental review records.

Part 58 applies when legislation for a program allows local governments to assume authority. Local governments must assume responsibility for grants made directly to the local government when legislation permits. They are encouraged to be responsible for the environmental review in cases where the grants are made to other entities, such as nonprofit organizations and public housing authorities.

Part 50

Part 50 applies when program legislation does not delegate the authority to assume responsibility to the local government, such as FHA housing programs. Part 50 may also apply when the local government was not a direct recipient of the funds and refuses to accept responsibility or when HUD determines the local government does not have capacity to act as responsible entity.

Timing the Review

HUD's regulations at 24 CFR 58.22 prohibit grant recipients and their partners from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project has become "federal." This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

The restriction on undertaking or committing funds for choice-limiting actions does not apply to undertakings or commitments of non-federal funds before a project participant has applied for HUD funding. A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance. However, when the party applies for federal assistance, it will generally need to cease further choice-limiting actions on the project until the environmental review process is complete.

Project Description

A complete and clear project description is the foundation of the environmental review process. The project description should provide location specific information and geographic boundaries, as well as a delineation of all activities included in the overall scope of the project.

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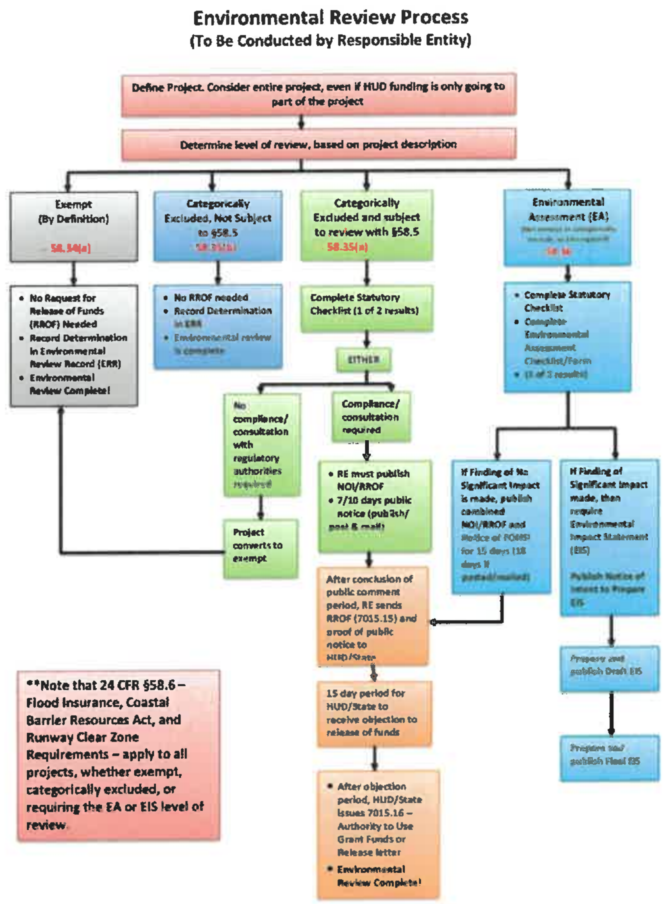
The project description should capture the maximum anticipated scope of the proposal, not just a single activity that the money is going toward. It should include all contemplated actions that are a composite part of the project. Activities should be aggregated according to the regulations at 58.32, which says that a responsible entity must group together and evaluate as a single project all individual activities which are related either on the geographical or functional basis, or both, or are logical parts of a composite of contemplated actions.

The project description for the environmental review may not be identical to the description of the project and activities used by the funding program, as the project description in the environmental review may consider activities not financed by HUD.

If the project or environmental review contains information that can be considered sensitive, such as the location of a domestic violence shelter, sacred site, or endangered species habitat, you should omit that information from the publicly reviewable environmental review record.

Level of Review

Once the scope of the project is known you can determine the appropriate level of environmental review. There are five levels of review:



Exempt

- Part 58 only
- Applies to activities listed at 24 CFR 58.34(a)

Categorically excluded from NEPA, not subject to the related laws and authorities at 58.5 or 50.4 (CENST)

- Applies to activities listed at 24 CFR 58.35(b) (Part 58)
- Applies to activities listed at 24 CFR 50.19(b) (Part 50)

Categorically excluded from NEPA, but subject to the related laws and authorities at 58.5 or 50.4 (CEST)

- Applies to activities listed at 24 CFR 58.35(a) (Part 58)
- Applies to activities listed at 24 CFR 50.20(a) (Part 50)

Environmental assessment (EA)

- All other projects (Part 58 and Part 50)
- Applicable to both projects for activities not covered under a categorical exclusion or exemption
- Also applies when extraordinary circumstances* exist and elevates the level of review

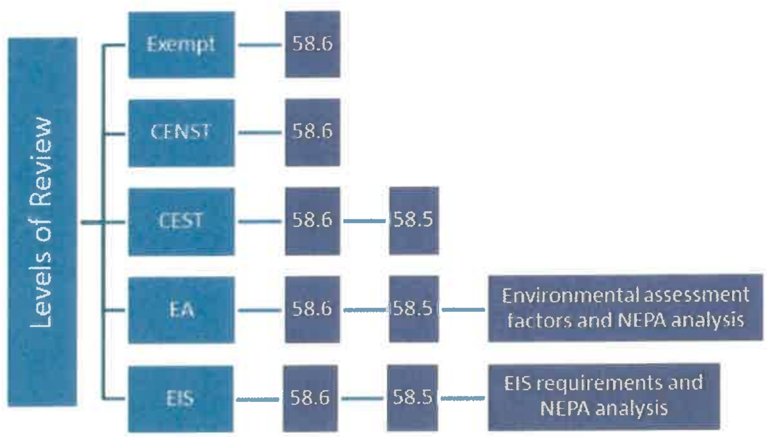
Environmental impact statement (EIS)

- Required when an environmental assessment concludes in a Finding of Significant Impact

- Applies when the complexity of the project exceeds the scope of an environmental assessment
- Applies when extraordinary circumstances* exist and elevate the level of review
- Required when noise levels exceed 75 decibels (unacceptable noise zone)
- Also required when noise levels are between 65 and 75 decibels (normally unacceptable noise zone) and the project site is largely undeveloped or will encourage incompatible development
- See 24 CFR 58.37 or 24 CFR 50.42
- Required for projects involving 2,500 or more housing units or beds

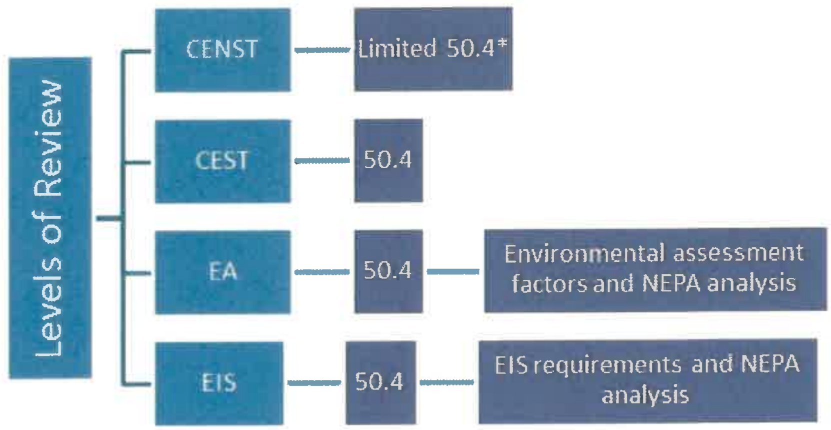
*Extraordinary circumstances are defined in HUD regulations at 24 CFR 58.2(a)(3) as follows:
- Actions that are unique or without precedent;
- Actions that are substantially similar to those that normally require an EIS;
- Actions that are likely to alter existing HUD policy or HUD mandates; or
- Actions that, due to unusual physical conditions on the site or in the vicinity, have the potential for a significant impact on the environmental or in which the environment could have a significant impact on users of the facility.

Environmental Analysis (Part 58)
Part 58 reviews may be subject to the requirements of 24 CFR 58.6, 24 CFR 58.5, environmental assessment factors, and the analysis under the National Environmental Policy Act. See the chart below for a breakdown of which components are required for each type of review.



The City of Surprise HUD CDBG/HOME Policies and Procedures Guide is meant to supplement, not replace, the formal regulations and policies of the HUD Community Development Block Grant Entitlement and HOME programs. In areas of doubt, readers bear the responsibility to consult and follow the applicable regulations.

Environmental Analysis (Part 50)
Part 50 reviews may be subject to the requirements of 24 CFR 50.4, environmental assessment factors, and the analysis under the National Environmental Policy Act. (24 CFR 50.4 combines the laws and authorities listed in 24 CFR 58.5 and 58.6.) See the chart below for a breakdown of which components are required for each type of review.



*Most Part 50 categorically excluded, not subject to 50.4 (CENST) reviews do not require compliance with any laws and authorities, with the following exceptions:

- Equipment purchase (50.19(b)(13) or 50.19(b)(14)) is subject to compliance with flood insurance requirements.
- HUD mortgage insurance and loan guarantees as described in 50.19(b)(17) and 50.19(b)(24) are subject to compliance with flood insurance, airport clear zones, and coastal barrier resources requirements.
- Refinancing of HUD-insured mortgages as specified under 50.19(b)(21) is subject to compliance with flood insurance requirements.

Finalizing the Review

The following are the steps for finalizing a Part 58 review:

- Obtain the necessary signatures to complete the review.
- Publish or post a Notice of Intent to Request a Release of Funds (NOI-RROF)(applies to CEST, EA, and EIS).
- Publish or post a Notice of Finding of No Significant Impact (Notice of FONSI) if necessary (EA only); this can be combined with the NOI-RROF.
- Wait for the applicable comment period to elapse (see chart below or 24 CFR 58.45).
- Submit the Request for Release of Funds form (7015.15) to HUD (CEST, EA, and EIS).
- HUD will approve the release of funds with an Authority to Release Grant Funds (HUD form 7015.16) after the HUD 15-day public comment period if no valid objections are received.

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Type of Notice	Level of Review	Length of Comment Period
Notice of Intent to Request for Release of Funds (NOI-RROF)	CEST, EA, and EIS	7 days when published Or 10 days when only mailing and posting
Notice of FONSI	EA only	15 days when published Or 18 days when mailing and posting
Concurrent or combined notices	EA only	15 days when published Or 18 days when mailing and posting

Part 50 reviews require the appropriate certifications by HUD staff, which may include the preparer, the supervisor, the environmental clearance officer or field environmental officer if the project involves over 200 lots, units or beds, and the program director. HUD staff will inform the project managers when the environmental review is complete.

Revisiting the Review

Environmental review records are living documents, and they may need to be updated even after the environmental review has been completed. The three major reasons for revisiting a review are to record mitigation measures, reevaluate the project, and add another source of funding.

Mitigation Measures

Mitigation measures or conditions for approval are sometimes necessary for a project to be in compliance. The conditions are often implemented after the environmental review is complete and the project is underway. Documentation demonstrating that the mitigation measures have been implemented should be included in the environmental review record.

Reevaluation

Reevaluation of a project is necessary under the following circumstances (24 CFR 58.47):

- The recipient proposes substantial changes in the nature, magnitude or extent of the project, including adding new activities not anticipated in the original scope of the project;
- There are new circumstances and environmental conditions which may affect the project or have a bearing on its impact, such as concealed or unexpected conditions

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discovered during the implementation of the project or activity which is proposed to be continued; or

- The recipient proposes the selection of an alternative not in the original finding.

The environmental review record should be updated, and the responsible entity should confirm whether the original findings are still valid. If the original findings are no longer valid, a new environmental assessment must be prepared.

Note: Part 50 environmental reviews must be reevaluated and updated when the basis for the original environmental or compliance findings is affected by a major change requiring HUD approval in nature, magnitude or extent of a project and the project is not yet complete. A change only in the amount of financing or mortgage insurance involved does not normally require the environmental review to be reevaluated or updated (24 CFR 50.36).

Supplemental Assistance
Additional HUD funding sources are sometimes added to a project after the environmental review has been completed. For these new sources of HUD funding a CENST environmental review can be performed if the original environmental review and the additional sources of funding all fall under Part 58 and the same responsible entity is performing the review (see **24 CFR 58.35(b)(7)**). Otherwise, a new CEST environmental review or environmental assessment must be completed. If new funding sources are added prior to the completion of the environmental review, and all of the funding sources are under the same part (50 or 58), then the new funding can be included in the existing environmental review.

CITIZEN PARTICIPATION

A City of Surprise is committed to follow the adopted Citizen Participation Plan that provides for and encourages citizen participation. This integral process emphasizes participation by persons of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds.

The plan provides citizens with the following:

1. Reasonable and timely access to local meetings regarding utilization of HUD funded programs and activities;
2. An opportunity to review proposed activities and program performance;
3. Provide for timely written answers to written complaints and grievances;
4. Meets the needs of non-English speaking residents in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

Fair Housing and Equal Opportunity (FHEO)

Fair housing and equal opportunity laws are like an umbrella, intended to protect individuals from discrimination in housing, employment, through business opportunities such as contracting, or through other benefits created by CDBG projects

Consolidated Plan

The City of Surprise is a member of the Maricopa HOME Consortium. The Consortium completes analysis of impediments to fair housing in coordination with the 5-Year Consolidated Plan. The analysis is part of the certification to affirmatively further fair housing.

The City will ensure that

- Actions will be taken to overcome the impediments identified; and
- Records will be maintained reflecting the analysis and related actions.

Section 3

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

Section 3 applies to projects of a certain scope and monetary amount and is triggered when the following thresholds are met and new hiring and/or contracting opportunities are generated by the use of grant funds.

Scope: Section 3 requirements apply to projects that involve work arising in connection with the construction or rehabilitation of a HUD-assisted project, regardless of how the grant funds are actually spent. Section 3 requirements do not apply to projects that do not involve rehabilitation and new construction, such as direct homebuyer assistance for the purchase of standard housing, or tenant-based rental assistance programs.

Dollar Thresholds: Section 3 applies when these thresholds are met:

1. The grant administering entity receives more than $200,000 in grant funds, and invests any amount of these funds to carry out new construction or rehabilitation activity (including demolition and lead-based paint abatement). The administering entity

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includes the PJ/grantee, as well as any subrecipient (unit of local government) or subrecipient (nonprofit organization) that receives over $200,000.

2. A contractor/subcontractor of a project receives a contract for $100,000 or more in grant assistance.

Once it is determined that Section 3 applies to a project, the Section 3 requirements apply to all contracts, provided that at least $1 of grant funds is being used. If the grant administering agency receives more than $200,000 in grant funds, but no single contractor is awarded more than $100,000, then the Section 3 requirements apply to the training, employment, and contracting activities of the PJ/grantee, or subrecipient but not to those of the contractor(s) of the project. This means new hiring and contracting opportunities generated by the PJ/grantee, subrecipient that is related to work arising in connection with the HUD-assisted new construction or rehabilitation project would be subject to the Section 3 hiring and contracting goals.

The regulations at 24 CFR 135.30(c)(1) establish a goal that at least 10% of the dollar amount of Section 3 covered contracts for building trades work be awarded to Section 3 businesses. The Section 3 requirements would apply to aggregate amount of all projects involving housing construction, rehabilitation, or other public construction. Therefore the numerical goal would be 10% of the total dollar amount of all covered contracts.

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LABOR STANDARDS

Davis-Bacon

There are two thresholds that trigger Davis-Bacon in the CDBG Program.

1. The first is when CDBG is used to fund construction contracts of more than $2,000 in non-residential properties.
2. The second threshold is when CDBG is used to fund residential construction contracts for properties that include 8 or more units. A Davis-Bacon covered residential property is defined as 8 or more units in one or more buildings on an undivided lot or on contiguous lots or parcels which are commonly-owned and operated as one rental, cooperative, or condominium project. In the project described, single family units on separately owned, non-contiguous lots, Davis-Bacon does not apply.

The federal law that applies federal prevailing wage rates (Davis-Bacon rates) to CDBG funding is Section 110 of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5310). Section 110 requires the payment of wages at rates "not less than" the local prevailing wages determined by the U.S. Secretary of Labor under the Davis-Bacon Act. This means that the federal wage rates are only a minimum, and if state laws, applicable to the project, require the payment of higher wages, the federal law does not interfere with the higher state requirement. However, even if state law requires the payment of higher rates, and is applicable to the project, the Davis-Bacon wage determination and contract clauses must still be included in solicitation bids and signed contracts for CDBG-financed construction work (except for residential property with less than 8 units). It is the responsibility of the CDBG recipient to contact the state Department of Labor to ascertain whether a project is subject to state prevailing wage rates.

Adequate documentation of payroll review can be based on establishing a reasonable, objective set of records that can be verified by a third party. A suggested format would include a brief statement, signed and dated by the reviewer, indicating that a specifically identified payroll document had been compared to specific wage determination, along with notation whether or not any discrepancies have been identified. The applicable payroll and wage determination could either be attached or referenced to a location that is readily accessible. Depending upon the size of the project and the number of contractors, subcontractors, and workers, the grantee should conduct periodic employee interviews using the Form HUD-11 and compare the information from those interviews to payrolls received. Finding discrepancies, depending upon their severity and the grantee's knowledge of the general contractor, may trigger the need for more frequent site visits and interviews. All of this review documentation could be subject to some level of supervisory quality control, which could be done on a sample basis, allowing for increased supervisory review if discrepancies arise.

Davis-Bacon applies to the rehabilitation of residential property only if the property contains 8 or more units. Residential property that contains 7 or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing 7 or fewer units. Typically, single-family homeowner properties are excluded under this exemption.

However, "property" is not limited to a specific building. Property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels, which are commonly-owned and operated as one rental, cooperative or condominium project. Examples of 8+ unit properties may include:

- 5 townhouse buildings side-by-side which consist of 2 units each.
- 3 apartment buildings each consisting of 5 units and located on one tract of land.
- 8 single-family (not homeowner) houses located on contiguous lots.

The requirement is more clearly explained in HUD Handbook 1344.1 Rev. 2 entitled Federal Labor Standards Requirements in Housing and Urban Development Programs. Appendix II-6 Factors of Labor Standards Applicability provides detailed guidance on Davis-Bacon applicability to various HUD programs.

For CDBG projects, residential properties containing 7 or fewer units are exempt from Davis-Bacon. However, the eight-unit threshold applies to the number of units on a property; not the number of units being rehabilitated or constructed and not the number of units funded with CDBG dollars. A property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels which are commonly-owned and operated as one rental, cooperative, or condominium project. Because the property that you describe includes eight (8) or more units on an undivided lot under common ownership in one condominium project, the Davis-Bacon requirements apply. For further information, please refer to HUD Handbook 1344.1 Rev. 2.

Note that site acquisition, since it is not a construction activity, is not covered by Davis-Bacon.

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RESOURCES

https://www.hudexchange.info

"Guide to National Objectives & Eligible Activities for Entitlement Communities"
This Guide is intended for public officials and citizens seeking to understand what activities are eligible to be assisted under the Community Development Block Grant (CDBG) Entitlement Program and to guide them in making wise choices among certain alternatives available within the program for carrying out particular activities. While the statute, as amplified by the regulations, provides the authoritative version of program requirements, this Guide: Organizes eligibility requirements in a more accessible and understandable format; provides additional explanatory materials, including examples; provides guidance on the factors to be considered in selecting among alternative categories of eligibility and national objectives, where applicable; and provides guidance on accessing additional CDBG resources that may be available to a community.

"Playing by the Rules: A Handbook for CDBG Subrecipients on Administrative Systems"
This handbook is intended for Community Development Block Grant (CDBG) subrecipients. The handbook is designed to help subrecipients understand the administrative requirements that apply to the use of Federal funds for the delivery of CDBG programs and activities.

"Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight"

HUD Basically Handbook
This training was developed to guide and assist Community Development Block Grant (CDBG) Entitlement grantees in the implementation of their programs. From national objectives and eligible activities to the details of administration, financial management, and other federal requirements, these resources are valuable for every CDBG program practitioner.

HUD HOME Fires
Official Policy newsletter of the HOME Program

CPD Monitoring Handbook
CPD Notices
HUG OIG bulletins
Davis Bacon Handbooks

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COMMONLY USED ACRONYMS

ADA	Americans with Disabilities Act
ANSI	American National Standards Institute
BOLI	Bureau of Labor and Industries
CDBG	Community Development Block Grant
CFR	Code of Federal Regulations
CPR	Certified Payroll Report
DOL	U.S. Department of Labor
EA	Environmental Assessment
EO	Executive Order (federal)
EPA	Environmental Protection Agency
EPLS	Excluded Parties List (federal)
ERR	Environmental Review Record
ESA	Endangered Species Act
FONSI	Finding of No Significant Impact
HCDA	Housing and Community Development Act
HUD	U.S. Department of Housing and Urban Development
LEP	Limited English Proficiency Plan
MOU	Memorandum of Understanding
NEPA	National Environmental Policy Act
NOI	Notice of Intent
OMB	Office of Management and Budget (federal)
RFP	Request for Proposal
RFQ	Request for Qualifications
ROF	Release of Funds
RROF	Request for Release of Funds
SHPO	State Historic Preservation Office
TDD	Telecommunication Devices for the Deaf
THPO	Tribal Historic Preservation Office
UFAS	Uniform Federal Accessibility Standards
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act
USC	United States Code

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a new leaf
HOUSING • HEALTH • COMMUNITY SERVICES

MTH

A New Leaf Project Proposal
SEEDS of Life Center
Shelter – **E**mployment – **E**ducation – **D**evelopment - **S**upport

Project Summary

This proposal outlines a project to develop and implement emergency homeless shelter and community assistance services in Surprise, Arizona. The purpose of this project is to prevent and respond to increased homelessness among individuals and families impacted by the COVID-19 pandemic, and to mitigate the spread of the coronavirus among unsheltered individuals, and subsequently the community at large. As well, A New Leaf proposes sustaining services beyond COVID response, to address the significant and growing issue of homelessness in the West Valley of Maricopa County's metropolitan community.

The proposal provides an overview of 1) A New Leaf's mission, history, experience, and infrastructure, 2) the identified need for services in the West Valley, 3) the proposed project, scope of work, and outcomes, and 4) the proposed timeline, budget, and sustainability plan.

Community Need

The 2020 Point-in-Time Homeless Count for Maricopa County indicated that 7,419 people experienced homelessness in the County on ONE night on January 27, 2020 - a 12% increase in homelessness from 2019, and an 18% increase in the number of unsheltered individuals living on the streets. From 2017 to 2020, unsheltered homelessness across the County increased by 83%, but most notably in the West Valley by 219%, indicating a growing trend for this region. Children (age 0-17) accounted for 17% of the homeless count, although the true number of families experiencing homelessness may be hard to identify due to tendencies to stay in vehicles or other hidden locations. Homelessness can have a tremendous impact on children – their education, health, sense of safety, and overall development, which research shows significantly increase future instability and homelessness as adults.

The impacts of the COVID-19 pandemic and the economic fallout have been widespread but are particularly concerning for households with children. The Census Bureau's Household Pulse Survey, launched in April, has provided weekly data on how the unprecedented health and economic crisis is affecting Arizona residents, and drives home the need for substantial, continued relief measures to address hardships like hunger, eviction, and homelessness. The implications for children in particular are significant: households with children face especially high hardship rates. Data collected November 11 - December 7 from adult respondents in Arizona indicated that:

- 17% of households with children reported not having enough to eat because the household could not afford it.
- 35% of households had difficulty paying for usual expenses such as food, rent or mortgage, car payments, or medical expenses.

The current high rate of homelessness is especially alarming not only because people without housing are at high risk of COVID-19 exposure but also because the pandemic's economic impacts could lead to an increase in the number of people experiencing homelessness. Despite population growth as high as 60% in the West Valley in recent years, as well as a significantly higher percentage increase in homelessness, the region does not have any shelter facilities dedicated to serving the homeless. There is also a tremendous need for additional support to help families and individuals impacted by the pandemic, including assistance with accessing employment opportunities, public assistance, physical and mental healthcare, basic needs, transportation, affordable housing, resources for children's education, and more. Without support to help navigate these challenges, many more households currently living on the edge may become homeless soon.

Proposed Project
A New Leaf proposes opening an Emergency Homeless Shelter and Day Resource Center in Surprise to provide services to prevent and respond to homelessness among individuals and families impacted by the COVID-19 pandemic, and to mitigate the spread of the coronavirus among unsheltered individuals, and subsequently the community at large. The proposed facility, located at 12763 W. Grand Avenue, Surprise, AZ 85374, was identified by the City of Surprise as a viable location for services. The proposed project name is "SEEDS of Life Center", named in part to honor the historical value this site has had in the community, providing shelter and support for people in need as the "Mustard Seed," and to reflect proposed services provided by A New Leaf in line with the agency mission of "Helping Families.... Changing Lives." SEEDS = Shelter, Employment, Education, Development, and Support.

EMERGENCY SHELTER
Seven apartment-style units will provide emergency shelter for families with minor age children who are homeless. Individual units will allow male adults to be sheltered with their families, thereby preserving the family unit to avoid further trauma and hardship. Up to two, single female adults with children may share a unit if appropriate. Additionally, shelter placement for single females with no children may be considered.

The maximum length of stay in shelter will be 120 days, however the goal will be to move people through faster (60-75 days) by connecting them to onsite support services in order to serve as many people as possible. Approximately 150 adults and children are anticipated to be sheltered within a 12-month period.

Shelter residents will be provided breakfast, lunch, and dinner meals daily at the onsite dining room with commercial kitchen (shelter units do not have kitchens). Wrap-around onsite support services will be available for adults and children through the Day Resource Center.

DAY RESOURCE CENTER

Support services will be available to shelter residents, as well as community members who are experiencing hardships related to the pandemic to prevent families and individuals from becoming homeless. All services will be delivered with consideration for social distancing and following CDC guidelines. Proposed onsite services include:

- Case management
- Employment assistance
- Budget coaching
- Assistance with applying for public benefits
- Transportation assistance
- Access to computers
- Information and assistance with applying for Rapid Re-Housing or Tenant Based Rental Assistance
- Access site for WIC and SNAP
- A Coordinated Entry site for assessing, and referring individuals and families to appropriate need-based housing interventions in Maricopa County
- Resources and referrals for other community assistance services, including COVID testing sites and related health services.

Scope of Work

A New Leaf proposes contracting a Project Manager for 12 months to oversee all activities related to implementing this project including:

- Facility renovations
- Acquiring furnishings, equipment, and program supplies
- Coordinating partnerships for services offered through the Day Resource Center
- Hiring and training program staff

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- Coordinating outreach and marketing activities for services to community members and other service providers
- Recruiting and engaging volunteers to support and enhance services

A New Leaf's Director of Shelter & Housing Services, Michelle Alberti, will supervise and support the Project Manager and implementation of programming, in partnership with executive team members Kathy DiNolfi - Chief Program Officer, Connie Orr – Chief Operation Officer, and Cathy Dyciewski – Chief Financial Officer.

Proposed program staffing positions include:

- Program Supervisor
- Intake Coordinator
- Case Manager
- Support Partners
- Maintenance
- Janitorial
- Kitchen/Food Service

Demonstrated Impact

EMERGENCY SHELTER

A New Leaf anticipates providing emergency shelter, basic needs, and support services to approximately 150 adults and children within a 12-month period. Adults will complete the Service Prioritization Decision Assistance Tool (SPDAT) revealing and prioritizing each family's needs. This assessment of 18 key areas provides a baseline of each household's strengths and challenges surrounding food, health care, housing, income, employment, education, transportation, and general well-being.

Information collected from the SPDAT assessments are recorded in the Homeless Management Information System (HMIS). An initial case management Housing Stability Plan (HSP meeting) identifies the residents' strengths, barriers and additional resources and skills, which provides insight and support for achieving goals to obtain housing. Goals are set and monitored through bi-weekly case management. As needed, referrals to services outside of the agency are made, ensuring that residents receive optimal care.

Expected program outcomes include:

- 65% of employable adults will obtain employment or increase current income.

- 85% of adults will report an increased knowledge of community support services to help maintain long-term stability.
- 50% of households will report securing safe, affordable housing upon exit.
- 85% of households will demonstrate and improvement in assessment scores in one or more areas including safety, housing, social functioning, health, substance use, and mental well-being, based on the SPDAT.

DAY RESOURCE CENTER
A New Leaf will employ marketing and outreach efforts to build awareness of services being provided onsite for community members impacted by the pandemic. The number of clients served, client demographics, and types of services provided will be recorded. In addition to the residents of the onsite emergency shelter, A New Leaf anticipates providing services at the Day Resource Center to approximately 50-70 individuals/households each month.

Proposed Timeline

- March-April 2021
  - Site leased to A New Leaf
  - Agreement with City of Surprise
  - Project Manager Hired
- April
  - Facility buildout begins
    - Day Resource Center (3 mo.)
    - Emergency Shelter Units (5 mo.)
  - Program development begins
- June
  - Day Resource Center open
- September
  - Emergency shelter open date/first intakes

Expenses
Project Development (does not include renovation/construction costs)

- Project Manager/Consultant
- Furnishings
- Supplies
- Equipment (including computers/technology)
- Marketing

Programming/Operational Costs for 12 Months

- Program Staff Salaries
- Payroll Tax
- Employee Benefits
- Professional Fees and Contracts
- Specific Assistance for Clients
- Supplies/Postage
- Equipment Leases/Repairs
- Phone/Internet
- Occupancy (rent, utilities, building & grounds)
- Advertising/Printing/Publications
- Travel/Vehicles
- Sanitation/PPE
- Conferences/Professional Development
- Program Expenses
- Non-Payroll Insurance
- Other Expenses

Community Partners

- Funding Partners – Municipal: West Valley Cities, State, and County – CARES/COVID related and other funds; Private: foundations, corporations – COVID related and other funds)

- Program partners – WIC, SNAP, Maricopa Regional Continuum of Care - Coordinated Entry System, City of Surprise Resource Center, St. Mary's Food Bank, AZ@Work, and Volunteer Groups

Sustainability

The development and implementation of this project is proposed to be supported with CARES funding, in partnership with the State, Maricopa County, the City of Surprise, and other West Valley Cities, to prevent and respond to homelessness among individuals and families impacted by the COVID-19 pandemic, and to mitigate the spread of the coronavirus among unsheltered individuals, and subsequently the community at large.

A New Leaf is seeking the commitment from the State, the County, the City of Surprise, and other West Valley Cities for ongoing funding support to sustain shelter and community support services beyond the pandemic to continue addressing the identified pre-pandemic need for services in the West Valley. A New Leaf will also continue to explore opportunities for funding support from the private sector to enhance and expand services.

A New Leaf Mission & History

For nearly 50 years, A New Leaf has worked in service to its mission, "Helping Families... Changing Lives." Through a continuum of relevant and effective services, and in collaboration with other organizations and civic leaders, A New Leaf now operates 30+ programs under seven social service pillars: HOUSING & SHELTER, DOMESTIC VIOLENCE, MENTAL & PHYSICAL HEALTH, EDUCATION, FINANCIAL EMPOWERMENT, FAMILY PRESERVATION, and FOSTER CARE. This year, A New Leaf will make a positive impact on the lives of 30,000 people.

A New Leaf started in the East Valley of the Phoenix Metro community in 1971 by providing substance abuse prevention and rehabilitation programs for youth. Over the past 50 years, the organization has grown by establishing programs to address identified gaps in services and the changing needs of our community, and by bringing several smaller organizations on board that provided vital services but struggled with sustainability. Over the past decade, programming has expanded in the areas of shelter services, services for human trafficking and sexual assault victims, rapid-re-housing services, supportive housing programs, early childhood education, foster care, and family preservation. Persevering through changing economies and societal issues, as well as the complexities of government funding, A New Leaf is committed to transforming lives and improving the future of our community.

Experience & Infrastructure

A New Leaf's Emergency Shelter Programs currently serve approximately 1,650 adults and children each year from throughout Maricopa County who are experiencing homelessness, domestic violence, and other crisis situations. A New Leaf's five Emergency Shelter Programs include:

- La Mesita Family Homeless Shelter – 16 apartment units of emergency housing in Mesa for homeless families with children, serving more than 200 adults and children annually.
- East Valley Men's Center – 110-bed dormitory style emergency housing in Mesa for homeless single men, serving approximately 585 men annually.
- Faith House Women's Crisis Shelter – 68 beds (rooms for families or singles to share) of emergency housing in Glendale for women and children who are victims of domestic violence, sex trafficking, or homeless due to other crisis situations, serving approximately 320 adults and children annually.

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- Autumn House Domestic Violence Shelter – 22 beds (4 apartment units for families or singles/small families to share) of emergency housing in Mesa for women, men, and children who are victims of domestic violence, serving approximately 135 adults and children annually.
- Domestic Violence Safe Temporary Overflow Program (DVSTOP) – temporary shelter coordinated in hotel rooms as needed, to ensure immediate access to safety and support for victims of domestic violence when shelters are full or unable to accommodate a family/individual with special needs, serving approximately 400 adults and children annually.

A New Leaf has provided emergency shelter services for Maricopa County residents since 1983, when Autumn House Domestic Violence Shelter opened. The organization began operating the La Mesita Family Shelter in 1993 and completely redeveloped the property in 2011, rebuilding the emergency homeless shelter for families, in addition to 110 affordable and permanent supportive housing units. In 2000, A New Leaf took over operations of Faith House Women's Crisis Shelter, the oldest continuously operating domestic violence shelter in Arizona. DVSTOP was established in 1999 in response to an identified community need for overflow shelter, and the East Valley Men's Center opened in 2006.

Over the years, services provided by A New Leaf's Emergency Shelter Programs have expanded to include not only the provision of basic needs, but comprehensive case management and wrap-around support services to address social determinants of health. This service continuum strengthens clients' ability to overcome barriers related to generational poverty and achieve self-sufficiency and long-term stability. Current Emergency Shelter support services include:

- Individualized assessment, case planning, benefits enrollment, housing navigation, resources, and referrals
- Preschool, after-school, and teen programming/activities, and GED and post-secondary education support
- Employment assistance, computer labs, financial literacy, budget coaching, and savings programs
- Counseling services, substance abuse support groups, skill building workshops, health/nutrition education, and onsite health and dental care
- Court advocacy for domestic violence victims and support for addressing outstanding warrants

A New Leaf partners with other community service organizations to provide additional support services to further assist individuals with healing from the trauma they have experienced, overcoming substance abuse challenges, and more. A New Leaf's Financial Empowerment programs also offer additional supports and resources to help individuals build economic stability.

In addition to emergency shelter services, A New Leaf has extensive experience operating programs that support individuals and families transitioning from homelessness or to prevent homelessness, including Rapid Re-Housing, Family Stability Services, and Tenant Based Rental Assistance.

A New Leaf has developed a strong infrastructure and fiscal management approach, successfully managing a $40 million annual organizational budget including several subsidiary organizations. Programs are supported by diverse funding sources including federal, state, county, city, corporate, foundation, and individual contributions. A New Leaf's Chief Finance Officer oversees the organization's financial accounting controls including the Contracts and Grants Department, Payroll, Benefits, Accounts Payable, and Accounts Receivable. A New Leaf's CEO and Board members review financial statements at monthly Board meetings. Programs are also supported by 2,800 community volunteers each year, contributing roughly 13,000 hours of time.