Brazoria County

CDBG and HOME

Administrative Policies and Procedures

July 14, 2026

BRAZORIA COUNTY

ADMINISTRATIVE POLICIES AND PROCEDURES

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BRAZORIA COUNTY

COMMUNITY DEVELOPMENT DEPARTMENT

INTERNAL OPERATING GUIDELINES AND PROCEDURES

I. PURPOSE

These Guidelines and Procedures are to provide guidance and consistent approach through which the Community Development Program developed or sponsored by Brazoria County will be implemented. They are not, nor are they intended to be, all inclusive of every activity within the Department. These Guidelines will apply to the Community Development Grant Programs, except where noted differently in specific Policy or Guidelines. These Guidelines are in addition to County Policies.

II. Key Definitions

The Act: The Housing and Community Development Act of 1974 makes funds available to qualified cities and counties to develop viable urban communities, by providing decent housing and a suitable living environment, and expanding economic opportunities.

Action Plan: An annual plan that outlines proposed housing and community development objectives, activities, and budget for the program year. The plan includes information regarding federal, state, and local funding resources; a description of each activity to be implemented; and other actions that will be taken to address barriers to affordable housing, support anti-poverty strategies, and facilitate fair housing.

Administrative Cap: A maximum of 20 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on planning and administration costs.

Affirmatively Furthering Fair Housing Plan (AFFH): An analysis of fair housing that will assist a community to take meaningful actions to combat discrimination, end segregation, and foster inclusive communities.

CDBG: The Community Development Block Grant program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to over 1,200 general units of local government and States.

CDBG Recipient: Local governments are known as grantees or recipients and also referred to as units of general local government (UGLG).

CFR: The Code of Federal Regulations is the codification of the general and permanent rules and regulations (sometimes called administrative law) published in the Federal Register by the executive departments and agencies of the federal government of the United States. The CFR is divided into 50 titles that represent broad areas subject to federal regulation.

Citizen Participation Plan: A plan prepared in accordance with 24 CFR 570.486 which describes how an entitlement community/ grantee will include and encourage citizen participation, especially by low- and moderate-income citizens.

Conflict of Interest: When an individual or organization is involved in multiple interests, one of which could corrupt or be perceived as corrupting the fair and objective allocation of funds or procurement of goods and services.

Consolidated Annual Performance and Evaluation Report (CAPER): An annual report submitted to HUD in accordance with 24 CFR Part 91, on the objectives, activities, and budget set forth in the Annual Action Plan and the progress on the threefive-yearyear consolidated plan.

Consolidated Plan: The Consolidated Plan is a three-to five-year strategic plan prepared in accordance with 24 CFR Part 91, and describes the needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development (CPD) formula programs, including CDBG. An approved Consolidated Plan is one which has been approved by HUD.

Contractors: A contractor is an entity paid with federal grant funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process.

Corrective Action Plan: A plan prepared by a subrecipient to correct issues of non-compliance within a specific schedule.

Cost Allocation: The identification, aggregation, and assignment of centralized costs.

Cost Allocation Plan: A description of a process whereby services provided on a centralized basis (e.g., information technology, purchasing, accounting services) can be identified and assigned to benefitted departments on a reasonable and consistent basis.

CPD: The Office of Community Planning and Development is an office within HUD that administers and provides federal oversight of the CDBG and HOME programs, along with other federal programs that provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons.

Davis-Bacon Act: Establishes the requirement for paying the local prevailing wages and fringe benefits, as determined by the U.S. Department of Labor. It applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000.

Department Program: An eligible activity or service provided by Community Development staff through a non-competitive application process.

Draw Down: Refers to the process of requesting and receiving grant funds from HUD. Grantees draw down funds from a line of credit established by HUD in IDIS. Subrecipients typically draw down funds from grantees.

Economic Development: Activities to improve the economic health and standard of living in a community that generally include job creation or retention goals. Depending on the nature of the activity, eligible economic development activities may be subject to public services or administrative caps.

Entitlement Community: A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program. Entitlement Communities that lose population may still be “grandfathered” into the program and continue to receive grant funding. An Entitlement Community is sometimes referred to by HUD as a grantee or recipient.

Entitlement Grant: Federal funds received by an entitlement community in a program year.

Environmental Review Record (ERR): An assessment report of the effects a federally funded project will have on the environment and must be completed before any funds are expended on a project. The assessment is completed in HEROS and follows the requirements of 24 CFR Parts 50 and 58.

Funding Cycle: The time period associated with the allocation of projected HUD grant funds for the upcoming program year(s). The funding cycle is most commonly an annual cycle that runs concurrently with the County’s fiscal year of October 1 through September 30.

HUD’S Environmental Review Online System (HEROS): An online system for developing, documenting, and managing environmental reviews. Access to this system is requested from the HUD Region V Environmental Officer.

Household: All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

Housing Rehabilitation: Activities that assist homeowners with the repair, rehabilitation, or reconstruction of owner-occupied and rental units.

HUD: The U.S. Department of Housing and Urban Development (HUD). HUD establishes the regulations and requirements for the grant programs and has oversight responsibilities for the use of its grant funds.

HUD Guidelines: All tools, guidebooks, trainings, notices, and other guiding materials and correspondence provided by HUD or CPD regarding the laws and regulations of its federal grant programs.

Integrated Disbursement and Information System (IDIS): An on-line nationwide database that provides HUD with current information regarding program activities and funding data. User identifications and passwords are issued by HUD.

Income: Gross income for a household as defined by 24 CFR Part 5 is used for all CDBG and HOME funded programs.

Indirect Costs: Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Indirect Cost Rate: A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio, expressed as a percentage, of the indirect cost rate.

Indirect Cost Rate Proposal: The documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.

Low- and Moderate Income: Low- and moderate income (also referred to in this manual as LMI) means family or household annual income less than the Section 8 Low income Limit, generally 80 percent of the area median income, or a person within such household, as established by HUD. A minimum of 70% of all households receiving services using CDBG funding must have a low-moderate income.

Low-Income Household/Family: A household/family having an income equal to or less than the Section 8 Very Low Income limit (50% of the area median income) as established by HUD.

Minimum Contracting Standards: A set of standards required before the execution of a Subrecipient Agreement. The standards indicate the minimum administrative and financial framework required to manage public funds.

Minority Business Enterprise (MBE): A business concern that is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian-Pacific American or Asian-Indian American; and whose management and daily business operations are controlled by one or more of these owners.

Moderate Income Household/Family: A household/family having an income equal to or less than the Section 8 Low Income limit (80% of area median income) established by HUD, but greater than the Section 8 Very Low Income limit (50% of the area median income) established by HUD.

Monitoring Visits: Visits to subrecipient programs by the Community Development Department staff to evaluate the progress/performance of the program and/or to provide technical assistance.

Neighborhood Revitalization Strategy Area (NRSA): A geographic area approved by HUD that meet certain criteria. The local community can develop comprehensive approaches to address economic development and housing needs.

OMB: The Office of Management and Budget (OMB) is the largest office within the Executive Office of the President of the United States. The main function of the OMB is to assist the President in preparing the budget. The OMB issues budget instructions or information, known as circulars, to Federal agencies.

PR Reports: Standard program reports generated in IDIS that provide financial and performance information.

Presumed Benefit: Benefit a group of clientele that is presumed to be principally low-moderate income. Presumed benefit groups include abused children, battered spouses, severely disabled adults, homeless persons, illiterate adults, persons with AIDS, migrant farm workers, and elderly persons over 62 years of age.

Program Income: Program income is the gross income received by the grantee and its subrecipients directly generated from their use of CDBG or HOME funds.

Program Year: The one-year period of time that is used to grant, implement and report on grant funded activities. Brazoria County's program year begins October 1 and concludes September 30 of the following year.

Public Service Activity: A type of CDBG eligible activity that includes but is not limited to services related to education, employment, crime prevention, child care, health, homelessness, drug abuse, fair housing counseling, senior services and youth services. To be eligible for CDBG assistance, a public service must be either a new service or a have a quantifiable increase in services.

Public Services Cap: A maximum of 15 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on public service activities.

Resident: Citizen that resides with the service area for the Brazoria County HUD grant program.

Section 3: Section 3 of the Housing and Urban Development Act of 1968 established the Section 3 Program, which requires recipients of HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Service Area: The Brazoria County Community Development Service Area includes all of the unincorporated area of the County and the xx cooperative cities that have signed agreements to participate in the County Community Development programs. The cities of Pearland, Iowa Colony, Hillcrest Village, Quintana Beach and Liverpool are not included in the Brazoria County Service area.

Statement/Scope of Work: An exhibit of the subrecipient agreement which must include the project description, the national objective claimed, activity descriptions, intended beneficiaries (number and type), detailed budget and location(s) of program related activity.

Subrecipient: An entity charged with implementation of one or more activities funded with Brazoria County CDBG dollars.

Subrecipient Agreement: A written agreement between the Brazoria County and the subrecipient that is required before HUD grant funds are disbursed.

Target Areas: A geographic area within the Brazoria County that has a minimum of 51.0% low-moderate income population.

Technical Assistance: Assistance to an entity by another entity with more knowledge in the applicable subject field, resulting in increased capacity or knowledge of the assisted entity.

Timeliness & Timeliness Spending Test: The annual measurement by HUD that determines the timely expenditure of CDBG funds. A grantee cannot have more than 1.5 times its annual allocation of funds unspent within 60 days of the end of its program year to be considered timely. Progress may be monitored in IDIS through the PR 56 report.

Urgent Need: Activities designed to alleviate existing conditions of recent origin (18 months) that pose serious threats to the health and welfare of the community. This objective may only be used if the community cannot finance necessary activities with other sources. Generally, this national objective may only be used following the declaration of national disaster where other funds are not available to alleviate the serious threat to the health and welfare of the community.

Women's Business Enterprise (WBE): A business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of those owners.

III. ADMINISTRATION

A. The Brazoria County CDBG and HOME programs are operated through the Brazoria County Community Development Department (BCCD) and are primarily staffed by the Community Development Director, Housing Programs Manager, Housing Specialist, Financial Coordinator, Program Coordinator and Clerk, who are responsible for the day-to-day operations of the programs.

The County Judge serves are the Chief Elected Official for the County and is authorized by the County's Commissioners Court to sign grant agreements, contracts, certifications and environmental review records that require an Environmental Assessment (EA) Other County Departments coordinate efforts to ensure compliance with all federal and state regulations that apply to the Department operations and administration of grants. The following is a summary of Departments and corresponding responsibilities used to carry out grant administrative duties:

Commissioner's Court

- Review, recommend and approve infrastructure, public service and discretionary grant awards, action plans, grant applications and other related actions.
- Grant signature authority, and related action authority for community development projects and programs.

County Judge

- Certifies Environmental Review Record (except for activities that are Exempt or are Categorically Excluded that convert to Exempt)
- Certifies Consolidated Plan and Annual Action Plan (as granted by Commissioners Court order)
- Signs Grant Agreements and Certifications (as granted by Commissioners Court order)
- Signs other Grant Related documents (as granted by Commissioners Court order)

Auditor

- Audit
- Finance and Budget

Treasurer

- Process and certify comptroller deposits

Purchasing Department

- Purchase Orders
- Procurement and Procurement oversight

Engineering

- Manage capital projects, regulate development and issue permits, support county wide GIS, and manage road and bridge operations
- Provides guidance on infrastructure needs in the community
- Prepares scopes of work for CDBG funded infrastructure projects (County projects only)
- Program management and construction oversight (county projects only)
- Oversight of third-party engineering services, when needed

Community Development Department

- Provides overall guidance and oversight on how CDBG (including CDBG -DR, CDB-MIT, CPF and HOME funds are spent
- Prepares and submits Consolidated Plan, Annual Action Plan and CAPER reports
- Prepares Fair Housing Plan and conducts fair housing activities
- Completes environmental review records, and Requests for Release of Funds (RROF) through HEROS
- Prepares and updates Citizen Participation Plan
- Update project funding application annually

- Issue annual application process with non-profits and participating cities
- Review and recommend grant awards to Commissioners Court
- Housing Rehabilitation Program: Reviews applications for eligibility; select project applications by lottery; bids and recommends awards for housing rehabilitation activities; and oversee construction and inspect housing rehabilitation projects.
- Conduct labor standards compliance review and worker interviews
- Implements and manages direct rent and utility assistance program
- Manage and oversee subcontracts as needed (Environmental consultant, Con Plan consultant, etc.)
- Requests purchase orders; prepare and complete drawdowns; and prepare journal entries in financial management system.
- Maintain and track grant budgets and expenditures (KM and Timeliness Worksheets)
- Compliance monitoring of subrecipients
- Provide technical assistance to subrecipient agencies
- Management and enter data into HUD and other systems for project and financial management (IDIS, HEROS, TIGR, etc.)
- Create and maintain project grant files
- Maintain communication with HUD representatives and other funding organizations
- Submit various HUD reports such as Quarterly Cash Transaction; MWBE; and Contract & Subcontract Activity report
- Research and apply for non-HUD grant funding

B. Administrative authority for operation of the Program will rest with Brazoria County Community Development Department. The Community Development (hereinafter referred to as BCCD) Director will serve as the Department Head for the Community Development Department. The BCCD Director will serve as the County's liaison and representative between participating Cities, Commissioner's Court, HUD, and/or other federal, state, and/or local representatives.

C. The BCCD will have direct responsibility for the administration of the CD Programs, Projects, and Activities. Those responsibilities shall include, but are not limited to, the authority to approve applications eligible for assistance, deny assistance, approve of scopes of work to be undertaken within the Program Guidelines, as well as recommendations to Commissioners Court for the awarding of projects. The BCCD Director is directly responsible for the Department staff and makes decisions regarding staff and the assignment of duties. The CD Director responds to Commissioners' Court inquiries and works directly with the Commissioners and County Judge. The BCCD Director will also work directly with other agencies, organizations, and the public in the interest of the County.

See Attachment A- Organizational Chart.

IV. COMMUNITY DEVELOPMENT CALENDAR

Generally, the CDBG and HOME programs will be carried out according to the below calendar of major events based on the Fiscal Year:

October 1	Fiscal Year Start
October 1-30	Review Home Rehabilitation Applications, and select applicants via lottery for approval

October 15	Semi Annual Labor Standards Enforcement Report due to HUD Labor Office & Annual Minority and Women Contractors Report due to HUD
October 15	Receive final subrecipient reports and invoices for prior FY
October 15-31	Prepare and complete final FY drawdown and close out complete activities for PY in IDIS
October 15-November 30	Prepare CAPER, Conduct CAPER Public Comment Period and Public Hearing
December 1	Submit CAPER to Commissioners Court for approval
December 31	CAPER due to HUD Field Office via IDIS
January 1-31	Review budgets and complete any action plan amendments
January 1-31	Send out PFI subrecipients bidding instructions, wage decision, Section 3 information, reminder notice to not proceed until RROF received, and required contract documents for use in bidding and contracting PFI projects
February 1-28	Review and Revise Funding Applications
March 1	Send out Public Service and Public Facility/Infrastructure Applications
March 1-31	Reminder to Participating Cities re: Fair Housing Proclamation
April 1-30	Finalize Subrecipient Monitoring Schedule (PS Activities)
April 1-30	Adopt Fair Housing Proclamation/Conduct Fair Housing Training/ Participate in Fair Housing Activities
April 15	Receive and review applications for Eligibility
April 15	Semi Annual Labor Standards Enforcement Report due to HUD Labor Office & Annual Minority and Women Contractors Report due to HUD
May 1	Receive Commissioners and County Judge Funding Recommendations
May 15-June 30	Prepare, Publish Annual Action Plan for public comment period (30 days), and conduct public hearing
July 15	Issue Environmental Review project summaries to Environmental Review Consultant
July 15-30	Submit Annual Action Plan to Commissioners Court for Approval
August 15	Submit Annual Action Plan in IDIS to HUD
August 1-30	Review and revise Home Rehabilitation Application
September 1-30	Prepare and issue Subrecipient Agreements for execution and start October 1

September 1-30	Open Home Rehabilitation Application process
September 30	Fiscal Year End

V. COMMUNITY OUTREACH AND CITIZEN PARTICIPATION PLAN

Brazoria County qualifies as an Urban County and receives CDBG funding directly from HUD. As a recipient of such funding, Brazoria County citizens, public agencies and other interested parties are guaranteed a role in the development and review of plans and performance reports and recommended use of grant funding. The Citizen Participation Plan (CPP) sets forth those procedures.

The CPP will be updated on the same cycle as the Consolidated Plan and will be approved as a stand-alone document by the Brazoria County Commissioners Court.

Brazoria County citizens, public agencies and other interested parties shall be encouraged to participate in the community development process by providing feedback in writing and at public hearings on awards, plans, plan amendments, environmental review records, and evaluation reports. Additionally, BCCD shall seek input from the community on housing and community development needs through outreach and notification seeking such input.

See Citizen Participation Plan for more specific details.

VI. CONSOLIDATED PLAN, ANNUAL ACTION PLAN AND CAPER

A. The 5-Year Consolidated Plan, Annual Action Plan and CAPER are primarily the responsibility of the BCCD.

B. Projects and Activities for the Annual Action Plan are selected based on a process that begins around the first of March each year. At least one Public Hearing is held to announce the amount of funding available and proposed projects, as well as to gather public input. Another public hearing shall be held prior to the development of the plan to seek community input on housing and community development needs.

VII. ACTIVITY/PROJECT SELECTION PROCESS

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

There are many aspects that must be considered in selecting activities to assist under the CDBG Program. The County distributes its CDBG funding between the participating Cities, the Commissioner's and the County Judge for allocation purposes as follows:

(1) The County allocates funds to Public Facility and Infrastructure projects to participating cities typically on a three-year cycle. The amount of these allocations is based on city size (small, medium and large) as determined through review of census data and input from participating cites. The Cities receiving the current year's funding are notified by e-mail regarding the amount they will be receiving, a Public Facility application, and a date when the application is due back to BCCD. The information is given to the allocated Cities around the end of March and is due to the BCCD around or near May 1st.

(2) The County Judge and each of the four Commissioners are also allocated amount as determined by the BCCD. The amount allocated is based on the prior year CDBG funding and anticipated reductions or increases to the allocation. Generally, the funds are to be used for any eligible Public Service project of importance to the County, as well as other projects that meet the 5-Year Consolidated Plan objectives. The BCCD consults with the County Judge and the Commissioners regarding eligible projects and activities. Public Facility and Public Service applications are given to prospective applicants and the BCCD requests a copy of the applications that are submitted to each of the Commissioners and County Judge. Commissioners and the County Judge notify the BCCD Director of the projects and amounts they wish to fund for that year. The timeframe and notifications for receiving this information is generally around May 15th.

The County follows several steps to determine if CDBG funds may be used to athe proposed a proposed activity. Once the applications have been received:

(1) The BCCD reviews the application to determine if the activity:

  (a) Is eligible (per 24 CFR 570.201-206), meets a national objective (per 24 CFR 570.208) in the CDBG statute, and complies with all other federal requirements;

  (b) Meets a goal and/or objective set out by the County's 5-Year Consolidated Plan. Additionally, the activity must be an identified priority to receive CDBG funding,

  (c) Will not result in the County falling below the requirement that at least 70% of the CDBG expenditures will be for activities that are considered to benefit L/M income persons,

  (d) Will not result in exceeding the 15% cap of CDBG expenditures expended on Public Service activities,

  (e) Will not result in exceeding the 20% cap of CDBG expenditure on planning and administrative activities, and

  (f) Proposed costs appear to be necessary and reasonable and will otherwise conform with the requirements of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable.

(2) If the proposed project meets the above standards, the proposed projects and Action Plan are presented to the public via a public hearing published in the County newspaper with at least a 30-day public comment period. If the activity is not approved, funding is allocated to another eligible project by the participating City/County official. Additional time may be granted if the City/Applicant is able to provide updated information that would deem the project eligible.

(3) The proposed Action Plan is presented in Commissioner's Court for Court approval. Commissioner's Court approval of the Action Plan is the final step in the approval process for eligible projects/activities. If approved in Commissioner's Court, the Action Plan is then submitted to HUD for their approval.

(4) If the City application pertains to Housing activities, the City will be required to submit a proposed plan for the applicant selection process. This plan must be reviewed and accepted by BCCD . CDBG Housing activities will follow the CDBG Housing Rehab Minimum Standards.

(5) CDBG funds may also be used for onsite septic and water wells, with the same steps being followed.

See Guide to National Objectives and Eligible Activities for Entitlement Communities, as well as, specified HUD regulations for more specific details.

HOME PROGRAM ACTIVITIES

The BCCD staff shall be responsible for the overall administration of the HOME funded Programs that meet the requirements of 24 CFR 92. These programs shall be operated in accordance with all applicable rules and regulations of the U. S. Department of Housing and Urban Development (HUD) and Brazoria County. The HOME Program is under the direct supervision of the BCCD Director and the Brazoria County Commissioner's Court.

<u>HOME Rehab/Reconstruction Program</u>. The sole purpose of this program is to assist low-to-modern income homeowners with providing a decent, safe, and sanitary place to live through financial assistance towards housing repairs or reconstruction.

1. The maximum amount of grant assistance provided to an applicant for rehabilitation is generally $90,000. Additional funds may be allocated for water wells and septic systems, if failing upon initial inspection, or if $90,000 is not sufficient to complete the needed repairs, the HOME Program Staff may authorize that additional funds be made available to the applicant(s) subject to the availability of funds and inability to meet the Minimum Rehabilitation standards. It is the sole discretion of the CD staff to determine the feasibility of a rehabilitation vs. reconstruction based on the condition of the home and if the repairs will sustain the homeowner through the period of affordability. In the event the home is not feasible to repair, reconstruction is recommended.

2. The minimum amount of grant assistance which may be provided to any applicant for rehabilitation assistance shall be One Thousand Dollars ($1,000.00).

3. The financial assistance will be in the form of a no-interest deferred payment loan (DPL) which will be forgiven over a period of time and then released at the end of the applicable affordability period. If the home is sold prior to the expiration of the affordability period, the owner will be required to repay the unforgiven balance of the loan. The affordability period shall be five (5) years if the amount of assistance is less than $15,000, ten (10) years if the amount of assistance is between $15,000-$40,000, and fifteen (15) years if assistance is more than $40,000. In the event of a reconstruction, the affordability period shall be twenty (20) years regardless the dollar amount of assistance.

4. Recipients who have received rehabilitation assistance may not reapply for additional assistance for a period of five (5) years following the expiration of the affordability period.

5. Procurement of construction services will be through a sealed bid process. Invitation to bid will be publicly advertised and general contractors that have shown interest in participation will be sent an invitation to bid through email. Any general contractor may bid on the project that is currently out for bid. Bids are opened in the CD dept. lobby and read aloud to any members present. Bids are generally not rejected, but in the event a bid is rejected, rational and reasoning will be documented in the project file. Bids will be awarded to the lowest most responsible bidder who can complete the work in a timely manner. Notification will be sent to the winning bidder. Fixed price contracts are signed and Contractors shall complete the work for the bid amount plus any approved change order by the time frame agreed in the contract, or may be penalized with liquidated damages.

For more information see the Homeowner Rehab Guidelines and Section VII Bidding Procedures for more specified details.

III. ENVIRONMENTAL REVIEWS

An environmental review assesses the potential environmental impacts of a project to determine whether it meets federal, state, and local environmental standards. Every HUD-assisted project must be examined to ensure that it does not negatively impact the surrounding environment and that the site itself will not have an adverse effect on end users. The extent of the examination varies, but all activities must be in compliance with the National Environmental Policy Act (NEPA) and other related Federal and state environmental laws. Environmental reviews shall be completed by either the Environmental Consultant procured through the County's Purchasing Department or in-house by BCCD staff.

IV. TECHNICAL ASSISTANCE

Technical assistance will be provided by BCCD Staff to Subrecipients, Commissioner's, County Judge, or any other prospective recipient of the funds, as well as the general public. This technical assistance includes, but is not limited to, explaining the procedures used to process applications, eligibility requirements, program requirements, documentation needed to prove eligibility, or any other information or questions as requested.

V. PROCUREMENT POLICY AND BIDDING PROCEDURES

Except for the HOME program, the County may assist the City/Subrecipient in procuring services for construction/public works projects.

The City/County shall follow local procurement procedures compliant with 2 CFR 200 when using HUD funds. In brief:

A. Depending on the potential amount of the project, bids will either be gathered using the procurement procedures and thresholds in accordance with 2 CFR 200 or the provisions of Brazoria County Purchasing Dept., concerning procurement through public competitive bids or competitive negotiations.

B. If competitive bids are required, the bid period shall normally last fourteen (14) days (two weeks) with bid opening occurring on the 15th day. Bids shall be opened publicly at a pre-designated time and place.

C. Routinely, bid award shall go to the lowest <u>responsible</u> bidder that provides the best value to the City/County/Subrecipient. However, a contract may not be awarded to the low bidder should the bid or contractor be determined by the BCCD Director and/or City Council as ineligible or unsatisfactory. To be considered a qualified bidder, a contractor must have demonstrated the quality of their workmanship, stability, and financial soundness to the satisfaction of the City/County/Subrecipient, and that he/she/they have adequate financial resources to complete the project. Contractors who have been suspended from bidding on other City/County/Subrecipient sponsored projects, or debarred from Federal award, will not be considered qualified bidders.

D. If less than two (2) bids are received, City/County/Subrecipients will need to re-bid project and/or show documentation of solicitation to at least 5 vendors in addition to newspaper notice.

E. For homeowner housing activity, the bidding procedures will follow the Procurement Requirement process for sealed bids or quotes as noted in Exhibit C. If applicable, each City may determine the best way to select applicants for their activity if they elect to utilize their current funding for housing purposes. The BCCD will require the City to submit a plan of selection and implementation process depending on the activity (i.e. septic repairs, minor home rehab, etc.), or the City may elect the BCCD to administer their housing project.

See Exhibit C Procurement, Contracting and Purchasing as well as specified HUD regulations in 2 CFR 200.317- 200.326 for more specified details.

VI. CONTRACT REQUIREMENTS

A. For Public Service agencies, meetings are set up to discuss the scope of work, expectations, and all reporting and recordkeeping requirements. Once all questions and comments are answered, the contract is signed and sent to County Judge for signature. After contract signatures are received, funds may be spent on the eligible project.

B. In the interest of all parties involved, to assure that all construction is completed in accordance with City codes and ordinances, and is completed in a reasonable and timely manner; participants in CD Programs shall agree that contractors involved in the provision of such service will be held to certain conditions and standards as set out by the City/County, which include, but are not limited to the following conditions:

1. Bonding or other provisions, as determined by the County, is necessary to assure the contractor's satisfactory performance under the contract and federal dollars are protected.

2. Appropriate contractor's/builder's risk insurance, worker's compensation, and other comprehensive insurance coverage when determined by the County is necessary.

3. All work performed by the contractor will be required to be guaranteed for a one (1) year period. For housing activities, homeowners will be made aware of this guarantee and will be assisted by BCCD staff in enforcing this guarantee should problems arise.

4. Other requirements of law and regulations applicable to Brazoria County, the State of Texas, and the Federal Government, which may be appropriate.

5. Conditions are subject to change, are fully set out in each specific bid process, and may be unique to the project, client, or location.

C. Pre-construction Conference - A pre-construction conference may be held with the Contractor, BCCD staff, and the City/Homeowner/Subrecipient. The meeting will address the extent of the work to be performed, the work schedule, certified payroll requirements, Davis-Bacon requirements, retainage, special conditions, and any specific concerns or questions relating to the project.

D. Form of Contract - Work will be authorized by a written contract between an approved contractor and the City/Homeowner/Subrecipient. For housing activities, the BCCD Staff will assist in preparing the contract for signature by the contractor and homeowner.

Agreements between the City/Homeowner/Subrecipient and the County to fund improvements contained in the contract will be required in order to authorize the use of Federal funds. The contract will consist of a single document including the bid and proposal, general and special conditions of the contract, plans and specifications of work to be accomplished under the contract, and any other relevant or required documents.

E. Change Order Procedure - Change orders may be approved by the City/County to make changes in scope of work or to allow for cost increases required to pay the cost of repair and/or replacement of actual or incipient code violations which were not observed or known at the time of the preparation of the original contract. Change orders are submitted to the BCCD Department and will be approved when appropriate. Where change orders are substantial, BCCD will seek consultation with the City representative, City Engineer, and/or other parties involved in the project for justification, cost reasonableness, recommendations, and approval.

F. Payment Procedure - Payments will be made based on receipt and approval of a signed pay request from the Contractor/Subrecipient/Engineer according to plans and specifications in the contract and all required documents received. Payments for construction work are subject to 10% retainage. Public Service projects are usually paid directly to the 3rd party vendor/landlord/utility company. The subrecipient may also be paid on a re-imbursement basis after a copy of cancelled check and proof of expenditure is received. For housing activities, the 10% retainage will be held until all punch-list items have been completed and the issuance of a Certificate of Occupancy has been obtained, if applicable, unless problems have surfaced which need to be resolved.

See Exhibit C: Procurement, Contracting and Purchasing and Exhibit D: CDBG Construction Projects for more specified details.

VII. <u>MONITORING</u>

A. For Public Facility projects, before invoices are approved for payment, the file is checked for all contract documents, including signed contract, Council minutes awarding contract, debarments/LDP's, bid tab and all other bids received; certified payrolls through the invoice date, and employee interviews have been completed. If any information is missing, a phone call is placed to obtain it prior to release of the payment. Pay requests must also be signed by the City Representative and the Engineer to determine whether the contractor has satisfactorily completed the work.

B. Public Service projects are desk monitored with every invoice submitted. Files are reviewed to determine if documents supporting the national objective are in the file, beneficiary documentation has been received and is current, the pay request meets the scope of the contract, and funds are still available. Files are also compared to the KM report to determine if the remaining balances agree.

C. On-site monitoring is scheduled for a "First-Time Funded Subrecipient", new staff, if problems arise, or at minimum every three years for recurring subrecipients even in the absence of problems during the contract period. When it is determined that an agency will be monitored on-site, a letter is sent out notifying the agency of the scheduled audit. The letter also lists the date and time of such meeting and requests that all key personnel that are involved with the grant attend. Generally, a 2-week notice is given, if not longer, to allow the Subrecipient time to gather the information requested in the letter; so if files are in storage, they have time to retrieve the files. Files are then reviewed by the BCCD Monitoring Staff, and any findings are noted. A letter noting the deficiencies or findings is sent to the agency with suggested improvements and/or required actions, and if applicable, a timeframe for a response. A follow-up consultation is then scheduled if there are significant findings. If an agency does not correct the findings, then a recommendation is presented at Commissioner's Court requesting the contract and funding be terminated.

D. Inventory that is purchased with Brazoria County CDBG or HOME funds, is entered into an Inventory Control Log. Physical inventory with a purchase price of $5,000.00 or more is monitored at least once every two years until the affordability period is complete, equipment is sold, or the useful life of the equipment is exhausted.

VIII. SUBRECIPIENT FINANCIAL AUDIT REVIEW

A. Financial Audit reports are due from any Subrecipients expending more than $750,000 in federal funds 30 days after receipt of final audit report.

B. BCCD shall review report for any findings or concerns.

C. BCCD shall notify Subrecipients of any findings that could possibly pertain to HUD funds requesting response which includes deadline, corrective action, and a process to appeal the finding as stated in Section XV: Complaint Resolution Procedures, of this document.

See Exhibit B: Audits for more specific details.

IX. DRAW AND PAYMENT PROCEDURES

A. CDBG and HOME

a) The BCCD Director manages the IDIS system and determines who will have access to the system and who will perform the specific duties. The BCCD Director, Program Coordinator and Housing Specialist may set up the IDIS Activities and enter IDIS data. The BCCD Assistant Director, Program Manager or Financial Coordinator creates IDIS draws. The BCCD Director or Program Manager approves the draws. At no time will the same person create and approve a drawdown. Financial responsibilities are separated in accordance with HUD recommendations and sound fiscal management.

b) Periodic drawdowns will be made from the IDIS system for grant related expenditures. The payment details are collected and reviewed by the BCCD Director, Program Coordinator or other designated BCCD staff. A voucher is created in IDIS to correspond to the GL expenditures. After a voucher is created, the voucher is approved by the BCCD Director or other person that did not create the voucher. The approved voucher is electronically deposited from HUD directly into a designated County bank account. The account is monitored by the Treasurer's Dept. When the drawn-down funds are deposited into the account, the Treasurer's Dept. notifies the Financial Coordinator with the amount of the deposit. The Financial Coordinator verifies that the deposit is the same as the voucher created and prepares a Journal Entry to post the deposit to the respective revenue accounts. After the draw and journal entry are completed, the Financial Coordinator then processes three (3) different reconciliations to verify all funds and accounts tie.

i) A GL revenue and expenditures report is run to verify the accounts zero out,

ii) The GL is reconciled to IDIS expenditures, and

iii) Budget/expenditure (KM report) is reconciled to the GL.

c) The Financial Coordinator maintains a spreadsheet (KM report) that tracks each HUD funded activity and verifies that the drawn amounts equal the spreadsheet amount. The Financial Coordinator periodically reconciles balances on the spreadsheet with the LOCCS balance as provided by HUD/IDIS. The spreadsheet is also utilized to track timeliness issues with expenditures.

d) Draws are to be made periodically and typically are lumped together for the purpose of minimizing the number of draws and the documentation, as well as in the interest of staff time.

B. CDBG-DR/ CDBG-MIT, or other programs administered through the State

a) For CDBG programs received through the State of Texas (generally through the Texas General Land Office (GLO)), the County will normally procure a Grant Administrator (GA) to support the administrative activities of the grant including the financial/fund drawdown process. In coordination with the GA, the BCCD Director shall coordinate and oversee the payment process to vendors and contractors, and for reimbursements to the County for force account and other activities. The GA will be responsible for preparation of drawdown paperwork for county review and approval. Approval is received when a drawdown is signed by the County Judge and County Treasurer or other Commissioners Court authorized signatory.

b) Regular drawdowns are prepared by the GA and submitted as needed to ensure timely expenditure of funds and to remain compliant with grant requirements. Upon receipt of deposit of funds, the BCCD Financial Coordinator verifies the deposit is consistent with draw request, notifies the Treasurer's office to transfer funds to the operating account, and prepares a Journal Entry to post the deposit to the respective revenue accounts. The Financial Coordinator will next prepare a billhead and submit the payment to Accounts Payable for payment to the contractor or vendor, and all payments shall be processed as soon as practicable upon receipt of the deposit of funds from the GLO. If deposit is received prior to a Monday, a payment is generally processed and issued by the following Friday to remain compliant with the State prompt payment requirement. After the draw, journal entry and billhead are completed, the Financial Coordinator then processes reconciliations to verify all funds and accounts tie.

i) A GL revenue and expenditures report is run to verify the accounts zero out,

ii) The GL is reconciled to expenditures, and

iii) Budget/expenditure (Drawdown report) is reconciled to the GL.

c) BCCD and the GA shall work to maintain grant schedules and ledgers documenting every drawdown received, signed and submitted for reimbursement; including the check number, date of receipt and date payment was issued to the vendor/contractor.

C. The BCCD operates primarily on reimbursement. The County expends General Fund Dollars and then is reimbursed by HUD or GLO for the expenditures.

X. FINANCE

A. All bank accounts, whether specific to CD or other County departments, are maintained by the Treasurer's Office, reconciled by the Auditor's Office, and are subject to an external auditor's review. Those records are kept with the Auditor's Office. The BCCD files the expenditures by activities, whereas the Auditor's Office files the expenditures in accordance with their policies.

B. Accounts Payable and Receivable - Accounts Payable and Receivable data entry is handled by the Financial Coordinator. The expenditure is approved after review of the documentation provided by the City/Subrecipient/GA and the Financial Coordinator enters the invoice for payment. The invoice is then sent to the Auditor's Office for final verification and processing. Check stock is maintained in the Treasurer's Office. Checks are processed, printed, and returned to the Auditor's office for processing. The checks are then returned to the Treasurer's office for mailing or if requested, returned to BCCD department for pick-up by the vendor.

See Exhibit A: Financial Management System for more specific details.

XI. FORMS/RECORDKEEPING REQUIREMENTS

A. Typically, all forms used as part of the implementation of the BCCD programs and which constitute legal instruments, such as contracts/agreements, will be approved by the District Attorney's Office prior to their use. All other forms necessary for program use are developed by staff, and approved by the BCCD Director.

B. BCCD Program staff will be responsible for maintaining accurate and complete files as required by HUD on each Program applicant and recipient of assistance.

C. Program files and documents will be retained for a period of seven (7) years from date of completion, or longer, if deemed appropriate, by the BCCD Staff. Clients' data, documents, and personal information, such as copies of driver's licenses, social security cards, or income information, will be shredded when time to discard the files or documents. Personal client information is confidential and private and will be used only in relation to the assistance the client is seeking. Client personal information is not open to the public and is considered confidential.

See Exhibit F: Recordkeeping and Reporting Requirements for more specific details.

XII. OVERSIGHT BY COUNTY

Checks and balances are in place in several areas with regard to the BCCD Department, including the separation of IDIS duties, financial responsibility, procurement duties, and the oversight of the CD Program. The grant specific audit procedures are also reviewed and carried out by the Auditor's office and through the County's contracted Single Auditor firm as a part of the county's annual audit.

XIII. COMPLAINT RESOLUTION PROCEDURES

All written complaints shall be forwarded to the County's Community Development Department immediately upon receipt. Upon receipt of a written complaint, the Community Development Department will research the situation, as well as local and federal guidelines and regulations to determine whether the complaint is justified and recommend action, if appropriate. A written response outlining the determination and any proposed action shall be made within fifteen (15) working days of the receipt of the written complaint. If the complaint cannot be addressed within fifteen (15) days, the person(s) shall be notified as to when a response can be expected. If the complaint cannot be resolved to the satisfaction of the person filing it, he or she may submit such complaint to the County Judge for further consideration. The County Judge shall either agree with or modify the decision rendered by the Community Development Department staff. The decision of the County Judge shall be final except in cases where legal remedy is available by state and federal law.

Citizens desiring information, wishing to make comments or suggestions, or to file a complaint, should direct communications to:

L.M. "Matt" Sebesta Jr., County Judge
Brazoria County Courthouse
237 East Locust Street, Suite 401
Angleton, Texas 77515
(979) 864-1200

Daphne Lemelle, Director
Brazoria County Community
Development Department
1524 East Mulberry, Suite 162
Angleton, Texas 77515
(979) 864-1860

PASSED and **APPROVED** this **14th** day of **July, 2026** by the Commissioner's Court of Brazoria County, Texas.

EXHIBIT A

FINANCIAL MANAGEMENT SYSTEM

Regulations - The requirements for financial management systems and reporting are found in the following:

- 2 CFR Part 200 for governmental and public agency subrecipients.
- 2 CFR Part 200 for private non-profit subrecipients.

Purposes – The purpose of a financial management system is to:

- provide control and accountability over funds and assets.
- identify source and application of Federal funds to activities.
- allow for accurate and timely financial reporting.
- minimize time elapsed from transfer of funds to disbursement.

Internal Controls - Internal controls ensure that:

- resources are used for authorized purposes
- opportunities for waste, mismanagement or loss are minimized
- reliable information on the source, amount and use of resources are secured, up-to-date, and recorded

Basic elements of an internal controls system include the following:

- organizational chart
- written definition of responsibilities and duties of key employees
- separation of duties
- staff qualifications commensurate with job responsibilities
- formal system of authorization and supervision to provide accounting control over assets, liabilities, receipts, and expenditures
- control over access to assets, IDIS, and confidential documents
- comparisons of financial records to actual assets and liabilities

Basic Accounting Records – It is necessary to have accounting records that adequately identify the source and application of CDBG, CDBG-DR, CDBG-MIT and HOME funds. Basic elements of our accounting system include the following:

- general ledger
- inventory log
- time sheets and payroll records
- support documentation (i.e., invoices, purchase requisitions)
- journal entries (for payroll corrections only)
- budget and expenditure detail report
- KM and timeliness report
- HOME remaining funds

- Ledger for calculating and tracking interest earned on federal advance payments.

Sources and Uses of Funds – Accounting records must contain reliable and up-to-date information about the sources and uses of funds:

- grant awards and/or written agreements
- current authorizations and obligations
- unobligated balances
- assets and liabilities
- program income
- actual expenditures from which the funds are derived (Program year)

Budget Controls – In order to compare and to control expenditures against approved budgets, an accounting control system must be in place to:

- Maintain amounts budgeted for activities
- Compare actual obligations and expenditures against approved budgeted line items. After each drawdown:
    - General ledger to Drawdown
    - YTD Revenue to YTD Expenses
    - Budget and Expenditure Detail Report to Timeliness Report
    - Timeliness Report to IDIS
- Monitor unexpended or unobligated balances to determine if it will be necessary to revise the budget or to reprogram the funds

Cash Management – Regulations require that the time between receipt of grant funds and the actual disbursement of those funds must be minimized. Funds drawn down must be disbursed within fourteen (14) business days. The County has chosen to use a reimbursement method based on actual expenditures incurred by any subrecipient instead of advancing funds to the subrecipient.

- Prepare and submit quarterly SF 425 for CDBG grants

Fidelity Bonds - Fidelity bond coverage must be obtained for Subrecipients key accounting staff in the event of direct Subrecipient reimbursement.

Allowable Costs – The standards for determining the reasonableness, allowability, and allocability of costs incurred on CDBG funded activities are found in 2 CFR Part 200 for governmental and public agencies, as well as for non-profit entities. No indirect costs are allocated for individual projects. According to basic guidelines a cost is allowable if:

- the expenditure is necessary, reasonable and directly related to the grant funded activities
- the expenditure is authorized by the governing body
- the expenditure is not prohibited under Federal, State or local laws
- the expenditure is consistently treated
- the cost must be allocable to the CDBG, or HOME program
- the cost is net of all applicable credits such as discounts

Ineligible costs include entertainment, contributions and donations, sales tax, fines, penalties, and bad debts. Other prohibited costs include buildings used for the general conduct of government, general government expenses and financing the cost of political activities. Other types of ineligible costs, unless otherwise authorized, include, but are not limited to:

CDBG Program

- Purchase of construction equipment (unless eligible for solid waste disposal)
- Purchase of equipment, furnishings, fixtures or motor vehicles or other personal property (unless part of a public services activity, firefighting equipment, or is necessary in the administration of CDBG activities)
- Operating and maintenance expenses (except for expenses associated with public services activities, interim assistance, or office space for program staff employed in carrying out the CDBG activities)
- New housing construction (unless performed in accordance with last resort housing provisions under the CDBG program or by a CBDO)

HOME Program

- Project reserve accounts or operating subsidies
- Tenant based rental assistance for the special purposes of the existing Section 8 program
- Assistance for the operation of public housing

Source Documentation – All documentation must be readily available for review by the County or HUD officials. The general regulations for source documentation requirements are found in:

- 2 CFR 200.302 Government and public agency subrecipients.
- 2 CFR 200.302 for private non-profit and for-profit subrecipients.

Supporting documentation is necessary to show that costs charged against grant funds were incurred during the effective period of any grant or subrecipient agreement, were actually paid out or accrued, were expended on allowable items, and have been approved by the proper governing bodies.

Examples of the types of documentation include:

- Payroll - Time and attendance records should be kept to support salary and related benefit costs if CDBG/CDBG-DR/CDBG-MIT/HOME/HOME-ARP funds are used to pay them. If an employee's time is split between CDBG and another funding source, the distribution of the employee's time must be recorded. Justification for the payroll versus the objective should be noted. Force Account Reimbursement Personnel Cost Calculation reports in regards to CDBG projects are maintained by respective County departments. Each department working on grant funded projects endeavors to submit its force account documentation to the BCCD Department on a timely basis (within 60-90 days) to prepare and submit to the GLO or HUD for reimbursement.

- Space and Utilities - Rental or lease agreements and utility bills must be kept. Canceled checks should support all type of expenses.

- Supplies - Vendor invoices which have been signed off by the subrecipient to indicate the goods and services were received. Canceled checks should support these expenses if the subrecipient is reimbursed for this cost.

EXHIBIT B

AUDITS

Audit Required - Any time a subrecipient spends $1,000,000 or more in Federal funds in a year, a formal single audit must be performed and provided to the County. The audit must be conducted in accordance with 2 CFR 200 Subpart F – Audit Requirements non-federal entities expending federal funds.

The Audit is due within thirty (30) days of its completion. In instances where the subrecipient does not receive $1,000,000 or more in Federal funds but still performs an annual audit, the County will require that this audit report be submitted.

An Audit Certification Form is included in the Appendix for use in reporting to Brazoria County expenditures of grant funds.

Procurement/Selection of Auditor - If grant funds are to be used to pay the costs of an audit, the procurement and selection of an auditor must comply with the requirements of the following

- 2 CFR 200.509, which also refers to Procurement Standards as set forth in 2 CFR 200.317-326, Subpart D –Post Federal Award Requirements or the FAR (48 CFR Part 42) as applicable.

In evaluating prospective auditors, a subrecipient should consider the candidates' relevant experience with the type of audit requested, qualifications and technical abilities of the specific staff to be assigned, and the results of peer and quality control reviews. Cost considerations should only be a selection factor when the other criteria have been met. Also, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women owned businesses as stated in 200.321.

Management Letter and Response - Upon receipt of the Audit, the Brazoria County Community Development Staff will review the report and notify the subrecipient of any findings or recommendations. A written response from the subrecipient is required within thirty (30) days stating what corrective actions that will be taken by the subrecipient. In general, corrective action to correct findings or to implement recommendations must be completed within one (1) year or sooner if required by the County.

EXHIBIT C

PROCUREMENT, CONTRACTING AND PURCHASING

Procurement

There are five types of procurement methods as defined by 2 CFR Part 200.320. They are:

- Micro-purchase method – Micro-purchases may be awarded without soliciting competitive quotations if the entity considers the price to be reasonable. This method is used when purchasing supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed $5,000. To the extent practicable, these purchases must be distributed equitably among qualified suppliers.

- Small purchases method - This method is used when purchases are relatively simple and informal and are securing services, supplies, or other property that does not cost more than the Simplified Acquisition Threshold. Currently the threshold is $150,000. Oral and written price quotations must be solicited from at least three sources with at least two bids or quotes being received. A copy of the "Small Purchase Record" for documenting small purchases is included in the Appendix.

- Competitive sealed bid method – This is the preferred method if the procurement lends itself to a firm fixed price contract. This method is required by State law for public works expenditures over $100,000 and requires the formal advertisement for bids. For housing projects over $100,000, competitive bids are publicly advertised and solicited by email from interested parties. The bid notice should include clearly define the goods or services needed. Two or more responsible bidders are needed for effective competitive procurement. If less than two (2) bids are received, Grantees/Subrecipients will need to re-bid project and/or show documentation of solicitation to at least 5 vendors in addition to newspaper notice. Bids must be received with the contract being awarded to the lowest most responsive and responsible bidder.

- Competitive proposal method – This method is to be used when securing architectural, engineering and auditing services if any grant funds are used to pay (in part or in whole) for these services. Request for proposals must be solicited from an adequate number of vendors and a notice for such proposal must be published in a newspaper having general circulation throughout the County (e.g., The Facts). If only one (1) proposal is received, Grantees/Subrecipients will re-request proposals and need to show documentation of solicitation to at least 5 vendors in addition to newspaper notice documentation. The contract must be awarded by negotiating with the vendor receiving the highest ranking based on a predetermined evaluation criterion. Costs analysis must be performed prior to solicitation.

  Please note: The State of Texas bidding laws are included in Local Government Code Chapters 252.001 (RFP's), 271.001 (Public Works), and 2 CFR 200.320, as applicable, which are included in the Appendix of this manual. The use of grant funds to pay for engineering services under an existing retainage agreement is not an allowable cost. Procedures to follow to procure professional services are described in Part 200.317-326 Procurement Standards.

- Non-competitive proposal/sole source procurement – This method must only be used when the item or service is only available from a single source, a public emergency exists, or competition was determined to be inadequate after solicitation of proposals from a number of sources.

Contracting with small and minority businesses, women's business

The Texas Historically Underutilized Business (HUB) database (which includes Women and Minority Owned Businesses) shall be searched and, to the extent feasible, solicitations shall be sent to those listings. To satisfy 200 CFR 321(a), the Purchasing Department will find and notify minority businesses, women's business enterprises and labor area surplus firms of the bidding opportunity through the County's electronic bidding platform.

Bonding and Insurance Requirements for Construction Projects

For public works contracts, the minimum bonding requirements are as follows:

- Bid bonds in the amount of 5% of the total bid will be required on all public works contracts in excess of $100,000. If the project is not a public works project, the County reserves the right to waive this requirement.
- Payment bonds in the amount of 100% of the total contract price will be required on all infrastructure contracts in excess of $25,000 for Cities and County.
- Performance bonds in the amount of 100% of the total contract price are required on all infrastructure contracts in excess of $50,000.

For housing contracts that will exceed the Simplified Acquisition Threshold, or $100,000, the minimum requirements must be as follows:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100% of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligation under such contract.
- A payment bond on the part of the contractor for 100% of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Comprehensive General Liability and Automobile Insurance in the amount of $1,000,000 is required on all contracts in excess of $100,000. Contracts less than $100,000, insurance is required in the amount of the contract.

IMPORTANT NOTICE

Failure to comply with local, state and Federal bidding requirements could result in the disallowance of costs and/or the repayment of funds as well as criminal penalties. Each city and subrecipient shall be responsible for providing documentation of compliance with bidding requirements to the County Community Development office when requesting a disbursement of funds.

EXHIBIT D

CDBG CONSTRUCTION PROJECTS

For all construction projects assisted with Community Development Block Grant (CDBG), CDBG-Disaster Recovery or Mitigation (CDBG-DR; CDBG-MIT), procurement standards noted in Exhibit III must be followed as well as the following requirements, as applicable:

Engineering Requirements
All plans and specifications for infrastructure projects must be prepared by a registered professional engineer licensed to practice in the State of Texas in accordance with the Texas Engineering Practice Act. The project engineer's stamp and signature must be included on the plans and specifications.

Davis-Bacon Wage Rates - All construction contractors will be required to pay all laborers wage rates at the current prevailing wage rates in accordance the Davis-Bacon Act. These wage rates will need to be included in the bid/contract documents and can be found and downloaded from:

https://sam.gov/wage-determinations

Also, within ten (10) days of opening bids, wage rates issued for the project must be verified and still valid. In the event that an addendum has been issued to the original or a new wage rate decision has been issued, these new wage rates must be used. Send Brazoria County Community Development Department the memo confirming that this ten-day verification has been made.

For information on recordkeeping requirements, the correct prevailing wage rates, or request for classification, contact Community Development Director, Brazoria County at (979) 864-1860 or by email at BCCD@brazoriacountytx.gov . A listing of job titles and description of the work performed will be needed before requesting wage rates.

Contractor Verification(s) - All contractors must be verified to determine if they are debarred or prohibited from federal contracts. Contractors and Subcontractors must complete the Eligibility form in Attachment C and return to CD Dept. so that a search can be completed. An Internet search must be conducted using the following websites:

https://sam.gov/search/
https://portal.hud.gov/hudportal/HUD?src=/topics/limited_denials_of_participation

Attorney's Review - Before infrastructure project contract documents in excess of $50,000 are fully executed, the City Attorney should review and approve the bid and contract documents by signing the applicable form included in the bid/contract documents.

Easements - Any easement, rights-of-way or land acquisition needed for the project must be fully in hand before awarding any construction contract. If easements or rights-of-way are needed please contact Brazoria County immediately. Special procedures are required for obtaining property when federal funds are used.

Change Orders/Amendments - Change orders/Amendments should first be submitted to Brazoria County prior to their execution if a change in the scope of work, change in work location or a change in the number of beneficiaries exists. Also, state law regulates the percentage of contract increases and decreases.

Retainage - Ten percent (10%) retainage is typically held on all request for payments. The retainage will be paid as part of the final payment after final inspection and the engineer and authorized City Official has given approval of the work and all payroll reports have been submitted. For Rehab/Reconstruction projects, the retainage will be held until all punch list items have been completed, Affidavit of All Bills Paid is received, all completion documents signed, and a Certificate of Occupancy, if applicable, is received.

Bid and Contract Documents All bid/contract documents included in bid/contract should be fully executed and a full set furnished to Brazoria County as soon as possible.

Notice to Proceed - The project engineer, if applicable, must send a letter notifying the contractor when the official start date is for all construction contracts. This letter must also specify the number of days allowed to complete the project and the amount of liquidated damages if time delays occur. A copy of this notice must be sent to Brazoria County.

Preconstruction Conference - Normally the project engineer will conduct a preconstruction conference prior to the start of construction and following the contract award. Brazoria County shall be notified of the time and date of this preconstruction conference as soon as it has been determined.

The Contractor shall submit a list of any subcontractors proposed to be used on the project. Company name and principal stakeholders of subcontractors will be submitted and searched for verification of debarment.

Certified Payroll – Certified payroll through the date of the pay estimate must be submitted to the Brazoria County Community Development Office prior to any payments being approved. These will be reviewed in conjunction with the Employee Interviews for consistency.

Employee Interviews - During the construction work the engineer or designated staff must interview the construction workers on the job using the Record of Employee Interview form. All information requested should be filled in and signed by both the employee and the interviewer. Upon completion of these interviews, the original forms should be sent to Brazoria County Community Development Office.

Payments to Contractor - Normally, payments to contractors will be made upon receipt of the monthly pay estimates from the engineer or the contractor. This monthly pay estimate must be approved and signed by the contractor, engineer, and the city.

The monthly pay estimates should be sent to the Brazoria County Community Development Office. Upon receipt and approval of the pay estimate, the County will process the payment. It normally takes one to three weeks for payment to be made due to the County's internal processes and controls.

Final Inspection and Certificate of Completion – For all public facility projects, a certificate of completion pertaining to the project construction must be completed and submitted to Brazoria County by the engineer following final inspection.

EXHIBIT E

PROPERTY MANAGEMENT AND DISPOSITION

Property - is classified according to the following distinct categories:

- Real Property means land, including any improvements but excluding movable machinery and equipment.
- Personal Property is basically any kind of property other than real property. Personal property can be "tangible" such as supplies, furniture, and equipment or "intangible" such as copyrights, patents, and inventions.

Equipment - For all equipment acquired in whole or in part with CDBG funds, the following records must be kept for the useful life of the property and/or until disposal:

- Agency
- Equipment Description
- Physical Location
- Funding Source
- Total Cost
- Percentage from Grant Funds
- Acquisition Date
- Serial #/ID #
- Title Holder (if applicable)
- Use and Condition
- Disposition Date

*Equipment cannot be purchased with HOME program funds.

Inventory - The County must conduct a physical inventory of all property with a value of $5,000.00 or above at least every two years and retain a copy of the reconciliation until disposal or the end of the useful life. Whenever the equipment is no longer needed for the original project, program, or activity, the subrecipient must either transfer the equipment to another eligible party or it may be sold, retained, or otherwise disposed with any proceeds going to the County. Proceeds from any sale must be treated as program income.

Supplies – The residual inventory of supplies not needed by the subrecipient for CDBG activities must be transferred to the County or can be retained by the subrecipient after compensating the County. In cases where the residual inventory of supplies is sold, the proceeds are considered program income and must be paid back to the County.

Copyrights – The Federal government and the County of Brazoria reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use the copyright to any work development with CDBG, HOME or ESG funds.

Real Property – A record of any real property purchased by the County or any subrecipient must be kept to ensure that program income from sales or rental from such property or assets is properly reported.

Use and Disposition - The use and disposition of real property and equipment under this agreement shall be in compliance with the requirements of 2 CFR 200, Subpart D, Property Standards and 24 CFR 570, Subpart J, Grant Administration. Specific requirements include 2 CFR 200.311, 2 CFR 200.313, 2 CFR 200.314, 24 CFR 570.502, 24 CFR 570.503, 24 CFR 570.504 and 24 CFR 570.505, as applicable, which include but are not limited to the following:

a. The Subrecipient shall transfer to the Brazoria County any 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 within the recipient's control which was acquired or improved in whole or in part using under this Agreement using CDBG funds in excess of $25,000.00 shall apply from the date CDBG funds are first spent for the property until five (5) years after closeout of an entitlement recipient's participation in the entitlement CDBG program or, with respect to other recipients, until five (5) years after the closeout of the grant from which the assistance to the property was provided as specified in 24 CFR 570.505. If the Subrecipient fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed time period, the property is to be disposed of in a manner which results in Brazoria County being reimbursed in the 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 to Brazoria County shall constitute CDBG Program Income and shall be subject to the provisions of 24 CFR 570.489(e).

c. Personal property, supplies, and equipment acquired under this Agreement shall revert to Brazoria County or disposition in compliance with 24 CFR 570.503(b)(7), unless Subrecipient continues to carry out the same Program for which said property, supplies, and equipment was acquired or the Subrecipient shall compensate Brazoria County for CDBG's share in compliance with 2 CFR 200.313(e), 2 CFR 200.314 and 24 CFR 570.502(a)(6).

EXHIBIT F

RECORDKEEPING AND REPORTING REQUIREMENTS

Accurate recordkeeping and reporting is crucial to document to HUD and the general public that public funds are being spent for what they were intended for and in compliance with Federal rules and regulations. Every subrecipient is required to establish and maintain at least three categories of records:

- Administrative records – These are files and records that apply to the overall administration of the Subrecipient's activities. They will include personnel files, property management files, general program files (application, subrecipient agreement, correspondence, reports, etc.), and legal files (articles of incorporation, by laws, tax status, board minutes, contracts and other agreements).

- Financial records – These include the general ledger, equipment inventory records, time sheets and payroll records, and support documentation (purchase orders, invoices, canceled checks, etc.) procurement files, bank account records, financial reports, audit reports, etc.

- Project/case files – These files document the activities undertaken with respect to specific individual beneficiaries, property owners, and/or properties.

The County frequently specifies that subrecipients record-keeping requirements be very similar to those found in 24 CFR 570.503(b)(2) and 24 CFR 92.504 for CHDO's, so that they demonstrate compliance with program requirement requirements. Therefore a subrecipient should anticipate having to maintain records sufficient to:

- provide a full description of each activity
- demonstrate that each activity undertaken meets one of the National Program Objectives
- identify characteristics and the location of beneficiaries
- document compliance with federal requirements such as use of excessive force, conflict of interest, displacement, labor standards, bidding, fair housing, EEO, determination of allowability of costs etc.
- report the status of the case or project

Environmental Record - Subrecipients are not responsible for providing documentation for the initial environmental review of an activity because they cannot assume the grantee's responsibility. Brazoria County Community Development Department will assume that duty.

File Organization and Maintenance – To keep consistency throughout the program, each project file should contain the records as listed in the appropriate checklist.

Retention of Records – In general, all records are to be retained for at least five (5) years from the date of the last "event" (e.g., final payment). If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the retainage period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular retainage period, whichever is later.

Access – All records pertinent to grant award must be accessible to County staff and representatives, HUD, the General Accounting Office, and/or other authorized governmental agencies.

ATTACHMENT A

Brazoria County Community Development Organizational Chart