



# Boulder County Collaborative

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November 30, 2018

Ms. Karen Gerrity, Town Administrator  
Town of Nederland  
45 West First Street  
Nederland, CO 80466

**RE: On-Site Monitoring of Town of Nederland Programmatic and PW 891 Local Match Project  
(Project # INF-00026)**

Dear Ms. Gerrity:

The City of Longmont, as Lead Agency for the Boulder County Collaborative (BCC), conducted an on-site monitoring review of the Town of Nederland's programmatic management and the PW 891 Local Match – Roadway, Shoulder, Culvert, and Drainage Improvements Project (Project Number INF-00026) for the purpose of repairing and improving drainage facilities damaged in the September 2013 flood. The on-site monitoring took place on August 15, 2018. This activity (Project No. INF-00026) was funded by an Intergovernmental Grant Agreement (IGA) for Community Development Block Grant Disaster Recovery (CDBG-DR) Round 2 funding. This IGA was signed and executed on March 29, 2016, as amended, by and between Longmont as the Lead Agency for the BCC and the Town of Nederland.

The on-site monitoring was conducted by Molly O'Donnell, CDBG Disaster Recovery Project Manager, City of Longmont, Kyndra Daniels, Accountant, City of Longmont, and Deb Siefert, CDBG-DR Specialist for Hagerty Consulting. See details of monitoring results below.

## **SCOPE OF REVIEW**

### **Project & Programmatic Grant Management**

The following areas of project and programmatic grant management were reviewed:

1. National Objective (Section IV-A)
2. Environmental Review (Section IV-B)
3. Financial Management (Section IV-C)
4. Procurement (Section IV-D)
5. Fair Housing and Equal Opportunity (Section IV-E)
6. Public Improvements (Section IV-F)
7. Labor Standards (Section IV-G)
8. Duplication of Benefits (Section IV-M)
9. Section 3 (Section IV-N)

The following documentation was available in the Salesforce data system and in on-site files during the review to assist with the determination of compliance:

- Project files (documentation of damage, disaster relatedness, project scope, and funding)
- Duplication of Benefits (DOB) review and verification of all funding sources
- Environmental review and clearance
- Supporting documentation for procurement of Melvin Geib
- Labor Standards compliance documentation
- Town procurement policies and resources
- Town fair housing and equal opportunity policies and resources
- Section 3 reports

#### **Overall Observations of Programmatic Management and CDBG-DR Buyouts Project**

The monitoring team was very pleased with the Town of Nederland's attention to detail and project documentation contained in the BCC's Salesforce system of record, as well as the Town's efforts to prepare for the monitoring visit ahead of time by gathering relevant information, having all files available for review, and by pre-filling a copy of the monitoring forms as a guide.

The Town of Nederland has expended \$151,537 of CDBG-DR funds for the PW 891 Local Match Project to date, which was determined to be the Urgent Need beneficiary of the community of Nederland.

#### **Summary of Results and Conclusions**

The monitoring team had three (3) findings, zero (0) concerns, and no recommendations after review of the project files.

1. **National Objective (Section IV-A)** – No findings, no concerns
2. **Environmental Review (Section IV-B)** – No findings, no concerns
3. **Financial Management (Section IV-C)** – 1 finding, no concerns
  - a. **Finding 1** – The Town did not identify its CDBG-DR award in its accounts or have documentation to reflect separate tracking was occurring on this grant within their financial management system as required by 2CFR 200.302(b)(1).
    - i. **Corrective Action 1** – Since the Town of Nederland does not have any additional funding from the BCC and this project is complete, this finding is closed. However, for all future grants governed by 2CFR 200, the corrective action is to make sure that separate tracking does occur for each federal award received.
4. **Procurement (Section IV-D)** – Two findings, no concerns
  - a. **Finding 2** – The Town's Purchasing Policy does not adequately address procedures for purchases made with federal awards (2 CFR 200.317).
    - i. **Corrective Action 2** – The BCC recommends that the Town of Nederland update its October 2016 Purchasing Policy to include a statement that any and all federal awards will follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements found at 2 CFR §200, including provisions for the different types of contracts comparable to the federal classifications (fixed price, cost reimbursement, or time and materials), cost and price analysis, developing independent estimates, negotiating profit, bonding and insurance requirements, opportunities for small, minority and women owned enterprises, and federal mandated contract provisions. The

Town still has an open finding from the May 15, 2018 Department of Homeland Security and Emergency Management (DHSEM) On-Site Monitoring Visit Initial Results Letter regarding the Town's procurement practices for federal awards that requires corrective action. This corrective action is consistent with the recommendation for corrective action provided by DHSEM.

- b. **Finding 3** – The Town could not demonstrate a system of contract administration in its Purchasing Policy that could be used to determine adequacy of contractors' performance (2 CFR 200.317).
  - i. **Corrective Action 3** – The Town demonstrated strong operational practices in contract administration, however there is no documented system to ensure consistency in practice across the organization. The BCC recommends that the Town's Purchasing Policy be updated to include provisions for a system of contract administration to ensure the adequacy of contractor performance. The Town should use the State of Colorado's Purchasing Manual Chapter V. Contract Administration is a resource.
- 5. **Fair Housing and Equal Opportunity (Section IV-E)** – No findings, no concerns
- 6. **Acquisition/Buyouts/Relocation (Section IV-J)** – No findings, no concerns
- 7. **Duplication of Benefits (Section IV-M)** – No findings, no concerns
- 8. **Section 3 (Section IV-N)** – no findings, no concerns

Please provide a response indicating how the Town of Nederland has resolved Finding 2 and Finding 3 above by **February 28, 2019**.

This Town of Nederland project will increase resiliency for the Town in the event of future flood events. Please share this letter with Town staff as appropriate.

Sincerely,



Kathy L. Fedler  
BCC CDBG Disaster Recovery Program Manager

cc: Molly O'Donnell, BCC CDBG Disaster Recovery Project Manager  
Kyndra Daniels, BCC Accountant  
Chris Pelletier, Town of Nederland Public Works Manager

Enclosures: Final Compliance Monitoring Forms