



December 6, 2017

Kathy Fedler  
CDBG Disaster Recovery Program Manager  
Longmont Civic Center  
350 Kimbark Street  
Longmont, CO 80501

Dear Kathy,

On October 3 2017, I conducted an on-site visit for the purpose of monitoring the Community Development Block Grant-Disaster Recovery (CDBG-DR) Infrastructure programs round one and two activities. Kyndra Daniels, Molly O'Donnell and you each participated in and provided me the information necessary to complete the review. At the time of this review the City of Longmont had executed a total of six subrecipient agreements of which three were chosen for review, 1) Town of Lyons-Debris Removal; 2) City of Boulder-Wonderland Creek Project; and 3) City of Louisville-Raw Water Diversion Project.

During the visit a review of selected items was undertaken in the following program areas: National Objective, Eligible Activity, Environmental Review, Public Improvements, Duplication of Benefits (DOB), Subgrantee Management, Procurement, and Labor Standards.

My review indicates that you have the continuing capacity to carry out the program activities in a timely manner. Based on the materials and information provided it appears the program has been implemented in accordance with the requirements and primary objectives of the Housing and Community Development Act and other applicable laws, with the exceptions identified below. Although other deficiencies may exist, none were detected during this review.

#### NATIONAL OBJECTIVE

Section 104(b)(3) of the Act requires that each project funded meet a national objective. 24 CFR 570.483 contains the criteria for meeting a national objective. I selected three project files for review of national objective compliance for the Infrastructure Program. All files selected contained appropriate documentation to support the national objective used.

#### ELIGIBLE ACTIVITY

Section IV (D), found in the March 5, 2013 Federal Register requires, "*Clarification of disaster-related activities*. All CDBG-DR activities must clearly address an impact of the disaster for which funding was appropriated. This means each activity must be CDBG- eligible (or receive a waiver), meet a national objective, and address a direct or indirect impact from the disaster in a county covered by a Presidential disaster declaration." All projects were found to be eligible under the Housing and Community Development Act, Section 105(a)(2) and all projects reviewed addressed an unmet need under "Public Improvements".



## ENVIRONMENTAL REVIEW

24 CFR 58 requires that environmental reviews be performed on all projects funded with CDBG monies prior to incurring costs on the project. The environmental files contained the necessary documentation to show that the projects reviewed were environmentally cleared as follows:

- 1) Lyons Debris Removal - FEMA Adoption 5.3.16
- 2) Boulder Wonderland Creek - FHWA Adoption 10.4.15
- 3) Louisville Raw Water Diversion - FEMA Adoption 8.28.15

## DUPLICATION OF BENEFIT

CDBG regulations contained in the Federal Register (Volume 76, No. 221) require the Subrecipient to determine for each project funded if there is a Duplication of Benefit (DOB).

The Boulder County Collaborative (BCC) has a Duplication of Benefit policy which covers the programs being implemented, of which the City of Longmont is primarily responsible for oversight. In addition, applications are reviewed for Duplication of Benefit. All three files selected for review contained the written agreements with appropriate language regarding duplication of benefits, subrogation, recapture and repayment of funds. All files were in compliance with the BCC's DOB policy which also considers exclusion of non-duplicative assistance. Calculation worksheets and analysis are present and completed in the files. No post-award determinations of DOB have occurred to date.

## PROCUREMENT

The files on procurement were reviewed for subgrantee monitoring of subrecipient's procurements in accordance with 2 CFR §200.317 - 200.326. City of Longmont is monitoring their subrecipients for compliance with the procurement regulations. I reviewed the monitoring conducted of subrecipient procurement transactions. Procurement resources are made available to all subrecipients on the Boulder County Collaborative website, as well as training when requested. Additionally staff assist subrecipients with all procurement actions if needed, and are reviewed fully as a part of the reimbursement process.

Note: The three files selected for review, being large scale infrastructure projects, were determined opportunities for CDBG-DR Match and funds for the majority of the projects had already been disbursed for the State, FEMA and FHWA portions previously.

## LABOR STANDARDS

24 CFR 570.603 requires that the Davis-Bacon Act (40 USC, Chapter 3, Section 276a-276a-5), the Contract Work Hours and Safety Standards Act (40 U.S.C. 327), and Related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.

Staff has monitored it's subrecipients for all Labor Standards and Related Acts. All compliance factors were found to be present in the files and completed in the monitoring forms.



## SUBRECIPIENT MANAGEMENT

The review of Budget Management, Monitoring and General Program Management were monitored successfully with no findings. General CDBG-DR programmatic issues were discussed and my comments are listed below for reference. It appears that your program is moving according to schedule. As of August 31, 2017 based on a total allocation for rounds 1 and 2, of \$35,460,437.00, 86% of the obligated funds have been awarded within your service area (Boulder County). Your LMI goal was set at 40% for the Public Improvements/Infrastructure Program. The expenditures for LMI were reported to be 44%. The City of Longmont staff conducts monitoring of subrecipients according to their plan and completed risk assessment. Of the three projects reviewed, one had been fully monitored using the CDBG-DR Monitoring Forms and resulting letter was drafted and will be issued shortly. The two remaining had been monitored (1 on-site and 1 desk monitoring) recently with no findings. Reports will follow in a timely manner.

## GENERAL COMMENTS:

1. Monitoring - The original monitoring plan identified by the City of Longmont was very aggressive and may need to be reviewed and adjusted so that progress on the projects allow for monitoring to occur according to achievement of milestones.
2. Pre-Award Costs - The contract with DOLA states in Item 4.A "pre-award costs are eligible within the CDBG-DR back to the date of the disaster..." Except for limitations identified in the CPD notices 13-05, 14-017 and 15-07 (applicable to beneficiaries), Pre-Award costs are allowable such as program startup costs per 2 CFR 200.209 .
3. Documentation -
  - a. Review/update policies and procedure for "subrogation". The language is all there but the word subrogation was missing.
  - b. Review/update written agreements for subrecipients for all items under 24 CFR 570.503 Subpart K. Individual items exist in separate locations including some in appendix. I recommend consolidation.
  - c. Environmental Review Records - FEMA may use different categories and acronym's than the HUD assigned terms. The agency may want to make a note in project files if there are differences, so that monitors can easily review final level of review completed. A chart with corresponding equivalency would also suffice.

The courtesy and cooperation extended during my visit was very much appreciated.

Please make a copy of this letter available to your auditor. Your cooperation in this matter is appreciated. Should you have any questions, please call Stephanie Morey at 303.864.7746.

Sincerely,



Stephanie Morey, Compliance and Monitoring Specialist

cc: Dave Bowman, Director - DRU

