Economic Development Department

Partnering with the City: Are You CDBG Ready?

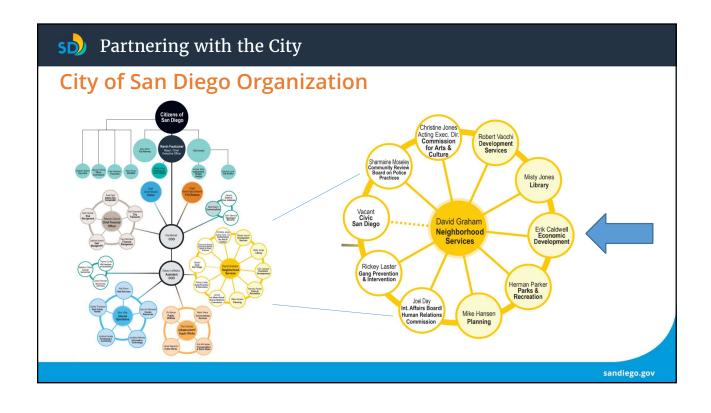
August 22, 2018



5D Partnering with the City

Welcome!

- Statement of Purpose
- Introductions
- What we will cover today:
 - Aligning with City's goals and objectives
 - Pre-Screening for Capacity
 - ED Grants Highlights
 - Upcoming CDBG Funding Opportunities
 - Tips and Tricks
 - Next Steps





The City of San Diego

Strategic Plan

Values

Integrity Service People **Excellence**

Goals

Goal 1: Provide high-quality public services

Goal 2: Work in partnership with all of our communities to achieve safe and livable neighborhoods

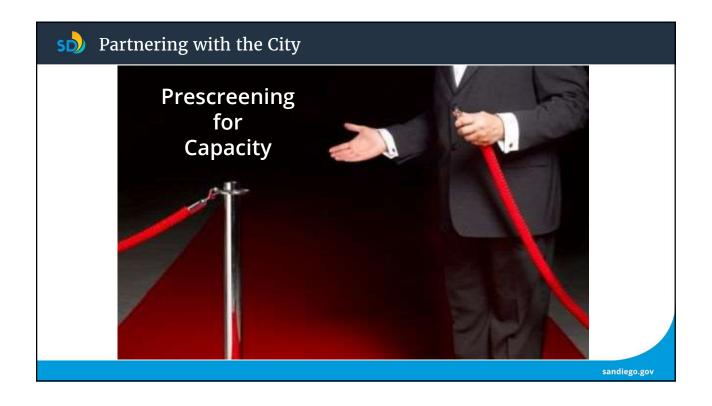
Goal 3: Create and sustain a resilient and economically prosperous City

5D Partnering with the City

Economic Development Department Mission:

To cultivate economic and community development opportunities that serve businesses, neighborhoods, and residents.

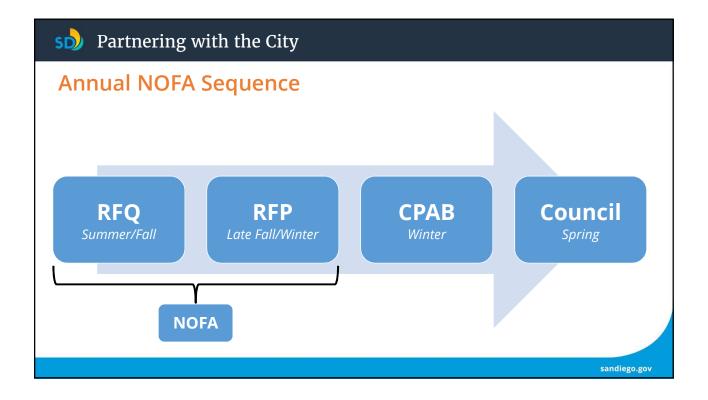


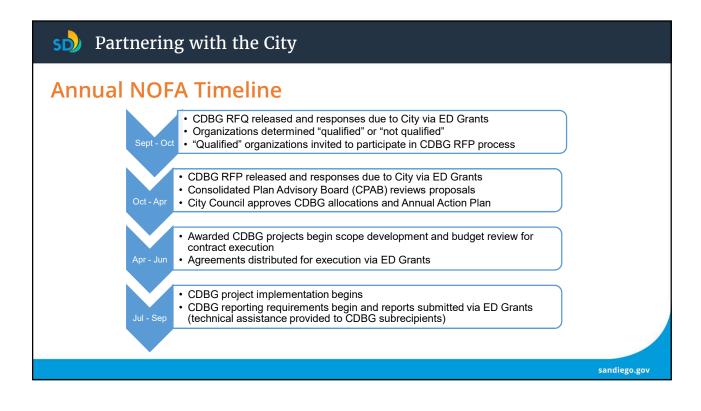


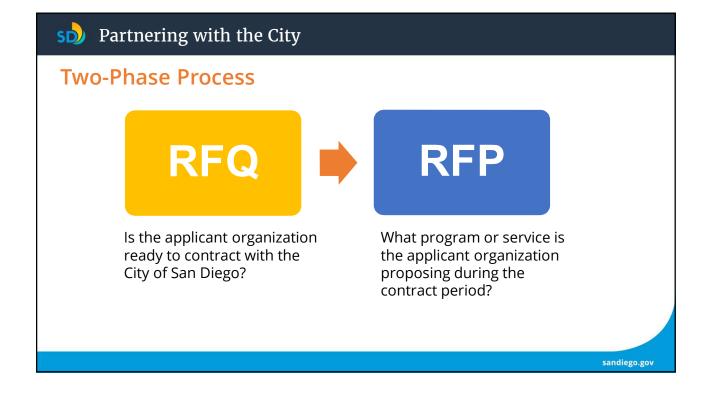
Community Development Block Grants (CDBG)

Primary Objective: Improve living environment, expand economic opportunities, and provide decent housing for low- and moderateincome residents and areas

- Federal entitlement program established by Housing & Community Development Act of 1974
- Regulations found in 24 CFR Part 570
- City distributes its CDBG funds through NOFAs, MOUs, and SLAs









Annual NOFA Sequence: RFQ



- ✓ Can the City partner with your organization?
- ✓ Organizational capacity (programmatic/fiscal)
- ✓ Past experience/track record
- ✓ Eligible activities
- ✓ Controls in place
- ✓ Alignment of goals/objectives

sandiego.gov

SD Partnering with the City

RFQ: Required General Information

- ✓ Address & Contact Information
- ✓ Board of Directors
- ✓ Location of Project, Program, or Service
- ✓ Communities Served
- ✓ Mission Statement
- ✓ Description of Program/Project

RFQ: Registration and Status Requirements

- ✓ Articles of Incorporation (CA Secretary of State)
- ✓ EIN Number (IRS)
- ✓ DUNS Number & Registration at www.sam.gov
- ✓ Federal Tax Determination Letter (IRS)
- √ State Tax Determination Letter (CA FTB)
- ✓ Proof of Registration with California Attorney General's Registry of Charitable Trusts

sandiego.gov

ACTIVE



5D Partnering with the City

DUNS Number (Details)

Dun & Bradstreet (D&B) provides a **DUNS Number**, a unique nine-digit identification number, for each physical location of your business. DUNS Number assignment is FREE for all businesses required to register with the U.S. federal government for contracts or grants. Applicants must have a DUNS number registered in www.sam.gov with an ACTIVE registration status.

Apply here: http://fedgov.dnb.com/webform/index.jsp (updated link)

Learn more here: http://fedgov.dnb.com/webform/displayFAQPage.do or here: https://www.sam.gov/sam/SAM_Guide/SAM_User_Guide.htm



Registration Status (Details)

Organizations that want to partner with the City are required to demonstrate their charity registration (nonprofits only) and various status requirements:

- CA Dept. of Justice Charity Registration: http://rct.doj.ca.gov
 - o Status Needed: Current
- Department of Industrial Relations: http://www.dir.ca.gov/dlse/debar.html
 - o Organization is not listed as Debarred
- CA Secretary of State: https://businesssearch.sos.ca.gov/
 - Status Needed: ACTIVE
- System for Awards Management: www.sam.gov
 - Status Needed: ACTIVE or No Results

sandiego.gov



SD) Partnering with the City

RFQ: Internal Controls and Procurement

Internal Controls

- > No single person should have sole authority over all steps of financial or budget transaction
- Clearly outline roles and responsibilities
- > If funded, organization will be required to submit its written internal control procedures and, if necessary, update them to conform with federal standards

Procurement Methods

- Ensure fair and open competitive process
- Ensure fair market pricing and comply with all governing regulations
- > Purchases made with federally awarded funds must be made with one of the five (5) procurement methods outlined by HUD regulations (2 CFR Part 200)



RFQ: Certifications and Additional Documents

Certifications

- Lobbying
- > Debarment, suspension, proposed debarment, ineligibility, and other responsibility matters
- Drug-free workplace
- > Civil Rights Act and ADA compliance
- Conflict of interest and procurement policy compliance

Additional Documents

- Organization federal/state tax determination letters (nonprofits)
- Organization charts
- www.sam.gov registration and status screenshot (DUNS number)
- > Federal Audit Clearinghouse (FAC) acceptance of single or program-specific audit (if applicable) screenshot

sandiego.gov



Partnering with the City

RFQ: Choose Your Track

Standard Track

- > Established organizations of any type
- > Audited financial statements required
- > Can apply under any or all RFP categories
- > Can request funding amount up to 'Maximum Funding Request Threshold' or RFP category budgets (whichever is less)

Capacity Building Track

- > Small/emerging nonprofit organizations **only**
- > 2017 tax return required in lieu of audited financial statements
- > Total FY 2017 revenue/income cannot exceed \$500,000
- > Letters of reference required
- > Total \$50,000 allocation to obtain audited financial statements and implement public services project
- Must attend 6-month USD nonprofit capacity building program



RFQ: Required Financial Documents

- Board-approved Audited Financial Statements for the latest fiscal year that ended
- Tax Return for the latest calendar year that ended



sandiego.gov



5D Partnering with the City

Audits and Financial Statements (Standard Track)

Audit Certificate of Compliance Form 2 CFR Part 200 Subpart F (supersedes OMB Circular A-133)

- > Single or Program-Specific Audit (if applicable)
 - ✓ Organization expended \$750,000 or more in federal funds
 - ✓ Most recently completed fiscal year with end date of 06/30/2017 or later
 - ✓ Submitted to and accepted by Federal Audit Clearinghouse (FAC)
- Audited Financial Statements
 - ✓ Fiscal year with end date of 06/30/2017 or later
 - ✓ Unqualified/unmodified opinion
 - ✓ Cash balance from Balance Sheet will be used to calculate 'Maximum Funding Request Threshold'



Maximum Funding Request Threshold (Standard Track)

- > Determined by Cash Balance from Audited Financial Statements (multiplied by 4)
- > Amount limited by overall budget for each RFP project category
- > Amount applies to all of organization's RFP responses combined

sandiego.gov

Partnering with the City

Three-Month Cash Reserve Recommendation

- > CDBG works on a reimbursement basis
- > Your organization's cash reserve should be sufficient to cover three (3) months of operations to be a successful CDBG subrecipient

Organization spends funds. **◯**|Organization prepares reports to reimbursement request to the City, including supporting documentation. ന്വ City completes review of reimbursement request and reimbursement payment to organization.



BEWARE!!

Your organization must choose which track to follow ahead of time. Switching tracks will not be permitted once the RFQ application has been submitted.

sandiego.gov



5D Partnering with the City

Common RFQ Disqualifiers

- Incorrect Audit Certificate of Compliance response
- Correct single or program-specific audit, when required, was not submitted or does not meet all requirements
- Audited financial statements not submitted (if applicable) or do not meet all requirements
- Weakness in internal controls and/or procurement method
- State of California and/or federal debarment
- Wrong attachments in ED Grants or wrong RFQ track selected

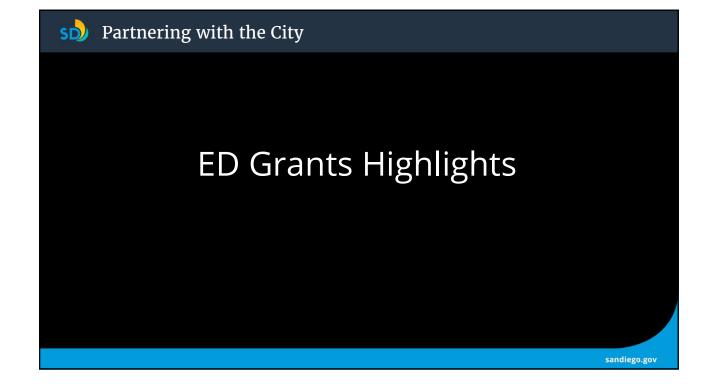
NOTE: ED Grants will check for the following

- Organization's 'Maximum Funding Request Threshold' is at least \$50,000 as required by Council Policy 700-02
- DUNS number is registered/active in www.SAM.gov (screenshot)

Moving on to the RFP Phase

If an applicant organization is deemed "qualified" based on the RFQ response, then it is eligible to submit proposals during the RFP phase.

Maximum allowable request amount is confirmed in the RFQ determination notice (standard track).



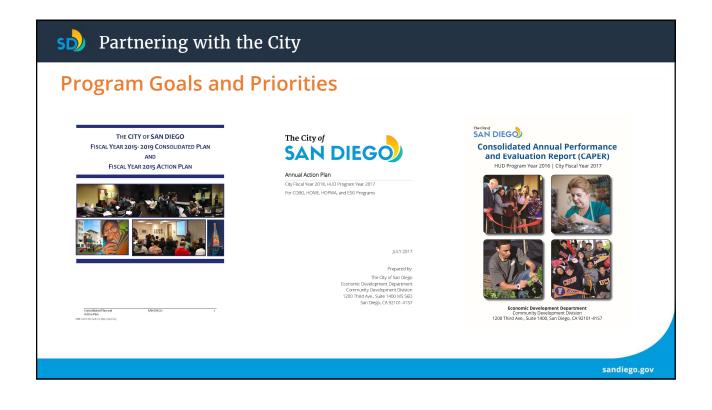




ED Grants

- Economic Development Grants Management System
- Customer relationship management solution:
 - ✓ Administer Annual NOFA process, including all reviews and scoring
 - ✓ Submit RFQ/RFP responses of applicants
 - ✓ Execute agreement with funding subrecipients
 - ✓ Monitor subrecipient performance via reporting
 - ✓ Generate program data and compliance reports





Consolidated Plan Goals

The City's Consolidated Plan informs HUD and the community how the City plans to invest its CDBG funds over the course of five years.

Currently, it identifies six (6) GOALS in which CDBG funds may be invested. These goals are subject to change for FY 2020.

GOAL 1: Enhance the City's economic stability and prosperity by increasing opportunities for job readiness and investing in economic development programs.

GOAL 2: Strengthen neighborhoods by investing in the City's critical infrastructure needs.

GOAL 3: Improve housing opportunities by creating and preserving affordable rental and homeowner housing in close proximity to transit, employment and community services.

sandiego.gov



5D Partnering with the City

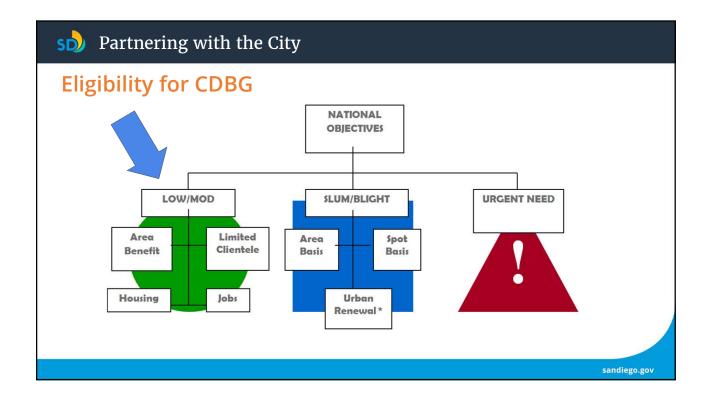
Consolidated Plan Goals

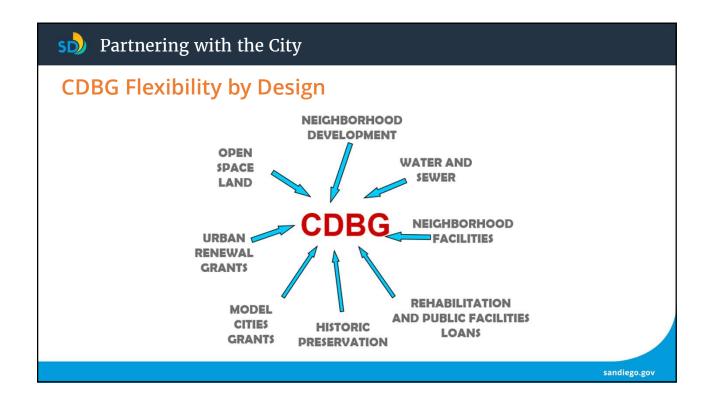
GOAL 4: Assist individuals and families to stabilize in permanent housing after experiencing a housing crisis or homelessness by providing client appropriate housing and supportive service solutions.

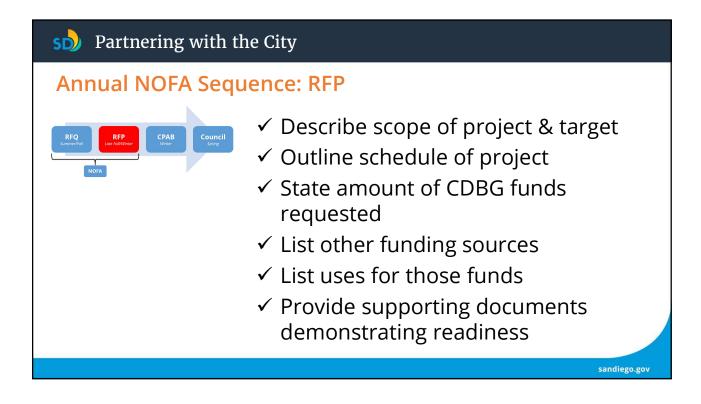
GOAL 5: Invest in **community services** and **nonprofit facilities** that maximize impact by providing new or increased access to programs that serve highly vulnerable populations such as youth, seniors and food insecure households.

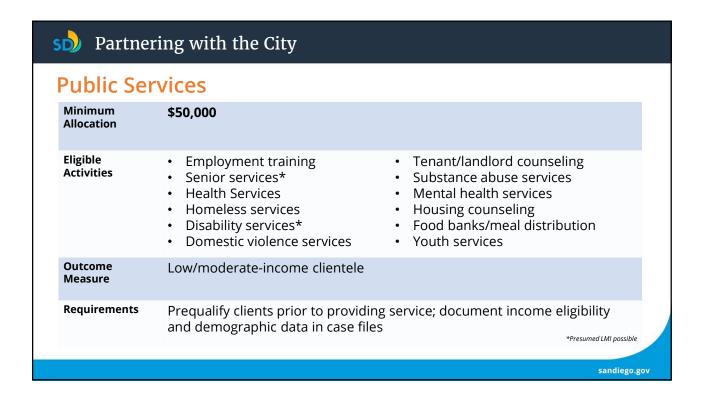
GOAL 6: Meet the needs of **persons with HIV/AIDS and their families** through the provision of housing, health, and support services.

NOTE: Projects are evaluated based upon approved scoring criteria, which also consider past performance and geographic targeting initiatives.

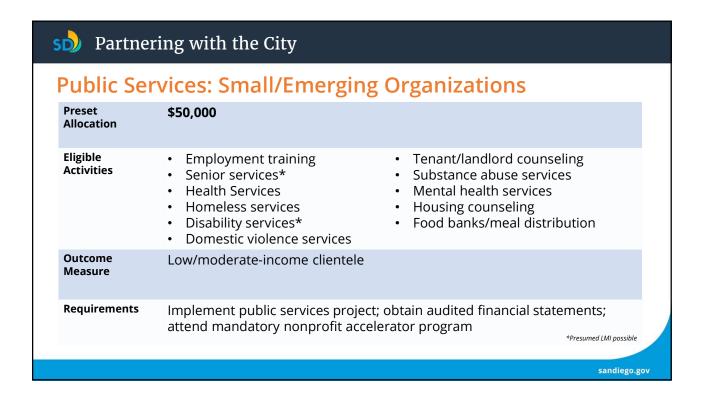


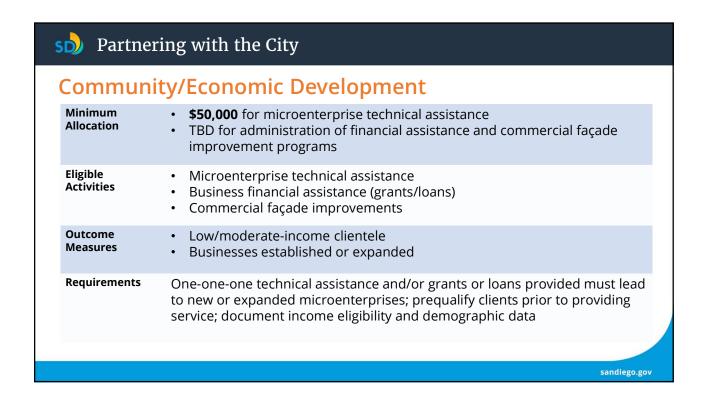




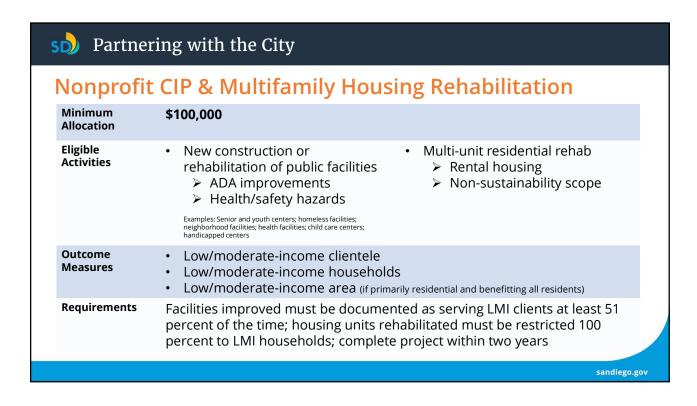


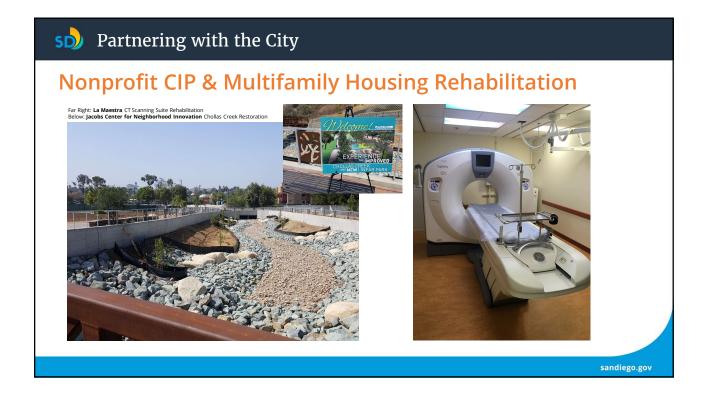


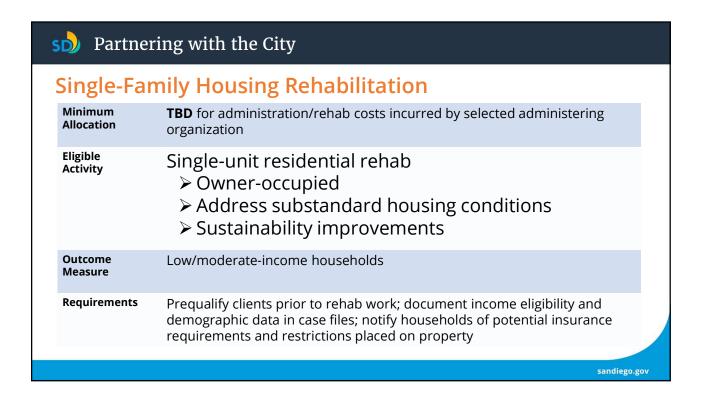


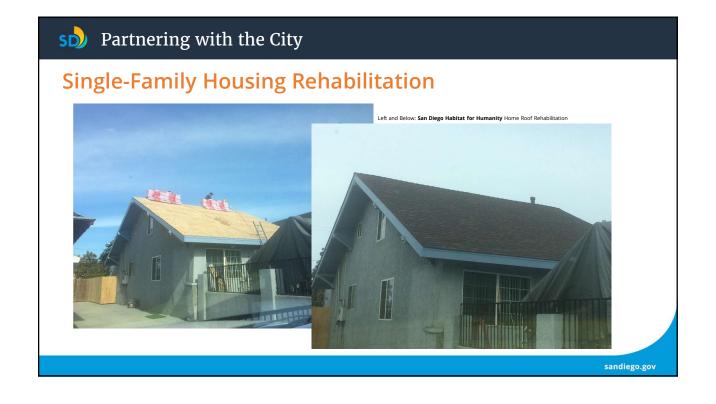


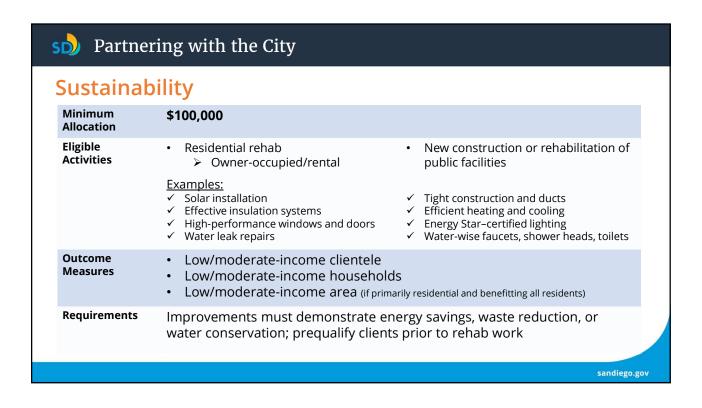


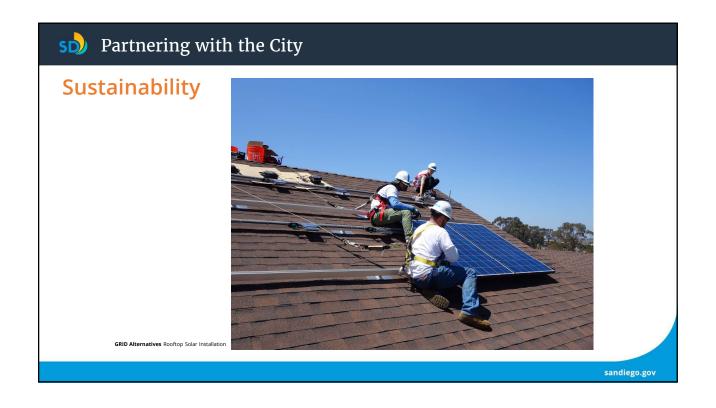














Resources

- FY 2019 Operating Manual
- Playing by the Rules Handbook by HUD
- **CPD Income Eligibility Calculator**
- <u>2 CFR Part 200.302</u> (Financial Management) 2 CFR Part 200.303 (Internal Controls)
- **HUD Financial Management Curriculum**
- ED Grants "Resources" Tab

Sign up for CDBG-related communications at CDBG@sandiego.gov!

sandiego.gov



5D Partnering with the City

Preview of Insurance Requirements: ACORD Certificate

- ➤ Insurers with A.M. Best's rating of no less than A-VI
- > Types and coverage amounts:
 - ☐ Commercial General Liability with limits of at least \$1,000,000 per occurrence, subject to an annual aggregate of at least \$2,000,000;
 - ☐ Automobile Liability with a limit of at least \$1,000,000 per occurrence; insurance certificate should reflect coverage for Any Auto or Hired and Non-Owned Autos:
 - ☐ Worker's Compensation with Employer's Liability coverage with a limit of at least \$1,000,000, if organization has paid employees

Preview of Insurance Requirements: Endorsements

- Commercial General Liability Endorsements
 - Additional Insureds
 - ☐ Primary and Non-Contributory
- Workers Compensation Endorsement
 - Waiver of Subrogation

NOTE: Endorsements should cover "The City, its officers, officials, agents, employees, and volunteers" as additional insureds.

sandiego.gov

SD Partnering with the City

Tips and Tricks

- ☐ Register your organization in ED Grants early and become familiar with how it works
- ☐ Choose one person to be the lead contact for your organization
- ☐ Read the Handbook, FAQs, and Resources before contacting City staff with questions
- ☐ If you do have questions, don't hesitate to email us at CDBG@sandiego.gov. We are here to help!

Tips and Tricks

- ☐ Take advantage of opportunities for help, such as TA sessions, office hours, etc.
- ☐ Start the process early and allow enough time to review the quality and accuracy of your responses and the required documents before submission
- ☐ Have someone proofread and review your application before submission



Next Steps

Date	Step		
09/04/2018	RFQ released via ED Grants		
09/06 - 09/21/2018	Technical assistance appointments available		
10/01/2018	RFQ responses due in ED Grants		
10/19/2018	Organizations notified of "qualified" or "not qualified" status		
10/22/2018	RFP released via ED Grants to "qualified" organizations only		
12/07/2018	RFP responses due in ED Grants		
01/04/2018 -03/01/2019	CPAB review and scoring of applications		
04/2019	Council approval of FY 2019 allocations		
07/01/2019	Start of FY 2019 project implementation		

sandiego.gov

Partnering with the City

The City is dedicated to:

- ✓ People
- ✓ Integrity
- ✓ **E**xcellence
- ✓ Service

We are here to serve and assist you.





Thank you!

City of San Diego Economic Development Department

Michele Marano

Community Development Coordinator e: mmarano@sandiego.gov p: 619.236.6381

Questions?







SAN DIEGO Economic Development

RFQ CHECKLIST

CDBG Annual NOFA

The City distributes a portion of its CDBG Entitlement and Program Income funds through an Annual Notice of Funding Availability (NOFA) process, which consists of two phases: Request for Qualifications (RFQ) and Request for Proposals (RFP). During the RFQ phase, organizations present their qualifications to the City to demonstrate their capacity to successfully implement CDBG-funded projects and meet regulatory requirements. Organizations qualified via the RFQ phase are then invited to participate in the RFP phase by submitting project proposals for CDBG funding consideration. The Annual NOFA cycle typically begins in the late summer/early fall.



Checklist How to prepare your organization to submit its qualifications to partner with the City: Register your organization to gain access to ED Grants at https://edgrants.force.com Get a copy of your organization's articles of incorporation as filed with the Secretary of State and check that your organization has been in existence for at least two years from the date of incorporation Ensure your organization's EIN number and DUNS number are valid Register your organization's DUNS number with www.sam.gov Get a copy of your organization's Federal Tax Determination Letter Get a copy of your organization's State Tax Determination Letter Get a copy of your organization's Board-approved Audited Financial Statements for the latest fiscal year that ended (or the one before) Ensure the "Cash Balance" amount is at least \$12,500–\$25,000 Get a copy of your organization's Single or Program-Specific Audit (if applicable) for the latest fiscal year that ended (or the one before) Get a copy of your organization's tax return for the latest calendar year that ended Prepare your organization charts: one for the entire organization and one for each division/section that will likely administer CDBG-funded projects Compile information on the members of your organization's Board of Directors (name, position, term start/end dates, profession/affiliation) Prepare your organization's mission statement (must be concise) Prepare a statement describing your organization's past experience and successes in providing services to low- and moderate-income City of San Diego residents and/or City of San Diego communities Prepare a statement describing the target population(s) currently served by your organization Get a copy of your organization's Board-approved financial management policy and procedures Get a copy of your organization's Board-approved procurement policy and procedures Ensure that your organization is not on any state or federal debarment list

Strengthening Our Communities

The City of San Diego's Economic Development Department, through its Community Development Division, administers the **Community Development Block Grant** (CDBG) **Program**. CDBG funds support organizations that provide programs and services benefitting low- to moderate-income (LMI) communities. Check out the types of projects and organizations supported by CDBG.



Public Services

Workforce development, direct assistance and support services for veterans, seniors, youth and other underserved groups fall into this group. **Kitchens for Good** (below) offers culinary training to LMI individuals and healthy meals to hunger relief agencies.



Community and Economic Development

Microenterprise assistance offers technical assistance, general business support and loans/grants to launch and expand small businesses.

CDBG-funded **ACCION** assisted El Folklor Mexicano (above).

Small/Emerging Nonprofits

Funds enable small nonprofits to attend capacity-building training, receive funds to prepare audited financial statements and implement public service projects (LaunchBio, above).

www.sandiego.gov/cdbg | 619-236-6700 | cdbg@sandiego.gov



Improving Our Neighborhoods

Before



Sustainability Rehabilitation

These projects improve energy efficiency, water efficiency and/or waste diversion in local nonprofit facilities or single-family and multifamily LMI housing structures.

GRID Alternatives (below) installs solar panels on the homes of LMI residents.



Nonprofit Capital Improvement Projects: Nonprofit Facilities

Projects include repairing health and safety hazards, making ADA upgrades and expanding office space—all at nonprofit facilities providing public services. La Maestra Family Clinic (above), which serves LMI clients, installed a CT scanning suite.



Nonprofit Capital Improvement Projects: Housing Rehabilitation

CDBG funds can be used for home improvement projects for single-family or multifamily homes of LMI residents. **Rebuilding Together San Diego** assisted an LMI family in need of an accessible shower in its home (above).



Economic Development Department Community Development Division

CDBG LMI NATIONAL OBJECTIVE & FY 2019 HUD INCOME LIMITS

CDBG NATIONAL OBJECTIVE: LOW/MODERATE-INCOME PERSONS

Any CDBG project funded by the City of San Diego must meet the CDBG program's National Objective of benefiting Low/Moderate-Income Persons (LMI). One way to demonstrate meeting this National Objective is to verify the household income levels of the beneficiaries of the CDBG-funded project whose activities must limit benefits to a specific group of clients/persons rather than to everyone in a particular area.

This way of demonstrating meeting the LMI National Objective is referred to as the 'Low/Moderate-Income Limited Clientele' (LMC) category of the LMI National Objective. The United States Department of Housing and Urban Development (HUD) has defined two methods for meeting the LMI National Objective for projects under the LMC category: (1) Presumed Low-Income Clientele; and (2) Direct Benefit to Low-Income Persons.

(1) Presumed Low-Income Clientele

To use the 'Presumed Low-Income Clientele' method, the Subrecipient must fully document how the activities of its CDBG-funded project serve a population from the following predefined list from HUD:

PRESUMED CATEGORY			
Abused Children			
Battered Spouses			
Elderly Persons (62 and over)			
Severely Disabled Adults ¹			
Homeless Persons			
Illiterate Adults			
Persons Living with AIDS			
Migrant Farm Workers			

Note the above Presumed Low-Income Clientele categories *CANNOT* be applied to economic development projects (e.g., microenterprise assistance projects) or projects providing assistance to households (e.g., single-family or multifamily housing rehabilitation projects) to meet the LMI National Objective requirement. They can only apply to projects falling under the LMC category.

In addition, a project using the Presumed Low-Income Clientele method must ensure that <u>100 percent</u> of the clients/persons benefitting from the activities of the project are documented members of the populations listed above.

(2) Direct Benefit to Low-Income Persons

To use the 'Direct Benefit to Low-Income Persons' method, the Subrecipient must verify and document the household income levels of the beneficiaries of the CDBG-funded project to ensure that <u>at least 51 percent</u> of the clientele served are persons whose household income is in compliance with the current HUD LMI income limits (that is, 80 percent or less of the Area Median Income) applicable to the City of San Diego. This requirement applies to activities that are restricted exclusively to LMI persons as well.

The following table outlines the current applicable household income limits for the City of San Diego's CDBG program:

¹ Persons are classified as having a severe disability if they meet at least one of the following conditions as defined by the United States Census Bureau:

Use a wheelchair or another special aid for six (6) months or longer;

Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking);

[•] Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or chair, bathing, dressing, eating and toileting) or instrumental activities of daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);

Are prevented from working at a job or doing housework;

[·] Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or developmental disability; or

[•] Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).



Economic Development Department Community Development Division

CDBG LMI NATIONAL OBJECTIVE & FY 2019 HUD INCOME LIMITS

HUD INCOME LIMITS* FOR CITY OF SAN DIEGO

(Effective June 2018 / Published April 2018 / Source: HUDUser.org)

HOUSEHOLD SIZE	EXTREMELY LOW-INCOME LIMITS (0-30% of median)	VERY LOW-INCOME LIMITS (31-50% of median)	LOW/MODERATE-INCOME LIMITS (51-80% of median)
1	\$0 - \$20,450	\$20,451 - \$34,100	\$34,101 - \$54,500
2	\$0 - \$23,400	\$23,401 - \$38,950	\$38,951 - \$62,300
3	\$0 - \$26,300	\$26,301 - \$43,800	\$43,801 - \$70,100
4	\$0 - \$29,200	\$29,201 - \$48,650	\$48,651 - \$77,850
5	\$0 - \$31,550	\$31,551 - \$52,550	\$52,551 - \$84,100
6	\$0 - \$33,900	\$33,901 - \$56,450	\$56,451 - \$90,350
7	\$0 - \$38,060	\$38,061 - \$60,350	\$60,350 - \$96,550
8	\$0 - \$42,380	\$42,381 - \$64,250	\$64,251 - \$102,800

^{*}Income limits are set by HUD and are subject to change. The income limits listed above are the most current.