

## Pre-agreement Costs

January 2, 1991

MEMORANDUM FOR: Richard L. Bauer, Regional Administrator- Regional Housing Commissioner, 10S

ATTENTION: John W. Peters, Director  
Community Planning and Development, 10C

FROM: Anna Kondratas, Assistant Secretary for  
Community Planning and Development, C

**SUBJECT: Community Development Block Grant (CDBG) Program  
Request for Waiver--Pre-agreement Costs  
City of Kennewick, Washington**

This is in response to your memorandum dated October 5, 1990, concerning the City of Kennewick, Washington's, request for a waiver of the CDBG regulations at 24 CFR 570.200(h), Reimbursement for Pre-agreement Costs. The City of Kennewick is requesting approval to use CDBG funds from its Fiscal Years 1991 and 1992 block grant allocations for a multiyear street reconstruction project.

The project involves the complete reconstruction of a neighborhood collector street, of which the City proposes one-third or \$161,000 will be funded from CDBG funds. Proposed CDBG funding will consist of approximately \$80,000 from each of the City's Fiscal Years 1991 and 1992 grant allocations. All construction will occur during the first year. One-half (approximately \$80,000) of the total CDBG cost will be paid from Fiscal Year 1991 CDBG funds and the other half will be paid from the City's general fund. The City's general fund would be reimbursed approximately \$80,000 from the Fiscal Year 1992 block grant. Without an authorized advanced use of Fiscal Year 1992 CDBG funds, the City will be forced to reduce funding of other activities and projects of equal importance throughout the City which rely as heavily upon CDBG funding.

Taking into consideration the benefit of avoiding the delay of this important public improvement without cost to the low- and moderate-income families in the immediate neighborhood, I have determined that failure to grant such a waiver would cause undue hardship and adversely affect the purposes of the Act. Therefore, under the authority of 24 CFR 570.5 and subject to the requirements described below, I hereby waive the limits on pre-agreement costs at 24 CFR 570.200(a)(5) and 24 CFR 570.200(h), to allow the City to use CDBG funds from its Fiscal Year 1992 allocation to reimburse itself for costs incurred on this project prior to the issuance of the 1992 grant.

In conveying this authorization to the City of Kennewick, please remind the City that such pre-agreement expenditures are at its own risk subject to the availability of future allocations of CDBG funds. The City should be advised also that:

1. Affected citizens must be provided an opportunity to examine and comment on this proposal prior to undertaking any reconstruction of the street, in accordance with the citizen participation requirements under 24 CFR 570.301(b);
2. The activity, including the multiyear commitment of CDBG funds, must be described in sufficient detail in the future year's final statement from which CDBG funds will be used pursuant to 24 CFR 570.302(b);
3. All CDBG requirements must be met in undertaking this public improvement, including the environmental review procedures; and
4. Prior to using CDBG funds in any year to pay for the reconstruction, the City must determine that this public improvement remains eligible for CDBG assistance and otherwise meets statutory and regulatory requirements as may be in effect with respect to funds from that year.

The grant agreement for which CDBG funds are to be used for this purpose must include specific reference to such pre-agreement costs as required by OMB Circular A-87 (Attachment B, Standards for Selected Items of Cost).

If you have any questions, please contact Entitlement Communities Division staff at FTS 458-1577.

cc:Edwin I. Gardner, DUSFC

CGBE:Thompson:ldt:11-3-90 HR-CPD-505463S Disk #3, ItKennew.wp

cc:

DUSFC Gardner 7108 CC Paul 7204  
CGBE Thompson 7284 CGBE Buell 7284  
CGBE Broughman 7284 CCB Patch 7280  
CGBE Chron 7284 CGBE File(Waivers) 7284  
CAO CU 7233 COF Davis 7208  
CFFC Williams 7216 GCB Landau 5158