

Preagreement Costs

May 13, 1988

MEMORANDUM FOR: William Y. Nishimura, Acting Regional
Administrator-Regional Housing Commissioner, 9S

FROM: Jack R. Stokvis, General Deputy Assistant
Community Planning and Development

SUBJECT: Community Development Block Grant Program (CDBG) Waiver Request for Clark County Nevada

This memorandum responds to your March 29, 1988, memorandum concerning Clark County's request for a waiver of 24 CFR 570.200(a) and 24 CFR 570.200(h), Preagreement Costs. The Cities of Mesquite and Henderson, both urban counties, consortium members, have requested that they wish to accelerate the construction of certain proposed projects and advance the funds to justify, for the cost of construction from local resources and then reimburse their accounts upon the receipt of their share of the annual CDBG allotment from Clark County. This arrangement would enable the projects to be undertaken, completed and available to serve low and moderate income persons sooner than if the cities had to accumulate their annual CDBG allocations. The City of Mesquite is proposing to construct a library which will primarily serve the community's low and moderate income population. The City of Henderson is proposing to rehabilitate a structure and converting

it for use as a senior center.

A waiver of the regulations at 570.200(a) concerning OME Cost Principles is required because any preagreement costs are

limited to those costs described at 570.200(h). A waiver of the regulations at 570.200(i) concerning preagreement costs is necessary for multi-year funding commitments in which future years' grants will be used to reimburse costs for activities undertaken with local funds in the present program year. Taking into consideration the overall benefit to these communities of completing these projects in the near term and the advantages to Clark County to meet its community development objectives in a timely manner, in order to avoid adversely affecting the purposes of the Act I hereby waive the provisions on pre-agreement costs at 24 CFR 570.200(a) and 570.200(h) under the authority of 24 CFR 570.5 subject to the requirements described below.

Please advise Clark County that such pre-agreement expenditures are at their own risk and that reimbursement from future grants is contingent upon the future availability of CDBG funds. Likewise, such reimbursement would be contingent upon the activities being eligible under the 13W and regulations in effect at the time the reimbursement is sought and in compliance with applicable program requirements.

Prior to the commitment of local funds the activities must be described in the County's Final Statement or in an amendment thereto, citizen participation requirements must be met, including making clear the amount of funds that are being programmed, future grants that environmental, labor, competitive procurement and other applicable. All CLIEC requirements are met.

Although individual years are not required for each year in which CDBG funds are used by the County to reimburse the local governments, you are reminded of the requirement in OMP Circular A-37, Attachment D, Section C(5) Costs, that any costs incurred prior to the effective date of the grant are allowable only when specifically provided for in the grant agreement. Therefore, each grant agreement in which CDBG funds are used for this purpose must include specific recognition of allowable costs. Block, 13, Special Conditions, of RFD Form 7082 must be used for this purpose with attachments if necessary.

Should you have any questions or concerns relative to this matter please contact Daniel Drill in the Entitlement Cities Division at (FTS) 755-5977.

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