STATE BASIC AGENCY PROGRAM
DESIGN PROPOSAL

Administrative Procedures
For ARC Construction Projects
About this Template

This template is designed to help state basic agencies develop a program design proposal (PDP) for submission to ARC as part of the process for becoming a registered state basic agency (RSBA). The template can be customized for your agency. The PDP you submit will be referenced as your standard operating procedures for administration of grants and will be incorporated in the Memorandum of Understanding (MOU) between your state basic agency and ARC.

Please note:

- If your agency administers other federally funded programs, consider including a brief description of those programs to demonstrate your agency’s experience administering federal grants.

- You can remove sections in the template that are not relevant to your agency. For example:
  - If your agency does not administer Community Development Block Grant (CDBG) funds (and you do not plan to use CDBG as a model for grant administration practices), then you can remove references to the CDBG program or edit them to fit your program’s policies and procedures.
  - If your agency does not plan to request an administrative fee, the paragraph describing the fee can be deleted.

- If your agency administers CDBG programs, the following applies when you administer ARC projects:
  - If there is no CDBG funding in the project, you may not need to follow all of the U.S. Department of Housing and Urban Development (HUD)/CDBG program procedures.
  - Your agency’s administration of the project may not require oversight from HUD, as the state basic agency role essentially covers administration and oversight of the grant for ARC purposes. Consult your agency’s policies and guidelines on project administration.
  - ARC staff can connect your agency with staff from existing state CDBG programs that are currently administering ARC grants for mentoring purposes.

- The state ARC offices will submit a list of approved and pending RSBAis to the director of ARC’s Program Operations Division by August 31st of each year. Each pending RSBA must sign and execute an MOU with ARC prior to September 30th in order to be eligible to administer ARC grants for the upcoming fiscal year (beginning October 1).

If you have questions about program design proposals please email Chris Brazell, cbrazell@arc.gov.
[Agency Name]
Program Design Proposal

Purpose
This document is a proposal by [Agency Name] to administer construction grants awarded by the Appalachian Regional Commission (ARC) under ARC’s State Basic Agency Grants Administration Program. [Agency Name] has the experience required to administer federal construction grants, and expects to play an active role in administering ARC construction grants. Upon approval of this proposal by ARC, [Agency Name] will enter into a memorandum of understanding (MOU) that will give the agency legal authority to administer ARC grants.

[Agency Name] Background and Experience
[Agency Name] is [State Name]’s chief economic development agency. [Agency Name]’s mission is to promote a vigorous and growing economy, encourage the creation of new jobs and economic opportunities, increase revenues to the state and its municipalities, and achieve stable and diversified local economies. Through the use of loans, grants, tax credits and other forms of financial assistance, [Agency Name] strives to enhance private business investment and growth to spur job creation and support prosperous communities across [State Name].

[Agency Name] administers both state and federal grant funding for community and economic development. [Agency Name] has administered the following Grant, Loan and Tax Credit Programs:

- [State Name] Community Development Block Grant Program.
  [Agency Name] is the lead agency responsible for HUD’s Consolidated Plan for Housing and Community Development and administers the annual funds allocated to the State Small Cities Community Development Block Program (CDBG).

- State Construction Projects.
  [Agency Name] is responsible for oversight and administration of the following grant programs:
    - [Program Name] [Description of agency’s responsibilities]

Criteria for RSBA [Agency Name] to Serving as a Basic Agency for ARC Projects
[Agency Name] will serve as the basic agency for ARC-funded construction projects when either no federal basic agency is available to administer the proposed project or the grantee requests that [Agency Name] serve as the basic agency for the project.

In these instances:
1. The grant applicant’s authorized official will submit a written request and justification for [Agency Name] to serve as a basic agency by the time the project proposal is submitted to ARC.
2. [Agency Name] will determine if it is appropriate for it to serve as basic agency for the grant. [Agency Name] reserves the right to limit the number of projects for which it serves as the basic agency based on organizational capacity.
3. A senior executive from [Agency Name] will provide a letter to the ARC executive director indicating it will serve as the basic agency for the ARC project. This letter is a requirement for ARC project approval.

[Agency Name] Responsibilities

[Agency Name] will administer the project in accordance with its MOU with ARC and the procedures in this document. [Agency Name]’s responsibilities will include overseeing environmental reviews, certifying construction progress, making grant payments, and monitoring the grantee’s compliance with applicable federal laws and regulations.

[Agencies that administer CDBG programs must include the following paragraph]

[Agency Name] will administer ARC construction projects in general accordance with the guidelines and regulations governing the state CDBG program. However, ARC projects do not have to comply with all of the requirements in the Housing and Community Development Act of 1974. Specifically, ARC projects do not have to comply with HUD’s requirements for benefitting low- and moderate-income persons, addressing slums and blight, or meeting other urgent needs. ARC projects must have appropriate and reasonable project outcomes, as determined through the application approval process and any applications amendments.

Administrative Fees

[If no fees will be requested, delete the following paragraph]

[Agency Name] will receive an annual lump sum payment of [Amount] (regardless of the number of projects being directly administered) to serve as a basic agency for ARC construction projects. This fee will cover costs associated with administrative staff, overhead, and expenses to administer projects and to maintain the capacity to administer projects.

Basic Agency Administrative Policies

[Agency Name]’s procedures will be executed in accordance with the following documents:

- ARC Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- Standard Form 424D: Assurances—Construction Programs
- MOU between ARC and [Agency Name]
- ARC Manual for State Basic Agency Grant Administration

[Agency Name] will use the [Insert ACH or ASAP] payment system to request payment on behalf of the grantee.

Basic Agency Standards

In administering ARC projects, [Agency name] will comply with federal and state requirements for construction projects, with emphasis on the following aspects of project management:

- Financial Management
  [Agency Name] will adhere to applicable OMB financial management standards and will be subject to auditing procedures for federal programs. [Agency Name] will ensure that grantees adhere to applicable OMB financial management, cost principles, and audit requirements for ARC projects.
• [Agency Name]’s current or proposed processes for documenting payment disbursements to grantees are described and illustrated in Appendix 1.

• **Procurement and Contracting**  
  [Agency Name] will reviews all grantee procurement procedures and contracts prior to execution to ensure compliance with OMB procurement and contracting requirements.

• **Environmental Review**  
  [Agency Name] will assess the proposed project’s impact on the environment, as required by the National Environmental Policy Act (NEPA) and related federal and state acts and regulations. ARC projects are subject to the same NEPA regulations and processes as CDBG projects. Construction may not begin until the environmental assessment has been conducted.  
  - [Agency Name]’s current or proposed processes for overseeing NEPA environmental assessments are described and illustrated in Appendix 2.

• **Nondiscrimination Policy**  
  Grantees must adopt a policy stating that they will not discriminate in hiring and employment practices against any individual on the ground of race, age, handicap, religion, color, sex, or national origin.

• **Labor Standards**  
  Contracts using federal funds must follow all applicable federal labor standards, which are set forth in the following statutes:  
  - Davis-Bacon Act (40 USC 276(a-a5))  
    - [Agency Name]’s current or proposed processes for monitoring compliance with the Davis-Bacon Act are described and illustrated in Appendix 3.  
  - Copeland "Anti-Kickback" Act (40 USC 276(c)  
  - Contract Work Hours and Safety Standards Act (40 USC 327-333)

After each ARC project contract is executed, [Agency Name] must keep a copy of the contract and provide it to ARC upon request.

• **Uniform Relocation Assistance and Real Property Acquisition Policies Act**  
  [Agency Name] will ensure that construction projects that involve the acquisition of real property as a result of the CDBG comply with the Uniform Relocation Act requirements.

• **Minority- and Women-Owned Business Enterprises (MWBEs)**  
  [Agency Name] will ensure compliance with [insert relevant state law], to establish guidelines for state agencies to establish business and contract goals for state-certified minority- and women-owned businesses.

• **Conflict of Interest**  
  The grantee must comply with the [State Name] and [Local Government Name] Conflict of Interest Act, and the [ARC Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments], Section 21: Procurement.

• **Equal Opportunity Requirements**  
  The Office of Federal Contract Compliance Program has primary responsibility for enforcing DOL’s Equal Employment Opportunity (EEO) provisions. However, [State Name] will provide guidance to the grantee on the following requirements:
- Informing the contractor of requirements and assisting the contractor in complying with the requirements.
- Inserting the appropriate equal opportunity provisions in the contract documents.
- Awarding contracts and approving subcontract awards over $10,000.
- Ensuring that contractors and subcontractors are in compliance with the Federal Equal Employment Opportunity requirements, and are not on a debarred list.

[Agency Name] Project Management, Record-Keeping, and Reporting Procedures

All ARC construction projects administered by [Agency Name] will comply with the same standards and guidelines, including all applicable federal assurances, that apply to the CDBG program with the exception, as noted previously, of the national objective requirement in the Housing and Urban Development Act of 1974 (as amended).

The key role of [Agency Name] is to ensure that the objectives outlined in the ARC grant agreement are achieved and that activities are completed on time, within budget and in compliance with ARC program requirements (according to proposed project scope). [Agency Name] will use existing procedures, forms, and systems to verify progress and to intervene promptly if problems arise.

[Agency Name]’s management and administrative tools to assist in overseeing a project include:

- **Start-Up Documentation**
  Grantees are required to establish appropriate bank accounts and accounting systems for disbursement and documentation of grant funds, and to submit appropriate forms and certifications. Grantees must demonstrate compliance with environmental requirements and any other special conditions of the grant before receiving funds.

- **Recordkeeping and Reporting**
  Grantees are required to keep appropriate records to document compliance with the ARC Grant Award Agreement, and to submit progress reports and other forms of documentation to [Agency Name]. These reports help [Agency Name] monitor the project’s progress and identify when technical assistance might be needed. ARC forms, procedures, and reports must be used for ARC-funded construction projects.

  Grantees are required to submit progress reports at least semi-annually. The reports must include either standard ARC forms (ARC-PPR Form, Standard Form 271, and Construction Reimbursement Request Worksheet) or comparable documents approved by ARC. Grantees may request technical assistance for reporting purposes.

  [Agency Name] will submit to ARC annually a Basic Agency Monitoring Report (BAMR) on all open projects, subject to exemptions approved by ARC on a discretionary basis.

- **Requests for Payment and Disbursements**
  Grantees must submit requests for payment based on the approved budget and report on actual expenditures, using the forms and procedures specified in the ARC Manual for State Basic Agency Grant Administration
• **Notice to Proceed**
  Grantees should not begin construction until [Agency Name] issues a Notice to Proceed, unless explicit permission is granted by [Agency Name]. Notice to Proceed is issued when all precertifications are complete and the ARC project memo has been signed.

• **Amendments**
  Amendments to the scope, location, outcomes, or budget activities that exceed 10 percent will be approved in advance by [Agency Name] and may require approval by ARC. [Agency Name] will follow ARC’s guidance on amendment procedures as outlined in the ARC Manual for State Basic Agency Grant Administration.

• **Final Closeout Reports**
  Once all ARC funds are drawn down and the final Compliance Review has taken place, the project is ready to be administratively closed out. The final BAMR will detail the final expenditures, performance measures (outcomes/outputs), and any project accomplishments or information specifically required by the grant. It may also include a description of the use or disposition of real property acquired as a result of the grant. Upon project closeout, all closeout information, ARC forms, and any other necessary and required documentation will be submitted to the state ARC program office.

• **Technical Assistance for Grantees**
  [Agency Name] will provide the following technical assistance for project grantees:
  - **Implementation Manual**: This manual outlines the steps, procedures, forms and regulations that need to be followed for successful project completion. This manual can be accessed online at [Insert URL].
  - **Implementation Training**: Training for grantees regarding the steps, procedures, forms, and regulations to follow for successful project completion will be provided by [Agency Name]. Technical assistance will be available throughout the life of a project.
  - **Compliance Reviews**: To ensure that the project complies with [Agency Name]’s program requirements, at least one on-site compliance review will be conducted prior to project closeout. Additional reviews may be conducted on an as-needed basis and as local capacity allows. These reviews are documented by checklists and a letter to the grantee. If problems are identified and follow up action is required, [Agency Name] will ensure that actions are taken prior to grant close out.

[Agency Name] and State ARC Program Office Roles and Responsibilities

Overall responsibility for the management of ARC grants administered by [Agency Name] will be assigned to [Agency Name]’s state director. Responsibilities of other [Agency Name] officials are listed below.

**Project Director, [Agency Name]**
- Acknowledges acceptance of interagency financial transfers and agrees to administer ARC grants.
- Provides assurance of compliance with statutory and regulatory requirements.
- Periodically advises ARC of any regulatory or administrative policy changes affecting the ARC-funded project.
- Periodically reports to ARC on the approved projects, contracts executed, changes in project costs, cancellations, and disbursements.
- Prepares a grant final report for ARC, to include:
- Certification of project performance measures (e.g., number of households served, number of businesses served, linear feet of water/sewer line installed, increase in capacity of water/sewer treatment plants, etc.).
- Certification of the final budget, indicating use of ARC funds and matching funds.

**Financial Director, [Agency Name]**

- Accepts ARC funds on behalf of the Department.
- Monitors interagency transfer of funds.
- Requests transfer of funds back to ARC when project costs change or projects are cancelled.
- Recaptures any ARC funds from the grantee and returns them to ARC

**[State Name] ARC Program Manager**

- Accepts applications for ARC funding.
- Completes a preliminary screening of applications.
- Authorizes applicants to file applications with [State Name].
- Authorizes [Agency Name] to obtain documentation on proposed projects.
- Reviews, rates, and ranks applications in accordance with policies and procedures established by [State Name].

The state ARC alternate submits the application, which includes the certifications along with the state’s recommendation for funding (in accordance with state policy) to ARC for funding consideration.

[State Name]’s ARC program manager will be the primary contact at the state for the grant.