



CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FISCAL YEAR 2010 METHOD OF DISTRIBUTION

The following information is taken from the Arizona Department of Housing Consolidated Plan.

OVERVIEW

The total amount of CDBG funds available to the State of Arizona (Arizona Department of Housing (ADOH)) is **\$12,078,239**. No program income or carryover funds are available to ADOH therefore this number is not included in the above amount. Federal Law allows ADOH to retain two percent (2% - **\$341,564**) plus \$ 100,000 of its annual CDBG allocation for program administration. ADOH must provide a non-federal match for the two percent (2%). The match is to be documented at the same time that CDBG funds are drawn down for the State's administrative expenditures above \$100,000. The **\$12,078,239** in federal CDBG resources available to the state will be distributed as follows:

Program	Funding
ADOH Administration	\$ 462,346
1% - <i>Technical Assistance</i> **	\$ 120,782
Grantee Funds	\$ 12,078,239
2% + 100,000 - <i>Administration</i>	\$ 341,564
Regional Account (RA) - 85%	\$ 9,873,509
State Special Projects (SSP) Account - 15%	\$ 1,742,384

** Required match is not included in this figure.

At least 70 percent (70%) of CDBG funds must be spent on activities that meet the low to moderate income persons (low/mod) benefit national objective. Consequently, activities justified on the basis of Slum/Blight or Urgent Need are funded on a first-notified (to ADOH), first-funded basis up to a maximum of 30 percent (30%) of CDBG funds.

Requests for administrative funds are limited to not more than eighteen percent (18%) of each applicant's total application amount. Requests for public service funds are limited to not more than 15 percent (15%) of the total CDBG allocation and are funded on a first-notified (to ADOH), first-funded basis.

The State will distribute any recaptured funds, de-obligated funds, disallowed costs from prior contracts, and program income (PI) not retained by grantees. These funds will be distributed as follows:

ADOH may reallocate de-obligated funds to the same community from which it was de-obligated to an existing or new contract of the same funding year based on the following criteria: 1) performance of the contract from which the funds were de-obligated; and 2) ability to commit de-obligated funds to another project that can immediately use the funds provided the new funds can be committed through a new contract or an amended contract within 60 days.

If ADOH cannot reallocate de-obligated funds according to the above criteria, the de-obligated funds will be redistributed by ADOH to the SSP.

Funds Recaptured for Non-compliance and Recaptured for Non-performance will be redistributed by ADOH to the SSP.

REGIONAL ACCOUNT

The CDBG Regional Account (RA) consists of eighty-five percent (85%) of the State of Arizona allocation from HUD. The remaining fifteen percent (15%) makes up the State Special Projects Account. The RA is distributed on a non-competitive basis to all non-metropolitan cities, towns and counties in Arizona. The method by which the funds are distributed is determined by the State of Arizona working in conjunction with each regional Council of Government (COG). Each COG develops a Method of Distribution (MOD) each year and forwards the MOD to ADOH for approval. The MOD determines which communities will receive funding each year and how much will be received. In some regions, communities take turns in receiving funded (forgoing funding one year for higher amounts the next year) while others distribute the funds evenly every year. At the time of application each community's CDBG application amount must equal the allocation amount. The applications are routed through the COG to ADOH. ADOH will attempt to review and fund each application submitted within 60 days of receipt. ADOH will review all applications and make the final award determinations.

To determine the amount of the CDBG funding allocated to each COG's sub-account, the State uses a formula based on population and low to moderate income persons. Specifically, the COG sub-accounts are determined by: 1) multiplying the percentage of the total population of each COG by 30 percent; 2) multiplying the percentage of the total poverty population of each COG by 70 percent; and 3) adding the products of the two.

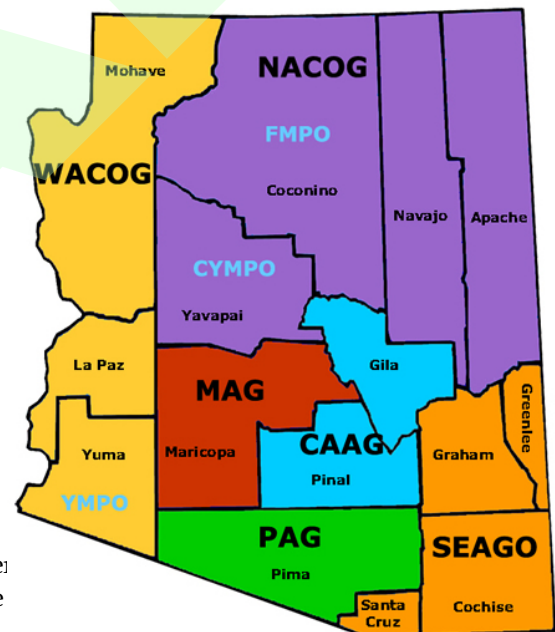
The Regional Account (RA) is divided into four sub-accounts, one for each of the non-metropolitan COG areas. Regional Account allocations are as follows:

Central Arizona Association of Government (CAAG)
Gila and Pinal Counties
\$2,408,431

Northern Arizona Council of Government (NACOG)
Apache, Coconino, Navajo and Yavapai Counties
\$2,243,094

South Eastern Arizona Government Organization (SEAGO)
Cochise, Graham, Greenlee and Santa Cruz Counties
\$2,330,606

Western Arizona Council of Government (WACOG)
La Paz, Mohave and Yuma Counties
\$2,891,378



ADOH will announce CDBG funding levels by the first quarter each year for both the Regional Account by COG and the State Special Projects Account by the total available for the state.

All applications are due to ADOH by 5:00 P.M. each funding year on the following dates: (if a weekend, then the first business day thereafter).

NACOG and SEAGO - June 1
WACOG and CAAG - July 1

Each year the COG will recommend a Method of Distribution to ADOH for the communities within the respective COG region. ADOH has the final authority to determine the MOD for the state. ADOH's final

MOD will be included in the Annual Update of the Consolidated Plan, which is subject to a public participation process.

DISTRIBUTION METHODOLOGY

All distribution of State CDBG funds is to be accomplished through an entitlement system. Each MOD must contain a multi-year schedule that indicates how CDBG allocations are to be distributed such that all eligible communities within each respective COG region will receive funding. The multi-year schedule should include the funding years that each community in the region will receive funds and estimate the amount available. This will allow each community to plan its CDBG projects in advance. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to **September 30**.

ADOH APPROVAL OF MOD

Each COG must submit its MOD to ADOH by **September 30th** of each funding year along with documentation that the MOD has been approved by formal action of their Regional Council. ADOH will distribute the final MOD to recipient communities by **October 30th**.

RECIPIENT COMMUNITY RESPONSIBILITY

While CDBG money is provided to all recipient communities on an entitlement basis, eligibility for CDBG funding depends upon the submission of a viable project application. It is the responsibility of each recipient community to submit a CDBG application with a request of funding equal to or less than the amount of the projected allocation in the MOD. If a community that is scheduled to be funded does not submit a viable and compliant application to ADOH, the allocation for that community will be re-allocated to the SSP. If the funding amounts scheduled for a community exceed funding requests included in the application, the balance will be redistributed to the SSP. Back-up applications will not be accepted.

APPLICATION ROUTING THROUGH COG

All CDBG applications must be routed through the COG for review. The COG will review each application for completeness, notify each community of their findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless the COG is providing this service under contract to the community. COGs have no discretion to reject applications and must forward all applications to the state. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, no rating or ranking or similar comparative analysis is necessary. COG costs for application review must be negotiated between the community and the COG. Each COG will establish its own application procedures (letters of intent, etc.) and submission deadline.

REDISTRIBUTION OF FUNDS

Funds will be redistributed as necessary according to the following:

Recapture is the action of removing funds from a contract due to one of the following two types of circumstances: 1) Recapture for *non-compliance*. The ADOH determines that CDBG funds were not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations; and 2) Recapture for *non-performance*. The recipient fails to perform according to the performance criteria outlined in the contract scope of work, the contract schedule, and/or the performance criteria outlined in the text of the contract with ADOH.

Recaptured funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

De-obligation is the action of removing funds from a contract due to one of the following: 1) the scope of work is completed using less CDBG funds than anticipated and leaving an unexpended balance; 2) the original allocation was a loan and the loan was paid back; 3) an activity was changed or cancelled (for reasons other than performance) resulting in excess funding; 4) program income is received that is not programmed for use.

De-obligated funds may be rolled into an existing or new contract of the same funding year from which the funds were de-obligated if they can be put under contract within 60 days and used quickly. The community must have a positive performance record to be granted this approval.

If the above is not possible, the funds will return to ADOH to be redistributed through the State Special Projects account to the applicant next in line for funding.

This section was issued on May 15, 2006 in the Second Program Year Action Plan comment section as a revision to previous printed materials relating to the redistribution of funds:

If a community that is scheduled to receive funding chooses not to participate or is somehow precluded from participating, the allocation for that community will be returned to the Regional Account from which it came and is to be re-allocated according to the respective Council of Government Method of Distribution previously approved by ADOH.

If a community that is scheduled to receive funding does not submit a feasible and/or compliant application to their Council of Government, the allocation for that community will be returned to the Regional Account from which it came and is to be re-allocated according to the respective Council of Government Method of Distribution previously approved by ADOH.

If a Council of Government submits an application to ADOH on behalf of a community that is scheduled to be funded, and that application is determined to be infeasible and/or non-compliant, the allocation for that community will be redistributed through the State Special Project (SSP) account.

**CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS ALLOCATION SCHEDULE
Multi-Year Approximate Funding Objectives**

Community	2010	2011¹²	2012¹²	2013¹²
Apache Junction ¹	\$ 400,000		\$ 200,000	\$ 200,000
Casa Grande	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Coolidge	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Eloy ²	\$ 400,000	\$ 0	\$ 200,000	\$ 200,000
Florence ³	\$ 400,000	\$ 0	\$ 200,000	\$ 200,000
Gila County	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Globe ⁴	\$ 0	\$ 0	\$ 600,000	\$ 200,000
Hayden	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Kearny ⁵	\$ 400,000	\$ 0	\$ 200,000	\$ 200,000
Mammoth ⁶	\$ 0	\$ 400,000	\$ 200,000	\$ 200,000
Maricopa ⁷	\$ 0	\$ 400,000	\$ 200,000	\$ 200,000
Miami ⁸	\$ 0	\$ 600,000	\$ 0	\$ 200,000
Payson ⁹	\$ 0	\$ 400,000	\$ 200,000	\$ 200,000
Pinal County	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Superior ¹⁰	\$ 600,000	\$ 0	\$ 0	\$ 200,000
Star Valley	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Winkelman ¹¹	\$ 0	\$ 400,000	\$ 200,000	\$ 200,000

¹ Apache Junction has partnered with, and is receiving funds deferred by Payson

² Eloy has partnered with Maricopa, and is receiving funds deferred by Maricopa

³ Florence has partnered with Winkelman, and is receiving funds deferred by Winkelman

⁴ Globe has partnered with Superior and Miami, and has deferred funds for 2010 and 2011

⁵ Kearny has partnered with Mammoth, and is receiving funds deferred from Mammoth

⁶ Mammoth has partnered with Kearny, and has deferred funds for 2010

⁷ Maricopa has partnered with Eloy, and had deferred funds for 2010

⁸ Miami has partnered with Superior and Globe, and has deferred funds for 2010 and 2011

⁹ Payson has partnered with Apache Junction, and has deferred funds for 2010

¹⁰ Superior has partnered with, and is receiving funds deferred by Miami and Globe

¹¹ Winkelman has partnered with Florence, and deferred funds for 2010

¹² Years 2011, 2012, and 2013 may not reflect future partnering arrangements and can be revised in future MODs

ELIGIBLE ACTIVITIES

CDBG funds can be used for a wide range of activities including but not limited to: 1) public improvements (water, wastewater, streets); 2) public facilities (parks, community/senior centers, removal of architectural barriers); 3) housing (both owner-occupied and rental rehabilitation, new housing construction undertaken by a nonprofit, and homeownership assistance); 4) economic development (infrastructure for and direct assistance to businesses, including micro enterprises, to create or retain jobs for and benefit of low-moderate income persons); 5) public services (e.g., childcare, transportation, job training); and 6) planning.

ELIGIBLE APPLICANTS

The State CDBG program is available to units of local government, including cities, towns, and counties, in rural areas. For the purposes of the CDBG program, rural areas are those located outside of entitlement jurisdictions, which receive CDBG funds directly from HUD. Entitlement jurisdictions in Arizona include: all of Maricopa and Pima Counties, the cities of Flagstaff, Yuma, and Prescott and tribal lands.

URGENT NEEDS GRANT APPLICATIONS

When proposing an activity that meets the Urgent Need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the Urgent Need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

COLONIAS SET-ASIDE

HUD mandates the state expend at least ten percent (10%) of its CDBG allocation in the Colonias. The Colonias allocation is **\$1,105,480**. All activities in a self-determined or CDBG-determined Colonia will be considered to meet this set-aside. If there are insufficient funds requested for Colonias from the RA, Colonias SSP applications for will be given priority-funding consideration.

STATE SPECIAL PROJECTS

Any eligible CDBG activity can be undertaken with State Special Projects (SSP) funds. The only difference is that the SSP is competitive and all applications must demonstrate that the project is ready to implement immediately. ADOH may use some of the SSP to create a contingency account available to assist with Regional Account and SSP project shortfalls.

SSP ELIGIBILITY

All activities pursuant to 24 CFR 570 that are ready to begin implementation immediately with environmental review requirements completed, Release of Funds issued, land control secured, planning, design, and permitting complete, and all other related upfront issues resolved.

SSP APPLICATION SUBMISSION

All communities eligible to receive funding from the State CDBG program are eligible to apply. Each community is encouraged to submit one application. Multiple applications may be submitted from one community if the applications are prioritized. All first priority applications will be reviewed first; with subsequent priority applications reviewed if sufficient funding is available, thereby allowing each community a chance to be funded.

SSP APPLICATION DEADLINE

Applications are due to ADOH on June 1 of each funding year by 5:00 pm (if a weekend, then the first business day thereafter), or other date to be determined, at the discretion of ADOH.

SSP SELECTION OF PROJECT AWARDS

Projects will be selected for SSP funding by a competitive process through which applications are scored. The highest scoring applications within each priority category will be awarded prior to awarding projects in subsequent priority categories. Scored applications will be kept on file for one year and the next highest scoring applications will be funded if funding becomes available through recaptured or de-obligated CDBG funds. The criteria for selecting project awards will be provided in the Notice of Funds Available to be issued by ADOH.

This ends the information taken from the Arizona Department of Housing Consolidated Plan as required by the Arizona Department of Housing for inclusion in the Central Arizona Association of Governments Method of Distribution.



CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FY 2010 METHOD OF DISTRIBUTION REGIONAL PROCESS

OVERVIEW OF THE CAAG CDBG PROCESS

At least eight (8) months prior to the application deadline, CAAG will notify each member entity of the requirements of the MOD and the deadline for application submission. This notification shall be sent, by first class mail, to the attention of the each entity's Management Committee and MOD Committee designee(s).

CAAG will present the Method of Distribution to the MOD committee every June for discussion and the MOD Committee will recommend the MOD to the Management Committee for recommendation to the CAAG Regional Council prior to September 30th. The MOD will then be forwarded to the Arizona Department of Housing for approval and the final MOD will be distributed to each member entity by October 30th.

Applications will be due to CAAG on the first business day of June each year. Applications will be reviewed for completeness, and CAAG will notify each community of their findings and will assist the community with rectifying any application deficiencies.

Applications will be presented to the MOD Committee, which will then recommend the applications for approval to the Management Committee for recommendation to the CAAG Regional Council.

Applications will be submitted to ADOH by CAAG by July 1, or the first business day thereafter, of each funding year.

CALENDAR OF EVENTS

June	Review previous MOD; discuss changes/revisions with MOD Committee
September	Letter of Intent/Non-Intent due to CAAG along with notice of partnerships
September	Final approval of MOD by the MOD Committee, Management Committee and the CAAG Regional Council
October	MOD approved by ADOH, official MOD forwarded to communities
November	Begin Public Participation process
December	ADOH Technical Assistance Meeting
April	Notice to CAAG of Urgent Need or Slum and Blighted relevant projects
April	Affirmative Furthering Fair Housing Month and Workshop provided by CAAG
May	ADOH Application workshop
June	Regional Account Applications due to CAAG for review
June	State Special Projects Applications due to ADOH for funding
June	Approval of Regional Account applications by the MOD Committee, Management Committee and the CAAG Regional Council
July	Regional Account Applications due to ADOH for funding

LETTERS OF INTENT/NON-INTENT

All communities shall submit to CAAG a Letter of Intent or Non-Intent to apply for the current fiscal years funds. The Letters of Intent/Non-Intent will help direct the CAAG staff to those entities that will require application assistance, and will also assist in assessing the workload and the number of entities applying for funds. It is not necessary for a community to be specific in the Letter of Intent or Non-Intent, only to state whether or not they plan on submitting an application. FY2010 Regional Account Letters of Intent and Non-Intent should be received by CAAG no later than 5:00 pm on Tuesday, September 2, 2008. CAAG will notify all communities of the Regional Account allocation one week after the Arizona Department of Housing receives notification, in order to assist the communities in determining the nature of the activity(ies) for which they will apply.

Letters of Intent or Non-Intent will be due at the CAAG offices, 1075 South Idaho Road, Suite 300, Apache Junction, Arizona 85119, no later than 5:00 p.m., Friday, August 14, 2009.

PARTNERING

Communities have the option to switch funding years with another community (i.e. "partner-up"). If a community wishes to skip a year or is interested in receiving a double funding round, it is the responsibility of the community to "partner-up" with another community. Both communities need to understand the risk of possible increases or decreases in funding in the future before submitting a Letter of Intent. Deviations from rotation schedules whereby communities trade allocations is allowed but must be accomplished prior to **September 30**.

When submitting a Letter of Intent (due date August 14th), communities must state whether they are submitting for a single funding round or are choosing to "partner-up". If a community "partners-up", they must state which community is their partner, which community will receive funding in the current fiscal year and which community has or will receive funding in the previous or next fiscal year, and that the entities understand possible changes in State policy and funding in the future. This Letter of Intent will be kept on file and will be valid for two years (i.e. a community cannot decide in their 'off year', that they want to apply again).

CDBG GRANT DISTRIBUTION METHODOLOGY

All applications submitted that are viable and who are identified as eligible to receive funding in the current year may submit an application. This Distribution Methodology is identified in the multi-year schedule (four fiscal years) as seen below and the estimated amount of funds to be received. The total CAAG funding allocation from the FY 2009 was **\$2,408,431**. Therefore all figures are estimated, based on the previous funding year's allocation until official funding for the current year is released by HUD.

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¹² Years 2011, 2012, and 2013 may not reflect future partnering arrangements and can be revised in future MODs

FUNDING DISTRIBUTION

Each member entity is allowed to submit an Application(s). The amount any one community may receive will be determined by the amount of the Regional Account allocation to CAAG divided by the number of member entities. Thus the distribution will be equally distributed amongst the participating member entities. In the event that funds are leftover from the mathematical division of CAAG's allocation, the remaining funds shall go to the Town of Miami.

APPLICATION DUE DATE TO CAAG

Primary and Secondary Applications will be **due at the CAAG Administrative Office, 1075 South Idaho Road, Suite 300, Apache Junction, Arizona 85119, no later than 5:00 p.m., Tuesday, June 1, 2010.**

APPLICATIONS ROUTED THROUGH CAAG

All CDBG applications must be routed through CAAG for review. CAAG will review each application for completeness, notify each community of their findings and assist the community with rectifying any application deficiencies. The responsibility to correct deficiencies lies with the community unless CAAG is providing this service under contract to the community. CAAG has no discretion to reject applications

and must forward all applications to the State. Only those communities identified as eligible to receive funding in the current year MOD may submit an application, therefore, no rating or ranking or similar comparative analysis is necessary. CAAG's cost for an application review is \$75.00 per hour and can be reimbursed to the community under the CDBG administrative budget.

COMPLIANCE WITH PROGRAM REQUIREMENTS

In order to achieve compliance with the Arizona Department of Housing Community Development Block Grant requirements, the Central Arizona Association of Governments (CAAG) Method of Distribution incorporates the CDBG FY 2006 Application Handbook (or the most recently approved and distributed CDBG Application Handbook), and all related federal overlay statutes.

ALL CITIZEN AND PUBLIC PARTICIPATION REQUIREMENTS

An activity **MUST** be discussed at a CDBG Public Hearing to be eligible for funding. Each activity **MUST** meet one of the three National Objectives and be eligible per CDBG guidelines.

All submitted Primary and Secondary Applications **MUST** follow the most current CDBG Application Handbook. For a Primary or Secondary Application to be eligible for review, it **MUST** be complete and all requirements **MUST** be included. Attachments will vary depending on the activity selected; however, the Primary and Secondary Applications will include at least the following:

- Appropriate CDBG forms from the CDBG Application Handbook;
- Census/Location Maps;
- Census/Demographic Information;
- Signed Certifications;
- Public Participation documentation and proof of publication of public notices;
- All applicable Resolutions; and
- Disclosure Report

One original and one copy of each application shall be submitted to CAAG prior to the deadline (5:00 p.m., June 1, 2010) in the format and order required by the CDBG Program. Each original application and copy shall be submitted in a standard, letter sized, manila colored file folder and secured by a two-hole-punched prong at the top of the application with the Form 1, Application Cover Sheet as the first page in the application. Each application shall be identified by a label attached to the folder indicating CDBG FY 2010 RA Application and shall list the entity name and project.

COMPLETENESS

Each member entity is encouraged to submit one Primary Application and a maximum of one Secondary Application. No Back-up Applications will be accepted. CAAG staff will review each Primary and Secondary Application for completeness, will clarify and assure that each activity meets one of the three National Objectives and is eligible.

ELIGIBLE ACTIVITIES

CDBG funds can be used for a wide range of activities including but not limited to: 1) public improvements (water, wastewater, streets); 2) public facilities (parks, community/senior centers, removal of architectural barriers); 3) housing (both owner-occupied and rental rehabilitation, new housing construction undertaken by a nonprofit, and homeownership assistance); 4) economic development (infrastructure for and direct assistance to businesses, including micro enterprises, to create or retain jobs

for and benefit of low-moderate income persons); 5) public services (e.g., childcare, transportation, job training); and 6) planning.

URGENT NEED OR SLUM AND BLIGHT ACTIVITIES

Each Entity is required to report to CAAG whether their Primary and/or Secondary Application submitted will be under the Urgent Need or the Slum and Blight National Objective. Of CAAG's total funding allocation, no more than thirty percent (30%) of the total shall be justified on the basis of the Urgent Need or the Slum and Blight Objective. This determination is based on a first come first serve basis. Should the proposed applications exceed the thirty percent (30%) maximum, CAAG will recommend that projects be revised to reflect the National Objectives. CAAG will then forward this information to ADOH. **Notice shall be made via email or phone call to CAAG by April 1 of each funding year.**

When proposing an activity that meets the Urgent Need national objective, the applicant must document that it has no other financial resources available to meet the need. Additionally, all activities that propose to meet the Urgent Need national objective must meet community development needs that: 1) have a particular urgency; 2) pose a serious, immediate threat to the health or welfare of the community; and 3) and are of recent origin.

In addition, a similar threshold requirement is applicable to all Public Services Applications, Whereas, ADOH must be advised in writing as to which community wishes to complete such a project, the total funds being applied for and the project description/name. Likewise, the Colonias allocation threshold is 10% and ADOH should be notified in advance if a community has been recently declared a Colonias.

HUD mandates the state expend at least ten percent (10%) of its CDBG allocation in the Colonias. All activities in a self-determined or CDBG-determined Colonia will be considered to meet this set-aside. If there are insufficient funds requested for Colonias from the RA, Colonias SSP applications for will be given priority-funding consideration.

CAAG REGIONAL COUNCIL

The MOD Committee will recommend applications and funding levels to the Management Committee for recommendation to the CAAG Regional Council, who will in turn make the final funding recommendations to CDBG Program Management at the Arizona Department of Housing. CAAG will utilize the CDBG Application Handbook, already incorporated into the MOD by reference, as well as the components of the MOD to ensure that award is made on an objective basis.

APPLICATION DUE DATE TO ADOH

Primary and Secondary Applications will be **due at the ADOH office, 1110 West Washington Street, Suite 310, Phoenix, Arizona 85007, no later than 5:00 p.m., Thursday, July 1, 2010. CAAG will be responsible for submitting all applications.**

THRESHOLD REVIEW

All Applications submitted to ADOH are subject to a Threshold Review. All applications must pass a five-point application review. First, costs must be necessary and reasonable. Second, the project must be ready to start. Third, the project's final result must demonstrate a "benefit." Fourth, the recipient must have the capacity to complete the project in a timely manner and adhere to all regulations, and finally, the project must comply with federal overlay statutes. Further information is provided in the FY06 Application Handbook Section 3.

FY 2010 CDBG TAAP BILLING

CAAG staff will provide application technical assistance and advisory services to member entities during the FY 2010 Regional Account application process. Entities funded through the FY2010 Regional Account application process will be billed by CAAG for the number of hours of direct and indirect technical assistance for application preparation (TAAP) at an hourly rate of **\$75.00**. Entities participating in the FY 2010 CDBG Regional Account process are to budget funds in their Primary Applications for payment of TAAP fees. These budgeted funds may be from CDBG funds or from other resources.

To enable CAAG to provide the above TAAP services, CAAG's member entities have created a restricted, revolving fund to support the CDBG advance TAAP fees established by a reimbursable investment assessed equally among all member entities in the amount of \$2,700.00.

DEFINITIONS FOR REDISTRIBUTION OF FUNDS

The following are definitions provided by the Arizona Department of Housing regarding funds for redistribution dated January 2005.

De-obligation is the action of removing funds from a contract due to one of the following:

- 1) The scope of work is completed using less CDBG funds than anticipated and leaving an unexpended balance.
- 2) The original allocation was a loan and the loan was paid.
- 3) An activity was changed or cancelled (for reasons other than performance) resulting in excess funding.
- 4) Program income is received that is not programmed for use.

De-obligated funds may be rolled into an existing or new contract of the same funding year from which the funds were de-obligated if they can be put under contract within 60 days and used quickly. The community must have a positive performance record to be granted this approval. If the aforementioned is not possible, the funds will return to ADOH to be redistributed through the State Special Projects account.

Recapture is the action of removing funds from a contract due to one of the following two types of circumstances:

- 1) Recapture for Non-compliance. ADOH determines that CDBG funds were not used in compliance with the contract between ADOH and the recipient or in compliance with federal regulations.
- 2) Recapture for Non-performance. The recipient fails to perform according to the performance criteria outlined in the contract scope of work, the contract schedule and/or the performance criteria outlined in the text of the contract with ADOH

Recaptured funds will return to ADOH to be redistributed through the State Special Projects account.

This section was issued on May 15, 2006 in the Second Program Year Action Plan comment section as a revision to previous printed materials relating to the redistribution of funds:

If a community that is scheduled to receive funding chooses not to participate or is somehow precluded from participating, the allocation for that community will be returned to the Regional Account from which it came and is to be re-allocated according to the respective Council of Government Method of Distribution previously approved by ADOH.

If a community that is scheduled to receive funding does not submit a feasible and/or compliant application to their Council of Government, the allocation for that community will be returned to the

Regional Account from which it came and is to be re-allocated according to the respective Council of Government Method of Distribution previously approved by ADOH.

If a Council of Government submits an application to ADOH on behalf of a community that is scheduled to be funded, and that application is determined to be infeasible and/or non-compliant, the allocation for that community will be redistributed through the State Special Project (SSP) account.

PROGRAM INCOME RETURNED

Program Income earned and returned to the Arizona Department of Housing will be handled in exactly the same manner as Redistributed Funds, described above.

METHOD OF DISTRIBUTION APPROVAL

Approved by the Central Arizona Association of Governments Method of Distribution Committee and Management Committee on September 11, 2009 and the CAAG Regional Council on September 23, 2009.