

State Water Infrastructure Authority

Meeting Date: December 13, 2017

Agenda Item K – Process for Use of De-obligated CDBG-I Funds

Division of Water Infrastructure Staff Report

Background

On occasion, grantee units of local government have projects that when awarded, are no longer considered viable projects. In other instances, projects may come in under budget, leaving the remaining funds unused. In both cases, the funds are de-obligated back to the Division of Water Infrastructure for use in other projects. The Department of Housing and Urban Development strongly encourages states to move money quickly, and complete projects within a 36-month period.

Potential Policy

The Division proposes the following as a potential policy for use of the funds:

1. De-obligated funds would be moved to the highest ranked project in the same fiscal year in which funds did not cover actual construction bids within the original scope of the project. The rank order of projects from the scoring process determines the order in which additional funding will be considered.
2. Should a de-obligation occur prior to projects going to construction, the de-obligated funds will go to the highest ranked partially funded project in the fiscal year of funds.
3. If there are no qualifying projects within the same project year, projects in the following fiscal year will be considered for additional funding, once grantees have taken bids and negotiated with the lowest bidder. The rank order of projects from the scoring process determines the order in which additional funding will be considered.
4. Should a de-obligation occur prior to projects in the following fiscal year going to construction, the de-obligated funds will go to the highest ranked partially funded project in the fiscal year of funds.
5. Should two projects that both need funding have the exact same ranking, the project within a unit of local government that has the least population will be provided the de-obligated funds.
6. Projects that have gone to bid with costs coming in over budget have priority over partially funded projects in a given fiscal year.

Point of Discussion

Should any project receive more than maximum \$3.0 million (for projects awarded from FY13, FY14, and first round FY15 funds), or \$2.0 million (all subsequent rounds)?

Staff Recommendation

Division staff recommend that the Authority approve as final the policy for use of de-obligated CDBG-I funds as presented above.