

TOWNSHIP OF ABINGTON

(4) PUBLIC AFFAIRS COMMITTEE

December 2, 2015

7:00 P.M.

CALL TO ORDER

ROLL CALL: SPIEGELMAN – FARREN, SR. – SCHREIBER – SANCHEZ – JONES, JR.

**Township Manager LEFEVRE
Assistant Township Manager WEHMEYER
Township Solicitor CLARKE
Director of Parks and Recreation WENDELL**

MINUTES:

Motion to approve the minutes of the October 28, 2015 Public Affairs Committee Meeting.

Parks and Recreation Report – Call on Doug Wendell

PA1. Abington Township's Reimbursement to HUD

Motion to approve Abington Township's reimbursement to HUD, with non-federal funds, in the amount of \$125,130.14 for noncompliance with federal regulations. HUD issued two-(2) findings during its on-site monitoring visit conducted on January 26-29, 2015, which are: 1.) The 2013 After-School Program fell below the minimum standard and has to reimburse \$16,500.00 and 2.) The Owner-Occupied Housing Rehabilitation program could not provide proof of cost reasonableness for contract modifications of six-(6) properties in the amount of \$108,630.14 from Fund Balance.

BOARD ACTION REQUEST

PUBLIC AFFAIRS COMMITTEE

December 2, 2015

DATE

PA 1

AGENDA ITEM NUMBER

DEPARTMENT

AGENDA ITEM

TOWNSHIP MANAGER

Community Development

UBS

Abington Township's
Reimbursement to HUD

[Signature]

PREVIOUS ACTIONS

NONE

RECOMMENDED BOARD ACTION

Motion to approve Abington Township's reimbursement to HUD, with non-federal funds, in the amount of \$125,130.14 for noncompliance with federal regulations. HUD issued two-(2) findings during its on-site monitoring visit conducted on January 26-29, 2015, which are: 1.) The 2013 After-School Program fell below the minimum standard and has to reimburse \$16,500.00 and 2.) The Owner-Occupied Housing Rehabilitation program could not provide proof of cost reasonableness for contract modifications of six-(6) properties in the amount of \$108,630.14 from Fund Balance.

COMMENTS

(See Attached)



U.S. Department of Housing and Urban Development

Philadelphia Office
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3380

JUL 02 2015

Mr. Van B. Strother
Director
Office of Housing & Community Development
Abington Township
1176 Old York Road
Abington, PA 19001-3713

Dear Mr. Strother:

SUBJECT: Fiscal Year 2015 Monitoring Review
Township of Abington, Pennsylvania
Community Development Block Grant (CDBG) Program

We have completed our review of Abington Township's responses to the two (2) Findings from the FY 2015 monitoring of Abington Township's CDBG Program. The information provided by the Township addresses Corrective Actions #3 and #4 of Finding #2. Please see our comments below, and respond accordingly:

FINDING 1:

Condition: Insufficient evidence that Public Service activities meet a national objective of the CDBG Program.

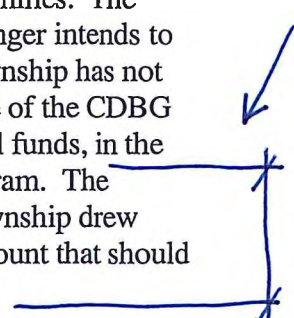
Criteria: 24 CFR 570.208(a)(2)(i)(B) and 24 CFR 570.506(b)(3)(iii).

Cause: The Township could not produce documentation for both the After-School and Summer Recreation Programs to support compliance with 24 CFR 570.208(a)(2)(i)(B) and to support the accuracy of the information contained in the 2013 CAPER for each of these activities.

Effect: CDBG-assisted Public Services may not meet one of the national objectives of the CDBG Program.

Corrective Action: For both the After-School and Summer Recreation programs, the Township must provide evidence of compliance with 24 CFR 570.208(a)(2)(i)(B) and evidence to support the accuracy of the information contained in the 2013 CAPER.

Abington's Response: With its April 8, 2015 response, the Township provided Individual Income Survey forms which show that 36 of the 68 children served in the Summer Recreation Program (or 52.9%) came from low- and moderate-income families. For the 2013 After-School Program, the Township provided similar forms which show that only 14 of the 28 children served (or 50%) came from low- and moderate-income families. The Township indicated in an April 23, 2015 electronic mail (email) that it no longer intends to provide CDBG funds for either of these activities. However, in that the Township has not demonstrated that the 2013 After-School Program meets a national objective of the CDBG Program, the Township must reimburse its Letter of Credit, from non-federal funds, in the amount of CDBG funds that were expended for the 2013 After-School Program. The Integrated Disbursement Information System (IDIS) is showing that the Township drew \$16,500 for the 2013 After-School Program (Activity #301). This is the amount that should be reimbursed to Township's Letter of Credit.



FINDING 2:

Condition: The procedures for the Owner-Occupied Housing Rehabilitation program indicate that the Township intends for the homeowner to select the contractor to perform the rehabilitation work, and not trigger the procurement requirements of 24 CFR 85.36. However, the current process does not ensure that costs are reasonable; does not provide adequate controls for the acceptability, approval and reasonableness of contract modifications; and does not ensure that all work is being performed per the work write-up and that the rehabilitated houses comply with the Township's Codes Standards as required by the Owner-Occupied Housing Rehabilitation program procedures.

Criteria: OMB Circular A-87, 24 CFR 570.202 and 24 CFR 570.506.

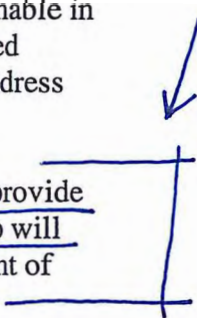
Cause: The Township's requirement that homeowners participating in its Owner-Occupied Housing Rehabilitation program select the lowest bid from all qualified bids or pay the difference in cost between the lowest bid and the bid of his/her contractor of choice does not ensure cost reasonableness.

Effect: The cost of CDBG-assisted housing rehabilitation may not be reasonable.

Corrective Action: The Township should refer to the "Contractor Selection/ Rehabilitation" section of this monitoring report. The Township needs to revise their contractor selection process by selecting one approved method instead of using a combination of procurement and homeowner selection procedures. This can be accomplished by ensuring that procurement regulation 24 CFR 85.36 is used for contractor selection or ensuring that the current homeowner contractor selection procedures are being governed by OMB Circular A-87 and provide the following:

1. Revised procedures for the Owner-Occupied Housing Rehabilitation program which ensure that homeowner contractor selection complies with OMB Circular A-87.

Abington's Response: The Township has not addressed this portion of Finding #2. The Township needs to provide our Office with revised procedures for the Owner-Occupied Housing Rehabilitation program which clearly delineate the contractor selection process as being a homeowner selection process or procurement under 24 CFR Part 85.36. The procedures also should identify how the Township will determine and document cost reasonableness for both work that is included in the initial write-up as well as subsequent contract modifications. Regarding contract modifications, the procedures also should identify the situation(s) under which contract modifications will be allowed, and the Township must ensure that property files are properly documented to support the acceptance of contract modifications. You should refer to the initial FY 2015 monitoring report for guidance in this regard. In addition, if it is the Township's requirement that properties assisted under the Owner-Occupied Housing Rehabilitation meet Township Code at the completion of the rehabilitation work, then the Township must establish a format for documenting such compliance. This could be accomplished and documented as part of the final inspection process.

2. For all six (6) properties included in our review, documentation to support the basis for the contract modifications, the additional costs and that the costs are reasonable in accordance with OMB Circular A-87. The Township also must provide revised procedures for its Owner-Occupied Housing Rehabilitation Program which address contract modifications. Specifically, the condition(s) under which contract modifications will be approved and the approval process, and how cost reasonableness will be determined and documented. If the Township cannot provide proof of cost reasonableness for the contract modifications, then the Township will need to reimburse in CDBG local account with non-federal funds in the amount of \$108,630.14.
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Abington's Response: In correspondence dated April 10 and 13, 2015, the Township provided: a new Change Order form that it will use for future contract modifications, a hand written letter from the homeowner requesting modifications to the work write-up for 2220 Pleasant Avenue, and copies of the Rehabilitation Addendums and modifications that were made for 111 Egerton and 2220 Pleasant Avenue. However, the documentation provided does not indicate the basis for approving the contract modifications (e.g., Was the additional work a result of truly unforeseeable circumstances that could not be identified at the time of the initial work write-up and were necessary to bring the properties into compliance with Township Codes?). Also, as shown in the following chart, the contract modifications increased the costs substantially for each property. The Township needs to provide documentation showing how it determined the additional costs were reasonable.

Address	Cost Estimate	Original Contract	Final Amount
2229 Glendale Ave.	\$17,975	\$13,300	\$ 34,850
357 Church Rd.	\$29,475	\$20,700	\$ 27,900
111 Egerton Ave.	\$31,150	\$29,150	\$ 45,860
2220 Pleasant Ave.	\$16,775	\$15,655	\$ 25,988.96
239 Ruscomb Ave.	\$44,975	\$41,975	\$ 47,858
2905 Mt. Carmel Ave.	\$64,400	\$60,401	\$107,354.18

3. In accordance with the program procedures for the Township's Owner-Occupied Housing Rehabilitation program, for all six (6) properties included in our review, provide evidence the properties met the Township's codes standards at the time the rehabilitation work is completed.

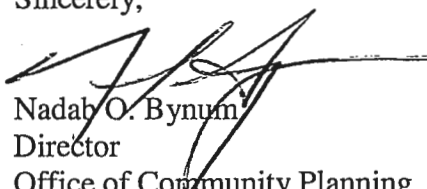
Abington's Response: The Township provided correspondence dated February 24, 2015 indicating only that the work that was performed on the six (6) properties did not require a building permit and, as such, the municipal building inspector did not have any basis to inspect the properties and provide final clearance. We are accepting the Township's response. However, going forward, if it is the Township's requirement that properties assisted under the Owner-Occupied Housing Rehabilitation meet Township Code at the completion of the rehabilitation work, then the Township must establish a format for documenting such compliance. The format for documenting such compliance needs to be included in the revised procedures for the Owner-Occupied Housing Rehabilitation program. Please refer to Corrective Action #1 of Finding #2.

4. For 2220 Pleasant Avenue, a new blow-off pipe must be installed on the hot water heater, and the hot air furnace and hot water heater must be properly serviced, in accordance with the work write-up. Evidence that these items have been completed should be provided to our Office.

Abington's Response: In its May 14, 2015 email, the Township adequately addressed this portion of Finding #2, as it provided documentation showing the purchase and installation of the blow-off pipe at 2220 Pleasant Avenue.

Please respond to the remaining items within ten (10) days of the date of this letter. If you have any questions, please feel free to contact Ms. Mary Anne Bellacima, at (215) 861-7654. Our Office may also be reached via text telephone (TTY), at (215) 656-3452.

Sincerely,



Nadab O. Bynum
Director
Office of Community Planning
and Development