Appalachian Regional Commission

BASIC AGENCY GRANT ADMINISTRATION MANUAL

Registered State Basic Agencies (RSBAs)
and Federal Basic Agencies (FBAs)

Effective November 2, 2026

About this Manual

Introduction

This manual explains the process that federal and state agencies must follow to become an ARC basic agency (BA). The manual also provides guidance to BAs on managing ARC construction projects throughout the life cycle of the project, from the commencement of project administration to project closeout.

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Section 1: Basic Agency Setup Process

Federal Agencies

In order to administer ARC construction projects, a federal basic agency (FBA) must have a Memorandum of Agreement (MOA) with ARC in effect for the duration of the construction projects. The MOA will be specifically tailored to meet the needs of ARC and the counterpart federal agency. Typically it will provide for the FBA to assume administration of the projects in accordance with their own policies and procedures and applicable ARC requirements. Although a federal basic agency MOA does not have a firm end date, MOAs may be revised by the parties at any time.

State Agencies

In order to administer ARC construction projects, a state agency must apply to ARC to become a Registered State Basic Agency (RSBA). This section explains the process of applying for RSBA status, including how to develop a Program Design Proposal (PDP), and the purpose and parameters of the ARC-RSBA Memorandum of Understanding (MOU).

Applying for RSBA Status: Preparing a PDP & MOU

Step 1. The state agency prepares and submits a Program Design Proposal (PDP) outlining the agency's administrative procedures for ARC construction projects. The PDP template, which outlines the information requested by ARC, is provided in Appendix 1. Requested information for the PDP includes:

- A description of the agency's experience directly administering federal grants.
- Criteria for determining whether the agency will agree to administer an ARC construction project.
- Details of proposed administrative fee structure and terms, if any.
- Descriptions of the processes the agency intends to use to administer ARC grants, especially those required for adherence to key ARC grant terms and conditions for construction projects, such as Build America, Buy America; environmental review; and prevailing wage.
- Descriptions of the agency's policies and procedures for adhering to its MOU with ARC, such as procedures for documenting and disbursing payments on a reimbursement basis and conflict of interest policies. This should also include information on whether the state agency plans to require grantees to execute an additional agreement with the agency in addition to ARC's grant agreement. If the agency will provide another agreement to grantees, a sample should be attached to the PDP. The agreement must incorporate the relevant terms of the ARC-RSBA MOU, must reflect the processes stated in the RSBA's PDP, and must not conflict with ARC's award terms and conditions.

- An acknowledgement that the state agency will monitor the grantee's compliance with all applicable federal laws and regulations.

- Identification of the state agency offices and contractors, if applicable, that would manage the ARC construction projects, and their respective roles and responsibilities. If a contractor is later utilized, the agency must inform ARC of the contractor qualifications and operating procedures.

Step 2. ARC will provide the state agency with a template MOU *(see Appendix 2)*. The state agency will complete the MOU template and submit the draft to ARC for review. The MOU will include the basic standards and obligations of the RSBA.

In the MOU, the state agency will agree to:

- Serve as the fiscal agent and compliance monitor for ARC construction grant projects. This includes ensuring grantees have the appropriate policies and procedures in place.

- Submit an annual report (Basic Agency Monitoring Report) on each project every fiscal year.

- Certify that the grantee complies with all applicable federal requirements, including environmental review (the National Environmental Policy Act); prevailing wage (the Appalachian Regional Development Act and the Davis-Bacon and Related Acts); Build America, Buy America (BABA); procurement requirements, and other applicable federal laws and regulations as set forth in 2 CFR Part 200.

- Certify that payment requests reflect costs incurred and work performed.

Step 3: The ARC State Program Manager and an ARC Project Coordinator review the draft PDP and MOU, and work with the state agency to refine and finalize both documents.

Step 4: When the final MOU document is completed, ARC and the state agency sign the MOU, which incorporates the PDP, thus completing the RSBA registration process. At this point the state agency becomes an RSBA and is authorized to administer ARC construction projects. The signed MOU remains in effect until amended by ARC and the RSBA; note that the MOU requires ARC and the RSBA to re-review the MOU for suitability no less than every four years. The MOU and/or PDP should be amended in coordination with ARC any time material changes are needed.

Section 2: Basic Agency Administrative Fees

Federal Agencies

Federal basic agencies may request a fee from ARC to cover the costs of administering grants. The administrative fee will be calculated in accordance with the MOA between ARC

and the federal basic agency. It should be prorated to account for any co-funding provided by the FBA.

State Agencies

Registered state basic agencies may request a fee from ARC to cover the costs of administering their portfolio of ARC construction grants. This may done by executing an RSBA Administrative Cooperative Agreement with ARC every fiscal year; this agreement lists the terms under which the RSBA will administer ARC grants during the fiscal year in exchange for the fees. The RSBA should use Generally Accepted Accounting Principles (GAAP) to calculate the cost for it to administer an estimated pool of ARC grants, which is based on the expected number of grants and the cost of ensuring that the RSBA program is self-sustaining. That internal GAAP-driven fee request calculation is then evaluated against the "5-2 Benchmark Fee" for reasonableness. The 5-2 Benchmark Fee equals 5% of the ARC amount for new projects plus 2% of the ARC amount for ongoing projects. An RSBA fee request calculation that exceeds the benchmark is not automatically rejected, but it does require a written justification for the cost from the RSBA.

The RSBA Administrative Cooperative Agreement should be submitted to ARC no later than the first quarter of the federal fiscal year and remains in effect for one federal fiscal year **(October 1 – September 30)**. RSBAs submit a new administrative cooperative agreement proposal for each fiscal year. However, ARC will not enter into a new administrative cooperative agreement with an RSBA until all open administrative cooperative agreements have been closed and all unspent funds have been recovered by ARC.

See the RSBA Cooperative Agreement Application Guide HERE.

RSBA Administrative Cooperative Agreement Approval Process

Step 1. The RSBA estimates the cost of administering ARC construction grants for the applicable federal fiscal year. This cost should be based on the estimated number of ARC grants the RSBA will administer during the fiscal year as well as the cost of ensuring that the RSBA program is self-sustaining. ARC state program offices that also serve as RSBAs should note that the scope of the RSBA Administrative Cooperative Agreement is distinct from that of the Consolidated Technical Assistance (CTA) Cooperative Agreements issued to ARC state program offices each year, and expenses for each must be tracked and reimbursed separately. There should not be a duplication of costs in these agreements. Before the new federal fiscal year begins, the RSBA should work with the ARC State Program Manager to estimate the number of projects it expects to administer. The estimate may also include the cost of training and capacity development on BABA and other compliance topics, the cost of subcontracting targeted RSBA capacity (subject to ARC approval of the subcontracting terms), and any other reasonable cost required to meet the RSBA's obligations under its MOU with ARC.

The RSBA should submit one application for each allocation or funds source: one for state-funded projects (such as Area Development, Distressed Counties, and SAAW projects), one for POWER-funded projects, and one for ARISE-funded projects. Since each pool of projects

involves a separate funding source, a separate project list and administrative fee proposal needs to be submitted for each pool of projects.

Step 2. The RSBA submits an administrative fee proposal to its state ARC office for review. (Note: matching funds are not required for cooperative agreements). The project period of performance should start on October 1 and end on September 30 of the following year to align with the federal fiscal year.

An administrative cooperative agreement proposal follows a similar process to an ARC non-construction application, with fewer data entry fields than most non-construction applications, and must include the following documentation:

- RSBA Admin Fee Project List *(see Appendix 3)*: This is a spreadsheet that summarizes the new and ongoing construction projects that the RSBA will administer during the applicable federal fiscal year. Since some RSBAs administer relatively few projects and others administer many projects, this spreadsheet is designed to balance the needs of both types of RSBAs. It contains a list of new ARC projects by name as well as a list of all fiscal years for which there are ongoing projects. The combination of new and ongoing projects is used to calculate the RSBA admin fee amount. RSBAs should use ARC's Excel template, which contains pre-loaded formulas, rather than a customized project list in Word. This spreadsheet contains the following data entry sections:
    - New ARC Projects: A table listing each new project planned for the upcoming or current fiscal year. The column headings are Project Number, Project Title, ARC Award, and Project Description. The total number of new projects managed is automatically calculated.
    - Ongoing ARC Projects: A table listing each of the past fiscal years for which there are still ongoing projects. The column headings are Fiscal Year, Number of Open Projects, Total ARC Funding, and Key Updates (Reference Specific Project Numbers). The total number of ongoing projects managed is automatically calculated. The projected communities served by the RSBA admin project equals the number of new ARC projects plus the number of ongoing ARC projects in the upcoming or current fiscal year.
    - Single-Count Projects Completing Key Milestones (Environmental Review, Final Design, BABA Review, Competitive Procurement, or Construction): Total Projects Managed = New Projects Managed + Ongoing Projects Managed. Of the total projects being managed, the RSBA must list the total number that complete one or more key milestones during the current or upcoming fiscal year. Projects cannot be double counted. For example, if a project is expected to complete both the design and environmental phases during the fiscal year, then that project is only counted one time. This number is used to determine the projected communities improved by the RSBA admin grant.
    - Proposed RSBA Admin Fee: The RSBA and its finance staff estimate this based on the costs they expect to incur from administering the entire pool of projects.
    - Justification for Exceeding 5-2 Benchmark: This field should only be completed if the Proposed RSBA Admin Fee exceeds the 5-2 Benchmark Admin Fee. The 5-

2 Benchmark Admin Fee equals 5% of New ARC Projects + 2% of Ongoing ARC Projects.

Step 3. After the ARC State Program Manager approves the RSBA administrative cooperative fee proposal and prepares a transmittal letter from the state Governor's Alternate, the proposal is sent to ARC for final approval by the Federal Co-Chair.

Step 4. When ARC approval of the proposal is complete, ARC prepares and executes the administrative cooperative agreement with the RSBA.

Revisions to the RSBA Administrative Cooperative Agreement

If additional funds are needed, the RSBA administrative fee can be adjusted by submitting a funds increase amendment to the RSBA administrative cooperative agreement award in Pathways before the end of the current fiscal year, explaining the additional ARC funds needed. If there are unused funds at the end of the period of performance, then those funds will be de-obligated back to their original allocation or funds source (such as POWER, ARISE, or the applicable state allocation). Unspent funds from one fiscal year can be added to the RSBA admin fee application for the following fiscal year.

Because the number of projects an RSBA will administer during the year is difficult to predict, cost underruns and overruns are possible as projects are added to or removed from the RSBA's portfolio.

RSBA Administrative Cooperative Agreement Reporting and Payment

Step 1. RSBA administrative cooperative agreements have a 6-month reporting cycle and do not require a match contribution. The RSBA must submit electronic financial reports and progress reports as part of this reporting process. The financial report cannot include advances, only reimbursements or no payments. Payments will be made to the RSBA through the ACH system rather than ASAP, because the RSBA admin fee is payable under an ARC-administered award; grantee construction invoices on state-administered projects continue to be paid through ASAP. Each financial report should include a listing of the cumulative costs incurred by the RSBA from administering construction grants. The progress report should notify ARC of any projects encountering problems or delays, and the final progress report should describe any differences between projected and actual performance measures. ARC may withhold payment of the RSBA admin fee if the RSBA's BAMRs are past due. The progress report must include responses to the following narrative sections:

- Background
- Activities
- Project Outcomes
- Problems Encountered
- Upcoming Activities

Step 2. The RSBA must also submit a RSBA Project Status List by email to the ARC Project Coordinator along with each financial report and progress report. This list will show how

much progress the total portfolio of ARC projects is making toward achieving key milestones: Environmental Review, Final Design, BABA Review, Competitive Procurement, and Construction. For each milestone, the RSBA must show how many projects have completed that phase.

- RSBA Project Status List *(see Appendix 4)*: This is a spreadsheet that summarizes the progress status of the new and ongoing construction projects that the RSBA is currently administering. Since some RSBAs administer relatively few projects and others administer many projects, this spreadsheet is designed to balance the needs of both types of RSBAs. It contains a list of new ARC projects by name as well as a list of all fiscal years for which there are ongoing projects. The combination of new and ongoing projects is used to tally the cumulative number of single-count projects completing key milestones. This spreadsheet contains the following data entry sections:
    - New ARC Projects: A table listing each new project planned for the upcoming or current fiscal year. The column headings are Project Number, Project Title, ARC Award, Environmental Review Completed, Final Design Completed, BABA Review Completed, Competitive Procurement Completed, and Construction Completed. The total number of new projects meeting each key milestone is automatically calculated.
    - Ongoing ARC Projects: A table listing each of the past fiscal years for which there are still ongoing projects. The column headings are Fiscal Year, Number of Open Projects, Total ARC Funding, Environmental Review Completed, Final Design Completed, BABA Review Completed, Competitive Procurement Completed, and Construction Completed. The total number of ongoing projects meeting each key milestone is automatically calculated.
    - Cumulative Single-Count Projects Completing Key Milestones (Environmental Review, Final Design, BABA Review, Competitive Procurement, or Construction): The total cumulative number of projects meeting each key milestone is automatically calculated from the total cumulative number of new projects and total cumulative number of ongoing projects meeting each key milestone. This total cumulative number should be reported as the cumulative communities improved in the progress report. The cumulative communities served equals new ARC projects plus ongoing ARC projects.

Section 3: Review and Approval of ARC Construction Projects

The ARC State Program Manager works with applicants and the BA to prepare the construction project applications for review and approval by ARC.

Application Review & Approval Process

Step 1. The state ARC office, the local development district, or the project applicant sends a request to the BA to administer a proposed project. The applicant can also invite the basic

agency contacts as external applicant contacts in Pathways initially, so that they have access to the application. ARC will later add them as basic agency contacts.

Step 2. After the BA receives the request to administer a proposed project, it will:

- Review the technical and financial feasibility of the proposed project, consulting with ARC staff as necessary.
- Make a preliminary assessment of any problems that could arise in the course of administering the project.
- Evaluate the proposed project scope against the BA's capacity, experience, internal policies or other authorizations or restrictions to determine the ability to administer the project.
- For state-administered projects, confirm that the applicant has retained an experienced grant administrator. The LDD is the default option for most grantees, but other qualified professionals may also serve, and the cost of grant administration should be included in the project budget.

Step 3. A letter from a basic agency confirming their willingness to administer a project, known as a **Basic Agency Letter**, is required by ARC before a construction project can be approved *(see Appendix 5)*. An authorized representative of the BA will address the Basic Agency Letter to ARC's Executive Director. The letter should include:

- A statement of willingness to administer the project
- For state-administered projects, an explicit acknowledgment that the RSBA accepts the applicant's proposed grant administrator
- The ARC grant amount
- The total matching funds amount
- The total project cost
- The name and contact information, including email address, of the basic agency staff person serving as the primary administrative/programmatic contact for the project
    - This contact information will be entered into Pathways, ARC's Grants Management System, so that ARC can notify the appropriate contact as needed. The primary basic agency contact (PBAC) will be responsible for certifying the Basic Agency Monitoring Report (BAMR) and initiating or concurring with any amendments for the proposed project as needed.

- The name and contact information, including email address, of the basic agency staff person serving as the primary fiscal/financial contact for the project, if different from the primary administrative/programmatic contact.
    - This contact information will be entered into Pathways so that ARC can notify the appropriate contact as needed regarding the project's financial or fiscal matters. The fiscal/financial contact will be responsible for filling out the ASAP Drawdown Request Forms and drawing funds from the project's ASAP account.

Step 4: An ARC Project Coordinator enters and/or corrects the fiscal agent for the project in Pathways. The ARC Project Coordinator also enters and/or corrects the grantee and basic

agency contact information in Pathways. This includes assigning BA contacts to the project based on the contact information provided in the Basic Agency Letter.

Step 5: Once the full construction project application has been entered into Pathways, an ARC Project Coordinator reviews the application, prepares the ARC approval documents, and forwards the proposed project to ARC's Federal Co-Chair for final approval. The approval documents for **federal-administered** projects include a Basic Agency Funds Memo. The BA Funds Memo, which accompanies a transfer of funds to the federal basic agency, notifies the federal basic agency to obligate the requisite funds for the ARC award and the FBA administrative fee (identified separately). After the ARC Federal Co-Chair approves the project:

- ARC announces the project approval to the applicable congressional delegation, the governor, and the state's ARC Alternate, who is responsible for notifying the grantee.
- If the project is **state-administered**, then ARC enters into a grant agreement with the grantee. This agreement identifies the administrative and fiscal roles of the RSBA in the project, including establishing the RSBA as the entity that receives the grantee's project reports and processes grant payments. Once the grantee signs the grant agreement in Pathways, an auto-generated email will notify all parties, including the Primary Basic Agency Contact and the ARC State Program Manager, that the grant is approved and open.
- If the project is **federal-administered**, then ARC does **not** enter into a grant agreement with the grantee. The FBA enters into a grant agreement with the grantee that subjects the grantee to the FBA's own award terms and conditions, although these terms and conditions cannot contradict requirements applicable to ARC by statute or the ARC Code. Additionally, the FBA may require the grantee to undergo the agency's own grant application procedures before executing a grant agreement.
- **Grantees must not enter into any contracts for goods or services for their grant project until their project application is approved by ARC, unless authorized to do so by the RSBA and the state ARC office. (See ARC Project Guidelines Section 3.8).**

Section 4. Construction Project Administration

State Agencies

The grantee's agreement with ARC stipulates that the grantee will receive all disbursements from and submit all progress reports to the state basic agency. The state basic agency has the option to enter into a separate implementation agreement with the grantee as well. The implementation agreement must be consistent with the terms of the ARC-RSBA MOU and with the processes stated in the RSBA's PDP.

RSBA Project Monitoring Requirements

- The RSBA must ensure that the use of ARC funds administered under the ARC-RSBA MOU complies with all applicable federal laws and regulations, as well as policies and procedures required for administration of ARC construction grants. The Program

Design represents to ARC the established standard operating procedures (SOPs) that the RSBA will utilize to administer ARC funds.

- Generally, once the Program Design is agreed upon with the RSBA, ARC will not provide prescriptive guidance regarding the specific steps the RSBA must take in the implementation of their own policies and procedures, as long as their policies and procedures effectively ensure compliance with ARC's terms and conditions. If ARC award terms and conditions change, affecting the RSBA's administrative practices, ARC will communicate these changes and can advise the RSBA on updates to their SOPs.
- The RSBA may consult the pertinent regulations provided by their main federal funding agency (e.g., HUD or EPA) to supplement any procedures provided by their SOPs, but supplementations may not conflict with the MOU and Program Design.
- If any material changes to the Program Design are needed (such as SOPs changing, or additional legal or policy changes applying to the Program Design), the RSBA must amend and resubmit the Program Design to ARC.
- The RSBA must provide project administration that ensures a timely start of work, helps address and resolve any problems related to project activities, and ensures that adequate matching funds are allocated to the project. At a state's request, ARC may revoke or revise its approval of any project if the scope of work is not started or placed under contract within 18 months of approval. (See ARC Project Guidelines Section 3.9.) If the grantee has not started construction within 18 months of project approval, the grantee and RSBA must provide ARC with a revised construction schedule. The revised schedule should identify the reason for the delay and, if possible, identify options for resolving any problems or delays.
- The RSBA must make one site visit prior to project completion and must sign off on all requisite Basic Agency Monitoring Reports (BAMRs), certifying the information as complete and accurate. Additional site visits are recommended if the project experiences significant delays or other issues that prevent timely completion of work.
- RSBAs and LDDs are expected to obtain training in key compliance areas, including procurement, BABA (including monitoring and assisting with BABA waiver requests), Davis-Bacon, grant financial management systems and financial documentation, and audit readiness. Training may be provided by ARC or externally, and RSBAs should coordinate training and capacity needs with ARC. An RSBA may subcontract to meet targeted capacity needs but must notify ARC if a subcontractor will be used. ARC must review the subcontracting terms.
- Interest earned by grantees on advances of federal funds must be remitted to the RSBA in accordance with 2 CFR 200.305 and returned to the U.S. Treasury by the RSBA.

Grantee Project Management Requirements

- The grantee should direct all grant-related inquiries to the basic agency, as the project administrator, and not to ARC. The BA will process all payment requests, review all project reports, and review all amendment requests submitted by the grantee. Any amendment request that requires ARC approval will first be submitted by the grantee to the BA. The BA will then submit the amendment request to the ARC Project Coordinator via Pathways for classification and review. For more information

on construction projects amendments, see *Section 7: Construction Project Amendments*.

- The grantee is responsible for contracting and for day-to-day project management, even if assisted by an LDD or consultants.
- Grantees are advised not to begin construction on their grant project until their application is approved by ARC. If a grantee chooses to begin construction before this point, it does so at its own risk because: the project may not ultimately be funded by ARC, leaving a funding shortfall; and work that is performed without the expertise of a BA may fail to comply with ARC award terms and conditions and therefore not be reimbursable. As a reminder, any costs of the construction that the grantee wishes to allocate to the grant must be incurred within the period of performance and in accordance with ARC grant terms and conditions.

Cost Recoveries

In the case of cost underruns, ARC funds will be limited to the percentage of project costs originally approved. Any excess ARC funds will be de-obligated at grant closeout. If the grantee incurs any unallowable costs, the BA will assist ARC with the disallowance and recovery of the costs from the grantee.

Section 5: Construction Project Reporting

Supporting Project Records

The Basic Agency Monitoring Report (BAMR) is the standard reporting document that ARC requires all basic agencies to complete at least once annually for open construction grants. They help ARC monitor the administration and performance of the project. However, ARC may request to review project records at any time, and the BA should maintain them in the event they are requested. Project records include:

- Documentation supporting compliance with project requirements, such as environmental review findings, BABA compliance certifications and prevailing wage determinations
- Cost documentation provided to support grantee financial reports
- Semi-annual progress reports from the grantee and a final report on the costs of each project with sufficient detail to permit a performance audit
- Supporting information regarding problems encountered and actions taken by the BA
- A copy of any executed BA-Grantee implementation agreements (or other implementing documents) and amendments, if applicable
- Copies of any other information, data, documents or other materials pertaining to the project

The Basic Agency Monitoring Report (BAMR)

BAs submit BAMRs on construction progress, performance measures, and grant expenditures, indicating whether each is an interim or a final report. If the BAMR is a final report, the project costs should be marked as final costs. BAMR data is submitted to ARC through an online form in Pathways. BAs can add grantees and local development district

staff as external support contacts to help provide this information directly into the electronic project record, though only the primary basic agency contact (PBAC) may certify that the information provided in the BAMR is accurate and current.

Annual BAMRs are prepared and submitted during the first quarter of the federal fiscal year (October 1 through December 31). An annual BAMR that has not been submitted by December 31 is past due.

BAMRs must be accurate and complete, meaning that all the information included in the report must accurately represent project activities, must be consistent with other information provided in the report, and must flag for ARC any critical information on the project. Accuracy matters: BAMR data permits ARC to monitor progress on its grants and on the RSBA's successes and challenges as grant administrator, feeds ARC's Performance and Accountability Report (PAR) to Congress, and is one of the first things examined by the Office of the Inspector General during grant audits. BAMRs that are inaccurate or incomplete will be returned. Questions about the BAMR can be sent to bamr@arc.gov.

BAMR Forms

The BAMR contains the following tabs:

- **Basic Project Information:** the BA's internal project number and the report type (interim or final). Use "Final" for closeouts, cancellations, and terminations
- **Progress Report:** the status of five project milestones
    - Environmental Review Completed (Yes/No)
    - Design Phase Completed (Yes/No)
    - BABA Review Completed (textbox)
    - Competitive Procurement Completed (Yes/No)
    - Construction Phase Completed (Yes/No)
- **Fund Sources:** project costs incurred to date and, for Final BAMRs only, project budget line items expended to date
- **Performance:** cumulative progress on each performance measure that ARC approved or amended, with an explanation in the Notes column of any difference from the approved amounts
- **Additional Comments:** a narrative of anything notable about the project, such as delays or setbacks, early completion, or additional performance measures achieved

Final Basic Agency Monitoring Reports

After a project is complete and the BA has conducted the final construction inspection, the BA must submit a final BAMR report to ARC. A final BAMR may be submitted at any time during the fiscal year when a project is ready to be closed. The final BAMR should be submitted only after all necessary amendments have been processed. For **state-administered** construction projects, the final BAMR should also only be submitted after the RSBA submits the final ASAP drawdown. For **federal-administered** construction projects, the final BAMR should only be submitted after the FBA provides notification that either all ARC grant funds have been disbursed, or any unspent grant funds have been returned to ARC. If neither of these conditions are met, then the FBA must submit an interim BAMR and note in

the Additional Comments section that the final BAMR cannot be submitted until it returns the unspent funds to ARC.

The final BAMR requires confirmation of final costs, confirmation of performance measures at the time of project completion, and the amount of any funds to be de-obligated, if applicable. Final costs and any exempted budget changes must be reported on the Fund Sources tab and explained in the Additional Comments field. The final BAMR is submitted to ARC but **not** finalized once the PBAC signs the form. Instead, an ARC Project Coordinator reviews the final BAMR and returns it to the PBAC if corrections are needed. Once the final BAMR is corrected, the ARC Project Coordinator signs the final BAMR. The ARC Project Coordinator also completes an internal ARC Closeout Form and submits it and the final BAMR jointly to the Division Director. The Division Director reviews and recommends both forms forward to the Office of General Counsel. The Office of General Counsel does the same and approves both forms. The forms are then forwarded to Finance, which is the final step. Any unspent ARC funds are de-obligated once Finance signs the forms. At any point during this process, each signatory can reject the forms back to the previous signatory.

Audit Requirements

All projects approved for a grant by ARC are subject to audit by ARC's Office of the Inspector General (OIG). The basic agencies must ensure cooperation with requests of the OIG or their auditors, including but not limited to the production of records necessary to conduct the audit and the provision of information related to the BA's monitoring of the project. Federal Basic Agency-administered projects may be audited by ARC's OIG in conjunction with their own agency Inspector General. Basic Agencies should be aware that their monitoring activities could be the subject of an audit and deficiencies could result in findings.

Section 6: Construction Project Payments

Federal Agencies

After approval of a federal-administered construction grant, ARC obligates the ARC funds and transfers it to the FBA so that the FBA may make the award. Since the FBA makes the award, it disburses any grant funding to grantees in accordance with its own award terms and conditions and existing internal policies and procedures. ARC is not involved with these disbursements.

State Agencies

ARC makes all construction project payments to the RSBA administering the project through the Automated Standard Application for Payment (ASAP) System. Grantees initiate the project payment process by submitting a request for payment to the RSBA. The RBSA is then responsible for evaluating the allowability of the costs and submitting that request for payment into the ASAP system. When ARC approves the payment request, it relies upon the RSBA's allowability determination and disburses the payment to the RSBA, which then makes the payment to the grantee. RSBAs can only disburse payments on a reimbursement—not advance—basis to grantees.

ASAP Payment System

The Automated Standard Application for Payment (ASAP) system gives the RSBA access to the ARC grant funds throughout the term of the project. After each project is approved, ARC creates a new account in the ASAP system that is linked to the ARC project number. The RSBA can log into ASAP with their Recipient ID to access the project's account. To access the project's account in ASAP the RSBA should use the grant's ASAP account number. ARC's ASAP account number format is: "ARC" + the last two digits of the fiscal year + "C" + the last five digits of the ARC grant number (i.e. ARC18C19999).

ASAP Payment Process

The RSBA submits a drawdown request directly in the Treasury ASAP system. However, ARC conducts a payment request review process to ensure that the disbursement of funds is correctly submitted in Pathways and the ASAP system before funds are disbursed to RSBAs. **This additional step will not require additional actions from the RSBAs if they have submitted a correctly completed ASAP Drawdown Request Form**. ARC's payment request review consists of ensuring RSBAs have followed ARC's Drawdown Policy (see below) and submitted a complete ASAP Drawdown Request Form in Pathways.

The following are the steps to request a financial drawdown:

Step 1. The RSBA must submit an ASAP Drawdown Request Form in Pathways prior to going into the ASAP system and executing the financial draw. A correctly completed ASAP Drawdown Request Form provides all the data required by ARC. The RSBA will not be able to electronically sign and submit the form to ARC until all error messages are cleared.

Important – ASAP Date check: Before submitting a drawdown in ASAP, RSBAs should verify that the project dates in ASAP align with the current project information in Pathways before attempting the drawdown. If the project has been extended or the dates in ASAP are no longer current, contact ARC Finance before submitting the ASAP payment request. Finance will review the project record and make any necessary updates in ASAP.

Step 2. The RSBA submits a payment request directly in the ASAP system once a complete drawdown request form is submitted in Pathways and confirming that the project dates in ASAP are current. The ASAP payment request must include a summary of the project activities covered by the financial drawdown during that period. The summary can be no more than 300 characters and must be entered in the ASAP system.

Step 3. ARC Finance staff receive a notification that a payment request has been submitted in the ASAP system and/or in Pathways.

Step 4. ARC Finance staff will verify that the submitted ASAP Drawdown Request Form and the ASAP payment request are consistent with each other before approving the disbursement.

- ARC Finance staff review will ensure that the required information was provided in the form and that it matches the payment request in ASAP system.

- If information is not complete or there are differences between the requests submitted in Pathways and ASAP systems, ARC Finance staff will not approve the payment disbursement and will follow up with the respective RSBA for missing information or corrections.
- Once ARC Finance staff approves the ASAP Drawdown Request Form, it will be finalized.
- The final ASAP Drawdown Request Form should only be submitted after all necessary amendments have been processed.

ARC's ASAP Drawdown Data Inputs

A correctly completed ASAP Drawdown Request Form provides all the data required by ARC below.

Key Data Required for Interim ASAP Drawdown Requests

- **Current ARC amount requested:** The total ARC amount that the grantee is requesting.
- **Current total invoice amount:** Grantees are expected to provide the RSBA with the supporting invoices and cost documentation for **all** project expenses incurred in the most recent period of project activity, including match costs, **not** just the cost documentation for the requested ARC amount. Remember: allowability rules apply similarly to ARC and match funding.
- **Period of request covered by financial draw:**
    - Start date of most recent period of project activity.
    - End date of most recent period of project activity.

Key Data Required for Final ASAP Drawdown Requests

- **The basics:** The same data required on Interim ASAP Drawdown Request Form is required here.
- **Type of Drawdown Request:** You must select "Final" from the dropdown menu under "Type of Drawdown Request".
- **Construction Completed Checkbox:** The "Is Construction Completed?" question must be affirmed. The balance of ARC funds cannot be paid until construction is completed.

ARC will approve complete financial draw requests in the ASAP system within five (5) business days from the time a correctly submitted request is received from the RSBA.

Any questions related to the approval of the draw request should be directed to ap@arc.gov.

Section 7: Construction Project Amendments

An amendment is the formal mechanism for changing an approved ARC construction project after the grant has been awarded. Amendments document changes to a project's schedule, scope, budget, funding sources, grantee or fiscal agent, and performance measures. ARC updated its project amendment policies in 2026 to reduce the number of midcourse amendments that basic agencies and grantees must submit. Under the updated policies, certain budget changes that leave the project scope unchanged (referred to in this section as **exempted budget changes**) are no longer processed as amendments during the

life of the project. Instead, they are documented at closeout on the final Basic Agency Monitoring Report (BAMR). All other significant changes continue to require an amendment approved by ARC before they take effect.

The rules that apply depend on whether the project is administered by a federal basic agency (FBA) or by an ARC registered state basic agency (RSBA), and on whether the project was funded through ARC's Area Development program or through a competitive program such as POWER or ARISE. Each of these situations is addressed below.

Federal Agencies

Since for **federal-administered** construction grants, ARC does not enter into a grant agreement with the grantee, there is nothing for ARC to amend regarding these grants. Although ARC does not amend federal-administered construction grants, it still must provide prior approval before FBAs can process amendments for significant changes to the original project scope and/or budget, since those are components approved and funded by ARC before the funds are transferred to the FBA. FBAs should contact the ARC Project Coordinator about any amendments that could be considered significant (examples include new activities, new budget line items, requests to change performance measures, and new service areas). In cases where the grantee initiates an amendment, ARC will seek FBA concurrence prior to its approval. The FBA will process an approved amendment in accordance with its policies and procedures.

At present, amendment requests for federal-administered projects use the same amendment form in Pathways that is used for state-administered projects. Because there is no ARC grant agreement to revise, ARC's Office of the General Counsel (OGC) notes at the end of the process that the form serves only as ARC's acknowledgement and acceptance of the change. ARC is working to establish a permanent process for federal-administered amendments, and this section will be updated when that process is finalized. Until then, FBAs should contact the ARC Project Coordinator listed on the project record before acting on any change that could be considered significant. Exempted budget changes described under the State Agencies section below are likewise reported on the final BAMR for federal-administered projects.

State Agencies

All **state-administered** construction project amendments must be carried out in accordance with 2 CFR Part 200, applicable law and ARC policies. The **grantee** must communicate any **request** for project changes through the RSBA. The nature of the request will determine the subsequent actions that will need to take place, as described in the subsections that follow.

Any organization involved in the project (the RSBA, the local development district (LDD), or the grantee itself) may create and submit an amendment request in Pathways. However, only the grantee's **Authorized Representative** may certify the request. RSBA staff, LDD staff, and contractors may help prepare the request but cannot certify it on the grantee's behalf.

Project Changes that Do Not Require a Midcourse Amendment (Exempted Budget Changes)

Some budget changes can take effect upon the approval of the PBAC without a midcourse amendment request to ARC, provided that **the project scope remains unchanged**. These exempted budget changes are recorded on the final BAMR at closeout rather than submitted as amendments. ARC will not approve amendment requests solely for exempted budget changes. Further, exempted budget changes should not be included in amendment requests for other changes, as ARC may ask that the exempted budget changes be removed before reviewing the amendment request. Exempted budget changes include:

- The use of contingency funds to cover costs within the project's approved scope of work
    - Detailed use of contingency funds must be reported on the Uses of Funds tab of the final BAMR
- Cost overruns covered entirely by additional match funds
    - Because ARC's contribution does not change, no amendment is needed; actual costs and the source of the additional match must be reported on the final BAMR
- Shifting funds among existing approved budget line items when the cumulative changes equal 25 percent or less of the total project budget
    - The 25 percent threshold is cumulative over the life of the project. Track all shifts against the original approved budget, not just the most recent change
- Cost underruns that increase ARC's cost share by 25 percentage points or less
    - A closeout pro rata cost share waiver is still required. It is processed as a final amendment and must be approved before the final ASAP drawdown request and before the final BAMR is submitted (see Section 8)
    - ARC's share may not exceed the maximum allowed for the project based on the economic status designation of the area served
    - The reason for the change in cost share must be explained on the final BAMR
- A decrease in ARC's approved cost share

Example. Consider a $1,000,000 project funded with $500,000 in ARC funds and $500,000 in match. If construction bids come in $60,000 over budget and the grantee covers the difference with additional local funds, the change is exempted and is reported on the final BAMR. If the grantee moves $200,000 from site work to construction, the cumulative shift equals 20 percent of the total budget and is also exempted. If a later shift of $150,000 brings the cumulative total to $350,000 (35 percent), a midcourse amendment is required. If final costs come in at $800,000 and the grantee requests that ARC continue to pay $500,000, ARC's share would rise from 50 percent to 62.5 percent, an increase of 12.5 percentage points. That increase falls within the exemption but still requires a closeout pro rata cost share waiver.

Note: Though exempted budget changes do not require a midcourse amendment, RSBAs need to maintain a copy of the original budget and each revised budget for their records in order to complete the final BAMR at project closeout. Actual costs must be reflected on the Uses of Funds tab, and the full reason for all cost changes must be entered in the Additional Comments textbox of the final report. ARC reviews the final BAMR against the exemption

criteria. If the criteria are not met, the final BAMR will be returned and an approved amendment will be required before it can be resubmitted.

Project Changes that Require a Midcourse Amendment

All other requests for project changes that a grantee makes to the RSBA must be submitted to ARC and follow the amendment approval process outlined below. These include:

- Time extension
    - The Project Coordinator can approve extensions of less than three years from the originally approved end date through a streamlined process
    - Submit time extensions separately from other changes, especially when the project is close to or past its expiration date
    - Consider requesting enough time (up to three years) to avoid the need for a further extension
- Shifting funds among existing approved budget line items when the cumulative changes equal more than 25 percent of the total project budget
- Addition of a new line item (budget category) to an approved budget
- An increase of more than 25 percentage points in ARC's approved cost share
    - An amendment is required even if the new cost share meets statutory requirements
- Cost overrun that requires additional ARC funds
    - A request for additional ARC funding must undergo the full project approval process and is processed as a Revision amendment
    - The request must include a new transmittal letter, a new basic agency letter, and new match letters as described under Supporting Documentation below
- Change of project scope
    - Scope changes for projects funded through ARC's competitive programs are generally not allowed. Consult the Project Coordinator before submitting an amendment request
    - Scope changes for Area Development projects come with substantial documentation requirements and a thorough review
- Change of grantee or fiscal agent
- Change to performance measures
    - Minor changes to performance measures may not require an amendment through ARC. Consult the Project Coordinator before submitting an amendment

For any project changes not listed above, or if you are unsure how to determine the required action for a change request, contact the ARC Project Coordinator listed on the project record.

Quick Reference: How Project Changes Are Handled

Type of change	How it is handled	Where it is documented
Contingency funds used within approved scope	Exempted; PBAC approval only	Final BAMR: Uses of Funds tab and Additional Comments

Cost overrun covered entirely by additional match	Exempted; PBAC approval only	Final BAMR: Uses of Funds tab and Additional Comments
Cumulative shifts among existing line items of 25% or less of total budget	Exempted; PBAC approval only	Final BAMR: Uses of Funds tab and Additional Comments
Cost underrun raising ARC share by 25 percentage points or less	Exempted from midcourse amendment; closeout pro rata cost share waiver (final amendment) required	Final amendment, then final ASAP draw, then final BAMR
Decrease in ARC's approved cost share	Exempted; PBAC approval only	Final BAMR
Time extension	Midcourse amendment; under 3 years from original end date approved by Project Coordinator	Separate amendment in Pathways
Cumulative shifts of more than 25%, or a new budget line item	Midcourse amendment	Amendment with Budget Revision Worksheet
Additional ARC funds for a cost overrun	Revision amendment; full project approval process	Amendment with new transmittal, BA, and match letters
Scope, grantee or fiscal agent, or performance measure change	Midcourse amendment; consult Project Coordinator first	Amendment with Amendment Proposal Template

Amendments to Competitive Grant Awards (POWER and ARISE)

Amendments to projects funded through ARC's competitive grant programs, such as POWER and ARISE, are reviewed differently than Area Development amendments. Generally, the types of competitive grant amendments that may be approved by ARC are very limited; that is because ARC cannot approve amendments that alter the basis on which the proposal was scored and the grant awarded. The ARC Division Director reviews these requests and determines, in consultation with OGC, whether the amendment request may be processed or not and whether additional approvals are needed.

Before requesting a change, review the terms of the grant agreement and the NOSA. Generally, amendment requests that would significantly change the project scope, funding amounts or budgetary costs are not approvable. ARC will review all competitive grant amendment requests on a case-by-case basis in light of the applicable competitive grant award process. Requests should still begin with the Amendment Proposal Template and, where budget changes are involved, the Budget Revision Worksheet.

Area Development grants are not selected in the same competitive manner; amendments generally may be approved if the state has concurred with the amendment and the project changes are allowable.

The Amendment Form in Pathways

Construction amendments are submitted through the Amendments tab on the project record in Pathways. The amendment form is organized into the following sections. The person creating the request completes only the Amendment Proposal section at first. The Project Coordinator then enables the additional sections that apply to the specific changes requested.

- **Amendment Proposal:** a summary of all changes being requested and why
- **Amendment Updates (Programs):** program-specific terms inserted by ARC's Office of General Counsel
- **Schedule Changes:** revisions to the project period or milestone dates
- **Scope Changes:** changes to the work the project will carry out
- **Cost Changes:** the revised budget by cost category for both ARC and match funds
- **Funding:** the revised amounts by funding source
- **Grantee/Fiscal Agent Changes:** a change in the grantee or the fiscal agent responsible for the grant
- **ARC Amendment Processing:** ARC's internal review, concurrence, and approval record

Each enabled section requires its own rationale explaining why that particular change is needed. A single explanation entered in the Amendment Proposal section does not satisfy this requirement.

ARC's Amendment Initiation and Approval Process

Step 1. Initiate the request. The RSBA, LDD, or grantee navigates to the Amendments tab in Pathways, creates a new amendment form, and completes the Amendment Proposal section with a summary of the requested changes. The initial proposal should include enough information to allow the Project Coordinator to classify the amendment based on the type of changes needed. Attach the Amendment Proposal Template and, if budget changes are involved, the Budget Revision Worksheet, then submit the request to ARC.

Step 2. Classification and review. The ARC Project Coordinator reviews and classifies the proposal and enables the additional sections of the form that correspond to the requested changes. Provide detailed information on the reasons for each change in its own section and include supporting documentation as needed (see Supporting Documentation below). The Project Coordinator and the person who created the amendment may exchange comments in Pathways several times during this review until the request is complete and consistent.

Step 3. Certification and concurrence. Once the review is complete, the Project Coordinator enables the grantee's Authorized Representative to sign and certify the amendment request. The Project Coordinator also requests concurrence from the Primary Basic Agency and from the state. ARC State Program Managers must concur on amendments to projects funded

through Area Development funds and on any significant changes to projects funded through other ARC programs.

Step 4. ARC approval. The Project Coordinator can approve certain amendments directly, including time extensions of less than three years from the originally approved end date and pro rata cost share waivers for cost underruns reported on the final BAMR. All other amendments are recommended by the Project Coordinator to the Division Director and then routed to Project Compliance and OGC for review and approval. Amendments to competitive grant awards may require additional approvals, as described above.

Step 5. Countersignature and record update. Once the amendment has been approved, the grantee receives notification. The Authorized Representative must sign the revised grant agreement before the amendment takes effect. Once this is done, the project is officially amended and the ARC Project Coordinator updates the electronic project record to reflect the final status of the request.

Supporting Documentation

The following documents help the Project Coordinator understand and classify the request and should accompany amendment requests as applicable.

Amendment Proposal Template. The basic agency submits an Amendment Proposal written either by the grantee or by the basic agency in coordination with the grantee. The proposal is limited to one to two pages. It identifies the ARC project number, project title, grantee's legal name, and basic agency, and gives a one-sentence statement of the amendment's purpose (for example, budget modification, scope change, time extension, or a combination). It then addresses four areas:

- **Amendment Rationale** (one to two paragraphs): describe each amendment being requested, especially any change in project scope, and explain why each one is needed
- **Project Budget Impact** (one paragraph): describe the proposed budget shifts and the reasons for them. For example, "funds are being reallocated from construction to equipment because the grantee will purchase a prefabricated building instead of constructing the facility."
- **Project Service Area Impact** (one paragraph): explain whether and how the approved service area will be affected
- **Performance Measure Impact** (one paragraph): explain whether and how the approved performance measures will be affected

Budget Revision Worksheet (Construction). When any budget change is requested, the basic agency submits a Budget Revision Worksheet prepared by the grantee or by the basic agency in coordination with the grantee. The worksheet shows the effective dates of the revised budget and tracks four amounts for each budget category: the Original Project Budget, Previous Changes, Current Changes, and the Revised Budget. These amounts are shown separately for the ARC (federal) share, the matching (non-federal) share, and the project total. The budget categories are administrative and legal expenses; land, structures, and right-of-way; relocation expenses and payments; architectural engineering basic fees;

other architectural engineering fees; project inspection fees; site work; demolition and removal; construction; equipment; miscellaneous; and contingencies.

Letters for added ARC funds or scope changes. When the scope changes or new ARC funds are added, the following documents may also need to be attached:

- A new transmittal letter stating the amount of additional ARC funds
- A new basic agency letter stating the amount of additional ARC funds and additional match funds
- New match letter(s) totaling the additional match funds, if applicable

Common Reasons Amendment Requests Are Returned

Amendment requests are frequently returned to the submitter for one or more of the following reasons:

- **Missing section rationale.** Each enabled section of the amendment form needs a full explanation of why that specific change is needed
- **Budget table inconsistent with the approved ARC budget.** The revised budget accounts only for changes to ARC costs and omits changes to match costs, or includes only some budget rows rather than all of them
- **Budget table inconsistent with the funding table.** The revised project total on the budget (cost) table must equal the revised project total on the funding table, and the same consistency applies to each funding source
- **Certification by the wrong person.** Only the grantee's Authorized Representative may certify the form, not LDD or RSBA staff or contractors

Tips for Submitting Construction Amendments

- Consider submitting project changes in separate amendments rather than combining them, if the project changes may be reviewed properly on their own. Time extension requests may be submitted separately.
- Do not include exempted budget changes in amendments. Document them on the final BAMR instead.
- Submit time extensions apart from other amendments. This is especially important when the project is close to or past expiration, and it allows the Project Coordinator to use the streamlined approval process.
- Consider extending the project by up to three years to avoid the need for future extensions.
- Combine budget or funding changes with another amendment only when the scope changes or new ARC funds are added, and even then submit any time extension separately.
- Continue to attach the Amendment Proposal Template and Budget Revision Worksheet, since they often help explain the changes being requested.

Updating Project Contacts and Personnel Information

Project contacts are not changed through an amendment, but keeping them current is an important part of managing project changes. Accurate contacts allow the right staff to receive the correspondence that Pathways generates automatically for a project, and they allow ARC to reach the right people when specific issues arise. Contacts to keep current

include the Primary Basic Agency Contact, fiscal contacts, and any other contacts the basic agency considers relevant.

- The RSBA Primary Contact can update their own contact information (email and phone), make changes to additional basic agency contacts, and ask the Project Coordinator for help when contacts need to be changed, added, or deleted.
- In the RSBA Directory, RSBA staff can update existing contact information and add new contacts. RSBA staff cannot replace one contact with another. To remove or replace a contact, notify Pathways Support at pathways-support@arc.gov.
- For changes to grantee contacts (changes, additions, or removals on the Contacts tab), notify the Project Coordinator, who will forward the request to ProjectCompliance@arc.gov for processing.

For technical guidance on how to submit an amendment request through Pathways, refer to "Amending Projects" under the Post-Award Activities section in ARC's Pathways User Manual.

Section 8: Construction Project Closeouts

The closeout process for construction projects is initiated when the BA completes a final basic agency monitoring report (BAMR). The following steps outline the process for closing an ARC state-administered project:

Before the final BAMR is prepared, the final financial steps must be completed in the following order:

- **Final amendment**, if one is needed (for example, a closeout pro rata cost share waiver for a cost underrun)
- **Final ASAP drawdown request**
- **Final BAMR**

Any pro rata cost share waiver must be requested before the final ASAP drawdown request. The Project Coordinator can approve an expedited pro rata cost share waiver to support the Uses of Funds table on the final BAMR. Do not submit the final BAMR until the final ASAP drawdown is complete.

Step 1. The primary basic agency contact (PBAC) will complete the BAMR report in Pathways. Make sure to verify performance measures and provide explanation of any discrepancies.

Step 2. The PBAC certifies the final BAMR.

Step 3. The ARC Project Coordinator reviews the final BAMR and completes a closeout form.

Step 4. For **state-administered** projects, staff of the Office of the General Counsel complete a final review of the project closeout, and ARC Finance staff execute the final payment or de-obligation. For **federal-administered** projects, the ARC Project Coordinator review is followed directly by ARC Finance staff executing the de-obligation of unspent ARC funds, if applicable.

Reporting Budget Changes on the Final BAMR

The final BAMR includes a Uses of Funds tab that tracks final budget costs and explains any budget changes. When the project scope is unchanged, the exempted budget changes described in Section 7 are reported here at closeout rather than through a midcourse amendment. These include the use of contingency funds for existing costs, cost overruns covered entirely by additional match funds, cumulative shifts among existing line items of no more than 25 percent of the total project budget, and cost underruns that increase ARC's cost share by no more than 25 percentage points (with the required closeout pro rata cost share waiver). Enter actual costs on the Uses of Funds tab and explain each change in the Additional Comments textbox. ARC reviews the final BAMR against these criteria, and a report that does not meet them will be returned for an approved amendment before resubmission.

Performance measures on the BAMR reflect the measures that ARC approved, including any changes made by amendment. Enter cumulative amounts for each approved measure. If the final amounts differ from the ARC-approved amounts, explain the difference in the Notes column of the performance measures table. Use the Additional Comments field to describe any additional measures listed on the approval memo and anything notable about the project, such as delays, setbacks, early completion, or additional measures achieved. BAMR data is an important mechanism for ARC oversight, feeds ARC's Performance and Accountability Report (PAR) to Congress, and is a primary reference when projects are reviewed by the Inspector General or audited, so incomplete or inaccurate reports will be returned. Questions about the BAMR can be sent to bamr@arc.gov.

Project Cost Underruns and Overruns

ARC funds are always limited to the amount of ARC funding specified in the grant agreement. If there is a cost overrun and the grantee covers the additional costs entirely with match funds, the change is an exempted budget change and is reported on the final BAMR. If the grantee needs additional ARC funds to cover an overrun, the grantee may request them, and ARC will consider the request if the state and the basic agency agree on the need for the additional funding. ARC provides additional funding through a Revision amendment, which must go through the full project approval process and include a new transmittal letter, basic agency letter, and match letter(s).

In the case of cost underruns, the amount of ARC funds available for the project will ordinarily be reduced in proportion to the lower total cost, so that ARC's share remains at its approved percentage. When there is a cost underrun, the BA must return excess funds to ARC. A grantee may request a closeout pro rata cost share waiver that allows ARC's percentage share to increase. An increase of 25 percentage points or less does not require a midcourse amendment, but the waiver must be approved as a final amendment before the final ASAP drawdown request. ARC's share may not exceed the maximum allowed for the project's economic status designation. An increase of more than 25 percentage points requires an approved amendment.

Grants Oversight and New Efficiency (GONE) Act

The Grants Oversight and New Efficiency (GONE) Act of 2016 is intended to close out federal grants that have been expired for two or more years. It requires ARC to report annually on the federal grants it has awarded, including a list of grant awards ordered by expiration date and the grants that have zero balances or undisbursed funds. Basic agencies help keep projects in compliance by practicing good oversight, establishing checkpoints with grantees by email or phone, and being proactive with grantees who need encouragement to get started, since the performance period begins at approval. Timely BAMRs, prompt time extension requests when they are genuinely needed, and prompt closeout of completed projects all help ARC meet its GONE Act obligations.

Section 9: Project Cancellation

At the request of an ARC state program office, ARC may cancel its approval of a project if the work is not underway within 18 months after the date of approval or for other compelling reasons. A project can be cancelled when zero ARC funds are expended. If any ARC funds are expended, the basic agency will complete a final BAMR to initiate the project closeout.

Project Cancellation Process

Step 1. The primary basic agency contact (PBAC), ARC State Program Manager, and ARC Project Coordinator discuss the circumstances warranting a project cancellation.

Step 2. The PBAC and/or the ARC State Program Manager contacts the grantee in order to receive their concurrence on the project cancellation in writing.

Step 3. The ARC State Program Manager submits a written request to the ARC Project Coordinator describing the reasons for the project's cancellation, confirming the grantee's acceptance/concurrence, and requesting the project's cancellation.

Step 4. The PBAC submits a final BAMR in Pathways, noting it as a cancellation. The ARC Project Coordinator then completes the closeout form. The project's approved ARC funds will be returned to the state's funding allocation. For **federal-administered** construction projects, the final BAMR should only be submitted after the FBA provides notification that unspent grant funds have been returned to ARC.

APPENDIX 1: PROGRAM DESIGN PROPOSAL TEMPLATE

About this Template

This template is designed to help registered state basic agencies (RSBAs) and proposed RSBAs complete a program design proposal (PDP) for submission to ARC that establishes the agency's standard operating procedures for administration of grants. Once approved, this Program Design is incorporated by reference into your Memorandum of Understanding (MOU) between your agency and ARC. The procedures outlined in this Program Design must effectively administer the ARC award in accordance with ARC terms and conditions. However, within that framework this Program Design can and should be customized for your agency: what your agency staff have the training and expertise to do and what agency infrastructure can support.

Please note:

- You should 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 should 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 should 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.

  If you have questions about program design proposals, please email Chris Brazell, *cbrazell@arc.gov*

Program Design Proposal
[Agency Name]

Purpose

This document is a proposal by the [Agency Name (Agency Abbreviation)] 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, including ARC construction grants, and is prepared to effectively administer ARC construction grants. Upon approval of this proposal by ARC, [Agency Name] will be able to enter into a memorandum of understanding (MOU) that will grant the agency the authority to administer ARC construction grants on ARC's behalf; additionally, this document will become the final Program Design.

[Agency Name]

Background and Experience

[Agency Name] ([Agency Abbreviation]) is an agency under the State of [State Name]. [Agency Name]'s mission is [insert/describe the Agency's economic development mission].

[Agency Name] administers both state and federal grant funding for community and economic development. Regarding state funding, [Agency Name] administers [list state grant funding programs], as well as many others. Below is a listing of the federal grant programs administered by [Agency Name]:

[Please remove inapplicable grant programs and/or add programs as needed. Please edit the description under each grant program as needed to describe your staff's particular tasks for each program, to help ARC understand your agency's background and expertise.]

- **[State Name] Community Development Block Grant Program (CDBG)**:

  [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).

- **Appalachian Regional Commission (ARC):**

  [#] of [State Name]'s counties qualify for ARC funding and [Agency Name] provides program development and project review to address at least one of the five goals in ARC's Strategic Plan.

- **Community Development Block Grant – Disaster Recovery (CDBG-DR):**

  [Agency Name] administers funding to help communities recover from Presidentially declared disasters.

- **Community Services Block Grant (CSBG):**

  [Agency Name] administers funding to eligible nonprofit community-based organizations or governmental entities that work to lessen poverty in disadvantaged and low-income communities across the state.

- **HOME Program:**

  [Agency Name] administers funding that provides municipalities with grant and loan assistance as well as technical assistance to expand the supply of decent and affordable housing for low-and very low-income communities.

- **Neighborhood Stabilization Program (NSP):**

  [Agency Name] administers funding to communities to address the housing foreclosure crisis created by subprime and other problematic mortgage lending.

- **Section 108 Program:**

  [Agency Name] administers this program which enables states and local governments participating in the CDBG program to obtain federally guaranteed loans to fund large economic development projects and undertake revitalization activities.

Criteria for [Agency Name] ([Agency Abbreviation]) to Serve as a Registered Basic Agency (RSBA) for ARC Projects

[Agency Name] will serve as the basic agency for ARC-funded construction projects when the grant applicant requests and [Agency Name] agrees that [Agency Name] will serve as the basic agency for the project.

In these instances:

1. The grant applicant's authorized representative will submit a written request and justification for [Agency Name] to serve as a basic agency before the grant proposal is submitted to ARC.

2. [Agency Name] will determine if it is appropriate for it to serve as the basic agency for the grant. [Agency Name] will decide whether it will administer a project based on the following criteria: [describe criteria for selecting projects to administer]. [Agency Name] reserves the right to limit the number of projects for which it serves as the basic agency based on organizational capacity or to decline to administer a project for which it does not have the requisite expertise.

3. [Agency Name]'s [Office Name] will provide a letter signed by the [Authorized Representative Title] to the ARC Executive Director indicating it will serve as the basic agency for the ARC project, in accordance with ARC guidelines. This letter is a requirement for ARC project approval.

[Agency Name] ([Agency Abbreviation]) Responsibilities

[Agency Name] will administer each grant project in accordance with its MOU with ARC and the procedures in this document. [Agency Name]'s responsibilities will include overseeing the completion of environmental reviews by the grantee; facilitating Build America, Buy America compliance; certifying construction progress; making grant payments; and monitoring the grantee's compliance with the ARC grant agreement and applicable federal laws and regulations.

[Agency Name] will administer ARC construction projects in accordance with [please identify the manual/guidelines/SOP you will use to administer ARC projects, whether a CDBG manual or otherwise], to the extent that they do not conflict with ARC grant requirements. 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 benefiting low- and moderate-income persons, addressing slums and blight, or meeting other urgent needs unless project funds are coupled with CDBG funds. ARC projects do not have to comply with HUD's Section 3 unless project funds are coupled with CDBG funds.

Administrative Fees

[Agency Name] will receive an annual fee to serve as a basic agency for ARC construction projects, based on the annual portfolio of new and open ARC construction contracts. This fee will cover costs associated with administrative staff, overhead, and expenses to administer open and new projects and to maintain the capacity to administer projects. This fee may only be provided and [Agency Name] is only entitled to it upon the submission to ARC of an annual cooperative agreement proposal each fiscal year.

Basic Agency Administrative Policies

[Agency Name]'s procedures outlined in this Program Design will be executed in accordance with ARC award terms and conditions, including the following applicable laws, policies and regulations:

- Appalachian Regional Development Act (40 USC §§ 14101 *et seq.*)
- ARC Code
- 2 CFR Part 200
- Assurances—Construction Programs
- MOU between ARC and [Agency Name]

- Current ARC Basic Agency Manual

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

Basic Agency Standards
In administering ARC projects, [Agency Name] will ensure the grantees' compliance with all applicable federal and state requirements for federal grant projects for construction, including but not limited to implementing the following key requirements:

- **Financial Management**

  [Agency Name] will monitor each grantee's adherence to the standards for financial management systems set forth in 2 CFR 200.302 by gaining an understanding of the grantee's financial policies and procedures, accounting standards and internal controls. Additionally, [Agency Name] will ensure each grantee adheres to cost allowability policies and procedures and retain cost documentation to support drawdowns of ARC funds.

  [Agency Name] has financial policies and procedures for the handling of federal payments that meet or exceed the standards for financial management set forth in 2 CFR 200. [Agency Name] understands that its handling of federal grant disbursements is subject to audit.

  - [Agency Name]'s proposed processes for documenting payment disbursements to grantees are described and illustrated in Appendix I.

- **Procurement and Contracting**

  [Agency Name] will review each grantee's procurement procedures and contracts prior to execution to ensure compliance with federal procurement and contracting requirements.

  As it pertains to Build America, Buy America (BABA), [Agency Name] will:

    - Review the scope of each grantee's project to ascertain whether BABA applies
    - Determine whether a BABA waiver applies or if a waiver request needs to be submitted to ARC
    - If a waiver request needs to be submitted to ARC, work with the grantee to ensure the request meets all applicable ARC waiver request requirements (including the completeness of market research as needed)
    - Submit the waiver request to ARC
    - Review BABA-compliant certifications from vendors
    - Review BABA provisions in the grantee's solicitations and contracts
  - [Agency Name]'s proposed processes for procurement compliance with 2 CFR Part 200.317-327 (including BABA) are described in Appendix II.

- **Environmental Review**

  [Agency Name] will assess the impact of each grantee's proposed project on the environment in accordance with the National Environmental Policy Act (NEPA), ARC's environmental review policies and procedures, and related federal and state laws and regulations. Construction may not begin until the environmental review process has completed and the construction is permissible to begin as scoped.

  - [Agency Name]'s proposed processes for overseeing environmental reviews are described in Appendix III.

- **Nondiscrimination Policy**

  [Agency Name] will ensure that each grantee has adopted 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, sexual orientation, gender identity or national origin.

- **Labor Standards**

  Prevailing Wage – ARDA, 40 USC 14701: The Appalachian Regional Development Act (ARDA) requires that all laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating, of projects, buildings, and works financially assisted through ARC funds must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a–5). Additional labor standards for contractors include the following:

  - Davis-Bacon Act, as amended, 40 U.S.C. 3141-3144, 3146-3148
  - Copeland "Anti-Kickback" Act, 40 U.S.C. 3145
  - Contract Work Hours and Safety Standards Act, 40 U.S.C. 3702, 3704
  - DOL regulations at 29 CFR Parts 1, 3, and 5. These regulations implement the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act and the Copeland Act.

  - [Agency Name]'s proposed processes for labor standards compliance are described in Appendix IV.

- **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 ARC award comply with the Uniform Relocation Act requirements.

- **Conflict of Interest**

  [Agency Name] will ensure compliance with 2 CFR Part 200.112, which requires grantees to establish conflict of interest (COI) policies to prohibit employees from using positions for private gain, and to report COI in writing, and 2 CFR § 200.318(c), which requires written standards of conduct regarding COI and employees who select, award, and administer contracts.

  [Agency Name] also will ensure compliance with Section 8.3(a) of the ARC Code, which prohibits officials and employees of grantees and subgrantees from participating personally in any particular matter in which grant funds are used, when the employee, employee's immediate family members or partners, organization where the employee serves as officer/director, or organization with which the employee is negotiating for employment, has either a financial interest or less than arms-length involvement.

[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, of the CDBG program to the extent they are consistent with and support the enforcement of ARC award terms and conditions, with the exception, as noted previously, of the national objective requirement in the Housing and Urban Development Act of 1974 (as amended) and Section 3.

For each agreement executed between [Agency Name] and a grantee for the ARC grant project, [Agency Name] must keep a copy of the contract and provide it to ARC upon request.

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 its own 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. [Please describe any other start-up documentation you will require.] Grantees must demonstrate compliance with environmental review requirements and other special conditions of the grant that must be met before receiving funds.

- **Notice to Proceed**

  Grantees should not begin construction until [Agency Name] issues them a Notice to Proceed letter, unless express permission is granted by [Agency Name]. A Notice to Proceed letter is issued when all pre-certifications are complete and the grant agreement has been signed by ARC and the grantee.

- **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 supporting documentation to [Agency Name]. These reports help [Agency Name] monitor the project's progress and identify when technical assistance might be needed.

  [Agency Name] will submit to ARC annually or more frequently as agreed, a Basic Agency Monitoring Report (BAMR) on each open project, subject to exemptions approved by ARC on a discretionary basis. Reports shall be submitted no later than the deadline provided in the Pathways system.

- **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 by ARC.

- **Amendments**

  Amendments to the scope, location, outcomes, or budget activities that exceed 10 percent of the total project budget will be approved in advance by [Agency Name] and may require approval by ARC. [Agency Name] will follow ARC's amendment procedures.

- **Final Closeout Reports**

  Once all ARC funds are drawn down and the final Compliance Review has taken place, the project is ready to be closed out with ARC. [Agency Name] will submit the final BAMR which 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:

- **CDBG Program Guidelines and Application Kit**: The program guidelines and application kit outlines the steps, procedures, forms and regulation that need to be followed for successful completion. The guidelines and kit can be accessed online at: [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] in the following manner: [Specify schedule/threshold/topics].

- **Compliance Reviews**: To ensure that the project complies with the ARC program requirements, at least one on-site compliance review will be conducted prior to project close-out. 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 closeout.

- **Specific Topic Training:** [Agency Name] will conduct occasional trainings on specific topics of compliance such as labor, environmental review, etc.: [Specify schedule/threshold/topics].

[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 [Name of specific division/office/team]. Responsibilities of other [Agency Name] officials are listed below.

[Name of specific division/office/team]

- Acknowledges acceptance of interagency financial transfers and agrees to administer ARC grants.
- Provides assurance of compliance with statutory and regulatory requirements, as applicable.
- 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 progress towards the estimated performance measures at the time of close-out (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, by source.

[Name of specific financial division/office/team]

- The Budget Office monitors all transaction and makes requests for draws and returns through Comptroller.
- The Comptroller performs the actual draws and return of funds.
- Any changes in project costs and projects must go through the program office.

[Name of specific division/office/team]

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

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

APPENDIX I: FINANCIAL MANAGEMENT OVERSIGHT PROCESS

NOTE: The following is just an example of a form that one agency uses. Describe your agency's financial management oversight process and forms in your own terms.

DCED-FMC-023 (11-14)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
FINANCIAL MANAGEMENT CENTER

APPALACHIAN REGIONAL COMMISSION HUD GRANT (ARC)

SECTION I: GENERAL INFORMATION

1. GRANTEE (NAME & ADDRESS):	2. DCED CONTRACT NUMBER:	3. CONTRACT AMOUNT:
	4. VENDOR NUMBER:	5. CONTRACT ACTIVITY PERIOD *(MONTH, DAY, YEAR)*: FROM: _____ TO: _____
	6. INVOICE REPORTING PERIOD *(MONTH, DAY, YEAR)*: FROM: _____ TO: _____	7. GRANTEE INVOICE NUMBER:

SECTION II: FISCAL INFORMATION
Please report in whole dollar amounts

1. BUDGET CATEGORY	2. BUDGET AMOUNT	3. DCED USE ONLY ER/CL DATE	4. EXPENDITURES THIS INVOICE PERIOD	5. GRANTEE USE ONLY REQUIRED MATCH	
				AMOUNT	SOURCE
6. TOTAL AMOUNT REQUESTED:					

SECTION III: DEPOSITORY

1. BANK NAME & ADDRESS:
2. BANK ACCOUNT NUMBER:

SECTION IV: CERTIFICATION

I have reviewed and certified that all information submitted for processing of this payment request is accurate and eligible under the program. Program income earned has been expended prior to drawing funds from DRGR. Any false statements made willfully may be subject to penalties under Section 1001 of Title 18 of the United States Code. The initial review performed by DCED on this invoice does not constitute acceptance of its associated expenditures. DCED's Compliance Monitoring Division will conduct a more comprehensive review during the contract period to ensure eligibility of related expenditures.

1. GRANTEE'S AUTHORIZED SIGNATURE:		2. NAME & TITLE (TYPED OR PRINTED):	3. DATE:
4. CONTACT PERSON:	5. PHONE NUMBER:	6. EMAIL ADDRESS:	7. DATE SUBMITTED:

FOR DCED USE ONLY / DCED APPROVAL:	SIGNATURE/INITIALS & DATE:

APPALACHIAN REGIONAL COMMISSION HUD GRANT (ARC) INVOICE INSTRUCTIONS

SECTION I: GENERAL INFORMATION

1. **Grantee Name & Address:** Use the Name & Address (i.e., local unit of government) as it appears on the grant contract.
2. **DCED Contract Number:** Located in the upper right corner of the contract or at the bottom right of the contract signature page.
3. **Contract Amount:** Located under Article **I** of the contract or 1st page of the most current amendment.
4. **Vendor Number:** Six-digit number (or nine w/ extension ex. 111111-012) located on the signature page of the contract
5. **Contract Activity Period:** Located under Article **III** of the grant contract or on the first page of the most current amendment.
6. **Invoice Reporting Period:** These dates should reflect the period the expenditures are incurred.
7. **Grantee Invoice Number:** Number grantee assigns to invoice for internal tracking, generally in sequential order per contract.

SECTION II: FISCAL INFORMATION ***Please report in whole dollar amounts****

1. **Budget Categories:** List the approved budget categories as they appear in the appendices of your contract, current amendment or approved budget modification. Any changes to these budget categories must be approved by the program office prior to invoicing.
2. **Budget Amounts:** List the approved budget amounts as they appear in the appendices of your contract, current amendment or approved budget modification. Your invoiced budget amounts must match the most recently approved budget. Any changes to these amounts must be approved by the program office prior to invoicing.
3. **ER/CL Date:** This column is for DCED use only.
4. **Expenditures This Invoicing Period:** Expenditures that have been actually incurred or anticipated during the current invoicing period.
5. **Required Match:** List each line item matching fund amount and source.
6. **Payment Amount Request:** This amount must match the Expenditures This Invoicing Period amount.

   Documentation must be attached to the invoice to support the expenditures requested and the source of the required match.

SECTION III: DEPOSITORY

1. List the name and address of the agency's bank where the grant funds will be deposited.
2. List the bank account number to which the ACH Deposit of the grant funds will be made.

Please Note: Bank data listed on the invoice must be registered on your Commonwealth Vendor Record. If the bank data is not registered, you can contact the Vendor Data Management Unit (VDMU) at 1-877-435-7363 (chose option 1). VDMU will provide instructions on how to update your vendor record and what documentation needs to be submitted. All payments are made via ACH; if your bank data is not registered, it will delay the processing of your invoice.

SECTION IV: CERTIFICATION

1. **Signature:** Signature of person who reviewed and certified invoice as authorized by the municipality. (NOTE: Private contractors, consultants or contracted agencies (i.e. Community Action Program (CAP) Agencies, Councils of Government (COG), Redevelopment Authorities, etc.) are NOT permitted to sign on behalf of the grantee/municipality. Invoices without the proper authorized official's signature will be rejected.
2. **Name & Title:** Type or print the name and title of individual who signed.
3. **Date:** Date Signed.
4. **Contact Person:** List the name of the individual that can be contacted regarding any questions concerning the invoice.
5. **Phone Number:** Phone number (including area code) for the contact person.
6. **Email Address:** Valid email address for the contact person, where they can be reached regarding any questions concerning the invoice.
7. **Date Submitted:** Date the invoice is completed and submitted.

DCED USE ONLY

This section is reserved for DCED. Do not complete any information in this section.

Invoices should be submitted to the DCED - Center for Community Financing, Commonwealth Keystone Building, 4th Floor, Harrisburg, PA 17120-0225. Attn: Christine Howe.

APPENDIX II: PROCUREMENT OVERSIGHT PROCESS

NOTE: The following is just an example. Describe your agency's procurement oversight process in your own terms.

ARC grant recipients and subrecipients must comply with the federal procurement requirements of 2 C.F.R. 200.317-326, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*. These regulations direct that all procurement transactions (e,g. of goods, property, supplies, equipment, construction, and services) be conducted through full and open competition unless they meet the criteria for a noncompetitive procurement. Among other things, these regulations govern the competition requirements and methods of allowable procurement, generally based on dollar amount. Grantees must use sound business judgement, not only in the acquisition of supplies, equipment, construction and services, but in the settlement of all contractual and administrative issues, protests, disputes and claims.

As required by 2 CFR Part 200, recipients and subrecipients must adopt a written procurement policy (2 C.F.R. 200.319(c)) and a code of conduct prohibiting employees who select, award, or administer contracts from having a real or apparent conflict of interest (2 C.F.R. 200.318(c). Recipients and subrecipients must not discriminate in the solicitation and award of contracts funded in whole or in part with ARC funds, including regarding advertising and distribution of solicitations, bid specifications or evaluation criteria, and contract awards. Recipients and subrecipients also should take affirmative steps to use small businesses and minority-and women-owned businesses when possible as sources of supplies, equipment, construction and services.

All recipients and subrecipients must maintain a complete procurement file showing all steps taken and the documents evidencing each step within the process, pursuant to 2 C.F.R. 200.318(i). These records must be maintained for at least three years after closeout, unless an exception applies. 2 C.F.R. 200.333.

All contracts must contain the provisions in Appendix II to 2 CFR Part 200, which covers Davis Bacon Act, nondiscrimination/Equal Employment Opportunity, debarment and suspension, and other legal requirements.

[Review the BABA Manual & Useful Documentation for RSBAs and describe the BABA review process here.]

APPENDIX III: ENVIRONMENTAL ASSESSMENT OVERSIGHT PROCESS

NOTE: The following is just an example. Describe your agency's environmental assessment oversight process in your own terms.

1. Subrecipient/Grantee determines the level of review required based on the type of project to be undertaken.

2. Subrecipient prepares the environmental review record at any point after project is approved by [Agency Name] but before project funds are committed.

3. After the subrecipient completes the environmental review record, and if subrecipient determines project to be either Categorically Excluded, Subject to 58.5 or an Environmental Assessment, the subrecipient prepares and publishes (or posts) a Finding of No Significant Impact and/or Notice of Intent to Request for Release of Funds (RROF). Subrecipient documents that they have met requirements for the comment period.

4. After the end of the comment period in Step 3, subrecipient's Certifying Officer signs the Request for Release of Funds (RROF) form.

5. Subrecipient submits a copy of the notice in Step 3 w/the RROF from step 4.

6. [Agency Name] Administrative Officer has 15-day comment period beginning the day after receipt of the packet from Step 5 to sign either the RROF and notice into the appropriate activity listed in the tracking system.

7. [Agency Name] staff enters information from the RROF and notice into the appropriate activity listed in the tracking system.

8. [Agency Name] mails the signed RROF or Authority to Use Grant Funds form back to subrecipient who can then begin to commit project funding.

    a. After the subrecipient completes the environmental review record, and if subrecipient determines project to be either Exempt or Categorically Excluded, Not Subject to 58.5, the subrecipient completes the exempt form, forwards to [Agency Name], and retains a copy for the project file.

9. Subrecipient prepares either the Exempt Status Determination form or Categorically Excluded, Not Subject to form.

10. Subrecipient submits the form from Step 8 to [Agency Name].

11. Subrecipient can begin to commit project funding.

APPENDIX IV: LABOR STANDARDS OVERSIGHT PROCESS

NOTE: The following is just an example. Describe your agency's labor standards oversight process in your own terms.

Each Grantee is responsible to [Agency Name] for ensuring compliance with federal labor standards requirements as a condition for receipt of federal assistance. Grantees are advised that:

1. Appropriate staff must be designated before the start of construction to ensure compliance with all applicable labor standards requirements. Designated staff must be an employee of the grantee or its administering agency and their name(s) must be provided to [Agency Name].

2. Where responsibilities for labor standards compliance is in the hands of different people (e.g. engineer, construction inspector), special care should be taken to ensure that all responsibilities are assigned. The grantee's designated staff person(s) must ensure that all labor standards requirements are met. Final responsibility for labor standards compliance will always remain with the grantee.

3. A construction contract financial, property, and record management system which meets the standards of 2 CFR Part 200 is to be established.

4. All contractors and subcontractors performing contract construction work must be informed of their labor standards obligations. This may be done during a labor standards preconstruction conference.

5. All documents, contracts and subcontracts must contain federal labor standards provisions and the applicable U.S. Department of Labor Wage Determination, and that contractor must be eligible for federally-assisted work.

6. On-site project inspections, which include employee interviews and checking for posting of the Federal Wage Determination, as well as weekly review of payrolls are required.

7. All violations of labor standards must be corrected promptly.

8. Full documentation for all administrative and enforcement activities with respect to federal labor standards requirements is to be available for review. Such documentation shall include all weekly payrolls, copies of wage determinations and any applicable changes or modifications, verifications of contractor eligibility, on-site inspection reports and employee interviews, and any records utilized in enforcement administration including records of wage restitution made. Other documentation may also be appropriate and required.

9. Grantees may be released from federal labor standards compliance responsibility if another federal agency with Davis-Bacon compliance responsibility has the most money in a project. Grantees must have documentation in this situation.

10. Compliance with requirements imposed by [Agency Name] concerning special requirements of law, program requirements, and other administrative requirements is required.

APPENDIX 2: RSBA MOU TEMPLATE

REGISTERED STATE
BASIC AGENCY
MEMORANDUM OF
UNDERSTANDING

Between

The Appalachian
Regional Commission
And

[Agency Name]

This Registered State Basic Agency Memorandum of Understanding (MOU) is entered into as of the date of the final signature (the "Effective Date"), by and between the Appalachian Regional Commission (ARC) and [Agency Name (Acronym)], each a "party" and collectively the "parties."

I. PURPOSE

The Appalachian Regional Development Act (ARDA) (40 U.S.C. §§ 14101-14526, 14701-14704) contains a general authorization for other agencies to assist ARC with the administration of construction grants. ARC has approved the administration of projects involving significant construction by a Registered State Basic Agency (RSBA) according to the terms of an MOU (ARC Code Section 8.1(b) and (d)). This MOU is entered into by the signatory entities to allow [Agency Acronym] to manage and administer ARC construction grants in the State of [State Name] as an RSBA.

II. BENEFITS TO THE AGENCIES

This MOU allows the ARC and [Agency Acronym] to arrange for the administration of certain construction grants by [Agency Acronym], to which [Agency Acronym] will provide expertise and resources for

effective administration. This arrangement will result in benefits to both parties: increased administrative efficiencies, leveraging of project administration experience for future grant opportunities in the State, and enhanced post-award participation of the ARC State in ARC grant projects.

III. MONITORING RESPONSIBILITIES

It is mutually agreed and understood by the ARC and [Agency Acronym] that:

1. **Determination to Administer Awards.** [Agency Acronym] will receive inquiries from ARC grant applicants seeking a basic agency to administer their projects. [Agency Acronym] will review ARC award applications in the Appalachian Region portion of [State Name] and determine the agency's willingness to administer the award. Upon making its determination, [Agency Acronym] will communicate with ARC whether it agrees to administer each award in a format requested by ARC. [Agency Acronym] should inform ARC of any risk assessment or project feasibility concerns identified by [Agency Acronym], and ARC will incorporate these concerns in its pre-award grant review process.

2. **Monitoring Requirement.** [Agency Acronym] will monitor each ARC award it agrees to administer in accordance with the ARC grant agreement, the Basic Agency Grant Administration Manual and the approved Program Design Proposal ("Program Design"). The Basic Agency Grant Administration Manual and the Program Design, both as amended, are incorporated by reference into this MOU.

3. **Grant Agreements.** ARC will provide each grant agreement to [Agency Acronym] and [Agency Acronym] will review the grant agreement to inform their administration of each ARC grant project. [Agency Acronym] will review and facilitate amendments to the grant agreement requested by the ARC award recipient ("Grantee") in accordance with ARC procedures. [Agency Acronym] may enter into agreements with ARC grantees for the administration of each ARC grant project, consistent with the terms of this MOU and the ARC grant agreement.

4. **Strategic Plan Integration.** [Agency Acronym] will administer ARC grants in a manner that supports and aligns with ARC's current five-

year strategic plan, the State of [State Name]'s Development Plan, and the State of [State Name]'s Strategy Statement, including their applicable investment priorities, economic development objectives, and targeted investment areas, so that [Agency Acronym]'s grant administration activities advance ARC's mission in Appalachian Maryland.

5. **Project Costs.**
   a. Project Cost Monitoring. [Agency Acronym] will monitor the Grantee's compliance with the financial management requirements found in 2 CFR 200 and review the Grantee's invoices for eligibility and completeness of supporting documentation for project costs, ensuring that all project costs are incurred in accordance with the approved ARC budget and that the costs are allowable, allocable and reasonable in accordance with 2 CFR 200. [Agency Acronym] will receive financial reporting from the Grantee that will enable the agency to apprise ARC of the status of project funds in the reports under Section 10 of this MOU.

   b. Grant Funds. ARC will disburse grant funds to [Agency Acronym] to provide reimbursements to each Grantee for activities under the Grantee's grant award, in accordance with the grant agreement. [Agency Acronym] will ensure processing and payment of invoices attributable to the ARC grant using the Automated Standard Application for Payments (ASAP), in accordance with the ARC and U.S. Department of Treasury policies and procedures for the utilization of ASAP. [Agency Acronym] will certify the Grantee's payment requests before submitting them to ARC. [Agency Acronym] will endeavor to certify complete and eligible payment requests within thirty (30) calendar days of receipt.

   c. Match Funds. [Agency Acronym] will verify that each Grantee has committed the matching funds required for its ARC grant, obtain and maintain documentation of the match, and monitor match expenditures for compliance with the ARC grant agreement. [Agency Acronym] will ensure the Grantee has met the match requirement applicable to each project under ARDA before recommending the closeout of the ARC grant project, and, if needed, assist ARC with corrective measures to ensure the requisite match is met.

6. **Procurement Compliance.** [Agency Acronym] will monitor the

Grantee's procurement activities, including bidding and contracting, for compliance with all applicable Federal and state laws and regulations and in accordance with the approved Program Design and the Basic Agency Grant Administration Manual.

7. **Governmental Authorizations.** [Agency Acronym] will verify all permits and other governmental authorizations required to carry out the construction project are obtained and complied with by the Grantee.

8. **Site Visits.** [Agency Acronym] will conduct at least one site visit during the construction phase to ensure that construction is being completed in accordance with the ARC grant agreement.

9. **Non-Compliance and Specific Conditions.**
   a. Compliance Information. [Agency Acronym] will inform the ARC Project Coordinator of non-compliance issues that arise during performance of the ARC grant project. ARC will collaborate with [Agency Acronym] to resolve non-compliance issues.
   b. Specific Conditions. If ARC identifies the need to impose a specific condition in an ARC grant agreement in accordance with 2 CFR 200.208, ARC will timely communicate this to [Agency Acronym] and will consider any feedback provided by [Agency Acronym] in the determination of the most appropriate specific condition to impose.

10. **Reporting and Information Sharing**.
    a. Frequency of Reporting. [Agency Acronym] will provide reports to ARC on construction progress and grant expenditures at least once per year on a schedule agreed upon with ARC; notwithstanding, if a grant agreement requires more frequent reporting as a Specific Condition, [Agency Acronym] will work with ARC to provide the reports at a greater frequency or depth to facilitate the Specific Condition. [Agency Acronym] will submit reports by the due dates the parties agree upon.
    b. Content of Reporting. Final reports will include performance measures and final expenditures of ARC and matching funds; and [Agency Acronym] will obtain the Grantee's written certification of final project performance measures and of final budget tracking on the use of ARC grant funds and matching funds. In addition, [Agency Acronym] and ARC will share project success stories, lessons learned, best practices, and data that support policy

development, program evaluation, and evidence-based decision-making.

c. Corrections. [Agency Acronym] will work with ARC to make corrections to any errors or omissions on reports.

11. **Suspension and Debarment.** [Agency Acronym] will ensure that Grantees verify, through the System for Award Management (SAM) exclusion records, that contractors and subcontractors are not suspended, debarred, or otherwise excluded from receiving federal funds before awarding any contract or subcontract funded in whole or in part with ARC funds.

12. **Environmental Review Compliance.** [Agency Acronym] will verify that each project receives the environmental review required by law, ARC policy and the terms of the Program Design. [Agency Acronym] will review and conduct environmental reviews in a manner that is consistent with the applicable National Environmental Policy Act (NEPA) framework and applicable state environmental review processes. [Agency Acronym] will ensure that the division of environmental review responsibilities among the Grantee and its agents is documented appropriately, and for projects requiring an environmental assessment or environmental impact statement, [Agency Acronym] will coordinate with the appropriate federal and state resource agencies and maintain the supporting documentation.

13. **Build America, Buy America Act Requirements.** To the extent an ARC construction grant is subject to the Build America, Buy America (BABA) Act, [Agency Acronym] will administer the grant in accordance with the ARC RSBA BABA Implementation Manual, which is hereby incorporated by this reference. [Agency Acronym]'s responsibilities include: i) ensuring the Grantee has complied with BABA before approving a payment of grant funds; ii) reviewing the Grantee's BABA waiver request for sufficiency, assisting in the preparation of the waiver request as needed, and submitting the waiver request to ARC; iii) assisting ARC with the processing and documentation of any applicable waivers; and iv) maintaining records demonstrating the Grantee's and [Agency Acronym]'s implementation of BABA requirements. ARC's responsibilities include assisting with technical assistance and training for [Agency Acronym] staff in the implementation of BABA, reviewing BABA waiver requests, submitting the waiver requests to the Made in America Office, apprising [Agency Acronym] of the status of submitted BABA waiver requests as needed,

and communicating BABA law or policy changes to [Agency Acronym].

14. **Prevailing Wage Requirements.** To the extent prevailing wage requirements of the ARDA (40 U.S.C. § 14701) apply to an [Agency Acronym]-administered grant project, [Agency Acronym] will ensure that the Grantee obtains and submits certified payrolls, will monitor compliance with applicable wage determinations, and will assist ARC with addressing and remedying any wage violations.

15. **Single Audits.** [Agency Acronym] will verify that the Grantee is audited if required by 2 CFR Part 200, Subpart F.

16. **Closeout Procedures.** Upon completion of each ARC-funded project, [Agency Acronym] will carry out closeout procedures, including final financial reconciliation, disposition of any unexpended funds, resolution of outstanding audit findings, and confirmation that all obligations of the Grantee and [Agency Acronym] have been satisfied. ARC will execute the final closeout of the project and will communicate with [Agency Acronym] if changes are needed.

17. **Office of the Inspector General Audit Assistance.** ARC will resolve ARC Office of the Inspector General ("ARC OIG") audit findings for [Agency Acronym]-administered projects and request assistance requested from [Agency Acronym] as needed. [Agency Acronym] will communicate with the ARC OIG if the agency prefers to attend audit entrance and exit conferences. ARC will share lessons learned from ARC OIG audits that may inform [Agency Acronym]'s future administration of ARC grants. If requested by ARC, [Agency Acronym] will assist ARC by: i) providing grant project documentation on file with [Agency Acronym]; ii) providing information on [Agency Acronym]'s monitoring of the grant project and compliance issues encountered; and iii) communicating with the grantee about the audit as needed to facilitate audit resolution.

18. **Multi-Jurisdictional and Regional Projects.** For projects [Agency Acronym] may administer that will take place in Maryland and other states, ARC and [Agency Acronym] will coordinate with the affected jurisdictions and, where applicable, with other State Basic Agencies, and will document the allocation of administrative responsibilities among the participating agencies.

19. **Subcontracting.**

a. Grantee. [Agency Acronym] will oversee any subcontracting or subaward of ARC grant-funded activities by the Grantee and will ensure that all such subcontracts and subawards comply with the federal subaward requirements of 2 CFR Part 200, including the provisions governing procurement, cost principles, and the monitoring responsibilities of a pass-through entity.
b. [Agency Acronym]. [Agency Acronym] will notify ARC prior to entering into an agreement with any subcontractor to implement the requirements of this MOU. [Agency Acronym] will document the roles and responsibilities of the subcontractor and will ensure that its involvement is consistent with terms of this MOU.

20. **Performance Standards.** [Agency Acronym] will meet the performance standards for its administration of ARC grants agreed upon in the Annual Administrative Agreement (Section 29).

IV. ADDITIONAL TERMS

21. **Records Retention.** [Agency Acronym] will retain all financial records, programmatic documentation, correspondence, and supporting materials relating to its administration of each ARC grant project for a period that at least meets the General Records Schedule of the National Archives and Records (NARA), which ARC has adopted; this includes both hard copy and electronic records. If an audit, claim, litigation, or other action involving such records begins before the expiration of the records retention period, [Agency Acronym] will retain the records until all findings have been resolved and final action taken. ARC will provide [Agency Acronym] with records retention assistance as needed to help [Agency Acronym] comply with this paragraph.

22. **Audits and Other Official Uses.** [Agency Acronym] will provide ARC and its authorized representatives, including the ARC Office of Inspector General and the Comptroller General of the United States, access to records pertinent to its administration of ARC grant projects to perform audits, execute site visits or for another official use. [Agency Acronym] provide timely and reasonable access to its personnel available if needed for interview and discussion for this purpose.

23. **Conflicts of Interest.** [Agency Acronym] will maintain and enforce written conflict-of-interest policies governing its administration of ARC grants consistent with Section 8.3 of the ARC Code; will promptly

disclose to ARC any actual or potential conflicts of interest; and will implement appropriate procedures for the recusal of affected personnel or other mitigation of identified conflicts. Upon request by [Agency Acronym], ARC will provide determinations regarding potential conflicts of interest.

24. **Data Security and Privacy.** [Agency Acronym] will implement and maintain appropriate cybersecurity controls and privacy safeguards to protect sensitive information handled in connection with ARC grant administration, including personally identifiable information, proprietary business information submitted in grant applications, and any federal taxpayer information, consistent with applicable law and ARC policy. [Agency Acronym] will notify ARC without unreasonable delay upon discovery of any data breach or cybersecurity incident compromising such information.

25. **Internal Controls.** [Agency Acronym] will maintain appropriate internal controls for the administration of ARC grants and conduct a periodic self-assessment of those internal controls as determined by [Agency Acronym].

26. **Fraud, Waste, and Abuse Prevention.** [Agency Acronym] will maintain policies and controls to prevent and detect fraud, waste, and abuse in the administration of ARC grants; and will cooperate with investigations of fraud, waste, and abuse, including those conducted by the ARC Office of Inspector General. [Agency Acronym] will report to the ARC Office of Inspector General any suspected fraud, waste, or abuse involving federal funds (see www.arc.gov/office-of-inspector-general).

27. **Training Requirements.** [Agency Acronym] will ensure that its personnel who administer ARC grants receive appropriate training on applicable ARC grant requirements, including federal procurement standards, environmental review procedures, prevailing wage requirements, and financial management standards. ARC will provide trainings on these topics as agreed upon by the parties.

28. **Regular Review and Evaluation.** ARC and [Agency Acronym] will collaboratively review the effectiveness of this MOU no less than every four years to determine whether the arrangement continues to serve its intended purpose, to identify opportunities for process improvement, and to assess whether amendment is warranted. Notwithstanding, the parties will amend this MOU and [Agency

Acronym] will provide ARC with an updated Program Design Proposal any time it is needed to reflect a material change in conditions.

29. **Annual Administrative Agreements.** For each upcoming Federal fiscal year, [Agency Acronym] may enter into an agreement with ARC to continue its work administering ARC grant projects under this MOU, including requesting funding from ARC for any reasonable costs that would be incurred by [Agency Acronym]. ARC will timely review and process these agreements.

30. **Notices.** All formal notices under this MOU, such as notices of termination, proposed amendments, and disputes, will be in writing and delivered to the signatories of this MOU or their provided designees by electronic mail or certified mail. Notice will be deemed received upon confirmed electronic delivery, or five (5) business days after deposit with a certified mail service.

31. **Amendments.** By mutual consent, the Executive Director of ARC and the [Agency Acronym] agency head or their provided designees may, by letter, amend, extend or modify the MOU.

32. **Expenditure of [Agency Acronym] Funds.** The parties agree that nothing in this MOU requires [Agency Acronym] to expend its funds to assist ARC projects, and that [Agency Acronym] will do so only through the terms of its programs.

33. **Recovery of Grant Funds.** In the event that ARC needs to recover ARC funding received by a Grantee for the performance of an ARC construction grant project, it is understood and agreed that ARC will look to the Grantee for such recovery. Unless required by law, [Agency Acronym], its agents or employees will not bear any responsibility to reimburse ARC for such funding.

34. **Rights and Obligations.** This MOU is not intended to and does not create any contractual rights or obligations with respect to the signatories or any other parties.

35. **Dispute Resolution.** Any dispute arising under or relating to this MOU will first be addressed through good-faith consultation between the parties. If the dispute is not resolved within thirty (30) calendar days, it will be escalated to the Executive Director of ARC and the [Agency Acronym] agency head, or their designees, who will confer and endeavor to resolve the matter within an additional thirty (30) calendar

days. If the matter is not resolved by the parties within the additional thirty (30) calendar day-period, the parties agree the dispute will be resolved by the Co-Chairmen's Committee pursuant to the ARC Code Section 2.6.b.2.(d). The parties agree to pursue this tiered procedure before resorting to termination of this MOU.

36. **Severability.** If any provision of this MOU is held to be invalid or unenforceable, the remaining provisions will continue in full force and effect.

37. **Effective Date and Termination.** This MOU will become effective on the date of the final signature. Participation in this MOU may be terminated by any signatory agency with written notification to the other party, pursuant to Section 30, at least 90 calendar days in advance of the effective date of termination.

_____	_____
BRANDON MCBRIDE, Executive Director Appalachian Regional Commission	[AGENCY AUTHORIZED REPRESENTATIVE], [Title] [Agency Name]
_____	_____
Date	Date

APPENDIX 3: RSBA ADMIN FEE PROJECT LIST

FY 2027 RSBA Admin Fee Project List for State Projects

New ARC Projects (Fiscal Year 2027):

Project Number	Project Title	ARC Award	Project Description
To Be Determined	Project Title 1	$ 500,000	Description 1
To Be Determined	Project Title 2	$ 500,000	Description 2
To Be Determined	Project Title 3	$ 500,000	Description 3
To Be Determined	Project Title 4	$ 500,000	Description 4
	4	$ 2,000,000	

Ongoing ARC Projects:

Fiscal Year	Number of Open Projects	Total ARC Funding	Key Updates (Reference Specific Project Numbers)
2025	20	$ 9,000,000	Update 1
2024	16	$ 8,000,000	Update 2
2023	12	$ 5,000,000	Update 3
2022	8	$ 4,000,000	Update 4
2021	4	$ 1,500,000	Update 5
Pre-2021	1	$ 500,000	Update 6
	61	$ 28,000,000	

Total Projects Managed:		65
New Projects Managed:		4
Ongoing Projects Managed:		61
Single-Count Projects Completing Key Milestones (Design, Environmental, BABA Review, Competitive Procurement, or Construction)		55
Total ARC Funds Managed:	$	30,000,000
New ARC Funds Managed:	$	2,000,000
Ongoing ARC Funds Managed:	$	28,000,000
5% of New ARC Projects	$	100,000
2% of Ongoing ARC Projects	$	560,000
5-2 Benchmark Admin Fee	$	660,000
Proposed RSBA Admin Fee	$	100,000
Exceeds 5-2 Benchmark?		NO
Justification for Exceeding 5-2 Benchmark	Not Applicable	

APPENDIX 4: RSBA PROJECT STATUS LIST

FY 2027 RSBA Project Status List for State Projects

New ARC Projects (Fiscal Year 2027):

Project Number	Project Title	ARC Award	Design Completed	Environmental Completed	BABA Review Completed	Procurement Completed	Construction Completed
To Be Determined	Project Title 1	$ 500,000	Yes	Yes	Yes	Yes	No
To Be Determined	Project Title 2	$ 500,000	Yes	Yes	No	No	No
To Be Determined	Project Title 3	$ 500,000	Yes	No	No	No	No
To Be Determined	Project Title 4	$ 500,000	No	No	No	No	No
	4	$ 2,000,000	3	2	1	1	-

Ongoing ARC Projects:

Fiscal Year	Number of Open Projects	Total ARC Funding	Design Completed	Environmental Completed	BABA Review Completed	Procurement Completed	Construction Completed
2025	20	$ 9,000,000	10	-	-	-	-
2024	16	$ 8,000,000	16	15	10	10	8
2023	12	$ 5,000,000	12	12	12	12	10
2022	8	$ 4,000,000	8	8	8	8	7
2021	4	$ 1,500,000	4	4	4	4	4
Pre-2021	1	$ 500,000	1	1	1	1	1
	61	$ 28,000,000	51	40	35	35	30

Total Projects Managed:	65
New Projects Managed:	4
Ongoing Projects Managed:	61
Cumulative Single-Count Projects Completing Key Milestones (Design, Environmental, BABA Review, Competitive Procurement, or Construction)	54

APPENDIX 5: SAMPLE BASIC AGENCY LETTER (YEAR 1)

SAMPLE BASIC AGENCY LETTER

March 1, 2027

Brandon McBride

Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue NW, Suite 700
Washington, DC 20009-1068

Dear Mr. McBride,

I am writing to confirm that the Tennessee Department of Economic and Community Development is prepared to administer the **Local Water Line Extension project.**

The proposed project budget is:

	Funding Amount
ARC Grant:	$300,000
Other Federal:	$0
State:	$0
Local (incl. loans):	$250,000
Total:	$550,000

The program contact at our agency for this project will be Project Contact Name (projectcontact@email.com). The fiscal contact for our agency is Fiscal Contact Name (fiscalcontact@email.com).

We have reviewed the project application and associated information and are prepared to administer the project in accordance with our Memorandum of Understanding with the Appalachian Regional Commission. Please contact us should you have any questions or comments regarding our agreement to administer the aforementioned project.

Sincerely,

State Alternate Name, ARC State Alternate
Tennessee Department of Economic and Community Development