



Texas Department of Agriculture  
Texas Community Development Block Grant Program  
PO Box 12847  
Austin, TX 78711

# POLICY ISSUANCE

## CDBG 16-02

**SUBJECT: Pilot Procedure for Conditional Acceptance of Projects that require Regulatory Approval**

Effective Date: September 1, 2016

TDA is piloting a conditional acceptance of closeout documents for certain grant projects. This pilot is based on recent experience and is intended to provide flexibility for projects where all construction and testing is complete but approval from state or federal agencies has not yet been received.

The closeout process confirms that the beneficiaries of the project are actually receiving the service or improvements required by the grant contract to satisfy the National Program Objective. Typically, regulatory approval required by other state and federal agencies prior to placing the improvements into service should be obtained prior to considering the project complete. For example, a TCEQ interim approval for a new well must be issued before the well can be placed into service and the beneficiaries are able to benefit from the project. Reverse osmosis systems, arsenic removal improvements, and other innovative technology have similar requirements for TCEQ approval.

**Grant Recipients are strongly encouraged to ensure that all project approvals are received prior to certifying the project completion.** However under this pilot procedure TDA will accept closeout documentation prior to receipt of such an approval under certain conditions:

- Complete documentation required to request approval for the project must be submitted to the regulatory agency prior to the submission of the Project Completion Report (PCR). The PCR recently posted to the TDA website includes a space to note the date the documentation was submitted to the regulatory agency.
- The public hearing notice must disclose that the project has not been approved for use by the regulatory agency.
- **If the project approval is granted by the regulatory agency:** The PCR will be accepted as submitted and TDA will proceed with the closeout process; no costs will be disallowed based on the additional time required for approval.
- **If the project is not approved for use:** TDA will decline the PCR if the regulatory agency does not approve the project based on the information submitted prior to the PCR due date. This means that if any revisions or re-testing is required after the closeout documents are submitted to TDA, the PCR will be considered delinquent and funds will no longer be reserved (generally 10% of both administration and engineering budget line items, and any other funds not yet drawn down). A new public hearing and PCR must be completed once the project is approved.

- The contract will not be considered Administratively Complete until the regulatory agency approvals are submitted to TDA and the benefit is confirmed.
- The Grant Recipient may not submit a new application for funding that is subject to the 24-month Application Threshold until the regulatory agency approvals are submitted to TDA.



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