Title: Approval for Homeless Emergency Aid Program (HEAP) Grant Standard Agreement

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager or City Manager’s designee to: 1) execute and submit the Homeless Emergency Aid Program (HEAP) Standard Agreement with the State of California Business, Consumer Services and Housing Agency (BCSH) to receive and administer $5,645,700 in grant funding; 2) execute and submit supporting documents and various reports for the implementation of HEAP; 3) establish the Homeless Emergency Aid Program (G02000820) Multi-Year Operating program (MYOP); 4) establish revenue and expenditure budget in the amount of $5,645,700 for G02000820 in Operating Grants (Fund 2702) to support the City’s HEAP implementation; and 5) add a limited-term 1.0 FTE Administrative Technician position to support HEAP, fully offset by the HEAP grant.

Contact: Emily Halcon, Homeless Services Coordinator, (916) 808-7896; Angela Marin, Administrative Analyst, (916) 808-7949, Office of the City Manager

Presenter: None

Attachments:
1-Description/Analysis
2-Request for Funds form
3-Resolution
4-Exhibit A to the Resolution: HEAP Standard Agreement Template
Description/Analysis

**Issue Detail:** In June of 2018, the Governor signed SB 850, which allocated over $553 million in one-time State funding for two new programs: the Homeless Emergency Aid Program (HEAP) and the California Emergency Solutions Program (CESH). The following table describes the funding allocations per jurisdiction, eligible uses, and the grant application timelines.

<table>
<thead>
<tr>
<th></th>
<th>HEAP (City)</th>
<th>HEAP (CoC)</th>
<th>CESH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Amount</td>
<td>$5,645,700</td>
<td>$12,729,412</td>
<td>$1,619,424</td>
</tr>
<tr>
<td>State Agency</td>
<td>Business, Consumer Services, Housing (BCSH)</td>
<td>Housing &amp; Community Development (DHCD)</td>
<td></td>
</tr>
<tr>
<td>Administrative Entity</td>
<td>City</td>
<td>CoC (SSF)</td>
<td>CoC (SSF)</td>
</tr>
<tr>
<td>Eligible Uses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td>Rental assistance</td>
</tr>
<tr>
<td></td>
<td>(shelter, prevention, outreach, criminal justice diversion)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental assistance/subsidies</td>
<td>Capitalized reserves for permanent housing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital improvements (shelter, permanent supportive housing, public sanitation facilities)</td>
<td>Flexible housing funds</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>System support</td>
</tr>
<tr>
<td>Timelines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application Due</td>
<td>December 31, 2018</td>
<td>October 15, 2018</td>
<td></td>
</tr>
<tr>
<td>Estimated Program Start</td>
<td>March 2019</td>
<td>February 2019</td>
<td></td>
</tr>
<tr>
<td>Application Status</td>
<td>Plan to submit December 3, 2018</td>
<td>Submitted November 2018</td>
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</table>

The City, Sacramento County and Sacramento Steps Forward (SSF) developed an investment strategy for the almost $20 million coming to Sacramento in collaboration with community stakeholders. In sum, investments are recommended in three primary areas: 1) expansion of emergency shelter services; 2) creation of a flexible re-housing program; and 3) homeless services system improvements. HEAP funding requires a minimum of five percent of funding for youth specific activities which are incorporated into the proposal. HEAP funds also require that any housing or shelter related activities must be aligned with the core components of Housing First.

On October 16, 2018 Council approved a motion to: 1) endorse the HEAP and CESH collaborative investment plan described above; 2) authorize the City Manager or the City Manager’s designee to take all necessary actions to prepare to receive and administer program funding; and 3) authorize the City Manager or the City Manager’s designee to submit an application to the California Business, Consumer Services and Housing Agency (BCSH) for funding available through HEAP. On November 8th, 2018 City Council adopted Resolution 2018-0434, declaring a Shelter Crisis in the City, a precondition for being eligible to receive and administer HEAP funding.
HEAP Funding Timeline
Staff submitted a completed application for the City allocation of the non-competitive HEAP grant funds to BCSH on December 3, 2018, and BCSH has committed to disburse funds within 60 days of an application being deemed completed. In this timeframe, BCSH plans to follow a 15-30-15 schedule as follows:

- 15 days to prepare and mail a standard contract agreement to the grantee
- 30 days for the grantee to review and sign the agreement, and
- 15 days for BCSH to prepare grant disbursement

The HEAP grant program recognizes there is an urgent and immediate need for homeless services and aims to get funds directly to local jurisdictions quickly. The establishing statute reflects this intent by mandating a tight timeline for obligating and spending funds. The approvals sought in this staff report will allow the City to shorten the 30-day City review period and execute a contract with the State faster, as well as comply with reporting requirements in a timely manner.

The City’s HEAP grant and a portion of the CoC’s HEAP funding is planned to support adult and youth sheltering activities. HEAP funds may not be obligated or expended until the City receives the grant funding. The authorization for the City Manager or his designee to execute the Standard Agreement before receiving a formal funding award notification will expedite this procedural step to ensure that the funds are implemented as soon as possible, and staff can begin engaging in contracts with service providers. The City is actively pursuing options to secure sites to continue operating Homeless Triage Shelters; expediting the receipt of HEAP funds will allow the City to begin capital work on site(s) quickly. In addition, it is anticipated that, during the course of administering the grant with BCSH, the City will be required to periodically submit reports that may require an authorized City signature. One such form is the Request for Funds form, included at Attachment 2, which will describe the City’s proposed activities and funding amounts under each grant eligible use, and is required to be submitted promptly for funds disbursement by the State Controller’s Office (SCO). Staff seeks authority to submit this and other additional program administration forms to BCSH to ensure compliance with grant terms.

Policy Considerations: The HEAP investments recommended require active coordination with the homeless CoC and participation in the community’s coordinated entry and assessment program as well as the City’s Pathways program. These programs align with the federal directive that funding for addressing homelessness follow a “housing first” approach and be part of a larger strategy to lowering barriers to services. Housing first principles ensure that emergency shelter be provided with few to no barriers to access and focus on linking clients with permanent housing as quickly as possible. In housing first programs, supportive
services are offered (but not required as a condition of tenancy) in shelters and ongoing to help people keep their housing and avoid returning to homelessness. This evidence-based approach is consistent with the strategies and funding priorities of the other public agencies working to end homelessness in Sacramento and is required for all HEAP funded programs.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** Homelessness continues to be a compelling and pivotal issue for the City, and the City Council has made significant investments over the past years to increase services, shelter capacity and housing supports for people experiencing homelessness. Despite these efforts, homelessness is on the rise across our State, and is affecting communities throughout the City and the County of Sacramento. The HEAP and CESH programs offer a unique opportunity to access significant funding from the State of California to address local needs related to homelessness and to collaborate with Sacramento County, SSF, and other cities in the county to develop a true county-wide response to homelessness. Approving the Standard Agreement ahead of formal receipt of funding award from the State will allow quicker access to these funds and, therefore, quicker implementation of new shelter activities.

**Financial Considerations:** The State of California Business, Consumer Services and Housing Agency (BCHS) will provide the City with $5,645,700 in non-competitive grant funding to implement the HEAP program. There is no local match requirement. HEAP funds can be used to fund new or expanded City homeless services such as outreach, rental assistance, and capital improvement projects including shelters. Revenues and expenditure budgets will be established in the HEAP (G02000820) MYOP in the amount of $5.65 million. The grant allows five percent, or $282,285, to be expended on program administration, which will be used to fully offset the cost of the limited-term 1.0 FTE Administrative Technician position. This position will be established for approximately the length of the program, January 1, 2019 to January 1, 2020, allowing for time to ramp up and ramp down.

**Local Business Enterprise (LBE):** Not applicable.
**HOMELESS EMERGENCY AID PROGRAM**  
**REQUEST FOR FUNDS FORM**

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>18-HEAP-xxxxx</th>
</tr>
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<tbody>
<tr>
<td>Invoice Number</td>
<td>18-HEAP-xxxxx</td>
</tr>
<tr>
<td>Grantee Name:</td>
<td></td>
</tr>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td></td>
</tr>
<tr>
<td>State &amp; Zip:</td>
<td></td>
</tr>
<tr>
<td>Expiration Date:</td>
<td>10/31/2021</td>
</tr>
<tr>
<td>Contact Person:</td>
<td></td>
</tr>
<tr>
<td>Contact Person Title:</td>
<td></td>
</tr>
<tr>
<td>E-mail:</td>
<td></td>
</tr>
<tr>
<td>Phone No.:</td>
<td></td>
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**HOMELESS EMERGENCY AID EXPENDITURES BREAKDOWN**

<table>
<thead>
<tr>
<th>Proposed Activities</th>
<th>Approved Budget</th>
<th>REQUEST Draw Amount</th>
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<tbody>
<tr>
<td>Services</td>
<td>$0.00</td>
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</tr>
<tr>
<td>Rental Assistance or Subsidies</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Homeless Youth Set-Aside</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**CERTIFICATION**

*By signing this form, I certify to the best of my knowledge and belief that the form is true, complete, and accurate, and the activities and budget are for the purposes and objectives set forth in the terms and conditions of the HEAP Standard Agreement. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.*

<table>
<thead>
<tr>
<th>Name of Authorized Person</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature of Authorized Person</th>
<th>Date:</th>
</tr>
</thead>
</table>

**BCSH USE ONLY**

<table>
<thead>
<tr>
<th>Grant Management Representative Signature</th>
<th>Date:</th>
</tr>
</thead>
</table>
RESOLUTION NO. 2018-

Adopted by the Sacramento City Council
December 11, 2018

HOMELESS EMERGENCY AID PROGRAM (HEAP) GRANT
STANDARD AGREEMENT APPROVALS

BACKGROUND

A. According to the 2017 Point-in-Time Count for the County of Sacramento, 3,665 persons within the County of Sacramento, including approximately 1,779 who are within the City of Sacramento (“City”), are homeless. This population includes veterans, women, children, persons with disabilities, seniors, and other vulnerable groups. The number of people experiencing homelessness is significant, and these persons are without the ability to obtain shelter.

B. Homelessness is one of the biggest issues facing the City, and the City Council has made significant investments over the past years to increase services, shelter capacity and housing supports for people experiencing homelessness. Despite these efforts, homelessness is on the rise, and is affecting communities throughout the City and the County of Sacramento.

C. California’s Governor Edmund G. Brown, Jr. and the members of the California Legislature have recognized the urgent and immediate need for funding at the local level to combat homelessness.

D. In June of 2018, the Governor signed SB 850, which allocated over $553 million in one-time State funding for two new programs: the Homeless Emergency Aid Program (HEAP) and the California Emergency Solutions Program (CESH). On October 16, 2018, the City Council approved a collaborative investment plan for the HEAP and CESH programs and authorized the City to submit an application for the City HEAP allocation to the State of California Business, Consumer Services and Housing Agency (BCSH) no later than December 31, 2018. On November 8, 2018, the City declared a shelter crisis, effective on December 1, 2018 as required to apply for the funding.

E. The City anticipates receiving $5,645,700 under the new Homeless Emergency Aid Program (HEAP), administered by the State of California Business, Consumer Services and Housing Agency (BCSH) to support emergency sheltering activities. The Sacramento Continuum of Care will receive an additional $12,729,412 million in HEAP for similar sheltering and housing activities. BCHS requires that all programs funded under HEAP must be in compliance with Housing First principles.
F. The HEAP program offers a unique opportunity to access funding from the State of California to address local needs related to homelessness, including public health related mitigation, and to collaborate with Sacramento County, Sacramento Steps Forward (SSF), and other cities in the county to develop a true county-wide response to homelessness.

G. The authorization for the City Manager or his designee to execute the Homeless Emergency Aid Program (HEAP) Standard Agreement with the State of California Business, Consumer Services and Housing Agency (BCSH) will expedite the receipt of grant funds so that the program begins implementation as soon as possible, and staff can begin engaging in contracts with service providers.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or City Manager’s designee is authorized to execute the HEAP Standard Agreement attached hereto as Exhibit A with the State of California Business, Consumer Services and Housing Agency (BCSH), to receive and administer $5,645,700 in grant funding, and to execute and submit supporting documents and various reports for the implementation of HEAP.

Section 2. The City Manager or City Manager’s designee is authorized to establish the Homeless Emergency Aid Program (G02000820).

Section 3. The City Manager or City Manager’s designee is authorized to establish revenue and expenditure budgets in amount of $5,645,700 for the Homeless Emergency Aid Program (G02000820) in Operating Grants (Fund 2702) to support the City’s HEAP implementation.

Section 4. The City Manager or City Manager’s designee is authorized to add a limited-term 1.0 FTE Administrative Technician position to support HEAP, fully offset by the HEAP grant.
1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY’S NAME
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

CONTRACTOR’S NAME
Contractor’s Name

2. The term of this Agreement is: Upon BCSH Approval through 10/31/2021

3. The maximum amount of this Agreement is: $00,000.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

   Exhibit A - Authority, Purpose and Scope of Work
   Exhibit B - Budget Detail and Payment Provisions
   Exhibit C - Terms and Conditions
   Exhibit D - Special Terms and Conditions

   TOTAL NUMBER OF PAGES ATTACHED: 16

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR’S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature) DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

BY (Authorized Signature) DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING
Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency

ADDRESS
915 Capitol Mall, Suite 350-A, Sacramento, CA 95814
AUTHORITY, PURPOSE AND SCOPE OF WORK

Homeless Emergency Aid Program (HEAP)

1. Authority

Pursuant to Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under SB 850 (Chapter 48, Statutes of 2018), the State has established the Homeless Emergency Aid Program ("HEAP" or "the Program" or "the grant"). The Program is administered by the California Homeless Coordinating and Financing Council ("Council") in the Business, Consumer Services and Housing Agency ("Agency"). HEAP provides one-time flexible block grant funds to Administrative Entities as defined in the September 5, 2018 HEAP Notice of Funding Availability (NOFA) and Large Cities to address their immediate homelessness challenges. This Standard Agreement along with all its exhibits ("Agreement") is entered into by the Agency and an Administrative Entity or Large City ("Contractor") under the authority of, and in furtherance of the purpose of, the Program. In signing this Agreement and thereby accepting this award of funds, the Contractor agrees to comply with the terms and conditions of the Agreement, the Notice of Funding Availability ("NOFA") under which the Contractor applied, the representations contained in the Contractor’s application, and the requirements of the authority cited above.

2. Purpose

The general purpose of the Program is to provide one-time block grant funding to address the immediate emergency needs of homeless individuals and individuals at imminent risk of homelessness in the service area of each Contractor. In accordance with the authority cited above, an application was made by the Contractor for HEAP funds to be allocated for eligible uses under the grant, which include, but are not limited to, the following: services, rental assistance or subsidies, capital improvements and homeless youth activities.

3. Definitions

Terms herein shall have the same meaning as the definitions set forth in the HEAP NOFA.

4. Scope of Work

The Scope of Work ("Work") for this Agreement shall include one-time uses that are consistent with Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under SB 850 (Chapter 48, Statutes of 2018), for eligible uses, which include, but are not limited to, one or more of the following:
Standard Agreement
EXHIBIT A

A. Services,
B. Rental Assistance or Subsidies,
C. Capital Improvements,
D. Homeless Youth Set-Aside,
E. Administrative Costs, and
F. Other

5. Agency Contract Coordinator
The Agency’s Contract Coordinator for this Agreement is the Council’s HEAP Grant Manager or the Grant Manager’s designee. Unless otherwise instructed, any notice, report, or other communication requiring Contractor signature for this Agreement shall be mailed by first class mail to the Agency Contract Coordinator at the following address:

Business, Consumer Services and Housing Agency
Attn: Homeless Emergency Aid Program Grant Manager
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

6. Contractor’s Contract Coordinator
The Contractor’s Contract Coordinator (“Authorized Representative”) for this Agreement is listed below. Unless otherwise informed, any notice, report or other communication required by this Agreement will be mailed by first class mail to the Contractor’s Contract Coordinator at the following address:

<table>
<thead>
<tr>
<th>Contractor’s Authorized Representative Name:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>Phone:</td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td></td>
</tr>
</tbody>
</table>
7. **Effective Date, Term of Agreement, and Deadlines**

   A. This Agreement is effective upon approval by the Agency (indicated by the signature provided by Agency in the lower left section of page one, Standard Agreement, STD. 213), when signed by all parties.

   B. All HEAP grant funds must be at least fifty percent contractually obligated by January 1, 2020. One hundred percent of Program funds must be expended by June 30, 2021. Any funds not expended by that date shall be returned to the Agency and will revert to the General Fund (See Health and Safety Code Section 50215).

8. **Special Conditions**

   Agency reserves the right to add any special conditions to this Agreement it deems necessary to ensure the goals of the Program are achieved.
Standard Agreement
EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS
Homeless Emergency Aid Program (HEAP)

1. Budget Detail
The Contractor agrees that HEAP funds shall be expended on one-time uses that address immediate homelessness challenges.

Consistent with the application submitted by the Contractor on [insert date], the Business, Consumer Services and Housing Agency (“Agency”) shall award funds in the form of a grant for the following eligible activities:

A. Capital Improvements:
B. Services:
C. Rental Assistance or Subsidies:
D. Homeless Youth Set-Aside:
E. Administrative Costs:
F. Other:
   Total HEAP Award Amount:

2. General Conditions Prior to Disbursement
General Requirements – All Contractors must submit the following forms prior to HEAP funds being released:

A. Request for Funds Form (RFF),
B. Four original copies of the signed STD. 213 form and initialed Exhibits A through D, and
C. Any other documents, certifications, or evidence requested by Agency as part of the HEAP application.

3. Expenditure of Funds
Specific requirements and deadlines for contractually obligating and expending awarded funds are defined in the HEAP statutes. Health and Safety Code Sections 50214 and 50215 mandate the following:

A. No more than five (5) percent of HEAP funds may be used for administrative costs related to the execution of eligible activities.
B. No less than five (5) percent of HEAP funds shall be used to establish or expand services meeting the needs of homeless youth or youth at risk of homelessness.
C. No less than 50 percent of HEAP funds shall be contractually obligated by January 1, 2020.
D. One hundred percent of HEAP funds shall be expended by June 30, 2021.
E. Any funds not expended by June 30, 2021 shall be returned to Agency and will revert to the General Fund.

Homeless Coordinating and Financing Council (“Council”) staff will provide ongoing technical assistance and training to support Contractors in successfully complying with these requirements and deadlines.

HEAP funds may not be obligated and expended prior to the effective date of this Agreement or prior to Contractor’s receipt of HEAP funds, whichever date is later, even if it is for an eligible use under the statute. Program funds shall be expended in compliance with the requirements set forth in Chapter 5 of Part 1 of Division 31 of the Health and Safety Code and all other relevant provisions established under SB 850, the NOFA, and this Agreement.

4. **Disbursement of Funds**

   HEAP funds will be disbursed to the Contractor upon receipt, review and approval of the completed RFF by Agency, which will then forward the RFF to the State Controller’s Office (“SCO”) for a check to be issued. The RFF must include the proposed activities and amount of funds proposed for expenditure under each eligible use. HEAP funds will be disbursed in a single allocation once the RFF has been received by the SCO.

5. **Budget Changes**

   After the effective date of this Agreement, the Contractor agrees that no changes shall be made to the Contractor’s HEAP budget, funded homeless service providers (“subrecipients”), or eligible activities listed in the RFF without first obtaining approval from Agency. Any changes to this Agreement must be requested by the Contractor in writing through submission of a Change Request Form. Changes must be approved in writing by Agency.

6. **Ineligible Costs**

   HEAP funds shall not be used for costs associated with activities in violation of any law or for any activities not consistent with the intent of the Program and the eligible uses identified in Health and Safety Code Section 50214.

   Agency reserves the right to request additional information and clarification to determine the reasonableness and eligibility of all costs to be paid with funds made available by this Agreement. If the Contractor or its funded subrecipients use HEAP funds to pay for ineligible activities, the Contractor shall be required to reimburse these funds to Agency.
Standard Agreement
EXHIBIT B

A. An expenditure which is not authorized by this Agreement, or which cannot be adequately documented, shall be disallowed and must be reimbursed to Agency by the Contractor.

B. Expenditures for activities not described in Exhibit A or Paragraph 1 above shall be deemed authorized if the activities are consistent with Health and Safety Code Section 50214 and such activities are included in the approved RFF or are approved in writing by Agency prior to the expenditure of funds for those activities.

C. Agency, at its sole and reasonable discretion, shall make the final determination regarding the allowability of expenditures of HEAP funds.

D. Program funds shall not be used for overhead or planning activities, including Homeless Management Information Systems or Homelessness Plans.

7. Administrative Costs

The Contractor must comply with Health and Safety Code Section 50214, which limits administrative costs related to the execution of eligible activities to no more than five percent of HEAP funds. For purposes of this Program, “administrative costs” does not include staff costs directly related to carrying out the eligible activities described in Paragraph 1 of this Exhibit.
TERMS AND CONDITIONS

1. Effective Date, Commencement of Work and Completion Dates

A. This Agreement is effective upon approval by Agency, which is indicated by the signature provided by Agency in the lower left-hand corner of page one, Standard Agreement, STD. 213, when signed by all parties. Contractor agrees that the work shall not commence, nor any costs to be paid with HEAP funds be incurred or obligated by any party, prior to execution of this Agreement by Agency and the Contractor, or prior to Contractor’s receipt of HEAP funds, whichever date is later. Contractor agrees that the work shall be completed by the expenditure date specified in Exhibit A, Paragraph 6.

B. Contractor must contractually obligate no less than 50 percent of HEAP funds by January 1, 2020. One hundred percent of HEAP funds shall be expended by June 30, 2021. Any funds not expended by June 30, 2021 shall be returned to Agency and revert to the General Fund. “Obligate” means that the Contractor has placed orders, awarded contracts, received services, or entered similar transactions that require payment from the grant amount. In the case of an award made to a general purpose local government that subcontracts with private nonprofit organizations via letters of awards and Service Provider Agreements, the Subcontractors are required to obligate the funds by the same statutory deadlines. “Expended” means all HEAP funds obligated under contract or subcontract have been fully paid and receipted, and no invoices remain outstanding.

C. Contractor and its Subcontractors agree that the work shall be completed by the expiration date specified in Exhibit A, Paragraph 6 and that the Scope of Work will be provided for the full term of this Agreement.

2. Sufficiency of Funds and Termination

A. Agency may terminate this Agreement at any time for cause by giving a minimum of 14 days’ notice of termination, in writing, to the Contractor. Cause shall consist of: violations of any terms or conditions of this Agreement, or any breach of contract as described in Paragraph 7; violation of any Federal or State Laws or Regulations; or withdrawal of Agency’s expenditure authority. Upon termination of this Agreement, unless otherwise approved in writing by Agency, any unexpended funds received by the Contractor shall be returned to Agency within thirty days of the Notice of Termination.

B. This Agreement is valid and enforceable only if sufficient funds are made available to Agency by legislative appropriation. In addition, this Agreement is subject to any additional restrictions, limitations or conditions, or statutes, regulations or any other
laws, whether federal or those of the State of California, or of any agency, department, or any political subdivision of the federal or State of California governments, which may affect the provisions, terms or funding of this Agreement in any manner.

3. **Transfers**

Contractor may not transfer or assign by subcontract or novation, or by any other means, the rights, duties, or performance of this Agreement or any part thereof, except with the prior written approval of Agency and a formal amendment to this Agreement to affect such subcontract or novation.

4. **Contractor’s Application for Funds**

Contractor has submitted to Agency an application for HEAP funds to provide urgently needed emergency assistance to homeless people in communities with a declared shelter crisis or applicable waiver as authorized by Health and Safety Code Section 50212(b). Agency is entering into this Agreement on the basis of, and in substantial reliance upon, Contractor’s facts, information, assertions and representations contained in that Application, and in any subsequent modifications or additions thereto approved by Agency. The Application and any approved modifications and additions thereto are hereby incorporated into this Agreement.

Contractor warrants that all information, facts, assertions and representations contained in the Application and approved modifications and additions thereto are true, correct, and complete to the best of Contractor’s knowledge. In the event that any part of the Application and any approved modification and addition thereto is untrue, incorrect, incomplete, or misleading in such a manner that would substantially affect Agency approval, disbursement, or monitoring of the funding and the grants or activities governed by this Agreement, then Agency may declare a breach hereof and take such action or pursue such remedies as are provided for breach hereof.

5. **Reporting/Audits**

A. The Contractor shall submit an annual report to Agency on forms provided by Agency, by January 1, 2020 and January 1, 2021. If the Contractor fails to provide such documentation, Agency may disencumber any portion of the amount authorized by this Agreement with a 14-day written notification. The Contractor shall also submit a final report by September 30, 2021.

B. The annual report shall contain a detailed report containing the following:

1. Amounts awarded to subrecipients with activity(ies) identified.
2. Contract expenditures.
3. Unduplicated number of homeless persons or persons at imminent risk of homelessness served.
4. Number of instances of service (defined in September 5, 2018 HEAP NOFA).
5. Increases in capacity for new and existing programs.
6. The number of unsheltered homeless persons becoming sheltered.
7. The number of homeless persons entering permanent housing.

Breakdowns will be expected for each activity (i.e. services, capital improvements, rental assistance, etc.) and program type (i.e. emergency shelter, rapid re-housing, outreach, etc.) for the supplemental reporting requirements listed above, when applicable. The same information will also be requested specifically for the following subpopulations, based on priorities defined by the U.S. Department of Housing and Urban Development (HUD):

1. Chronically homeless
2. Homeless veterans
3. Unaccompanied homeless youth
4. Homeless persons in families with children

Counts by subpopulation will not be required in cases where that information is unavailable, but it is expected in cases where client information is entered in a Homeless Management Information System (HMIS). Additional breakdowns for other subgroups (e.g. race, ethnicity, disability status, etc.) are optional, if the Contractor chooses to include them.

The Contractor will also be asked to comment on the following:

1. Progress made toward local homelessness goals.
2. The alignment between HEAP funding priorities and “Housing First” principles adopted by the Homeless Coordinating and Financing Council.
3. Any other effects from HEAP funding that the CoC or large city would like to share (optional).

C. Agency reserves the right to perform or cause to be performed a financial audit. At Agency request, the Contractor shall provide, at its own expense, a financial audit prepared by a certified public accountant. HEAP administrative funds may be used to fund this expense.

1. If a financial audit is required by Agency, the audit shall be performed by an independent certified public accountant.
2. The Contractor shall notify Agency of the auditor’s name and address immediately after the selection has been made. The contract for the audit shall allow access by Agency to the independent auditor’s working papers.
3. The Contractor is responsible for the completion of audits and all costs of preparing audits.
4. If there are audit findings, the Contractor must submit a detailed response acceptable to Agency for each audit finding within 90 days from the date of the
audit finding report.

6. **Retention and Inspection of Records**

   A. The Contractor agrees that Agency or its designee shall have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. The Contractor agrees to provide Agency or its designee, with any relevant information requested. The Contractor agrees to permit Agency or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other materials that may be relevant to a matter under investigation for the purpose of determining compliance with the Chapter 5 of Part 1 of Division 31 of the Health and Safety Code and all other applicable requirements established under SB 850, HEAP program guidance document published on the website, and this Agreement.

   B. The Contractor further agrees to retain all records described in Paragraph A for a minimum period of five (5) years after the termination of this Agreement.

      1. If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been commenced before the expiration of the required record retention period, all records must be retained until completion of the action and resolution of all issues which arise from it.

7. **Breach and Remedies**

   A. The following shall each constitute a breach of this Agreement:

      1. Contractor’s failure to comply with the terms or conditions of this Agreement.
      2. Use of, or permitting the use of, HEAP funds provided under this Agreement for any ineligible activities.
      3. Any failure to comply with the deadlines set forth in this Agreement.

   B. In addition to any other remedies that may be available to Agency in law or equity for breach of this Agreement, Agency may:

      1. Bar the Contractor from applying for future HEAP funds;
      2. Revoke any other existing HEAP award(s) to the Contractor;
      3. Require the return of any unexpended HEAP funds disbursed under this Agreement;
      4. Require repayment of HEAP funds disbursed and expended under this Agreement;
      5. Require the immediate return to Agency of all funds derived from the use of HEAP funds including, but not limited to recaptured funds and returned funds;
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EXHIBIT C

6. Seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the technical assistance in accordance with HEAP requirements; and
7. Seek such other remedies as may be available under this Agreement or any law.
8. All remedies available to Agency are cumulative and not exclusive.
9. Agency may give written notice to the Contractor to cure the breach or violation within a period of not less than 15 days.

8. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of Agency to enforce at any time the provisions of this Agreement, or to require at any time, performance by the Contractor of these provisions, shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of Agency to enforce these provisions.

9. Nondiscrimination

During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Contractors and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

10. Conflict of Interest

All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not
limited to, Government Code section 1090 and Public Contract Code, sections 10410 and 10411, for State conflict of interest requirements.

A. Current State Employees: No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest, and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.

B. Former State Employees: For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.

C. Employees of the Contractor: Employees of the Contractor shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act, Government Code section 87100 et seq.

11. **Drug-Free Workplace Certification**

Certification of Compliance: By signing this Agreement, Contractor, and its subcontractors, hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

A. Publish a statement notifying employees and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code section 8355(a)(1).

B. Establish a Drug-Free Awareness Program, as required by Government Code section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:

   1. The dangers of drug abuse in the workplace,
2. Contractor’s policy of maintaining a drug-free workplace,
3. Any available counseling, rehabilitation, and employee assistance programs, and
4. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.

C. Provide, as required by Government Code section 8355(a)(3), that every employee and/or subcontractor who works under this Agreement:

1. Will receive a copy of Contractor’s drug-free policy statement, and
2. Will agree to abide by terms of Contractor’s condition of employment or subcontract.

12. Child Support Compliance Act

For any Contract Agreement in excess of $100,000, the Contractor acknowledges in accordance with Public Contract Code 7110, that:

A. The Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

B. The Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

13. Special Conditions – Contractors/Subcontractor

The Contractor agrees to comply with all conditions of this Agreement including the Special Conditions set forth in Exhibit D. These conditions shall be met to the satisfaction of Agency prior to disbursement of funds. The Contractor shall ensure that all Subcontractors are made aware of and agree to comply with all the conditions of this Agreement and the applicable State requirements governing the use of HEAP funds. Failure to comply with these conditions may result in termination of this Agreement.

A. The Agreement between the Contractor and any Subcontractor shall require the Contractor and its Subcontractors, if any, to:

1. Perform the work in accordance with Federal, State and Local housing and building codes, as applicable.
2. Maintain at least the minimum State-required worker’s compensation for those employees who will perform the work or any part of it.
3. Maintain, as required by law, unemployment insurance, disability insurance, and liability insurance in an amount that is reasonable to compensate any person, firm or corporation who may be injured or damaged by the Contractor or any Subcontractor in performing the Work or any part of it.

4. Agree to include all the terms of this Agreement in each subcontract.

14. **Compliance with State and Federal Laws, Rules, Guidelines and Regulations**

The Contractor agrees to comply with all State and Federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, environmental protection, equal opportunity, fair housing, and all other matters applicable and/or related to the HEAP program, the Contractor, its Subcontractors, and all eligible activities.

Contractor shall also be responsible for obtaining any and all permits, licenses, and approvals required for performing any activities under this Agreement, including those necessary to perform design, construction, or operation and maintenance of the activities. Contractor shall be responsible for observing and complying with any applicable federal, state, and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental protection, procurement, and safety laws, rules, regulations, and ordinances. Contractor shall provide copies of permits and approvals to Agency upon request.

15. **Inspections**

A. Contractor shall inspect any work performed hereunder to ensure that the work is being and has been performed in accordance with the applicable Federal, State and/or local requirements, and this Agreement.

B. Agency reserves the right to inspect any work performed hereunder to ensure that the work is being and has been performed in accordance with the applicable Federal, State and/or local requirements, and this Agreement.

C. Contractor agrees to require that all work that is determined based on such inspections not to conform to the applicable requirements be corrected and to withhold payments to the subrecipient or Subcontractor until it is corrected.

16. **Litigation**

A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of Agency, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are and shall be deemed severable.
B. The Contractor shall notify Agency immediately of any claim or action undertaken by or against it, which affects or may affect this Agreement or Agency, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of Agency.
SPECIAL TERMS AND CONDITIONS

Homeless Emergency Aid Program (HEAP)

1. All proceeds from any interest-bearing account established by the Contractor for the deposit of HEAP funds, along with any interest-bearing accounts opened by Subrecipients to the Contractor for the deposit of HEAP funds, must be used for HEAP-eligible activities. Consistent with Health and Safety Code Section 50214 (b), no more than five (5) percent of these proceeds may be used for general administrative purposes. At least five (5) percent of these proceeds must be allocated to establishing or expanding services for homeless youth, as defined in HEAP Program documents.

2. Any housing-related activities funded with HEAP funds, including but not limited to, emergency shelter, rapid-rehousing, rental assistance, transitional housing and permanent supportive housing must be in compliance or otherwise aligned with the Core Components of Housing First, pursuant to Welfare and Institution Code Section 8255(b).