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HUD-96 (7.66)

UNITED STATES GOVERNMENT

DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

# Memorandum

TO : CDA DIRECTORS  
REGIONAL ADMINISTRATORS  
  
Attention: ARA for Model Cities

DATE: December 30, 1968

In reply refer to:  
ADMINISTRATIVE MEMO NO. 13

FROM : Walter G. Farr  
Model Cities Administration

SUBJECT: Letters to Proceed for Administrative Costs Incurred after  
Submission of Comprehensive City Demonstration Program

It is essential that the period between the submission by the CDA of its comprehensive demonstration program and the date of execution of the grant agreement for the execution phase be used effectively in gearing up for the administration of the program. This memorandum sets forth the procedure for the issuance of Letters to Proceed, which are designed to provide the CDA with a statement from HUD that funds expended in conformance with an approved budget are eligible for reimbursement from the administration grant payable under the grant agreement. This grant will pay for a maximum of 80 percent of the eligible costs of program administration.

## 1. The CDA's Request

a. The chief executive of the City may request a Letter to Proceed as soon as (a) the City's comprehensive demonstration program has been submitted to the Department of Housing and Urban Development and (b) the local governing body has authorized that submission. This request may appropriately be filed with the comprehensive demonstration program.

b. The CDA's letter of request (See Attachment A) should be filed with the following back-up documents:

- (i) Budget Schedule (Use Attachment 1 to CDA Letter No. 6, HUD 7039\*)
- (ii) Justifications (Use Attachments 3a and 3b to CDA Letter No. 6, HUD 7042 and 7043\*\*)
- (iii) Work Programs -- The work programs may be brief and need not present detailed time schedules nor provide work descriptions for individual staff members. The work program may include such items as:

\* In the heading of column B, strike out the phrase "Year \_\_\_\_\_ of Program", and insert in lieu thereof "90 days".

\*\* Insert in line 2 of each form the following: "Program administration prior to execution of grant agreement".

- (1) Prepare amendments or additions to the comprehensive program subsequent to discussion with Federal officials.
- (2) Prepare fund applications for categorical grant-in-aid programs.
- (3) Develop administrative procedures for execution period.
- (4) Survey possible locations for neighborhood facility.

c. It is expected that grant agreements will be executed for most cities within 90 days from the date the local governing body authorizes submission of the program. However, times will vary and no CDA will know exactly the length or time in which administrative costs will be incurred prior to execution of the grant agreement. All budgets supporting Letters to Proceed should be for a 90 day period.

## 2. HUD Action

HUD Model Cities Regional staff will provide cities with any assistance needed in requesting Letters to Proceed. Requests will be reviewed promptly and when approved, Letters to Proceed will be issued by the Regional Administrators, in the form indicated in Attachment B. The Letter is effective as of the date of issue. It should be noted that the issuance of the Letter to Proceed does not represent a Federal commitment of funds. Accordingly, if the city's program is not approved, there is no basis on which reimbursement can be obtained by the CDA.

## 3. Allowable Costs

a. Continuing Items. Most expense items which will be necessary for this period in which the administration of the program commences are continuing items: salaries for staff of CDA, delegate agencies and neighborhood groups, travel, rent, etc. Many of these items have been eligible planning costs during the planning period. It is, of course, assumed that eligible planning costs will be paid for under the planning budget until planning funds (both the Federal planning grant and the non-Federal contribution) are exhausted.

b. New Items. In addition, CDA's may, during this period, add certain central staff which will be essential to the operation, and preparation for operation, of the comprehensive program. These may include fiscal, legal and central administrative personnel who will be needed regardless of the exact pattern of First Year Action components. However, the Letter to Proceed should not cover costs in connection with new capital projects and activities. The Letter to Proceed may cover costs of reproducing the federally-required number

of copies of the comprehensive program.

4. Non-Allowable Costs

While the following list does not purport to be exhaustive, you should be alerted to the fact that the following costs should not be covered by the Letter to Proceed:

- a. Costs payable under the planning budget for which planning funds are available.
- b. Costs incurred in connection with new projects and activities.
- c. New third party contracts or significant amendments to existing contracts.
- d. Costs not allowable under CDA Letter No. 8.

5. Relationship to First Year Action Budget

In preparing its first year action budget in accordance with CDA Letter No. 6, CDA's may prepare an administrative budget for a period up to 15 months--the presumed 90 day period under the Letter to Proceed plus the 12-month period commencing with the execution of the grant agreement. In the alternative, the CDA may submit a 12 month administrative budget at the time the comprehensive program is submitted, and then amend this before the execution of the grant amendment so as to add the period for which reimbursement is sought for expenditures under the Letter to Proceed.

  
Director

Attachments

ATTACHMENT A

Request for Letter to Proceed

Dear (Regional Administrator)

The City of \_\_\_\_\_ requests a Letter to Proceed for a 90 day period so that costs incurred in preparing for the administration of our comprehensive city demonstration program may be eligible for reimbursement from the grant for administrative costs under section 105(b) of the statute.

A budget and work program for costs estimated to be incurred during this period to sustain such activities is attached. This attachment includes a statement of the 20 percent non-Federal share of these costs.

I understand that reimbursement cannot take place unless and until the Secretary of the Department of Housing and Urban Development has approved (city name)'s program and a Grant Agreement is executed between (city name) and HUD.

Sincerely yours,

(Local chief executive)

Attachment

ATTACHMENT B

Letter to Proceed for Execution Phase

Name of Chief Executive  
Title  
City  
Address

Dear \_\_\_\_\_:

Your comprehensive demonstration program submission has been received. Although the Department has not yet acted upon your program, it has no objection to your commencing preparation for the execution phase. Costs incurred on and after the date of this letter which are in accordance with the attached budget and work program will be eligible for reimbursement if a grant agreement is executed and if the terms and conditions of the agreement and CDA Letter No. 8 (copies of both attached) are satisfied.\*

Sincerely yours,

Regional Administrator

Attachment

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\*Modify this sentence appropriately if CDA Letter No. 8 has already been sent to the CDA or if a draft has been or is being sent.