

REAP 2.0 GRANT AGREEMENT  
between  
MERCED COUNTY ASSOCIATION OF GOVERNMENTS  
and the  
CITY OF MERCED

This Regional Early Action Planning (REAP) 2.0 Grant Agreement ("AGREEMENT"), effective \_\_\_\_\_, 2025, is entered into by and between Merced County Association of Governments, a joint powers authority pursuant to California Government Code Section 6500 et seq. (MCAG), and the City of Merced, ("GRANTEE") for the I Street Project ("PROJECT") by Linc Housing.

**RECITALS**

- A. Merced County Association of Governments (MCAG) is a joint powers authority formed by the six incorporated cities in Merced County and the County of Merced (its "Members") and has been designated as the Metropolitan Planning Organization for Merced County (MPO).
- B. The California Department of Housing and Community Development ("HCD") has provided grant funds to MCAG through the Regional Early Action Planning Grants of 2021 ("REAP 2.0") Program; and
- C. On April 3, 2023, MCAG and HCD executed Agreement Number 22-REAP2-17548 for REAP 2.0 funding; and
- D. In October of 2023, MCAG developed grant applications and issued calls for projects to member agencies for the Local Suballocation Grant Program and Regional Competitive Grant Program; and GRANTEE submitted the ("Grant Application") to MCAG proposing the I Street Project ("Project"), dated December 21, 2023, a true and correct copy of which is attached hereto as Exhibit A and incorporated herein by reference; and
- E. On August 15, 2024, the MCAG Governing Board approved the Grant Application and authorized the Executive Director to enter into an Agreement with GRANTEE.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

**ARTICLE I: FUNDING ALLOCATION**

This AGREEMENT authorizes MCAG to allocate REAP 2.0 funds awarded to MCAG by the State in accordance with the State's REAP 2.0 Guidelines for MPOs to the RECIPIENT based on the PROJECT's satisfaction of the following criteria:

- The PROJECT is located in the MCAG region;
- The PROJECT meets all three REAP 2.0 Program Objectives;
- The PROJECT was recommended by the scoring committee (Regional Competitive Grant Program) or met the threshold criteria (Local Suballocation Grant Program); and

- The PROJECT was approved by the MCAG Governing Board.

## **ARTICLE II: PROJECT SCOPE, COSTS, AND SCHEDULE**

### **A. Project Scope**

1. The PROJECT funding allocation was approved by the MCAG Governing Board for the I Street Project.
2. In utilizing REAP 2.0 funding, only work commencing after April 3, 2023 will be eligible for reimbursement.

### **B. Project Costs**

1. The PROJECT has been approved by the MCAG Governing Board in an amount not to exceed \$2,497,538.
2. The GRANTEE is responsible for any PROJECT cost overruns as REAP 2.0 funding is one-time funding.
3. Funding allocated to RECIPIENT for the PROJECT that remains unspent at the completion of the PROJECT will either be reallocated to other eligible projects, pending approval from the MCAG Governing Board, or returned to the State.

### **C. Project Schedule**

1. GRANTEE shall adhere to the schedule outlined in the approved grant application (Exhibit A) to complete the PROJECT in a timely manner.
2. The GRANTEE has three months from the date of this AGREEMENT to execute consultant contracts or initiate work if done by the GRANTEE's staff.
4. If no costs have been invoiced for a three-month period, GRANTEE agrees to submit for each phase a written explanation of the absence of the PROJECT's activity along with target billing date and target billing amount.
5. Funding allocated to the PROJECT that remains unused at the conclusion of the PROJECT schedule above (including any extensions authorized by MCAG) may be redistributed to other projects at the discretion of the MCAG Governing Board.

### **D. Changes to Project**

Changes to the PROJECT scope will require an amendment to this AGREEMENT, requiring action from both parties.

## **ARTICLE III: FUNDING AND EXPENDITURES**

### **A. MERCED COUNTY ASSOCIATION OF GOVERNMENTS (MCAG) OBLIGATIONS**

1. MCAG shall reimburse the GRANTEE following the receipt of funds from HCD for allowed PROJECT costs, with the exception of costs associated with compliance with the requirements outlined in Article IV, Section A of this AGREEMENT.

2. MCAG shall provide the reimbursement forms and documentation requirements for the submission of invoices to GRANTEE no later than thirty (30) days following the date of this AGREEMENT.
3. MCAG shall determine whether GRANTEE has adequately performed to the satisfaction of MCAG the item(s) for which GRANTEE seeks payment, and shall submit eligible cost to HCD for reimbursement. Upon receipt of funds from HCD, MCAG shall remit payment thereof to GRANTEE.
4. If MCAG determines that GRANTEE has not adequately performed any such task or services, MCAG shall inform GRANTEE of those acts in writing which are necessary for satisfactory completion of the item(s). GRANTEE shall undertake any and all work to satisfactorily complete the item(s) at no additional charge to MCAG. In the event there is a dispute over an alleged error or omission by GRANTEE, MCAG shall have the right to withhold payment of GRANTEE's fees in the disputed amount.

#### **B. GRANTEE'S OBLIGATIONS**

1. GRANTEE shall perform all work necessary to complete the PROJECT. The GRANTEE shall perform those services as described in Exhibit A. In the event of any inconsistency between this Agreement and Exhibit A, such inconsistency shall be resolved by giving precedence in the following order of priority: (1) to the text of this Agreement; (2) to Exhibit A.
2. GRANTEE shall perform the task and services contemplated by this Agreement substantially according to the proposed work schedule as set forth in Exhibit A, and according to the requirements of this Agreement.
3. GRANTEE shall submit invoices with adequate supporting documentation of work billed and costs charged by Task as set forth in Exhibit A, to MCAG, specifying those services which GRANTEE believes have been completed. The invoice shall specify: (1) a summary of the work completed by task, (2) an itemization of hours worked and incurred direct costs and/or subcontractor fees; (3) the total amount billed for the current period, (4) the total amount billed to-date for the project. The invoice shall include a written progress report adequately describing the services billed and provided, and summarizing the status of the PROJECT in regard to task completion, timelines, and budget.
4. If no costs have been incurred, GRANTEE must at a minimum submit quarterly updates to MCAG on the project's progress.
5. GRANTEE must account for REAP 2.0 funds separately. The accounting system shall provide adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds. MCAG and its representatives and agents shall have the right at any reasonable time to inspect and copy any accounting records related to such funds, except to the extent specifically prohibited by applicable law.
6. GRANTEE shall return to MCAG any funds which HCD has disallowed within 90 days following notice to GRANTEE.

#### **ARTICLE IV: REPORTING REQUIREMENTS**

**A. REQUIREMENTS AND WITHOLDING**

GRANTEE shall comply with each of the reporting requirements set forth below. If GRANTEE fails to comply with one or more of these requirements, MCAG may withhold reimbursement payment for the PROJECT until full compliance is achieved.

1. As a means to keep the public informed, the GRANTEE, at a minimum, shall provide quarterly updates of current and accurate information on GRANTEE's website (if applicable) and to MCAG related to the PROJECT's progress.
2. GRANTEE shall make its administrative officer or designated staff available upon request to render a report or answer any and all inquiries in regard to GRANTEE's receipt, usage, and/or compliance with audit findings regarding the PROJECT.
3. GRANTEE agrees that MCAG may review and/or evaluate the PROJECT pursuant to this AGREEMENT. This may include visits by representatives, agents or nominees of MCAG to observe GRANTEE's project or program operations, to review project or program data and financial records, and to discuss the project with GRANTEE's staff or governing body.

**ARTICLE V: OTHER PROVISIONS**

**A. INDEMNITY BY GRANTEE**

Neither MCAG nor its governing body, elected officials, officers, consultants, agents or employees shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by GRANTEE in connection with the funds distributed to GRANTEE for the PROJECT pursuant to this AGREEMENT. It is also understood and agreed, pursuant to Government Code Section 895.4, that GRANTEE shall fully defend, indemnify and hold harmless MCAG, its governing body, elected officials, officers, agents and employees from any liability imposed on MCAG for injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by GRANTEE for the PROJECT in connection with the Regional Projects funds distributed to GRANTEE pursuant to this AGREEMENT.

**B. INDEMNITY BY MCAG**

Neither GRANTEE nor its governing body, elected officials, officers, consultants, agents or employees shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by MCAG under or in connection with any work, authority or jurisdiction delegated to MCAG under this AGREEMENT. It is also understood and agreed, pursuant to Government Code Section 895.4, that MCAG shall fully defend, indemnify and hold harmless GRANTEE, its governing body, elected officials, officers, agents and employees from any liability imposed on GRANTEE for injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by MCAG under or in connection with any work, authority or jurisdiction delegated to MCAG under this AGREEMENT.

**C. JURISDICTION AND VENUE**

The laws of the State of California will govern the validity of this AGREEMENT, its interpretation and performance, and any other claims to which it relates. All legal actions arising out of this AGREEMENT shall be brought in a court of competent jurisdiction in Merced County, California.

**D. ATTORNEY'S FEES**

Should it become necessary to enforce the terms of this AGREEMENT, the prevailing party shall be entitled to recover reasonable expenses and attorney's fees from the other party.

**E. TERM**

The term of this AGREEMENT shall become effective as of the Effective Date and shall remain in full force and effect through December 31, 2026, unless sooner terminated or unless its term is extended and amended in writing.

**F. NON-ALLOCATION OF FUNDS**

The terms of this AGREEMENT, and the services to be provided hereunder, are contingent on the approval of funds by the appropriating government agency. GRANTEE services and reimbursements beyond June 30, 2025, are subject to the inclusion and funding agency approval of this project in the MCAG FY 2025-26 Overall Work Program. Should sufficient funds not be allocated, the services to be provided hereunder may be modified, or this AGREEMENT terminated at any time by MCAG's giving the GRANTEE thirty (30) days advance written notice.

In the event of any termination of this AGREEMENT, all finished and unfinished work materials, including, without limitation, notes, minutes, research, documents, maps, graphs, and studies, shall be MCAG's property, and at MCAG's sole option, shall be delivered by GRANTEE to MCAG.

**G. SEVERABILITY**

If any provision of this AGREEMENT is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions of the AGREEMENT, but such unenforceable provisions shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this AGREEMENT.

**H. ENTIRE AGREEMENT; MODIFICATION**

This AGREEMENT, as well Exhibit A, constitutes the entire AGREEMENT and supersedes all prior written or oral understandings regarding funding for the PROJECT. This AGREEMENT may only be modified by a written agreement executed by both parties.

**IN WITNESS WHEREOF**, the parties have executed this AGREEMENT by their duly authorized officers as of the date first written below.

**CITY OF MERCED (GRANTEE)**

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS (MCAG)**

By:

\_\_\_\_\_  
D. Scott McBride                      Date  
City Manager

Attest:

D. Scott McBride, City Clerk

By:

\_\_\_\_\_  
Stacie Guzman                      Date  
Executive Director

Reviewed as to Budget/Financial Controls:

By:

\_\_\_\_\_  
Assistant/Deputy City Clerk                      Date

By:

\_\_\_\_\_  
Nav Bagri                      Date  
Deputy Executive Director

Approved as to Legal Form:  
Craig J. Cornwell, City Attorney

Approved as to Legal Form:

By:

*Craig Cornwell*                      *12/18/2024*  
City Attorney                      Date

By:

\_\_\_\_\_  
Emily Haden                      Date  
Legal Counsel to MCAG

Account Data:  
M. Venus Rodriguez, Finance Officer

By:

\_\_\_\_\_  
Verified by Finance Officer