



# Draft Public and Community Facilities Application Guidelines

## **Community Development Block Grant Program**

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# Community and Public Facilities Application Guidelines for Community Development Block Grant Program

## I. Introduction

The Community Development Block Grant program is a U.S. Department of Housing and Urban Development program designed to help communities provide decent housing, a suitable living environment, and expand economic opportunities for the state's low and moderate-income residents. The State of Montana receives an annual allocation of federal funds from HUD for CDBG grants and program administration through the Montana Department of Commerce. The CDBG program helps local governments complete activities such as drinking water systems, wastewater treatment facilities, community facilities (senior centers or food banks, for example), job creation and retention and affordable housing development. The CDBG Program application guidelines, the project grant administration manual and other relevant information and resources are available on the [Commerce website](#). Interested persons may also e-mail Community MT program staff at [doccdd@mt.gov](mailto:doccdd@mt.gov) or call staff at 406-841-2770 or Montana Relay Service at 406- 841-2702 or 711 regarding any questions they may have about the CDBG program.

The State of Montana administers the CDBG program through five distinct grant opportunities – planning; community and public facilities; economic development; and affordable housing development and rehabilitation; and housing stabilization. These Public and Community Facilities Application Guidelines establish the process for obtaining CDBG financial assistance for public infrastructure and community facility activities. The application form for these activities and required application materials are contained within this guide. The outline of the preliminary architectural report and

preliminary engineering report can be found on the [Commerce website](#). The preliminary engineering report or preliminary architectural report will be required depending on your project type. Please note that Montana's Uniform Application for Montana Public Facility Projects is found in a separate publication, [available online](#).

Separate application guidelines for CDBG planning, affordable housing development and preservation, economic development and housing stabilization can be found on [Commerce's website](#).

## **II. Eligible Applicants**

Eligible applicants for CDBG assistance include Montana cities, towns, and counties. The cities of Billings, Bozeman, Great Falls, and Missoula, entitlement communities, are not eligible for state CDBG funds as they receive a separate CDBG allocation directly from HUD. State CDBG funds may be used to fund an activity located within the boundaries of an entitlement community if the project primarily benefits residents of a larger area or region beyond the jurisdictional limits of the entitlement community. The entitlement community must also make a meaningful contribution towards the proposed project. For more information, contact Community MT. Tribal governments are not eligible applicants for state CDBG funds but are eligible for Indian CDBG funds directly from HUD. Local governments may apply for and/or use CDBG funds for project activities predominantly benefiting residents of Indian reservations.

Local governments may apply for CDBG grants for public or community facility projects owned and operated by non-profit organizations, so long as such facilities are available for use by the general public or eligible clientele. In such cases, the local government is the applicant and grantee and decides the nature and extent of involvement in CDBG-assisted projects and establishes project roles and responsibilities in a project management plan. Non-profit organizations must have an Internal Revenue Service

501(c)(3) or 501(c)(4) non-profit designation to be an eligible subrecipient of CDBG funds. Potential partner organizations may include but are not limited to:

- For-profit entities
- Non-profit organizations
- Human resource development councils
- School districts
- Port authorities
- Economic development corporations
- Quasi-governmental organizations
- Water and/or sewer districts

## Counties

The county governing body is the appropriate, eligible applicant for CDBG projects intended to:

- Resolve problems within the unincorporated jurisdiction of a county
- Resolve problems that are truly countywide, regardless of jurisdiction
- Assist a non-profit entity which serves county residents
- Resolve problems within the boundaries of county water and sewer districts

When a county government is the applicant, the CDBG needs assessment process requirement applies to the entire county and not just the specific sub-recipient or unincorporated community sponsored. In addition, the Resolution to Authorize Submission of a CDBG Application in the “Application Toolkit”, must be signed by an elected official of the unit of general local government.

Any CDBG application submitted by a county on behalf of a sub-recipient or unincorporated community should describe:

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- The county's overall, countywide community development needs, including the unincorporated geographic area of the county.
- The particular needs of the entity on whose behalf the county is applying.

The description of the needs assessment process should cover, at a minimum, all the basic CDBG project categories:

- Economic development
- Housing
- Public and community facilities

Counties may apply on behalf of a legally created rural improvement district that is part of a county or multi-county water and sewer district. Private water or sewer user associations must be legally created as a county or multi-county water and sewer district (Section 7-13-2201, et seq. and -2301, et seq., MCA) before a local government may submit a CDBG application on its behalf. In addition, the municipality or county water and sewer district must provide a written commitment that it will assume responsibility for the long-term operation and maintenance of the proposed improvements upon completion of the project.

Each eligible local government jurisdiction may apply once per application cycle for each of the categories of CDBG grants if the applicant does not have an open CDBG project in the same category. The categories of CDBG grants are Community Facilities, Public Facilities, Affordable Housing Development and Rehabilitation, Economic Development, and Planning. In limited circumstances, and with Commerce approval, Commerce may allow a city, town, or county applicant to have more than one CDBG Public Facility, Community Facility, Economic Development, Planning, or Housing application open. If an applicant has an open CDBG project in a CDBG project category that has not been issued documentation of substantial completion prior to the CDBG application date, a new project application in that same category will need to be

approved by Commerce. For more information, contact Community MT. A second application in the same category as the open project will be deemed ineligible without prior authorization from Community MT staff. The applicant's capacity and progress on previous CDBG projects will be taken into consideration during application review, see ranking criterion 7 in Section VII for more information on documenting capacity to implement and manage the project.

### **III. Eligible Projects**

The CDBG program requires projects to meet HUD's national objective to benefit LMI persons. As indicated in the current Consolidated Plan, Montana's state objectives seek to provide these benefits by improving the safety and livability of neighborhoods and improving access to quality facilities, infrastructure and services. Accordingly, Montana's CDBG funding is prioritized to projects that best meet these national and state objectives. Please visit the Commerce website for the most current [Consolidated Plan - Montana Department of Commerce](#).

Recommendations for CDBG funding are based, in part, upon an analysis of the applicant's proposed level of local financial participation. The maximum grant award will not exceed \$750,000, and applicants must contribute matching funds equal to at least 25% of the total CDBG funds requested for administrative and public facilities activities unless a match waiver request is approved. See below for more information on the match waiver requirements.

#### **A. CDBG National Objectives**

To qualify for CDBG Community and Public Facilities, applicants must meet HUD's national objective for the CDBG program: benefit to LMI persons. Applicants must demonstrate that at least 51% of the project's beneficiaries are LMI persons. Projects that benefit all residents of a particular area may qualify based on area benefit. Projects that benefit a specific group may qualify based on limited clientele. The method used for

meeting the LMI national objective must be fully documented. CDBG funds must be prioritized to assist 100% of low-income residents, at or below 50% of area median income, before assisting persons of moderate-income, 51-80% of area median income.

Benefit to LMI persons can be documented in the following ways:

Area benefit, meaning that the activity benefits all residents in a particular area, which can be documented by:

- Recording the LMI percentage as provided by the 2016-2020 American Community Survey, which is available on the [Commerce's website](#); or
- Conducting an income survey that meets the requirements of the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons Handbook" and document the process. Commerce must approve the survey tool prior to distributing to residents. If Commerce does not approve the survey tool prior to distribution, this could put the project eligibility in jeopardy.

Limited clientele, meaning that the activity benefits a particular group, which can be documented by:

- Benefiting a clientele that is generally presumed to be LMI. Per HUD, this includes: abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or
- Conducting an income survey that meets the requirements of the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons" and document the process.
- Demonstrating that the applicant has income eligibility requirements limiting their activities to LMI persons.

- Demonstrating that the applicant is of such a nature and in such a location that it can be concluded that clients are primarily low-to-moderate income persons.

For more information on documenting the LMI national objective, see ranking criterion 6 in Section VII.

## **B. Public Infrastructure**

Public infrastructure projects include, but are not limited to:

- Water or wastewater
- Sidewalks, curbs, and gutters
- Flood, drainage, and storm water improvements
- Police
- Broadband installation infrastructure and service delivery (area-wide benefit only)
- Solid waste
- Removal of architectural barriers to accessibility in any of the above systems, as well as in facilities for the general conduct of government

Most public infrastructure projects benefit all residents in a particular area, so public infrastructure projects meet the LMI national objective under area benefit. As a result, applicants must demonstrate and document that at least 51% of residents in that particular area are LMI persons. For more information on documenting area benefit, see “CDBG National Objectives” above.

Direct benefit assistance may be used to pay directly for activities such as septic tank abandonment, construction necessary to hook to a main, or the LMI individual’s assessment to pay for connections to infrastructure improvements.

### **C. Community Facilities**

Community facility projects include, but are not limited to:

- Nursing homes
- Senior centers
- Food banks
- Head Start centers or childcare facilities
- Parks and playgrounds
- Mental health centers
- Fire, library, and public school facilities
- Transitional housing facilities

Most community facility projects benefit a specific group, so community facility projects meet the LMI national objective under limited clientele. As a result, applicants must demonstrate and document that at least 51% of that specific group are LMI persons. Some community facility projects benefit all residents in a particular area, so these community facility projects meet the LMI national objective under area benefit. As a result, applicants must demonstrate and document that at least 51% of residents in that particular area are LMI persons. For more information on documenting limited clientele and area benefit, see “CDBG National Objectives” above.

### **D. Eligible and Ineligible Project Expenses**

Project activities eligible for reimbursement with CDBG funding include, but are not limited to:

- Expenses that directly relate to construction activities that implement the scope of work identified in the CDBG grant contract, including materials, labor, land acquisition, and permanent furnishings, equipment, and fixtures.

- Professional services that directly relate to design activities that implement the scope of work identified in the CDBG grant contract.
- Repayment of interim financing directly related to project activities that implement the scope of work identified in the CDBG grant contract.
- Special assessments, connection charges, and hook-up fees for LMI residents.
- Legal costs and fees, including bond counsel.
- Direct grant administration expenses, up to a maximum 10% of the total CDBG budget for the project.

Expenses that are not eligible for CDBG funding include, but are not limited to:

- Operation and maintenance costs.
- Temporary furnishings, fixtures, or equipment.
- Any unauthorized costs incurred prior to the date identified in the notice of award letter.

Applicants that plan to commence a project before it has been awarded CDBG grant funding should discuss their plans with program staff to ensure they do not take any steps that could violate the various federal, state, and programmatic laws and requirements that apply to projects involving CDBG funds. Some project activities, such as land acquisition, are subject to CDBG regulations even if performed prior to CDBG funding award. After an application is submitted, Commerce reserves the right to request or seek additional information to ensure that all projects meet CDBG regulatory requirements.

## **E. Match Requirements**

Applicants must contribute matching funds equal to at least 25% of the total CDBG funds requested unless a waiver request is approved. Sources of eligible matching funds may include:

- Local general funds or other cash, including loans from traditional lenders.
- Proceeds from the sale of general obligation, revenue, special assessment or other bonds.
- Entitlement or formula-based federal or state funds such as federal highway funds or payments in lieu of taxes.
- Loan or grant funds from a state or federal program.
- Funds expended for engineering studies, reports, and plans, directly related to the proposed project during the period 24 months prior to the CDBG application deadline.
- Funds expended after the CDBG application deadline for project management, final architectural or engineering design, and other reasonable expenses necessary to prepare the project as proposed in the CDBG application for the construction phase.
- The value of land, building or materials provided by the applicant to the project, if appraised within a two-year period preceding the application deadline. The appraisal must be conducted by a licensed appraiser.
- The value of labor performed by the applicant's employees on the proposed project, after the CDBG project has been approved for funding and a CDBG contract has been signed, provided the employee is paid at their standard hourly rate of pay and the time worked is adequately documented.
- The value of machinery used in the process of constructing the project that is owned or leased and operated by the applicant. The value of the use of the machinery will be determined using the Federal Emergency Management Agency equipment rate schedules.

## Match Waiver

In cases of extreme financial hardship and where the public's health or safety is affected, applicants may request Commerce to waive the 25% match requirement. In its waiver request letter, the applicant must document that due to financial hardship,

without additional grant assistance, the financial burden would be unreasonable. The letter must address all three CDBG waiver conditions listed below:

1. A serious deficiency exists in a basic or necessary community facility or service, or the community lacks the facility or service entirely and adverse consequences clearly attributable to the deficiency, have occurred or are likely to occur.
2. The financial analysis clearly indicates that higher local financial participation is not feasible or appropriate. For water, wastewater, storm sewer, or solid waste projects, user rates would be more than 150% of the target rate, based upon the projected monthly rates with CDBG assistance.
3. Other sources of funding are not reasonably available.

Please include the match waiver justification in criterion 5 of Section VII. The waiver must be on letterhead from the applicant and signed.

## **F. Public Notice and Participation**

Prior to applying for CDBG funds, both Commerce and applicants for grants must carry out citizen participation in a manner that complies with the current [Montana Consolidated Plan](#). For a proposed project to be eligible for CDBG funds, the applicant must hold a minimum of two public hearings prior to submission of the CDBG application. 24 CFR Part 570.431(b)(3) states the two public hearings must be held at different stages in the proposed CDBG project. The public hearings may be held via webinar, conference call and/or in person, to maximize the opportunity for public comment

The first public hearing, sometimes referred to as a Community Needs Hearing, provides a forum for considering overall community needs and potentially competing or alternative proposals for CDBG funding within the local government's jurisdiction. To

ensure the public participation is relevant and timely, the overall community needs hearing should be held within 18 months prior to the date of application.

The second public hearing must be held after the applicant has selected the specific proposed project for CDBG funding. The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed CDBG project, especially LMI persons, or residents of the project area adequate opportunity to consider the potential impacts and benefits of the community's proposed project and to comment on it, before the community submits the application.

All hearings must provide reasonable and timely access to the hearing, information and records about proposed projects. Local governments need to provide citizens reasonable notice of the meeting and the opportunity to give their comments related to the proposed project. Local government hearing advertisements should include information such as clear location that is convenient and accessible to potential or actual beneficiaries and accommodations for individuals or groups with disabilities.

For hearings where a significant number of non-English speaking residents might be reasonably expected to participate, federal law requires that arrangements be made to have an interpreter present. Accommodations for non-English speaking residents also include advertisements in language(s) other than English.

Documentation of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; applicants should provide a list of the names of persons who attended and a summary of comments by local officials and citizens which is sufficient to reflect the comments made by those attending the hearing as well as official responses to concerns or complaints. Hearings

should follow local government practice, although not at the exclusion of anything stated above.

For more detailed information regarding the public notice and participation requirements of the CDBG Program, see ranking criterion 4 in Section VII and the sample “Public Notices” in the “Application Toolkit”.

## **G. Additional Considerations**

For CDBG projects, some choice limiting actions may be triggered and could affect project eligibility. In general, program requirements around the environmental review process are triggered when the public is first made aware of an entity’s intent to use federal funds administered by Commerce’s Community MT Division or at the time the entity conducts the second CDBG public hearing to consider application for federal funds, whichever occurs first. Questions about triggering a choice limiting action, please contact [doccdd@mt.gov](mailto:doccdd@mt.gov), before applying.

## **IV. Application Submission**

### **A. Application Deadline and How to Submit**

CDBG Community and Public Facilities applications are due by 11:59 pm MST on the due date. To apply for CDBG funds, eligible applicants must complete the application and submit the supplemental materials through the [Montana Grants and Loans Portal](#). Electronic submission is preferred but you may also submit your application by first class mail or hand delivery to:

Montana Department of Commerce  
Community MT Division  
CDBG Program  
301 S Park Avenue – P.O. Box 200523  
Helena, MT 59620-0523

## **B. Application Submittal Contents**

The completed CDBG application submittal should be organized as follows:

1. Table of contents
2. Uniform Application for Montana Public Facility Projects

Each applicant must provide a completed copy of the current “Uniform Application for Montana Public Facility Projects”, in the CDBG project application. For applicants seeking funds for a public infrastructure project, the entire Uniform Application must be completed. For applicants seeking funds for a community facility project, sections A through D of the Uniform Application must be completed.

If a local government is applying on behalf of a non-profit or for-profit organization that owns and operates, or will own and operate a proposed facility or project, the financial information on the Uniform Application must include the information for the organization as well as an electronic only copy of the organization’s IRS Form 990 (for non-profit organizations), or tax returns (for-profit corporations) for the three most recent years of operation.

3. Responses to CDBG ranking criteria

Applicants are required to submit narrative responses that describe the relationship of their proposed CDBG project to each of the ranking criteria detailed in Section VII, except where otherwise noted. The ranking criteria described in Section VII are community planning, need for project, project concept and technical design, community efforts and citizen participation, need for financial assistance, benefit to LMI persons,

and implementation and management. Each applicant should identify the source of supporting data for any statements made in the application and provide documentation when applicable.

#### 4. Preliminary engineering report or preliminary architectural report

The applicant must provide a copy of a preliminary engineering report or preliminary architectural report with the CDBG application, depending on the type of project proposed. These reports describe the technical scope of the problem to be addressed by the project, as well as the components and estimated costs of the proposed improvements or facility, the condition of the existing system, and the alternatives available to resolve the identified problems. These reports must meet the outlines adopted by Commerce, which are available online.

If a preliminary architectural report or preliminary engineering report was submitted as part of a previously unsuccessful application and has been modified for the current proposed project, the CDBG applicant must identify new or revised information and any other modifications to the preliminary architectural report or preliminary engineering report.

#### 5. Resolution to authorize submission of a CDBG application

Each application for CDBG funds must be accompanied by a copy of a resolution formally adopted by the applicant, authorizing the submission of the CDBG application and authorizing the applicant's chief elected official or chief executive officer to act on its behalf to provide additional information as may be requested. The resolution must also indicate the governing body's intent to commit to any funding for the project that will be provided by the applicant. See the "Application Toolkit" for more information and a sample resolution.

## 6. Certification for application to the CDBG program

Each applicant must agree to comply with all applicable state and federal laws and regulations in implementing the project using CDBG funds. The application must be accompanied by a copy of a certification for application in the “Application Toolkit”, signed by the chief elected official or chief executive officer, which will be incorporated into the full project and contract if awarded.

## 7. 5-Year pro forma for community facility projects

When a local government is applying on behalf of non-profit or for-profit organization that owns and operates, or will own and operate, a community facility project, the application must be accompanied by a 5-year pro forma income and expense statement. See the “Application Toolkit” for more information and a sample “5-Year Pro Forma Statement”.

## 8. Anti-displacement and Relocation Assistance Plan

The Uniform Relocation Act requirements apply if the applicant proposes to use CDBG funds to acquire, rehabilitate, construct or demolish structures or property. Applicants must demonstrate that the project will comply with requirements of the Uniform Relocation Act. If proposing acquisition, applicants must provide documentation that the property can be purchased or leased within six months of the date of tentative grant award.

Applicants should consult the CDBG grant administration manual for additional information. In particular, if applicants are contemplating CDBG assistance to properties already occupied by residential households or businesses, a General Information Notice

should be sent as soon as possible to all occupants informing them that the land on which they reside or building which they occupy is being considered to receive CDBG assistance and informing them that there is no intent to evict the occupants or involuntarily relocate them as a result of the proposed CDBG activity.

Land or easements must also not be firmly committed for purchase with CDBG funds or with any other proposed project funds until all CDBG-required Uniform Relocation Act and environmental review procedures, including the Authorization to Utilize Grant Funds by Commerce, has been issued. If formal agreements to purchase either land or easements with CDBG or other project funds are executed prior to conduct of the required CDBG environmental review, the integrity of the Uniform Relocation Act and environmental review process is jeopardized and CDBG funding may be lost. Each application for CDBG funds must be accompanied by a residential anti-displacement and relocation assistance plan, which provides the policy that the applicant will follow if project activities trigger the federal Uniform Relocation Act. See the “Application Toolkit” for more information and a sample anti-displacement and relocation assistance plan.

#### 9. Draft project implementation schedule

Each application for CDBG funds must be accompanied by a project implementation schedule that describes the overall schedule for project completion, including engineering or architectural design and construction. See the “Application Toolkit” for more information and a sample project implementation schedule.

#### 10. Draft project management plan

Each application for CDBG funds must be accompanied by a draft project management plan that identifies all the project partners, capacity, responsibilities, and roles. See the “Application Toolkit” for a project management plan template.

#### 11. Registration with SAM.gov and UEI Number requirements:

All applicants must provide the local government's UEI Number. Applicants must also be registered with SAM.gov, the federal government's contractor registration system. Eligibility to contract for CDBG funds will be checked upon receipt of any application. Please contact Commerce if you have questions.

## **V. Application Review Process**

Community MT staff review CDBG applications for both technical feasibility and the extent to which the proposed project relates to each of the CDBG ranking criteria. Commerce may request additional information when reviewing an application to clarify responses or ensure the project meets national and state CDBG objectives. The director of Commerce makes all final decisions on grant awards.

## **VI. Administrative Procedures and Requirements**

Please see the CDBG [grant administration manual](#) on the Commerce website for information on how to administer a CDBG project. Successful applicants must submit documentation of meeting startup conditions and any special contract conditions before executing a contract with Commerce within nine months of grant award. A list of startup conditions and special contract conditions are found in chapter 1 of the CDBG [grant administration manual](#) on the Commerce website.

In accordance with the national and state CDBG objectives, Commerce may not be able to approve amendments to the scope of a project or budget affecting priority activities that would materially affect the intent or circumstances under which the application was originally ranked by Commerce staff and awarded by the Director. If a Grantee requests

a modification that significantly affects the scope of work, budget, or implementation schedule, Commerce may temporarily suspend project reimbursements while reviewing the modification request.

## **VII. CDBG Ranking Criteria**

### **A. Introduction**

CDBG applicants are required to submit narrative responses that describe the relationship of their proposed CDBG project to each of the ranking criteria, except where otherwise noted. Some priorities may be scored using the information provided in the preliminary engineering report or the preliminary architectural report. For ranking criteria 2 and 3, applicants are not required to provide a narrative response if the preliminary engineering report or preliminary architectural report addresses the questions, unless there is a need to provide additional information. Applicants must provide a response to each question and may use as many pages as necessary to adequately explain the proposed project.

To avoid unnecessary duplication, the applicant may reference other pertinent portions of the application or appendices in the narrative responses to the priorities. However, the applicant should not reference another portion of the application, such as the preliminary engineering report or preliminary architectural report, without including a narrative statement that provides at least a summary of what is being referenced. For example, an applicant should not simply state, “see page 4 of the master plan” as a response to a ranking criterion.

### **B. Ranking Criteria**

Each application will be evaluated under the CDBG ranking criteria and will receive points depending upon its overall response to each criterion, relative to local capacity and resources and in comparison, with the other applications submitted. Each applicant

should identify the source of supporting data for any statements made in the application and provide documentation when applicable.

The CDBG ranking criteria are listed below and indicate the maximum score that can be obtained for each.

	<b>Maximum possible points</b>
Ranking criterion 1 Community planning	175
Ranking criterion 2 Need for project	200
Ranking criterion 3 Project concept and technical design	150
Ranking criterion 4 Community efforts and citizen participation	150
Ranking criterion 5 Need for financial assistance	200
Ranking criterion 6 Benefit to low and moderate-income persons	150
Ranking criterion 7 Implementation and management	175
<b>Total maximum points</b>	<b>1,200</b>

A Public or Community Facilities application must receive a minimum score of 700 points to be eligible to receive CDBG funds. Failure to respond to a criterion or to comply with a pertinent and important application requirement will result in no points being awarded for that criterion. For ease of reference, any documentation or exhibits

related to the applicant's response to a CDBG ranking criterion should be placed in the application immediately following the applicant's narrative response to that criterion.

Commerce may reduce any score if sufficient documentation is not provided responding to each ranking criteria.

## C. Scoring Level Definitions

### **Criteria 1, 4, 5, and 7**

The following general definitions are applied to all non-quantitative ranking criteria relative to the overall quality of the applicant's response or situation and relative to the ranking criteria and applicable special requirements. The level assigned will also depend upon the applicant's specific responses to the overall ranking criterion and the applicable ranking issues listed under each criterion.

**Level 5:** To receive a level 5 score, the applicant must provide a very complete narration that thoroughly addresses the overall criterion, applicable questions, and meets minimum requirements, including very complete substantive supporting documentation to support its claims. The project demonstrates strong alignment with the national and state objectives for CDBG as well as the growth policy or other planning documents for the jurisdiction. The applicant's responses are considered exemplary, particularly innovative, or to be extremely consistent with the intent of the ranking criterion. There are no deficiencies of any significance that were not completely addressed.

**Level 4:** To receive a level 4 score, the applicant provides a solid narration addressing the overall criterion, applicable questions, and meets minimum requirements, with strong documentation to support its claims. The applicant's responses are considered above average, very thorough, or to be very consistent

with the intent of the ranking criterion. A level 4 score does not reflect the level of excellence or is as consistent with the intent of the ranking criterion as a level 5 score. The application may not have completely addressed some questions, but these are considered minor concerns.

**Level 3:** To receive a level 3 score, the applicant provides an adequate narrative addressing the overall criterion, applicable questions, and meets minimum requirements, with acceptable documentation to support its claims. The applicant's responses are considered average, adequate, or generally consistent with the intent of the ranking criterion. The application meets the minimum requirements for responding to the criterion and documents compliance with the special requirements that are pertinent to the ranking criterion; however, the application may not adequately consider some questions that may be potentially important.

**Level 2:** To receive a level 2 score, the applicant provides some narration addressing the overall criterion, applicable questions, and meets minimum requirements, but may have weak or inadequate responses and/or documentation to clearly or completely support its claims or compliance with a requirement. The applicant's responses are considered below average, inadequate, or not entirely consistent with the intent of the ranking criterion. The application has not met all the minimum requirements for responding to the ranking criterion or has not complied with all the special requirements that are pertinent to the ranking criterion. The application may not be complete or does not consider or adequately address some questions that are important.

**Level 1:** To receive a level 1 score, the applicant provided narrative with serious weaknesses for the ranking criterion, applicable questions, and lacks critical supporting documentation, or fails to adequately document compliance with one

or more of the general thresholds CDBG requirements or a critical special requirement for the category. The applicant's responses are considered very weak, seriously inadequate or inconsistent with the intent of the ranking criterion. The application either does not address or does not provide sufficient information regarding several critical questions.

**Level 0:** To receive a level 0 score the applicant fails to provide a response of any kind or does not meet a general statutory threshold requirement for the CDBG program that is related to the ranking criterion.

### **Criteria 2 and 3**

Applicants that are proposing water, wastewater, storm water, or solid waste projects will be reviewed and scored similarly to their associated Montana Coal Endowment Program's application. If the applicant applied for MCEP for the same project, the project may receive the same scores for CDBG criteria 2 and 3 as the scores for MCEP statutory priorities 1 and 3.

Applicants applying for community facility projects must provide a preliminary architectural report or other applicable technical report. Preliminary architectural reports will be reviewed to ensure consistency for the need of the project, technical design, and cost estimates.

### **Criterion 6**

Applicants will be given a score of 0, 120, or 150 points, based on the responses to the percentage of LMI persons served. A score of 0 points in criterion 6 means that the project is ineligible for CDBG funds. See more information under criterion 6.

<b>Ranking Criterion 1</b>	<b>Community Planning</b>	<b>175 possible points</b>
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The “Community Planning” criterion considers the following, relative to the capacity of the applicant and other applications:

- The adequacy and thoroughness of the planning process used by the applicant to identify overall community development and housing needs, including the needs of LMI persons, and the activities or actions it plans to meet the identified needs.
- The extent to which the proposed project is consistent with the applicant’s community development objectives, as well as the national and state objectives for the CDBG Program.
- Whether the applicant has provided a reasonable rationale for selecting the proposed CDBG project over other community development and housing needs that were identified.
- The degree to which the applicant has considered the needs of LMI and other special needs residents and how the proposed project will benefit or impact those populations.
- Whether the applicant has developed and uses its planning documents as a springboard for action in its community.
- The extent to which local citizens participated in the preparation of plans for the future development of the community, especially preparation of the community growth policy and similar plans addressing community development and revitalization needs.
- The extent to which planning supports community resilience through affordable housing, public works investments, vital employment centers, and the environment.

An adopted capital improvements plan is not a prerequisite for applying for CDBG funding, although an applicant will typically receive more points during the ranking process if an adopted capital improvements plan is in use. CDBG encourages applicants to budget for and develop a capital improvements plan that covers at least a five-year period and meets all CDBG's capital improvements plan requirements.

Commerce's Community Technical Assistance Program is available to provide more information on community planning best practices and may be reached by email at [docctap@mt.gov](mailto:docctap@mt.gov) for further guidance.

### **Criterion 1 Questions**

1. Describe the efforts the applicant has made to engage residents or otherwise encourage citizen participation in the development of a growth policy or other planning efforts to identify, discuss or plan for housing needs in the jurisdiction.
2. Demonstrate that the proposed project is reasonable and appropriate, given long term demographic trends as reflected by current and appropriate census estimates – for example, population increases or decreases, growth in unincorporated areas, increases in elderly population, etc.
3. Describe and document the extent to which the applicant:
  - Comprehensively plans for community resilience through the availability of affordable housing, investment in public works, creating a diverse economy and protecting the environment.
  - Actively supports the rehabilitation of existing housing units, particularly for those with disabilities and the elderly.
  - Prioritizes funding toward existing community revitalization to improve the efficiency of public works investments while safeguarding rural landscapes and natural resources.

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4. Prioritizes the development or rehabilitation of community facilities and services, particularly those serving the disabled and the elderly, in walkable neighborhoods or where served by public transportation systems.
  
5. In addition to capital improvements planning, describe additional efforts to deal with overall community public facilities problems. This may include raising taxes, monthly user charges, hook-up charges, impact fees or fee schedules to the maximum reasonable extent to provide funds for improvements to the proposed project or by securing other federal, state and local funds to address community needs.

<b>Ranking Criterion 2</b>	<b>Need for Project</b>	<b>200 possible points</b>
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A preliminary engineering report or preliminary architectural report is required for all applications in addition to responses to questions in each criterion in narrative form. The applicant can refer to supporting documentation in the preliminary engineering report or preliminary architectural report, including the relevant page number or section, as applicable.

The need for project criterion considers the following, relative to the capacity of the applicant and other applications:

- Addressing community needs directly related to protection of public health and safety. In these cases, Community MT will also consider the proportion of the total community assisted and the effects on LMI or special needs residents.
- Addressing public or community facility problems which especially affect low-income residents of the community or give priority to limited clientele<sup>1</sup> populations, with access to safe and efficient public infrastructure or community facilities.
- Documentation, through a thorough analysis of the overall need for the community facilities or public facilities that promote healthy, safe, and walkable neighborhoods which safeguard the environment, as well as the needs within the project area, or for the proposed project's assisted persons. Priority will be given to projects that are designed to eliminate serious and immediate threats to the

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<sup>1</sup> For a proposed project to qualify as serving limited clientele, the project must benefit clientele who are generally presumed by HUD to be principally low-moderate income persons (24 CFR 570.483(b)(2)(ii)(A)). These include, as defined by HUD, abused children, elderly persons (age 62 or older), battered spouses, homeless persons, severely disabled adults (as defined by the Bureau of Census), illiterate adults, persons living with AIDS, and migrant farm workers.

public's health or safety. Combining high priority activities with lower priority activities may result in the assignment of a lower overall score.

- In documenting the need for the proposed CDBG project activities, applicants should address the immediacy of the public or community facility problem to be addressed with CDBG funds, including the cause of the problem, how long the problem has existed, and/or how often it has recurred.

### **Criterion 2 Questions**

1. What serious deficiencies exist in a basic or necessary public or community facility or service, such as the provision of a safe domestic water supply, or does the community lack the facility, or service entirely? Will all deficiencies be corrected by the proposed project?
2. Have serious public health or safety problems such as illness, disease outbreak, or safety problems, or hazards occurred or are likely to occur and are they attributable to a deficiency?
3. Does the problem currently exist; is it continual and long-term, as opposed to occasional, sporadic, probable or potential? Describe the nature and frequency of occurrence. Provide supporting documentation.
4. Please explain the extent the deficiency impacts the community. Does the deficiency affect a small or substantial percentage of the community?
5. Is there clear documentation that the current condition of the public or community facility, or lack of a facility violates a state or federal health or safety standard? If yes, describe the standard being violated.

- Does the standard that is being violated represent a significant threat to public health or safety? For each standard being violated, identify which of the public health or safety problems are associated with it.
6. Is the proposed CDBG project necessary to comply with a court order or a state or federal agency directive? If yes, describe the directive and include a copy with this application.
  7. Are there any reliable and long-term management practices that would reduce the public health or safety problems? If so, identify the practices and explain how the problems would be reduced.
  8. How does the proposed project directly assist low-income residents of the community or limited clientele? Describe and document the needs of that community.

<b>Ranking Criterion 3   Project Concept and Technical Design   150 possible points</b>
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A preliminary engineering report or preliminary architectural report is required for all applications in addition to responses to questions in the criterion in narrative form. The applicant may refer to supporting documentation in the preliminary engineering report or preliminary architectural report, including the relevant page number or section, if applicable.

The project concept and technical design criterion considers the following, relative to the capacity of the applicant and other applications:

- The degree to which the applicant has developed a reasonable, complete, and appropriate proposal for dealing with its public facility need.
- The degree to which the proposed project addresses the problem and provides a reasonably complete, cost-effective, and long-term solution in relation to the applicant's financial and management capacity and available funding sources.

### **Criterion 3 Questions**

#### **All Projects Respond to Questions 1-6**

1. Does the proposed project completely resolve all the identified deficiencies? If not, does the proposed project represent a complete and reasonable component of an overall long-term program or master plan for scheduled improvements for the facility or system? What deficiencies will remain upon completion of the proposed project and how and when will they be addressed?
2. Are the deficiencies to be addressed through the proposed project identified with the most serious public health or safety problems? If not, describe why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems?

3. Discuss how reasonable alternatives were considered and the rationale for selecting the proposed project.
4. Document that all projected costs are reasonable and well supported.
5. Demonstrate the assessment of all potential technical, environmental, regulatory or other problems. Are there any apparent technical, environmental, regulatory or other problems that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
6. Document any comments solicited and received from appropriate public and qualified private agencies concerning the proposed project's concept, design, and long-term operating plans for the project.

**Community Facility Projects Also Respond to Questions 7-9**

7. Does the proposed project include rehabilitation of a structure that was constructed prior to 1978?
8. Describe how the analysis of any potential environmental concerns, such as lead-based paint, asbestos, and requirements for the preservation of historic architecture has been closely coordinated with the project design, cost, and consideration of alternatives?
9. Describe how the proposed project strategy is reasonable and appropriate regarding:
  - The extent of improvements that are proposed.
  - Project location and proximity to services.
  - Energy efficiency and renewable energy options.

**Drinking Water System Projects Also Respond to Question 10**

10. For projects involving community drinking water system improvements, is there a water metering system for individual services or a plan to install meters?

<b>Ranking Criterion 4 Community Efforts and Citizen Participation 150 possible points</b>
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The “Community Efforts and Citizen Participation” criterion considers the following, relative to the capacity of the applicant:

- The applicant’s overall long-term efforts to improve the community over time, including efforts to secure federal, state, and local funds to address community needs.
- The thoroughness of the applicant's past efforts to address community development and public facilities problems, specifically with local resources, including efforts of local volunteers and community service organizations.
- Applicant’s other non-financial community efforts to assure adequate and cost-effective community and public facilities.
- Documentation of the required public hearings.

See the “Application Toolkit” for detail on citizen participation and public hearing requirements.

### **Criterion 4 Questions**

#### Citizen Participation

1. Provide documentation of the dates, times, and locations of the two required public hearings and provide copies of attendance lists, meeting summaries, or minutes sufficient to reflect comments made by local officials and the citizens attending.
2. What efforts were made to solicit overall community needs to facilitate a meaningful discussion and identification of community development projects during the first public hearing?

3. How did the public participation process encourage participation from the LMI residents or disadvantaged groups in the community?
4. Describe the process used and efforts made to elicit citizen participation in the selection of the proposed CDBG project and responses to comments or questions heard. Detail how the project area is addressed during the second public hearing. In addition to including public hearing documentation, include newspaper articles, copies of special mailings, public opinion surveys, letters of support, screenshots from websites, etc., if applicable.
5. Provide documentation demonstrating the intended beneficiaries and community support for the proposed project.

#### **Local Community Improvement Efforts and Activities**

6. Describe local government efforts to target funding or activities toward increased community revitalization, improve the efficiency of public works investments, develop or rehabilitate affordable housing, and safeguard rural landscapes and natural resources.
7. Describe efforts the community has taken to enhance the unique and resilient characteristics of the community by investing in healthy, safe, and walkable neighborhoods.
8. Describe the efforts the community has taken to encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or increasing access to public transportation systems, particularly for special needs and elderly residents.

9. Describe the efforts the community has taken to encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services.
  
10. Describe the actions and activities the community has undertaken to meet the needs of LMI persons, limited clientele or disadvantaged populations?

<b>Ranking Criterion 5</b>	<b>Need for Financial Assistance</b>	<b>200 possible points</b>
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This criterion will assess the applicant’s need for financial assistance by examining each applicant’s relative financial need compared to other applicants. The financial assessment will determine whether an applicant’s need for CDBG assistance is comparatively greater or weaker than other applicants. This criterion considers the following, relative to the capacity of the applicant:

- Commerce's analysis of financial indicators demonstrates that the applicant's need for CDBG assistance is comparatively greater than other applicants' needs.
- The applicant's presentation of the proposed project budget and financing strategy.
- The applicant has demonstrated that the level of local financial participation in the proposed project is the maximum that can reasonably be expected.
- The amount of CDBG assistance requested per benefiting household is reasonable, in comparison to other applications.

Commerce may use information and statistics from the U.S. Census Bureau, Montana Department of Revenue, American Community Survey, Government Annual Financial reports, HUD and most current “Uniform Application Form” to complete this assessment.

***Applicants do not need to provide data but must respond to the questions below.***

However, if an applicant believes this data does not accurately reflect its financial commitment or ability to provide matching funds, the applicant may provide information and/or documentation regarding such extenuating circumstances. Applicants for public facilities projects should submit documentation of their water and wastewater rate schedules. Further guidance on target rate analysis is found in the “Application Toolkit” of these guidelines.

The financial analysis for Community Facility projects, such as head start centers, child-care centers, food banks, nursing homes, etc., which do not receive direct local

government assistance (or receives limited financial assistance) must demonstrate the following:

- Documentation of the existence of a funding gap
- Availability of other funding sources to complete the proposed project
- The need for CDBG grant funds

### **Criterion 5 Questions**

1. Have all appropriate federal, state and local, public and private funding sources that could potentially assist with this project been considered? Describe the efforts taken to secure additional funding for the proposed project.
2. What is the local government's financial investment in the proposed project?
  - Does the local government have program income or a revolving loan fund that can be expended on a CDBG-eligible activity which is not being utilized for this project? If yes, please provide a narrative explaining the intended use of the CDBG program income or available revolving loan funds. Also, if that funding source is not being used, please explain why. Please include documentation showing the current balance of the program income or revolving loan fund.
3. If CDBG funds requested exceed \$20,000 per LMI household or individual assisted, Commerce may consider a waiver request. The waiver request, on applicant letterhead, should include sufficient rationale for exceeding the \$20,000 maximum, including relevant LMI data, appropriate demographic data, and financial background of the applicant or sub-recipient
4. What are the efforts by the applicant or non-profit or for-profit to make local contributions to the project? Please address the following:
  - Local cash or in-kind contributions to proposed activities

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- Absorbing some or all administrative costs
  - Other forms of direct financial or in-kind contributions to support the project
5. If the project will be completed in collaboration or within the boundaries of an entitlement community, what is the expected contribution from the entitlement community?
6. For public facility projects only: without the requested CDBG assistance, would monthly user charges increase as a result of the project to an amount above the target rate for the community? Please explain.
7. For community facilities projects only: what is the net revenue of the for-profit, non-profit or local public agency that will be implementing the project and how it will be used for this project? If available revenue will not be used for this project, discuss the rationale. Discuss and document how the following applies to the proposed project:
- Existence of a funding gap
  - Availability of other funding sources to complete the proposed project
  - The need for CDBG grant funds

<b>Ranking Criterion 6</b>	<b>Benefit to LMI</b>	<b>150 possible points</b>
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Fifty-one percent of CDBG-funded project beneficiaries must be LMI persons. The process used to document LMI beneficiaries and required paperwork for the application must be consistent with “Documenting Benefit to Low- and Moderate-Income Persons”. There are two ways to document benefit to LMI persons: area benefit and limited clientele.

Area benefit means that the activity benefits all residents in a particular area, which can be documented by:

- Recording the LMI percentage as provided by the 2016-2020 American Community Survey, or
- Conducting an income survey

Limited clientele means that the activity benefits a particular group, which can be documented by:

- Benefiting a clientele that is generally presumed to be LMI, based on HUD presumption criteria which includes: abused children, battered spouses, elderly persons (over the age of 62), severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers or
- Conducting a household income survey
- Demonstrating that the applicant has income eligibility requirements limiting their activities to LMI persons
- Demonstrating that the applicant is of such a nature and in such a location that it can be concluded that clients are primarily LMI persons

For this ranking criterion points will be assigned, upon review of documentation, in the following manner:

<b>Percent of LMI documented</b>	<b>Points awarded</b>
0 – 50.9%	0 (project ineligible)
51.0 – 74.9%	120
75.0 – 100%	150

All documented LMI percentages are rounded down, for instance 74.3% LMI will be considered 74% LMI.

All applicants must provide:

- A completed copy of the “Benefit to LMI” form.
- A narrative that explains and documents how the proposed project will principally benefit LMI persons, including specific documentation supporting claims of proposed benefit.

Applicants using an income survey must provide:

- A copy of the income survey tool, results of the survey (number of surveys received and number sent), a narrative of how applicant arrived at the LMI percentage, and approved documentation of the survey results from Community MT staff. Please do not include the completed income surveys in the application as they include personal identifying information.

Applicants using limited clientele must provide:

- A narrative and documentation of how the project will primarily serve limited clientele. Examples of documentation may include a narrative or mission statement identifying the persons served by the facility, income eligibility requirements or data for persons using the facility or its services or

documentation that the facility is designed to be used exclusively by a population that is presumed by HUD to be LMI.

Applicants must assure that any activities proposed will not benefit moderate-income persons in a manner that would exclude or discriminate against low-income persons.

For projects where direct financial assistance to LMI persons or households is proposed, explain how LMI status will be documented, by describing how the project will confirm the LMI status of beneficiaries and limit benefits only to LMI households or persons.

If applicable, describe how funds will be distributed first to low-income and then to moderate-income beneficiaries if funds are available.

### **Area Benefit Considerations**

Area benefit, LMI census data information for counties, cities, towns, and unincorporated areas, if located within a Census Designated Place, is available at [Commerce's website](#).

Applicants proposing to use CDBG funds for area benefit activities must provide documentation that at least 51% of the proposed beneficiary population consists of LMI persons. The actual project area boundaries must be clearly delineated because they determine which households would be served and, therefore, affect the calculation of the LMI benefit. A water well project, for example, that is part of a town's existing water supply would benefit all residents that receive water service. In such a case, the community wide LMI percentage would be the appropriate figure to quantify benefit.

### **Limited Clientele Considerations**

If the proposed project activity will principally benefit any of the following limited clientele populations, as defined by HUD, the project will be presumed to benefit at least 75% LMI persons and will be assigned 150 points. The applicant must provide documentation to verify that the services provided by the organization primarily serve a limited clientele population.

HUD defines limited clientele as:

- Abused children, elderly persons, battered spouses, homeless persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers
- Community facilities that conduct a household income survey to demonstrate that at least 51% of their clientele are LMI persons
- Community facilities that have income eligibility requirements that limit their clientele to LMI persons
- Community facilities that are of such a nature and in such a location that it can be concluded that clients are primarily LMI persons, such as a day care serving a public housing complex

### **A Special Note for Schools**

Montana school districts considering seeking the sponsorship of a local government to submit a CDBG application to carry out a school improvement activity must be able to demonstrate that at least 51% of the households served by the school district are LMI since all the school district's residents would share equally in the financial benefit from the CDBG assistance. Just as the case for any CDBG local government applicant, this basic requirement can be met by using HUD summary data or by conducting an LMI income survey.

If using HUD summary data, school districts will have to demonstrate that the school district boundary aligns with the U.S. Census geography for which HUD data is available, whether for a local government, census designated place, census tract, or census block group. As an alternative, the school district may conduct an income survey. In some cases, it may be necessary to combine HUD summary data from several census areas to demonstrate that a majority of the district's households are LMI. In all these cases the school district should contact Community MT staff for guidance and assistance.

*CDBG Benefit to LMI Form*

A	B	C	D	E	F
Activity Description (Do not include administrative activities)  Indicate whether calculations are shown for Households [H_] or Persons [P_]	Number of households or persons the activity will serve	Number of LMI households or LMI persons the activity will serve	Percentage of LMI households or LMI persons the activity will serve	Amount of CDBG funds for the activity	Amount of CDBG funds that will benefit LMI for the activity
1					
2					
3					
				Total \$	Total \$

Overall Percent Benefit to LMI Households =  $\frac{\text{Column F}}{\text{Column E}}$  = \_\_\_\_\_ % LMI Benefit

The calculation of benefit to LMI households or persons using the form is a two-step process. First, the percentage of benefit to LMI households, or persons, must be calculated for each activity. The percentages must be applied to the CDBG funds

requested for each activity to determine total number of dollars that will benefit LMI households or persons. Each step in the calculation is described below.

Applicants must complete the form above to determine the total CDBG dollar and percentage benefit that will result from their proposed projects. Either households or persons may be used as the basis for calculation provided the method selected is consistent with the method used to verify the household income levels. Contact Community MT to help determine whether your benefit calculation should be for households or persons.

1. In column A, describe the activity by name, such as "Reconstruct the Wastewater Treatment Facility" or "Complete Final Engineering Design." Do not include administrative activities. The activities should be the same as shown on the application budget form under "Activity."
2. In column B, list the total number of households or persons that the activity will serve.
3. In column C, list the number of LMI households or persons that the activity will serve.
4. In column D, list the percentage of LMI households (divide column C by column B) that the activity will serve.
5. In column E, list the total amount of CDBG funds requested for the activity. This should be the same as shown on the application budget form under "Activity".
6. In column F, list the amount of those funds that will be used to benefit LMI households (multiply column E by the percentage in column D).
7. Bottom of column E, list the total amount of non-administrative CDBG funds by adding up the CDBG funds requested for each activity.
8. At the bottom of column F, list the total amount of funds that will be used to benefit LMI households by adding up the amount of funds to benefit LMI households for each activity.

9. Determine overall benefit by dividing the total of column F by the total of column E to get the total CDBG project benefit to LMI households. List the percentage at the bottom of the “Benefit to LMI Form”.

Example:

Town of Random, MT has a total of 600 households of which 350 are LMI. The town is proposing an infrastructure project that would serve the entire community. They are requesting \$750,000 from CDBG for their total project of \$2,200,000.

A	B	C	D	E	F
Activity Description (Do not include administrative activities)  Indicate whether calculations are shown for Households [H_] or Persons [P_]	Number of households or persons the activity will serve	Number of LMI households or LMI persons the activity will serve	Percentage of LMI households or LMI persons the activity will serve	Amount of CDBG funds for the activity	Amount of CDBG funds that will benefit LMI for the activity
1. Wastewater line replacement	600	360	60%	\$750,000	\$450,000

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2					
3					
				Total \$750,000	Total \$450,000

<b>Ranking Criterion 7</b>	<b>Implementation and Management</b>	<b>175 possible points</b>
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The implementation and management criterion considers the following, relative to the capacity of the applicant and other applications:

- Whether the applicant has clearly demonstrated that the project is feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the community, the budget, and implementation schedule proposed.
- The soundness and appropriateness of the applicant's plan for assuring proper overall management of the CDBG project, including financial management of grant funds, compliance with state and federal requirements, and cost-effective completion of project activities.
- The applicant's readiness to implement the project if awarded CDBG funds, including the firm commitment of all non-CDBG funds and resources within nine months of the grant award. Commerce encourages applicants to include any commitment letters for non-CDBG funds with their application submission.
- Whether the applicant or sub-recipient entity has carefully considered all potential environmental, regulatory, and technical issues which could impact the timely start-up and successful implementation of project activities.
- The soundness of the applicant's or subrecipient's plans for assuring effective operation and long-term management of any assisted public or community facility.
- The applicant's performance on past CDBG funded projects.
- Compliance with Uniform Relocation Act requirements.

If documentation for any of the below requirements are not supplied, or if partial documentation without accompanying narrative to explain an incomplete process is submitted, the scoring for this criterion may be reduced.

**Criterion 7 Questions**

## Project Management Plan and Implementation Schedule

1. Document firm commitments for assistance from other local, state or federal funding sources necessary to complete the proposed project. If firm commitments from all non-CDBG sources are not available at the time of application, how will firm commitment of all funding sources be documented within nine months of CDBG award?
2. Provide a narrative demonstrating that the proposed project is feasible and achievable, coordinated with other funding sources, and takes into consideration the nature of the project activities, the size and resources of the local applicant government, the budget, and implementation schedule proposed.
3. Provide a description and history of the system or project's operation and maintenance budgets and practices. Describe how additional future improvements can be funded through reserves or depreciation accounts and not require additional assistance from state or federal grants.
4. If an applicant has open CDBG grant(s) in another project category, explain whether the project activity(ies) has/have been completed in compliance with the project implementation schedule, describe the applicant's ability to carry out project activities, and whether there are any unresolved audit or monitoring findings related to any previous CDBG grant award.
5. Describe the plan for assuring adequate, long-term management and operation and maintenance of the facility or project including staff and financial resources.

**For Projects Involving Non-Profits, For-Profits, Local Public Agencies, or other Partner Organizations**

1. Include an operating plan for any organization that is proposed as a CDBG grant subrecipient or partner. Each operating plan must include the following elements with sufficient detail for adequate analysis:
  - A description of the organization and its purpose and history.
  - A description of the service(s) provided, geographic service area and potential for expansion of services provided or the service area. Describe the target population served, age, sex, special needs, etc.
  - A description of how the CDBG project will affect the services to be provided and how the organization and its members or clientele will be affected if CDBG funds are not received.
  - A description of how the organization's or agency's finances are managed and whether they are formally reviewed on a regular basis.
  
2. The organization must be able to demonstrate that projected income will be sufficient to cover any projected debt service and current and projected operating costs, including long-term operation and maintenance. Each applicant applying on behalf of a non-profit or for-profit organization must include the following financial exhibits with the application:
  - Financial statements for the three most recent years of operation; including a balance sheet describing assets and liabilities, profit and loss statements, a revenue and expense statement, and cash flow statements as applicable to the type of organization or agency.
  - Financial statements compiled or reviewed by an independent certified public accountant with full disclosure notes are required for businesses or organizations or agencies that have been in operation for more than one complete fiscal year. All financial information must be signed by a responsible officer for the organization or public agency.

3. Document successful past long-term performance of the non-profit or for-profit organization(s) or local public agency.
4. Discuss and document the organization('s) capacity to assure cost-effective, long-term management of the facility.
5. A non-profit organization must submit verification of its IRS 501(c) status.

### **Uniform Relocation Assistance and Real Property Acquisition Policies Act Considerations**

1. Submit an anti-displacement and relocation assistance plan with the application. A template can be found in the “Application Toolkit” of these application guidelines. Please refer to the “URA and Public and Community Facilities” toolkit for additional guidance and information for Uniform Relocation Act applicability.
2. Does the applicant own the property and/or easement(s) on which the proposed project will take place? If yes, please answer the following questions and provide supporting documentation:
  - When was the property and/or easements acquired by the applicant?
  - When did the applicant begin considering the use of federal funds for the proposed project?
  - If federal funds were considered for the proposed project before the property was acquired:
    - Please provide documentation that the prior owner was informed of rights under the Uniform Relocation Act including the right to receive fair market value for the property/easements.
    - Was the fair market value established prior to purchase?
    - Was fair market value offered to the previous owner?

3. Will property need to be acquired to complete this project? Will an easement(s) need to be acquired to complete this project?
  
4. If the answer to question 3 is 'yes', the applicant will need to document compliance with Uniform Relocation Act and answer the following questions.
  - a. If property or easements are acquired to complete this project, what steps will the applicant take to document compliance with Uniform Relocation Act?
  - b. If property or easements have been acquired to complete this project, please provide evidence documenting the following:
    - i. The fair market value of the property or easement was established by a certified, licensed appraiser.
    - ii. The seller has been made aware of his/her rights under the Uniform Relocation Act.
    - iii. The seller was made aware of the fair market value of the land and/or easement, and their right to just compensation.
    - iv. The sale is voluntary.
    - v. The acquisition process is Uniform Relocation Act-compliant.
  
5. Will any person or business need to temporarily relocate to complete this project? Will this temporary relocation last for more than one year? If the proposed project involves temporary relocation:
  - Identify each household and/or business that will need to be temporarily relocated.
  - How will the temporary relocation affect the project budget?
  - How will the temporary relocation affect project implementation and/or project construction?

- Who will be responsible for documenting compliance with the Uniform Relocation Act?
- Will any person or business be prohibited from returning after temporarily relocating?

### **Procurement of Services**

1. If procurement is necessary for design, implementation, and/or management of the project and is completed, please provide the following documents:
  - Affidavit of Publication for the Section 3 Notice as required by 24 CFR 75.5
  - Direct Solicitation of Disadvantaged Business Enterprises
  - The full request for proposals or request for qualifications
  - The affidavit of publication for the request for proposals/request for qualifications
  - Meeting minutes and/or minutes of interviews with prospective entities
  - The scoring criteria used to select the successful entity
2. If procurement is necessary for design, implementation, and/or management of the project and has not been completed, describe the procurement steps that will be taken and show that the steps will comply with local, state, and CDBG procurement requirements and law.

### **Financial Management System and Audits**

Commerce will check with the Department of Administration's Local Government Assistance Bureau for information about compliance with these requirements.

1. Is the applicant compliant with the auditing and annual financial reporting requirements provided for in the State of Montana Single Audit Act, Section 2-7-501 et seq., MCA?

2. Has the applicant established a financial accounting system to properly account for grant funds according to generally accepted accounting principles?

### **Status of Past and Current CDBG Funded Projects**

1. Has the applicant received any prior audit and/or monitoring findings related to a CDBG project? If so, please explain and detail whether the findings are still outstanding or have been resolved.

### **Environmental Review**

1. Has the applicant completed and included the “Montana Environmental Protection Act Environmental Checklist” found in the “Uniform Application”?
2. Discuss any potential adverse environmental impacts and required mitigation that may result in delays of the project implementation.

### **Project Aggregation**

Project aggregation should be considered and included during the development of environmental review documents and process. To consider project aggregation a grantee must group together and evaluate, as a single project, all individual activities which are related either on a geographical or functional basis, or logical area parts of a composite of a contemplated project. The aggregated project should capture the maximum scope of the proposed project that relates to functional or geographical aggregation, not just a single activity that the federal dollars are funding.

- Functional aggregation occurs when a specific type of activity, e.g., water improvements, takes place in separate locations.
- Geographical aggregation occurs when a mix of dissimilar but related activities are concentrated in a specific project area, e.g., combining water, sewer and street improvements and economic development activities.

The purpose of project aggregation is to group together related activities so the grantee can:

- Adequately address and analyze, in a single environmental review, the separate and combined impacts of activities that are similar, connected and closely related, or that are dependent upon other actions or activities.
- Consider reasonable alternative courses of action.
- Schedule the activities to resolve conflicts or mitigate the individual, combined and/or cumulative effects.
- Prescribe mitigation measures and safeguards including project alternatives and modifications to individual activities.

For project aggregation, an applicant should consider the following questions. Please respond to the questions below in narrative form:

1. Is the project site just one phase of a large development?
2. Is the activity part of a larger project?
3. Have additional phases of the project applied for funding?
4. Do the activities take place in a target area where a whole range of varying activities are planned?

If any of the above are yes, the project should be aggregated and the proposed project should be used as the activities included in the environmental review process; and most specifically in maps, pictures or other narrative that is used during the environmental review process.

### **Build America, Buy America Compliance**

1. How does the applicant intend to comply with the Build America, Buy America Act?

 **COMMERCE**

2. Does the applicant have any prior experience with BABA compliance? If so, please explain what steps were followed and what resources were utilized.