



# Montana Coal Endowment Program

## Grant Administration Workshop



# Chapter 1

## Project Start-up Grant Conditions



# Incurring Costs

- **HB 11 signed into law May 18, 2023**
- **Notice of Award & start up letter announcing funds awarded sent to project representatives**
- **Statute Change 2021 Legislature – May 19, 2022**
  - Noteworthy Dates: September 1, 2024  
September 30, 2026
  - Incurred costs are grantees sole responsibility if grant conditions are not complied with



# MCEP Grant Conditions

- **House Bill 11 MCEP Project Reports available at:**

- [Reports - Montana Coal Endowment Program - Community Development Division \(mt.gov\)](#)

- **MCEP Project Administration Manual available at:**

- [Project Grants - Montana Coal Endowment Program - Community Development Division \(mt.gov\)](#)

## **Other contractual obligations**

- **Montana Code Annotated (MCA)**
- **Department of Commerce Contract**



# Start-Up Conditions

Start-up conditions must be completed prior to contract execution

- **Firm Commitment of non-MCEP funding source(s)**
- **Management plan**
- **Accounting, auditing and reporting requirements from Local Government Services (LGS)**
- **Updated Budget**
- **Updated Implementation schedule**
- **Environmental Review process updated (if applicable)**
- **Any special conditions (if applicable)**



# Firm Commitments of Non-MCEP Funding

- **Must provide documentation verifying the commitment and availability of non-MCEP funds**
- **Changes in funding or loss of other funds may cause access to MCEP funds to be paused**
- **Phased projects: MCEP funds will not be available until all other funds for project phases are committed**



# Documentation of Non-MCEP Funds

- Award letters
- Contracts
- Commitment agreements
- Letters of Conditions
- Adopted budgets or budget resolutions
- Results of debt election (if election required)

**Exhibit 1-A**  
**Guidelines on Documenting Firm Commitment of Non-TSEF Funds**

The following information describes the documentation that is required for the various types or forms of matching funds:

**A. Grants and Other Government Appropriated Funds**

A letter is required from the funding agency documenting the amount of funding that has been approved or appropriated and indicated when funds will be available.

**B. Local Government Funds**

Local governments that have committed reserves or budgeted their own funds toward a TSEF project have documented these funds as submitted in the grantee's application and will be confirmed upon execution of the contract between the grantee and the Department.

**C. Loans (Revenue Bonds, General Obligation Bonds, Special Improvement Districts, Rural Improvement Districts)**

Loans to Municipalities, Counties, Districts, or Tribes, that require a vote by only the governing body	Loans that require a vote by the general population or users
<ul style="list-style-type: none"><li>• "Commitment Agreement" or "Letter of Approval for State Revolving Fund Loan Program in Lieu of Commitment Agreement," adopted by Resolution</li><li>• "Letter of Conditions" from USDA RD RD 1945-46</li><li>• "Letter of Intent to Meet Conditions," signed and returned to USDA RD FORRP RD 1945-46</li><li>• "Request for Obligation of Funds" FORRP RD 1945-1</li></ul>	<ul style="list-style-type: none"><li>• "Commitment Agreement" or "Letter of Approval for State Revolving Fund Loan Program in Lieu of Commitment Agreement," adopted by Resolution</li><li>• Successful certified debt election results (attach supporting documents) and/or grant</li><li>• "Letter of Conditions" from USDA RD RD 1945-46</li><li>• "Letter of Intent to Meet Conditions," signed and returned to USDA RD FORRP RD 1945-46</li><li>• "Request for Obligation of Funds" FORRP RD 1945-1</li><li>• Successful certified debt election results (attach supporting documents)</li></ul>

**SRF loan**

Montana Department of Commerce 2016 6 Treasure State Endowment Program Project Administration Manual



# Management Plan

- **Who will be the grant administrator?**
  - Public employee
  - Private contractor
- **Local government will still need to be actively involved in project**
  - Governing body must approve and sign plan and other documents throughout project
- **Separation of duties – a consultant cannot sign off on own work or invoices**



# Accounting, Auditing and Reporting Requirements

- **Compliance with auditing and reporting requirements (2-7-503, MCA)**
- **A financial accounting system that the Department can reasonably ensure conforms to generally accepted accounting principles (GAAP)**
- **MCEP staff will contact Local Government Services Bureau**
- **For more information, please call 444-9101 or visit <http://sfsd.mt.gov/LGSB>**



# Project Budget

## EXHIBIT B -- Sample Project Budget

ADMINISTRATION	MCEP	RRGL	SRF	Local	TOTAL
Personnel Cost				\$500.00	\$500.00
Office Cost				\$500.00	\$500.00
Professional Services	\$1,000.00		\$1,000.00		\$2,000.00
Legal Costs	\$500.00		\$500.00		\$1,000.00
Audit Fees				\$100.00	\$100.00
Travel & Training	\$500.00				\$500.00
Interim Interest			\$45,646.00		\$45,646.00
Bond Costs			\$500.00		\$500.00
					\$0.00
					\$0.00
<b>TOTAL ADMINISTRATION</b>	<b>\$2,000.00</b>	<b>\$0.00</b>	<b>\$47,646.00</b>	<b>\$1,100.00</b>	<b>\$50,746.00</b>
<b>CONSTRUCTION RELATED ACTIVITIES</b>					
Land Acquisition	\$1,000.00			\$1,000.00	\$2,000.00
Preliminary Engineering Design	\$10,000.00				\$10,000.00
Final Engineering Design	\$50,000.00		\$5,000.00		\$55,000.00
Construction Inspection Eng.			\$50,000.00		\$50,000.00
Construction	\$387,000.00	\$125,000.00	\$1,000,000.00		\$1,512,000.00
Contingency	\$50,000.00				\$50,000.00
					\$0.00
					\$0.00
<b>TOTAL ACTIVITY</b>	<b>\$498,000.00</b>	<b>\$125,000.00</b>	<b>\$1,055,000.00</b>	<b>\$1,000.00</b>	<b>\$1,679,000.00</b>
<b>TOTAL PROJECT BUDGET</b>	<b>\$500,000.00</b>	<b>\$125,000.00</b>	<b>\$1,102,646.00</b>	<b>\$2,100.00</b>	<b>\$1,729,746.00</b>



# Availability of Funds

- o **Consider the timing of the availability of other funds**
  - o When will other funds be available?
  - o When will you need to pay the engineer?
  - o Are you moving funds between line items in the budget? How often & why?
  - o What do you need contingency for?
  - o When will the budget be finalized?



# Project Implementation Schedule

## EXHIBIT A

### SAMPLE PROJECT IMPLEMENTATION SCHEDULE

TASK	QUARTERS, 2019				QUARTERS, 2020			
	1st JFM	2nd AMJ	3rd JAS	4th OND	1st JFM	2nd AMJ	3rd JAS	4th OND
<b>PROJECT DESIGN</b>								
Commence Final Design								
Complete Project Design								
Submit Plans to DEQ								
Prepare Bid Documents								
Finalize Acquisition								
<b>ADVERTISEMENT FOR CONST. BID</b>								
Review Contract Requirements								
Public Bid Advertisement								
Open Bids & Examine Proposals								
Request Contr. Debarment Review								
Select Contractor & Award Bid								
Conduct Pre-Const. Conference								
Issue Notice to Proceed to Contractor								
<b>PROJECT CONSTRUCTION</b>								
Begin Construction								
Monitor Engineer & Contractor								
Conduct Labor Compliance Reviews								
Hold Const. Progress Meetings								
Final Inspection								
<b>PROJECT CLOSE OUT</b>								
Submit Final Drawdown								
Project Completion Report/Final Certification								
Contract End Date						2023		



# Management Plan

## Exhibit I-B Management Plan

The management plan adopted by the local government should reflect the actual procedures utilized by the local government and based on the duties assigned to the various people involved in the project.

**Note:** This example is provided to help create a plan that is structured upon the actual procedures utilized by the local government and based on the duties assigned to the various people involved in the project. This example may be modified to fit the actual needs and management responsibilities of the project.

### I. Administrative Structure

The City of \_\_\_\_\_ is an incorporated city with a Mayor-Council form of government. The following persons will have lead responsibility for administering the City's FY \_\_\_\_\_ Treasure State Endowment Program (TSEP) public facilities project for \_\_\_\_\_[type] improvements:

Mayor \_\_\_\_\_, as the City's chief elected official will have responsibility for all official contacts with the Montana Department of Commerce. The Mayor and City Council will have ultimate authority and responsibility for the management of project activities and expenditure of TSEP funds. The approval of all contracts and request for reimbursements will be the responsibility of the City Council. (Telephone \_\_\_\_\_ Email \_\_\_\_\_)

\_\_\_\_\_, Clerk-Treasurer, as the City's chief financial officer, will be responsible for management of, and record keeping for, the TSEP funds and other funds involved in the financing of the \_\_\_\_\_ [type] project. (Telephone \_\_\_\_\_ Email \_\_\_\_\_)

\_\_\_\_\_, Director of the City-County Planning Board, will be designated as Grant Manager and be responsible for overall grant management and assuring compliance with applicable federal and state requirements for the TSEP project. The Grant Manager will serve as the City's liaison with Department for the project. One-fourth of this position's time will be devoted to TSEP administration during the term of the project. (Telephone \_\_\_\_\_ Email \_\_\_\_\_)

- **Administrative Structure**
- **Project Management**
  - Grant Administrator
  - Project Engineer
- **Financial Management**
- **Designates who is responsible for what action items during the project**
- **Create a management plan based on how things are carried out at the local level**



# Other Start-up Comments

- **Environmental assessment (EA) was completed with application**
- **If project has been modified, EA may need to be updated**
  - Compliance with the Montana Environmental Policy Act (MEPA)



# MCEP Contract

- **The contract details the following:**
  - **the amount of MCEP funds to be provided**
  - **the scope of work to be completed**
  - **a detailed preliminary project budget**
  - **an implementation schedule**
  - **any special conditions (if applicable)**
  - **the general terms and conditions associated with the grant**



# Contract Execution

**Step 1: Email from MCEP Staff sent to grantee requesting valid email addresses for those signing contract**

- o person Approving as to Form (typically an attorney), Chief Elected Official, Attester

**Step 2: Email from [DocuSign.com](https://www.docuSign.com) asking for electronic signatures**

- o Signing will be electronic – all correspondence will be through email from DocuSign.com

**Step 3: Signatures obtained from Grantee and Commerce; staff will provide a .pdf of executed contract to the grantee**

# Between Contract Execution and Access to Funds

- **Certificate of Insurance**
- **Designation of Depository**
  - Form 204 if new or changes to an account on file
- **Signature Certification Form**



Templates available at: [Project Grants - Montana Coal Endowment Program - Community Development Division \(mt.gov\)](http://mt.gov)



# Receiving Funds

## Exhibit 2-C Signature Certification Form

Montana Department of Commerce  
Community Development Division – Montana Coal Endowment Program  
301 S. Park Avenue  
PO Box 200523  
Helena, Montana 59620-0523

This is to certify that the following officials<sup>1</sup> are authorized to sign requests for payment of the Montana Coal Endowment Program (MCEP) funds for the (name of grantee: City, Town, or County of \_\_\_\_\_), 20\_\_ Bi MCEP grant:

1.	_____	_____
	Signature	Title
	_____	
	Typed Name	
2.	_____	_____
	Signature	Title
	_____	
	Typed Name	
3.	_____	_____
	Signature	Title
	_____	
	Typed Name	

It is understood that any two of the above signatories must sign each request for payment submitted.  
<sup>1</sup> I hereby certify that I have witnessed the signing of the above named signatures.

Signature of Witness \_\_\_\_\_ Date: \_\_\_\_\_

Typed Name and Title of Witness \_\_\_\_\_

SUBSCRIBED AND SWORN TO, before me, a Notary Public for the State of Montana, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(Notary Seal) \_\_\_\_\_  
Notary Public for the State of Montana (type or print name)  
Residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

<sup>1</sup> Suggested signatories include the chief elected official (Mayor, Chairperson of County Commission, Tribal Chairperson and/or Tribal Council Members), city or county clerk or treasurer, or other local officials. Consultants under contract may not be a signatory.  
<sup>2</sup> Suggested witness is an elected official other than one of the three signatories.

DEPARTMENT OF ADMINISTRATION  
STATE ACCOUNTING BUREAU  
PO BOX 200102  
HELENA, MT 59620-0102

204 - ELECTRONIC  
FUNDS TRANSFER  
SIGN UP

Questions please contact Warrant Writer: E-Mail: [warrantwriter@mt.gov](mailto:warrantwriter@mt.gov), Phone: 444-3092, Fax: 444-2812

Note: All incomplete/alterred forms will not be processed.

1) Request Type:  Initial Request (1-7,10)  Change/Add Account (1-10)  Remove Account (5-10)

2) I, \_\_\_\_\_, hereby certify that the account indicated on this form is under my direct control and access; therefore, I authorize the State Treasurer as fiscal agent for the State of Montana to initiate, change or cancel credit entries to that account as indicated on this form.

This authority is to remain in full force and effect until the State of Montana has received written notification from either me or an authorized officer of the organization of the account's termination in such time and in such a manner as to afford the State of Montana a reasonable opportunity to act upon it.

3) New Bank Information:

Bank Name: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

4) Account Type:  Checking  Savings

5) Supplier Name: \_\_\_\_\_

6) Tax ID Number: (must be 9 digits) \_\_\_\_\_ Type:  SSN  FEIN

7) Address: (limited to 45 characters per line)

Line 1 \_\_\_\_\_

Line 2 \_\_\_\_\_

Line 3 \_\_\_\_\_

City \_\_\_\_\_ State/Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Country \_\_\_\_\_ Phone Number \_\_\_\_\_

E-mail \_\_\_\_\_

8) Confirmation of existing bank account information:

Bank Name: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Account Type:  Checking  Savings

9) This authorization will remain in effect until either cancelled in writing or an updated form is submitted to the Agency you currently do business with.

10) Authorized Signature	Title (If Applicable)	Date
_____	_____	_____

REVISED 8/2019

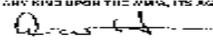


# Liability Insurance Requirements

- **Insurance coverage is a requirement for the contract with Commerce**
- **Must provide current proof of insurance throughout project**
- **Commerce must be named as an additional insured**



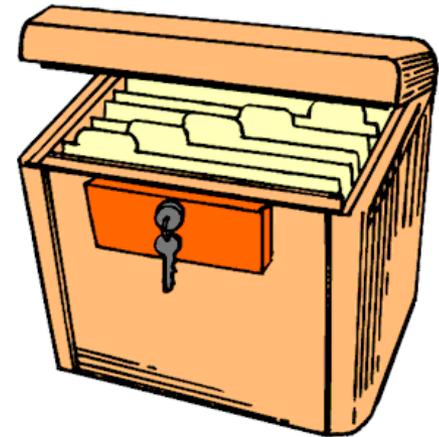
# Example Insurance Certificate

CERTIFICATE OF LIABILITY COVERAGE						
<b>POOLED RISK RETENTION GROUP</b> <b>MONTANA MUNICIPAL INTERLOCAL AUTHORITY (MMA)</b> PO BOX 6869 HELENA MT 59604-6869  PH: (406) 443-0907 FAX: (406) 448-7440			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE INITIAL MEMORANDUM OF LIABILITY COVERAGE EFFECTIVE AS OF JULY 1, 2010 (MEMORANDUM) AND ITS DECLARATIONS, AND THE REINSURANCE AGREEMENTS 2010-2011 ENTERED INTO AMONG GOVERNMENT ENTITIES MUTUAL, INC. (GEM), MUNCH RESINSURANCE AMERICA, INC. AND THE MMA.			
<b>COVERED PARTY</b> Town of Big Sandy PO Box 381 Big Sandy MT 59520			<b>TYPES OF COVERAGE</b> COVERAGE LETTER    A    General Liability COVERAGE LETTER    B    Public Officials Errors and Omissions COVERAGE LETTER    C    Employment Practices COVERAGE LETTER    D    Employee Benefits Liability COVERAGE LETTER    E    Land Use Practices			
<b>COVERAGES</b> THIS IS TO CERTIFY THAT THE COVERAGE HAS BEEN ISSUED TO THE COVERED PARTY NAMED ABOVE FOR THE PERIOD INDICATED. IT IS NOT STANDING AND NOT SUBJECT TO THE TERMS, CONDITIONS OR ANY CONTRACT OF THIS POLICY OR WITH REGARD TO THE POLICY. THIS CERTIFICATE MAY BE ISSUED FOR ANY PERIOD, THROUGH THE EXPIRATION OF THE POLICY, SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS AND CO-INSURANCE OF SUCH REINSURANCE.						
COV. LETTER	TYPE OF COVERAGE	INS. POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRES ON (MM/DD/YY)	AMOUNT OF LIABILITY	AMOUNT OF LIABILITY
A	GENERAL LIABILITY (including AUTO LIABILITY) <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	750,000
B	PUBLIC OFFICIALS ERRORS AND OMISSIONS <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	750,000
C	EMPLOYMENT PRACTICES <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	1,500,000
D	EMPLOYEE BENEFITS LIABILITY <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	500,000
E	LAND USE PRACTICES <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	500,000
	NON-MONETARY CLAIMS <input checked="" type="checkbox"/> Occurrence	1000RP	07/01/10	07/01/11	\$25,000,000	100,000
	COVERAGE UNDER COVERAGE A AND B EXTENDS TO LIMITATIONS OR GOVERNMENTAL LIABILITY AS SET FORTH IN SECTION 2.12 OF THE POLICY.	0111-BUL-00800	07/01/10	07/01/11	\$25,000,000	200,000
	AGGREGATE LIMITS OF LIMITS OF COVERAGE FOR VARIOUS TYPES OF OPERATIONS: <input checked="" type="checkbox"/> PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY <input checked="" type="checkbox"/> EMPLOYMENT PRACTICES LIABILITY <input checked="" type="checkbox"/> EMPLOYEE BENEFITS LIABILITY <input checked="" type="checkbox"/> LAND USE PRACTICES LIABILITY	1000RP	07/01/10	07/01/11		10,000,000 10,000,000 10,000,000 25,000,000
Regarding: The Montana Department of Community Development's memo as additional covered party subject to the terms and conditions of the Memorandum of Liability Coverage.						
<b>CERTIFICATE HOLDER</b> MT TSEP-CG-10-458 Community Development Division MDC PO Box 200523 Helena MT 59620-C523			AUTHORIZED REPRESENTATIVE  AUTHORIZED REPRESENTATIVE			



# Establish Project Files

- **Good record keeping is crucial to successful management of the project**
- **Original and complete documentation for the project is *required* to be retained in the offices of the local governing body or district and made available to the public if requested**



# Timely Project Completion

- **HB 11 identifies these two important dates:**
  - If start-up conditions have not been met by September 1, 2024, the project will be reviewed by the next regular session of the Legislature and could potentially be withdrawn
  - HB 11 states a grant recipient *must* meet start-up conditions by September 30, 2026 or the grant will automatically terminate
- **Commerce Contract will identify:**
  - MCEP grant recipients are required to incur construction costs by September 30, 2027 or the grantee will need a written extension request



# Questions?

Contact Us... We are here to help

406-841-2770

[DOCCDD@mt.gov](mailto:DOCCDD@mt.gov)

