

APPENDIX A

Application Criteria Questions

A. INTRODUCTION

The CDBG policies established by Commerce guides the review of CDD CDBG applications. Applications should be as concise as possible; however, the applicant may use as many pages as necessary to adequately explain the proposed project. Only information pertaining directly to the proposal and the CDBG Ranking Criteria should be included.

B. RANKING CRITERIA

Each application will be evaluated according to each 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. The list of general definitions and scoring levels are used as a guide in determining scores for each criterion.

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

Maximum Possible Points

Ranking Criterion #1 (Community Planning)	175 Points
Ranking Criterion #2 (Need for Project)	175 Points
Ranking Criterion #3 (Project Concept and Technical Design)	150 Points
Ranking Criterion #4 (Community Efforts and Citizen Participation)	100 Points
Ranking Criterion #5 (Need for Financial Assistance)	200 Points
Ranking Criterion #6 (Benefit to Low and Moderate Income Persons)	150 Points
Ranking Criterion #7 (Implementation and Management)	175 Points
TOTAL MAXIMUM POSSIBLE POINTS	1,125 Points

A Public Facilities application must receive a minimum score of 700 points in order 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.

CDBG applicants are required to submit narrative responses that describe the relationship of their proposed CDBG project to each of the ranking criterion, except where noted otherwise. Some criteria can be scored using the information provided in the *Uniform Application Form and the preliminary engineering report (PER) or the preliminary architectural report (PAR)*. For ranking criteria #2 and #3, applicants are not required to provide a narrative response if the PER addresses the questions and unless there is additional information that they believe would impact how the priority will be scored. While applicants need to provide a response that addresses each criterion, applicants are encouraged to be succinct and not repetitive.

In order to avoid unnecessary duplication, the applicant can reference other pertinent portions of the application or appendices in the narrative responses to the criteria. However, the applicant should not reference another portion of the application, such as the PER, 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.

RANKING CRITERION #1	175 Possible Points
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The “Community Planning” criterion considers the following, relative to the capacity of the applicant:

- The adequacy and thoroughness of the planning process and citizen participation efforts 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 expressed public opinion and the applicant’s community development objectives, as well as the national and state objectives for the CDBG Program;
- The degree to which the applicant has considered the needs of LMI residents and how the proposed project will benefit or impact LMI persons; and
- Whether the applicant has provided a reasonable rationale for selecting the proposed CDBG project over other community development and housing needs that were identified.

Criterion #1 Questions

Community Planning

1. Describe the processes used to determine overall community development needs?
2. Has the applicant described relative priorities for responding to the identified overall community development needs?
3. Has the applicant described and documented overall community development needs, including the needs of LMI persons, in the following areas?
 - a. economic development,
 - b. housing and neighborhood renewal, and
 - c. public facilities.
4. Has the applicant described and documented the actions or activities planned to meet the identified overall community development needs in the following areas?
 - a. economic development needs;

- b. housing and neighborhood renewal needs; and
 - c. public facility needs.
- 5. How does the community's planning documents address needs of disadvantaged persons or groups in the community?
- 6. How does the community's planning process and planning documents encourage and support fair housing activities?
- 7. What agencies, groups, and organizations does your community involve in the planning process, including the identification of special needs related to disadvantaged populations in the community?
- 8. Has the applicant documented the community's (city, town or county) on-going, long-term commitment to long-range community planning for public facilities by:
 - a. preparing and adopting a Growth Policy in accordance with Section 76-1-601, [MCA](#), which includes a "strategy for development, maintenance, and replacement of public infrastructure" (Include a copy of the Growth Policy.); and
 - b. specific implementation and subsequent revision of the Growth Policy?

NOTE: Short term community efforts will be generally viewed as those that have occurred recently. Long term community efforts will be generally defined as those that have been on-going, continuing, or regularly updated and kept relevant, as appropriate (for example, a community that has had a capital improvements program for several years and regularly uses it in conjunction with their annual budget process and updates it yearly. This would apply to the adoption, regular maintenance, a documented use of growth policies, and/or capital improvements programs. In the Public Facilities category, this applies to the adoption regular maintenance, documented use of growth policies, and/or capital improvements programs.

- 9. Have there been substantial past efforts to deal with overall community public facilities problems through a long-term commitment to capital improvement planning and budgeting?
- 10. Is there an adopted Capital Improvements Plan (CIP)? Attach a copy of it.
- 11. Is the CIP current and updated annually in conjunction with the annual budget process?
- 12. Has the applicant described efforts to deal with public facilities problems through a long-term commitment to capital improvements planning and budgeting?
- 13. Has the applicant described capital improvements accomplished in conjunction with the CIP and the local government's budget process?
- 14. Has the applicant described efforts to keep the CIP current through annual updates or periodic revisions?
- 15. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant? Has the applicant included a copy of the relevant plan documents?
- 16. If the applicant is a county water and sewer district, how does the proposed project fit in the county's growth policy?

17. In addition to capital improvements planning, have there been additional efforts to deal with overall community public facilities problems by raising taxes, monthly user charges, hook-up charges 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?
18. For all projects, has the applicant provided a description and history of the system or project's operation and maintenance budgets and practices and described whether future improvements can be funded through reserves/depreciation accounts with only minimal assistance from state federal grants?
19. Have reasonable operation and maintenance budgets and practices been maintained for the facility over the long-term, including adequate reserves for repair and replacement?
20. Are there indications that the problem is not of recent origin, or that the problem has developed because of inadequate operation and maintenance practices in the past?
21. If 'yes' to question 17: Has the applicant thoroughly explained the circumstances and described the actions that will be taken in the future to assure that the problem will not reoccur?

NOTE: An adopted CIP is not a prerequisite for applying for CDBG funding, although an applicant will typically receive more points during the ranking process if it has done so. CDBG encourages applicants to budget for and develop a CIP that (a) covers at least a five year period and (b) meets all of CDBG's CIP requirements.

22. Has the applicant identified any significant patterns or concentrations of lower income households or groups of particularly disadvantaged persons (such as single parent heads of households or seniors) within the boundaries of the applicant local government?
23. Has the applicant documented consideration of public facility problems or other community problems that especially affect the welfare of LMI residents? Has the applicant shown how the proposed CDBG project would benefit or impact these persons?
24. Has the applicant demonstrated that the proposed project is reasonable and appropriate, given long term demographic trends as reflected by appropriate Census estimates – for example, population increases or decreases, growth in unincorporated areas, increases in elderly population, etc.?

NOTE: Please visit the CDBG website for additional information regarding Census. The information will include a web address for 1970, 1980, 1990, and 2000 Census information for all Montana counties, incorporated cities and towns, and special Census Designated Places, as well as links to the most recent population estimates for counties and cities. For more information, including 2010 census data, see the [Montana CEIC \(Census and Economic Information Center\) website](#).

National and State CDBG Objectives

1. Has the applicant documented that the proposed project is consistent with the primary objective of the CDBG Program: "The development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for LMI persons"?
2. List the state objective that is most appropriate and pertinent to the proposed project. See the Application Appendices for additional information.

Other Information

1. Provide any other pertinent information that may improve the score for this ranking criterion.

Additional considerations for this ranking criterion:

A Special Note to 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 (such as a Human Resource Development Council) which serves county residents; or
- 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 Application, contained in these guidelines, 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:

- the county's overall, county-wide community development needs (including the unincorporated geographic area of the county); and
- 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 of the basic CDBG project categories:

- economic development,
- housing, and
- public facilities.

Community Needs Assessment and Planning Processes

Montana’s CDBG Program intends that governments take full advantage of their local planning programs and not unnecessarily duplicate their local planning efforts solely for the purpose of complying with the CDBG "community needs assessment" requirement. In many cases, a local government may have already identified community development and housing needs and activities to meet the needs by preparing a community growth policy.

Where a community has an existing, adopted growth policy, Commerce strongly encourages local officials to use it to meet the requirement that CDBG applicants identify community development and housing needs and activities to meet those needs. Commerce discourages stand-alone planning activities or community surveys that are intended only for CDBG application purposes and are not being coordinated with the local government’s on-going planning program.

There is no single procedure that applicants should use in identifying community development needs and possible solutions for those needs. [Montana’s Growth Policy Resource Book](#) is also available to assist those communities that

have chosen to update existing growth policies or prepare a growth policy for the first time. The department's Community Technical Assistance Program is available to provide more information on community planning; they can be reached by email: MDOCCTAP@mt.gov.

The CDBG Program requirement is that each local government applicant for a CDBG Public Facilities or Housing project must conduct a planning process that assesses:

- the applicant's community development needs, including the needs of LMI persons; and
- the activities it plans to meet the identified community development needs.

The task of identifying needs may be assigned to the local planning board. Needs may be identified using special short-term task forces, citizen committees, community-wide town meetings, neighborhood meetings, or interviews with community leaders. A number of communities have prepared "Resource Team Assessments" in conjunction with the [Montana Economic Developers Association](#) (MEDA). Contact Gloria O'Rourke at Montana Economic Developers Association: gloria@medamembers.org.

Several counties and multi-county areas have prepared a "Comprehensive Economic Development Strategy" (CEDS) with funding from the [U.S. Economic Development Administration](#) (EDA). The CEDS is a prerequisite for receiving financial assistance from several EDA programs. Some Montana communities have developed "Community Action Plans" with grants from the [U.S. Forest Service](#). Other Montana communities have prepared "Needs Assessments," "Strategic Plans" or "Community Vision Plans," many with assistance from the community development staff from [Montana State University's Cooperative Extension Service](#).

The intent of the needs assessment process is to provide a community with a list of potential projects or actions (in the areas of housing, economic development and public infrastructure) that could be pursued over a period of years in order to improve the community. The CDBG requirement to evaluate community needs and identify activities to meet them can also provide an opportunity to review existing special-purpose plans such as for capital improvements, economic development, housing, or neighborhood renewal areas to determine if they still adequately reflect current conditions, needs, and community priorities.

RANKING CRITERION #2

175 Possible Points

The "Need for Project" ranking criterion considers the overall need for the activities to be addressed with CDBG funds in comparison with the other public facilities projects submitted for funding. Applicants proposing CDBG-funded activities that, overall, will address the most severe and immediate needs will receive the highest score.

Priority will be given to projects that are designed to eliminate serious and immediate threats to the public's health or safety. Combining high priority activities with activities considered lower priority may result in the assignment of a lower overall rank. (Applicants who are or have also applied to the TSEP program will note that the ranking questions are similar to Statutory Priority #1 for TSEP).

In documenting the need for the proposed CDBG project activities, applicants should address the immediacy of the public 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. The need for the proposed project activities will be assessed by using existing criterion or recommendations of other appropriate public or private agencies, whenever possible.

In ranking applications for non-water/wastewater projects, CDBG will also place priority on public facilities that would directly assist low income residents of the community or particularly disadvantaged persons (minorities, single parents with children, elderly or children, or the physically or mentally disabled). In these cases, CDBG will also consider the proportion of the total community assisted.

For water and wastewater projects, the information necessary to score this priority will be taken from the applicant's PER. Water and wastewater project applicants do not need to provide any narrative response to this priority, unless providing additional information not contained in the PER. The following criteria are listed here simply to inform applicants of the issues that will be looked at in the scoring of this priority.

If the exact same project and PER was evaluated and scored previously through the Treasure State Endowment Program (TSEP) or CDBG ranking process within two years prior to the application deadline, CDBG will accept the score for health and safety awarded to the applicant. If any component of the proposed project has changed from what was proposed previously, the MDOC reserves the right to re-evaluate the PER and/or assign a score different from the one assigned previously.

For other public facilities projects (i.e., non-water and wastewater projects), such as senior centers, nursing homes, or medical clinics, the information necessary to score this priority will be taken from:

- a. the applicant's PAR or PER, as applicable; and
- b. the applicant's narrative response to the application ranking issues, and
- c. questions and requirements for non-water and wastewater projects listed below.

Criterion #2 Questions

1. Do one or more serious deficiencies exist in a basic or necessary community public 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 that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, or safety problems or hazards?
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. Is the entire community or a substantial percentage of the residents of the community seriously affected by the deficiency, as opposed to a small percentage of the residents?
5. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard? If yes, describe the standard being violated.
6. Does the standard that is being violated represent a significant threat to public health or safety? For each standard being violated as listed in e, identify which of the public health or safety problems as listed in b are associated with it.
7. 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 attach a copy of it.
8. Are there any reliable and long-term management practices that would reduce the public health or safety problems?

Non-water and Wastewater Projects

1. Does the proposal directly assist low income residents of the community or particularly disadvantaged persons (minorities, single parents with children, elderly or children, or the physically or mentally disabled)?

2. What proportion of the total community will be assisted, if funded? Other Information

1. Provide any other pertinent information that might improve the score for this ranking criterion.

Additional considerations for this ranking criterion:

REQUIREMENTS:

1. Preliminary Engineering Report

- a. Applicants requesting assistance for water and wastewater projects must submit a PER prepared by a licensed, professional engineer that meets the minimum requirements described on the Department's website and in the [Uniform Application for Montana Public Facility Projects](#) (most current version).
- b. For CDBG public facility applications proposing drinking water and wastewater projects, the "Need for Project" and "Project Concept and Technical Design" ranking criteria scores will be based on the information provided in the applicant's PER. Applicants for these types of projects will be asked to review and comment on the first draft of CDBG's Engineering Review Report related to the "Need for Project" and "Project Concept and Technical Design" ranking criteria. Applicants may not introduce information not already included in the original application or PER, but they can point out or clarify information that may have been overlooked or misinterpreted in the initial review of the application or PER.

2. Preliminary Architectural Report

- a. Applicants requesting assistance for the construction of a new building or rehabilitation of an existing building must submit a PAR prepared by a licensed, professional architect that meets the minimum requirements described in the guidelines found on the department's website (Preliminary Architectural Report).
- b. Applicants may reference the PAR in responding to the "Need for Project" ranking criterion.

RANKING CRITERION #3

150 Possible Points

The "Project Concept and Technical Design" criterion considers:

- the degree to which the applicant has developed a reasonable, complete, and appropriate proposal for dealing with its public facility need, and
- whether the proposed project thoroughly 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.

For water and wastewater projects, the information necessary to score this priority will be taken from the applicant's PER. Water and wastewater project applicants do not need to provide any narrative response to this priority other than that provided in the PER, unless they are providing additional information not contained in the PER. The following criteria are listed here simply to inform applicants of the issues that will be looked at in the scoring of

this priority.

For non-water/wastewater projects, the information necessary to score this priority will be taken from both:

- the applicant's PAR and PER, as applicable; and
- the applicant's required narrative response to the ranking issues, questions and requirements for other than water/sewer projects that are listed below.

Criterion #3 Questions

Water and Wastewater Projects

1. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
2. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project? If any deficiencies will remain upon completion of the proposed project, provide a plan for when those deficiencies will be resolved.
3. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems. If the most serious public health or safety problems will remain unresolved, provide a reasonable justification for the proposed project.
4. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
5. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
6. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
7. Have potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
8. For projects involving community drinking water system improvements, is there a water metering system for individual services or a plan to install meters? In cases where meters are not proposed, the PER must thoroughly analyze the conversion to a water metering system and persuasively demonstrate that the use of meters is not feasible, appropriate, and/or cost effective.

Non-Water/Wastewater Projects

1. Does the technical analysis (PER or PAR) provide all necessary information to adequately evaluate the proposal and did the analysis evaluate the entire system, facility, or structure (as applicable for the type of

project) in order to identify all potential deficiencies?

2. Does the proposed project completely resolve all of 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?
3. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, has the applicant explained why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems?
4. Were all reasonable alternatives thoroughly considered, and does the project concept and technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
5. Has the applicant shown how the proposed technical design thoroughly addresses the deficiencies to be resolved and provides a reasonably complete, cost-effective and long-term solution?
6. Has the applicant documented that all projected costs are reasonable and well supported?
7. Has the applicant assessed 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?
8. Has the applicant documented 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?
9. If a proposed public facility project will be owned and/or managed long-term by a sub-recipient local entity, such as a non-profit organization:
 - a. Has the applicant described the alternatives that were considered before selecting the proposed option and has developed a well-reasoned and achievable proposal? If applicable, discuss alternatives as referenced in the PER or PAR.
 - b. Has the applicant shown how the project concept and proposed technical design represents the most efficient, appropriate, and cost-effective option for resolving the identified public facility need, considering the size and resources of the community, the complexity of the problems addressed the cost of the project, and the proposed implementation schedule?

Other Information

1. Provide any other pertinent information that might improve the score for this ranking criterion.

Additional considerations for this ranking criterion:

CDBG will use the parallel TSEP ranking criterion general scoring definitions to rank the project concept and technical design for the proposed CDBG project.

CDBG will use the Department’s guidelines for reviewing this criterion as it applies to the Preliminary Architectural Report. These guidelines can be found on the Community Development Division’s website: <http://comdev.mt.gov/default.mcp.x>.

The CDBG program encourages the use of water meters, whenever appropriate. A PER prepared for water system improvements must include an analysis of the feasibility of installing water meters and converting to a billing system based upon meters in cases where meters are not currently utilized and meters are not proposed as part of the project. No analysis of feasibility is required where meters are proposed to be installed. The analysis should include projections of the potential water conservation savings due to meter conversion and estimated installation and long-term maintenance and operations costs. Though local governments are not required to convert to a metering system as a precondition of receiving CDBG funds, local governments choosing not to convert to meters are expected to present a sound rationale why conversion would not be appropriate or cost-effective over the long-term.

For non-water or non-wastewater projects, applicants need to pay particular attention to HUD lead-based paint requirements when considering rehabilitation of public facilities such as hospitals, Head Start buildings, nursing homes, etc. New regulations define work practices that must be followed when dealing with lead-based paint in older structures. The regulations also expand requirements to protect occupants and workers from lead-based paint hazards until lead hazard reduction work is completed.

RANKING CRITERION #4	100 Possible Points
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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;
- other non-financial community efforts by the applicant to assure adequate and cost-effective public facilities, including long-term operation and maintenance practices; and
- the applicant's commitment to long-range planning for infrastructure needs, as demonstrated by the adoption and/or update of 1.) a growth policy which includes a strategy for development, maintenance, and replacement of public infrastructure and/or 2.) a capital improvements plan for public infrastructure; and
- where applicable, progress made by the local government to implement its growth policy and capital improvements plan.

Criterion #4 Questions

Citizen Participation

1. Has the Applicant described the process used to encourage citizen participation in the identification of overall community development needs, and the actions or activities it plans to meet the identified needs?
2. Has the applicant described the dates, times, and locations of the two required public meetings and provided copies of attendance lists, meeting summaries or minutes sufficient to reflect comments made

by local officials and the citizens attending?

3. Has the applicant described and documented its efforts to encourage citizen participation, including efforts to involve LMI residents, in the process of identifying overall community needs, possible activities or actions to address them, and the selection of the CDBG project and project area? In addition to including documentation of public meetings, include documentation of newspaper articles, copies of special mailings, public opinion surveys, letters of support, etc.
4. Has the applicant provided an analysis and interpretation of the responses to any needs assessment or survey and the implications for possible activities or actions to address identified needs or concerns?
5. Has the applicant documented that the proposed project is consistent with expressed public opinion and that it has strong public support?
6. Was the public informed of the estimated cost per household that will result from the proposed project, such as anticipated increases in property tax assessments, user charges, or fees?
7. If public comments suggested that the project could potentially have any negative impacts on the community, community service providers or recipients, or LMI, senior, or disabled persons living in the community, has the applicant described and documented these comments and the official response to such comments?
8. Has the applicant documented that the wishes of potential project beneficiaries been solicited and articulated through meetings, surveys, or other means?
9. Has the applicant demonstrated that the project reflects the expressed preference of potential project beneficiaries regarding project details such as location, design, and scope?
10. Has the applicant provided the rationale for selecting the proposed CDBG project over other potential community projects that were considered?
11. Has the public had reasonable opportunity to make comments on the proposed project and have any concerns been addressed by local officials?
12. How does the public participation process include and address the needs of disadvantaged persons or groups in the community?

Local Community Improvement Efforts and Activities

The following questions apply to the overall community development efforts and the proposed project carried out by the applicant. These questions *may or may not* directly relate to your proposed project.

1. Has the applicant described efforts by local civic groups, including volunteers and community service organizations, to improve the community, demonstrating the commitment of local citizens to maintain and enhance the community?
2. Describe actions taken to encourage viable economic development projects that; for example, promote investment of private capital, expansion of local tax bases, and creation of permanent, year round principally for low and moderate income persons.
3. Describe actions and/or activities taken to conserve and improve the condition of existing housing units.

4. Describe actions and/or activities taken to revitalize deteriorated or declining neighborhoods through comprehensive improvement efforts.
5. Describe actions and/or activities taken to increase the impact of local housing programs through a public-private partnership.
6. What actions and activities has the community recently undertaken to meet the needs of disadvantaged persons or groups (such as those with special needs, lower incomes, female heads of household, minority, elderly, disabled citizens) in the community, including special actions to promote fair housing? These actions can be documented by attaching including community maps and analysis that geographically illustrate and support the actions taken.
7. Describe actions or activities taken to address serious deficiencies, detrimental to the public health and safety, in basic infrastructure and community facilities.
8. How does your community financially budget to meet its capital improvement and other community development needs, including the needs of disadvantaged persons or groups in the community?
9. Please include a description of the most recent taxable valuation of the community, mills levied, and value of a mill. Please also note whether mills levied have been raised, lowered, or remained constant for the last three years.
10. Has the applicant documented local contributions to carry out the proposed project, such as:
 - a. local cash or in-kind contributions to proposed activities?
 - b. absorbing some or all administrative costs, or other forms of direct financial or in-kind contributions to support the project?
 - c. other local efforts and contributions? (Please describe them.)
11. For projects involving drinking water system improvements:
 - a. Has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs?
 - b. Has the applicant adopted and implemented a source water protection program (wellhead protection plan) for a groundwater source?
12. If land acquisition is proposed: Have options to purchase the affected properties been obtained, *contingent on receipt of CDBG funding*? Were URA guidelines followed as necessary? If so, please attach documentation.

Other Information

1. Provide any other pertinent information that might improve the score for this ranking criterion.

Additional considerations for this ranking criterion:

To receive CDBG funds, the applicant must hold a minimum of two public meetings at times and locations convenient to the general public and with reasonable accommodations for handicapped persons. For meetings where a significant number of non-English speaking residents can be reasonably expected to participate, federal law requires that arrangements be made to have an interpreter present. In all cases, the local government must conduct the required public meetings, even if the local government is considering applying on behalf of a subrecipient

The first meeting must be held before preparing the application or a project has been decided on by the local government and the second prior to passage of a resolution by the governing body authorizing the submission of the application, unless re-applying for the same project submitted unsuccessfully in the previous year.

Applicants reapplying for the same project that was submitted unsuccessfully in the previous year must still hold at least one public hearing prior to the passage of the resolution by the governing body authorizing the submission of the application. The applicant should hold the hearing not more than three months prior to the date of application.

Public notice of the hearing (copies of the public notices or affidavits of publication for the notices) must be submitted with the application. Public notice by the city, town, or county must be provided before public meetings are held. Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. Where possible, notice should also be directed to LMI persons or those persons who will benefit from or be affected by CDBG activities and/or groups of LMI persons.

Applicants must provide documentation of the advertisement, public attendance records, and a summary of comments by local officials and citizens which is sufficient to reflect the comments made during the meeting, a verbatim record is not necessary.

The First Public Hearing

The purpose of the first public meeting is to provide an objective and neutral forum for considering overall community needs and potentially competing or alternative proposals for CDBG projects to address those needs.

The first hearing:

- is intended to identify and discuss overall community development and housing needs, including the needs of LMI persons, and to propose possible community improvement projects to meet those needs, before the local government makes a decision on what project(s) will apply for CDBG assistance,
- should inform the public about the amount of state CDBG funds estimated to be available to Montana communities, and the kinds of activities that are eligible to be assisted with CDBG funds,
- should be held at a neutral location, and
- should be held not more than twelve months prior to the application submission.

The Second Public Hearing

The purpose of the second public meeting is to give citizens and potential beneficiaries of the proposed CDBG project or project area (especially LMI persons) adequate opportunity to consider and comment on the proposed projects before the community submits the application. At the second public hearing, specific CDBG program requirements and related project issues should be reviewed. For example, if taxes or user charges will need to be increased as part of the cost of financing a CDBG project, it is especially important that residents be informed and understand the necessity of raising user costs.

The second hearing:

- should inform the public about the proposed projects that are being considered for CDBG funding including the details of the scope, design and financial responsibilities resulting from the project
- should discuss the impacts and benefits of the proposed project
- can be held at a non-neutral location (one near the proposed project site)
- should not be held more than three months prior to the date of submission

RANKING CRITERION #5

200 Possible Points

The "Need for Financial Assistance" criterion considers whether:

- 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, and documentation of local financial capacity clearly support the applicant's lack of ability to pay the projected costs without CDBG assistance;
- 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; and
- For water and wastewater projects, projected monthly user charges would increase as a result of the project to an amount equal to or greater than the "target rate" for the community, including the requested CDBG assistance.
- The amount of points assigned to a project for the "Need for Financial Assistance" ranking criterion will depend on the applicant's relative need for CDBG assistance compared with other applicants using an analysis of various financial indicators.

The financial need assessment will also serve as the basis for Commerce's recommendations regarding the amount of financial assistance to be awarded each project.

Criterion #5 Questions

Need for CDBG Financial Assistance

1. Has the applicant documented all serious efforts to consider all appropriate federal, state and local, public and private funding sources that could potentially assist with this project or demonstrated that other private, local, state or federal resources are not available at reasonable cost to address the identified need?
2. Has the applicant clearly explained and documented that the level of local financial participation in the proposed project is the maximum that can reasonably be expected?
3. Has the applicant documented that the community or county's request for CDBG financial assistance is necessary and reasonable relative to its financial capability?
4. For water and wastewater projects, 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.
5. Did the applicant meet the 25% local match requirement? If not, has the applicant made a request for waiver in response to this question and provide documentation that meets all of the following criterion:
 - a. 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; and
 - b. The financial analysis clearly indicates that higher local financial participation is infeasible or unappropriate. For water and wastewater projects, user rates would be more than 150 percent of the "target rate" (based upon the projected monthly rates with CDBG assistance); and
 - c. Other sources of funding are not reasonably available.
6. Has the applicant documented that the CDBG funds requested do not exceed \$20,000 per LMI household or individual assisted? If not, has the applicant documented the conditions listed in

question 5 (above)?

Questions for Projects Involving Non-profits, For-profits, or Local Public Agencies

Local Contributions

1. Has the applicant documented efforts by the applicant or non-profit or for-profit organization or the local public agency to make local contributions to the project, such as:
 - a. local cash or in-kind contributions to proposed activities;
 - b. absorbing some or all administrative costs; and/or
 - c. other forms of direct financial or in-kind contributions to support the

project? Past and Current Method of Operation

1. For the non-profit, for-profit, or local public agency, has the applicant provided financial statements for the most recent year of operation, with a complete narrative describing past and current financial operations?
2. If the non-profit (or for-profit) organization or entity or public agency is carrying debt, has the applicant explained the circumstances, the amount of the debt, and the terms and conditions? When will the debts mature?
3. Has the applicant provided a thorough line item discussion regarding current and proposed sources and uses of funds and their justification?

Future Operation Plan

1. For the non-profit, for-profit, or local public agency, has the applicant provided a detailed cash flow and budget projections for a period of three years after project completion, including a line item explanation of projected costs for the facility?
2. Did the non-profit, for-profit, or local public agency thoroughly describe its assumptions regarding long-term expenses and revenues and explained what makes them reasonable?
3. Has the applicant explained the projected debt service resulting from this project, and whether the non-profit, for-profit, or local public agency can be assured of sufficient cash flow for such debt obligations?

Other Information

1. Has the applicant provided any other pertinent information that might improve the score for this ranking criterion?

Additional considerations for this ranking criterion:

The information necessary to score this criterion may be taken from the financial information submitted in the *Uniform Application Form* and information provided by the applicant. 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.

Points are awarded using financial assessment tools, which makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The two indicators are:

Indicator 1.

The first indicator analyzes the relative economic condition of households, and is used in the financial assessment of each applicant. This analysis consists of ranking each applicant in relation to:

- a. the dollar level of the community’s Median Household Income (MHI);
- b. the percent of persons at or below the level designated as Poverty; and
- c. the percent of persons in the jurisdiction at or below the income level designated as LMI as defined by HUD

Median Household Income (MHI) is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI.

The data used in Indicator 1 (Economic Condition of Households Analysis) will be compiled by the Department of Commerce from MHI, LMI, and Poverty statistics derived from the official statewide data supplied by the U.S. Bureau of the Census. Applicants do not need to provide the census data.

However, for some applicants, there is no census data currently available for the specific project area, except to use census data for the entire county or city. Use of census data for the entire county or city may not accurately reflect the economic condition of households within the project area. Examples of applicants that are not likely to have census data currently available for the specific project area would be county water and sewer districts or a project that encompasses a particular neighborhood within a city.

As a result, for projects that do not have census data currently available, CDBG will compute the MHI, LMI and Poverty statistics by using data for the smallest geographical census area that encompasses the proposed project area. Upon request, CDBG staff can assist applicants to compute the MHI, LMI and Poverty statistics for the project area and determine the local government’s target rate. Potential applicants will need to provide a map clearly showing the boundaries of the project area along with any other references, such as roads and rivers that would help to locate the project area on the census maps.

INDICATOR 2:

This analysis consists of scoring each applicant based upon their proposed level of local financial participation relative to their ability to finance the project without CDBG assistance. The type of project determines the type of analysis that is used.

- a) In addition, the applicant must provide the current fiscal year millage rates and those for the three years immediately preceding the year of application. Please state the mill value for each of those three years. Specifically list how many mills and each year’s total mill value. Districts should submit County millage data.
- b) If current millage rates given are lower than the average rates levied during the previous three years, briefly explain why they are lower.

For Water and Wastewater Projects

For water, wastewater, or solid waste projects, that collect user fees, "Target Rate Analysis" is used to score each applicant based upon an applicant’s projected user rate as proposed in their application versus their predetermined benchmark or "target rate." Target user rates are based on a percentage of the community’s MHI. The points

awarded in the target rate analysis, are automatically computed and allocated based on a five level scoring system.

If an applicant's projected rates, after completion of the CDBG project, would be less than the target rate, the applicant is considered to have the ability to borrow for the project in place of CDBG grant funds. In other words, the analysis looks at whether the applicant has unused debt capacity which could be substituted for all of or a portion of the requested CDBG grant. If it can be reasonably concluded that an applicant has some capacity to borrow, CDBG staff would subtract the amount of borrowing capacity from the grant request to determine the amount of the recommended CDBG grant award, if any.

Each applicant proposing to assist a water and wastewater project must submit a Funding Strategy Narrative which would assure that projected user charges would, at a minimum, meet the [target rate](#) for the community for the public facility listed on the [CDBG website](#).

In order to be eligible for a CDBG grant, the applicant's projected rates, after implementation of the CDBG project, must be at or above the [target rate](#). If it appears that the applicant has sufficient debt capacity to finance the amount requested from CDBG such that the resulting increased user fees appear reasonably affordable for local citizens, MDOC will not recommend grant funding for the applicant. In the event an applicant has unique constraints on its capacity to incur debt for the system, which would prevent it from reaching the recommended [target rate](#), it should provide documentation from a recognized bonding firm, bond counsel, or qualified financial consultant to substantiate the limitation on its borrowing capacity.

Communities That Have Undergone Significant Demographic or Economic Changes

Any applicant may conduct an income survey in order to establish more current income figures. See Ranking Criterion # 6 (Benefit to Low and Moderate Income Persons) for more information on requirements for conducting an income survey.

For Non-Water and Wastewater Projects "GAP ANALYSIS"

Financial analysis for other public facility projects, such as senior centers, nursing homes, fire stations, and similar community facilities, funded through general taxes or other sources is different from water and wastewater projects which are enterprise systems and financed through user fees. Instead of [target rate](#) analysis, the analysis for projects financed through general taxes or other sources will look at the overall level of financial revenues available to assist the facility (e.g., taxes levied on residential households within the affected jurisdiction) versus an identified funding gap based on the lack of revenues.

For public facility projects other than water and wastewater, CDBG staff will conduct a "gap analysis" to determine applicants' relative financial need for grant funds. Financial gap analysis produces a conclusion regarding an applicant's ability to borrow funds or to otherwise finance a project without the use of CDBG funds. The analysis is based on the policy that applicants should receive CDBG support only to the extent that they cannot finance their projects without CDBG assistance.

The CDBG program will evaluate Public Facility projects that provide less than a community-wide benefit and serve a specific group of people based strictly on "gap analysis", that is, the application's documentation of the existence of a funding gap and the need for CDBG grant funds. The CDBG program receives a wide variety of non-water/wastewater projects that provide less than a community-wide benefit such as: Head Start Centers, Nursing Homes, Mental Health Facilities and Senior Citizen Centers that serve limited populations, rather than serving the entire community.

Often the clientele for these public facilities or services include high percentages of LMI persons. Each of these facilities has their own unique financial situation oriented to serving a particularly unique clientele and such facilities

typically do not receive funding from local governments. Community-wide public facilities such as: water and wastewater projects, hospitals, fire halls, or other projects that provide a community wide benefit will continue to be analyzed taking into account the economic condition of households and “[target rate analysis](#)” or “gap analysis”, whichever is appropriate to the proposed project.

RANKING CRITERION #6

150 Possible Points

The Benefit to Low and Moderate Income Persons considers: the applicant’s ability to meet the CDBG National Objective to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI).

In order to qualify for CDBG funds, a minimum of 51% of the beneficiaries must be documented as persons of low and moderate income. CDBG will accept:

1. The recorded LMI percentage as provided by the Census and HUD data as provided on the department’s
2. Description of how the proposed project demonstrates it qualifies under limited clientele, or
3. A survey, if your LMI percentage is below 51%, is acceptable if it has been approved by the program, or
4. Description of process used for direct benefit.

Applicants must provide:

1. a completed copy of the Benefit to LMI Form (below); and
2. a copy of the income survey materials and narrative to document how they arrived at the LMI percentage, applicable to those relying on an income survey only
3. a narrative response that explains and documents how the proposed project will principally benefit LMI persons, including specific documentation supporting claims of proposed benefit

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

Percent of LMI Documented	Points Awarded
0% - 50% percent benefit to low and moderate income	Project ineligible for CDBG funding
51% - 74% percent benefit to low and moderate income	120 Points
75% - 100% percent benefit to low and moderate income	150 Points

CENSUS

If the proposed project elects to use the American Community Survey Census data to document benefit to LMI, the applicant must provide a copy of the Census information and submit with this criterion, but does not need to provide a written response. Information is available at: <http://comdev.mt.gov/Resource/default.mcp>

LIMITED CLIENTELE

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 some form of documentation to verify that the services provided by the organization primarily serve a limited clientele population. For example, a homeless shelter could provide a copy of the organizations mission statement. Applicants should follow the guidance presented in the [Documenting Benefit to Low and Moderate Income Persons](#) handbook.

The list of limited clientele populations is below:

- abused children
- elderly persons
- battered spouses
- homeless persons
- severely disabled adults
- illiterate adults
- persons living with AIDS, and
- migrant farm workers

SURVEY

Applicants intending to conduct local surveys of household income must utilize the [appropriate HUD income levels](#) for each Montana county and follow the guidance presented in the MDOC handbook [Documenting Benefit to Low and Moderate Income Persons](#). Before conducting a local income survey, CDBG applicants should submit a draft of the survey form they intend to use to MDOC CDBG staff for CDBG review to assure that the results of the survey will be acceptable by CDBG standards.

All original income documentation must be retained by the applicant and must be available for review and verification if the application is selected for funding. The lack of adequate documentation to substantiate compliance with the LMI benefit requirement is considered sufficient grounds for the Department to withdraw a grant award.

A minimum of 51 percent of the non-administrative funds requested must be used for activities clearly designed to meet identified needs of LMI persons. 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. Applicants proposing to use CDBG funds for area-wide activities, such as community-wide public facility activities, must demonstrate that at least 51 percent of proposed project beneficiaries have low or moderate incomes.

DIRECT BENEFIT

Applicants that propose to provide a direct benefit to LMI households must provide a narrative response as to how the direct benefit information and calculation of income will be carried out. Applicants should follow the guidance presented in the MDOC handbook [Documenting Benefit to Low and Moderate Income Persons](#).

Criterion #6 Questions

All Applicants

Please provide a response to the questions below as it applies to your project.

1. Please list the percent of LMI that will be benefited from the proposed project:

Benefit to Low and Moderate Income: _____%

2. Please provide a narrative response, as it applies to the categories listed above, to explain how the proposed project will principally benefit LMI persons and comply with the CDBG LMI requirements?
3. In projects where direct financial assistance to LMI persons/households is proposed (such as paying assessments or hook-up costs for LMI households), the applicant must describe how LMI status will be documented by describing how the project will confirm the LMI status of beneficiaries and limit benefits to only LMI households or persons?

CDBG Benefit to LMI Form

A	B	C	D	E	F
ACTIVITY DESCRIPTION (Do <i>not</i> include <i>administrative</i> activities) Indicate whether calculations are shown for Households [H__] or Persons [P__]	NUMBER OF HOUSEHOLDS OR PERSONS THE ACTIVITY WILL SERVE	NUMBER OF <u>LMI</u> HOUSEHOLDS OR <u>LMI</u> PERSONS THE ACTIVITY WILL SERVE	PERCENTAGE OF <u>LMI</u> HOUSEHOLDS OR <u>LMI PERSONS</u> 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 \$

CALCULATING LMI BENEFIT FOR THE LOW AND MODERATE INCOME FORM

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 as long as the method selected is consistent with the method used to verify the household income levels. Contact CDBG 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 that the activity will serve. This is derived by dividing the number in column C by the number in column B for that activity.
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." In column F, list the amount of those funds that will be used to benefit LMI households. This is derived by multiplying column E by the percentage in

column D.

6. At the bottom of column E, list the total amount of non-administrative CDBG funds by adding up the CDBG funds requested for each activity.
7. 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.
8. 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 bottom of the Benefit to LMI Form.

RANKING CRITERION #7

175 Possible Points

The “Implementation and Management” criterion considers the following, relative to the capacity of the Applicant:

- 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 9 months of the grant award.
- 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 entity's) plans for assuring effective operation and long-term management of any assisted public facility; and
- The applicant's performance on past and current CDBG funded projects.

If an applicant proposes a project that is located in the floodplain, the local government must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If construction in a floodplain is the only practical alternative, the local government must design or modify the project in order to minimize any potential adverse impact on the floodplain, or potential adverse effects on human health or safety. In particular, applications for projects that would provide a community wastewater system to serve existing development located in a floodway will be considered, but the local government must agree that it will not allow any further connections to the system to serve any new development within the floodway or 100-year floodplain. Applicants must include a letter from the local agency administering the local floodplain regulations that the proposed project is permitted under the local government's adopted floodplain regulations.

Criterion #7 Questions

Project Management Plan and Implementation Schedule

1. Has the applicant provided a draft Management Plan that:
 - a. assures proper management of the CDBG project, including cost-effective financial management of grant funds, compliance with State and federal requirements, and timely

- completion of project activities;
 - b. identifies the person(s) responsible for day-to-day project management and financial management; and
 - c. thoroughly describes any contracted services necessary to carry out the project?
- 2. Has the applicant documented firm commitments for assistance from other local, state or federal funding sources?
- 3. If more than a single funding source or organization will be involved, has the applicant thoroughly described how these will be coordinated and directed?
- 4. Has the applicant provided assurances that:
 - a. all CDBG project start-up requirements will be met within 9 months of the date of announcement of grant award (including firm commitments of funds); and
 - b. the proposed project will be successfully completed within 2 year for community facility projects or 4 years for infrastructure projects of the final grant award?
- 5. Has the applicant demonstrated that all the administrative and technical issues involved in the proposed housing and neighborhood renewal project have been considered and appropriate responses to them have been developed?
- 6. Has the applicant demonstrated that the proposed project is feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the local applicant government, the budget, and implementation schedule proposed?

Proposed Project Budget and Budget Narrative

- 1. Has the applicant thoroughly explained and justified budget line items?
- 2. Has the applicant included a budget narrative outlining the rationale and assumptions for each line item?
- 3. Has the applicant explained how activity costs are prioritized? Non-profit and for-profit organizations may reference their responses to the appendix in these guidelines, as applicable.
- 4. Has the applicant documented that the 25% local match requirement has been met? If not, has the applicant provided documentation that the following three criteria have been met?
 - 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; and
 - The financial analysis clearly indicates that higher local financial participation is not feasible or appropriate. For water and wastewater projects, user rates would be more than 150 percent of the “target rate” (based upon the projected monthly rates with CDBG assistance); and
 - Other sources of funding are not reasonably available.
- 5. Has the applicant documented that CDBG funds requested do not exceed \$20,000 per LMI household or individual assisted or that all three of the conditions, as listed in question 4, have been met?

Impacts or Benefit to LMI Persons

1. Has the applicant documented proposed claims of benefit to LMI persons?
2. Has the applicant explained an administratively sound, cost-effective means of
 - a. minimizing any adverse financial impacts, and
 - b. maximizing benefits for LMI residents and community residents overall, such as “targeting” financial assistance to LMI households?
3. In cases where direct financial assistance to LMI households is proposed (rather than community- wide assistance or limited clientele assistance), has the applicant demonstrated/documentated:
 - a. the development of sound and cost-effective targeting procedures which are appropriate and feasible given the administrative resources of the Applicant; and
 - b. the targeting of assistance to LMI households which can be completed within the implementation schedule for the project?
 - c. Please provide a copy of the proposed policies and procedures that will be used to implement the direct targeting procedures.

Environmental Checklist

1. Has the applicant completed and included the Environmental Checklist in the [Uniform Application for Montana Public Facility Projects](#)?
2. Has the applicant included documentation of direct contact with all appropriate state or federal agencies to answer the Environmental Checklist’s questions?
3. Has the applicant thoroughly completed the environmental checklist by:
 - a. providing thorough and credible responses to each item, and
 - b. supplying specific sources of information for each of the environmental checklist topic areas?
4. Has the applicant demonstrated that the project will avoid adverse impacts on the environment, including potential historic resources?
5. Has the applicant described efforts to avoid adverse environmental impacts on the project including proximity to flood plains, hazardous facilities or sites, or incompatible land uses? (See the Environmental Checklist.)
6. If any concerns or adverse impacts have been identified, has the applicant provided appropriate responses to mitigate them?
7. Has the applicant explained 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?
8. Has the applicant provided evidence that all potential environmental, community planning, and regulatory constraints (such as consistency with local growth policy, zoning ordinances, building codes, state agency administrative orders, etc.) have been adequately anticipated and thoroughly addressed?

Long-term Management

1. Has the applicant thoroughly explained plans for assuring adequate, long-term management and operation and maintenance of the facility or project?
2. Has the applicant demonstrated that there will be sufficient staff and financial resources to operate the housing facility or project over the long-term after project completion?
3. Has the applicant thoroughly described and explained all projected costs for the future operation of the facility or project?

For Projects Involving Non-Profits, For-Profits, or Local Public Agencies

1. Has the applicant demonstrated the successful past long-term performance of the non-profit or for-organization(s) or local public agency?
2. Has the applicant thoroughly documented that the organization(s) has/have the capacity to assure cost-effective, long-term management of the facility?
3. Has the applicant demonstrated that the organization(s) has/have adequate financial resources to assure cost-effective, long-term maintenance of the facility?

Acquisition, Demolition, and Displacement

The Applicant must provide a plan addressing the administrative and technical issues, mechanisms and procedures that will be involved in carrying out any proposed acquisition, demolition, or relocation activities according to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. For more detailed information, please consult HUD's [Handbook 1378](#).

Applicants considering any acquisition of land or easements, including any project that proposes a CDBG activity on property already occupied by residential households, are urged to consult the CDBG/NSP Grant Administration Manual for guidance. In particular, if applicants are contemplating CDBG assistance to properties already occupied by residential households, there are URA notices that must be sent. Please contact CDBG for assistance in sending appropriate notices to comply with URA requirements. The Applicant must maintain all URA-related documentation.

Land or easements must also not be firmly committed for purchase with CDBG funds or any other proposed project funds until all CDBG-required environmental review procedures, including a release of funds by the Montana Department of Commerce have been completed. If formal agreements to purchase either land or easements with CDBG or other project funds are executed prior to CDBG environmental review, the project may not be eligible for funding.

1. If the project will involve acquisition of property easements, has the applicant documented efforts to contact landowners to gain their cooperation?
2. Has a buy-sell or other preliminary agreement for land acquisition been executed? If yes, please provide documentation.
 - a. Has an appraisal been completed? If yes, please provide documentation

- b. Has fair market value of the property been established? If yes, please provide documentation.
3. What URA-compliant notices have been sent to the potential property seller and/ or current tenants?
 4. If the proposed project would involve the temporary relocation or displacement of individuals or business or both, please answer the following questions:
 - a. What is the nature of the temporary relocation or permanent displacement that would occur?
 - b. Will businesses be temporarily relocated or permanently displaced?
 - c. Will households or individuals be temporarily relocated or permanently displaced?
 - d. What is the length of time that individuals or businesses will be either temporarily relocated or permanently displaced?
 - e. Has the applicant created a plan that adequately addresses temporary relocation or permanent displacement that may result from the proposed activities? If yes, provide documentation.
 - f. Have the costs related to temporary relocation or permanently displacement been budgeted for appropriately?

Procurement of Professional Services

If professional services will be necessary for implementation or management of the CDBG project, the Applicant must assure free and open competition following CDBG procurement guidelines and state law in procurement of those services. For more information on procurement requirements visit the CDBG/NSP Grant Administration Manual.

1. If procurement will be necessary for implementation/management of the project, has the applicant complied with CDBG guidelines and state law in procurement of those services?
2. If procurement has already taken place, has the applicant:
 - a. provided documentation regarding the procurement(s); and
 - b. documented that the procurement complied with CDBG requirements including but not limited to Section 3 and DBE compliance
3. Has the applicant shown that the procurement process used complies with CDBG procurement requirements as outlined in the CDBG [Grant Administration Manual](#) and according to the state law?

Program Income

1. Has the applicant documented program income expenditures (if any) for the last three years, in accordance with Commerce requirements?
2. If program income is expected as a result of this or other CDBG projects, has the applicant attached a Program Income Plan?
3. Has the applicant documented submission of the required annual program income reports to CDBG/Commerce?

Financial Management System and Audits

1. Has the applicant documented compliance with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, [MCA](#)?
2. Has the applicant documented establishment of a financial accounting system to properly account for grant funds according to generally accepted accounting principles? (Tribal governments must comply with auditing and reporting requirements provided for in 2 CFR Part 200.)

Status of Past and Current CDBG Funded Projects

1. Has the applicant provided information on the status of any open CDBG projects (housing, public facilities or planning grant contracts with CDBG), including project closeout reports, quarterly update reports, project completion information and closeout schedule?
2. In the case of currently open CDBG projects: has the applicant documented compliance with the current project implementation schedule contained in the CDBG contract with Commerce?
3. If applicable: has the applicant demonstrated that any audit findings or CDBG monitoring findings directly related to a previous CDBG grant award were satisfactorily addressed?

Other Information

1. Provide any other pertinent information that might improve the score for this ranking criterion.

Payment of Hookup Charges and Special Assessments

If a "targeting" approach is taken to benefit only LMI households (such as paying assessments or hookups for water or wastewater service for qualified LMI households), applicants must explain their proposed procedures and describe their plan for accomplishing this. There are regulatory requirements for projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. See the department's website for more information.

Program Income

Program Income is income earned by a grantee from a CDBG-supported activity, such as repayments of principal or interest to a local revolving loan fund program generated by housing rehabilitation activities. If a community received program income from a project funded after 1992, this program income may reduce the amount of funding awarded by CDBG. For more information on Program Income visit the department's website.