

Exhibit C Factor 1- Capacity

State of Montana

Filename: ExhibitCFactor1CapacityMontana.pdf

At 147,000 square miles and a total population of just over one million, the State of Montana is physically expansive and geographically diverse. Due in large part to its vastness, Montanans are decidedly independent and self-reliant when it comes to many aspects of their lives. This independence holds true beyond individuals, influencing how residents conduct themselves across personal and professional boundaries. Most Montanans, however, understand the value in working together, building on collective strengths to overcome individual weakness in the truest sense of community. While the goal of the State's approach to the Community Development Block Grant - National Disaster Resiliency (CDBG-NDR) grant is to respect and capitalize on this culture of independence, the approach also recognizes the age-old adage: the whole is only as good as the sum of its parts. Collaboration at the state and local level and across the private and public sectors is critical to any project's success. The State has significant knowledge, expertise, and technical capacity among the multitude of agencies committed to developing a state-wide resilience program. Together with our public and private partners, who will round out the State's multi-disciplinary teams, Montana has significant capacity and a demonstrated commitment to carry out the proposed program to increase resilience in how we do business.

The State of Montana identified the Montana Department of Commerce (Commerce) as the lead agency in the preparation of this application, and administration of the grant upon award. Over the past year Commerce has worked closely with three of its sister agencies in the preparation of the State's Phase 1 and Phase 2 applications for CDBG-NDR funds. The core agency team includes Commerce, the Disaster and Emergency Services (DES) Division of the Montana Department of Military Affairs, the Montana Department of Environmental Quality (DEQ), and the Montana Department of Natural Resources and Conservation (DNRC).

Additional agency partners have been identified through the development of Phase 2 and will be

incorporated as part of the multi-disciplinary state teams, providing assistance with project development and implementation alongside the qualifying MID-URN sub-county areas. Additional agencies identified at this time include the Montana Department of Transportation (MDT) and Montana Fish, Wildlife and Parks (FWP), as many of the resilient activities discussed with the eligible (MID-URN) communities dovetail with programmatic resources in both of these agencies.

Traditionally, state agencies tend to work within their own silos and focus on their individual areas of expertise. The irony is that many of the state-funded programs and services overlap, often affecting policy decisions and implementation across agency lines. Montana's state agencies have begun to recognize those areas of intersection and the benefit of coordinating resources and technical expertise to improve capacity and expedite delivery of services. Most recently, multiple state agencies came together to work on an application to the Center for Disease Control (CDC) for funding to improve collaboration on policy and design decisions when it comes to walkability in Montana communities. Representatives from Commerce, MDT, the Department of Public Health and Human Services (DPHHS), and private partner Bike Walk Montana have been actively working on collaborative efforts between agencies and private partners to promote walkability and related community health benefits through integrated long-range planning activities, design standards, and local land use regulations. After traveling to Nashville, Tennessee in the Spring of 2015 to participate in a Walkability Institute with other states and state agencies, team members from Commerce, DPHHS, MDT, and Bike Walk Montana worked to develop an action plan among state agencies, and held a summit in August to begin to introduce opportunities for collaboration to other agencies and private partners throughout Montana. This effort showcases Commerce's ability and capacity to work across

agency boundaries and incorporate external stakeholders in a broader conversation about collaboration.

This is a recent example of how Montana's state agencies are beginning to harness the power of collaboration, but Montana communities – including the identified MID-URN areas - and state agencies routinely work together on important projects. Commerce directly funds Community Regional Development Corporations (CRDCs) who work closely with local governments to implement economic development strategies and act as liaisons between the Department, local governments and business owners. Commerce routinely collaborates with DNRC and DEQ as co-funders of large scale public infrastructure projects such as water and wastewater treatment facilities. Within Montana's Emergency Response Framework (available at the following link: [http://montanadma.org/sites/default/files/MERF\\_2012\\_v1.2\\_0.pdf](http://montanadma.org/sites/default/files/MERF_2012_v1.2_0.pdf)), state agencies are assigned emergency response Essential Support Functions. If called upon to assist in a local emergency, the agencies implement response plans according to those assignments. Following a disaster, DES works closely with DNRC and DEQ to ensure that implemented response and mitigation measures are more effective moving forward. Additionally, there is solicitation and coordination between these agencies and local communities to plan, fund, and implement pre-disaster mitigation projects.

Commerce has significant experience and capacity to manage multi-faceted projects involving multiple consultants and a wide range of local governments. Over the past four years, the Community Technical Assistance Program (CTAP), housed within the Community Development Division (CDD) at Commerce, has provided in-depth technical assistance and professional planning expertise to communities in eastern Montana experiencing rapid population growth as a result of oil and gas development in the Bakken region. After an

extensive RFP process through the Montana Department of Administration, CTAP selected four experienced planning and engineering consultants to assist the State in providing these services directly to local governments, significantly increasing CTAP's capacity to assist eastern Montana communities. With a current biennial budget of \$500,000, CTAP and the consultants work collaboratively with communities to identify planning priorities and assist with the update and completion of long range planning documents as well as zoning and subdivision regulations, design standards, and annexation policies. The CTAP program will likewise be an important asset to the MID-URN sub-county areas throughout their planning and project development stage in the State's collaborative approach. In addition, the RFP process, direct management and assignment of consultants, and collaborative work with local governments is very similar to how the State will establish multi-disciplinary teams to assist MID-URN community project development and implementation. CDD's experience in consultant selection and coordination demonstrates significant capacity and expertise in this critical component of the State's approach.

Commerce also has agency capacity and experience administering programs of similar scope and scale to the CDBG-NDR opportunity. A detailed description of the wide variety of programs, resources, and experience at Commerce is provided in the paragraphs to follow. Commerce will be aided by the expertise of its partner agencies, which also have a significant amount of experience and technical capacity in disaster-related programs and projects that will contribute to the allocation, use, and successful leveraging of the CDBG-NDR grant funds. A description of each partner agency's experience in this realm is also provided below.

#### Montana Department of Commerce Administrative Capacity

Commerce will serve as the lead agency responsible for administering grant funds awarded through this competition, managing the Resilient Montana Program as described within this application, and organizing the multi-disciplinary teams to assist MID-URN communities in the development of their resilient projects from planning through design development and final construction.

Commerce has extensive expertise in administering a variety of grant, loan, and technical assistance programs that provide funding for planning and construction activities related to infrastructure, housing, and economic development. Commerce is structured in three primary Divisions – the Community Development Division (CDD), whose staff will lead the administration and execution of the CDBG-NDR grant funds and Resilient Montana program; the Tourism and Business Division, and the Housing Division. Each Division and their staff will participate in the multi-disciplinary teams, providing technical expertise in the development of multi-faceted projects within the MID-URN communities that not only address the remaining unmet needs identified but support true economic, social, and environmental resiliency at the local level.

CDD is divided into two Bureaus – the Planning Bureau and the Grants Bureau. The Division is overseen by an Administrator who is also a licensed attorney. The mission of the Division is to help communities through the process of conducting public, long-term community planning that will identify and prioritize needs in the areas of infrastructure, housing, economic revitalization, natural resource protection, and public safety. Communities that have gone through this process are then far better situated to apply for and obtain funding for prioritized needs through CDD's and other state and federal agency's grant programs. In this way, Division staff work closely

with one other, across Bureaus, as the grant programs and technical assistance provided by each overlap on multiple levels.

The Planning Bureau is the lead in the development of this application and the State's approach to resiliency; and will be integrally involved in the continued administration and implementation of the Resilient Montana Program. The Bureau Chief, a member of the American Institute of Certified Planners, oversees a staff of seven that is responsible for the administration of planning grants for three state-funded grant programs as well as the federally funded Community Development Block Grant program. The Bureau also oversees the Montana Main Street Program, which provides technical assistance to eligible communities across the state, supported by \$50,000 annually to Main Street communities to conduct downtown revitalization, historic preservation, and community planning efforts. The Bureau provides further technical assistance through the state-funded CTAP program, which offers statewide planning assistance to communities in the implementation and adoption of growth policies, subdivision regulations, and other planning documents and regulations. As previously mentioned, CTAP provides an enhanced level of technical assistance in the eastern portion of Montana recently impacted by rapid population growth related to oil and gas development. Administration of these planning grant programs includes the creation of grant guidelines, selection criteria, administrative procedures, and guidance for local governments. Technical assistance is provided through a variety of avenues and focuses on planning and revitalization best practices. Planning Bureau staff work closely with Grants Bureau staff on programmatic overlap.

The Community Grants Bureau is comprised of thirteen staff members responsible for the administration of project grants for all of the state's CDBG programs and the HUD-funded

HOME Investment Partnerships (HOME) and Neighborhood Stabilization Programs (NSP). The Bureau also administers the state-funded Treasure State Endowment Program (TSEP), which provides \$20 million biennially in planning and project grants to local governments for water, wastewater, and bridge infrastructure improvements, and the Quality Schools Program, which provides \$12 million biennially in planning and project grants to local school districts to improve public K-12 educational facilities across the state. In addition, the Bureau provides assistance and staff support for the Governor-appointed Coal Board and Hard Rock Programs, which provide funds for projects in communities impacted significantly by coal and hard rock mining operations. The Grants Bureau is also responsible for the creation and implementation of grant rules and guidelines, selection criteria, administrative procedures, and guidance and training for local governments, grant fund accounting, and project monitoring and reporting.

The Grants Bureau specifically has experience working with projects that propose redevelopment of existing structures for purposes that fulfill project objectives, which is one of program goals for the state's use of CDBG funds as set forth in the most recently updated Consolidated Plan for the State of Montana. Staff provides pre-development technical assistance, in-process guidance to ensure that all regulatory requirements are met and upon closeout, information is gathered to document the full scope of the redevelopment activity. Some past projects have included brownfields funds, which have been considered part of the leveraged funding and collaboration that occurs in conjunction with various project activities.

Both Bureaus within CDD have established technical assistance and monitoring processes for grant recipients, and monitor all projects to ensure compliance with state and federal regulatory requirements. Division staff has developed underwriting processes for each program to ensure that grants awarded to successful projects have long-term viability, and reviews applicants'



operation and maintenance practices, financial history, vacancy history, pro forma/long-term projections, business plans or market studies, debt capacity, and various other financial and programmatic considerations as applicable. The “life span” of a construction project averages 5 to 7 years for state-funded programs and 10 to 20 years for federal-funded programs. Staff implements specific regulatory requirements applicable to any given project and provides technical assistance throughout the life of the project based on scope and need. Established statewide procurement statutes and policies are required and already integrated into existing program guidance to assist with the implementation of state and federal grants, including CDBG-NDR funding if awarded. The Department has adopted an established electronic process to expedite the review and approval of contracts. Additionally, the contract management processes follow internal control procedures that are included as part of the program guidance for each funded project. Program policies also ensure consistency of contract templates to meet specific state and federal programmatic requirements. All Commerce programs adhere to the Civil Rights Act, Fair Housing Act, Age Discrimination Act, Americans with Disabilities Act, Section 504 of the Rehabilitation Act, the Hatch Act, Uniform Relocation Act Davis-Bacon Act, Section 3 requirements that encourage and track the participation of Minority and Women’s Business Enterprises in the procurement of services for HUD-funded projects, and compliance with the Affordable Care Act. All grant recipients are obligated to comply with these laws pursuant to the provisions of their grant contract with Commerce. Legal review is provided in-house to ensure all contracts follow the required program standards and are updated to include necessary provisions. Through the Department and other state and federal agencies, Division staff has access to legal expertise and guidance, fiscal capacity, human resources management, information technology support, transportation arrangements, statistical and research

information, and procurement assistance. Commerce undergoes biennial legislative audits that perform vigilant review of financial management processes.

CDD staff has extensive expertise in project management practices, including the development and implementation of internal control procedures, program processes, and timely disbursement of funds, reporting, and record keeping. Both Bureaus enjoy enhanced technical capacity through access to two staff engineers that regularly review project requests and preliminary design documents to provide input for the technical feasibility of proposed or funded projects, licensed staff attorneys, an AICP-certified planner, and experienced grant management staff across the Department. Staff continually seeks feedback from partners and grantees on internal control processes to increase program efficiencies, improve established practices, and demonstrate excellent outcomes.

All Department programs are subject to public review in order to be transparent to regulators and participants in the programs and ensure compliance with the public's Right to Participate and Right to Know provided by the Montana Constitution. Accordingly, program processes include various forms of public involvement such as public hearings and meetings, with conference call capabilities; webinars, in-person trainings, and focus group sessions; presentations at network partner conferences; legislative reports and testimony; grant application and administration manual adoption and amendments, accomplished through the state's administrative rulemaking procedure in accordance with the Montana Administrative Procedures Act; and one-on-one feedback sessions with all applicants following grant award decisions.

In addition, applicants applying for grant funding are required to hold public meetings to solicit feedback regarding the proposed project and make modifications as applicable prior to submitting a grant application. Public outreach and involvement is also a required part of any

planning process or project funded in whole or in part through CDD's Planning Bureau, and is often statutorily required for certain types of plan development, such as long-range plans and local zoning or subdivision regulations. Planning Bureau staff frequently provides assistance to local governments to ensure these requirements have been met. All publications and community outreach materials are provided in alternate formats and languages and are accessible to individuals with physical, communication, or other limitations. Commerce always invites the opportunity to make accommodations for accessibility.

CDD's administration of the multi-million dollar federal Neighborhood Stabilization Program provides an example of staff's ability to successfully establish a new federal program, allocate funds equitably and efficiently, and provide important community services to Montanans in need. The State of Montana received \$19 million in NSP funding in FFY 2009 and an additional \$5 million in FFY 2011; these funds were required to be implemented in an expedited manner in conformance with new and detailed regulatory requirements developed by HUD to address market disturbances and community impacts associated with widespread mortgage foreclosures. The combination of existing and new regulations coupled with the expedited timeframes created a complex program that was successfully implemented with an innovative structure to meet the advanced performance outcomes. Throughout the development of the NSP program, Division staff solicited public feedback, received applications, and implemented a new program that created over 250 new units of affordable housing throughout the state in conformance with all federal and state requirements. Additionally, new partnerships were established that broadened the Division's ability to carry out other activities and programs and expanded the network of entities that participate in the Consolidated Planning process and Bureau programs.

Both Bureaus maintain an established network of partners and financial resources from various fields including housing, economic development, engineering and architecture, public and community facilities, mental and public health, local governments, community resource organizations, and educational and professional networks. Planning and Grants Bureau staff routinely participates in regional and national collaboration with the National Council of State Housing Agencies (NCSHA), the Council of State Community Development Agencies (COSFDA), and the American Planning Association. At the State level, cross-agency program coordination is provided through involvement in the Water, Wastewater and Solid Waste Action Coordinating Team (W<sub>2</sub>ASACT), a group of professionals from state, federal, and non-profit organizations that finance, regulate, and provide technical assistance for the improvement of water, wastewater, and solid waste facilities in Montana. W<sub>2</sub>ASACT meets several times a year to find ways to improve our state's environmental infrastructure and provides a team-based approach to ensure all funding agencies work together with a local community to complete a successful project. Additionally, CDD participates in monthly Housing Coordinating Team meetings with the Housing Division at Commerce and other key stakeholder groups. Through the Consolidated Plan and implementation of addressing impediments to Fair Housing, Commerce works directly with vulnerable populations and their advocates, including the Montana Fair Housing Office and the Montana Human Rights Bureau.

The Tourism and Business Development Division and Housing Divisions at Commerce will also play an important role in bringing leveraging resources and subject-matter expertise to the Resilient Montana Program. The Tourism and Business Development Division oversees grants and loans that promote economic development in communities throughout the state. The Division manages the Big Sky Trust Fund, which provides economic development grants to

Certified Regional Development Corporations across Montana for job creation projects and economic development activities. The Division also houses the Census and Economic Information Center (CEIC), which provides a wealth of data and technical support to state agencies, local governments, and the general public. The Tourism and Business Development Division also offers economic revitalization assistance specifically to Montana's native populations through the Native American Collateral Support Program (providing collateral to primary lenders to support loans to native businesses) and the Indian Country Economic Development Program (providing financial support to Indian Country businesses, technical assistance to Indian entrepreneurs, project/business planning support, and a network of Native American business advisors). Three of Montana's eight MID-URN sub-county areas include tribal lands, increasing the importance of these programs and their potential leveraging capabilities in the face of unmet recovery needs and resilience planning for tribal communities. CDD and the Tourism and Business Development Division routinely collaborate on economic development projects co-funded with Tourism Infrastructure Improvement grants, Big Sky Development Trust Fund grants, and Workforce Training grants (among others).

The Housing Division creates affordable housing opportunities for Montanans whose needs are not met by the market. The Montana Board of Housing issues tax-exempt mortgage revenue bonds, using the proceeds to purchase qualified First-Time Homebuyer's mortgages from private lending partners and servicing those loans in-house. The Board also allocates Internal Revenue Code Section 42 Low-Income Housing Tax Credits to developers of affordable multi-family housing across Montana. The Division also administers the State of Montana's Project-Based Section 8 and Housing Choice Vouchers programs, and provides first-time homebuyer education and foreclosure prevention counseling using HUD funds through

community housing development organizations and other local partners. CDD and the Housing Division routinely collaborate on housing projects co-funded with CDBG-Housing, HOME, and Tax Credit resources.

#### Department of Military Affairs – Partnering Agency Experience and Expertise

The Disaster and Emergency Services Division (DES) of the Montana Department of Military Affairs has 24 full-time employees and three additional positions. DES manages \$30 million dollars annually, and currently manages disaster grants for Recovery and Mitigation, Emergency Management Performance, Homeland Security, Pre-Disaster Mitigation, Flood Mitigation Assistance, and Hazardous Materials Emergency Preparedness. Each grant program is responsible for its own project management in accordance with federal guidelines. This includes awards, implementation, financial tracking, monitoring, technical assistance, quarterly reporting, reconciliation and closeout. These grant procedures have been streamlined across programs to ensure continuity of operations, as needed.

The Department of Military Affairs has a Procurement Officer on staff in their Director's Office that ensures compliance with state and federal guidelines. DES has policies in place in accordance with the 2 CFR 200 in regard to accountability, quality control, monitoring, and internal audits. A desk review was just completed regarding several of Montana's DES grant programs and there were no findings.

DES evaluates project outcomes by asking participants in training opportunities to complete surveys regarding these exercises and this data is sent to Federal Emergency Management Agency (FEMA) headquarters. All other grant programs require continual on-site monitoring to ensure compliance, and at time of closeout FEMA and DES determine project outcomes. FEMA headquarters sends a quarterly report back to DES outlining each program's outcomes. DES

coordinates with FEMA and other subject matter experts to assist with providing technical assistance.

DES completes an annual Threat and Hazard Identification and Risk Assessment, as part of the State's 5-year update to its Pre-Disaster Mitigation Plan (available at <http://letsmitigatemontana.com>). DES conducts a vulnerability assessment and risk assessment for the state's natural hazards and incorporates extreme weather events and anticipated climate change into this analysis. DES is responsible for the development of several other statewide planning documents, including the State Preparedness Report, Strategic Plan, and Continuity Plan, which are all reviewed and updated annually. The Montana Emergency Response Framework, the state Emergency Operations Plan, is reviewed and updated biannually.

DES is responsible for the Flood Mitigation Assistance Grant that is only eligible to individuals who carry flood insurance. Additionally, DES provides technical assistance to local communities in their applications to FEMA for federal grants. All sub-recipients of FEMA mitigation grants are required to remain in compliance and in good standing with the National Flood Insurance Program. DES does not oversee the design of projects, but supports local projects that implement green infrastructure. DES works with other state agencies to assist local partners in meeting match requirements for FEMA grants, often working with the Montana FWP and DNRC to develop diverse funding packages in support of these grants. Additionally, DES assists with the development, submission, and process for local partners when implementing a land acquisition project. Currently, there are seven land acquisition projects that have been approved by FEMA in the State, with four complete and three underway. DES is currently processing applications for two jurisdictions under the Flood Mitigation Assistance Grant Program and the Hazard Mitigation Grant Program. Musselshell and Fergus Counties, both MID-

URN communities eligible for CDBG-NDR funds, are current recipients of acquisition funds to assist with the removal of repetitive loss structures from the floodplain.

DES conducts public meetings and receives public input through the development and update of the statewide Pre-Disaster Mitigation Plan. Following a disaster, DES visits affected jurisdictions to discuss the process to receive FEMA Public Assistance, Individual Assistance, and Hazard Mitigation grant funds. Additionally, DES has developed several community public education and outreach tools, including All Hazards School Checklists and the Mitigation Education Curriculum. DES has produced informational displays for various conferences, including those for the Association of Montana Flood Plain Managers, the Montana Education Association, and the Montana Federation of Teachers. DES has a very active social media campaign, broadcasting public service announcements on the Montana Public Radio Network, and supports outreach campaigns led by other agencies such as the Governor's Office of Community Service and the DPHHS. DES works closely with the Montana DNRC to develop specific disaster-preparedness outreach, including efforts for the National Preparedness Month, The Great Montana Shake Out, and Firewise. At the local level, DES assists with many public education and outreach programs prepared by local DES coordinators and has 6 District Field Officers that attend Local Emergency Planning Committee Meetings and assist local DES coordinators with all areas of emergency management.

Project coordination is essential to the mission of DES, as it serves as the lead emergency management agency for the state during times of natural and manmade disaster, and actively coordinates with other agencies and local governments to respond, recover, and mitigate natural and manmade disasters. DES coordinates the state Emergency Support Function as well as those stakeholders that are involved with the State Emergency Response Commission, whose members



are appointed by the Governor. When disaster strikes, DES activates the state's Emergency Support Function through the Montana Emergency Response Framework. The development of this framework required countless hours of collaboration with other state agencies to establish guidelines. DES is the only agency that works directly with the Montana National Guard to provide assistance during disasters.

Commerce and DES have historically collaborated on infrastructure projects co-funded with CDBG-Public Facilities, TSEP, and Coal Board grants, as well as disaster relief provided through the CDBG-Disaster Recovery funding program.

#### Montana Department of Environmental Quality - Partnering Agency Experience and Expertise

The Montana DEQ oversees the State Superfund and Brownfields Programs, assists with environmental cleanup and mitigation along Montana's major river corridors, and maintains information regarding hazardous chemical stocks located within the State. DEQ has immense knowledge and experience in preparing for and responding to disasters, both environmental and manmade. DEQ also administers a variety of grant and loan funding programs to assist with infrastructure development and improvements. DEQ's partnership in the development of this application, and their continued involvement with the MID-URN communities and future project development, benefit most from staff experience on the frontlines of these events.

When the DEQ is activated to respond to an emergency involving environmental or energy-related impacts, the initial concerns are usually with protecting a public water supply, keeping contamination to a minimum, and gathering environmental sampling to guide decision-making in the response and recovery. During flooding, broken pipelines can release hazardous materials, such as crude oil (2011 and 2015) into major waterways. Those waterways may contain surface water intakes for public drinking water systems. If hazardous materials enter the drinking water

systems, major damage can occur. Montana has experienced this event twice in less than four years, with pipeline breaks in the Yellowstone River near the MID-URN community of Laurel in 2011 and Glendive in 2015. While the agency planned for response and implemented its plan successfully, each response was different and required various types of expertise specific to the needs of the situation. In both events, cleanup practices, field investigation, sampling, and debris management were key activities. In addition, the 2015 spill was under the winter river ice, resulting in volatile organic compounds dissolving in the water, entering the water treatment plant, and causing contamination that required chemical, engineering, and water quality expertise to resolve. DEQ participated in incident management with staff trained in the Incident Command System.

DEQ has taken on numerous remediation and restoration projects throughout its history, many of which included recovery from catastrophic weather events that have included wide-scale flooding. While many of these sites originate with Montana's mining history, the processes that were undertaken led to successful restoration of waterways that include national awards for exceptional project success.

In 2014, DEQ completed the reclamation of the McLaren Mill Site and Tailings Impoundment, located outside of Yellowstone National Park. The McLaren Site is located at the headwaters of the Lamar River, where 500,000 tons of metal-laden mine tailings were removed from the floodplain and the shallow groundwater system. The site was restored to pre-mining conditions using soil amendments, drainage modifications, and revegetation with climate-adapted plants to enhance restoration of Soda Butte Creek and Miller Creek.

DEQ is also actively leading the restoration of 47 miles of the Clark Fork River watershed, the largest Superfund site in the United States. Work to date includes the development of

engineering plans for the removal of contaminants, with considerable focus on the re-alignment and reconstruction of natural levee systems that encourage restoration of the riverine environment and promote the development of a robust riparian setting along the river. Since beginning the work there has already been a noticeable return of amphibians, avian species, fish and key macro-invertebrates to the restored river stretches. The integrated design and construction approaches foster living-river concepts that are based on decades of work experience on Montana waterways, noted for their groundbreaking approaches.

Although Montana's Petroleum Tank Release Cleanup Fund provides financial responsibility to clean up petroleum releases at active tank facilities, DEQ recognized that many small businesses and individuals struggled with resources to fund the co-pay (deductible) requirements for their cleanups. In 2014, DEQ developed a pilot project to utilize \$400,000 in appropriated funds to assist owners of sites who could not individually fund the required work. As a result, DEQ closed 15 release sites, removed 14 substandard underground storage tanks, and achieved the co-pay requirements at five sites where long-term cleanups are now taking place. New internal and contracting procedures enabled DEQ to achieve this success within a single year and primed these properties for reuse and redevelopment to benefit communities across Montana.

Commerce and DEQ are both members of the W<sub>2</sub>SACT coordinating team, and routinely collaborate on local water, wastewater, and solid waste infrastructure projects co-funded with CDBG-Public Facilities, TSEP, and Montana's Drinking Water and Water Pollution Control State Revolving Loan Fund programs.

Montana Department of Natural Resources and Conservation - Partnering Agency Experience and Expertise

The Montana DNRC provides expertise in floodplain and floodplain management, wildfire management, hydrology, and forestry. While wildlife management will be critical for future communities that approach the Resilient Montana Program to address resiliency to increasingly severe wildfires, the most important DNRC partner in the development of the State's CDBG-NDR application has been the Floodplain Management Program, administered by the DNRC's Water Operations Bureau. The Program assists the 135 National Flood Insurance Program (NFIP) communities throughout the State with permitting, flood insurance, ordinance updates, substantial improvements, substantial damage, resiliency, disaster recovery, mapping needs, mapping projects, and mitigation activities. The majority of the positions in the Floodplain Management Program are funded through FEMA and renewed annually based on approved work plans.

Floodplain Management Program staff attend meetings with elected officials and provide training and outreach to local floodplain administrators, community stakeholders, and the public on all topics associated with the NFIP at a local and statewide level. Montana statute requires that the DNRC Floodplain Management Program review and approve all proposed amendments and changes to local Floodplain Hazard Management Regulations and alterations to the regulated flood hazard area. Along with established state standards, communities are required to provide a copy of all approved floodplain permits to the DNRC Floodplain Management Program. DNRC also provides technical assistance to all 135 NFIP communities through seven Regional Engineering Specialists and training to all local Floodplain Administrators. Community records are kept at DNRC for each participating community.

The Floodplain Management Program is also the lead agency coordinating with the Montana Silver Jackets Program. Silver Jackets is an inter-agency program that “encourages public and

private organizations and individuals to work together efficiently and effectively to manage and reduce flood risk and protect the natural and beneficial functions of floodplains in Montana.” The Silver Jackets team continues to work with agencies and communities throughout the state on various projects such as the System Wide Improvement Framework for the Glasgow, Hill/Havre, Forsyth, and now the Vaughn Levee districts, the development of Ice Jam Inundation Maps for the State, and the implementation of the recommendations of the state Floodplain Management Assessment through planning, mitigation, and outreach.

The Floodplain Management Program actively works with local communities on updating their existing floodplain ordinances and assisting them in identifying areas of mitigation and remapping needs. Understanding where the risk is the highest is the foundation to establishing a strong planning program to reduce risk. By identifying flood risks, the Floodplain Management Program helps communities understand how to build in certain areas and which areas are still in need of mitigation. Additionally, the Program assists communities in the implementation of flood insurance requirements through outreach and training events. The Program helps communities and property owners understand how different building practices can increase or decrease the flood risk and insurance premiums.

Commerce and DNRC are both members of the W<sub>2</sub>SACT coordinating team, and routinely collaborate on local water, wastewater, and solid waste infrastructure projects co-funded with CDBG-Public Facilities, TSEP, the Renewable Resource Grant and Loan Program, and Montana’s Drinking Water and Water Pollution Control State Revolving Loan Fund programs.

#### CDBG-NDR Grant Management Structure

As described above, the Community Development Division within the Montana Department of Commerce will be responsible for administration of the grant award and coordination of

program activities, including the interdisciplinary agency teams. This is based on the extensive expertise CDD has exhibited in the administration of similar programs.

Management of the Resilient Montana Program will be a joint effort between the Community Planning Bureau and the Community Grants Bureau. As previously mentioned, the Planning Bureau has taken the lead on preparing this application for funding and developing the State's approach to resiliency; it will be imperative from a continuity standpoint that Planning Bureau staff continue to coordinate with MID-URN communities, agency partners and provide technical planning expertise as part of the state-led multi-disciplinary team. The Planning Bureau has no vacancies in FTEs at this time; the Planning Bureau Chief and two Planning Specialists will continue to serve in a management role if funds are awarded, with assistance as needed from other Bureau staff including the two Division engineers and the Public Outreach Specialist. Planning Bureau staff will coordinate directly with CDBG program staff in the administration of program funds; it is anticipated one CDBG Program Specialist will be devoted to resiliency grant administration, with the potential that other program specialists in CDBG, TSEP, and Coal Board will assist as necessary in the administration of this program or particular MID-URN projects. Please refer to the organizational chart on page 34 for a detailed understanding of the Division functionality and overlap.

As described in the previous pages, the State's approach will involve multiple agency partners, with Commerce leading the overall administration and coordination of the grant funds and Resilient Montana Program. Each agency partner has committed to providing necessary staff as part of the state-led multi-disciplinary team, to assist MID-URNs through project planning and development. Partnering agencies will not be expected to assist in the administration of this grant. It is not anticipated that any of our agency partners would fail to act or participate in this

process, as this application process is fully supported by Governor Bullock and has been a top priority of his cabinet since September 2014.

- DNRC has approximately 7 FTE positions in the Water Operations Bureau that may be assigned to the multi-disciplinary teams to assist MID-URN communities with project development.
- DES will be collaborating with potential federal funding sources such as FEMA mitigation grants. Currently DES employs a State Hazard Mitigation Officer (SHMO), MT DES Grants Bureau Chief, and a Deputy State Hazard Mitigation Officer (DSHMO). The DSHMO is the programmatic manager for all FEMA mitigation grants open in the state. Each of these positions will be available to participate on the teams as needed.
- DEQ has a variety of staffing resources available to participate in the multi-disciplinary teams, dependent on project scope and expertise needed.
- The Montana Department of Fish, Wildlife and Parks (FWP) and the Montana Department of Transportation (MDT) have also committed to participating in the teams, with appropriate staff identified and ready for assignment.

The State has amassed an impressive list of public and private partners, as demonstrated in Attachment A – Partner Letters (filename AttAPartnerLetters.pdf), that will also be involved in the multi-disciplinary teams, as appropriate, lending their expertise and assistance in the planning and implementation of the Resilient Montana Program alongside each MID-URN community. The State’s contingency plan is to have multiple partners with overlapping expertise, to step up and assist within the multi-disciplinary teams if an assigned partner is unwilling or unable to assist.

## References

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Media: Reference Page AttA-33 of Attachment A – Partner Documentation (filename:  
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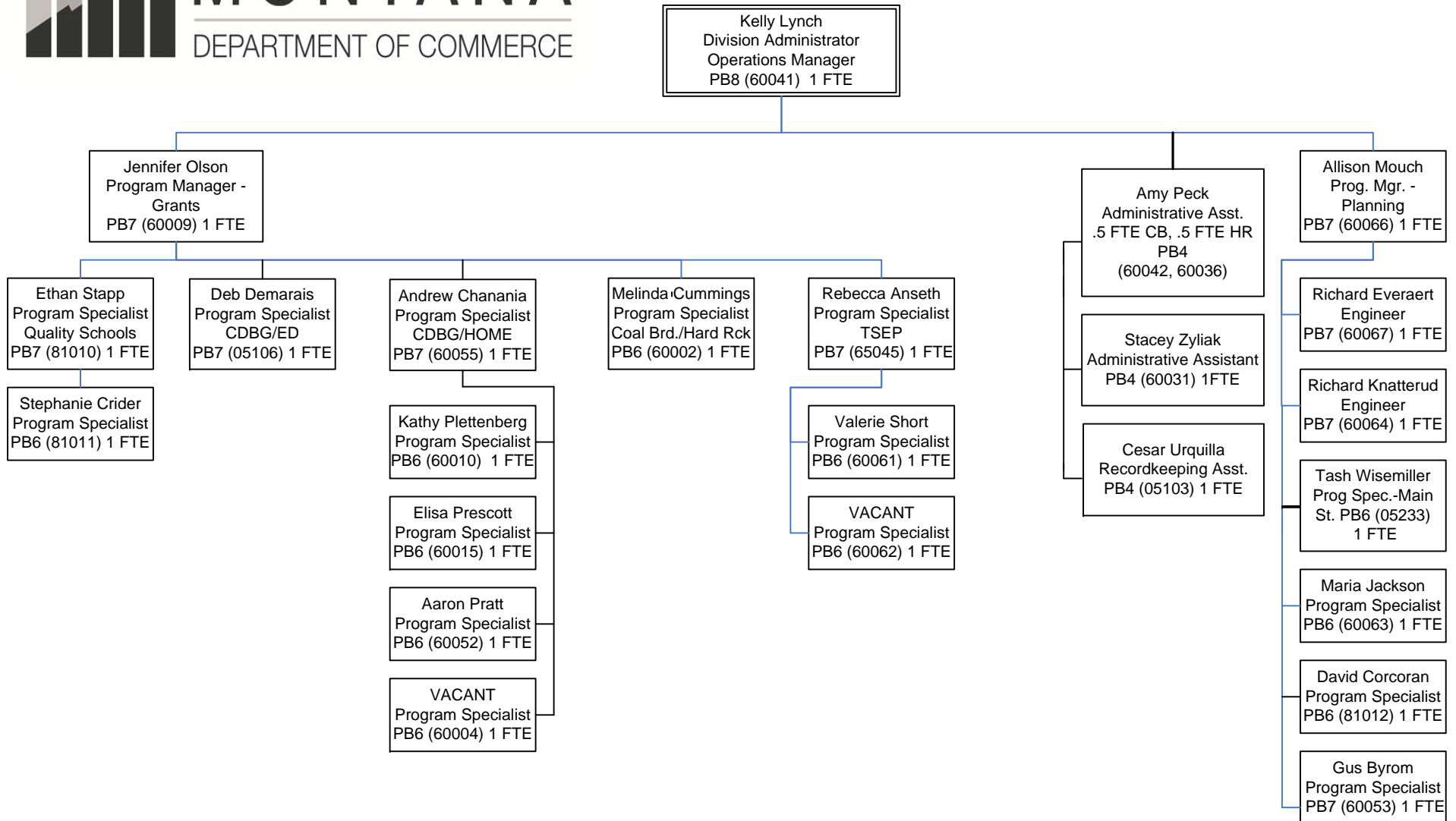


Exhibit D Factor 2 – Need/Extent of the Problem

State of Montana

Filename: ExhibitDFactor2NeedMontana.pdf

The State of Montana identified seven sub-county areas in the Phase 1 application that demonstrate the Most Impacted and Distressed Thresholds and have a sufficient amount of unmet recovery need to meet grant requirements (MID-URN). For the State's Phase 2 application submittal, an additional sub-county area has demonstrated the Most Impacted and Distressed Thresholds, along with a sufficient amount of unmet recovery need that would qualify their participation in the State's proposed Resilient Montana Program and access to CDBG-NDR funding. A map of all eight sub-county areas is located on page 1 of Attachment E – Maps and Drawings (filename AttEMapsDrawings.pdf). These areas are identified as follows:

1. Census Tracts 9405 & 9406, Big Horn County

This portion of Big Horn County is located entirely within the Crow Indian Reservation in south-central Montana and includes the Town of Lodge Grass and the unincorporated communities of Pryor, St. Xavier, and Crow Agency, which together house the majority of the population on this reservation. As noted on page 3 of Exhibit B – Threshold Narrative, this tribal community experienced damage to 248 housing units during the DR-1996 2011 Severe Storms and Flooding disaster, qualifying the area as most impacted. As these census tracts are entirely contiguous with the Crow Indian Reservation, the area qualifies as most distressed. In February of 2015, tribal leaders conducted a windshield survey of the affected area to identify homes that still had remaining unmet recovery need. In this survey, 20 homes were identified as having remaining need (reference windshield survey located in Dropbox link under filename CrowUnNeedWS.pdf). Given a lack of tribal resources to commit to a comprehensive windshield survey of the entire affected area, many more homes likely remain with significant damage. Many of these homes are old settlement homes built inexpensively by the federal government in

the 1920s and 1930s, currently in barely habitable condition, and lack a clear chain of ownership, making it impossible for FEMA to provide Individual Assistance to these residents.

2. Census Tracts 2, 9401, and 9402, Blaine County

This portion of Blaine County lies entirely within the Fort Belknap Indian Reservation in north central Montana and includes the unincorporated communities of Hays, Lodge Pole, and Fort Belknap Agency. As noted on page 4 of Exhibit B – Threshold Narrative, the affected census tracts experienced \$2,640,964.22 in eligible infrastructure damage due to the DR-4127 2013 Flooding disaster, including \$2.5 million in damage to county and reservation roads and bridges. Much of this infrastructure was repaired by FEMA, but there is remaining unmet recovery need in housing. The communities affected lack both the financial resources and local capacity to fully recover from the housing issues, qualifying the area as most impacted. This census area is located within the Fort Belknap Reservation and qualifies as most distressed. In February of 2015, tribal leaders conducted a windshield survey of the area to identify homes, primarily in the Hays and Lodge Pole areas, that still had remaining unmet recovery need. This survey identified 20 homes as having unmet need (reference windshield survey located in Dropbox link under filename FtBelknapUnNeedWS.pdf).

3. Census Tract 301, Fergus County

This portion of Fergus County contains the majority of Fergus County located outside of the City of Lewistown, including the Towns of Denton, Winifred, Moore, and Grass Range. As noted on page 4 of Exhibit B – Threshold Narrative, during the DR-1996 2011 Severe Storms and Flooding disaster, this rural area experienced \$5,789,593.62 in eligible infrastructure damage, primarily affecting county roads, bridges, and rail infrastructure. The extent of this damage qualifies the area as most impacted. Additionally, rural Fergus County contains three

State Superfund sites including former mining facilities and the site of an oil spill (reference page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf). Fergus County’s unmet recovery needs primarily lie in infrastructure. In August of 2013, TD&H Engineering completed a Preliminary Engineering Report for the Ross Fork Rail Trestle to estimate the costs of repairing damage caused to this rail link (reference the report located in Dropbox link under filename FergusCoUnNeedPER.pdf). This document demonstrates that the damage was caused by the DR-1996 Severe Storms and Flooding Disaster in 2011 and estimates a cost of \$1,133,110 to repair the flood related damage to this bridge. At this time, funding has not been secured for these repairs as rail trestles generally fall outside of the scope of state grant programs. A sources and uses statement documenting this remaining unmet need is included and can be referenced at the Dropbox link under filename FergusCoUnNeedSU.pdf.

#### 4. Helena Valley West Central CDP, Lewis and Clark County

The Helena Valley West Central Census Designated Place is located just north of the state capital of Helena, Montana and comprises a substantial portion of the residential housing in the Helena area. As noted on page 5 of Exhibit B – Threshold Narrative, this area experienced damage to 110 housing units during the DR-1996 2011 Severe Storms and Flooding disaster, qualifying the area as most impacted. Additionally, the area has two designated state Superfund sites which qualify the area as most distressed (page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf). Many of these homes experienced mold damage that developed as a direct result of the 2011 flooding season, and others have remaining structural damage in their basements. The residents of this area have been proactive in attempting to improve their resilience, forming a citizen-led Valley Flood Committee and working closely with Lewis and Clark County to develop a Flood Mitigation Master Plan for the area (completed in

April 2013), as well as the current update to the County's Growth Policy. However, the community has lacked the funds to fully implement these planning efforts to increase their resilience and ability to recover from future disasters. In February 2015, members of the Valley Flood Committee completed a windshield survey of their remaining unmet recovery needs under the guidance of the Lewis and Clark County Department of Emergency Services. This windshield survey identified 20 homes as having remaining unmet recovery need (reference windshield survey located in Dropbox link under filename HelenaValleyUnNeedWS.pdf).

#### 5. Census Tract 1, Musselshell County

This portion of Musselshell County is primarily located outside of the City of Roundup, Montana and comprises most of the rural area in the County. As noted on page 6 of Exhibit B – Threshold Narrative, during the DR-1996 2011 Severe Storms and Flooding Disaster, the community experienced \$3,670,498.30 in eligible infrastructure damage, primarily affecting city roads and bridges. The extent of this damage qualifies the area as most impacted. Additionally, the area contains three identified state Superfund sites that are primarily the result of oil and gas spills, qualifying the area as most distressed (page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf).

Following the 2011 flooding season, the Lower Musselshell Conservation District prepared a report outlining the damages that were caused directly by the 2011 flooding season. This report is located at the Dropbox link under filename MusselshellCoUnNeedRATT.pdf. The report discusses river avulsions that abandoned a total of 36.9 miles of river along the Musselshell River corridor, resulting in significant bank erosion, dam and diversion canal breaching, and the infiltration of noxious weeds following the flooding disaster. The author of this report recertified in March of 2015 that over \$500,000 in environmental damage remains within rural Musselshell

County as a result of the disaster. Documentation of this recertification is located at the Dropbox link under filename MusselshellCoUnNeedCert.pdf.

6. Census Tract 2, Musselshell County

This portion of Musselshell County is primarily located within the City of Roundup and has been among the hardest hit communities by flooding disasters in recent years. While this area is fairly sparsely populated, many of the homes are located along the Musselshell River and were heavily damaged during the 2011 flooding season. As noted on page 6 of Exhibit B – Threshold Narrative, during the DR-1996 2011 Severe Storms and Flooding Disaster, the community experienced serious damage to 44 housing units, qualifying the area as most impacted. Additionally, the area is qualified as meeting the most distressed threshold as it contains an abandoned landfill that is being actively managed as a state Superfund site (page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf). Much of the remaining unmet recovery need in Roundup relates to housing. In February 2015, the Mayor of Roundup and the Musselshell County Department of Emergency Services Coordinator conducted a windshield survey and identified 12 homes with remaining unmet recovery need (reference windshield survey located in Dropbox link under filename RoundupUnNeedWS.pdf).

7. Census Tracts 1005 & 9406, Valley County

This portion of Valley County contains the City of Glasgow, the Towns of Fort Peck and Nashua, and the southeast portion of the rural county, including areas within the Fort Peck Indian Reservation. As noted on page 7 of Exhibit B – Threshold Narrative, during the DR-1996 2011 Severe Storms and Flooding Disaster, the community experienced damage to 246 housing units, qualifying the area as most impacted. Additionally, the area is qualified as meeting the most distressed threshold as it contains sixteen different state Superfund sites, including the

abandoned Glasgow Air Force Base and a former Burlington Northern Rail servicing facility (page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf). In February 2015, the Valley County Department of Emergency Services Coordinator conducted a windshield survey and identified 20 homes with remaining unmet recovery need (reference windshield survey located in Dropbox link under filename ValleyCoUnNeedWS.pdf).

8. Census Tracts 14.01, 19.01, and 19.02, Yellowstone County

This portion of Yellowstone County contains the City of Laurel and surrounding portions of unincorporated Yellowstone County. As noted on page 8 of Exhibit B – Threshold Narrative, the affected census tracts experienced \$9,096,544 in eligible infrastructure damage due to the DR-1996 2011 Flooding disaster, including significant damage to the City’s water intake along the Yellowstone River. Additionally, the Laurel area contains seven state Superfund sites, including abandoned chemical warehouses and rail facilities (reference page 2 of Attachment E – Maps and Drawings, filename AttEMapsDrawings.pdf). Laurel’s unmet recovery needs primarily lie in infrastructure. In July of 2014, FEMA and Great West Engineering completed an Environmental Assessment and Preliminary Engineering Report for the City of Laurel water intake to estimate the costs of repairing damage caused to this facility (reference the report located in Dropbox link under filename LaurelEnvAssess.pdf). This document clearly demonstrates the damage was caused by the DR-1996 Severe Storms and Flooding Disaster in 2011 and estimates a cost of \$9,096,544 to repair the flood related damage to this water intake. At this time, funding has not been secured for these repairs. A sources and uses statement documenting this unmet need is included as part of this application and can be referenced at the Dropbox link under filename LaurelUnNeedSU.pdf.



The State of Montana has identified these sub-county areas as the areas that meet the MID-URN thresholds (reference MID-URN Checklist in Attachment I, filename AttMidUrnChecklist.pdf). All of these areas experienced considerable infrastructure and housing loss relative to the low populations of Montana's rural counties, and meet the threshold requirement for either infrastructure or housing related unmet need. In the development of this Phase 2 application, the State began a concerted outreach effort with the eight MID-URN areas identified, to begin broader conversations to prioritize unmet recovery needs and interrelated project activities that would promote ongoing resiliency and a comprehensive approach to unmet need at the local level (reference outreach materials located in Dropbox link under MIDURNO outreach.pdf). This outreach is discussed further in Factor 3 to support the State's programmatic approach to resiliency, and the value of each MID-URN as a model for similar communities statewide. The following narrative provides greater detail on the identification of resilient recovery needs within each MID-URN, the beginning stages of developing their own unique approach to resiliency at the local level, and provides justification for the resilient project activity categories for which the State is presently requesting funding.

According to the U.S. National Climate Assessment (link: <http://nca2014.globalchange.gov/report/regions/great-plains>), temperatures in Montana are expected to continue to rise in coming years. This will lead to more rapid snowmelt and shifting weather patterns, which will likely cause an increase in future events similar to the 2011 flooding season. Additionally, as temperatures rise and populations increase, there will be increased demand for water. In Montana and the rest of the arid west, water availability limits agricultural development; a lack of water availability will have significant implications on Montana's economy and will likely result in an increased risk of wildfire. As extreme weather events

become more frequent, the likelihood of repeated and compounding disasters increases. A strong wildfire season can cause considerable erosion on hillsides and adjacent to streams, changing the composition of soil to make it less able to absorb water, and making these areas more prone to flooding. Additionally, Montana has experienced two major crude oil pipeline breaks into the Yellowstone River in less than four years. The active nature of Montana's major rivers and watersheds places downstream states and amenities at risk each time river-scouring affects an oil or gas pipeline.

During the months of August, September, and October 2015, the State of Montana met with each of the eight MID-URN communities to discuss impacts from the 2011 and 2013 flooding season (photos documenting these events located in Dropbox link under filename FloodPhotos.pdf), resilience measures that should be implemented, and began to broadly identify collaborative approaches for each community. A thorough discussion of each MID-URN's resilience needs identified within the context of overall recovery can be found in the following paragraphs. Through this process, the State took the first step towards improving resilience by increasing communication between state and local government, ensuring representatives from the state agencies identified in Factor 1 had a presence at each meeting, alongside local elected officials, affected residents, interested public and private partners, and other stakeholders. In essence, Montana has already begun to implement its Resilient Montana Program.

#### 1. Census Tracts 9405 & 9406, Big Horn County

The 3.8 million-acre Crow Indian Reservation is home to over 7,000 members of the Crow Tribe, 85% of who speak Crow as their first language. The Crow Tribe is unique in its political system, with a tribal constitution that establishes executive, legislative, and judicial branches of government, similar to the United States system. The economy of the Reservation is derived

from tourism, agriculture, farming, ranching, and coal mining activities. Crow Agency is host to the annual Crow Fair and Powwow, one of the largest powwows in North America. Crow Agency is also the location of the Little Bighorn Battlefield National Monument, where Sitting Bull and Crazy Horse led Lakota Sioux and Cheyenne warriors in defeat of General George Custer's 7th Cavalry in 1876.

The Crow Reservation census tracts have unique population characteristics. Median income within these tracts are \$33,482 and \$48,627 respectively, and two of the four census block groups within these affected tracts have an LMI percentage of at least sixty percent. Big Horn County, with a current population density of 2 persons per square mile, is expected to lose 41% of its population by 2060. This shift to a more rural and dispersed population makes community resiliency even more imperative, as both Big Horn County and the Crow Tribe will have a smaller resource base from which to draw economic and social stability as the community continues to evolve.

The Little Bighorn River flows over 80 miles north through the Crow Indian Reservation until its confluence with the Bighorn River just outside the northern Reservation boundaries. It supplies irrigation for agricultural lands throughout the Reservation and provides municipal water for the largest community of Crow Agency. The majority of residents on the Reservation live along its rivers and creeks. Water is central to the Tribe's creation story, and considered an important and respected natural resource to the Crow Tribe.

Flooding along the Little Bighorn River is frequent, with documentation of damage to the area in at least 1978, 1996, and 2011. The 2011 snowpack and spring rains resulted in severe flooding on the Little Bighorn and particularly in Crow Agency, where hundreds of people were evacuated and homes damaged. Interstate 90 was shut down for 5 days from north of Crow

Agency to the Wyoming State Line, a distance of approximately 60 miles, and the BNSF railroad tracks and numerous rural roads were washed out. Based on flood photos, approximately half to three-quarters of the town was inundated by the floodwaters from the Little Bighorn River. For residents of the Reservation, access to Crow Agency during severe events is critical. The area is the centralized business community for tribal members and is the location of the tribal headquarters, the tribal college, Crow Agency elementary school, IHS hospital, nursing home, and BIA program offices.

The Tribe is concerned that flooding will continue to impact the community, but strives to maintain its important relationship, and physical proximity to, the river. The outright acquisition and demolition of homes within Crow Agency is culturally infeasible. The Crow strongly value their homes and being near the river, and are not be receptive to the idea of a traditional acquisition program. However, investment in architectural upgrades to these homes, including possible elevation, the installation of flood vents, or other innovative approaches could help to significantly lessen housing damage in at least 30 homes in the Crow Agency community at a cost of approximately \$1.5 million. Bank stabilization and stream restoration along the Little Bighorn River could help to prevent damage to these residences as well as the Crow Agency water and wastewater facilities, while also helping to offset economic impacts and minimize damage that affects the Crow Fair and Powwow at a further cost of approximately \$500,000.

## 2. Census Tracts 2, 9401, and 9402, Blaine County

The Fort Belknap Reservation, home to the Gros Ventre and Assiniboine Tribes, encompasses over 675,000 acres of mostly rolling plains. The Reservation is roughly bounded on the north by the Milk River and the south by the Little Rocky Mountains, and comprises only a small portion of the ancestral lands of the two tribes as well as the neighboring Blackfoot Tribe.

The majority of the tribes' 7,000 members live in Fort Belknap Agency, on the south side of the Milk River. The smaller communities of Hays and Lodge Pole are located further to the south, in the foothills of the Little Rockies.

Like the Crow Tribe, the Fort Belknap Indian Community's history is inextricably linked with water. After signing the treaty giving the two tribes the smaller Ft Belknap Reservation, non-Indian settlers arriving in the area to claim property under the Homestead Act began to divert and use water from the Milk River, leaving the tribes with insufficient water for agriculture and other uses. The ensuing legal battle established the famous "Winters Rights" doctrine, in which the United States Supreme Court recognized an implied water right whenever necessary for the purpose intended by Congress in establishing any federal or Indian reservation.

With unemployment at 8.9%, keeping and strengthening economic activities on the Reservation is critical to the tribes. The Reservation's main industry is agriculture, consisting of small cattle ranches, alfalfa hay for feed and larger dry land farms. The Tribes own and manage a domesticated herd of 400 bison for meat and other related products. In 2013, the Fort Belknap Reservation became home to 34 genetically pure Yellowstone Park bison, with the intent to manage the herd as seed stock. The former Zortman-Landusky Gold Mine, which used the cyanide heap leach process to remove gold from mine waste tailings, caused extensive surface and groundwater contamination.

Due to the location of these census tracts within the Fort Belknap Reservation, the community has a nearly 100% American Indian population. All of the census block groups located within these tracts have an LMI percentage of over 50%, with the southern portion of the reservation including the communities of Hays and Lodgepole having LMI percentages of over 75%. Blaine County is expected to experience a population increase of 22.5% by 2060,

expanding its population from 6,495 to 7,958. While many of these residents will likely be located off the reservation in the surrounding communities of Chinook and Harlem, the tribe will almost certainly experience some increase in population as a result.

The Reservation has a long history of floods and flood damage. Storm water run-off is insufficiently managed – if at all – across the entire Reservation. Federal flood disasters were declared in Blaine and Phillips Counties (surrounding the Fort Belknap Reservation) in 1986, 1991, 1996 and 2005 while state-wide flood disasters were declared in 1978, 1981, 1984, 1986, 1997, 1998 and 2003. The Tribal Community Council has adopted a Floodplain and Floodway Management Ordinance, which identifies land use regulations to be applied to all 100-year floodplains on the Reservation. Power outages commonly affect the Reservation, as power poles and power lines are susceptible to harsh weather events and wildfires. Loss of power during a severe event results in loss of access to electricity but also, for many on the Reservation, clean water and heat.

The federal flood disaster of 2013 was typical of previous events. The highway linking the communities of Hays and Lodge Pole in the south with Fort Belknap Agency to the north was washed out at Peoples Creek, turning a 31-mile drive to reach most tribal and basic services into a 105-mile drive. The stormwater flowed into Lodge Pole's community center, on to the small community's septic system and drain fields, then down a residential street, inundating about 15 homes. Closer to the Agency, water flowed into basements, along streets, and across yards trying to make its way to the Milk River. Houses in the area are still reporting water in crawl spaces two years later. The Head Start and John Capture Community Center in Hays, built in the floodplain along the path of People's Creek as it flows out of the Little Rockies, were both flooded. The Tribal Council plans to submit a CDBG-Indian grant application seeking \$900,000

in funds to demolish and renovate the Community Center. There is talk of relocating it out of the floodplain, but that would physically separate this culturally and socially significant facility from the remaining residents and businesses in this very small community. The community has already identified an undersized culvert at the main creek crossing in town, and has a contractor working to estimate the costs of elevating some of the town's structures.

The Tribal Council is excited about the possibility of producing a comprehensive water management plan and strategy for the entire Reservation, one that implements low impact development (LID) design principles that would also generate backup power for the Reservation during severe events to help keep residents safe and healthy. The tribes are focused on keeping power and water services intact, protecting the major community centers and keeping other public facilities open, operating, and accessible during severe events. The Fort Belknap community estimates, through discussion with engineers in the area that a full water management plan, hydraulic study, and subsequent implementation would cost around \$9.5 million to complete. Additionally, the community has interest in acquiring 19 structures located in flood prone areas, at a cost of about \$1.2 million. In this way, tribal members will become more self-sufficient, major community facilities and investments therein will be protected and can continue to serve residents, and the agricultural operations and other business activities critical for the Reservation can continue with limited, or no, interruption. Additional planning and policy development will be considered as part of further conversations with the Fort Belknap community, to identify measures that will promote far-reaching resiliency at the local level.

### 3. Census Tract 301, Fergus County

Fergus County is located in the heart of Montana and serves as one of the leading agricultural producers in the State with approximately \$58 million in cash crop receipts annually. The rural

county has several smaller incorporated communities, including Denton, Winifred, Moore, and Grass Range. With 5,867 people, the county seat of Lewistown is a critical regional hub.

During the 2011 flooding season, Fergus County experienced flooding along many of its waterways, resulting in millions of dollars in bridge infrastructure damage. As a rural, agricultural county, Fergus depends on its bridges to bring resources to market and provide access to rural residences. Residents of the rural county, if not entirely isolated, had to detour as much as forty miles to travel to Lewistown or other communities. Due to the low population density, road maintenance swallows a large chunk of the county budget, resulting in road networks with very limited redundancy. When a bridge fails, there often is no viable detour.

In keeping with the agricultural nature of Fergus County, streams and creeks were re-routed throughout the 19th and 20th centuries to maximize agricultural land and provide for easier irrigation. These efforts were not without consequences. East of Lewistown, Big Spring Creek, which was straightened in 1961, now has very high flood flows that lead to massive erosion, land loss, channel instability, and entrenchment. This creek is located immediately adjacent to a trailer court, and further stream bank erosion could threaten this residential neighborhood.

The eligible census tract encompasses rural Fergus County, and has a median income of \$46,266. At 1.2 people per square mile, the population density in the rural county is very low, with 5,008 people living in a land area only slightly smaller than the state of Connecticut. Population in the County is projected to remain mostly stagnant between now and 2060, with an expected growth of 3.5%, to give the total county, including the county seat of Lewistown, a population of 12,008.

Fergus County would benefit from an approach that allows the community to repair and restore re-routed and otherwise eroding streams and creeks while also planning and



implementing improvements that preserve the County's bridge infrastructure. Additionally, wastewater systems located near creeks in the rural population centers would benefit from further stream bank repair. Fergus County estimates a cost of around \$12 million to repair and restore critical segments of stream bank, repair county bridges in a way that will increase their resilience during disaster, and provide necessary and supporting resilient infrastructure repairs within some of the rural communities. This investment would have significantly minimized the number of public assistance claims following the 2011 floods. Environmental damage resulting from flooding would also have been lessened, which would have had lessened impacts to the agriculture economy. Additional planning and policy development will be considered as part of further conversations with the Fergus County community that may identify additional measures that will promote long-term resiliency.

#### 4. Helena Valley West Central CDP, Lewis and Clark County

The Helena Valley West Central CDP is a fast-growing area located immediately north of Helena. Median income is \$63,299 in this area; however, there are numerous trailer courts and residential units housing LMI individuals located in the immediate vicinity of Ten Mile Creek and the D2 Diversion Ditch, which are the primary causes of flooding within the Helena Valley.

Over the past fifty years, the Helena Valley has transformed from a rural agricultural ranching community to one of the most densely populated non-incorporated areas in Montana. The County estimates that 98% of all new growth in the County over the next twenty years will be in the Helena Valley, with an additional 10,000 citizens by 2020. There are no city services – most homes rely on private wells and septic systems, with a few community wastewater treatment systems. The three Helena Valley elementary schools are overcrowded, with many children bused over an hour each way into schools in the City of Helena. Most roads are

operating at or above design capacity, with inadequate funds to correct deficiencies. USDA Rural Development low-interest loans have encouraged both the proliferation of low-cost subdivisions in the area and the purchase of those homes by LMI persons. Homes are spread across the Valley floor, irrespective of development constraints such as high groundwater, floodplains, liquefaction zones, wildlife corridors, and substandard or nonexistent public services. These development constraints are exacerbated by the high wildfire risk in the surrounding mountains, where recent fires have left the hillsides denuded and susceptible to heavy rains and sloughing due to runoff. The Upper Ten Mile Creek watershed, the City of Helena's primary municipal water source, contains hundreds of abandoned mines and is threatened by critical wildfire risk due to mountain pine beetle kill affecting 90% of the drainage area. Even in the absence of a major wildfire sweeping the area, fewer live trees has meant less water absorption, which translates to higher flows into the watershed and the Helena Valley.

A large part of this development pattern is the result of the County's historical failure to adopt comprehensive land use regulations to guide development away from environmental constraints into appropriate areas and urban infill. Until 2014, state zoning law included an unconstitutional protest provision that favored large agricultural, mining, and forestry landowners, giving them almost unbridled discretion to prohibit counties from adopting zoning regulations. Despite this protest provision, the County did attempt to adopt temporary restrictions that addressed the lack of water and water quality issues from septic systems in the valley. Even this small step resulted in losses the following election. The County has allowed for citizen-initiated zoning districts adopted in conjunction with subdivision development in select areas, but these regulations are inconsistent and offer little guidance on appropriate development standards or density considerations for environmental constraints.

This combination of high wildfire risk, mine tailing contamination, floodplain development, and lack of consistent or comprehensive zoning has created a perfect storm for major disaster at the state capital's doorstep. In 2011, as in other areas of the state, an above-average snowpack and heavy spring rainfall led to high run-off. Ten Mile Creek, Silver Creek, and other streams feeding into the watershed spread quickly out of their banks and across the Valley floor, flooding basements, rendering roads impassable, and stranding residents. Run-off was directed into the D-2 Irrigation Canal, damaging that vital agricultural infrastructure by overtopping the channel banks. In the far reaches of the watershed, dam flows were not adjusted, and runoff in the Valley was unable to drain into Lake Helena and onto the Missouri River, creating a bathtub affect in the retention of floodwaters and saturation of the Valley floor.

After this most recent flood, community leaders came together to find a solution to the repetitive losses experienced in the area. The County hired a consultant to prepare a Flood Mitigation Master Plan for the Valley. Adopted in 2012, this Plan has become the road map for making the Valley more resistant to future flooding events. As the community has gone through the plan process, it has become more open to exploring innovative tools available to minimize future exposure, including the adoption of land use regulations to guide future development. The community is also working closely with the D-2 Irrigation District, which owns and operates an irrigation system that winds through the Valley and empties into Lake Helena. The Plan involves collaboration with the District and Northwest Energy, which owns and operates the dams regulating the flow of water into the Missouri River via Lake Helena.

Despite these steps, the community still needs help getting from a disaster mitigation mindset to becoming truly resilient. The community admits that with limited funding and technical assistance, it has understandably focused on the most obvious, immediate solutions. High

groundwater tables, water quality, wildfire threats, and development constraints still need to be addressed, and the community is open to a collaborative team-approach that will provide subject-matter expertise and innovative ideas for solving problems arising from historical development patterns and forging a new vision for the future of the community as a whole. Valley residents and County leaders are willing to pursue comprehensive zoning and other regulations in the Helena Valley that recognize the environmental present and guide new development appropriately. The community is motivated to work with the City and its ongoing collaboration with federal and state agencies on the Chessman Flume project to rehabilitate forest and vegetation in upper Ten Mile Creek watershed to minimize erosion, water quality impacts, and flooding in the Valley, particularly in the event of severe wildfire. The County would like the input of subject matter experts and the public and private sector in developing innovative stormwater systems for the Ten Mile watershed, incorporating LID principles that will protect existing residents and agricultural operations, reduce the exposure of future development to severe storms and weather events, and develop a collaborative interagency, public, and private partnership to protect the people, the economy, and the environment of the Ten Mile watershed.

The current estimated cost to complete the items in the Helena Valley Flood Mitigation Plan is \$4.9 million, including mitigation to Ten Mile Creek and Silver Creek, with some improvements made to the stormwater system on streets within the Valley. These improvements would lessen – but not eliminate – flooding along Ten Mile Creek, helping to minimize and contain the damage done to homes in the area. However, this cost estimate only represents the minimum estimate necessary to lessen flood damage, and may not represent the cost to develop a truly resilient approach in the Valley. The integration of planning, policy development and LID

techniques will ensure traditional mitigation measures identified within the Plan go the extra mile to increase community resiliency in the Helena Valley.

5. Census Tract 1, Musselshell County (see below)

6. Census Tract 2, Musselshell County

The Musselshell River basin in central Montana comprises over 100,000 acres of productive agricultural lands with a combined population of just over 11,000. The Musselshell River, home to three different species of native freshwater mussels, runs over 500 miles from the Rocky Mountains, east through Montana's rich agricultural country, to its confluence with the Fort Peck Reservoir and the Missouri River.

Census Tract 1 in Musselshell County is very rural, with a population density of less than one person per square mile. Much of this population is located in the vicinity surrounding the town of Roundup along the Musselshell River, where many of the low income populations are located. The City of Roundup, with its 1,788 residents, is the Musselshell County seat and by far the largest settlement along the entire Musselshell River. The town, whose name comes from the cattle roundups held there in the late 1800's, was established in 1908 to serve the area's cattle, sheep ranching, and dry land farming development spurred by the Homestead Act. Coal mining was such an important part of the local economy that the town's founding fathers built the town without access to natural gas, relying instead on individual coal boilers to heat the town's homes and businesses. As the town grew, it spread out from the historic central downtown area to the west and south, within the floodplain of the Musselshell River.

Agriculture has remained Musselshell County's primary economic driver. Farmers and ranchers produced almost \$40 million in agricultural products in 2012, three-quarters of which was livestock. Coal mining remains a strong component of the local economy. The Signal Peak

Mine, the last remaining longwall bituminous and Montana's only underground coal mine, employs over 300 local workers with some of the highest-paying and most sought-after jobs in the state. In 1975, the Montana Legislature enacted the highest coal severance tax in the nation, and Signal Peak's severance taxes help contribute to the growth of the state's Permanent Coal Trust Fund. Since the enactment of the coal severance tax in 1975, a total of approximately \$2 billion in severance taxes has been collected in the state, with 50% going into the Permanent Coal Trust Fund, the interest earnings of which are allocated biennially by the state legislature for infrastructure and economic development projects statewide. Portions of the tax are also appropriated directly to the Montana Coal Board for grant awards to local coal-impacted communities, including Roundup and Musselshell County, for necessary improvements to public infrastructure, facilities, and services.

On May 26, 2011, Roundup awoke to the worst flood in its recorded history, 2 feet higher than the 100-year flood level. During the night, the Musselshell River, swollen from a Rocky Mountain snowpack 212% above average, a colder than average spring, and weeks of rain, wreaked havoc within the floodplain. Bridges and roads were wiped out; water intake, pumps, and distribution lines were destroyed; houses and businesses rendered useless. Over 105 homes and at least 11 businesses were physically inundated with flood waters; other businesses were impacted by the closure of traffic routes in and out of town for at least 15 days and the effects of the infiltration of silt throughout the town's water system. Propane tanks were found wrapped around riparian tree branches miles downstream. The town was forced to shut down its water system pump, leaving residents without any water for several days. Many residents were stranded for over two weeks due to an impassable, washed-out road along the river.

Just two weeks later, as residents returned to their devastated community and began the road to recovery, the Town was hit with another round of floods, damaging the same structures and facilities as before. This time the floods cut off the route to two full-care hospitals in Billings, turning a normal one-hour drive into a six-hour detour.

Not surprisingly, the residents of Roundup and rural Musselshell Valley are hardy, resilient, and independent. Fed up with repetitive losses and the enormous economic shock to their close-knit community resulting from these events, residents were ready for change. The Mayor and community leaders began to work on a plan to get Roundup out of disaster response mode. This resiliency grant opportunity comes on the heels of several years of piecemeal acquisition through FEMA's Pre-Mitigation Disaster grant program, planning for downtown revitalization, and protecting critical public facilities, housing units, and key businesses. Working with the State's interagency team in August, Roundup's idea began to coalesce: complete their acquisition program to allow the Musselshell to flow into its original channel during flood events, minimizing floodwaters accumulating in the upper areas of the floodplain and reducing impacts to businesses and houses. Emphasizing the importance of keeping residents living and working in Roundup, the community brainstormed the idea of providing replacement units for residents of low-to-moderate income in rehabilitated vacant downtown historic buildings, encouraging reuse of existing structures, preserving the town's historic center, and removing residential units from the floodplain. The town is committed to implementing this approach before the next Musselshell River flood event; ready to identify subject-matter experts and state agency representatives that can work with community leaders, elected officials, engineers and architects, and non-profit organizations to accomplish Roundup's vision. In turn, this community will be the first of eight to demonstrate to the rest of rural Montana the practicality of - and path toward -

creating a resilient, economically vibrant town more resistant to severe events, when – not if – they occur.

The median household income in Census Tract 1 is \$53,173, but this is primarily due to the presence of the coal mine on the southern edge of the county that provides high paying jobs to many of the county’s citizens. Limited income opportunities for those not employed by the mine results on an LMI percentage of 70.94% for the northern half of Musselshell County. Census Tract 2 has a median household income of \$34,219, indicating a reasonable quantity of low and moderate income individuals. This area contains many housing units located immediately adjacent to the Musselshell River, and is among the hardest hit areas in Montana during times of flood. Musselshell County is projected to lose .3% of its population between now and 2060, and this stagnant growth will constrain the community’s resources as the cost to provide government services continues to increase.

Musselshell County and Roundup estimate the acquisition of 56 homes and 15 businesses within the greater Roundup community would cost approximately \$6 million dollars. Additionally, the restoration of stream banks along the Musselshell River through Roundup will cost of approximately \$500,000, when coupled with the ability to turn residential dwelling lots upstream into floodplain and active green infrastructure, would have prevented much of this damage from occurring in the first place.

#### 7. Census Tracts 1005 & 9406, Valley County

The City of Glasgow is an important regional community on Highway 2, known as Montana’s “Hi-Line.” Historically a railroad town providing services to surrounding cattle and sheep ranches, the community grew exponentially with the construction of the Fort Peck Dam in 1940, the largest earthen dam in the continental United States and the first of a series of dams



that provide energy and flood protection to the greater Missouri River watershed from Montana to St. Louis. Combined with the development of the Glasgow Air Force Base in 1957, Glasgow became home to over 6,250 people. In the several decades following the closure of the Base, Glasgow has shrunk to a population of only 3,380.

The community realized early on the need to protect its infrastructure and residents from the unpredictable spring rains and snowpack melt flowing through the adjacent Milk River. In 1916, the City began to purchase right-of-way for a levee, and in 1928 it imposed a \$5 tax per lot to pay for construction of the levee. Years before, the City and residents had constructed a temporary dirt berm located 10-15 feet inside the center of the designated right-of-way easements for the levee project constructed at the time. When the U.S. Army Corps of Engineers began to construct the levee in 1938, the Corps used the existing dirt berm as a starting structure, apparently but inaccurately assuming it reflected the right-of-way easement. This considerable miscalculation was not known by the City or any current residents until 2011, when the Corps inspected the levee and issued encroachment violations for 56 properties along the levee with homes, garages, and other structures located within the required setback for the existing levee. If the City cannot address all the existing encroachments – either through the acquisition of a new easement or removal of structures by the owners – the levee will be removed from the Corps program, and the FEMA floodplain maps will be redrawn to reflect the floodplain limits as if no levee existed.

In the meantime, the levee continues to protect the downtown and surrounding residential neighborhoods, critical community facilities, and public infrastructure. When the floods of 2011 came, Glasgow locked up the levee and it worked, almost too well. Due to weeks of swollen runoff and spring rains, the ground was saturated and the water table unable to absorb any additional

precipitation. In this way, Glasgow learned that its stormwater system was sorely inadequate. As the runoff poured down the hills, across the highway and railroad tracks towards the Milk River, it reached the impenetrable levee. With nowhere to go, it began to back up into the town. Glasgow's residents watched helpless as the water flooded the regional hospital, the wastewater treatment system, the water system pump, local streets, and basements. Pump sumps ran 24 hours a day vainly attempting to keep structures dry. The water inundated the ballfields where the regional softball tournament was scheduled to play that weekend, resulting in over \$30,000 in lost revenues estimated to be spent in town businesses.

The City of Glasgow is at a crossroads. It needs to upgrade the historical levee, unless there is another alternative that will protect the town from the floodplains of the Milk River. It needs to resolve millions of dollars' worth of easement encroachments across 56 different landowners with varying needs and willingness to give up property that has been in the shadow of the existing levy for over a century. It needs to consider a new approach to stormwater management, one that will recognize the topography of an area that drains run-off into the town, behind the levee, and looks at more permeable, low impact solutions to this ever-present issue. Glasgow is ready and willing to approach this crossroads with a vision for a new future, one that will help the town maintain its historic character but acknowledge the need to move important community facilities, infrastructure, and some housing out of the areas most susceptible to flooding events. Working with the interagency resiliency team, the City envisions a plan for fixing the levee encroachments by working with landowners to identify which residences can be supplanted with new housing on subdivided property immediately adjacent to the elevated part of the City, owned by the school district and already served with city water and sewer. A comprehensive plan of acquisition and replacement housing will also address new locations for vital public

facilities that need to be relocated – the ballfields, wastewater treatment facilities, and water pump – while identifying innovative strategies for stormwater management that will protect those that can't realistically be moved in the short term, such as the regional hospital. Without such a plan, Glasgow will be left with few tools to address future severe events – expensive flood insurance premiums and eligibility constraints for rehabilitation assistance through FEMA.

These census tracts include the city center of Glasgow, which serves as a major economic hub in sparsely-populated northeastern Montana. Additionally, the Fort Peck Indian Reservation is located in the eastern portion of these census tracts, and approximately 12% of the population of the affected census tracts is of American Indian origin. Valley County is projected to grow by about 6% over the next 60 years, increasing in population from 7,376 to 7,813. There are two concentrations of persons of low to moderate income: one on the south side of the City of Glasgow along the Milk River, and the second within the census block group that is largely located on the Fort Peck Reservation. The portion of Glasgow that is located within an LMI area is the portion of Glasgow that is directly served by the existing levee, and is the portion of the community that is most prone to flooding and has the least adequate stormwater infrastructure.

The estimated cost to resolve Glasgow's levee issue is \$9.3 million. An estimated additional \$5.2 million would provide the funds necessary to plan for and upgrade the stormwater system throughout the community in a way that would not cause continued flooding within the City. These improvements would significantly minimize flood impacts within the Glasgow community. Additional planning and policy development will be considered as part of further conversations with the Glasgow community, to identify measures that will promote far-reaching resiliency at the local level.

#### 8. Census Tracts 14.01, 19.01, and 19.02, Yellowstone County

The City of Laurel is a growing community located on the western edge of Yellowstone County, the most populated county in the state, and 15 miles from Montana's largest city, Billings. Yellowstone County is expected to experience a 39.2% population increase between now and 2060, growing from 148,850 residents to 206,628 residents. Laurel faces strong development pressure, and is actively working to balance this rapid growth with a desire to maintain a sense of community and a local identity. The City of Laurel pulls its drinking water directly from the Yellowstone River, as the groundwater in this area is not suitable for drinking. Three of Laurel's six census block groups have an LMI population over 50%. These block groups are located in the immediate vicinity of the Yellowstone River, and are served by the community's water intake facility.

In addition to its relationship to the Billings economy, Laurel is an economic center in its own right. The Montana Rail Link railyard in Laurel is the biggest switching terminal between Seattle to Minneapolis, handling millions of dollars of coal, Bakken oil, grain, sugar, and other goods in 2,100 carloads daily. Montana Rail Link has a \$35 million payroll for its 506 employees located in Laurel and Billings. CHS, Inc., an agribusiness cooperative owned by farmers and ranchers across the United States, owns and operates a Cenex oil refinery in Laurel that employs 350 people. The refinery relies directly on the City's water intake system, requiring 700 million gallons of water annually to operate the plant.

During the 2011 flooding season, the Laurel water intake was severely damaged due to rapid flood flows along the Yellowstone River. The damage to this water intake was assessed at \$16 million, and an \$8 million funding shortfall remains to repair this critical infrastructure in a resilient fashion. Immediately upstream from the intake, a Burlington Northern and Santa Fe Rail Bridge and a bridge carrying Interstate 90 across the Yellowstone River constricts flows of the

Yellowstone, resulting in incredibly high flow rates and bank scouring. These facilities, while in excellent physical condition, are not designed to support these high flood flows. Due to the high value and good condition of these structures, it is unlikely that they would be moved or relocated in the foreseeable future. A hydrologic study needs to be conducted to determine if there are smaller improvements that can be made to improve flood flows through the area without having to invest millions of dollars in infrastructure redevelopment at this time.

Additionally, the water intake is located across from Riverside Park, a key recreational facility for the City of Laurel and the site of a World War II Prisoner of War camp. Through resilient planning and project execution, repairs to the Laurel water intake can help protect this important cultural resource. The City of Laurel would benefit from a \$2.6 million investment in its water intake, to move the intake upstream, away from the bridges, and provide a more stable source of drinking water within the community.

#### Appropriate Approaches

As evidenced by the initial consultations with each MID-URN, and due to the limited resources that each of these communities has, they typically approach disaster recovery in the most practical way possible. Communities band together, work to fix problems as they occur, do their best to be self-sustaining and not rely on outside agencies and limited funding mechanisms, and slowly but surely recover from disasters when they occur. In many cases, these communities have a solid understanding of what it means to be “resilient” – to have less expensive disaster recovery, avoid implementing policies that will cause problems down the road, and do as much as possible with as few resources as possible. However, given the limited populations and resources of these communities, they are stretched dangerously thin. Due to aging housing and infrastructure stock constructed prior to an understanding of the costs of flood loss, these

communities barely have the resources to recover, let alone plan for future disasters and implement resilient projects.

As a consequence of these conditions, Montana's communities do not have the opportunity to truly consider improving their resilience. Through the development of this grant, it became clear that Montana would be doing a disservice by attempting to develop and plan for resilient projects in the timeframe between the Phase 1 award and the Phase 2 application deadline. Instead, the State agencies working on the CDBG-NDR grant opportunity refined the approach by institutionalizing its team of interagency experts, private partners, and the philanthropic sector to work with the MID-URN communities following the Phase 2 award. The creation of a statewide Resilient Montana Program will allow these teams to develop meaningful, community-driven, and project with each of the eight MID-URN communities, encompassing planning, policy, design, and implementation activities in the categories identified beginning on page 74 of Factor 3, and addressing unmet recovery needs while creating more resilient communities.

Montana has few resources relative to its very large land area, and it is imperative for state agencies and local governments to coordinate in a more effective manner and to develop a sound approach for utilizing existing resources to extend them further. In the Phase 1 application, Montana identified communication as its greatest barrier – communication between state agencies, between the state and local governments, between local governments, and in outreach to residents and the private sector. These barriers are true for all Montana communities and the increasingly severe disasters they face. The Resilient Montana Program will further institutionalize the shift in culture from disaster response to resilient community building by leveraging funding, resources, and partnerships to develop an interactive, web-based platform, discussed further beginning on page 72 of Factor 3. As the eight community projects are

identified and implemented, they will be added to the platform to be used as building blocks for other communities. Eligible areas will have access to CDBG-NDR funding to complete prioritized projects and serve as models for resiliency statewide; other communities will have access to the process, broad range of existing state and federal funding sources, technical assistance and financial leverage identified once the platform is complete.

In total, approximately \$80.4 million would be necessary to support a statewide path towards a resilient Montana, while also implementing projects eligible for CDBG-NDR funds within MID-URN communities. This number was reached following extensive research, data collections, and meetings with each MID-URN community and the appropriate stakeholders and representatives. The Benefit-Cost analysis (BCA) prepared for the Resilient Montana Program, included as Attachment F – Benefit-Cost Analysis (filename: AttFBenefitCostAnalysis.pdf) of this application, provides the baseline for the benefits these MID-URN communities could expect following project development and implementation of a number of qualifying resilient activities. The BCA Table and associated narrative submitted with this application provide detailed methodology on why each activity was selected and the benefits associated with each activity's implementation.

Exhibit E Factor 3 – Soundness of Approach

State of Montana

Filename: ExhibitEFactor3SoundApproachMontana.pdf



During 2011, 2012 and 2013 Montana experienced presidentially-declared disasters affecting 29.4% of the state and 69.7% of the population including six of its seven tribal reservations. Response to these events was exacerbated by the rural nature of Montana communities, the lack of consistent communication across state agencies and between state and local governments, and a failure to provide the expertise and support necessary to help communities rebuild in more resilient ways.

Recognizing these shortfalls as barriers to resiliency, and the state's ability to adapt to a changing landscape and climate in the future, is the driving motivation behind Montana's proposal to create a state-wide program to promote resiliency, engaging the MID-URN communities first and using their success to promote thoughtful planning in support of resilient outcomes statewide. The State's Phase I application focused closely on the removal of communication barriers and access to resources at the state and local level, to better equip the MID-URN areas identified, as well as all Montana communities, in the event of disaster. One of the greatest barriers to resiliency in Montana is lack of collaboration when it comes to long-range planning, which can result in short-sighted, disjointed project implementation that often lacks innovation. Building on the intent to prepare its communities to face a future disaster with greater resilience, the State has refined its approach to ensure more meaningful impact. This broadened approach will have greater applicability when scaled to communities across Montana, and greater value when incorporated within the culture of the partnering agencies and how the State conducts business.

This approach is especially geared towards addressing Montana's vulnerable populations, including tribes, the elderly, and low and moderate income individuals. The floods that affected the state in 2011 and 2013 had an acute impact on members of the Crow, Gros Ventre, and

Assiniboine tribes in southeast and northcentral Montana, impacting homes, businesses, schools, and access to basic goods and services within the reservations on which they live. These same flood events also had significant impacts on the elderly populations and residents of lower income in Roundup and Musselshell County, Glasgow, and the Helena Valley, eliminating access to necessary public services including healthcare, and disproportionately affecting residents living in low-lying areas and floodplain where housing stock for LMI populations is more prevalent. These acute impacts are discussed in greater detail, respective to each MID-URN community beginning on page 42 in Factor 2.

Montana proposes to create a collaborative program implemented at the state level that will effectively shift the culture of Montana communities and government agencies toward resilient planning, development, and response in the event of disaster. The program will create and rely on multi-disciplinary teams comprised of professionals from key state agencies as well as public and private sector industry experts that will coordinate and work one-on-one with communities to help them identify what being resilient means to them and how to effectively accomplish long-term resilience through a series of interrelated projects and outcomes. This collaborative discussion will begin with the identification of local impacts resulting from recent natural or manmade event(s), understanding the interrelatedness of events over time, a community's relationship to the changing climate and the seasonal weather shifts, as well as potential stressors and policy decisions that may contribute or exacerbate impacts in the event of these changing conditions. Through this iterative process, the focused discussion of impacts will translate to identification of community-wide priorities and their relationship to one another, as well as effectiveness when applied in coordination or executed concurrently to one another. The tangible outcome of this process, once applied, will incorporate planning and design

development in the successful completion of comprehensive, multi-faceted projects aimed at strengthening local independence, stability, and sense of community.

For Montana, the importance of developing a personal understanding of resilience and what this means to communities at the local level cannot be stressed enough. For many communities and their residents, including the MID-URN sub-county areas identified, the term “resilience” automatically translates to “recovery” or “mitigation.” Resiliency is a new concept in a state that prides itself on minimal regulation and is still coming to grips with increasingly severe disaster impacts resulting from climate change. To simply establish a program at the state level, in an effort to find and fund ‘resilient’ projects, would be futile. In order to truly effect change, the State recognizes the need to work with these MID-URNs and communities statewide to develop an understanding of the interrelatedness of resiliency and the four dimensions of Leadership & Strategy, Health & Well-being, Economy & Society, and Infrastructure & Environment. Effective leadership and long-term, integrated planning promotes effective management and empowers a broad range of stakeholders. Cohesive leadership also helps ensure social stability and foster economic prosperity, which in turn enhances community assets, ensures continuity of critical services, and provides reliable communication. These basic components of social and economic stability lead to a community that is able to meet basic needs, attract and support lifestyles and employment opportunities, and ensure access to public services.

These interrelated issues and resiliency drivers are new conversations and ideas for most rural Montana communities, and for many of the state agencies, private businesses, and non-profit organizations that serve them. In developing the State’s approach, it was evident that the most innovative and effective projects would come from an integrated, collaborative, iterative process where state agencies, private sector, and non-profit organizations could partner resources

and expertise to help communities develop a locally supported vision and strategy for increasing resilience, identify and prioritize construction projects to implement that vision, and complete those projects with greater long-term impact across typically “siloed” sectors.

To help facilitate these local efforts and institutionalize the holistic planning and implementation of resilient thinking, the State of Montana will streamline existing state grant and loan application guidelines to encourage resilient planning and projects. This collaboration across state agencies and shift in the state’s approach to project funding will amplify the impact of existing state grant and loan resources by maximizing the leveraging effect of multiple funding resources, harnessing the direct and indirect benefits of resiliency, eliminating redundancy, and simplifying the application process. By connecting Montana communities with the resources and expertise to plan for long-term social, environmental, and economic resiliency; identify community priorities and project timing based on those priorities; modify local policies to provide long-term support for those priorities; implement priority projects in a collaborative manner; and oversee those projects through to completion within HUD’s deadlines and grant requirements, the State is effectively streamlining and improving the ‘traditional’ grant approach presently used by state agencies.

The Resilient Montana Program seeks to eliminate redundancies at the state level, capitalizing on the existing administrative resources and technical expertise each agency uses to assist communities. These resources are often duplicated across agencies to benefit the same project or outcome. With this new approach, the State would instead channel those resources into the multi-disciplinary resiliency team structure to complete projects faster, with less red-tape, providing greater transparency and increasing resilience at the local level – stemming primarily from effective collaboration. While the collaborative approach would be applied through the

Resilient Montana Program and MID-URN areas to begin with, the long-term goal is to shift the culture of technical assistance and grant administration employed across agencies, seeking streamlined, resilience-focused solutions in all grant programs and technical assistance provided by the agencies, and implementing collaborative teams to aid in planning and project development for all existing state and federal funds. Factor 5 further discusses the long-term goals the State of Montana is committed to implementing, regardless of CDBG-NDR funding.

There are two alternatives to the State's proposed approach, the first being to continue with the status quo application of grant and loan funding and technical assistance that has led to piecemeal planning, reactive versus proactive measures, and minimal to no focus on resilient alternatives and innovation (the "No Action Alternative.") Another option would be to simply implement the Resilient Montana Program as a one-time-only funding source to assist the MID-URN communities with specific project implementation, without the focus on collaboration, state-wide application, policy and process change, and strengthening networks and partnerships to accomplish projects of higher leverage and local benefit with existing funding resources. Neither of these alternatives promotes lasting, long-term resilience for the State, and the limited application of the second alternative – singular project funding in the MID-URN communities - would not have the intended far-reaching impact at the community level without the collaboration component.

As discussed on page 9 of the Threshold Narrative, all activities to be conducted pursuant to the State's approach will meet one of HUD's three national objectives.

With the commencement of Phase 2 of this application process, the State began to assemble multi-disciplinary teams to work with each MID-URN area. State agency partners from Commerce, DEQ, DNRC and DES were joined by private engineering and architectural firms

and local and regional non-profit organizations that already work with each community on a regular basis. These teams were tasked with initiating conversations with the eight eligible MID-URN areas. Throughout August, September, and October, the team met on-site with local community and tribal leaders, key stakeholders, and affected residents of all eight communities to discuss in detail the impacts of their flooding disaster and how these impacts tie back to their community's health and well-being, economic vitality, infrastructure needs, environmental considerations, leadership commitment, and comprehensive planning. All eight MID-URN communities qualify for the CDBG-NDR competition under a severe flood event; however, unmet recovery needs for each of the eight communities varies between housing, infrastructure and environmental damage. As a result of these discussions, each MID-URN was able to begin framing what their community's vision and strategy for resiliency might look like, and begin to identify and prioritize resilient projects (reference Dropbox link, filename MIDURNO Outreach.pdf).

These conversations represent only the first step in gaining a greater understanding of resiliency and its application at the local level. In the coming months, multi-disciplinary teams for each MID-URN will grow to include specific subject-matter experts, philanthropic organizations, additional private sector and non-profit partners, and specialized technical support as the MID-URNs continue to hone their vision and strategies, identify and prioritize project proposals, and conduct planning, project design, and outreach activities with the assistance of CDBG-NDR funding and the applicable leveraged resources. These teams will continue to work through the planning and development stage with each MID-URN, ultimately assisting in any related project construction to complete prioritized activities in support of long-term resilient outcomes.

The State's Resilient Montana Program does not include a competitive application or selection process. All eight MID-URN communities identified through Phases 1 and 2 of this application will have access to CDBG-NDR funding, working with the State's multi-disciplinary teams to develop the most comprehensive and collaborative approach to resiliency in their local communities. While each of the eight MID-URNs will have an assigned team to assist throughout this process, there will be four specific checkpoints to ensure all activities, from planning to construction, have the greatest benefit and promote long-term resiliency at the local level. These thresholds are based on the four dimensions of resiliency developed by the Rockefeller Foundation: leadership and strategy, health and well-being, economy and society, and infrastructure and environment. Although the State of Montana does not anticipate any of its eight MID-URN communities needing to develop a detailed benefit-cost analysis for a project, each community must demonstrate that each project to be assisted with CDBG-NDR funds provides a distinct benefit in each of the four resilience dimensions – the project must enhance the community's capacity in planning or effective policy; must support economic revitalization and social cohesion; must positively impact and support public health and safety, and must further smart development and supporting infrastructure needs. Through the collaborative project development process with the teams described herein and the specific checkpoints described below, the State program will ensure the resiliency dimensions are met and the overall benefits of the activities selected are widespread:

- 1) Planning and Policy – The first checkpoint will take place prior to the end of planning and public outreach on the development of the community's vision, framework, and strategy for resiliency. Similar to a typical CDBG Planning process, the community will present a draft deliverable and overview of the process to the multi-disciplinary team for feedback on the

extent to which the four dimensions of resiliency have been addressed by the community through planning and policy. The team will continue to work with the community to modify the vision, framework, or strategies until the community's path meets the CDBG-NDR goals and is authorized to move to the project identification and prioritization phase.

- 2) Project Identification and Prioritization. The second checkpoint will take place prior to entering the design development process. At this stage, the community will be required to present its full list of projects, prioritization of those projects, including the rationalization behind that prioritization, detailed description of the selected project(s), and summary of how the project(s) provide benefit(s) in each of the four resilience dimensions to its multi-disciplinary team. The team will continue to work with the community to modify or reprioritize the projects until the community's proposal meets the CDBG-NDR goals and is authorized to move to the design development phase.
- 3) Project design. The third checkpoint will take place before the end of final project design. Again, similar to the State's typical CDBG grant process, the community will present a draft deliverable and overview of the design to its multi-disciplinary team for feedback on the extent to which the four dimensions of resiliency have been addressed by the design of the project. If necessary, the team will continue to work with the community to modify the design until it meets the CDBG-NDR goals and the community is authorized to move to the construction phase.
- 4) Project Completion. The final checkpoint will take place prior to project closeout and release of the final 10% of CDBG-NDR funds to the community project. Similar to the CDBG project grant process, the multi-disciplinary resiliency team for the community will conduct an on-site visit of the completed project(s) and discuss the community's experience with the



process, the benefits to the community as a result of the Resilient Montana Program, and discuss the future goals and strategy for the community. If necessary, the team will continue to work with the community to make project adjustments or identify additional assistance needed in any of the resiliency dimensions.

The collaborative vision, framework, and strategy development and project prioritization and implementation process with each MID-URN community will serve as models for similar communities across Montana seeking to learn about the benefits and dimensions of resiliency, and the drivers for actions that can be taken to become more resilient. To institutionalize this shift in culture from disaster response to resilient community building, the State will enlist a third party entity from the private or non-profit sector to develop and host an interactive website that leverages resiliency funding, resources, and partnerships for communities with limited access to information and assistance due to the expansive, geographically diverse landscape of Montana. The development of this web-based information-sharing platform is essential to empowering local and tribal jurisdictions to be able to implement resilient strategies in their own communities, from visioning, planning, and project prioritization to design and construction. The purpose of the website will be multi-faceted, providing a one-stop-shop for sharing information and providing assistance between and across local, tribal, state and federal governments and the public and non-profit sectors, and identifying and connecting communities to potential public and private funding sources and technical assistance. The website will also serve to support capacity-building in the public and non-profit sector across Montana by developing and strengthening access to resources at the local and state levels. These resources could potentially serve as a component of a project's funding package, contribute to the implementation of a project, and help to offset administrative costs.

From an administrative, scheduling, and budgeting standpoint, the website will be established in phases as the collaborative projects in each MID-URN community are developed and implemented, and as the cultural shift in state and local government to resilient thinking begins to be realized. To promote transparency and innovation for this very important resource – a key element in the State’s approach to shifting to a more resilient Montana – the website will not be developed by the State of Montana, but will be developed and hosted by a third-party entity chosen through a competitive procurement process.

In its beginning stages, the website will be used to showcase the ongoing collaborative process in each of the eight MID-URN communities as visions, frameworks, and strategies are developed and projects are identified, prioritized, and implemented. Through this open, iterative process, other communities across the state will witness firsthand what’s happening in similar jurisdictions, become familiar with the variety of resources and the collaborative structure taking place in these jurisdictions, and begin to contemplate what a similar process might look like for them. By openly demonstrating how a community like Roundup takes meaningful steps to increase their resiliency through innovative planning and project development, with the assistance of a multi-disciplinary team at their disposal and a variety of public and private sources of leverage, other similar communities in Montana can be encouraged to do similar work. In this way the website is one of the key tools in institutionalizing the shift in culture toward resiliency statewide.

The website will market the resiliency-building process to communities that were not eligible for funding under CDBG-NDR, providing an innovative combination of components, including but not limited to an interactive sounding board, information about alternative funding and resources, and key subject-matter experts and other relevant contacts that will help communities

conduct similar planning and implement comparable projects at the local level. Most importantly, the website will include a bucket list of key projects and resiliency best practices, developed during the State's Phase 2 application process, through on-site meetings and on-going collaboration with each MID-URN community, and as a result of consultation with technical experts from Commerce, DEQ, DNRC, DES, and the involvement of private and philanthropic partners that have been actively involved in the process to date.

Because all of Montana's MID-URN communities qualified for funding based on Presidentially-declared flooding disasters in 2011 or 2013, the project list developed to date focuses solely on those resiliency projects and best practices that address remaining unmet needs related to those flood events and the MID-URNs identified. Accordingly, the proposed activity 'buckets' identified to demonstrate the State of Montana's approach to resilient project development with each MID-URN, the program and project implementation schedule, budget, benefit cost analysis and consistency with other planning documents relate specifically to flooding. However, as the State continues to develop the Resilient Montana Program, other relevant disasters typically affecting Montana communities – wildfire, drought, earthquakes, severe storms, and manmade or environmental threats – will also be added to the website, with their own bucket list of activities and best practices that would involve multi-disciplinary agency teams and the same collaborative approach to funding and technical assistance proposed as part of this CDBG-NDR application.

The "buckets," or project activity types, identified to date include: Residential acquisition and relocation, Commercial acquisition and relocation, Stormwater Management & Low Impact Development Practices, Bank Stabilization, Flood Control Measures, Green Infrastructure (Trails & Improvements), Architectural Design Alternatives, and Critical Infrastructure.

These categories were selected based on the initial outreach and consultation with MID-URN areas, identification of priorities, review of existing planning work, discussion of best practices in response to unmet recovery needs, and the type of activities that would result in the greatest long-term benefit to the MID-URN communities, region and state as a whole. Working with the multi-disciplinary teams assigned, the MID-URN communities will piece together a set of activities from the bucket list above that will not only assist them in addressing their remaining unmet recovery needs, but also promote comprehensive resiliency by tackling related projects and outcomes concurrently. Using additional leveraged resources, combined with assistance from our extensive list of experienced professional partners who will be assigned to MID-URN project teams based on expertise, MID-URN areas will have the tools and resources necessary to plan, develop and implement a comprehensive, multi-faceted project from start to finish.

While not included in the bucket list of project activity categories above, planning will be a key component of the collaborative process each MID-URN community will go through. Solid, comprehensive, long-range planning and policy implementation will be expected of each community to ensure a culture of resilient thinking is institutionalized at the local level. Some communities may be further along in their planning processes and preliminary design than others, and will be ready and able to move forward with project implementation in the first wave of the Resilient Montana Program. However, all communities will be expected to incorporate these planning and policy activities into their overall approach, and the State has allocated \$1 million, in addition to leveraged funds referenced beginning on Page 98 of Factor 4, toward assisting each MID-URN in planning, preliminary design, and policy implementation activities to support overarching resiliency goals.

The following narrative supports the State's collaborative, activity-based approach, justifying the costs and benefits of structuring the Resilient Montana Program in the manner proposed. All project activities below have been included in the Benefit/Cost Analysis prepared by the State as part of this application and attached as Attachment F (filename: AttFBenefitCostAnalysis.pdf). Additional detail on the specific costs and benefits can be found by referencing that document and the supporting narrative.

### Residential Acquisition and Relocation

During the 2011 flooding season, homeowners in the state of Montana filed \$4.225 million worth of FEMA Individual Assistance claims, with 454 homes experiencing some level of damage. In three of the state's MID-URN communities, there was considerable housing damage that resulted simply from homes being too close to water bodies during the flooding season (reference Factor 2 narrative beginning on page 35).

The simple, conventional approach would be to simply acquire these homes and destroy structures located thereon. However, such an acquisition program would do little to promote resilient communities in Montana. Rural flight presents a major threat to many communities in Central Montana, where seven of Montana's eight MID-URN communities are located. According to the U.S. Census Bureau, the population of the United States is projected to increase by 29.6% by 2060. The Montana Census and Economic Information Center (CEIC) has compiled population projections through 2060 for each county in Montana. These demonstrate considerably less or negative growth in many of Montana's eligible communities, and these growth projections threaten the ability of communities like Roundup or Crow Agency to continue to provide services to remaining residents. Of the homes acquired through FEMA acquisition programs since the 2011 flooding season, only 44.4% of those households have

remained in their rural community. Many of the other homeowners have relocated to larger population centers such as Billings or Great Falls.

Another factor impacting rural communities in Montana is an aging population. CEIC projects that Montana's falling birth rates, rising death rates, and growing retired in-migration rates will result in a drastic shift in the average Montana age in Montana in the next few decades. Besides the resulting loss in workforce and income resources, increasing public transportation, health, and community service needs, changing housing needs, and community development goals, ensuring the availability of necessary public services and support to the elderly becomes ever more complicated in the event of disaster.

Any attempt to acquire homes on a large scale in rural Montana will require consideration of these factors, and innovation will be necessary in order to retain residents. Additionally, as building costs are higher relative to income in Montana due to the rural nature, lack of skilled labor, and higher shipping costs, such an acquisition program would need to ensure that residents are actually provided with sufficient means to rebuild an equivalent home in their community, without having to flee to a larger or less expensive housing market.

The acquisition of homes located within the floodplain or in flood-prone areas would not only help to revitalize the community and improve the local housing stock, but would also free valuable space for Montana's rivers to discharge during times of flooding. For instance, in the community of Roundup, if all the residential properties the community has identified were acquired, the river would have an extra 150 acres in which it could retain floodwaters, traverse more slowly, and drain naturally, which would help to protect critical infrastructure downstream, such as the water treatment plant damaged during the 2011 flooding season. At other times, this area could serve as a park and recreational area, providing fishing opportunities and tourism

opportunities that in turn will provide new economic benefits to the community. This will have a positive impact not just in current conditions but also during more severe events projected in climate change scenarios, as homes can be removed from the larger areas projected to flood in the future and relocated or rebuilt at higher elevations.

If Montana had the ability to acquire 131 homes in eligible MID-URN communities and relocate 50% of those homeowners to other homes within those eligible communities, this would reduce the potential for flood insurance claims by over a million dollars and provide numerous indirect benefits to the community as a whole. These projects would be anticipated to have a useful life of 100 years, though acquired land would be restricted from development in perpetuity. Within the MID-URN communities that have discussed interest in residential acquisition (mainly Musselshell and Valley counties and the cities of Glasgow and Roundup), these communities have had interest in these types of projects for several years and generally have the support of homeowners that live in affected areas.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Loss Reduction – Number of residential structures moved out of the floodplain and no longer subject to flood risk under climate change models;
- Environmental - Wetland/Riparian Area Generation – Number of acres of new wetland created as a result of acquisition and subsequent restoration;
- Social - LMI Housing – Number of households of low-to-moderate income relocated to more stable, better quality housing no longer subject to repetitive loss and damage due to severe events; and the increase in overall residential property values throughout the community resulting from improved housing stock;

- Economic- Tax Revenue Retained – No net loss of residential tax value following acquisition and relocation of residential structures to other locations within the community.

### Commercial Acquisition and Relocation

In a similar vein to the problems facing residential acquisition, several businesses in MID-URN areas experienced significant damage during the 2011 and 2013 flooding season, disrupting business operations and occasionally prompting business owners to simply close their doors. These businesses would have experienced significantly fewer impacts during the 2011 and 2013 flooding seasons if they had already been located outside of the floodplain (reference Factor 2 narrative beginning on page 35).

As a byproduct of rural flight, many communities in central Montana are struggling to maintain viable downtowns. These communities are making attempts to revitalize these historic business districts – for instance, the Glasgow recently adopted a downtown master plan, and Roundup is in the process of developing a Growth Policy that will include a comprehensive downtown revitalization component. Glasgow actively participates in the Montana Main Street program, and Roundup is expected to apply for inclusion into the program this fall.

Any commercial acquisition program proposed using these grant dollars will focus on those business owners who are willing to relocate into the historic downtown core of the community, where that district is located outside existing floodplain and areas anticipated to face flooding under climate change scenarios. As business owners opt to take advantage of these programs, vacant, abandoned, or blighted downtown buildings will be rehabilitated and revitalized. The relocation of established community businesses to the established downtown core will encourage local citizens to visit the downtown community, supporting Montana’s small-town community identity that has been demonstrated to enhance tourism, generate jobs, protect historic resources,



increase mobility and access to services, education, employment, and social opportunities, maximize investments in existing public infrastructure, and reduce household transportation costs. In turn, these indirect benefits may encourage business owners who are otherwise reluctant to relocate to reconsider the offer. While some business owners may still opt to relocate, the changing community character and culture will realize benefits from those that do.

Had these businesses been located outside of the floodplain, affected communities would have had significantly fewer impacts during the 2011 and 2013 flooding seasons. If Montana had the ability to acquire and relocate 15 businesses from existing and climate change modeled floodplains into existing downtown business districts, this would have significant environmental benefits and help to revitalize and generate social and economic benefits for these rural communities. These projects would be anticipated to have a useful life of 100 years, though acquired land would be restricted from development in perpetuity. Within the MID-URN communities that have discussed interest in commercial acquisition, these communities have had interest in these types of projects for several years and generally have the support of businesses that live in affected areas.

While the State will ensure all activities using these grant funds will follow the applicable Section 3 and Disadvantage Business Enterprise requirements, the training and employment of LMI businesses and individuals is especially pertinent in terms of the commercial acquisition and relocation process. The acquisition categories are intended to support existing communities and vulnerable populations by eliminating risk and repetitive loss while promoting revitalization in rural communities that often lack economic development incentives and continue to lose businesses and resources to larger population centers. The State will focus efforts and technical assistance toward employing and training Section 3 and DBE individuals to assist in the

interagency collaborative teams, as well as prioritize relocation of businesses and employers that fall within this category.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Loss Reduction – Number of businesses moved out of the floodplain and no longer subject to flood risk under climate change models;
- Environmental - Wetland/Riparian Area Generation – Number of acres of new wetland created as a result of acquisition and subsequent restoration;
- Social - Downtown Revitalization – Number of new businesses opened in the downtown core;
- Economic - Tax Revenue Retained – No net loss of commercial tax value following acquisitions.

### Stormwater Management

Through meetings with MID-URN communities throughout the state, it has become apparent that stormwater infrastructure in many Montana communities is woefully inefficient and ineffective in the face current and future disasters (reference Factor 2 narrative beginning on page 35). In many cases, ineffective or poorly designed stormwater infrastructure actually exacerbates damage during a flood, a trend set to continue with climate change.

This substandard or in some cases nonexistent stormwater management has caused damage to critical community infrastructure. Fort Belknap Agency was placed under a boil order during the 2011 flooding season until their water facility could be repaired, and in 2013 the Lodgepole Housing Public Water System was shut-down after the flooding saturated the ground and septic drain fields adjacent to the systems well failed. In 2011, nearly all the neighborhoods in Glasgow experienced some level of flooding, despite being located inside the Glasgow levee

system, as stormwater backs up inside the levee with no outlet to drain to the Milk River. These conditions are exacerbated during extended storm events, when constant rains over long periods have saturated the ground, resulting in rapid flooding conditions. If Glasgow were able to re-develop its stormwater system in a comprehensive manner, in concert with necessary structural improvements to the existing levee, the community would experience far more effective flood management.

As the state works with these and other eligible MID-URN communities to identify projects, it will seek to implement green infrastructure and promote low impact development techniques as a cost effective means of improving community storm drainage. Low-impact development techniques are designed to increase natural flood drainage, while conventional stormwater systems can add capacity to handle excessive flood flows. These low-impact techniques, combined with enhanced stormwater management, will increase a community's ability to handle climate change events and impacts.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Mold Eradication – Net decrease in number of homes reporting mold damage;
- Environmental - Environmental Protection – Net increase in water quality of adjacent streams;
- Social - Improved LMI Communities – Reduction in flood insurance claims from LMI households; minimized disruption of access to basic goods and services for persons of low-to-moderate income;
- Economic - Minimized O&M Costs – Net reduction in community expenditures on stormwater O&M, when existing stormwater infrastructure is replaced or enhanced with Low Impact Development practices or other Green Infrastructure.

As several communities have expressed strong interest in increasing their stormwater capacity, through low impact development techniques and other means, and these local governments own much of the property that would likely contain this infrastructure, expedited project implementation in this category will likely be realized. The challenge with this project category will be realizing ancillary benefits from private sector development, and implementing or increasing standards to encourage or require low impact development techniques.

### Bank Stabilization

A substantial portion of the infrastructure and housing damage caused by the 2011 and 2013 flood events was directly attributable to poorly managed streambanks. If coupled with other measures, such as the acquisition and relocation measures mentioned above, the combination of bank stabilization and the expansion of the floodplain could result in the ancillary benefit of protecting existing critical infrastructure in the long-term, without further project activities required. Much of this infrastructure damage was a direct result of channel migration and other issues that have caused the rapid erosion of streambanks (reference Factor 2 narrative beginning on page 35).

The CDBG-NDR funds will provide State of Montana with the resources to strategically stabilize and strengthen approximately one mile of stream bank in each MID-URN community, protecting critical infrastructure, reducing channel down-cutting and the likelihood of entrenchment, enhancing the stream's ability to handle increased flood flows, creating new wetlands, and benefitting wildlife habitat in areas where other resilient project activities will be taking place. Additionally, bank stabilization and stream restoration along key corridors will restore and create new fishing habitat and new public access sites may be provided. This has the potential to enhance Montana's reputation as a premier fishing destination, preserving the

economic benefits of this growing tourism market to both the local economy and additional communities throughout the state that serve this market segment. According to the Montana Outdoor Industry Association (<http://tinyurl.com/qbocx9n>), tourists spend \$343 million annually on fishing activities in Montana, and changes in the spring runoff cycle caused by climate change threaten this industry. Bank stabilization and stream restoration will restore normal river flows and provide larger areas for flooding waters to pass through with limited long-term impacts to natural environment, preserving fish habitat despite climate change.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Reduced Risk to Vulnerable Infrastructure – Net reduction in Public Assistance Claims following flood events;
- Environmental – Environmental Protection – Increased fish populations and acres of riparian habitat;
- Social – Improved LMI Communities- Net increase in available wetland acres within LMI block groups; number of residential units preserved for households of low-to-moderate income.
- Economic – Enhanced Tourism - Increase in service business revenue in nearby communities.

Bank stabilization and stream restoration projects will require a variety of permits from local conservation districts and the Army Corps of Engineers. As these projects are intended to restore streams to a natural state, these requirements should not present a barrier to implementation of stream restoration projects.

#### Flood Control

Existing flood control measures, including levee structures, have been discussed respective to identified MID-URN communities in Factor 2, beginning on page 35 of this application. Communities such as Glasgow and the Helena Valley continue to struggle with scenarios exacerbated by inefficient, ineffective and substantially un-resilient flood control measures over the years. Due to many years of creek channel rerouting and dewatering to expand agricultural lands and build the federal interstate highway through the Helena Valley, the area is now uniquely prone to flooding. As this area has grown with urban land uses significant development has occurred along and within former creek beds and watershed channels. The community currently contains a mix of large-lot subdivisions, mobile home parks, agricultural lands, and sporadic commercial uses. Large-scale relocation of Helena Valley residents out of the flood prone areas is politically, financially, and socially infeasible; water management and flood control measures are necessary as a component of a long-term vision and strategy for achieving resiliency in this area. If implemented in conjunction with land use policy changes and localized, innovative, low-impact development practices and other green infrastructure improvements, there is potential for further reconfiguration of these historical channels to provide benefit and decrease the likelihood of flooding during increasingly severe flooding event within this community. Policy changes would support the preservation of the agricultural character of the community, while flood control measures would help to ensure that agricultural losses and infrastructure damage is minimized during flood events.

In each MID-URN area identified, thousands of acres of agricultural lands are located within flood-prone areas. The resilient development of flood control measures to prevent these lands from becoming inundated with water, when implemented in conjunction with other measures such as green infrastructure, stormwater management and solid planning and policy development

will help to protect Montana’s agricultural economy by reducing crop losses during times of disaster. Strategically designed and located flood control measures can help communities with increasing risks from climate change by helping to ensure consistent water flows year-round, benefitting the agricultural community and providing excess flood capacity in developed areas when a large flood event occurs.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Reduced Risk to Vulnerable Infrastructure – Net reduction in Public Assistance Claims following flood events;
- Environmental – Environmental Protection – Net increase in water quality of adjacent streams;
- Social – Improved LMI Communities- Reduction in flood insurance claims from LMI households; reduction in new residential structures developed in flood prone areas
- Economic – Agricultural Protection – Fewer reported crop losses and impacts to irrigation infrastructure

As flood control projects are identified and prioritized by the MID-URN communities, the State of Montana will implement only the most feasible and critical projects with a clear and substantial link to an overall resiliency vision, framework, and strategy and demonstrate benefits to the four resilient dimensions. Further, since flood control projects will require significant environmental review and have stringent permitting requirements, the State of Montana will use CDBG-NDR funds for these project activities only if they can be feasibly completed within the applicable expenditure deadline for CDBG-NDR funds.

#### Green Infrastructure (Trails and Improvements)

As a supplement to other CDBG-NDR project activities, such as streambank restoration, residential or commercial acquisition, or flood control, the development of trails and improvements will help to enhance the resiliency of these projects by providing strong social benefits to isolated, rural communities. Most of the MID-URN communities have underdeveloped park and recreation programs, with very limited budgets for operations and maintenance and limited understanding of the widespread social and economic benefits and merits of easily accessible parks and trails in a community. To help preserve rural Montana communities such as Roundup and Glasgow, the development of high quality parks and recreational opportunities will help provide residents with an incentive to remain in these communities and provide additional opportunities for tourism. Additionally, parks and trails serve as low-impact development that can be situated within floodplains and riparian areas with limited risk of loss or damage, providing significant community benefit while also enhancing the environment, providing critical habitat, allowing for natural wetlands, and creating space for natural stormwater drainage.

While not all land acquired through this process would be converted into developed parkland, the development of a former trail system within communities such as Roundup, Fergus County, and Glasgow would help to promote physical health, provide a free and local outdoor experience for all residents, including households of low-to-moderate income and those with limited mobility, and provide a space for community events and education.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency – See resiliency value from residential and commercial acquisition, as this bucket is interconnected and relies on the same metrics;



- Environmental – See resiliency value from residential and commercial acquisition, as this bucket is interconnected and relies on the same metrics;
- Social – Physical/Mental Activity Benefits – Net increase in park users within a community;
- Economic – Economic value of parkland - Increase in retail and service industry business revenue in nearby communities.

These projects will generally be very feasible, as acquired property will generally transfer into the ownership of local or state governments and infrastructure improvements will be minimal. The challenge with these activities will be ensuring that property is developed in such a way that communities have adequate funding for ongoing operation and maintenance of these facilities.

#### Architectural Design Alternatives

For some of Montana's tribes, the destruction of a home shows disrespect for tribal culture and religion. The Crow Tribe, for instance, places great value on living near the Little Bighorn River, and is not interested in an acquisition program, particularly one that would relocate residents and businesses further away from the river (reference Factor 2 narrative beginning on page 35). In this situation, the multi-disciplinary resiliency team and the community must consider alternative, innovative options to promote resiliency with regard to housing. The elevation of homes located near the floodplain is likely the most cost-effective way to honor and respect these cultural values while still working to minimize repetitive flood loss within these communities. The Crow Tribe is interested in the potential development of a voluntary architectural improvements program that results in the elevation of existing homes to be more resilient without relocation or demolition. Many of those who live along the river do not have the resources to make these improvements on their own. If these architectural improvements were to be paired with other projects, such as bank stabilization and stream restoration, communities

could continue to thrive while maintaining their cultural relationship with the river. These improvements will be designed to withstand flood waters under climate change models and comply with applicable local and state code.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Loss Reduction – Number of homes elevated or otherwise innovatively protected from floods expected under climate change models;
- Environment - Environmental Protection – Net increase in water quality of adjacent streams;
- Social - LMI Housing – Increased property tax value throughout community; number of LMI households protected from floods expected under climate change models;
- Economic- Population Retained – No net loss of residential tax value following completion of project activities.

The major barrier to this type of project activity will be the voluntary nature of an architectural improvements program, where the number of houses removed from future exposure to flooding will be dependent on extensive community participation and support.

### Critical Infrastructure

During the 2011 flooding season, communities throughout Montana experienced significant damage to their critical infrastructure; whether bridges and road or water and wastewater facilities (reference Factor 2 narrative beginning on page 35). Bridges are the lifeblood of rural Montana communities, and when bridges are lost the damage is incalculable to the residents of those communities. There is no way to simply remove bridges, or require farms and ranches to not develop in places where they are dependent on a bridge for escape without severely reducing the acreage of agricultural land in Montana and crippling the state's agricultural economy.

In Roundup, the highway leading southwest from the community is routinely washed out during times of flooding on the Musselshell River, cutting off critical access to the larger community of Billings. This interruption of normal access routes has direct impacts on the city's ability to obtain goods and services, and the reconfiguration and elevation of this state highway would ensure that the river can pass uninhibited through the area during times of flood, while also protecting a critical transportation link for the Roundup community.

The City of Laurel's water intake facility experienced \$11 million worth of damage due to the 2011 floods. Due to the presence of a federal interstate highway bridge and a rail trestle upstream from the intake, water flows at a very high velocity through the area during flooding events. It is unlikely that a benefit-cost analysis would find removing and replacing this critical transportation infrastructure (valued at over \$100 million) to be a cost-effective option, so other measures need to be taken to ensure the long-term resiliency of Laurel's water intake.

If these communities had the resources to repair and replace their critical infrastructure in a more resilient fashion, in concert with other measures such as bank stabilization and stream restoration, they would be able to better withstand severe flooding events, while still acknowledging the needs and constraints of the community. The resilient repair of critical infrastructure will be designed to minimize or avoid risks during extreme weather events, at minimum providing some level of redundancy such that the failure of one piece of critical infrastructure will not decimate a community's ability to function.

The metrics that will be used to quantify the level of impact resulting from this activity will include the following values:

- Resiliency - Reduced Risk to Vulnerable Infrastructure – Net reduction in Public Assistance Claims following flood event

- Environmental - Environmental Protection – – Net increase in water quality of adjacent streams
- Social – Improved LMI Communities – Infrastructure investment providing an area-wide benefit to communities with 51% or more persons of low-to-moderate income
- Economic - Trip Time – Reduction in reported road/bridge closures and time period from closure to reopening.

As these critical infrastructure facilities are owned by the local MID-URN communities, their development is feasible from a management perspective. However, depending on the infrastructure type, various types of permits may be required and levels of preliminary engineering performed. The State of Montana will use CDBG-NDR funds for critical infrastructure project activities only if they can be designed, reviewed, and implemented by the CDBG-NDR expenditure deadline.

The project categories described herein are illustrative only, as a MID-URN community, through discussions and collaboration with the multi-disciplinary resiliency team, local partners, and the public, will develop an innovative and unique approach drawing from these multiple project categories, supported by comprehensive planning efforts and in support of long-term resiliency within the community. This gives the State the necessary flexibility to identify the general project categories expected to be funded by the Resilient Montana Program, but still be able to fund projects that will serve as models for other communities facing similar challenges.

The effectiveness of the State's proposed approach will be lessened if the requested award amount is reduced. A reduction in funding will mean that some MID-URN communities will not receive funding, which impacts the overall effectiveness in looking at resilient measures comprehensively and concurrently, as opposed to piecemeal. If a reduction in award amount

were necessary, the State would reduce the amount of money allocated to each resilient activity category on a proportional basis. This will allow the State of Montana to engage in the full resiliency team process for the first wave MID-URN communities as they reach readiness for design and construction first, and provide assistance in planning and project identification and prioritization for the remaining MID-URN communities. If the State is unable to assist the second wave MID-URNs past the planning stage before CDBG-NDR funds were fully expended on the project categories, the State will assist those communities, and other communities in Montana that were not eligible for CDBG-NDR funds, in implementing resilient projects by connecting them to other public and private funding sources and technical resources through the interactive web platform.

Program Schedule

The State is in the unique position of working with eight qualifying MID-URN areas on the creation of their resilient vision and implementing projects that have been prioritized through the Resilient Montana Program, as opposed to simply focusing on one qualifying project or area. Because of this, the State is requesting a waiver to the expenditure deadline, to allow expenditure of grant funds through September 30, 2022, as presented in Attachment G – Waiver Request (filename: AttGWaiverRequest.pdf). Website development and implementation will be ongoing through 2022. Realizing that some MID-URN areas may be further along in some or all aspects of their resilient project development, the State proposes two implementation waves.

Wave 1 Implementation Schedule:

<u>Activity</u>	<u>Begin Date (Qtr/Yr)</u>	<u>End Date (Qtr/Yr)</u>
Initial project development	<u>Q 1/2016</u>	<u>Q 1/2017</u>

Interdisciplinary team creation	<u>Q 1/2016</u>	<u>Q 2/2016</u>
Planning	<u>Q 2/2016</u>	<u>Q 3/2016</u>
Public Outreach	<u>Q3/2016</u>	<u>Q 4/2016</u>
Project evaluation & selection	<u>Q 3/2016</u>	<u>Q 4/2016</u>
Project-specific BCA	<u>Q 4/2016</u>	<u>Q 4/2016</u>
Preliminary Design	<u>Q 4/2016</u>	<u>Q 2/2017</u>
Environmental Review	<u>Q 1/2017</u>	<u>Q 2/2017</u>
Permitting/Agency Review	<u>Q 2/2017</u>	<u>Q 2/2017</u>
Final Design	<u>Q 2/2017</u>	<u>Q 2/2017</u>
Hiring of Contractor(s)	<u>Q 2/2017</u>	<u>Q 2/2017</u>
Construction & Implementation	<u>Q 2/2017</u>	<u>Q 4/2018</u>

Wave 2 Implementation Schedule:

<u>Activity</u>	<u>Year</u>	<u>Quarter(s)</u>
Initial project development	<u>Q 1/2016</u>	<u>Q 4/2018</u>
Interdisciplinary team creation	<u>Q 1/2016</u>	<u>Q 2/2016</u>
Planning	<u>Q 2/2016</u>	<u>Q 4/2017</u>
Public Outreach	<u>Q 2/2016</u>	<u>Q 4/2017</u>
Project evaluation & selection	<u>Q 1/2018</u>	<u>Q 2/2018</u>
Project-specific BCA	<u>Q 2/2018</u>	<u>Q 2/2018</u>
Preliminary Design	<u>Q 2/2018</u>	<u>Q 4/2018</u>
Environmental Review	<u>Q 3/2018</u>	<u>Q 4/2018</u>

Permitting/Agency Review	<u>Q 4/2018</u>	<u>Q 4/2018</u>
Final Design	<u>Q 4/2018</u>	<u>Q 4/2018</u>
Hiring of Contractor(s)	<u>Q 4/2018</u>	<u>Q 1/2019</u>
Construction & Implementation	<u>Q 1/2019</u>	<u>Q 3/2022</u>

Budget

The State is requesting approximately \$80.4 million to complete all activities proposed in this application for CDBG-NDR funding. A detailed budget identifying dollar amounts for each activity requested, including planning activities and website development is shown below.

Additional information on budget development can be found in Attachment F – Benefit-Cost Analysis (filename: AttFBenefitCostAnalysis.pdf). As discussed beginning on page 14 in Factor 1, NDR funds will be administered by existing personnel within Commerce.

	Source: CDBG-NDR	Source: Other*	Total
Administration	n/a	n/a	n/a
Website Development	\$250,000.00		\$250,000.00
Planning	\$1,000,000.00	\$528,750.00	\$1,528,750.00
Residential Acquisition	\$31,670,887.50		\$31,670,887.50
Commercial Acquisition	\$4,144,500.00		\$4,144,500.00
Stormwater Management	\$10,566,679.00		\$10,566,679.00
Bank Stabilization	\$1,583,849.00	\$201,336.00	\$1,785,185.00
Flood Control	\$14,239,853.04	\$493,866.00	\$14,239,853.04

Trails and Improvements	\$6,998,175.00		\$6,998,175.00
Residential Architectural Improvements	\$1,500,000.00		\$1,500,000.00
Critical Infrastructure	\$8,484,732.00	\$9,293,382.00	\$17,778,114.00
<u>Total</u>	\$80,438,675.54	\$10,517,334.00	\$90,956,009.54

\*Please reference the Sources & Uses Statement located on page AttB-1 of Attachment B – Leverage Documentation (filename: AttBLeverageDocumentationMontana.pdf) for a breakdown of other funding sources.

Stakeholder Consultation

In addition to the targeted outreach to MID-URN communities documented above, further statewide outreach is referenced in Attachment D – Consultation Summary (filename: AttDConsultationSummary.pdf) and within the Dropbox in PublicOutreachDocumentation.pdf.

Plan Consistency

The application contains the required Certification of Consistency with the Consolidated Plan (reference Attachment C, filename AttCAttI.pdf), ensuring consistency with the planning document. The State recently updated the Consolidated Plan, incorporating language that prioritizes the use of CDBG funds in for projects that further the livability principles developed by the Partnership for Sustainable Communities. The State commits to processing a substantial amendment to the Consolidated Plan within 6 months of grant award, to incorporate the Resilient Montana Program and the eligible MID-URN communities, the resiliency dimensions that must be achieved as the communities work through the process of planning and policy change, project



development and prioritization, preliminary project design, and project construction; and the metrics for measuring project success identified herein.

The City of Laurel has adopted a transportation plan that prioritizes “[r]educing adverse social, economic, and environmental impacts on people and communities.” The plan describes the social and economic costs of relocation resulting from project implementation and its impact on communities, particularly low-income, ethnic, or elderly populations and small businesses that serve such populations. In addition, the plan recognizes the potential for significant adverse impacts on the environment resulting from roadway relocation. While this plan is not directly related to a flood event or natural disaster, the State will work with Laurel and any other MID-URN communities that have adopted or will adopt transportation plans, and the Montana Department of Transportation, to ensure consistency with such documents as they relate to planning and projects funded with CDBG-NDR dollars. This plan is referenced on Page AttD-25 of Attachment D – Consultation Summary (filename: AttDConsultationSummary.pdf)

All of the counties containing eligible MID-URN areas have adopted FEMA Pre-Disaster Mitigation Plans. The State will ensure that all Resilient Montana Program activities are consistent with these adopted plans, and will prioritize those projects that achieve outcomes that are both identified in these plans and that promote resilience. For instance, the Musselshell County PDM (referenced on page AttD-29 of Attachment D) prioritizes acquisition and relocation in the Roundup area; the community’s on-going support for this approach was reiterated at the multi-disciplinary resiliency team’s initial meeting with Roundup. The Fort Belknap Indian Community PDM (referenced on page AttD-35 of Attachment D) notes the need for enlarged culverts in specific areas; this issue of inadequate stormwater management was discussed at length during the multi-disciplinary resiliency team’s initial meeting with the Fort

Belknap community. These efforts could potentially benefit a future resilient stormwater or water management project within the greater community, while supporting the implementation of these pre-existing documents. Further discussion of compliance with existing and future long range planning efforts within the MID-URN communities will be addressed beginning on page 110 of Factor 5.

Exhibit F Factor 4 – Leverage

State of Montana

Filename: ExhibitFFactor4LeverageMontana.pdf

The State of Montana will leverage a variety of existing resources in an effort to promote statewide resiliency. Using existing grant, loan, and technical assistance programs and staff across several state agencies, including the Montana Department of Commerce (Commerce), Montana Department of Environmental Quality (DEQ), Montana Department of Natural Resources and Conservation (DNRC), the Montana Department of Transportation (MDT), the Montana Department of Fish, Wildlife and Parks (FWP), and the Montana Department of Military Affairs, the state has access to extensive supporting commitment and leverage for implementation of resilient activities in the MID-URN communities and in the introduction of the Resilient Montana Program statewide.

#### Direct Leverage

For the MID-URN community of Laurel, funds have been secured from the FEMA Public Assistance program through the Department of Disaster and Emergency Services in support of the city's water intake project. This project is not yet fully funded, and the City has been working diligently but unsuccessfully to obtain the remaining funds necessary for project implementation. The use of CDBG-NDR funds will allow for the completion of this resilient project, which addresses an unmet need that was a result of the 2011 flood. FEMA has committed \$7,705,788 (75% of the \$10.2 million project), and a letter committing these funds is included on page AttB-2 of Attachment B – Leverage Documentation (filename AttBLeverageDocumentation.pdf; referenced throughout this narrative).

For the Helena Valley, funds have also been secured from the FEMA Hazard Mitigation Grant Program (HMGP) through the Department of Disaster and Emergency Services to develop an Emergency Flood Detention Basin in the Helena Valley. This project is an implementation item in the 2012 Helena Valley Flood Mitigation Plan (saved in the Dropbox as HelenaValleyFloodPlan.pdf). This project is fully funded, and supports the Helena Valley area's

vision and strategy to manage stormwater and floodwaters more proactively, to minimize impacts to existing and future development. FEMA has committed \$493,866 and a letter committing these funds is included on page AttB-16 of Attachment B.

Fergus County has also secured FEMA HMGP funds for the acquisition of one home for flood mitigation purposes on Couch Creek. This project directly supports the intent of Fergus County to work to restore their streams and wetlands to a more natural state, allowing for better flood flows. This project is also fully funded, and FEMA has committed \$120,821. A letter committing these funds is included on page AttB-18 of Attachment B. Fergus County has also received TSEP project grant award for \$337,594 to replace a bridge damaged during the recurring flooding events in 2011, 2012, and 2013, and its replacement will help to bolster the community's critical bridge infrastructure. A copy of the award letter is saved on page AttB-20 of Attachment B.

Additionally, Fergus County has been awarded \$15,000 in Treasure State Endowment Program planning funds (TSEP Planning) to develop a comprehensive Capital Improvements Program. This document will identify bridge and other infrastructure that remains damaged following the 2011 floods, and will be of great benefit when identifying and defining a resilient approach for the County. A copy of the award letter is saved on page AttB-21 of Attachment B. The Town of Denton, located within the Fergus County MID-URN area, has also received a TSEP Planning Grant award for \$15,000 for the development of a water system Preliminary Engineering Report (PER). This water system is located within the 100-year floodplain, and through the preparation of this PER the Town will be able to explore resilient alternatives in the development of a new system. A copy of the award letter is on page AttB-22 of Attachment B. Finally, the Town of Winifred, also located within the Fergus County MID-URN area, completed a Capital Improvements Plan in 2015 with a TSEP Planning Grant award of \$5,000 that will help

to inform resilient infrastructure improvements within that community. A copy of the award letter is on page AttB-23 of Attachment B.

The City of Roundup was recently awarded \$33,750 in planning grant funds from the Community Development Block Grant (CDBG) Program to assist in the preparation of a comprehensive Growth Policy. This document will address issues related to downtown revitalization, flood prevention, and other items identified related to the overall vision for the community, and project development and prioritization to strengthen local social, environmental, and economic resiliency. A copy of the award letter is on page AttB-24 of Attachment B. The DNRC Irrigation Development Grant program recently awarded \$15,000 for the development of a flood mitigation master plan in Melstone, located in the MID-URN area of Musselshell County. These efforts will help to boost community resiliency in that small community. Finally, the DNRC Conservation District Grant Program awarded \$19,900 to help restore stream banks along the Musselshell River in Musselshell County to minimize flood risks along this river corridor. A letter committing these DNRC program funds begins on page AttB-25 of Attachment B.

In Blaine County, the cities of Harlem, Chinook, and Malta are jointly developing a housing study for the Hi-Line corridor between Chinook and Malta, which will address housing needs on part of the Fort Belknap Reservation. This effort is funded in part with \$45,000 in CDBG planning grant funds. Copy of the relevant award letters are found on pages AttB-29 and AttB-38 of Attachment B.

The Crow Tribe and Big Horn County were awarded \$1.2 million (\$750,000 in TSEP project grant funds and \$450,000 in CDBG project grant funds) to rebuild and relocate the wastewater lift station, damaged in the 2011 floods, out of the floodplain. This project will accomplish a major resiliency project for the Crow Agency community, and comprise an important component

of the Resilient Montana Program work to be accomplished in this MID-URN area. Copies of the award letters are saved on pages AttB-30 and AttB-31 of Attachment B. The Yellowstone River Conservation District received an award of \$60,615 from DNRC's Reclamation & Development Construction Grant Program to support bank stabilization along Pryor Creek in rural Yellowstone and Big Horn Counties. This work will benefit and help to offset the flood risks in the unincorporated community of Pryor, located in the MID-URN area of Big Horn County. A letter committing these DNRC program funds is on page AttB-25 of Attachment B.

To implement these goals, Commerce has already revised its guidelines for evaluating and awarding CDBG planning grants. In coming grant cycles, with the submission and HUD approval of a substantial amendment to the Consolidated Plan, Commerce will reserve \$400,000 in CDBG planning grant dollars over the next two federal fiscal years to assist in project development and supplement existing planning efforts for the eight MID-URN communities, with an average community award of \$50,000. When added to the current awards for \$33,750 and \$45,000, this provides \$478,750 in total direct leverage from the State CDBG Program in planning funds for community and infrastructure planning. A letter committing these funds is located on page AttB-32 of Attachment B.

### Supporting Commitments

These same implementing program guideline changes will also be made for the evaluation and awarding of CDBG Housing, Public Facilities, and Economic Development project grants in the next round of project funding slated for Spring 2016. With the submission and HUD approval of a substantial amendment to the Consolidated Plan, Commerce will reserve a total of \$4.05 million in CDBG project grant dollars over the next four federal fiscal years to assist with housing, public infrastructure, community services, and economic development projects in the

eight MID-URN communities, with an average community award of \$450,000. The letter committing these funds is located on page AttB-32 of Attachment B.

These same changes will also be made for the evaluation and awarding of HOME Investment Partnerships Program housing grants for the next round of grant funding, also slated for Spring 2016. With the submission and HUD approval of a substantial amendment to the Consolidated Plan, Commerce will reserve a total of \$2.8 million in HOME Program grant dollars over the next four federal fiscal years to assist with housing projects in the MID-URN communities, with an average award of \$700,000. The letter committing these funds is located on page AttB-32 of Attachment B.

In Roundup, Commerce is providing \$950,000 (\$500,000 in TSEP project grant funds and \$450,000 in CDBG project grant funds) through a multi-state agency funding package to support continued upgrades and replacements of the City's water system distribution pipes. A copy of the award letters are located on page AttB-35 and AttB-36 of Attachment B.

The City of Laurel was awarded \$18,000 in CDBG planning grant funds to update its subdivision regulations. This will allow the City to implement resilient policy and strategies through the innovative design and mitigation of new development in the City. A copy of the award letter is located on page AttB-37 of Attachment B.

In addition to these awarded planning and project funds, Commerce administers the Montana Main Street Program, which promotes historic preservation and downtown revitalization. The City of Glasgow is a member of the Main Street Program and has access to ongoing technical assistance and an annual competitive grant funds, and the City of Roundup has indicated it will apply for inclusion into the program this fall. The Main Street Program will provide technical assistance and up to \$60,000 in Montana Main Street grants funds over the next four years to grant applicants that are MID-URN communities and members of the program (\$15,000 per



community) to help plan for and implement a resilient economic and social dimension to the revitalization of historic downtown areas. A letter committing these funds is located on page AttB-32 of Attachment B

Additionally, Commerce currently has available TSEP planning grant dollars during the current biennium that will be directed to applying MID-URN communities to aid with infrastructure planning, allowing for up to seven additional \$15,000 grant awards for a total of \$105,000. A letter committing these funds is located page AttB-32 of Attachment B.

This provides the State of Montana with \$10,517,334 in documentable direct leverage and \$7,933,000 in documentable supporting commitments, providing the State with a total of \$18,450,334 in leverage. This is equivalent to 22.9% of the requested CDBG-NDR funding. The Project Budget, located on Page 94 of Factor 3, and the Sources & Uses Statement located on page AttB-1 of Attachment B further explains how funds will be used.

#### Partner Agreements

The State of Montana has actively engaged a broad network of partners who are committed to participating in the collaborative project development process through the State's multi-disciplinary resiliency team framework. Team members will provide technical assistance, subject-matter expertise, and professional services to assist MID-URN communities in the implementation of resilient solutions to address unmet need, using a combination of existing grant dollars, leveraged resources, volunteerism, and expertise. At this time confirmed partners include the following public, private, local and regional entities including the Big Horn County Commissioners, Chippewa Cree Tribe of the Rocky Boy's Reservation, Crow Tribe of Indians, Fergus County Commissioners, Fergus County Disaster & Emergency Services, Fort Belknap Indian Community Council, Lewis & Clark County Commissioners, Town of Nashua, City of Roundup, Valley County Commissioners, Cossitt Consulting, CTA Architects Engineers, The

Domestic Preparedness Assistance Center, Glasgow Levee Committee, Glasgow Reds, Great West Engineering, Helena Valley Flood Committee, Land Solutions LLC, Opportunity Link (serving Northcentral Montana communities), Snowy Mountain Development Corporation, KLJ Engineering, WWC Engineering, Stahly Engineering, and Anderson-Montgomery Engineering.

At this time, these partners have submitted partner letters, referenced in Attachment A (filename AttAPartnerLetters.pdf), that demonstrate each partner's desire to participate in this program. The State of Montana is continually reaching out to potential partners and adding to this list, seeking specifically to fill gaps in expertise, capacity, funding resources, and local leaders and organizations.

Montana has drafted a Request for Qualifications (located in the Dropbox at filename: DraftRFQ.pdf) for professional expertise and technical assistance with planning, engineering, and construction activities within the project categories identified in Factor 3. This RFQ will be widely released and distributed to partners and the public following award, inviting participation in the RFQ process in accordance with the State of Montana's procurement requirements. The RFQ will solicit a narrative response for each project skill category, and the State will procure sufficient consultants to ensure that it has an adequate number of skillsets to implement potential projects. The State will review these qualifications and procure the top scoring applicants based on their unique skills, their prior interest in this grant opportunity, and their general administrative capacity. This will ensure a fair and equal selection of private sector partners throughout the state in a way that meets procurement requirements. The amount of money allocated to these individual contractors will not be fixed, but will have a set limit based on the categorical amount of money awarded through this competition. This process is modeled after the consultant selection and agreement process designed and implemented by Commerce for

providing community land use planning assistance through the CTAP Program and planning consultant partners discussed on page 14 in Factor 1.

This process will allow the State to establish a broad pool of private and non-profit entities from which to select the appropriate partners to assist each MID-URN community in the development of their resilient project(s) and approach. Once chosen through this RFQ process, each partner will enter into firm contractual agreements with the State, respective to individual tasks and activities for each MID-URN. The State intends to have these agreements in place prior to grant funding expenditures. While the State of Montana acknowledges the opportunity in the Phase 2 application process to identify partners without further federal procurement processes, Montana is required to follow its own statutory state procurement requirements, and was unable to do so prior to the Phase 2 submittal deadline. In the next 3-4 months, Montana will similarly begin soliciting qualifications for a private or non-profit sector partner to develop and host the State's Resilient Montana Program web platform.

Exhibit G Factor 5 – Long-Term Commitment

State of Montana

Filename: ExhibitGFactor5LongTermCommitMontana.pdf

This past year, during the update of the State of Montana’s 2015-2020 Consolidated Plan for Housing and Community Development Commerce was specifically drafted to prioritize projects for HUD and other funding programs that support existing communities, invest in vital public infrastructure, enhance Montana’s economic competitiveness, promote equitable, affordable housing, and reduce homelessness. These goals, which align the State of Montana’s use of HUD program funding with the Livability principles development by the Partnership for Sustainable Communities, increase community resilience, walkability, connection to existing planning documents, and the development of sustainable affordable housing in areas with increased access to existing services and public infrastructure. This change not only better aligns the myriad of grant and loan programs guided by the Consolidated Plan and its overall objectives, but aligns those objectives with HUDs goals for creating stronger, more socially, environmentally, and economic resilient communities. A similar alignment between Commerce goals and the goals of its partnering State agencies, as well as the other public and private partners, is anticipated as a result of the collaboration that drives the Resilient Montana Program.

Since the submittal of the State’s Phase I application, Commerce has already made strides to ensure that long-range plans funded through the CDBG and Montana Main Street grant programs will look toward resilient solutions – development decisions, policy and regulation - to promote the six livability principles now integrated into the Consolidated Plan and the Community Development Division’s approach. Commerce staff have already increased communication and coordination with the State Floodplain Officer of the DNRC Water Resources Division with respect to preparation of this application and relevant work within the framework of existing grant programs and technical assistance.

The CTAP Program has also begun coordinating with the Montana Economic Development Association (MEDA) to assist with their community needs assessment program to ensure it

dovetails with other long-range planning and policy processes such as the development of a growth policy or comprehensive economic development strategy. Even if the State does not receive funding through the CDBG-NDR grant competition Commerce will continue to work on incorporating resilient dimensions into all the Department's grant administration guidelines and grant selection criteria. It will also be a State of Montana goal for Commerce's agency partners to align their existing programs internally and externally to promote these principles.

At each and every stage of the Resilient Montana Program process, community resiliency principles will be the central tenet of all team discussions, planning, and project development and implementation. Basic to this approach will be a community-specific review of existing land use and transportation plans, capital improvements plans, and any related development financial incentive mechanisms (such as the use of tax increment financing districts) with the goal of enhancing community resiliency. This review must additionally consider the implementation of new (or revision of existing) development requirements, such as the establishment of a storm water assessment fee based on the amount of impermeable surface (such fees would go into a designated fund to be used for stormwater system improvements that would enhance overall community resiliency in the event of a major flooding event), or other innovative policies that achieve incremental community resiliency. Factor 3 contains a detailed discussion of the metrics that will be used to measure performance of the Resilient Montana Program within each project activity category.

Legislative Action: On February 17<sup>th</sup>, 2015, Governor Steve Bullock signed into law Senate Bill 5, establishing and funding deployment of all-hazard incident management assistance teams in the event of a disaster or emergency (a copy of the legislation has been uploaded to the Dropbox link under filename SB5MontanaHazardIncidentAssistTeams.pdf). This legislation commits state funds and resources to quickly and effectively respond to a disaster, providing

local incident management teams whose purpose is to mitigate the impacts of an incident prior to a disaster or emergency declaration. Inspired by the January 2015 event involving a major spill from an oil pipeline into the Yellowstone River, threatening the natural environment as well as the drinking water source in Glendive, this legislation responds to the emerging threat of disaster resulting from infrastructure failure. Under this law, the Governor now has authority to deploy all-hazard incident management teams to any area within Montana experiencing a locally declared disaster.

Raising standards: Incorporated cities, towns and counties in Montana are required to develop and adopt subdivision regulations in compliance with state statutes and following the locally adopted growth policy to guide and regulate development within their jurisdictions. The CTAP Program is currently finalizing an update to the 2006 model subdivision regulations (the Phase 1 application stated introduction was set for summer 2015, but the notification of acceptance into Phase 2 of the CDBG-NDR program required the Planning Bureau to place this model document on hold through October). The model incorporates standards and best practices specific to development occurring within floodplains, the wildland urban interface (WUI) – areas susceptible to drought, and areas prone to earthquakes and liquefaction of soils, among other natural hazards. CTAP has sought to incorporate best practices and guidance provided by the DEQ, DNRC, and Department of Transportation (MDT), among others, in the development of this model. Elements of the Floodplain Program’s recently updated Model Floodplain Regulations, have been incorporated into CTAP’s Model Subdivision Regulations to promote smart development decisions and protect public health and safety in the event of a disaster. Additionally, collaboration between the CTAP and the Floodplain programs ensures application of these best practices will be introduced more seamlessly at the local level through workshops, onsite training programs, and other technical assistance.

Once introduced, cities, towns, and counties may voluntarily update their existing regulations to reflect the model document, and tribal governments, while not subject to state subdivision law, may use the document as a model for adopting their own enforceable regulations for the review and approval of new subdivisions. While voluntary, the vast majority of Montana's communities use the model as the starting point for adopting statutorily required local subdivision regulations, and CTAP provides technical assistance by helping communities understand the difference between minimum statutory requirements and best practice recommendations (that may go above and beyond what may be statutorily required), and assist in the update and adoption process to encourage implementation. Basic to this process and required in state law is incorporation of sound environmental planning, seeking to minimize adverse effects while protecting public health and safety, private property values, and environmental and natural resources such as prime farmlands or critical elk winter range habitat.

This technical assistance will be focused especially toward implementation in identified MID-URN communities, many of which are located in the central and eastern areas of the state. While the model regulations have not yet been finalized, CTAP has utilized the planning consultants described on page 14 in Factor 1 to begin assisting some eastern Montana communities in the update of their regulations, using the principles and criteria presented in the draft as guidance. Given the current level of interest from communities wishing to update their regulations, the State of Montana estimates direct assistance will be provided to at least 10 communities statewide during the first 6 months of the model's release. Commerce will release the model subdivision regulations prior to HUD's announcement of the CDBG-NDR grant awards, so if the State of Montana is successful, the model can be incorporated into the technical assistance and planning process for all MID-URN communities as a first step.



Assistance will also be provided to communities who wish to update their floodplain regulations using the State DNRC's model floodplain regulations document. This model goes above and beyond traditional National Flood Insurance Program (NFIP) requirements for freeboard above-base flood elevations, and promotes better development decisions within and adjacent to established floodplains that seek to minimize risk and protect life and property. At minimum, each of the MID-URN communities will be assisted in the update and adoption of this model as part of their collaborative efforts with the state's multi-disciplinary resiliency teams. Even if CDBG-NDR grant funds are not awarded, the CTAP and Floodplain programs are committed to ensuring the MID-URN and other Montana communities prone to flooding have up-to-date regulations.

Resilience actions related to plan updates or alignment: As previously stated, agency representatives at DES, DEQ, DNRC and Commerce will provide technical assistance to local jurisdictions wishing to develop or update their growth policies and/or hazard mitigation plans, to ensure these documents coordinate effectively on vision, policy and implementation, and reflect the overarching goals of the community when evaluating risk and proposing resiliency measures. This shift in approach has already begun, and partnering state agencies will continue to implement the goal of incorporating resiliency into each agency's award criteria for grant or loan funding. If successful, and over time, this commitment will have an impact on nearly every resident in Montana, as 54 out of 56 counties have adopted growth policies and 47 counties have adopted hazard mitigation plans. The State is committed to making a measurable change in aligning award criteria between CDBG, TSEP, and other Commerce grant programs within the next 24 months, with a commitment to align award criteria among the partnering agencies by 2018.

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