



MONTANA
DEPARTMENT OF COMMERCE

Community Development Division

**MONTANA HISTORIC PRESERVATION
GRANT PROGRAM**

Project Administration Manual

DOCCDD@mt.gov

<http://comdev.mt.gov>

301 South Park Avenue
PO Box 200523
Helena, Montana 59620-0523

Phone: (406) 841-2770
FAX: (406) 841-2771

CHAPTER I

PROJECT START-UP REQUIREMENTS

I. Overview

This chapter offers background information on the Montana Historic Preservation Grant (MHPG) Program and summarizes the key considerations and important steps each grantee will need to take to manage a successful MHPG grant award project.

Each grantee can incur reimbursable project costs once awards are made through the legislative process and the bill becomes law authorizing funds for specific projects. Those costs will be eligible for reimbursement once the grantee meets start-up conditions, other requirements identified through the legislative process, and executes a contract with the Department. If any of the following conditions are not met, costs incurred by the grantee will be the sole responsibility of the grantee: start-up requirements; other legislative or Department requirements; execute a contract; comply with the terms and conditions of the contract; or incurs costs that are ineligible for the MHPG Program. All biennial MHPG Program projects must meet start-up conditions, other legislative requirements, and deadlines established in authorizing legislation for project awards, which may impact the obligation or commitment of MHPG Program funds.

Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format, such as large print, Braille, audio tape, or computer diskette, please contact the Montana Department of Commerce Community Development Division at (406) 841-2770, TDD (406) 841-2702, or the Relay Services number, 711.

The Department of Commerce does not discriminate on the basis of disability in admission to, access to, or operations of its program, services, or activities. Individuals who need aids or services for effective communications or other disability-related accommodations in the programs and services offered are invited to make their needs and preferences known. Please provide as much advance notice as possible for requests.

II. Project Budget

The preliminary project budget submitted in the grantee's application must be updated to reflect current conditions at the time of contract execution and will be attached to and incorporated by reference into the contract. At the time the project is ready to enter into a contract, an updated budget narrative is required. The budget narrative will document the amounts listed for each line item that MHPG project budget. It is important that the preliminary project budget at the time of contract execution is acceptable to all of the funding sources identified. When the project is ready to begin the construction phase, the project budget will need to be revised to reflect the actual amount in the construction bid or related construction costs documentation. If the construction bid is less than the budgeted amount, the construction line items must be revised to reflect the

reduced costs. For information on the process to follow in amending the project budget after the contract has been executed, see Chapter 2.

III. Project Implementation Schedule

The project implementation schedule submitted in the grantee's application must be updated to reflect current conditions at the time of contract execution and will be attached to and incorporated by reference into the contract. The final implementation schedule for the MHPG contract should identify all key tasks and more precisely define, if possible, when each must be accomplished to complete the overall project. **All MHPG project activities must be completed as identified in the grantee's implementation schedule and the executed contract with the Department.** The Department, in its sole discretion, may grant an extension to this deadline if the project is near completion and the grantee can demonstrate a good faith effort to complete the project on time and within the original budget.

IV. Obtaining Firm Commitment of Other Funding Sources

The MHPG grantee must provide adequate documentation of the firm commitment of all non-MHPG funds for the project, identified in the preliminary project budget submitted in the grantee's application. A description of acceptable documentation of non-MHPG funding sources is included as Exhibit I-A.

If the MHPG grantee changes one of its sources of funding after executing a contract with the Department, or if the cost of the project increases substantially after obtaining the firm commitment of non-MHPG funds and additional funding is required from existing or new sources, the grantee should notify the Department immediately. The Department may, at its sole discretion, suspend distribution of MHPG funds until there is once again a firm commitment of funds for the project.

V. Established Financial Accounting System

MHPG grantees must be in compliance with the auditing and reporting requirements, including but not limited to, Section 2-7-503, MCA, as applicable, and demonstrate that they have an established financial accounting system in place that conforms to generally accepted accounting principles (GAAP). Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.

The MHPG staff will contact the Department of Administration, Local Government Services (LGS) Bureau, to confirm whether a grantee is in compliance with the auditing and reporting requirements. A grantee can also view information related to their audit and financial status available at any time on the Department of Administration, Local Government Services website at <http://sfsd.mt.gov/LGSB>.

The LGS Bureau services are available at the request of any local government to help the entity comply with statutory financial and budgetary reporting requirements.

VI. The Management Plan

All MHPG grantees must prepare and submit a signed management plan. A sample management plan is included as Exhibit I-B. The management plan will establish how the grantee will allocate responsibility for complying with the MHPG grant and other state requirements, including but not limited to the proper financial management of MHPG funds, review of contracts and requests for reimbursements, compliance with labor standards, and completion of environmental review. MHPG grantees are encouraged to use the sample management plan as a guide and make modifications to the sample that accurately reflect the responsibilities of individuals supporting the completion of project activities. In all cases, the grantee must maintain effective control over and accountability for all funds.

In the management plan, the grantee may designate an existing or new employee (such as a museum director, architect, or clerk) as the MHPG grant manager; hire a consultant to manage the grant through applicable competitive procedures for procurement of services; or contract with another entity or existing special purpose agency, such as an economic development corporation, to manage a grant. If the grantee will work with any other governmental entity or non-profit organization to manage its MHPG grant, the grantee must execute an agreement establishing the responsibilities and duties between the two agencies. A sample agreement is included as Exhibit I-C. All executed contracts or agreements, including those for engineering services or grant services, to be paid for in whole or in part by MHPG funds must be submitted to the Department. Additionally, MHPG may request a copy of any contract related to project activities.

VII. Environmental Review

MHPG grants are a state action subject to the Montana Environmental Policy Act (MEPA). MEPA specifies three different levels of environmental review, based on the significance of the potential impacts. The levels are: (1) exempt or excluded from MEPA review; (2) environmental assessment (EA), and (3) environmental impact statement (EIS).

For detailed information on MEPA, see *A Guide to the Montana Environmental Policy Act*, or *A Citizen's Guide to Public Participation in Environmental Decision making*, at: <http://leg.mt.gov/css/Publications/Environmental/default.asp> or <http://leg.mt.gov/css/Services%20Division/Lepo/mepa/default.asp>

During the application process, the environmental review process was complete, and documentation of the process was submitted as part of the application. Please be advised that if project activities are modified to the extent that a new environmental review is required, MEPA processes must be followed before additional work can be completed. For additional information, please see the MHPG resources webpage.

VIII. MHPG Contract

The executed contract between the grantee and the Department is the legal document that governs the administration of the grant, and will identify the following items:

- the maximum amount of MHPG funds to be awarded;
- the scope of work;
- a preliminary project budget for the use of MHPG funds and any other funds involved in the project;
- the implementation schedule for the project;
- any special conditions placed on the grant by the Legislature or Department; and
- the general terms and conditions associated with the grant.

The process of finalizing the contract will include finalizing the project budget and implementation schedule and incorporating the scope of work to be completed by the grantee. The grantee's application for MHPG grant funds, as approved by the Department and/or the Legislature, is incorporated by reference into the contract and the representations made therein are binding upon the grantee.

At the time the grantee is ready to execute a contract, the MHPG liaison will contact the grantee to confirm the grantee's authorized representatives for signatures at the time the contract is being prepared. The contract will be reviewed in the Department and then transmitted to the grantee through an electronic process for signatures. A copy of the final executed contract will be available electronically when all signatures have been obtained. Please contact the program staff if there are concerns or assistance needed with the execution of the contract or meeting start-up conditions. Further administrative guidance can be found in Chapter 2 of this manual.

Exhibit I-A

Guidelines on Documenting Firm Commitment of Non-MHPG Funds

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

A. Grants and Other Government Appropriated Funds

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

B. Local Government Funds

Local governments that have committed reserves or budgeted their own funds toward a MHPG project have documented these funds as submitted in the grantee's application and will be confirmed upon execution of the contract between the grantee and the Department. This commitment may be documented via resolution, or a local government budget identifying the local funds identified specific for the project.

C. Non-profit or For-Profit Funds

Non-profit or for-profit entities that have committed reserves or budgeted their own funds toward a MHPG project have documented these funds as submitted in the grantee's application and will be confirmed upon execution of the contract between the grantee and the Department. This commitment may be documented via resolution, or a letter of commitment from the entities chief executive or authorized representative obligating funds to the project budget identifying the funds identified specific for the project.

D. Loans (Revenue Bonds, General Obligation Bonds, Special Improvement Districts) or Historic Tax Credits

Grantees that have committed loans or tax credits to the project must provide documentation through a letter of commitment or letter of conditions that has been signed by the appropriate state or federal agency.

Exhibit I-B

Sample Management Plan

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

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

I. Administrative Structure

The (Grantee Name) _____, as the awarded MHPG grantee, has designated the following persons to have lead responsibility for administering the (Grantee Name) _____ (Year) _____ Biennium Montana Historic Preservation Grant Program (MHPG) {project type} project improvements:

(Title and/or Name) _____, as the (Grantee Name) _____'s authorized representative will have responsibility for all official contacts with the Montana Department of Commerce. The (Grantee and Grantee Authorized Representative) _____ and _____ will have ultimate authority and responsibility for the management of project activities and expenditure of MHPG funds. The approval of all contracts and requests for reimbursement will be the responsibility of the (Grantee Name) _____. (Telephone _____ Email _____)

(Title and/or Name) _____, as the MHPG grantee's chief financial officer, will be responsible for management of, and record keeping for, the MHPG funds and other funds involved in the financing of the {type} project. (Telephone _____ Email _____)

(Title and/or Name) _____, will be designated as Grant Manager and be responsible for overall grant management and assuring compliance with applicable federal and state requirements for the MHPG project. The Grant Manager will serve as the MHPG grantee's liaison with Department for the project. (Telephone _____ Email _____)

(Title and/or Name) _____, as the MHPG grantee's legal counsel, will review and advise the grantee regarding any proposed contractual agreements associated with the MHPG project and provide any other legal guidance as requested. (Telephone _____ Email _____)

_____, Project Engineer/Architect, will be responsible for construction-related activities including preparation of preliminary engineering/architectural, final design plans and specifications, as well as construction inspection. Contractor compliance, scheduling, and reimbursement requests will also be subject to the Project Engineer/Architect's review and approval. (Telephone _____ Email _____)

II. Grant Management

A. The Grant Manager will be responsible for:

1. Compliance with any applicable environmental requirements.
2. Assisting the Grantee with all requirements related to effective project start-up and implementation and developing a contract with the Department.
3. Preparing any legal notices required to be published, and processing and conducting any required public hearings or informational meetings.
4. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant.
5. Assisting the Grantee with selection of the Project Engineer, in conformance with procurement requirements, including the preparation of requests for proposals for publication or other distribution.
6. Reviewing all proposed project expenditures or requests for reimbursement to ensure their propriety and proper allocation of expenditures to the MHPG budget.
7. In cooperation with the grantee's authorized representative and grantee's chief financial officer, processing reimbursement requests and preparing requests for reimbursement to the Department, including the Request for Reimbursement, Status of Funds Report, Invoice Tracking Spreadsheet and the Project Progress Report.
8. Monitoring the contractor selection process, including the bid advertising, tabulation and award process and construction contract provisions in conformance with applicable laws.
9. Attending any preconstruction conference and monthly construction progress meetings.
10. Monitoring contractor compliance with applicable requirements.
11. Assuring compliance with all state labor standards requirements. Responsibilities will include the review of weekly payroll reports to assure compliance with state prevailing wage requirements; periodic visits to the construction site to assure that required equal opportunity, labor standards, and prevailing wage determinations have been posted; and conducting on-site interviews with construction personnel to assure prevailing wage compliance.

12. Assuring compliance with applicable equal opportunity requirements.
13. Preparing all required performance reports and project completion documents for submittal to the Department.
14. Attending meetings to provide project status reports and representing the MHPG project at any other public meetings, as deemed necessary by the grantee or the Department.
15. Receiving official project complaints and ensuring that complaints are reasonably addressed in a timely manner.

B. The Project Engineer/Architect will be responsible for:

1. Design and construction engineering/architecture.
2. Preparation of the construction bid package in conformance with applicable requirements and supervision of the bid advertising, tabulation, and award process, including the preparation of the advertisements for bid solicitation, conducting the bid opening, and issuance of the notice to proceed.
3. Conducting the preconstruction conference, with the assistance of the grant manager.
4. Supervision of construction work and preparation of inspection reports.
5. Reviewing and approving all contractor requests for reimbursement and submitting the approved requests to the Grantee.

III. Financial Management

A. The Chief Financial Officer's responsibilities will be as follows:

1. Managing the transfer of MHPG funds from the Department to the grantee's bank account and disbursing MHPG funds based on claims and supporting documents approved by the grant manager, project engineer/architect, and contractor.
2. Entering all project transactions into the Grantee's existing accounting system and preparing checks/warrants for approved expenditures.
3. With the assistance of the Grant Manager, preparing the Request for Reimbursement and accompanying reports and documentation to be submitted to Department.

4. With the assistance of the Grant Manager, preparing the final financial reports for project completion.
- B. The Grant Manager and Chief Financial Officer will review all proposed expenditures of MHPG funds and will prepare requests for reimbursement, which will be signed by the officials named on the signatory form. All disbursements will be handled in accordance with the Grantee's established claim review procedures. Before submitting the claim to the Chief Financial Officer, the Grant Manager will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the Grantee's MHPG project and consistent with the project budget. The Grantee and Grantee's Authorized Representative will review all claims before approving them.
 - C. Financial record keeping will be done in conformance with state law. The original financial documents (claims with attached supporting material) will be retained in the Grantee's offices.
 - D. Appropriate documentation of administrative costs will be maintained by the Grant Manager and the Chief Financial Officer to document all time worked on the MHPG project that will be compensated with MHPG funds.

This management plan has been approved by the Grantee, _____ and the titles/individuals named within have been informed of the responsibilities stated within this plan.

Grantee or
Grantee's Authorized Representative

Signature

Date

Exhibit I-C

Sample Agreement

Note: This sample should not simply be copied. It is only provided as a sample to help create an agreement with a governmental entity or sub-recipient that is to be reviewed and approved by all parties and their attorney's.

THIS CONTRACT is entered into by (Insert Name of Grantee), herein referred to as "the Grantee", and the (Insert Name of sub-recipient), herein referred to as "the sub-recipient".

WITNESSETH THAT:

WHEREAS, the Grantee is the recipient of a Montana Historic Preservation Grant Program (MHPG) grant to (describe the Project) owned and operated by the Sub-recipient; and

WHEREAS, this Contract between the Grantee and the sub-recipient will enable them to enhance cooperation in implementing the Grantee's MHPG award to accomplish the above-described project; and

WHEREAS, the Grantee, in its capacity as a MHPG grantee, has determined that the Sub-recipient can better supervise the design and construction phases of the (name of preservation project/activities); and

WHEREAS, the Montana Department of Commerce (Department) has required the Grantee to enter into a contract with the sub-recipient specifying the terms and conditions of the Grantee's delegation of certain MHPG grant management responsibilities to the sub-recipient; and

WHEREAS, both parties to this Contract understand that neither Grantee involved herein has in any way, expressly or implied, abrogated any of its individual powers, and that this Contract does not create any new organization or legal entity.

NOW, THEREFORE, THE GRANTEE AND THE SUB-RECIPIENT MUTUALLY AGREE AS FOLLOWS:

- I. Responsibilities Delegated to the Sub-recipient
 - A. The sub-recipient will, subject to prior approval by the Grantee or the Grantee's Board of Directors, retain the services of a consulting engineering/architectural firm to design and supervise the construction of the project.
 - B. The sub-recipient will be responsible for all facets of the design and construction phases of the project, including the following:
 - I. Design engineering/architectural services;

2. Construction engineering;
 3. Except as provided by paragraph IV. Administration below, compliance with all applicable state and federal requirements;
 4. Except as provided by paragraph IV. Administration below, compliance with all other state and federal requirements as described in the MHPG Project Administration Manual;
 5. Preparation of construction bid documents; and
 6. Supervision of the bid process, the awarding of construction contracts, and construction of the project. The selection of the project contractor will be subject to the ratification or approval of the Grantee and bid solicitation documents will reflect this requirement.
- C. The sub-recipient and its consulting engineer/architect will receive, review, and approve all requests for reimbursement for the items contained in paragraph B, above, and prepare and submit such requests to the Grantee or the Grantee's Board of Directors in a timely fashion in accordance with established procedures.
- D. During the term of this Contract, the sub-recipient will maintain reasonable records of its performance hereunder in a manner consistent with generally accepted accounting principles. The sub-recipient will allow the Grantee and Department and their authorized representatives access to these records at any time during normal business hours. At the request of the Grantee, the sub-recipient will submit to the Grantee, in the format prescribed by the Grantee, status reports on its performance under this Contract.
- E. The sub-recipient will provide documentation that the local share of the project that exceeds MHPG funds may be accessed by the Grantee for the project no later than the time of construction bid award.

II. Payment of Design and Construction Costs Incurred by the sub-recipient

In consideration of the sub-recipient's acceptance of the responsibilities described in paragraph I, above, the Grantee agrees to the following:

- A. Upon receipt of a valid claim for payment from the sub-recipient for allowable project costs as specified in the Grantee's contract with Department, a copy of which is appended as Attachment A of this Contract, and which by this reference is made a part hereof, the Grantee will request the required amount of MHPG funds from Department and upon receipt of these funds, the Grantee will honor the sub-recipient's claim and pay the engineer/architect or contractor accordingly.

- B. Each payment for engineering and construction costs will be requested from MHPG and sub-recipient funds (if applicable) in amounts that are proportionate to the percentage that such funds represent of the total cost of the project as specified in Exhibit B of Attachment A.
- C. The Grantee will deduct a retainage from each payment request equal to five percent of the request, submitted by the sub-recipient for construction costs incurred by the project contractor and hold this retainage until construction is completed, the engineer/architect approves final payment, and the project is accepted, all in accordance with the conditions of the construction contract. (Note: A retainage requirement is optional.)
- D. The Grantee will also withhold one percent of the amount of any claim submitted by the contractor and will forward this amount to the Montana Department of Revenue pursuant to section 15-50-206(2), MCA.
- E. The Grantee may refuse to pay any claim which it deems not valid under the terms of the MHPG contract with Department (Attachment A). Any agreement between a MHPG grantee and a subrecipient should include a "Scope of Work" which includes a description of the work to be performed, a schedule for completing the work, and a budget. (These items are standard components of any MHPG grant agreement which is referred to here as an attachment.)

III. Duration of the Contract

- A. This Contract takes effect when the following conditions are satisfied:
 - 1. Department and the Grantee have executed the MHPG contract;
 - 2. The Grantee's attorney and the attorney for the sub-recipient have approved this Contract as to form and content; and
 - 3. The Grantee and the sub-recipient's governing body have each reviewed this Contract and agreed fully to its terms and conditions.
- B. This Contract will terminate 90 days after the project engineer/architect files a certificate of completion of the project with the appropriate state and/or federal agency and Department closes out the MHPG project with the Grantee.

IV. Administration

For purposes of implementing the joint undertaking established by this Contract, the Grantee and the sub-recipient hereby agree to coordinate with the Grantee's MHPG contract liaison, the project engineer/architect, and a designated representative of the sub-

recipient. These individuals may meet on a regular basis during the term of the MHPG project to provide for the efficient and effective implementation of this project.

V. Management of Real Property or Equipment Acquired

The primary purpose of this Contract is to allow the Grantee to delegate responsibility for the design and construction of the sub-recipient's project to the sub-recipient and to define the procedures by which the Grantee will disburse MHPG funds to pay the costs incurred as a result of these activities. The sub-recipient's facilities will be constructed or improved as described in the MHPG contract with Department (Attachment A) and the sub-recipient may continue to own and operate those facilities subject to the limitations contained in subparagraph B.

Upon the expiration of this Contract the sub-recipient will transfer to the Grantee any MHPG funds on hand at the time of expiration and any accounts receivable attributable to the use of MHPG funds.

VI. Indemnification

The District/sub-recipient waives any and all claims and recourse against the Grantee, including the right of contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to the sub-recipient's performance of this Contract except claims arising from the concurrent or sole negligence of the Grantee or its officers, agents, or employees. The sub-recipient will indemnify, hold harmless, and defend the Grantee against any and all claims, demands, damages, costs, expenses, or liability arising out of the sub-recipient's performance of this Contract except for liability arising out of the concurrent or sole negligence of the Grantee or its officer's agents, or employees.

VII. Suspension and Termination

The Grantee may suspend or terminate this Contract if the sub-recipient materially fails to comply with any term of the Grantee's MHPG contract with Department. In addition, the Grantee may terminate this Contract for convenience with reasonable notice.

This Contract has been approved by the Grantee and the sub-recipient.

(Name of Grantee)

_____ (Title)

Date: _____

_____ (Title)

Date: _____

_____ (Title)

Date: _____

CHAPTER 2

PROJECT MANAGEMENT

I. Overview

This chapter provides information about the management of a MHPG project, including budget amendments, expenses eligible for reimbursement, eligible match, and requirements for request for reimbursement of MHPG funds.

Each grantee is required to comply with all applicable local, state, and federal laws and regulations throughout the project. This includes adherence to all applicable design standards, environmental mitigation requirements, and building codes. Therefore, a copy of all applicable permits that are obtained for the project must be submitted to the Department prior to commencing construction activities.

II. Project Lifespan

MHPG projects must have construction activities completed as identified in the project's implementation schedule and the executed contract with the Department. The Department, in its sole discretion, may grant an extension to the scheduled date if the project is near completion, and the grantee can demonstrate a good faith effort to complete the project on time and within the original budget.

III. Project Amendment

At some point during the project, the grantee may need to modify the scope of work or budget as identified in the legislative report, budget, or implementation schedule for the project. The following process should be followed for accomplishing such modifications:

a. Budget

Modifications to the budget of less than \$5,000 to any one line item of the budget can be submitted as part of the grantee's request for reimbursement request, and Department approval of the request for reimbursement will constitute approval of the modification.

For budget modifications of \$5,000 or more to any one line item of the budget, or when the sum of budget modifications exceeds \$5,000, the MHPG grantee must provide a written justification to the Department that clearly demonstrates the appropriateness and necessity of the modification. The Department must agree in writing to any significant changes in the budget before such changes may be implemented by the grantee. If such changes are proposed, the Department has 45 days to review and approve the changes requested.

Any budget modifications made during the project should be listed and tracked continuously on funding tracking spreadsheets throughout the project.

When bids tabs are received for construction, the amount budgeted in the project budget may be reduced by an amount proportionate to the reduction in the amount required for construction. For example, if the overall savings were 20 percent, the amount to be provided by MHPG for construction activities would be reduced by 20 percent. Any savings would then be added to the contingency line item amount. If there are any savings upon completion of the project, the Department reserves the right to share proportionately in those savings with all funding sources.

Budgets will be approved with contingency amounts for completion of project activities. Contingency amounts are reserved for use of construction activities and will seldom be transferred to other line items or administrative costs. Please work closely with MHPG staff if your situation may require a transfer of contingency funds. The MHPG grantee may request to use the difference between the final actual project costs and the original grant award to fund additional work that further enhances the project. The MHPG grantee should submit a written request to use remaining MHPG funds for the additional work activities, including full rationale and cost details, for Department review and approval. The decision to allow additional work activities to be funded with remaining MHPG funds is strictly at the sole discretion of the Department.

b. Implementation Schedule

The grantee may modify the implementation schedule as necessary to reflect the timeline being followed as the project moves forward, so long as the project's completion date as listed in the executed contract is met. The grantee should submit details regarding any changes to the schedule as part of the grantee's next request for reimbursement, and Department approval of the request for reimbursement will constitute approval of the modification.

If the grantee seeks to extend the completion date of its MHPG project beyond the termination date identified in the executed contract and implementation schedule, the grantee must contact the Department as soon as possible to request an extension. Projects that encounter delays or are not completed by the contract termination date may be required to execute an amendment to their contract. Rationale for extending the contract beyond the termination date will be required.

c. Scope of Work

If the grantee seeks to change any part of the scope of work of the project, as identified in the contract with the Department, the grantee must first provide a written request with justification to the Department that clearly demonstrates the appropriateness and necessity of the modification.

The Department, in its sole discretion, may grant a modification to the project scope of work that does not materially alter the ranking priority, intent, or circumstances under which the project was ranked and approved for funding.

IV. Eligible Project and Matching Expenses

Expenses **eligible** for MHPG funding include, but are not limited to:

- Expenses that directly relate to preservation/construction activities that implement the scope of work identified in the MHPG contract;

- Professional services that directly relate to design activities that implement the scope of work identified in the MHPG contract;
- Repayment of interim financing directly related to project activities that implement the scope of work identified in the MHPG contract;
- Permitting costs or fees;
- Related grants, loans or investment that is related to preservation/construction activities;
- Legal costs and fees including bond counsel; and,
- Direct grant administration or planning expenses, up to a maximum 10% of the total MHPG budget for the project, including but not limited to planning documents, professional planning services, personnel costs, office rent, office equipment, supplies, telephone, postage, travel, procurement related costs.

Expenses that are **not eligible** for MHPG funding include but are not limited to:

- Ongoing or monthly operational costs;
- Purchase of artifacts, historical objects or items that would be used as part of a historical exhibit or display;
- Costs related to refinancing, servicing, or interest on any existing debt;
- Any unauthorized costs incurred prior to the date identified in the Notice of Award letter or passage of the legislative bill;
- Staff costs not directly attributed to the construction/preservation activity; and,
- Costs related to marketing, advertising, or fundraising events for a history museum, historic site or historical society.

Expenses eligible for MHPG grantees' **matching project funds** include but are not limited to:

- Match - The expenditure of any of the funds identified below on any eligible MHPG expense (see above) after the date identified in the Notice of Award letter are eligible as MHPG matching funds:
 - local general funds or other cash;
 - proceeds from the sale of general obligation, revenue, special assessment or other bonds;
 - tax credits; and
 - loan or grant funds from a state or federal program other than MHPG.
- Previous Expenditures - The expenditure of any of the funds identified above prior to the date identified in the Notice of Award letter is not eligible as MHPG matching funds, except when directly related to the preparation of architectural/engineering studies, reports, plans, or the grantee's MHPG grant application directly related to the MHPG project up to 2 years prior to the date identified in the Notice of Award letter.

V. Requests for Reimbursement and Progress Reports

a. Project Requests for Reimbursement

The Request for Reimbursement Form is used by grantees to request MHPG funds for reimbursement of eligible project expenses. A Request for Reimbursement Form is included as Exhibit 2-A. In order to process the first Request for Reimbursement, the grantee must submit a completed copy of the Signature Certification Form and Designation of Depository Form. These forms are included as Exhibits 2-C and 2-D. The grantee must also provide a copy of current insurance documentation prior to funds being released.

Grantees initiate a request for MHPG funds by preparing and submitting the Request for Reimbursement Form. The grantee can only be reimbursed for project-related, actual costs that have been incurred, and must provide adequate and sufficient documentation supporting each claim for expenses to be reimbursed. Itemized invoices, for the contractor, any subcontractors, consultants, and vendors or suppliers, typically constitute adequate and sufficient documentation for reimbursable expenses, the invoice must include:

- a description of work performed;
- the number of hours worked to accomplish each item;
- the amount being billed for each item;
- work performed date(s) and work items completed, beginning and ending billing period dates;
- a description of any other eligible expenses incurred during the billing period; and
- the total amount being billed.

Lump-sum contracts typically do not provide for adequate and sufficient documentation for reimbursement of project expenses with MHPG funds and they are generally not allowed for design and construction services. Cost plus contracts are not allowable on MHPG projects.

If budget modifications are found to be necessary while preparing a request, MHPG should be notified of the modification prior to the request being submitted. Please see Section III. a. for more information regarding budget modifications. Please work closely with your MHPG liaison regarding budget modifications. The Grantee must also approve the changes of tracking or recording of payment for previously paid invoices.

The Department will retain two percent (2%) of the total authorized grant amount until:

- the project has been completed (Certificate of Substantial Completion or building code inspection report or another similar document); and
- Final completion report has been submitted by grantee and approved by the Department

Additional guidance on submitting project requests for reimbursement can be found on the Community Development Division's webpage under the Resources link.

b. Project Progress Reports and Photos

Each request for MHPG funds must be accompanied by a Project Progress Report. In the absence of a request for reimbursement regularly submitted, a Project Progress Report should be submitted every six months as a project update on activities occurring on the project. A sample Project Progress Report is included as Exhibit 2-B. The Project Progress Report provides the Department with information on the use of the funds requested and the progress and status of the project. On the report, the grantee must describe the status of all activities in the scope of work, including: the percentage complete, costs incurred, funds remaining, projected completion date, any significant problems encountered in carrying out the project and the scope of any necessary modifications the Grantee is requesting in the scope of work, budget, or implementation schedule.

Project photos are encouraged to be submitted to the Department at the beginning of the project and at the completion of the project. Photos should evidence the improvements made during construction and the new or upgraded facilities.

c. Uniform Status of Funds Form and Invoice Tracking Spreadsheet

Each request for MHPG funds must also be accompanied by an updated Uniform Status of Funds Form and Uniform Invoice Tracking Spreadsheet. These forms are included as Exhibits 2-E and 2-F. The Uniform Status of Funds Form provides the Department updated information on the remaining budget for the project and the status of all funding sources involved in the project. The Uniform Invoice Tracking Spreadsheet provides the Department updated information on all cumulative invoices received and paid for on the project, broken out by all funding sources involved in the project.

VI. Accounting and Auditing Requirements

MHPG grantees must maintain all receipts and expenditures of MHPG grant funds in accordance with generally accepted accounting principles (GAAP) and be in compliance with the auditing requirements, as applicable, including but not limited to, Section 2-7-503, MCA and Section 20-9-213, MCA. MHPG tribal government grantees must maintain all receipts and expenditures of MHPG grant funds in accordance with the requirements provided for in OMB Circular A-133.

VII. Records Creation and Retention

The grantee must create and maintain all records of project activities funded with MHPG grant funds, including but not limited to financial records, supporting documents, and such other records as are required by law or other authority, for five (5) years after either the completion of the project or the conclusion of any claim, litigation, or exception relating to the project taken by the State of Montana or any third party, whichever is later. The grantee must provide the Department, the Legislative Auditor, or their agents access to all project records upon request.

VIII. Ethics and Code of Conduct

Title 2, Chapter 2, Sections 7-3-4256, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, govern the code of conduct and conflicts of interest by all local governmental entities, public employees, and persons under contract with the Department including elected officials, district board members, and district employees. These laws must always be followed by local governments, public employees, and persons under contract with the State, regardless of their participation in the MHPG grant program.

IX. Procurement Procedures

Title 7, Chapter 5, Parts 23 and 43, MCA govern the procurement of construction and purchasing contracts by MHPG local government and district grantees. Tribal governments are subject to their own tribal procurement laws. These laws must always be followed by these entities, regardless of their participation in the MHPG grant program.

MHPG grantees should be prepared to provide information to the Department about how they intend to procure or have procured grant administration, professional services and construction services in accordance with the procurement laws applicable to them, including but not limited to the list of vendors to be or that were solicited, a copy of any advertisements, a copy of the request for proposals, or the information detailing the scope of work if price is the only consideration.

All executed contracts or agreements for grant services to be paid for in whole or in part by MHPG funds must be submitted to the Department. Additional guidance on procurement procedures can be found on the MHPG Toolkit webpage.

X. Public Notice and Participation

Sections 8 and 9 of Article II of the Montana Constitution, and Title 2, Chapter 3, Parts 1 and 2, and Title 7, MCA, require MHPG governmental grantees to hold regular and special public meetings, provide public notice of those meetings, and allow the public the opportunity to participate in the grantee's decision-making process. These laws must always be followed by MHPG governmental grantees, regardless of their participation in the MHPG grant program. Grantees should be prepared to provide information to the Department about the public process for its MHPG project, including but not limited to a copy of public meeting agendas and any comments submitted by the public and responses provided during administration of the project.

All press releases related to the MHPG project must be submitted to the Department for review and approval prior to release.

XI. Non-Discrimination Laws

MHPG grantees must fully comply with all applicable federal, state, or local non-discrimination laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973, in performing any project or portion thereof using MHPG funds. All subcontractors performing work on the project are subject to the same provision. The hiring of all persons to perform work on the project must be made on the basis of merit and qualifications, and the district shall not discriminate based upon the race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing the project.

XII. Prevailing Wage Requirements

Montana's Prevailing Wage Act (Section 18-2-401, et seq., MCA) applies to all public works contracts let by MHPG grantees (all construction contracts and non-construction contracts in excess of \$25,000). These laws must always be followed by MHPG local government and district grantees, regardless of their participation in the MHPG grant program. Grantees should be prepared to document the payment of prevailing wages in all applicable contracts related to the MHPG project.

XIII. Project Monitoring

Recipients of MHPG funding are responsible for administering their MHPG projects in accordance with all applicable local, state and federal laws. The Department will assist and support grantees in successfully implementing their project activities from start-up through completion of the project in compliance with these requirements.

To accomplish these goals, in addition to reviewing information submitted with progress reports and requests for reimbursement of MHPG funds, the Department may schedule a monitoring visit with each MHPG grantee. A monitoring visit usually involves a visit to the grantee's offices to review records, inspect project activities, and meet with the local officials. The MHPG staff liaison may contact the grant administrator concerning the timing and scope of the monitoring visit. After a monitoring visit, the MHPG liaison would provide written monitoring comments to the grantee. The Department will advise the Grantee of any specific areas of concern and if necessary, provide the Grantee opportunity to take corrective actions to address the Department's concerns.

XIV. Project Completion

Project completion is the process by which the Department determines that the MHPG project has been completed in accordance with the terms and conditions of the MHPG contract.

Within 90 days of the date the certificate of substantial completion or similar document is issued by the project engineer/architect or other appropriate professional, the grantee must submit a final Project Completion Report for approval by the Department. The Project Completion Report is included as Exhibit 2-G. The report provides the Department with information on the total costs incurred for the Project, the final completion date, and any significant problems encountered in carrying out the Project. If submission of Completion Report documents is delayed for any reason, a request with justification for extending the 90 days will be required. Please work closely with MHPG staff if delays occur. Within 30 days of approving the Project Completion Report, the Department will issue the Notice of Project Completion. Once the Notice of Project Completion is issued, the MHPG grant project is considered complete and the file is closed. No more requests for reimbursement will be accepted on the project after the project is closed. The completion of the project will be reported to the Legislature the following session.

**Exhibit 2-A
Request for Reimbursement Form**

SECTION I - MHPG RECIPIENT INFORMATION		
MHPG CONTRACT NUMBER	REQUEST NUMBER	TOTAL AMOUNT REQUESTED
NAME AND ADDRESS OF MHPG RECIPIENT:	MAKE DEPOSIT PAYABLE TO:	

SECTION II - FINANCIAL INFORMATION				
	A Amount Budgeted	B Amount Expended Prior To This Request	C Amount Requested	D Balance Remaining After This Request
1. TOTAL ADMINISTRATION BUDGET				
2. Percent	% of Total Grant	% of Column A		
3. TOTAL ACTIVITY BUDGET				
4. Percent	% of Total Grant	% of Column A		
5. TOTAL MHPG BUDGET				
			Total Amount Requested	

REMARKS:

SECTION III - GRANTEE APPROVAL

Please submit all request for reimbursements and supporting reports and documentation to: Montana Department of Commerce PO Box 200523, Helena, MT 59620-0523

DATE:	SIGNATURE	TITLE
DATE:	COUNTERSIGNATURE	TITLE

SECTION IV -COMMERCE APPROVAL

EXPENDITURES ARE REASONABLE, APPROPRIATE _____ FINANCIAL NUMBERS, SIGNATURES CORRECT _____ CONSISTENT WITH PRECEDING REQUEST, SABHRS _____ BUDGET AMENDMENT APPROVED _____	APPROVED BY: TITLE: DATE:
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------

Exhibit 2-B
MHPG Project Progress Report

Name of MHPG

Recipient: _____

Grant Contract Number: #MT-MHPG-CG- _____

Request for Reimbursement Number: _____

Total Amount Requested: _____

Date: _____

Administration: **Amount Requested**

Include the amount and a brief description of each individual administrative/financial related expenditure (invoice) that will be paid for in whole or in part using MHPG funds. Attach a copy of each invoice. Include summary payroll information for all work performed by the MHPG recipient's employees. At a minimum, include the name, title, time period or date(s) that work was performed, rates charged/hour, total hours worked, activities performed, and total amount earned.

--

Activity: **Amount Requested**

Include the amount and a brief description of each individual construction related expenditure (invoice) that will be paid for in whole or in part using MHPG funds. Attach a copy of each invoice. Include summary payroll information for all work performed by the MHPG recipient's employees. At a minimum, include the name, title, time period/date that work was performed, total hours worked, activities performed, and total amount earned.

--

Project Status (Administration/Financial and Construction):

This portion of the report should provide a summary of the overall status of the project and any other information relevant to the implementation of the project. Include a description of any accomplishments achieved since the last progress report submitted. Include timelines for milestones or completion of activities.

Use quantitative terms whenever possible. First, provide the percent estimate of how complete the project is in its entirety, and then provide estimates for major components of the project.

Provide any other information that appears pertinent, such as anticipated changes in the contract budget, implementation schedule, or scope of services. For example, if you anticipate any problems or delays that could affect the project implementation schedule or budget, these should be fully described and discussed well in advance, since a budget adjustment requires prior approval. Finally, indicate any milestones from the implementation schedule that are behind schedule and indicate when they should be completed.

Exhibit 2-D
Designation of Depository for Direct Deposit of MHPG Funds

SECTION I (To be completed by MHPG recipient)

The _____
Name, Address and ZIP Code of MHPG Recipient's Bank
has been designated as the depository for all funds to be received from the Montana Department of
Commerce resulting from MHPG Contract No.
MT-MHPG-_____ for deposit to: checking or savings

Account Name / Account # / American Bankers Association # (ABA –Routing/Transit)

Name of Grantee

Address

Signature of Chief Elected Official
or Executive Officer

Title of Chief Elected Official
or Executive Officer

Email address for notification of payments made to grantee from MHPG

Date

Section II (To be completed by the bank)

The account identified in Section I has been established with this bank. All necessary documentation,
including a power of attorney where necessary, which will legally enable this depository to receive state
warrants from the State Auditor's Office for deposit to:

Account Name and/or Number

Name of Bank

Address

The Depository hereby agrees to immediately notify the Recipient when a deposit is made in the above
account.

Signature of Authorized Bank Officer

Title of Authorized Bank Officer

Date

Exhibit 2-E

Uniform Status of Funds Form

Available at the MHPG website:

<https://comdev.mt.gov/Programs-and-Boards/Montana-Historic-Preservation-Grant>

Exhibit 2-F

Uniform Invoice Tracking Spreadsheet

Available at the MHPG website:

<https://comdev.mt.gov/Programs-and-Boards/Montana-Historic-Preservation-Grant>

Exhibit 2-G Project Completion Report

MHPG recipients must complete the Final Project Completion Report, to describe the accomplishments of the project as described in the MHPG contract signed between the grantee and the Department of Commerce. All certifications must be signed by the MHPG recipient's Chief Elected Official or Executive Officer.

The Final Completion Report consists of the following components:

- 1. Final Project Performance Report
 - Proposed Accomplishments:** Describe the accomplishments in quantifiable terms if applicable (e.g. replacement of museum roof). Also describe the accomplishments, which are not easily quantifiable (e.g. achieved compliance with National historic preservation standards.)
 - Actual Accomplishments:** Provide an explanation for any differences between the original proposed accomplishments and the final accomplishments.
 - Open-Ended Action Items:** Describe any liens from contractors or suppliers, open-ended action items pertaining to enforcement of applicable prevailing wage or other labor requirements, or other third-party claims against the project which will require restitution, escrow of funds or liquidated damages.
 - Citizens Summary:** Provide a summary of any citizen comments or complaints regarding the MHPG project received by the local governing body or the local MHPG project manager. The summary must include the recipient's assessment of the citizen comments and a description of any action taken in response to the comment or complaint.

- 2. Statement of Cost: MHPG Funds

- 3. Statement of Costs: Non-MHPG Funds (Include a Statement of Costs for each non-MHPG funding source involved in the project.)

- 4. Certification of Grantee

- Attachments:
 - Certificates:** A copy of the project engineer/architect's Certificate of Substantial Completion, building inspector report, or final inspection report, or letter giving final acceptance of the completed project.

I. Final Project Performance Report

Name of MHPG

Recipient: _____

Grant Contract Number: #MT-MHPG-CG- _____

Proposed Accomplishments:

Describe the accomplishments in quantifiable terms if applicable (e.g. roof replacement at museum). Also describe the accomplishments, which are not easily quantifiable (e.g. achieved compliance with National historical preservation standards or improved quality of exhibit space.)

Actual Accomplishments:

Provide an explanation for any differences between the original proposed accomplishments and the final accomplishments. If there are no changes from proposed accomplishments state "Same".

Open-Ended Action Items:

Describe any liens from contractors or suppliers, open-ended action items pertaining to enforcement of applicable prevailing wage or other labor requirements, or other third-party claims against the project which will require restitution, escrow of funds or liquidated damages. If there are no open-ended action items state "Not Applicable".

Citizen Summary:

Provide a summary of any citizen comments or complaints regarding the MHPG project received by the local governing body or the local MHPG project manager. The summary must include the recipient's assessment of the citizen comments and a description of any action taken in response to the comment or complaint. If applicable, attach a copy of the comment or complaint and response by the local governing body. If there were no citizen comments or complaints state "No comments or complaints received".

2. Statement of Costs: MHPG Funds

Edit the budget below to reflect actual project budget.

Name and Address of MHPG Recipient: _____

Commerce Contract Number MT-MHPG-CG-_____ - _____

Budget Line Item	Final MHPG Budget	MHPG Funds Expended to Date	Balance Remaining
Administration			
Personnel Cost			
Office Cost			
Professional Services			
Legal Costs			
Audit Fees			
Travel & Training			
Interim Interest			
Bond Costs			
Total Administration Budget			
Activity Budget			
Land Acquisition			
Preliminary Arch. Design			
Final Architectural Design			
Construction Oversight			
Construction			
Contingency			
Total Activity Budget			
Total MHPG Budget			

3. Statement of Costs: Non-MHPG Funds

Name and Address of MHPG Recipient: _____
 Commerce Contract Number MT-MHPG-CG- _____ - _____

Budget Line Item	Final Amount Budgeted	Expended to Date	Balance Remaining
Administration			
Personnel Cost			
Office Cost			
Professional Services			
Legal Costs			
Audit Fees			
Travel & Training			
Interim Interest			
Bond Costs			
Total Administration Budget			
Activity Budget			
Land Acquisition			
Preliminary Arch. Design			
Final Architectural Design			
Construction Oversight			
Construction			
Contingency			
Total Activity Budget			
Total Budget			

(Instructions: Include a separate copy of Statement of Costs for each non-MHPG funding source involved in the project.)

4. Certification of Grantee

It is hereby certified that all activities under taken by the MHPG grantee with funds provided under contract #MT-MHPG-CG-__-_____ have been carried out in accordance with said contract; and that

- A. There are no unpaid costs, liens, or third-party claims remaining against the MHPG project, all prevailing wage requirements applicable to this contract have been complied with, and there are, to the recipient's knowledge, no outstanding prevailing wage claims;
- B. Statements and information contained in this Final Project Completion Report are true and correct;
- C. All records related to grant activities are available on request and will be kept for three years after the date of final closeout approval by the Department;
- D. A final audit will be conducted in accordance with state requirements and all findings, if any, will be resolved;
- E. Any interim loans have been repaid; and
- F. It is hereby acknowledged that any remaining unexpended balance of MHPG funds for the MHPG project under this contract will be retained or recovered by the Department.

(Printed Name and Title of Grantee's Chief
Elected Official or Executive Director)

(Signature of Grantee's Official)

(Date)