

TENNESSEE SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

2015 APPLICATION NOTICES

Timeline

Applications are due on **February 27, 2015**. Applications must be complete as no additional required application material will be accepted after the deadline. However, TNECD reserves the right to ask for additional information. Any additional information must be provided within 7 days of the request. Final project awards will not be made until all requested information is submitted to TNECD.

All projects through 2014, including 2009-Disaster projects, must have their complete final change orders to TNECD by **January 30, 2015**.

All projects through 2014, including 2009-Disaster projects, must have their final budget revision and request for payment to TNECD by **February 6, 2015**.

All projects through 2014 including 2009-Disaster must have their complete close-outs to TNECD by **February 13, 2015**.

The public meeting must be conducted 30 days before the application due date. (Final date to have the public meeting is **January 27, 2015**.)

Please note applicants must meet all of the above four dates for the application to be eligible.

General

One application is allowed per eligible governmental unit. There is a grant ceiling of \$500,000. In the Community Livability category, the ceiling is \$300,000. Regional projects are eligible for \$1,000,000. Maximum regular round grant for two consecutive years is \$750,000. However, there is not a maximum industrial grant amount for two consecutive years.

For an application to be considered in the Housing category, all activities in the application should be directly related to housing.

The Department of Economic and Community Development does not set aside funds for overruns. Estimate project cost carefully.

TNECD suggests that if you are resubmitting an application, that you contact our office to discuss possible improvements to that application before it is resubmitted.

Additional information including the presentation from the Application Workshop is on the TNECD website for the CDBG Applications (<http://tn.gov/ecd/CDBG/Applications.shtml>).

Public Meeting

Local governments are required to hold a public meeting before completing an application. The meeting must be advertised at least twice in the local newspaper (not in the classified section). The first advertisement must be at least 14 days prior to the date of the meeting. The second can be between 14 days and the date of the meeting. The advertisement must contain a statement of nondiscrimination and the name of a contact person for special accommodation required for persons with disabilities. All meeting places must be accessible to persons with disabilities.

To ensure compliance with Title VI of the Civil Rights Act of 1964, applicants must make an additional effort to secure minority participation in this process. It is good practice to also advertise the meeting at libraries, public buildings, grocery stores and/or other places that people may gather as well as through the internet and social media. A summary of those efforts and a sign-in sheet indicating the self-reported race of everyone attending the meeting as evidence of the response to the notice must be included in the application.

The meeting is designed to solicit information about community needs and how CDBG funds can best address those needs. This meeting is required even if the application was submitted last year. Communities are required to present information about what activities are eligible, how much money is available, and what kinds of projects are being considered. Another public meeting to discuss the accomplishments of the project occurs after the project is completed.

Ability-To-Pay

Ability-to-pay is based on taxable sales and taxable property values. There are separate grant rates for municipalities, county aggregate, and counties.

For county applications where 75% of the beneficiaries are located in the county, use the county rate.

For county applications where 75% of the beneficiaries are located in an incorporated area, use the city rate.

For county applications that do not have 75% of the beneficiaries located in either the county or city, use the county aggregate rate.

For city applications, use the city rate.

Grant rates range from 70 to 100 percent for community development projects.

Each community that chooses to participate in the Three-Star program can decrease their match percentage by 4%. Maximum CDBG participation can increase up to \$525,000 for water, sewer and housing projects and \$315,000 for community livability projects. A CDBG Project Cost Calculator is available to help applicants determine the correct project cost / Three-Star benefit.

Appropriate Applicant

A county may apply for any project within the county.

City applicants must provide the services or have a majority of the beneficiaries.

The objective is that the applicant should bear some logical relationship to the service area. If your project deviates from a or b, contact TNECD for a determination of eligibility.

National Objective Documentation

An application must meet one of the three following National Objectives:

- a. Principally benefit persons of low and moderate income (at least 51%)
- b. Elimination and prevention of slums and blight
- c. Elimination of conditions detrimental to health, safety or public welfare

LMI

The target area surveys documenting the low and moderate income benefit for indirect beneficiary projects must be random in order to have an eligible application under the LMI National Objective for indirect beneficiary projects. Applicants must use the TNECD form and randomness information on the TNECD-CDBG website. If the planned survey method is not specifically discussed in the survey procedures information presented on the website, please contact Brooxie Carlton to discuss the survey method an applicant wishes to use. Survey methods that are not described in the application information or are not pre-approved by TNECD may be considered unacceptable for the application process.

Surveys conducted for 2013 or 2014 applications are acceptable for system-wide projects. They must be compared to the new LMI threshold figures.

Water lines, sewer lines and housing project surveys cannot be reused. All houses must be surveyed for the 2015 application. If the home is a rental, there must be a survey of the homeowner as well as the renter or the survey will not be counted.

Census data is acceptable and is on the TNECD-CDBG website.

The LMI income threshold figures for 2015 on the TNECD-CDBG website must be used to determine LMI percentage. The response rates shown in the application are to be used. A response rate of 100% is required for line extension and housing projects.

Surveyors must make every attempt to get surveys signed and to have a phone number on the survey.

For multiple target area line extension projects, each individual target area must have a response rate of 100% and meet the 51% LMI income threshold. For multiple target area fire or emergency protection projects, each target area must meet the 51% LMI income threshold.

An application with multiple target areas occurs when the beneficiaries are in non-contiguous areas. Multi-jurisdiction applications occur when the beneficiaries are covered by different governmental entities - even if it is the same target area. An application can have multiple target areas and be multi-jurisdictional and can be one or the other. Please contact Brooxie Carlton with any questions about how to determine if an application has multiple target areas or is a multi-jurisdictional application.

The Target Area Survey should be used to calculate target area per capita income for the community need score unless census numbers are used. Instructions for calculating per capita income from the target area survey are on the TNECD CDBG website.

Slums and Blight

To submit a project under the national objective of the elimination of Slums/Blight on an area basis, an activity must meet all of the following criteria:

The area must meet the definition of slum/blighted area under state or local law AND must meet A or B below:

- a. At least 25% of properties throughout the area experience 1 or more of the following conditions:
 - Physical deterioration of buildings or improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in community; or
 - Known or suspected environmental contamination
- b. At least 2 public improvements (streets, sidewalks, water, sewer, etc.) in the area are in a general state of deterioration.

Documentation must be maintained by the grantee on the boundaries of the area and the condition which qualified the area at the time of its designation;

The activity must address one or more of the conditions which contributed to the deterioration of the area.

If submitting a project under Slums/Blight, this information should be submitted to TNECD by December 10, 2014 so that if Slums/Blight is not approved, there will still be time to complete a target area survey for regular round consideration.

Urgent Need

To submit a project under the national objective of urgent need (or imminent threat), the following information must be provided:

- a. Nature of problem/documentation;

- b. How long problem has existed;
- c. Explanation of why this problem is now so critical;
- d. Any previous measures undertaken to correct problem;
- e. Alternatives;
- f. Projected date that problem must be corrected;
- g. Why local and other funds are not available to correct the problem.

Urgent need problems must be unique, unforeseen, and have developed to a critical stage in the last 18 months. Their continuation must represent a serious threat of loss of life.

The information will be reviewed and a written determination will be made whether or not it meets the urgent need national objective.

Applications for urgent need projects may be submitted at any time. The regular round threshold requirements will not count against the submittal of an application.

Line Extension Projects

A 100% survey is required including owners and current tenants of rental houses in the target area. **Questions 12 and 13 on the Target Area Survey must be completed for the survey to count.**

All low and moderate income households must be provided free water/sewer service. This includes tap fees, service lines and connection charges.

If the property is rental and the homeowner is low and moderate income then free service lines, taps and connections must be provided. The renter counts as the beneficiary.

If the property is rental and the property owner is high income and pays for the service, then the renter can be counted as the beneficiary.

People who only live in their house seasonally and receive service will count as beneficiaries. A survey or household verification form must be on file for each of these households.

If the seasonal homeowner is a low and moderate income person, he is still entitled to free service. This includes tap fees, service lines and connection charges.

If a household does not want the service, do not count the residents as beneficiaries, unless there is a Sewer Use Ordinance. If so, include a signed statement from the chief elected official plus a copy of the local ordinance and count all households in the designated area as beneficiaries.

Dry taps for purposes other than household use are not counted as beneficiaries. Dry taps for LMI are not paid for by CDBG funds.

The service must be run to the interior of the house, and must be utilized for domestic purposes. If service is not put in the house, then the house is not counted as a beneficiary.

If the service lines and connection charges are to be part of the construction bid, they must be included on the bid form.

If the service lines and connection charges for LMI are not going to be part of the construction bid, then approval from TNECD must be obtained for the method of installation.

Water Line Extension

All water quality sampling for bacteria and minerals must be random and be collected by a qualified person. A qualified person is defined as anyone certified by the Tennessee Department of Environment and Conservation Board of Certification as a water operator, a local environmental specialist or a person employed by a water utility that has at least one year of experience in collecting water samples. A **letter** from the person collecting the water quality samples must be in the application and include:

- Number of samples collected for bacteria and/or mineral testing
- Date collected
- Date delivered to lab
- Name of testing lab
- Signature and title of sample collector
- License Number of the sample collector

The samples must be sent to the lab within 24 hours of collection.

All water quality testing must be done by a State approved lab. A list of approved labs is included on TNECD-CDBG website.

If the collection and testing for bacteria and minerals are not done by a qualified person and approved lab, the applicant will receive zero points in project need in the water category for bacteria and minerals.

Requirement for the maximum number of mineral tests is 10% of the number of houses in the target area. The minimum sampling is 2% of the houses in the target area. The tests must be random within the target area.

Requirements for the maximum number of bacteria tests is 35% of the number of houses in the target area. The minimum sampling is 10% of the houses in the target area. The tests must be random within the target area.

Samples must be taken from an occupied house. The residents must have completed a target area survey and agreed to connect to the service (answered yes to questions 12 and 13). Otherwise the test does not count.

If your project involves a supply problem, then questions 14 and 15 of the target area survey must be completed.

The applicant will receive zero points in project need in the water category for bacteria and minerals if the test results are not submitted with the application on February 27, 2015.

All sampling must be random or applicant will receive zero project need points.

Tests must be completed each year. Tests from a previous application are not acceptable.

Bacteria sampling must occur at the house. Mineral sampling must occur at the source.

Applicants must choose only one problem to document for the project.

Sewer Line Extension

The testing for septic tank failure rates for sewer line extension projects must be done by the Tennessee Department of Environment and Conservation. 100% of the houses must be tested with the results reported on the form RDA 2403. This form is to be completed by the Department of Environment and Conservation and they request that they be given 2 to 3 months notice to do the surveys. These survey forms should directly correspond with the Target Area Surveys and the map/survey forms. **Graywater alone does not count as a failure.**

For a sewer line extension project, if a community has a local ordinance requiring mandatory hook-up, include it with the attachments to the application. Also include a letter from the chief elected official which states that the ordinance will be enforced.

System Projects

Water System Projects

If an applicant is considering submitting an application for improving a water system, they will need to clearly define the problem with the system and ensure the existing facility inventory portion of the application is accurate. This information will help TNECD and TDEC evaluate the current system for problems.

What is the problem with the system?

Water loss	This is generally considered a problem if the amount of water loss is greater than 10 percent (this amount is usually explained by flushing lines, cleaning filters, fire protection, etc.).
Water storage	The Water Quality Division of Environment and Conservation requires storage capacity equal to 24 hours of water demand.
Capacity	Is the facility (plant, source, etc.) capable of providing sufficient water to meet the community's demand?
Pressure	The Water Quality Division of Environment and Conservation requires static pressure scores of 20 psi or greater to meet their specification. Pressure readings must be taken at residential meters and recorded as static readings. (DO NOT USE RESIDUAL READINGS TAKEN INSIDE OR OUTSIDE THE HOUSE.) After reviewing the pressure readings, determine if the problem is system wide or confined to one area.
Other	All problems not fitting within these four categories will be considered a quality problem.

Applicants can now evaluate the water system and prepare the application addressing the worst problem. Be specific. Check all numbers with Bill Hench of TDEC and remember the data from TDEC will take priority over the information in the utility district office. Provide all documentation that pertains to this problem, including any recommendations from the regional field offices of Environment and Conservation.

For water distribution projects documenting inadequate pressure, project need will be evaluated in terms of the percentage of residential hookups with measured pressures below 20 PSI. All pressure readings must be taken by an engineer or qualified person (as defined previously). The readings must be made at residential meters and recorded as static readings. The tests must be random within the target area or system. A letter from the person conducting the pressure readings must include:

- a. Address, date, and time of each pressure reading
- b. Statement that pressure readings were taken under normal system operating conditions
- c. Signature, title, and if certified, the certification status (including license number) of person conducting the pressure readings

Sewer System Projects

New Systems

A city/county which has never had sewer collection and/or sewer treatment in their community must provide the following information:

- a. A Target Area Income Survey from every house being connected to the collection system (100% survey),
- b. Proposed Sewer Use Ordinance (SUO) and a statement from mayor/county executive that the ordinance will be enforced,
- c. Explanation of how monthly sewer fees will be billed, collected and enforced,
- d. Signed agreements (if applicable) from all parties providing sewer collection, sewer treatment, maintenance of lines and plant and detailed information on how these items will be handled.

Priority List

Any community wishing to apply for a CDBG for any type of sewer system improvement must be on the 2015 Priority List.

Requests for addition to the 2015 Priority List may be submitted to TDEC at any time. **In order to meet the 2015 CDBG application deadline, these requests must be submitted no later than February 15, 2015.** For more information about this process contact:

Sam Gaddipatti
State Revolving Fund Loan Program
Tennessee Tower, 12th Floor
312 Rosa L. Parks Ave.

Nashville, Tennessee 37243
(615) 532-0462

In the request, give a description of your problem, documentation of the problem (include support materials) and the contact person who can discuss the project.

Also submit a copy of the letter to Brooxie Carlton.

Additional Information on the 2015 CDBG Program

Approximately \$500,000 will be set-aside for a Commercial Façade Improvements program for Tennessee Main Street and Tennessee Downtown participating communities. Applications for this funding will be due in May, 2015. Information on the application process will be released in early 2015.

Communities with fewer than 3,000 people will receive at least \$5 million in funding. When the rankings are complete, TNECD will ensure that those communities have received at least \$5 million in funding. If not, the rankings will be adjusted.

A micro-enterprise grant program will be announced in 2014. Funds from the CDBG loan repayment funds will be used to fund this program so the availability of CDBG funds for community development projects will not be affected.

TNECD is looking into additional economic development projects including Section 108, Brownfield Redevelopment, and Neighborhood Revitalization. Information will be provided for public input before any programmatic decisions are made.