



TENNESSEE STATE CDBG PROGRAM 2019 APPLICATION NOTICES

Timeline

Applications are due on **February 22, 2019**. Applications must be complete as no additional required application material will be accepted after the deadline. However, the Tennessee Department of Economic and Community Development (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.

January 11, 2019: Final day for public meetings.

January 25, 2019: Last day to submit final change orders to TNECD.

February 1, 2019: Last day to submit final invoices to TNECD. Submit budget revisions earlier to allow for time to receive the updated invoice template.

February 8, 2019: Last day to submit closeouts to TNECD.

February 22, 2019: Last day to submit applications to TNECD, by 11:59 PM.

NOTE: All of the above deadlines must be met for the application to be eligible.

General

One application is allowed per eligible governmental unit. The maximum allowable grant request for applications in the housing, water system, sewer system, water line extension, and sewer line extension categories is \$500,000, and \$300,000 for applications in the community livability category. These amounts do not include the allowable ThreeStar bonus.

All activities for applications in the Housing category should be directly related to housing.

TNECD does not set aside funds for cost overruns. Estimate project cost carefully and use the project contingency line item. This is especially important for housing rehabilitation applications.

TNECD suggests that if you are resubmitting an application 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.

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. The advertisement should run in the Public Notices or Legal section if possible, and it should be distinguishable from other advertisements; a display ad is recommended.

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. Applicants are also encouraged to 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. Applicants are required to present information about eligible activities, the amount of grant funding available, and the types of projects being considered. This meeting is required even if the application was submitted in past rounds.

Ability-To-Pay

Ability-to-pay is based on taxable sales and taxable property values. Each city and county has a corresponding match rate representing its ability-to-pay.

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

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

For city applications, use the city rate.

Grant rates range from 70 to 90 percent for community development projects.

Each community that chooses to participate in the ThreeStar 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.

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 purpose of this requirement is so the applicant bears a reasonable relationship to the service area. If your project deviates from either of the above scenarios, contact TNECD for a determination of eligibility.

National Objective Documentation

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

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

Low and Moderate Income (LMI)

The LMI income threshold figures for 2018 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 surveys taken over the phone, the person conducting the survey should sign it. Surveyors should attempt contacting a residence multiple times before moving on to an alternate residence.

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 infrastructure, fire or emergency protection projects, each target area must meet the 51% LMI income threshold.

An application with multiple target areas is used when the beneficiaries are in non-contiguous areas. Multi-jurisdiction applications are undertaken when the beneficiaries are covered by different governmental entities, even if within the same target area. An application can have multiple target areas and be multi-jurisdictional and can be one or the other. Please contact TNECD 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. The jurisdiction calculation workbook to be included with application submission will assist in determining the per capita income.

Target Area Surveys

Target area surveys must be acquired for all direct beneficiary applications: water line extension, sewer line extension, and housing rehabilitation. Surveys must be conducted or attempted for each household within the target area. Direct beneficiary applications must acquire new surveys each year to reflect the most current resident data.

Indirect beneficiary applications: water system, sewer system, and community livability may use surveys conducted by March 2016 and newer (March 2015 and newer if most recent ACS population estimates vary less than 10% from HUD population estimates). Surveys may not be from more than 2 survey periods to reduce the occurrence of partial surveys. If a previous application, funded or unfunded, used more than one survey period a new complete set of surveys must be conducted.

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 one of the following requirements:

- a. At least 25% of properties in the area experience one 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 two 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, consult with TNECD to ensure the application will qualify for the national objective.

Imminent Threat/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. Continuation of the problem must represent a serious threat of loss of life.

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

Line Extension Projects

A 100% survey is required including owners and current tenants of rental houses in the target area. **Applicants should ensure the appropriate Target Area Survey form and the information on the form is accurate and complete out is used for the surveys to be valid.**

All low and moderate income households must be provided free water/sewer service connections. This includes tap fees, service lines, and connection charges. This cost may either be included in the grant or may be waived by the utility.

If the property is rental and the homeowner completes the target area survey, the renter counts as the beneficiary. If the renter is LMI the charges for service connections must be waived or covered as part of the grant.

People who live in their houses 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 or moderate-income household, he or she is still entitled to a free connection, including tap fees, service lines and connection charges.

If a household refuses service, do not count the residents as beneficiaries, unless a Sewer Use Ordinance has been adopted and will be enforced. 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 with 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 households 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 (TDEC) 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 a lab is not on the list, but does have state certification, please let contact TNECD.

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.

The requirement for the maximum number of mineral tests is 20% of the number of houses in the target area. The minimum sampling is 5% of the houses in the target area. The tests must be random within the target area.

The requirement 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. Sampling at least 35% will result in the maximum score of 20 points for the sampling portion of the Project Need score.

Samples must be taken from an occupied house. The residents must have completed a target area survey and agreed to connect to the service, otherwise the test does not count.

If the proposed project involves a supply problem, then questions 16 and 17 on 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.

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 TDEC. 100% of the houses must be tested with the results reported on the form RDA 2403. This form is to be completed by TDEC, and they request that they be given ample notice (at least a month or two) to complete the surveys. These survey forms should directly correspond with the Target Area Surveys and the map/survey forms. Greywater 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.

Water System Projects

Applicants considering submission of an application for water system improvement must 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.

Water project applications can be submitted under the following categories:

- Water loss
- Source Capacity
- Storage Capacity
- Treatment Plant Capacity
- Pressure
- Quality & Operations
- New Line Extension

When completing a water system application, applicants should refer the guidance, information, and scoring documents provided to assess the need and quality of the application.

Applicants may choose more than one category for its need to be scored. Points will be awarded based on the category that receives the highest score. To receive points for a category, that category must make up a substantial part of the proposed project. A minimum of 30% of the cost of the project must address a category to receive points.

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 that has never had sewer collection and/or sewer treatment in their community must first have a conversation with TDEC prior to application submission. The application must also provide the following information:

- a. A Target Area Income Survey for each house being connected to the collection system.
- 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

The Priority Ranking List is no longer being used by CDBG.

New Project Need Scoring

Sewer system applications will now be scored similar to water system applications. Applicants must complete the Sewer System Application Additional Information document to submit as part of the application. Applicants must clearly define and demonstrate the severity of their need(s) and use the PER to support the information provided in the additional questions.

Applicants who are submitting applications that will require a change to the NPDES permit must have a Preliminary Project Discussion with TDEC prior to submission of the application.

Sewer project applications can be submitted under the following categories:

- Treatment Plant Capacity
- New Line Extension (Failing Septic Tanks)
- Infiltration/Inflow
- Lift Station Capacity
- Quality and Operations

When completing a sewer system application, applicants should refer the guidance, information, and scoring documents provided to assess the need and quality of the application.

Applicants may choose more than one category for its need to be scored. Points will be awarded based on the category that receives the highest score. To receive points for a category, that category must make up a substantial part of the proposed project. A minimum of 30% of the cost of the project must address a category to receive points.

Community Livability

The Community Livability category will remain split into a large service population pool and a small service population pool. The threshold will be defined as service population/ beneficiaries above 5,000 people and service populations of 5,000 people and fewer.

Detailed and concise narratives with quality backup documentation are required to adequately express the seriousness of the problem and how the proposed project will fix or alleviate it. Providing minimal documentation, general statements, and not fully exploring alternatives will result in lower scores.

2019 CDBG Application and Program Additional Information

The application will be submitted through the online application form. All supplemental and additional application materials and documentation will be submitted through the SFTP site.

Applicants with multi-jurisdiction projects may elect to use a combination of surveys and Census/HUD designation to meet the LMI threshold, but only one method per jurisdiction. For example if water system a project has beneficiaries in a city that exceeds 51% LMI determined by HUD and the county that does not, the applicant may choose to use the LMI percentage of the city and survey to meet the 51% threshold for the county.

If an applicant elects to use the HUD published LMI percentage figures for a geography other than municipality or county (census tract, block group, etc.), contact ECD for guidance on which jurisdiction workbook should be used and the backup documentation needed.

Cost per LMI person is calculated by dividing the CDBG request prior to ThreeStar bonus by the total number of LMI beneficiaries. The LMI percentage to be used will be the HUD designated LMI percentage of the applicant jurisdiction for single jurisdiction applicants. Weighted averages of HUD-designated LMI percentages will be used for multi-jurisdiction applications.

All maps submitted as part of the application should have the target area(s) and project location designated. Minority concentration maps are not required for system-wide water or sewer applications. The assumption is everyone within the system benefits equally.

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 open in the spring of 2019.

Scoring

Direct Beneficiary Applications (Water Line Ext., Sewer Line Ext., Housing Rehab)

- Due to issues concerning the completeness of target area surveys, cost per person and cost per LMI person will only be calculated based on fully completed and correct information provided in the initial surveys. Corrections will be requested for surveys that are incorrect or incomplete, as the scope of the project will be based on the total number in the application. Make sure anyone involved with the surveying is aware of this change.
- *Example: 60 houses total (expected to serve if funded)
40 correct surveys (will be the only surveys scored)
20 incorrect surveys (will not factor in scoring; revisions will be requested.)*

Rate Factor

- Is calculated using the Census PCI instead of the Target Area PCI.
- Has a maximum score of 25. This means the maximum Project Impact score for water and sewer projects will be 75 points.

Water and Sewer System

- Maximum project need score of 100 points (90 base points + 10 bonus points).
- Use the information and guidance documents provided to help determine potential scoring.
- PER and additional questions will be the basis for the information used for scoring.

Water Line Extension

- Maximum project need score of 100 points (90 base points + 10 bonus points).
- 90 base points will be scored as in previous years (Refer to scoring guidance information).
- Will be scored by ECD

Sewer Line Extension

- Maximum project need score of 100 points (90 base points + 10 bonus points).
- Based on percentage of failing septic tanks (Refer to scoring guidance information).
- Will be scored by TDEC

Performance Measures

Performance measures in the form of outputs and outcomes are required with the submission of all applications. At least one output and one outcome must be included. Applications will not be scored without the inclusion of performance measures. Definitions and examples are as follows:

- Output - Measure of the direct result of the grant funds. (Examples: LF of water line replaced, number of fire trucks purchased, specific plant improvements, number of houses rehabilitated, etc.)
- Outcome - Quantitative measure of how the project is impacting a goal of the community. (Examples: reduction in water loss, improvement in emergency response time, etc.)

The performance measures are now more tailored to the project type instead of being open-ended. When completing the application, applicants will be able to choose from a selection of outputs and outcomes or define their own.

Applicants should carefully consider which performance measures will best show progress during the grant and upon completion. Performance measures should be measurable. Grantees will be expected to report on the proposed outputs and outcomes over the course of the duration of the grant. TNECD reserves the right to conduct follow-up visits after a project has been closed to measure outputs and outcomes and the success of a project.

Budget Template

Last year a new budget template was introduced. This was a big change from previous years, and we encountered some issues and difficulties during the process. The budget template has been refined this year to allow for more flexibility entering line item amounts, while still maintaining a line item minimum match.

Adjustments in the budget template are also being included to account for the type of environmental review anticipated based on the proposed project. The maximum eligible environmental review costs that may be attributed to CDBG are:

- \$1,500 (Exempt, Categorically Excluded Converting to Exempt)
- \$2,000 (Categorically Excluded)
- \$3,000 (Environmental Assessment)

A calculator for engineering fees is included in the template as a guide when determining the various fees associated with design, inspection, and other engineering costs. The Engineering Design line item should include only the cost associated with the design of the project, and the Construction Inspection line item should only include costs associated with inspection services. All other engineering costs and fees should be represented in the Other Engineering line item and described, including but not exclusive to bidding costs, surveying fees, etc.