



***CDBG-ED***

***Application Training***

***Community Development Block  
Grant (CDBG)***

***Economic Development (ED)***

# *The Basics*

## ***Source of Funds***

The CDBG-Economic Development Program is assigned up to 40% of the federally allocated funds given annually to the State of Montana from the US Department of Housing and Urban Development (HUD).

## ***Purpose***

The program is designed to stimulate job creation or retention, primarily through loans to local businesses.

Funds may also be used to provide public improvements in support of local economic development.

The program is designed to provide fixed-rate, flexible financing.

The funds are intended to provide gap financing and should be matched on a 1:1 basis with funds from other sources.

## ***Eligibility***

General purpose local governments are eligible to apply.

This includes:

Counties, incorporated cities and towns, and consolidated city-county governments.

Applications submitted must be for projects which create or retain jobs in the State. At least 51% of these jobs must be made available to low and moderate income citizens.

## ***Eligibility – Entitlement Communities***

There are three entitlement communities in the State:  
Billings, Great Falls and Missoula

These communities receive funding directly from HUD and are not eligible for State CDBG-ED funding.

Counties which contain an entitlement community may not apply to the State CDBG-ED program if the project would primarily benefit residents within the entitlement community.

## ***Eligibility – Tribal Government***

Indian tribal governments also receive CDBG funds directly from HUD.

Therefore they are not eligible to apply to the State CDBG-ED program.

## ***Application Deadline***

Applications are accepted on an open-cycle basis, after the Department receives HUD's notification of funding (usually in April).

This continues until all funds set aside for CDBG-ED have been committed.

## ***Certified Regional Development Corporations***

The department strongly encourages CRDC support of any CDBG-ED project application. Created by the legislature in 2003, CRDC's encourage a regional approach to economic development.

A formal letter of support from the CRDC is required when submitting an application.

If the local government operates in an area without a CRDC, the application must include an explanation addressing why they are not part of a CRDC.

## ***Certified Regional Development Corporations***

The Montana Department of Commerce strongly advises that applicants designate their CRDC as revolving loan fund manager.

Thus repayment of CDBG-ED loans would be managed by the CRDC revolving loan fund; making relending available to all priority economic development projects within the region.

## ***Eligible Activities***

Assistance to Businesses for:

- Land acquisition
- Public facilities and other improvements in support of economic development (i.e. water, sewer, access roads).
- Loans for the acquisition, construction, rehabilitation or installation of industrial buildings, facilities and equipment.

Note: A PER (preliminary engineering report) or PAR (preliminary architectural report) may be required

- Loans for working capital.

## ***Eligible Activities – Planning***

Technical assistance grants. Please refer to the webinar “CDBG-ED and Big Sky Trust Fund (BSTF) Planning Grant Training”

*Available on the web:*

<http://businessresources.mt.gov/CDBG/default.mcp>

# Eligible Activities - Infrastructure

## Business Infrastructure Projects:

- Improvements to water, sewer, streets, sidewalks in support of economic development.
- The application must include a complete business plan.
- A financing gap must be documented.
- Infrastructure projects typically require a PER (preliminary engineering report) prior to an application submission.

## ***Eligible Activities – Customized Employee Training***

- Funding may be directed at new and expanding businesses that are creating jobs.
- Preference is given to training that focuses on transferable skills in emerging industries.
- Maximum \$5,000 per employee with the exception of a \$7,500 maximum for hiring and training disabled.
- Match requirements of 1:1 still apply.

***Note: Local governments are encouraged to apply for job training grants from the Primary Sector Workforce Training Grant (WTG) program in lieu of submitting a CDBG-ED application.***

## ***Eligibility – local competition***

It is important for the community to consider whether the project under consideration would compete with an existing local business.

The decision to submit an application in this instance is primarily local.

The required public participation (community meeting) may help identify such concerns.

## ***Eligibility - pirating***

CDBG-ED funds **cannot** provide funding used as an incentive to relocate an industrial or commercial plant, facility or operation from one Montana community to another.

Relocation generally results in job losses in one labor market while benefitting another.

The department may consider extenuating circumstances in these instances.

## ***Award based Agreements***

Depending on the type of assistance given to the assisted entity one of two agreements must be provided:

1. Grant assistance agreement – when funds are granted to the assisted entity.
2. Loan agreement – when the CRDC or local development office, acting as a sub-recipient of CDBG funds, makes a loan to an assisted business.

## ***Ineligible Activities***

- 1) Assisting a business to create or retain jobs that would cost more than \$25,000 per job.
- 2) Community Promotion
- 3) Assistance to professional sports teams
- 4) Assistance to privately owned recreational facilities that serve higher-income clientele.
- 5) Land acquisition lacking a proposed use.
- 6) Assistance to hotels, motels and retail operations are generally considered ineligible.

## ***Funding Limit***

The funding limits are as follows:

Up to **\$400,000** per unit of local government for a project.

- City and county co-applications may result in up to \$800,000 in assistance).

\$25,000 per job created or retained

Administrative costs of up to 8% of the total award are allocated to assist in managing the project.

## ***Joint Applications***

### Rules for Joint Applications:

- 1) The project must take place in an area of contiguous jurisdiction.
- 2) The solution requires cooperative strategy.
- 3) Each unit of government must meet applicant requirements.
- 4) One unit of government must be identified as the lead.
- 5) Resolutions to authorize must be signed by both units.
- 6) An inter-local agreement must be executed between the units of government.

## ***Existing Projects – New Applications***

Local governments or sub-recipients that are currently administering one or more CDBG-ED projects will not be eligible to reapply unless:

- The MDOC determines previously funded CDBG-ED projects are being administered in an acceptable manner and there are no outstanding items from audit reports.
- Current or previously funded CDBG-ED projects are consistent with project implementation schedules contained in MDOC contracts.

## ***Application – preliminary steps***



A business approaches a local government or LDO with an idea.



The local government and/or LDO reviews, then consults with CDBG-ED staff to see if this is a good fit.



The LDO and local government along with the assisted business, begin the application process.

## ***Preliminary Review Things to Consider***

Cost per job is \$25,000 or less?

Is the hiring and training plan reasonable?

What is the benefit to low and moderate income persons?

- Must show 51% benefit.

What is the status of matching funds?

Is the local CRDC involved and supportive?

What is the projects time line?

The financials have been reviewed to determine the assisted entity's relative strength?

## ***Preliminary Review Things to Consider***

If the project consists of or includes activities where contracted labor will be used for construction, remodeling, excavation, electrical, etc:

- Contact your CDBG-ED representative for guidance.
- **Carefully read Chapter 9** of the CDBG Manual (Construction Management: Public Facilities and Housing).
- Be prepared to comply with the CDBG rules and Montana Code related procurement. **Review Chapter 3 – Procurement Standards.**
- Be prepared to comply with Environmental and Labor Standard rules. **Review chapters 2 and 6.**

# *The Application*

# The Application

Appendix A is the primary application document.

It's simply an Excel Spreadsheet.

This is the first item to appear in an application.

APPENDIX A	
MONTANA DEPARTMENT OF COMMERCE	
ECONOMIC DEVELOPMENT PROJECT APPLICATION FORM	
AND TABLE OF CONTENTS	
<i>(It is required that this form be typed <u>and</u> completely filled out)</i>	
Cells are formatted for numbers, currency, and percentages.	
This appendix should be the first item to appear in the application.	
<b><u>A. APPLICANT INFORMATION</u></b>	
<b>1. Local Government</b>	
Name of Local Government	
Address	
Phone Number	
Chief Elected Official (Printed Name and Title)	
Signature of Chief Elected Official	
Local Government Tax ID #	
Senate District Number(s)	
House District Number(s)	

## ***The Application – Appendix A***

Appendix A is broken into the following sections:

### **Section A – Applicant Information**

- **Part 1 – Local Government Information**
- **Part 2 – Local Development Organization**
- **Part 3 – Authorization of Release of Information**
- **Part 4 – Assisted Business**

## ***...Appendix A continued***

Section B – Project Summary (narrative)

Section C – Benefit to Low and Moderate Income

- Part 1 – Jobs and Cost per Job Summary
- Part 2 – Customized Training of Employees

## ***...Appendix A continued***

Section D – Funding Summary

Section E – Table of Contents, Application  
Requirements

## ***...Appendix A continued***

Please complete the form in its entirety.

Items often missed:

DUNS number – if the assisted entity does not have one, they must acquire one. ([http://www.dnb.com/us/duns\\_update/](http://www.dnb.com/us/duns_update/))

NAIC code for the assisted entity– North American Industrial Classification (<http://www.census.gov/eos/www/naics/>)

## ***Please Note:***

To comply with the Federal Funding Accountability and Transparency Act (FFATA), the MDOC will require the following of all **Units of General Local Government** applying for CDBG-ED funding:

DUNS number – registration is free of charge.

[http://www.dnb.com/us/duns\\_update/](http://www.dnb.com/us/duns_update/)

Registration with Central Contractor Registration (CCR)

[\(https://www.bpn.gov/ccr/\)](https://www.bpn.gov/ccr/)

## ***DUNS and CCR:***

A DUNS number is required in order to register in the Central Contractor Registry (CCR). DUNS numbers have no expiration date.

Central Contractor Registration (CCR) requires both a DUNS # and a Federal Tax ID. You will not receive a CCR number per se. However, you will receive a Commercial and Government Entity (CAGE) code as a result of the application process.

**NOTE: CCR registration expires after 1 year.**

## ***...Appendix A continued***

5 bound copies of the complete application are to be provided to the Department.

Please ensure that ALL documents listed under the application requirements are submitted. Incomplete applications may be rejected.

Please ensure that the applications are well organized and that all documents listed within the table of contents are in order and their location within the binder is accurately referenced.

## ***TIME OUT – WHAT’S LMI?***

LMI stands for low and moderate income. The primary emphasis of HUD funding is to improve conditions for low and moderate income citizens.

The most often utilized method of capturing LMI data, is to survey new and/or retained employees. The survey used is found in Exhibit 8-E in the administrative manual.

Income limits by county are updated yearly. Please refer to the CDBG-ED applications guidelines web page for a link to the most recent income limits for your county.

## ***Appendix A – Section C***

### **Benefit to Low and Moderate Income (LMI) Summary**

For **retention** projects, please survey existing staff and submit income surveys and racial category forms for all staff to be retained.

For **creation** projects, calculate the number of jobs created which will be available to LMI individuals. For a job to be considered available to an LMI individual, the required education level must not exceed a high school diploma.

## ***Appendix A – Section C***

In both creation or retention projects, the percentage benefit to LMI is based on the number of LMI jobs created or retained divided by the total number of jobs created or retained.

This percentage must be greater than 51%.

## ***Appendix A – Section C***

### ***CDBG-ED Cost Per Job***

Cost per job is based on total funding divided by total jobs created or retained.

The activity funding is divided by this number to arrive at cost per job. The limit is \$25,000 per job.

**WARNING:** Please base all hiring and retention numbers on rational expected performance. These numbers will likely become part of the contract between the State and the local government.

As such, **IF** the projected numbers (total or LMI) are not reached during the contracted time-line, the local government **MAY** be subject to returning the funds to the state.

*The*  
*Application*  
*Required Documents*

## ***Letter of Support from CRDC***

As stated earlier, the department strongly encourages CRDC support of any CDBG-ED project application

A letter of support, signed by the executive director or board chair and approved by the board of directors is required.

- If the local government is not serviced by a CRDC, please provide an explanation as to why that is the case.

## ***Community Needs Assessment***

“The future now depends on people all over the country working together to make things better in their particular place. It depends on people in different kinds of places - large and small towns, urban and rural neighborhoods - asking themselves what can we do to make this community a more hopeful place to be young, a more rewarding place to work, and a more friendly place to grow old.”

~ Alice Rivlin, former Director of the Congressional Budget Office  
And former Vice-Chair of the Federal Reserve Board

# ***Community Needs Assessment***

HUD requires that CDBG applicants give their citizens (particularly low to moderate income citizens) a voice in identifying local priorities.

This requires:

- adequate notice (paper of general circulation – 7 days in advance).
- meetings held at a time and location convenient to the general public.
- reasonable accommodations for the physically challenged.
- a neutral forum.
- that the local government must conduct the meeting.

For more information:

<http://comdev.mt.gov/content/CDBG/docs/NeedsAssessment/CNAguide.pdf>

## ***Community Needs Assessment***

The needs assessment narrative describes in detail community development needs, including the needs of low and moderate income persons.

Further, it describes the activities the community plans to partake in that help it address these needs.

In many cases, the local community may have **already identified its community development needs within its growth policy**. This policy can be used to fulfill this CDBG-ED application requirement.

# ***Community Needs Assessment***

The application must include:

- a copy of the public hearing notice.
- an affidavit of publication.
- minutes from the meeting.
- an attendance list.

Note:

There are two public meetings requiring this documentation. The Community Needs Assessment covers the broad goals of the community. The second public meeting is specifically dedicated to the project covered by the application.

## ***Benefit to Low and Moderate Income Persons Narrative***

This is an opportunity to describe in words how the project will benefit low and moderate income persons (LMI) in the community. CDBG objectives can be met by:

- Carrying out a project in a neighborhood or community where 51% of the residents are low to moderate income.
- Making training available to LMI persons to help them qualify for higher skilled employment.
- Employing or making jobs available to LMI persons.
- Retaining jobs held by LMI persons.

## ***Appendix B: Local Government, Local Development Organization and Business Application Certification***

Despite the long name, this is a very simple agreement which must be signed by all parties (government, local development, business).

Essentially, it defines the basic responsibilities each party has regarding the application.

## ***Appendix C: Acceptance of CDBG Program Requirements***

This form is to be signed by the chief elected official (or chief executive) of the local government.

Essentially it is an acknowledgment by the local government that they will abide and comply with all applicable state and federal laws and regulations while implementing the CDBG project.

## ***Appendix D: State Objectives***

This form requires the applicant to identify which State of Montana economic development objectives will be met by this project.

It also requires a narrative description, further describing how this project will meet the identified objectives.

## ***Appendix E: Full Environmental Checklist***

It is a comprehensive checklist which requires that the local government consider all possible environmental impacts of the CDBG project. Please refer to Chapter 2 of the CDBG Administrative Manual.

For infrastructure or construction related projects a professional licensed engineer must complete the full environmental checklist.

## **Appendix E: Full Environmental Checklist**

<p><b>Key Letter:</b> <b>N</b> - No Impact/Not Applicable; <b>B</b> - Potentially Beneficial; <b>A</b> - Potentially Adverse; <b>P</b>- Approval/Permits Required; <b>M</b>- Mitigation Required</p>	
<p><b>PHYSICAL ENVIRONMENT</b></p>	
<p><b>Key</b> _____</p>	<p><b>1. Soil Suitability, Topographic and/or Geologic Constraints (e.g., soil lump, steep slopes, subsidence, seismic activity)</b>  <i>Comments and Source of Information:</i>                  Potential sources for information:                  Natural Resource Conservation Service  <a href="http://nris.mt.gov/nrcs/soils/index.asp">http://nris.mt.gov/nrcs/soils/index.asp</a>                  Montana Bureau of Mines and Geology  <a href="http://www.mbmgs.mtech.edu/">http://www.mbmgs.mtech.edu/</a>                  United States Geologic Survey  <a href="http://www.usgs.gov/hazards">http://www.usgs.gov/hazards</a></p>

## ***Appendix E: Full Environmental Checklist***

- Complete with every application,
- Regardless of Key Letter used, identify the source(s) which were consulted to assess the potential impact on or from the project for each subject area and note what the impacts are,
- If the proposed project is for working capital or equipment only and will not have an impact, state that in each of the subject area sections,

## ***Appendix E: Full Environmental Checklist***

- If the proposed project is an infrastructure or a construction project, the Environmental Checklist must be completed by a licensed professional engineer, and
- Some proposed projects may require a site-specific environmental checklist.

## ***Appendix E-A: Environmental Review Site Specific Checklist***

- Complete if proposed project includes renovation of an existing building(s),
- Complete if proposed project is a multi-phased project,
- Complete separate checklist for each structure, and
- Don't hesitate contacting the CDBG-ED program staff if you have questions regarding the Full or Site-Specific Environmental Checklist.

## ***Appendix H: Resolution to Authorize Application***

This document is duly adopted or passed as an official act by the applicants governing body.

1. It authorizes the submission of the application
2. It confirms the applicant's willingness to abide by the federal requirements described in Appendix C, "Acceptance of CDBG Program Requirements – Certification of Application".
3. Authorizes the applicants chief elected official to act on its behalf regarding the application.

## ***Appendix I: Citizen Participation – 1<sup>st</sup> & 2<sup>nd</sup> Hearings***

We've discussed the requirement for public hearings. As mentioned, HUD requires applicants ensure that citizens have the opportunity to voice their opinions regarding matters of community development. Appendix I requirements include:

- The attendance sheet for both meetings.
- The minutes of the meeting.
- The affidavit of publication for the meeting.

## ***Appendix J: Revolving Loan Fund Plan***

For CDBG-ED awards which entail a loan to the assisted entity, the application must include a copy of a revolving loan fund plan.

The plan documents the local government's and/or non-profit's objectives and processes pertaining to the use of the initial loan as well as subsequent loans created via program income.

It ensures that relending activity falls within the guidelines established by the MDOC, promotes economic growth and benefits LMI persons.

## ***Appendix L: Sub-Recipient Agreement***

CDBG-ED administrative functions (reporting, etc) as well as local revolving loan fund management is often handled by a local development office or CRDC.

When CDBG-ED funds are passed through the local government to a non-profit agency a sub-recipient agreement must be executed.

This agreement is between the local government and the sub-recipient and defines their relationship.

## ***Appendix M: Management Plan***

CDBG-ED projects are often complex. They involve multiple people and cover many activities. They are governed by State and Federal rules and regulations.

The Management Plan identifies the key players in the project as well as their responsibilities. There are three versions of this document:

1. Local Government Management
2. Loan Project Managed by Third-Party Nonprofit
3. Grant Project Managed by Third-Party Nonprofit

## ***Appendix N: Sources and Uses Form - Part I***

Recall that all CDBG-ED projects require at least 1:1 match funding. Often CDBG-ED is simply a component of a larger overall financing scenario.

Part I of the Sources and Uses form is where you will identify all the parties providing funding for the project. The detail is specific and must be completed accurately.

## ***Appendix N: Sources and Uses Form - Part I***

For each funding source you must identify:

**Amount** – the amount of funding received from this source.

**Description Code** – type of funding (see the bottom of Part I for codes)

**Commitment Status** – proposed/requested/approved

**Rate (%)** – for any loan funding

**Loan Terms (Years)** – the length of the loan in years

**Amortization Period (Years)** – may be different than the loan terms, depending on whether a deferral is requested

## ***Appendix N: Sources and Uses Form - Part I***

For each funding source you must identify:

**Annual Debt Service** – projected cumulative yearly loan payments. If the funding is a grant, this section does not apply.

**Collateral** – defines what assets will be put up to secure the loan

**Type** – Machinery/Equipment, Real Estate, etc.

**Value** – What is the current market value of the asset(s)

**Position** – How many entities are in front of the lender, in case of liquidation

## ***Appendix N: Sources and Uses Form - Part I***

Acceptable CDBG-ED Loan Terms:

The length of the loan should be consistent with the use of funds. For example:

- A loan for machinery and equipment should generally be between 5 and 10 years.
- For buildings and real estate, the length may range between 15 and 20 years.
- Working capital loans would generally be limited to 7 years.

## ***Appendix N: Sources and Uses Form - Part I***

### **Deferments and Interest:**

- Repayments of principal, interest or both may be partially deferred for up to two years.
- The standard interest rate is 5%, however lower or higher interest rates may be requested.

## Part I: Example

PART I - SOURCES OF FUNDS STATEMENT (EXAMPLE)										
<ul style="list-style-type: none"> <li>Please list sources of funding for the project. List both the funding source and the agency that administers the fund, if applicable.</li> <li>Include financing (loans and loan guarantees), grants, donations, and equity. Attach letters of commitment.</li> <li>Identify each source by <b>DESCRIPTION CODE</b> using the codes listed below.</li> <li>Indicate in the <b>COMMITMENT STATUS</b> column whether (P) - Proposed, (R) - Requested, or (A) - Approved (Include commitment/approval documentation)</li> </ul>										
LIST ALL SOURCES OF PROJECT FUNDING										
SOURCE ↓	AMOUNT (PRINCIPAL \$)	DESCRIP- TION CODE	COMMIT- MENT STATUS	RATE (%)	LOAN TERM (YRS)	AMORTI- ZATION PERIOD (YEARS)	ANNUAL DEBT SERVICE	COLLATERAL		
								TYPE	VALUE	POSITION
1.a. CDBG ADMIN	27,400									
1.b. CDBG ACTIVITY	360,000	N/A	R	8%	7	7	64,511	New Mach. & Equip.	400,000	1st
2. City of Sunrise	50,000	14	A	6%	15	15	5,063	All Mach & Equip	275,000	2nd
3. Equity	240,000	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. XYZ Bank	86,000	1	R	10%	10	10	13,638	Existing Mach/Equip & Building	275,000	1st
5.										
6.										
DESCRIPTION CODES										
1. Conventional Bank Loan			6. USDA IRP Program			11. SBA 7A				
2. Equity			7. MBOI-Purchase of Federal Guaranteed Loan			12. SBA 504				
3. USDARD B&I Guarantee Loan			8. MBOI-Linked Deposit			13. Growth thru Agriculture				
4. USDARD Direct Loan Program			9. MBOI-Business Loan Participation			14. Local RLF				
5. USDARD REDL&G Program			10. EDA			15. Other (specify) _____				
NOTE: TOTAL SOURCES OF FUNDS MUST EQUAL TOTAL USES OF FUNDS!										

## ***Appendix N: Sources and Uses Form - Part II***

The uses of funds section will allocate funds to various activities or assets.

It's important that this is completed accurately as it will become part of the CDBG project contract.

As such, when it is time to draw funds, the documentation must reference the funded components assigned to CDBG-ED. The Program Specialist will reference the contract to determine whether the draw is eligible, based on this budget.

## Appendix N: Sources and Uses Form - Part II

<b>PART II - USES OF FUNDS (EXAMPLE)</b>							
SOURCE(S) →	2. Total CDBG	3. City of Sunrise	3. Equity	4. XYZ Bank	5.	6.	TOTAL PROJECT BUDGET
<b>ADMINISTRATION</b>							
Personal Services	2,000						\$ 2,000
Supplies	50						\$ 50
Communications	50						\$ 50
Printing/Duplication/Postage	50						\$ 50
Advertising/Auditing	250						\$ 250
Travel/Training							
Consulting Services	25,000						\$ 25,000
Other Administration ( <i>specify</i> )							\$
<b>TOTAL ADMINISTRATION COSTS</b>	<b>\$ 27,400</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 27,400</b>
<b>ACTIVITY</b>							
Architecture/Engineering Costs							\$
Construction							\$
Machinery/Equipment	360,000		40,000				\$ 400,000
Working Capital		50,000		86,000			\$ 136,000
Other ( <i>newly construction building</i> )			200,000				\$ 200,000
							\$
<b>TOTAL ACTIVITY COSTS</b>	<b>\$ 360,00</b>	<b>\$ 50,000</b>	<b>\$ 240,000</b>	<b>\$ 86,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 736,000</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 387,400</b>	<b>\$ 50,000</b>	<b>\$ 240,000</b>	<b>\$ 86,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 763,400</b>
<b>NOTE: TOTAL USES OF FUNDS MUST EQUAL TOTAL SOURCES OF FUNDS!</b>							

## ***Appendix O: Hiring and Training Plan***

A draft copy of the hiring and training plan is required. The Department will review and either approve or request modifications.

The plan should include, at a minimum:

- A list of the jobs to be created or retained indicating whether they are full or part time; skilled, semiskilled or unskilled positions.
- A discussion of the process in place to make sure the jobs created will be made available to low and moderate income persons.

## ***Appendix O: Hiring and Training Plan***

...the plan should include, at a minimum:

- The job listing should indicate the job titles and descriptions as well as the rate of pay. For jobs that are part time, include the number of hours worked on a weekly basis.
- The timetable for creating the jobs.
- An assurance that the company will comply with equal opportunity and nondiscrimination laws.
- Procedures for outreach, recruitment, screening, selection and training of employees.
- A description of the training curriculum and resources if applicable.

## ***Appendix O: Hiring and Training Plan***

...the plan should include, at a minimum:

- Written commitments from any agencies or organizations participating in the implementation of the plan.
- A written commitment from the business to comply with the plan.

**NOTE:** Minimum requirements for the jobs should not exceed a **high school diploma** in order to be counted as a job opening available to an LMI person.

## ***Appendix P: Project Implementation Schedule***

Appendix P provides a basic project implementation schedule format. These are basic milestones which may suffice for a standard ED project.

However, if your project is related to activities which will be completed by contracted labor, the implementation schedule must be much more concise.

It must reference project milestones related to bid preparation, labor requirements, etc. Please contact your CDBG Program Specialist for assistance.

## ***Appendix Q: Confidentiality Agreement***

The CDBG-ED grant application and supporting documents are presumptively considered public. However, the assisted entity may reserve that some documents remain classified.

To do so, the entity must identify which documents are classified and provide an affidavit that clearly states the facts upon which it believes the documents should be withheld from public disclosure.

The stated facts must be specific enough so that review authorities can clearly understand the nature of the entities right to confidentiality.

## ***Appendix Q: Confidentiality Agreement***

A blanket statement that all documents and information be held as confidential will be ineffective.

The affidavit filed will be subject to public disclosure.

If the individual documents or information are not specified as confidential or if the affidavit is factually insufficient to support confidentiality, the Department will deem the documents as subject to public disclosure.

## ***Appendix R: Inter-local Agreement***

Often is the case where two units of local government are co-applicants for a CDBG grant.

The inter-local agreement serves to identify which unit of local government is the lead agency.

It also acts to ensure that both units of government will comply with all federal regulations related to the project.

This document is required only in the above described instance and not when a single unit of government is the applicant.

## ***Appendix S: Employee Survey Forms – retention project***

For job retention projects you must submit income verification forms and racial category forms for all current staff members.

Please remember to update Exhibit 8E with the current HUD income limits found at the CDBG-ED home page:

<http://businessresources.mt.gov/CDBG/applicationguidelines.mcp>

The limits are updated yearly, so as administrators you must update this form when notified.

You cannot force an employee to complete this form. In this instance, please fill in the name and note that they would not do so.

## ***Appendix S: Employee Survey Forms – retention project***

Don't forget to have the staff member complete the racial category form.

They also are not required by law to complete this. However, the person administering the form may, in this instance, complete the form based on the surname.

In both instances, do not present the forms as optional when giving them to the employees. Just understand that they are not legally obligated to complete them.

## ***Appendix S: Employee Survey Forms – retention project***

Finally, as administrators you must recognize that adhering to the 51% benefit to LMI is a crucial element of the program.

**This is not an option and failure to do so may require the local government to return the funding.**

When staff do not complete the forms they are not counted as part of the LMI benefit.

Finally, this information is not shared or distributed. It is simply a means of ensuring that HUD's goal of improving the situation of LMI citizens is being met.

## ***Appendix T: Business Plan***

Review the outline provided within the application outline.

A business plan is a requirement of the application process.

- If assistance is required to complete one, a planning grant may be useful.
- However, it is an excellent exercise for the applicant.

## ***Appendix T: Business Plan***

Business plans provide detailed information about all aspects of the entities internal and external environments.

They describe the business from an operational, financial, marketing and strategic perspective.

The plan should summarize what the business objective is and why that objective is valued in the overall marketplace.

The plan should provide a historical as well as forward looking perspective.

## ***Business Plan - Financial Statements***

The application must include the most recent 3 years of the following financial statements:

- Balance Sheet
- Profit and Loss Statement
- Cash Flow Statement
- Reconciliation of Net Worth
- Current Aging of Accounts Receivable and Accounts Payable

## ***Business Plan - Financial Statements***

For businesses that have been in operation for more than one complete business fiscal year:

- The financial statements must be compiled or reviewed by a certified public accountant, with full disclosure notes.

For newer businesses, current financial statements generated by the business will suffice.

## ***Business Plan - Financial Projections***

The application must also include financial projections for 3 years. The projected financial statements include:

- Projected Balance Sheet
- Projected Profit and Loss Statement
- Projected Cash Flow

Whenever pro forma (projected) financial statements are compiled, a set of assumptions is at the core.

These assumptions may include: projected market penetration, sales growth rates, gross margin estimates, labor cost estimates, etc. Be sure to include the assumptions for review.

## ***Business Plan - Financial Statements***

### **Debt Schedule**

- The debt schedule should include information on all installment debts, notes, contracts and mortgages.
- The schedule is **not to include accounts payable.**
- The current balance on the debt schedule should be equal to the long term debt subtotal on the entities balance sheet.

## **Business Plan - Financial Statements**

### **Debt Schedule - example**

<b>BUSINESS DEBT SCHEDULE</b>								
Include the following information on all installment debts, notes, contracts, and mortgages. <i>Current balance must match the current balance sheet.</i> Include all capital leases shown on the balance sheet (if any). <i>Do not include accounts receivable and accounts payable.</i>								
Business Name _____ As of _____, 200__								
Name of Creditor	Original Amount	Original Date	Current Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral	Current or Delinquent
		Total Current Balance			Total Monthly Payment			
Signature: _____ Title: _____ Date: _____								

## ***Appendix U: Grant Assistance Agreement***

For CDBG-ED grants, a Grant Assistance Agreement is required.

This is essentially a contract between the local government and the assisted entity.

It prescribes the responsibilities of the assisted entity pertaining to the grant.

## ***Appendix V: Preliminary Engineering Report (PER) outline***

Some projects (ex. infrastructure improvement) require that a preliminary engineering report be submitted along with the application.

Please refer to Appendix V (in the application guidelines) to ensure that the report as submitted conforms to the required scope and content required.

A PER that is not in compliance may delay or jeopardize funding.

## ***Explanation of working capital needs***

Provide information related to the entities current assets and current liabilities and define the entities working capital needs over time.

The Department wants to see the cash flow projections as well as any assumptions made.

## ***Business Owner Requirements***

Individuals with an ownership stake of 20% or more must provide a personal financial statement as well as a tax return for the most recent tax year.

The Department also requires tax returns for all affiliated businesses.

These principal owners must also provide a personal credit check release.

At the discretion of the Grant Review Committee, personal guarantee's may be required.

## ***Public and Private Sector Commitments of Funding***

Match funding must be formally documented prior to release of CDBG-ED funding.

For private entities, firm commitment letters are required. They must be:

- Binding and contingent only upon release of CDBG-ED funds.
- On the letterhead of the firm committing funds.
- Signed by an officer authorized to commit funds.

## ***Public and Private Sector Commitments of Funding***

For public entities:

- If the funds come from a local government, a budgetary resolution committing funds is required.
- Loan guarantees by the SBA or USDA-RD must include a letter of authorization containing the terms and conditions.
- Again, all commitments must be binding, contingent only upon the release of CDBG-ED funds.

## ***Acquisition Narrative***

This is relative to projects where the local government is acquiring property of real estate or easements as part of a CDBG-ED project.

To do so, the local government must:

- Formally notify effected property owners
- Have the property properly appraised
- Complete a written offer to purchase based on an amount considered to be just compensation.

## ***Federal Labor Standards Narrative***

Federal law may require labor documentation, depending on the project. It's important that administrators understand their obligations regarding these laws. If CDBG funds are allocated to activities related to contracted bids:

Please read and ensure you comprehend **Chapters 6 and 9** in the **CDBG Administration Manual**.

Also, be sure to remain in contact with your CDBG-ED program specialist during the course of the project.

***Following procedure and documenting the fulfillment of requirements will help avoid an audit finding.***

## ***Federal Labor Standards Narrative***

To fulfill this application requirement, please provide a narrative discussion, identifying whether or not you believe your project is subject to these standards.

Explain your position.

If you believe you are subject, please identify the steps you will take in order to remain in compliance with these standards.

## ***Required Maps***

Two maps are required:

One documenting the applicants political jurisdiction and the proposed project area.

The second is a FEMA map. The project area or business must be indicated on this map.

A FEMA map is required in order to identify whether federal dollars are directed to a business residing in a flood plain.

# *Questions?*

## ***Contacts***

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