May 5, 2021

CDBG—I Program: How to Apply Training
Department of Environmental Quality
Division of Water Infrastructure

Agenda

9:00 – 9:10 Introductions & Orientation (WebEx and Materials)

9:10 – 10:00 CDBG-I Program Basics
• Program Overview
• Funding, Deadline & Process
• LMI Eligibility, Project Area, Pre-Qualifications for LMI
• Compliance Requirements
*We will take a 10 minute break after this portion of the training.

10:10 – 11:50 Project Priority System Guidance for CDBG-I Program
• Priority Rating System
• Common Errors

11:50 – 12:00 Wrap-Up & Submittal Requirements

CDBG-I Unit Current Staff

❖ Compliance Specialist & Interim/Acting Supervisor
  • Colleen Simmons, AICP & CPM

❖ Program Engineer
  • John Tucker, P.E.

❖ Grants Coordinator
  • Stacey Starkey

❖ Grants Representatives
  • Stephanie Morris – Eastern NC
  • Allysa Rouse, MPA – Piedmont and Western NC
WebEx Orientation

WebEx Etiquette

- Please stay muted except for questions
- The Q&A feature
  - Use if you do not have a microphone
- Use chat
  - If having WebEx issues
  - Use the “hand-raise” feature and wait to be called on to speak
- Recording in progress

Training Materials Orientation

- Application Materials available on Division Website
  - https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources
- Four tabs with materials
  - Check back regularly as forms and resources are updated/edited
CDBG-I Program Overview

- Federally-funded program from the U.S. Department of Housing and Urban Development (HUD)
- Program aims to:
  - Create healthy living environments through financing public water and sewer infrastructure; and
  - Mitigate public and environmental health problems in areas where the percentage of low-to-moderate (LMI) income persons is at least 51% LMI.
- Each project must meet the **Benefit to low-to-moderate income people** National Objective.
- Only non-entitlement communities can apply.

CDBG-I Program Basics – Funding Overview

- Approximately ± $22 million for 2021 funding round
- Maximum grant is $2 million over 3 years
- No more than 3 open grants within 3 years

Application Deadline: September 30, 2021

CDBG-I Program – Funding Process

- July: Pre-Qualifications for LMI DUE & HUD Releases 2021 Income Limits
- Sept.: Applications are DUE
- Oct.-Jan.: Staff Reviews of Applications
- Feb.-Mar.: SWIA Meeting for Awards
- Mar.-April: Notice of Award/Decline & Contracts

DEQ

May 5, 2021
Project Area & LMI Eligibility

- Appendix A: Determining the LMI Percentage of the Project Area
  - The project area must first be established before LMI is determined.
    - The project must serve the entire project area.
    - LMI % in application must represent the project area.
    - Project map – details needed
- LMI Determination
  - Census Data (area wide)
  - Income Surveys

Income Surveys

- Allowing again this year four methods:
  - Door-to-Door (Face-to-Face)
  - Mail-In
  - Telephone
  - Online
- Read Appendix A carefully for what is required for each method and how to handle above income, etc.
- Surveys are good for 18 months prior to application submission deadline.
- 2020 and 2021* Income Limits only
  - *Released on May 3rd
  - [https://www.hudexchange.info/resource/5334/cdbg-income-limits/](https://www.hudexchange.info/resource/5334/cdbg-income-limits/)

Income Surveys, continue.

- Common Errors
  - Door-to-Door surveys were not signed.
  - Data transfer from income surveys to tabulation sheet.
  - Household size and income limits circled do not match.
**LMI Eligibility**

- Must include Survey Methodology, Surveys, Census data (if used), Income Survey Summary/Tabulation Sheet, Map, etc. in Tab 3.
- Must gather demographic data of project area.
- Do Not round LMI calculations (i.e., 75.24%, not 75%)
- Recommendations:
  - Engage the community.
  - Assure confidentiality.
  - Utilize community leaders.
  - Plan for language needs.

**Census Data**

- Use Area-Wide LMI Percentages to be eligible for:
  - Water / Wastewater Plant work
  - Major Outfalls, Major Water Mains
  - Major Pump stations

**Pre-Qualification for LMI**

- Allowing again area-wide LMI data to be used for line work with pre-qualification (see pg. 4)
- May use 2020 LMI pre-approval if:
  - Project location, project scope, street addresses showing the scope of the project, and the LMI have not changed.
  - Must include in application 2020 pre-approval letter.
- Page 57 of Guidance explains how to fill out form.
- Pre-approval deadline is July 12, 2021
**Floodway**

- We can fund projects in the floodplain and only certain ones in the floodway (per HUD Notice CPD-17-013).
  - Only this allowed in floodway is construction, installation, or repair of linear infrastructure located entirely below ground level or entirely above base flood elevation may comply with Part 55.
  - No new construction or ground disturbance within the floodway.

**Compliance Requirements**

- Tab 8 of Application
  - See pg. 51-53 of CDBG-I Program Priority Rating System Guidance
- Public Hearing
  - See Appendix B: Public Hearing and pg. 51
- Compliance Statements and Certifications
- HUD Required Forms (see Appendix C: Instructions for HUD Forms)
- Sam.gov
- Applicant’s Capacity
- Applicant’s Audit (must be current)

**Compliance Requirements, continue.**

- Common Errors:
  - Forms not signed or dated.
  - Forms not filled out correctly.
  - Project descriptions do not match.
Priority Rating System

- Used to rank projects for funding.
- Claim the points you can document.
- Provide ALL required documentation.
- Additional information will NOT be requested.
- Read FY2021 CDBG-I Guidance carefully.
  - Describes the required narratives, maps and documentation.
  - Clarifications, edits, updates in RED

Categories:
- Category 1 – Project Purpose (Max 15 points)
- Category 2 – Project Benefits (Max 20 points)
- Category 3 – System Management (Max 15 points)
- Category 4 – Financial Situation (Max 50 points)

- Presentation will focus on problem areas / common errors
- CDBG-I program does not use the affordability index / calculator
Common Error Across all Categories

- Lack of clear and detailed narratives.
- Lack of clear and detailed maps.
- Unclear connection to project and problem.

Category 1 – Project Purpose

- Required narrative and documentation must be behind Tab 4.

- What problem is the project solving?
  - Must describe problems and how the project will resolve them.

- Can claim more than one purpose for a project type. Will award on highest scoring purpose.*

Category 1 – Project Purpose

- Combined Water / Wastewater Applications*
  - Existing infrastructure in same street that needs rehabilitation or replaced only.
  - No new construction.
  - "Same footprint"
  - Will rank project by lowest scoring project purpose.
  - Must have:
    - Separate scorecards;
    - Separate budgets;
    - Separate support documentation; in addition to
    - A total budget combining both project types (water & wastewater).

- See pg. 12 of Guidance
1.B. Resolve Failed Infrastructure

- Can earn 5 Points.
- Common Errors:
  - Missing documentation.
  - Narrative is not clear on what is getting resolved and why.

1.C. Rehab/Replace Infrastructure

- Can earn 10 points
- Common Errors:
  - Narrative does not clearly state what is getting rehab/replaced (size, linear footage, etc.).
  - Discussing overflows in one part of town, but the actual project area is elsewhere and there is no connection or explanation for how the project will fix said overflows.
  - Using age documentation and not providing link to infrastructure.
  - Map not clear.

1.C.1 Rehab/Replace Infrastructure

- Can earn 5 Points
- Common Errors:
  - Narrative and application budget do not:
    - Show at least 50% of the construction cost must be associated with replacing old infrastructure.
    - Break out cost of replacing old infrastructure vs. newer infrastructure in your budget.
  - Narrative wasn’t clear on which streets were old.
  - Age documentation was not clear.
### Category 2 – Project Benefits

- Required narratives and documentation must be behind Tab 5
- Must show a direct connection between the project and the benefit claimed in the application.
- Project Benefit points max out at 20, even if there are more benefit points that can be claimed.
- When a single application includes multiple project types, Project Benefit points must match the Project Purpose that was claimed.

### 2.A Infrastructure Replacement, Repair or Merger

- Can earn 15 points
- Common Errors:
  - Maps did not show spill locations
  - No documentation
  - Narrative was not clear – does not link problem with project area.
  - No proof that at least one SSO reach a body of water due to I/I in project area.
  - Project area not shown on map.
  - Backup documentation did not match narrative.
- 2.A. points does not accommodate for failing WWTPs

### 2.A.1 Where 20% are Failing

- Can earn 5 points
- Common Errors
  - Documentation does not state "failing" nor specify which addresses are failing.
  - Narrative and map not being clear and detailed.
2.E.1 & 2.E.2 Addresses Enforcement Documents

- Can earn 5 points for 2.E.1 or 3 points for 2.E.2
- Common Errors
  - Project seeking funding does not address enforcement document(s).
  - Response documentation in application stating problem was already addressed.
  - NOV is due to administrative or O&M error.
  - No documentation.
  - NOV documentation for spills did not happen in project area or there was not a link to project area and spill.

2.G Low Pressure in a Public Water System

- Can earn 5 points
- Common Errors
  - Application does not provide valid testing or modeling data.
  - Required documents not provided.
  - If low pressure is due to 2-inch lines, documentation not provided per guidance.

2.H.1 & 2.H.2 Contamination of Water Source

- Can earn 15 points for 2H1 or 10 points for 2H2
- Common Errors
  - Well contamination documentation not provided.
  - Narrative language on how project will solve contamination.
  - Narrative language on affected population, connections, length and diameter of waterlines(s) needed
2.1 Reduce Water Loss w/30% Loss or More

- Can earn 10 points
- Common Errors
  - Failure to provide audit data.
  - Local Water Supply Plan lists lower water loss.

Category 3 – System Management

- Required narrative and documentation must be inserted behind Tab 6
- Points may be earned for either line item 3.A.1 OR line item 3.A.2, but NOT BOTH.
  - Inventory of Assets
  - Condition of Assets
  - Operations & Maintenance Plan

3.A.1 Asset Management Plan (AMP) – 10 points

- Common Errors
  - No narrative provided.
  - AMP has not been implemented.
  - Does not meet CIP requirements.
  - Does not have all assets (inventoried and/or assessed) for the utility seeking funding.
  - Electronic copy is missing.
  - Each asset item does not have unique identifier.
  - None “poor” assets in project not explained.
  - Project not highlighted or found in AMP.
  - AMP was not adopted within 2 years from date of application deadline.
### 3.A.2 Capital Improvement Plan (CIP) – 3 points

- **Common Errors**
  - No application narrative.
  - Missing resolution or board meeting minutes approving & adopting CIP within 2 yrs. of application deadline.
  - Missing cost estimates.
  - Not spanning 10 years from date of adoption.
  - Project is not clearly shown.
  - Missing electronic copy of CIP with project highlighted.

### 3.B System Operating Ratio

- **Can earn 5 points**

- **Common Errors:**
  - Required forms not provided.
  - Not looking at the five years’ worth of data

### 3.C Approved Source Water Protection Plan / Well Head Protection Plan

- **Can earn 5 points**

- **Common Errors**
  - An approved plan by Public Water Supply Section.
  - No approval letter of plan.
  - Lack of narrative.
3.D Water Loss Reduction Program

- Can earn 5 points
- Common Errors
  - Use of old annual audit numbers.
  - All three years of audit do not show greater than 10% water loss
  - Narrative states how hidden leak detention is conducted.

Category 4 – Financial Management

- Required narrative and documentation must be inserted behind Tab 7

4.E. Utility Rates

- Can earn up to 15 points
- Common Errors:
  - Missing NCDEQ water and sewer rate form and certified rates
Wrap Up – Submittal Requirements

- See pgs. 10-12 and 51-53 of CDBG-I Program Priority Rating System Guidance

- All project descriptions must match and have a well-defined project area, including street names.

Wrap Up – Submittal Requirements

- Must provide three (3) bound copies (three-ring binders)
  - Label one “Original” and two copies.
  - Label the spines of the notebooks with the applicant’s name and application date.
  - All 3 copies must have the same documentation.

Applications must be at the Division by 5:00pm regardless of delivery method used, by September 30, 2021.
### Contact Information

- Colleen Simmons, AICP, CPM; 919.441.9378; colleen.simmons@ncdenr.gov
- Stephanie Morris; 919.707.9196; stephanie.morris@ncdenr.gov
- Stacey Starkey; 919.707.9193; stacey.starkey@ncdenr.gov
- John Tucker, P.E.; 252.948.3838; john.tucker@ncdenr.gov
- Allysa Rouse, MPA; 919.707.9057; Allysa.Rouse@ncdenr.gov