

CHAPTER 5

Water/Wastewater

2017

Community Development Block Grant
APPLICATION GUIDELINES
March 2017, Revised May 2017

NEBRASKA

Good Life. Great Opportunity.

DEPT. OF ECONOMIC DEVELOPMENT

Revised May 2017

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Section A. Overview

These application guidelines are for all Water/Wastewater (WW) applications. Any eligible applicant must follow the instructions and information within this Chapter in order to apply for any WW resources.

The purpose of the Water/Wastewater Category is to provide investments in effective and affordable infrastructure and facilities to quality communities that are investing in long-term development. This provides a sound basis for fostering local economic development. This recognizes the importance of the availability and condition of water/wastewater facilities. Funded projects shall develop the state's communities and counties providing residents with basic water/wastewater facilities with the opportunity to maximize energy efficiency.

The maximum grant amount for WW activities is up to \$250,000. The cost per resident beneficiary cannot exceed \$2,000.

For the current Program Year, \$1,000,000 in CDBG funds are anticipated for WW activities.

FOR MORE INFORMATION

For further information, please contact the following primary contact for this program. See also Chapter 1 – Introduction and Chapter 10 – Exhibits for more information.

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Nebraska Department of Economic Development
Housing and Community Development Division
PO Box 94666, Lincoln NE 68509-4666
Phone: 1 (402) 471-3775 (or) 1 (800) 426-6505
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<http://opportunity.nebraska.gov/community>

1. ELIGIBLE APPLICANTS

Except as provided in *Section 1.03* of the Application Guidelines, eligible applicants include every Nebraska county and incorporated municipality (that is not a CDBG Entitlement Community). See the “Fundability Threshold Requirements” for specific thresholds that are also considered in determining eligibility. For more information, see *Sections 1.01* and *1.03* of the Application Guidelines.

2. ELIGIBLE ACTIVITIES

Water/Wastewater (WW) activities that are eligible for funding are those designed to address and resolve a specific problem/need that will contribute to the revitalization of a community or specific target areas that are contiguous and substantial, where there is a concentration of lower income families. Activities given priority include, but are not limited to publicly owned water system improvements including, source treatment, storage, and/or distribution improvements; publicly owned sanitary sewer collection and/or treatment system improvements. Installation or replacement of sewer or water service lines on private property may be eligible under LMH national objective only. When in support of any of the above activities, acquisition/easements, demolition, and clearance activities may be undertaken.

All applicants applying within the WW Program Category must follow the Water/Wastewater Advisory Council (WWAC) Pre-Application process. Instructions regarding this process, and the full application process for WWAC approval, will be included as an attachment to the Water/Wastewater Application Guidelines.

Once WWAC has determined that CDBG resources are an appropriate funding source for a community’s project, DED will invite each community selected to apply for CDBG funds. Only those communities invited to apply for CDBG resources are eligible to apply.

There are three phases to the WW program, the Preliminary Engineering Report/Pre-development Phase, Final Design Phase, and the Construction Phase. **Funds will be available only in the Final Design Phase and Construction Phase.**

3. GRANT AMOUNTS & MATCHING FUNDS

The maximum grant amount for a WW project is \$250,000. No more than \$8,000 may be used for construction management, and no more than 10% of the amount of the grant may be used for general administration. The CDBG cost per beneficiary cannot exceed \$2,000.

Match Requirements

Under the WW program category, activities require a 25% match. No more than half of the total project match may be in-kind source contributions.

	Match
Water/Wastewater	25%

Proposed match must be from CDBG eligible activities directly related to the proposed project(s) during the grant award period.

Consideration for match will be given for such sources as public and/or private funds, or in-kind services such as materials, labor, or other items that are directly related to the project. The amount of match must be calculated in dollars.

The applicant would be allowed 10% of the CDBG award for General Administration. Up to \$8,000 can be used for Construction Management.

General Administration and Construction Management do not require match.

Grantees with open Comprehensive Development (CD), Comprehensive Revitalization (CR), or Comprehensive Investment & Stabilization (CIS) awards cannot apply within the Public Works or Water/Wastewater Program Categories.

For more information, see *Section 4.02* of the Application Guidelines.

4. APPLICATION DUE DATES AND PROCESS

Applications are prepared at the applicants' expense and costs are not reimbursable. Applications for WW program category will be accepted beginning May 1, 2017 and considered on an open cycle (subsequent to submission of a Preliminary Engineering Report and recommendation by the Water Wastewater Advisory Committee) until funds are exhausted.

Applications are reviewed by DED according to the selection criteria established in *Section 5.03* of the Application Guidelines. Other State or Federal agencies will be requested to review and comment on applications, as appropriate.

Applications recommended for award through these processes will be presented to DED's Director for a grant award (i.e. Notice of Approval). DED will send a formal Notice of Approval Letter to the applicant upon approval of the recommendation. A letter of non-selection will be issued to those applicants not recommended for award.

5. THRESHOLD REVIEW CRITERIA

The following threshold requirements must be met by the local government applicant in order to be eligible for program resources. These requirements include:

- a. Activities proposed are eligible and comply with CDBG National Objectives and State CDBG priorities.
- b. Applicant has no significant, unresolved audit finding.
- c. Applicant has no legal actions under way that may significantly impact its capacity.
- d. Applicant is following a detailed Citizen Participation Plan (CPP) and Anti-Displacement Plan.
- e. Applicant has adopted an authorizing participation resolution.
- f. Applicant must have addressed and cleared all compliance (i.e. Davis Bacon, acquisition, fair housing, etc.) Found during monitoring, if any, from past awarded projects, and have had a response accepted by DED.
- g. Applicant is current with all reporting requirements (semi-annual status reports, closeout reports, audit reports, notification of annual audits, etc.); and
- h. Applicant has shown progress (including expenditures) on prior CDBG grants.
- i. All land for the project MUST be in the possession of the community or an option to purchase secured at the time of application.

CDBG National Objective

All WW projects funded, and CDBG-funded project activities, must meet a National Objective of the CDBG Program. This includes:

- LMI: Benefitting low-to-moderate income persons; (including on an area basis)

A project or project activity that fails to meet the national objective is ineligible for CDBG resources.

For more information, see *Section 2.01* of the Application Guidelines.

Water/Wastewater Category – Key Maximums and Requirements	
Individuals Community or County; or Joint Application	\$250,000
General Administration	10% of non-admin CDBG costs
Construction Management	\$8,000
Local Matching funds	25% of non-admin CDBG costs

6. POST AWARD REQUIREMENTS

Each eligible application must also comply with any necessary post-award requirements. These requirements include: Environment Review; Davis-Bacon Compliance; Procurement, etc. For more information, and for a complete list of Post Award Requirements, see *Section 5.06* of the Application Guidelines.

Section B. Application Forms & Instructions

This section contains all forms and exhibits to be submitted so that your application can be scored and ranked effectively. Application narratives should be clear and concise. The Department reserves the right to verify all information, and to consult with other agencies on the proposed project. The Department may “non-select” any application that does not contain all of the required items and these items cannot be verified.

There are more applicants requesting funds than there are funds available. Applicants must carefully read and review the current Program Year’s **Application Guidelines** and the selection criteria described to develop a competitive application. Each applicant must attach a Table of Contents to their application and must include a Table of Contents Checklist, this is provided on the following page. In submitting your application, these instructions must be followed:

Submit **ORIGINAL**, a complete PDF copy (10 MB max), and **TWO (2)** copies [Parts I-IV only].

- Do not fold, staple, or bind any way.
- Recommend no less than 2” top margin and 1” side and bottom margins.
- Table of Content **must** be included.
- All pages **must** be numbered in sequence at the bottom of the page.
- All Exhibits **must** be labeled at the bottom of the page, right-hand corner.
- All Attachments **must** be labeled at the bottom of the page, right-hand corner.

Failure to follow these instructions will result in your application being returned for you to correct and resubmit. All applicants will be given one week to correct and resubmit their application.

PAGES MUST BE TWO-HOLE PUNCHED AT TOP. DO NOT BIND, FOLD, OR STAPLE.

Below is an outline of what a WW application should look like:

- **Cover Sheet** (*include project name and location*)
- **Table of Contents** (*use Table of Contents Checklist*)
- **Part I. General Information** (*use required form*)
- **Part II. Funding Summary** (*use required form*)
- **Part III. Project Budget**
- **Part IV. Project Description & Scoring Criteria**
 - **Project Summary** (*follow instructions, See Section 5.03*)
- **Part V. Required Exhibits and Attachments**
 - **Required Attachments**
 - **Required Exhibits** (*See Exhibits Chapter for more information*)
- **Part VI. Additional Attachments** (*if applicable, supplemental materials provided by applicant*)

Table of Contents & Checklist

Each applicant must attach a Table of Contents to their application and must include a Table of Contents Checklist for the Program they are applying for with their application.

The following page provides the format for the Table of Contents Checklist for WW applications.

Table of Contents Checklist

Applicants must complete and submit this checklist with the application. Type in additional appendix items as deemed necessary to your project. List appropriate page numbers under PAGE NUMBER column.

Please use the language verbatim in each exhibit. Incorrect language may cause a delay in application review and award, if successful. Also, provide the bracketed information as requested in each exhibit. The omission or incomplete description as requested in bracketed text may cause a delay in application review and awards.

PROJECT INFORMATION	PAGE NUMBER
Part I – General Information	
Part II – Funding Summary	
Part III – Project Budget	
Part IV – Project Description & Scoring Criteria	
One Page Summary	
Item 1 – Project Need	
Item 2 – Project Impact	
Item 3 – Project Readiness	
Part V – Required Attachments	
Attachment 1 – Facility Floor Plan (for all building projects)	
Attachment 2 – Commitment letters for all sources listed in Part II	
Part V – Required Exhibits	
A. Notice of Public Hearing	
B. Authorizing Resolution Endorsing Project	
C1. Statement of Assurances and Certifications	
C2. Citizen Participation Plan	
D. Residential Anti-Displacement & Relocation Assistance Plan	
E1. LMI Documentation/Low- to Moderate-Income Worksheet (<i>Only for LMI Area Benefit</i>)	
E2. LMI Random Sample Worksheet (<i>Only for LMI Area Benefit</i>)	
K1. Waiver of Procurement Process*	
K2. Procurement Process Completed Prior to Application**	
L. Federal Funding Accountability and Transparency Act (FFATA) Form	
M. Map of Proposed Project Area	
N. System for Award Management (SAM) Record and Clearance Documentation	
O1. Four Factor Analysis Assessing Limited English Proficiency	
O2. Language Assistance Plan (<i>optional at the time of application</i>)***	
Part VI – Additional Attachments (when applicable)	
Attachment (number and title)	

Part I. General Information

Type or clearly print all information except where signatures are required.

1. **Applicant identification:** Enter the name, mailing address, telephone, and fax number of the local government that is the applicant in an individual application or the lead applicant in a joint application. Enter the name of the local government contact person. Such person is the **applicant's employee who is most familiar with the application**, and not a regional council, community action agency staff person, consultant, or other applicant non-employee. Include the Federal Tax Identification number and DUNS number of the Applicant. The DUNS number can be obtained via D&B online at <http://fedgov.dnb.com/webform> or requested by phone at 866-705-5711 or for persons with a hearing impairments, the TTY number is 866-814-7818. Enter the e-mail address for the local unit of government or local contact.
2. **Person Preparing Application:** Enter the name, mailing address, and telephone number of the person who prepared the application. If prepared by a firm, identify the staff contact person. Include the Federal Tax Identification number of the firm, development district, or nonprofit. Provide preparer's e-mail address. Check the appropriate application preparer status box. For more information regarding use of consultants, see *Section 5.05* of the Application Guidelines.
3. **Activity Type:** Check the appropriate box under which funds are being requested.
4. **Funding Sources:** Enter the dollars amounts of CDBG funds requested for this project. Enter the amount of all other funds identified in the application **that you are committing** to this project. **ROUND AMOUNTS TO THE NEAREST DOLLAR.** (Other funds include matching funds. "Matching Funds" are those project funds required in *Section 4.02*. Be certain that the figures are correctly added and are the same as provided on the "Total" line for each funding source in *Part II*.)
5. **Application Type:** Check the appropriate application type box under which funds are being requested.
6. **Service Area:** Provide information on the project area to be served including the City, County, Legislative District, and Congressional District in which the project will be located.
7. **Project Name and Location:** Provide the name of project and the primary location of the project.
8. **Program Summary:** Provide a short, explicit description of the project activities in measurable terms for which funds are requested. *There is no need to include funding information. **IN ADDITION, ATTACH A ONE-PAGE PROJECT SUMMARY AS A PART OF PROJECT NARRATIVE.*** For a joint application, attach a copy of the written agreement as stipulated in *Section 1.03(3)* and include a list of other applicants. For more information about the one-page project summary, see Part IV and *Section 5.03* of the Application Guidelines.
9. **Certifying Official: Only the signature of the applicant's chief elected official will be accepted. Blue ink for signature is advisable.** Alternate signatures (e.g. city council president, city manager) are not allowed, except where there exist extenuating circumstances (e.g. chief elected official is out for an extended period), and the applicant receives prior written approval from DED. Type the name and title of both signers and the date of their signatures.

Water/Wastewater (WW) Application
 Community Development Block Grant (CDBG)
 Nebraska Department of Economic Development (DED)

2017

DED USE ONLY	
Application No.	17-WW-
Date Received	

PART I. GENERAL INFORMATION

TYPE OR PRINT ALL INFORMATION

1. APPLICANT IDENTIFICATION	2. PERSON PREPARING APPLICATION
-----------------------------	---------------------------------

Applicant Name _____ Mailing Address _____ City, State, ZIP _____ Local Government Contact _____ Telephone _____ Fax Number _____ Federal ID # _____ DUNS # _____ Email Address _____ SAM Expiration Date _____	Name _____ Address _____ City, State, ZIP _____ Telephone # _____ Federal ID _____ Email Address _____ Application Preparer (Check One) <input type="checkbox"/> Local Staff <input type="checkbox"/> Out-of-State Consultant <input type="checkbox"/> In-State Consultant <input type="checkbox"/> Non-Profit <input type="checkbox"/> Economic Development District
--	--

3. ACTIVITY TYPE	4. FUNDING SOURCE
------------------	-------------------

<input type="checkbox"/> Water System <input type="checkbox"/> Wastewater	CDBG Funds Requested \$ _____ Other Funds \$ _____ Total Project Funds \$ _____ (Round amounts to the nearest dollar.)
---	--

5. APPLICATION TYPE	7. PROJECT NAME AND LOCATION
---------------------	------------------------------

<input type="checkbox"/> Individual <input type="checkbox"/> Joint	City _____ County _____ Legislative District _____ Congressional District _____
--	--

8. PROJECT SUMMARY: Brief quantitative description of the project for which CDBG funds are requested.

<input type="checkbox"/> One-page project summary attached	
--	--

9. CERTIFYING OFFICIAL: Chief elected officer of local government requesting CDBG funds.

To the best of my knowledge and belief, data, and information in this application are true and correct, including any commitment of local or other resources. This application has been duly authorized by the governing body of the applicant following an official public hearing. This applicant will comply with all federal and state requirements governing the use of CDBG funds.

Signature in Blue Ink	Typed Name and Title	Date Signed
Attest	Typed Name and Title	Date Signed

PAGES MUST BE TWO-HOLE PUNCHED AT TOP. DO NOT BIND, FOLD, OR STAPLE.

Individuals who are hearing and/or speech impaired and have a TTY, may contact the Department through the Statewide Relay System by calling (711) INSTATE (800) 833-7352 (TTY) or (800) 833-0920 (voice). The relay operator should be asked to call DED at (800) 426-6505 or (402) 471-3111. Additional information is at the Nebraska Relay website at <http://www.nebraskarelay.com/>. Nebraska Relay offers Spanish relay service for our Spanish-speaking customers. Spanish-to-Spanish (711) or 1-888-272-5528/Spanish-to-English (711) or 1-877-564-3503. Nebraska le ofrece el servicio de relevo a nuestros clientes en español. Los consumidores de TTY pueden escribir por maquina en español y las conversaciones seran retransmitidas en español y ingles.

Part II. Funding Summary

INSTRUCTIONS: Using the activity code number and description provided on the Funding Summary, enter the national objective code for each activity (as identified on the application form).

Enter the dollar amount of CDBG funds requested for each activity. Enter the amount of other funds **that you are committing** to each activity and identify the source. Select the single most specific code to describe the nature of the activity being funded. For example, if property will be acquired and a senior center will be constructed with CDBG funds, code the activities 0091 Senior Center rather than 0010 Acquisition. You would include appraisal, acquisition, architectural, and construction costs with 0091 Senior Center. You would include costs for environmental review, fair housing activities, labor standards enforcement, record keeping, progress reports, general office expenses, contractual services for administration, and audits under Code 0181 General Administration.

Note: Labor Standards Enforcement costs can now be identified under 0181 General Administrative Activity or 0380 Construction Management Activity.

Limit the Funding Summary information to allowable CDBG eligible costs incurred during the CDBG program period only. Exclude any “other” project costs not eligible for CDBG reimbursement or match (i.e. test holes completed, preliminary architectural or engineering fees incurred or obligated prior to Release of Funds, fees for services not procured by CDBG guidelines, equipment or furnishings not affixed to building, etc.). Written documentation of commitment of source matching funds must be included as an **Attachment 2**.

Identify the sources of other funds and provide written documentation of availability of matching funds. Please be certain that the figures are correctly added and the column totals are the same as provided in the Part I Application.

For more information, see *Sections 4.01* and *4.02* of the Application Guidelines.

PART II. FUNDING SUMMARY (Round amounts to the nearest dollar)

Activity Code	Activity	*National Objective	CDBG Funds	**Matching Funds	Total Funds	Sources of Other Funds
10	Acquisition/Easements	1				
250	Storm Sewers					
300	Water/Sewer Improvements					
320	Water/Sewer Hookups					
370	Flood Control & Drainage Facilities					
380	Construction Management	1		N/A		
450	Relocation	1				
180 Total Non-Administration						
181 General Administration						
1000 TOTAL PROGRAM COSTS						

¹ Must correspond to CDBG National Objective for primary activity.

***NATIONAL OBJECTIVE:** For each activity, enter the most appropriate National Objective Code. See *Section 2.01* of the Application Guidelines for more information. The CDBG National Objectives include:

LMA: Benefit Low/Moderate Income Person Area Basis: **Attach Exhibit E1 or E2**
 Census Data _____% **or (year)** Income Survey _____%

****MATCHING FUNDS:** Provide "Attachment 2", written documentation supporting the amount and source of funding. The documentation should come from the provider of the matching funds.

Part III. Project Budget

INSTRUCTIONS: The proposed budget includes project delivery costs and administration costs as stated in the project budget narrative. All items listed as match and CDBG costs must be allowable and eligible under the CDBG Program. Identify

Information provided in this section will be used to evaluate the accuracy and reasonableness of activity costs estimate show on *Part II –Funding Summary* of the application. Indicate the date and source of cost estimates. Provide the name, address, phone, and e-mail of person(s) who prepared the estimates. All items listed as match and CDBG costs must be allowable and eligible under the CDBG Program. The applicant must attach separate information detailing their project budget and the other phases of the project.

The Department reserves the right to clarify budgeted items for specifics and clarity during the application review prior to award.

Project Delivery Costs

Provide a breakdown of the costs for the project. Common line item costs are real property acquisition, legal expenses, architectural and engineering fees, project inspection fees, site work, demolition and removal, construction, equipment, miscellaneous (detailed information) and contingencies (detailed information). If the project includes work to be performed by volunteers or in-kind contributions by the local government or other organizations, include the value of the volunteer or in-kind donations under the appropriate budget line item.

Please note that project costs not eligible for CDBG reimbursement or match and not claimed on the Part II Funding Summary may be identified here as a separate subtotal to clarify total project costs. Such “other” cost may include: architectural or engineering fees incurred or obligated prior to Release of Funds, fees for services not procured, equipment, or furnishings not affixed to building, etc.

Administration Costs

The general administration (activity number 0181) budget includes those costs that are administrative in nature with the exception of pre-program costs, such as payment, or reimbursement of application preparation fees, cost of conducting local surveys, etc. Common line item costs are environmental review, fair housing activities, financial audit (if necessary), labor standards of enforcement, preparation of required grant progress reports and draw downs. If many of the general administration duties are to be performed by local government personnel, it is acceptable to use salaries and benefits as a line item cost. However, it should be noted what specific duties are to be performed under the salaries and benefits line item.

The proposed budget includes project delivery costs and administration costs as stated in the project budget text. All items listed as match and CDBG costs must be allowable and eligible under the CDBG Program. The Department reserves the right to clarify budgeted items for specifics and clarify during the application review prior to award.

Define Contingencies, if applicable.

Item	Quantity	Unit	Unit Cost	Item Cost	CDBG	Match	Other Funds

Cost estimate prepared by:

- Name:
- Address:
- Phone:
- Email:
- Date estimate prepared:
- Estimate based on:

Part IV. Project Description & Scoring Criteria

1. Community and Project Needs

Describe the existing or imminent problem and/or an assessment of the identified local need for the project. The narrative should reflect the current need for the proposed project based on existing, identifiable problems and conditions; identify any past formal or informal efforts to resolve the problem; and demonstrate the capacity and commitment to successful completion of the project. Also, address the following items:

- Has a public meeting been held in the last 3 years? If yes, please attach a separate sheet with the dates of the meetings and purpose.
- Do you have a 1 & 5 year Action Plan?
- Do you have a comprehensive Plan? If yes, what are the dates of the Comprehensive Plan?
- Has a community assessment been completed? If so, please provide the date it was completed.
- Do you have a capital improvement plan? If yes, please provide the date of the most current plan.
- Have you completed any projects in the last 5 years? If yes, please attach a separate sheet listing the projects completed and the date of completion.

2. Project Impact

Describe each major activity and identify who will own, operate and maintain the proposed improvements. Provide information and supporting documentation identifying the number of residential users; projected monthly residential rate; debt service portion of the rate; operation and maintenance portion of the rate and identify if the water system is metered. If not, will the water system be metered as part of the project? Also, include maps that identify the boundaries of the applicant's jurisdiction, boundaries of the project service area, specific location of each activity, and areas within the 100-year flood hazard boundary.

Also, within this section, identify measurable benchmarks and outline a schedule for project implementation. Typical benchmarks include:

- Administrative Services Secured
- Engineering Services Secured
- Environmental Review Completed
- Land Acquired
- Test Hole Drilling Completed
- Water Quality Testing Completed
- Plans and Specifications Completed and Approval Dates
- Permits Obtained
- Approvals Obtained
- Solicit Construction Bids
- Award Contracts
- Construction Start Date
- Construction Completion

3. National Objective

Provide a narrative description with documentation on how each CDBG funded activity complies with the appropriate national objective.

Part V. Exhibits and Attachments

This chapter contains specific information on the exhibits that are required for the project as well as any necessary attachments that must also be provided in order for the applicant to submit a complete application.

The list of required exhibits and attachments are identified below as well as provided within the Table of Contents Checklist. **All exhibit information and templates will be found in Chapter 10 of the CDBG Application Guidelines.**

The following exhibits include the certification and documentation requirements for the WW application. These exhibits must be submitted with the application.

- **Exhibit A:** Notice of Public Hearing, *including Proof of Publication or Certificate of Posting and summary of citizen's comments*
- **Exhibit B:** Authorizing Resolution (Original or Certified Copy)
- **Exhibit C1:** State of Assurances and Certifications
- **Exhibit C2:** Citizen Participation Plan
- **Exhibit D:** Residential Anti-displacement and Relocation Assistance Plan
- **Exhibit E1:** LMI Census Worksheet (only for LMI area benefit)
- **Exhibit E2:** LMI Random Sample Worksheet (only for LMI area benefit)
- **Exhibit K1:** Waiver of Procurement Process and Narrative
- **Exhibit K2:** Procurement Process completed prior to Application and Narrative
- **Exhibit L:** FFATA Federal Funding Accountability and Transparency Act
- **Exhibit M:** Map of Proposed Project Area
- **Exhibit N:** System for Award Management (SAM) Record & Clearance Documentation
- **Exhibit O1:** Four Factor Analysis Assessing Limited English Proficiency
- **Exhibit O2:** Language Assisted Plan (*optional at the time of application*)

NOTE: *Exhibit K1 is only required when Applicant will act in its official capacity or has retained the services of a professional and can provide documentation to the appointed person(s) or firm(s) for three consecutive years, including the program year for which they are seeking funds. Exhibit K2 is applicable only when the procurement process has been completed prior to the application, all procurement procedures must follow state and federal requirements when CDBG funds are used.*

The following attachments are required (where applicable) for the WW application.

- **Attachment 1:** Facility Floor Plan (for all building projects)
- **Attachment 2:** Commitment letters for all sources identified in Part II

Any additional attachments that are provided within the application should be appropriately labeled and noted as the information provided within the WW Table of Contents Checklist.

Section C. Application Guidelines

The primary objective of Nebraska's nonentitlement Community Development Block Grant (CDBG) Program is to develop viable communities and counties by providing decent housing, suitable living environments, and expanding economic opportunities principally for low- and moderate-income (LMI) persons. As the designated state administering agency, the Nebraska Department of Economic Development (DED) accomplishes this objective by funding activities authorized under the federal Housing and Community Development Act of 1974, as amended, and designed to meet the objectives for the CDBG Community Development category. These particular guidelines concern the Water/Wastewater (WW) program category. Guidelines for other CDBG programs can be obtained from DED. **If additional guidance from HUD is received, DED will notify all applicants of any new requirement by Policy Memo.**

Section 1.01 Eligible Applicants

Except as provided in *Section 1.03*, eligible applicants include every Nebraska county or incorporated municipality with a population of less than 50,000 and are not classified as a CDBG Entitlement Community (Omaha, Lincoln, Bellevue, and Grand Island).

Section 1.02 Types of Applicants

Eligible applicants may submit one of two types of applications:

1. **Individual:** Except as provided in *Section 1.03*, an eligible municipality may apply only for projects within its corporate limits, and an eligible county may apply only for such projects or activities in unincorporated areas.
2. **Joint:** Eligible applicants may jointly apply together for projects when it can be clearly documented that mutual action by the applicants is required. The applicant local government in a multi-jurisdictional application must also be a direct participant in the study/project. The applicant local government cannot serve only as a pass through for CDBG funds or only as the general administrator of the study/project.

Section 1.03 Special Policies for Applicants

Special policies affection *Section 1.01* and *Section 1.02* are:

1. A municipality may not submit an application for projects undertaken outside its corporate limits unless the projects either:
 - a. Occur within its zoning jurisdiction; or
 - b. Involve property acquired by the municipality prior to project implementation through purchase, donation, or a permanent easement.
2. A county may not submit an application for projects undertaken within the corporate limits or zoning jurisdiction of a municipality unless the projects involves either:
 - a. Public facilities within an eligible incorporated municipality that are owned or operated by the county; or
 - b. Activities provided county-wide, either directly by the county or through contract with another local or area agency.

3. A joint application must include a written agreement made in accordance with state law (Interlocal Cooperation Act) that
 - a. Stipulates that the parties will cooperate in undertaking the project;
 - b. Delineates responsibilities and authorities of each party with respect to grant administration; and
 - c. Authorizes one of the parties to act as primary agent for administrative and monitoring purposes. The applicant local government in a multi-jurisdictional application must also be a direct participant in the study/project. The applicant local government cannot serve only as a pass-through for CDBG funds or only as the general administrator of the study/project.
4. If the application requires participation of entities that are not eligible applicants, each such entity must provide written assurance that it concurs with the project and is committing its resources, if any, as stated in the application. A grantee/sub-grantee agreement that stipulates the decision making authority, administration, contract compliance, reporting, etc. shall be executed and submitted as an attachment to the application. In all instances, the grantee has the final responsibility for implementation of the project and must retain environmental and financial responsibility.
5. Eligible applicants may provide CDBG funds to a sub grantee neighborhood-based nonprofit organization. Note: *proof of nonprofit status, such as Secretary of State designation, must be included with the application.*

Section 2.01 Compliance with the National CDBG Objective

The primary national CDBG objective is the development of viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons. Under these guidelines, this is accomplished by funding projects that meet at least one of three national objectives. Based on the amended 1974 HCD Act and HUD guidance, the national objectives for the WW category are defined and clarified by DED as follows:

1. **Benefit to low- and moderate-income persons** (referred to throughout this document as LMI persons): LMI persons are defined as a member of a family having an income equal to or less than the income limits established by HUD for their resident county. The income limits as published by HUD at www.huduser.org/datasets/il.html are determined for each Nebraska county on the higher of either: 80% of the median income of the county, or 80% of the median income of the entire non-metropolitan area of the state.

Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to meet this national objective.

- a. **Area benefit activities:** An area benefit activity is available to all residents of an area that is **primarily residential**. In order to qualify on an area basis, the activity must meet the identified needs of LMI persons residing in an area where at least 51% of the residents are LMI persons. The benefits of this type of activity are available to all residents in the area regardless of income. If the assisted activity *serves* an area having a LMI concentration below 51%, the activity may not qualify even if there is reason to believe that it will actually be used primarily by LMI persons.

Such an area need not be coterminous with census tract or other officially recognized boundaries, but must be the ENTIRE area served by the activity (i.e. an arterial street or sewer interceptor line running through a neighborhood would serve more residents than those in the immediate neighborhood).

To determine the percentage of LMI persons in the target area, grantees may review data from the most current US Census and should consider conducting an income survey in the designated project target area. Grantees would conduct an income survey of the residents within the project target area if data from the most current Census does not reflect current relative income levels in an area or census boundaries do not coincide with the service area of an activity.

Applicants must use survey methodology as set forth in Guidance for Survey Methodology to Determine Low/Mod Status of CDBG Service Areas located at: <http://opportunity.nebraska.gov/community/grants/applications/cdbg-forms>. Where an income survey has been conducted, the applicant must complete and submit Exhibit E1 or E2, LMI worksheet, and include a description of the methodology and income guidelines used.

The Department will accept income surveys conducted within the last four years of the current Program Year, provided the survey was conducted in accordance with HUD regulations and is determined to be methodologically sound.

Section 2.02 Compliance with State Community Development Objective

Several activities are eligible for assistance under Section 105(a) of the amended 1974 HCD Act. Although the state may not refuse to distribute CDBG funds for any eligible activity, the state can use criteria that have the effect of increasing the likelihood of certain activities being funded. Under the state program, CDBG funds will be distributed for the eligible activities listed in *Section 3.04* that comply with the state priorities. In addition, all improvements must be either publicly owned or owned by a nonprofit and operated so as to be open to the general public during all normal hours of operation.

Section 2.03 Compliance with State Priorities

The State of Nebraska identified five priorities, which summarize the goals of the five-year Consolidated Plan. The main priorities and objectives within the current Program Year Annual Action Plan (AAP) include:

- Housing Priority Need
- Community Development Priority Need
- Economic Development Priority Need
- Homeless Services Priority Need
- HOPWA Services Priority Need

Through the development of the Consolidated Plan it was determined that there were **three objectives** guiding the proposed activities that include:

- Provide Decent Housing
- Provide a Suitable Living Environment
- Expand Economic Opportunity

Three outcomes were developed to show how programs and activities would benefit a community or the persons within a community served. The three outcomes that will illustrate the benefits of each activity funded by the CDBG, HOME, HTF, ESG, or HOPWA Programs are:

- Improved availability/accessibility
- Improved affordability
- Improved sustainability

Section 3.01 Compliance with State Water/Wastewater Priorities

The purpose of the Water/Wastewater Category is to provide investments in effective and affordable infrastructure and facilities to quality communities that are investing in long-term development. This provides a sound basis for fostering local economic development. This recognizes the importance of the availability and condition of water/wastewater facilities. Funded projects shall develop the state's communities and counties providing residents with basic water/wastewater facilities with the opportunity to maximize energy efficiency.

Activities given priority are: final design, and construction of publicly owned water system improvements (including source, treatment, storage, and distribution) and wastewater system improvements (including sanitary sewer collection and treatment). Installation or replacement of sewer or water service lines on private property may be eligible under LMH national objective only. When in support of any of the above activities, acquisition/easements, demolition, and clearance activities may be undertaken.

Section 3.02 Special Policies for Activities

Special policies affecting activities listed in *Section 3.01* are:

1. Facilities containing both Eligible and Ineligible Uses:

A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing ineligible uses, if:

- a) The facility which is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and
- b) The grantee can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility. Allowable costs are limited to those attributable to the eligible portion of the building or facility.

2. Fees for Use of Facilities:

Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges, such as excessive membership fees, which will have the effect of precluding LMI persons from using the facilities, are not permitted.

3. Special Assessments:

The term special assessment means the recovery of the capital costs of a public improvement, such as streets, water, or sewer lines, curbs, and gutters, through a fee or charge levied or filed as a lien against a parcel of real estate as direct result of benefit derived from the installation of a public improvement, or a one-time charge made as a condition of access to a public improvement. This term does not relate to taxes on property or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes, and does not include periodic charges based on the use of a public

improvement, such as water or sewer user charges, even if such charges include the recovery of all or some portion of the capital costs of the public improvement.

Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be used to recover capital costs as follows:

- a) Special assessments to recover the CDBG funds may be made only against properties not owned and occupied by LMI persons (such assessments are program income), or
- b) Special assessments to recover the non-CDBG portion may be made provided that CDBG funds are used to pay the special assessment on behalf of all properties owned and occupied by LMI persons; except that CDBG funds need not be used to pay the special assessments on behalf of properties owned and occupied by moderate income persons if the grantee certifies that it does not have sufficient CDBG funds to pay the assessments on behalf of all of the LMI owner-occupant persons (funds collected through such special assessments are not program income).

4. Target Area Definition:

A target area is contiguous and substantial. Generally, substantial means a concentration of 100 or more families and primarily residential in character. A contiguous target area is generally delineated along block lines and by natural/man-made boundaries, such as streets, highways, railroads, and streams. Alleys and lot lines do not delineate target area boundaries exclusively. The entire community is considered the target area if there are less than 100 families. All target areas will be reviewed for direct effects of the assisted activity to LMI persons and other persons inside or outside the target area as well.

The target area for a county is contiguous and substantial area of concentrated families or the entire unincorporated area. County applications exclude the incorporated areas, unless the county is a lead applicant in a joint application submitted in conformance with *Section 1.03(3)*.

Target area must be appropriately designed to coincide with the project service area. Separate activities may suggest different target areas or a combined target area to be most effective.

Section 3.03 Ineligible Activities

The following activities are ineligible within the WW category. If any activity is not noted within the list below, and is not listed as an eligible activity, please consult a CDBG Program Representative in order to determine if any other proposed activities are eligible for the program category.

1. General administrative and audit costs that exceed the allowable 10% of non-administrative CDBG funds awarded.
2. Construction management costs, where applicable, that exceed the allowable \$8,000 maximum.
3. Housing management costs, where applicable, that exceed the allowable 10% of CDBG funds awarded.
4. Buildings, or portions thereof, used predominantly for the general conduct of government cannot be assisted with CDBG funds. Such buildings are defined as city and village halls, county administrative buildings, state capitols, or office buildings or other facilities in which the legislative or general administrative affairs of the government are conducted. This definition does not include such facilities as neighborhood service centers or special purpose buildings located in LMI areas that house various

non-legislative functions or services provided by government at decentralized locations. This does not exclude, however, the removal of architectural barriers in order to make public buildings accessible to elderly and handicapped persons.

5. General government expenses cannot be paid with CDBG funds, except for those costs that are directly attributable to administration of a local CDBG program and are documented as such. (Eligible cost expenses are detailed in 2 CFR Part 200).
6. CDBG funds cannot be used to pay for facilities or equipment used for political purposes or to engage in other political activities such as candidate forums, voter transportation, or voter registration. However, a facility originally financed in whole or in part with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.
7. The purchase of equipment with CDBG funds is generally ineligible, except (a) the purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to 2 CFR Part 200 as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible; and (c) that purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with 2 CFR Part 200, as applicable) for such items when necessary for use by a municipality or country in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service.
8. ***The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible.*** Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible, even if no other costs of providing such a service are assisted with such funds.

Examples of ineligible operating and maintenance expenses are: (a) maintenance and repair of streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for the handicapped, parking and similar public facilities. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and (b) payment of salaries for staff, utility costs, and similar expenses necessary for the operation of public works and facilities.

9. The general rule is that CDBG funds cannot be used for income payments for housing or any other purpose. Example of ineligible income payments include: payments for income maintenance, housing allowances, down payments, and mortgage subsidies. One time payments made on behalf of persons

or families to meet emergency needs such as housing or essential utilities is not an income payment and is eligible.

10. CDBG funds may be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction when required to provide last resort housing under the Uniform Relocation Act. Activities in support of the development of LMI housing including clearance, site assemblage, provision of site improvements and public improvements and certain housing preconstruction costs are considered activities to subsidize or assist new residential construction.

Section 3.04 Eligible Activities

Activities eligible for assistance under the state's CDBG program are only those authorized in Section 105(a) of the amended 1974 HCD Act. The general rule is that any activity listed in Section 105(a) may be funded in whole or in part with CDBG funds. Below is a partial list of activities from Section 105(a). Communities should be aware that although an activity may be legally eligible under Federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system in the Nebraska CDBG Program. The State has adopted priorities, listed in *Section 3.01*, which increase the likelihood of funding of certain activities. Restrictions are identified in *Section 3.02* and *3.03* above.

1. The acquisition of real property (including air rights, water rights, and other interests therein) which is
 - a. Blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;
 - b. Appropriate for rehabilitation or conservation activities
 - c. Appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;
 - d. To be used for the provision of public works, facilities, and improvements eligible for assistance under this program; or
 - e. To be used for other public purposes.
2. The acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements.
3. Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area.
4. Clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and finance public or private acquisition for rehabilitation, and rehabilitation, or privately owned properties and including the renovation of closed school buildings).
5. Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

6. Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for relocation of individuals and families displaced by CDBG activities.
7. Disposition (through sale, lease, donation, or otherwise) of any real property acquired with CDBG funds or its retention for public purposes.
8. Payment of the nonfederal share required in connection with a federal grant in-aid program undertaken as part of activities assisted under this program.
9. Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate activities.
10. Payment of reasonable administrative costs and carrying charges related to the planning and execution of the community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in Section 701(e) of the Housing Act of 1954 on the date prior to the enactment of the Housing and Community Development Amendments of 1981.
11. Activities which are carried out by public or private nonprofit entities, including
 - a. Acquisition of real property;
 - b. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government),
 - c. Site improvements, and
 - d. Utilities.

Section 4.01 Maximum Grant Amount

The maximum WW grant amount is \$250,000. The maximum grant amount for a single water or wastewater project includes final design and construction components for a period of five years (applicants cannot separate a project into phases, such as water source in one phase and water storage or distribution in a separate phase or sanitary sewer treatment in one phase and sanitary sewer collection in a separate phase, to apply for more than one grant). The cost per beneficiary cannot exceed \$2,000. No more than \$8,000 may be used for Activity 0380 Construction Management, and no more than 10% of the amount of the grant may be used for Activity 0181 General Administration.

For the current Program Year \$1,000,000 is anticipated for the WW category

Section 4.02 Matching Funds Requirements

Proposed match must be from CDBG eligible activities directly related to the proposed project(s). Consideration for match will be given for such sources as public and/or private funds, or in-kind services such as materials, labor, or other items that are directly related to the project.

Under the WW program category, activities require a 25% match. No more than half of the total project match may be in-kind source contributions. The amount of match must be calculated in dollars.

	Match
WW activities	25%

The applicant would be allowed 10% of the CDBG award for General Administration and up to \$8,000 can be used for Construction Management.

General Administration and Construction Management do not require any matching funds.

WW Program Category Match Example

All activities funded with WW resources, except costs associated with administration, require a minimum cost-share where the local match must be at least 25% of total CDBG project activity costs. Proposed match should be from CDBG eligible activities directly related to the proposed project. Costs associated with administration are those of general administration and construction management. All other costs are considered CDBG project activity costs OR non-administrative costs.

Because 25% match is required for WW projects, this would mean that for every dollar spent, \$0.75 of the project costs are allowable from CDBG and \$0.25 from local matching funds. For example, a project receiving \$250,000 in CDBG and maximum allowable costs for general administration and construction management would allow for \$217,000 in CDBG funds for WW activities and \$54,250 would be required as match (see table below).

WW Match Example*					
(A)	(B)	(C)	(D)	(E)	(F)
Total CDBG Award	0380 Construction Management (\$8k MAX)	0181 General Administration (10% MAX)	0180 Total Non-Admin Costs [A-(B+C)]	Local Match [D*25%]	1000 Total Program Costs [A+E]
\$250,000	\$8,000	\$25,000	\$217,000	\$54,250	\$304,250

Section 4.03 Program Income

Program income for the State's CDBG program is regulated by the provisions of 24 C.F.R. §570.489(e). The text of this regulation should be consulted for definitions and for other guidance concerning program income. Grantees that receive a CDBG award will be governed by the policies written in the Department's *Annual Action Plan* and the (5-year) *Consolidated Plan* section "Program Income". Related policy guidance can be found in the *Nebraska CDBG Program Administration Manual* in Chapter 8 "Program Income". Lastly, Program Income (and Re-Use Plans) are addressed within your CDBG Contract (per project).

The State CDBG objective for program income is to provide adequate financing for local development to ensure Nebraska's economic prosperity and to use all resources in a timely manner. The State is seeking to provide a policy for use of program income that coordinates local and State resources to the fullest extent possible. The State is responsible for ensuring that program income at the State and local levels is used in accordance with applicable federal laws and regulations.

Program Income – Definition:

Program Income is defined as gross income received by a State, a unit of general local government, or a subgrantee of the unit of general local government (or “UGLG”) that was generated from the use of CDBG funds, regardless of when the CDBG funds were appropriated and whether the activity has been closed out, except in limited circumstances [See also 24 CFR 570.489(e)(2)]. When Program Income is generated by an activity that is only partially assisted with CDBG funds, the income must be prorated to reflect the percentage of CDBG funds used.

All Program Income is and remains subject to all requirements of the HCDA and CDBG regulations. Program Income which may become a part of a Department approved community CDBG revolving loan fund remains subject to all requirements of the HCDA and CDBG regulations. This means all loans made from such a fund, including second and subsequent generation loans, are, and continue to be, subject to all CDBG requirements.

All Program Income earned during the grant period must be expended on the project activities prior to drawing down additional CDBG funds under the grant. Program Income earned after the completion of the grant activities is subject to the same CDBG requirements.

Program income includes, but is not limited to, the following:

1. Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds except in instances where the proceeds are received more than 5 years after expiration of the grant agreement between the state and the unit of general local government.” [See also 24 CFR 570.489(e)(2)(v)];
2. Proceeds from the disposition of equipment purchased with CDBG funds;
3. Gross income from the use or rental of real or personal property acquired by the unit of general local government or subgrantee of the unit of general local government with CDBG funds, less the costs incidental to the generation of the income;
4. Gross income from the use or rental of real property, owned by the unit of general local government or other entity carrying out a CDBG activity that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
5. Payments of principal and interest on loans made using CDBG funds;
6. Proceeds from the sale of loans made with CDBG funds, less reasonable legal and other costs incurred in the course of such sale that are not otherwise eligible costs;
7. Proceeds from the sale of obligations secured by loans made with CDBG funds, less reasonable legal and other costs incurred in the course of such sale that are not otherwise eligible costs;
8. Interest earned on funds held in a revolving loan fund's cash balance interest-bearing account;
9. Income earned on program income pending disposition of the income;
10. Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not of low and moderate income, if the special assessments are used to recover all or part of the CDBG portion of a public improvement; and
11. Gross income paid to a unit of general local government or subgrantee of the unit of general local government from the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

Section 5.01 Submission of Application and Selection of Grantee

Eligible local governments may individually or jointly apply and receive one grant per year in the Water Wastewater category.

The Department participates in the Water Wastewater Advisory Committee (WWAC) loan and grant pre-application screening process. WWAC representatives include the Nebraska Department of Economic Development (Community Development Block Grant), the Nebraska Department of Environmental Quality (Clean Water State Revolving Fund), the Nebraska Department of Health & Human Services (Drinking Water State Revolving Fund), and the U.S. Department of Agriculture – Rural Development. Representatives from the staff of each agency meet monthly on an informal basis to discuss the progress of jointly funded projects and to identify the best options available for funding a new project. The WWAC reviews the project pre-application then advises the applicant which assistance provider(s) can best meet the project funding need. All participating agencies of WWAC utilize a common pre-application form and guidance (see Water Wastewater Advisory Committee Pre-Application).

Applicants interested in submitting an application through WW category, must have previously submitted a pre-application to the WWAC. WWAC concurrently reviews the engineering report within 60 days of submission for technical, operational, and financial aspects of the project. Substantive concerns must be addressed before the WWAC recommends logical funding sources prior to submission of full application. The WWAC replies to the applicant by letter and identifies potential funding sources for the project identified in the pre-application. If CDBG funding is identified as a potential funding source, the Department sends an “Invitation to Apply” notification to the submitter of the WWAC pre-application. The applicant then has the opportunity to submit WW application for following types of projects:

- **Final Design**

Following WWAC review, communities may be invited to submit a CDBG application for final engineering design to include the following items: final engineering design and bid specifications; detailed cost estimates, including all items necessary to complete the project; identification of all permits and approvals necessary to construct the project with a schedule showing a realistic review and approval process for each; maps showing the specific location of the project; environmental review of the project that complies with implementing regulations of HUD; costs for activities leading up to acquisition, such as appraisals; and grant administration. Final design recipients must have regulatory agency approval of plans and specifications before the grant is closed out and before CDBG construction application is submitted.

- **Construction**

Following WWAC review, communities may be invited to submit a CDBG application for construction activities such as preparation of environmental review, acquisition of real property, bid process, construction of improvements, construction management, general administration and legal costs. Projects for water system improvements will be considered only if service connections are metered, or the project includes installation of meters.

Applicants may apply for a construction grant without having been awarded a final design grant from CDBG program.

- **Combined Design and Construction**

When appropriate, a single grant application for both final design and construction may be obtained; however, grantees must have all land acquired or option to purchase secured.

“Invitation to Apply” letters are reserved until December 31, 2017 for communities scoring 85 or more points on the Drinking Water Revolving Fund and 55 or more points in the Clean Water Revolving Fund priority systems. If funds remain available thereafter, CDBG funds are considered for the highest ranked communities.

WW applications are prepared at the applicants’ expense and costs are not reimbursable. Applications must be submitted according to the provisions state in *Section 1.01*.

Water Wastewater Final Design and/or Construction applicants meeting threshold requirements are reviewed by DED against a general standard according to the selection criteria established in *Section 5.03*. Applicants ranking highest in competitive order shall be selected for funding, subject to the amount of funds available.

Applications are returned and not considered if they fail to meet any of the following threshold requirements prior to review:

- a. Activities proposed are eligible and comply with CDBG National Objectives and State CDBG priorities.
- b. Applicant has no significant, unresolved audit finding;
- c. Applicant has no legal actions under way that may significantly impact its capacity;
- d. Applicant is following a detailed Citizen Participation Plan (CPP) and Anti-Displacement Plan;
- e. Applicant has adopted an authorizing participation resolution.
- f. Applicant must have addressed and cleared all compliance problems (i.e. Davis Bacon, acquisition, fair housing, etc.) found during monitoring, if any, from past awarded projects, and have had a response accepted by DED;
- g. Applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.); and
- h. Applicant has shown progress (including expenditures through drawdowns) on prior CDBG grants. In general, DED will review projects that have been funded at least two years prior to the current program year.
- i. Applicant has acquired or at a minimum, an option to purchase land prior to application submission.
- j. Applicant does not have an open Comprehensive Revitalization, Comprehensive Investment and Stabilization, or Comprehensive Development grant; and

CDBG National Objective

All WW projects awarded, and CDBG-funded project activities, must meet a National Objective of the CDBG Program. Defined as:

- LMI: Benefitting low- to moderate-income persons (including on an area basis)

For more information, see *Section 2.01* of the Application Guidelines.

A project or project activity that fails to meet a national objective is ineligible for CDBG resources.

Section 5.02 Special Policies for Thresholds for Selection

Special policies affecting thresholds for selection are:

1. The citizen participation plan must contain provisions for the involvement of citizens, particularly LMI residents, in all phases of the project. Each local government submitting a single application or participating in a joint application, where applicable, must have and follow a citizen participation plan. The plan must provide for:
 - a. Proper notice and access to all meetings and project records;
 - b. Technical assistance on request to group's representative of LMI persons;
 - c. **A minimum of two public hearings**, each at a different stage of the program, for the purpose of obtaining citizen's views, responding to proposals and questions (specifically during the application phase, the hearing(s) must cover community and housing needs, development of proposed activities to be undertaken, the amount of funds requested, the estimated amount proposed to benefit LMI persons, the amount and source of matching funds, if any, and the applicant's plans for minimizing displacement of persons as a result of CDBG assisted activities and for assisting persons actually displaced; and specifically during the implementation phase, the hearing(s) must review program performance).

The minutes of the public hearing and the public hearing notice are to include each listed statement. Public hearings for joint applicants must be held in each participant's jurisdiction and the application must be available for public inspection at each locality.

- d. A process for responding to complaints and grievances within 15 working days; and
 - e. The needs of non-English speaking residents where a significant number of them can be expected to participate in public hearings.
2. The **Residential Anti-Displacement and Relocation Assistance** plan must be adopted and certified by the local government and be available to the public. A certification and plan is required even if the applicant is not proposing activities which will result in demolition or in the conversion of an LMI unit to a use other than LMI housing. The plan must contain two components (a) one-for-one replacement unit requirement, and (b) a relocation assistance component.
 - a. **One-For-One Replacement Unit Requirement** applies to all occupied and vacant occupiable LMI dwelling units that will be demolished or converted to another use as a direct result of a CDBG assisted activity. Occupiable dwelling unit is a residential unit that is in standard condition or in a substandard condition, but suitable for rehabilitation.
 - (1) An LMI dwelling unit is defined as a unit with a market rental, including utility costs, that does not exceed the Section 8 fair market rent (FMR) as established by HUD. Whenever assisted rehabilitation raises the rent above the FMR that unit must be replaced.
 - (2) A "vacant occupiable dwelling unit" is a unit in standard condition or a unit in substandard, but is suitable for rehabilitation; or a dwelling unit that has been occupied (except for a squatter) at any time one year prior to the Notice of Approval date for an approved application.
 - (3) A unit is "standard condition" is ready to be lived-in with only a minimal amount of deferred maintenance or repair required at a reasonable cost.

- (4) A unit “suitable for rehabilitation” is defined for purposes of this certification as a unit whose estimated repair, rehabilitation, weatherization, and/or general improvement costs do not exceed one-half of its replacement value after rehabilitation. The local government may use their own definition for “suitable for rehabilitation” provided such definition is made public and DED determines the definition to be acceptable.
- (5) Replacement LMI units must be provided within three years from the start of demolition or conversion and must be:
 - i. Located within the same jurisdiction;
 - ii. Sufficient in number and size to house at least the number of occupants that were or could have been housed; according to local occupancy codes;
 - iii. Provided in standard condition or brought up to a standard condition; and
 - iv. Designed to remain LMI for ten (10) years.
 - v. Replacement units may include public housing and housing with Section 8 project-based assistance.
- (6) Assistance cannot be obligated to the demolition or conversion activity until the local government makes public and submits to DED information that identifies:
 - i. The activity – the location and number of units by bedroom size;
 - ii. The proposed demolition or conversion schedule;
 - iii. The number and placement of replacement units and their size;
 - iv. The source of funding and time schedule for replacement units; and
 - v. The basis for concluding that each replacement unit will remain a LMI unit for 10 years.

b. **Relocation Assistance** must be provided to each LMI family displaced by the demolition or conversion to another use of any housing unit because of an assisted activity. Persons must be provided assistance as prescribed in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) or 24 CFR 570.496a(c).

3. The **procurement process** for consultant selection must be outlined in accordance with *Section 5.05 (3) Competitive Proposals*. A grantee must use procurement procedures that are in conformance with State and local laws and regulations, Federal law and the standards identified for grantees within 2 CFR 200.300–345.

Grantees must establish and maintain effective internal control over the CDBG award, providing reasonable assurance that all parties involved are in compliance with federal, state, and local statutes, regulations, and the terms and conditions of the CDBG award.

*Overall, recipients of CDBG funds are responsible for ensuring **competitive procurement** for goods and services, in accordance with established rules and regulations using **full and open competition**. Complete documentation of this process is required.*

In specific instances, Exhibit K may be required at the time of application along with related supplemental documentation. There may be instances where the applicant submits more than one such exhibit, for example when separately procured consulting firms provide general administrative and planning activities.

Applicants shall complete **Exhibit K1** if this process as described in *Section 5.05* will not be used. The applicant must state why and identify and describe the process used for selecting a consultant. This also includes the process used for selecting of the consultant that implements the project. **Exhibit K2** shall be completed if the procurement process is completed prior to submission of application. Procurement process must follow state and federal requirements with the exception of the Applicant/Grantee acting in their own capacity.

Supplemental materials must be provided that clearly demonstrate the applicant community carried out the procurement process, this includes documentation that a reasonable number of appropriate firms were contacted directly and in a meaningful manner. Documentation must also include a narrative indicating the method of procurement, reasoning for selecting that method, how and by whom the procurement process was carried out, and any other pertinent information about the procurement process, including a description of how the applicant made meaningful contact to a reasonable number of appropriate firms (e.g. five). As an example, meaningful contact may involve an applicant sending the request for proposal directly to firms known to complete the scope of work and follow up with a phone call or email that confirms receipt of the request.

WARNING: With the exception of contracts for general administration services, DO NOT execute any contract for goods or services prior to the Department issuing a written Notice of Release of Funds and Environmental Clearance.

Section 5.03 WW Priority System for Selection

Water/Wastewater applicants must have submitted a pre-application and Preliminary Engineering Report (see Water/Wastewater Pre-application above) to the Water Wastewater Advisory Committee and then recommended for a CDBG application. DED staff will review potential CDBG applicants according to the following selection criteria:

a) **Health or Environmental Need**

The Drinking Water and the Clean Water State Revolving Funds priority systems will be used to prioritize projects. Only those communities that would rank in the highest priority (85 points or more for water and 55 points or more for wastewater) may be considered for CDBG through December 31, 2017. If funds remain available thereafter, CDBG funds will be considered for the highest ranked communities that are ready to promptly start and complete construction within 24 months.

For more information on the Drinking Water and Clean Water State Revolving Fund priority system please look at the Department of Environmental Quality (NDEQ) website. For Clean Water Revolving Fund please visit <http://www.deq.state.ne.us/Publica.nsf/Publications+CWSRF>. For Drinking Water Revolving Fund please visit <http://www.deq.state.ne.us/Publica.nsf/Publications+DWSRF>.

b) **Appropriateness of Solution**

Proposed solutions will be evaluated for the degree to which they are long term; appropriate in terms of capacity, sizing, and demand for the community, as well as technical, operational and financial aspects of the project. Solutions must alleviate high priority needs. **Applicants must have a reasonably projected user fee, including all potential grant funds, exceeding \$20 per household per month.**

c) **Readiness to Promptly Start and Complete Construction**

Projects will be reviewed for the extent to which matching funds have been secured (binding commitments obtained, local funds budgeted, etc.), and realistic schedules are provided to: secure necessary property and easement rights, complete environmental review that complies with CDBG requirements, complete final design plans and bid specifications, complete review and obtain approval by other agencies of all permits necessary to complete project, start, and complete construction. For projects that contain the development of a well field, the water quality, and production capabilities of the site must be confirmed through the development of a test hole before an application will be considered.

Ties shall be broken for when two or more projects: a) have equivalent SRF priority ranking, b) propose appropriate solutions, c) are ready to promptly start and complete activities, and d) adequate CDBG funding for all projects is not available. The community with the highest percent of low- and moderate-income persons shall have priority.

Supplemental materials

Depending on the nature and scope of project activities proposed, the following information may be required for the application:

- Attachment 1: For proposed facility activities, submit a Facility Floor Plan (for all building projects)
- Attachment 2: Commitment letters for all sources identified in *Part II – Funding Summary*

Section 5.04 Use of Consultants

CDBG funds cannot be used to fund application preparation and Release of Funds must be received before engineering/architectural services or other project activities are eligible for reimbursement.

There are a number of reasons why a community may want to use consultants to assist with preparing a Community Development Block Grant application or administering a grant, such as when:

1. Work requires special professional services, such as accounting, architectural, engineering, legal, or planning services;
2. Local staff is inexperienced in the area of grant writing or project administration, or is already committed to other ongoing activities; or,
3. Work involves a short-term, but somewhat specialized project activity that does not justify hiring experienced, full-time staff.

Communities selected for CDBG funding will receive written guidelines regarding the federal and state requirements for selection of consultants to assist with project implementation, such as engineers, architects, planners, housing management administrators, or project administrator. The federal requirements do not apply to communities selecting consultants to assist with the preparation of an application; however, these costs are not eligible for reimbursement.

The **procurement process** for consultant selection must outlined in detail in accordance with *Section 5.04 (3) Competitive Proposals*. In specific instances, Exhibit K Procurement Process may be required at the time of application along with related supplemental documentation. Applicants shall complete Exhibit K1 if this process as described in *Section 5.04 (3)* will not be used. The applicant must state why and identify the process that will be used for selecting a consultant. This also includes the process used or electing the application preparer if that firm or individual is a part of or included in the process intended for selection of the consultant

that implements the project. Exhibit K2 shall be completed if the procurement process is completed prior to submission of application. Procurement process must follow state and federal requirements with the exception of the Applicant/Grantee acting in their own capacity. Additional information is available within *Section 5.02*.

Several points should be considered before selecting any consultant, engineer, architect, planner, housing management administrator, or other professional to help assure that the community will receive satisfactory service. Cost-plus contracts are prohibited.

1) **“Loss-Leader” Arrangements**

“Loss-leader” arrangements, where a consultant offers to prepare a grant application or preliminary engineering estimates at cut rates or at no cost in return for a future contract if the application is funded, are prohibited by federal regulations. Some firms may suggest this approach because costs incurred by a city or county prior to the award of CDBG funds, such as preparation of the application or preliminary engineering studies, not eligible for reimbursement. However, loss-leader arrangements violate federal regulations which require “maximum open and free competition.” Professional organizations also consider this practice unethical because it deprives the client of the benefits that can result from competition among competent, professional firms.

2) **Selection of Engineers, Planners, or Administrative Consultants Prior to Grant Award**

Generally, the use of **multi-services procurement** and contracting is prohibited, except for:

- a) When local officials decide to procure the services of an engineer to assist them with both preparation of preliminary engineering plans (**that is not grant application preparation**) and project engineering, in the event their community is selected for grant award;
- b) When a community wants to conduct one procurement process to cover both grant preparation and grant administration; and
- c) When a community wants to conduct one procurement process to cover both planning grant application preparation and planning grant implementation (contingent upon CDBG award).

On occasion local officials decide to procure the services of an engineer to assist them with both preparation of preliminary engineering plans and project engineering, in the event their community is selected for grant award. Likewise, some communities want to conduct one procurement process to cover both grant preparation and grant administration. This approach is permitted under federal procurement regulations. Obviously, in both cases, the selection process would occur prior to grant application. Any agreement between the community and the engineer or consultant that includes preliminary and project engineering or grant writing and administration services would have to be contingent upon award of CDBG funds. Any such contract also would have to have the prior approval of the Department of Economic Development to assure that federal procurement procedures complied with, and that all required federal clauses are included in the contract. Local officials would have to follow the procedures briefly outlined below under Competitive Proposals.

3) **Competitive Proposals**

Procurement by “competitive proposals” is a method used to meet federal and state requirements for soliciting architectural, engineering, legal, management, or accounting services. If your CDBG application is selected for funding, this is the procedure that is most appropriate to solicit and select professional services

for your project. You may also want to use this procedure to select a consultant to assist you with the preparation of a CDBG application.

Competitive proposals are advertised and requested from several qualified sources.

HUD regulations for competitive proposals require the following:

- (1) Requests for proposals (RFP's) or qualifications (RFQ's) must be publicized and identify all evaluation factors and their relative importance.

For example: RFP evaluation criteria may include technical expertise of the firm and its personnel (25 points); past record of performance on projects of similar nature, including quality of work and cost control (25 points); familiarity with CDBG program (20 points); capacity of firm to perform the work within time schedule (20 points); and the nature and extent of services proposed versus estimated fees (10 points); etc.

In general, grantees should use RFP process for professional planning services.

- (2) Proposals must be solicited from an adequate number of qualified sources (at least three);
- (3) Grantees and sub-grantees must have a method for conducting technical evaluations of the proposals received according to the criteria specified in the RFP and for selecting awardees;
- (4) Awards must be made to the responsible firm whose proposal is most advantageous to the program, with price and other specified factors considered; and
- (5) Grantees may use competitive proposal procedures for qualification-based procurement of architectural/engineering (A/E) professional services, whereby competitor's qualifications are evaluated and the most qualified competitor is selected subject to negotiation of fair and reasonable compensation.

The method where price is not used as a selection factor can only be used in procurement of Architectural or Engineering services.

DED recommends sending RFP's to firms serving your region of the State. In addition to advertising in your local newspaper, you should also advertise in at least one other newspaper that is widely distributed in your region of the state. The community would evaluate the firms responding and could then conduct interviews with one or more of the firms responding and select a consultant. The community then negotiates a contract with terms and conditions to its satisfaction.

A response to an RFP should not be confused with competitive bid. A bid is an estimate of cost in response to detailed specifications. A response to a RFP in the competitive proposal process is a description of how a consultant proposes to approach solving your problem. Competitive proposals refer to the comparison of qualifications and may include fees where required or deemed appropriate. However, the main focus in selecting the consultant is to evaluate the content of the proposal and the consultant's qualifications and demonstrated competence.

4) **References**

Any time a consultant solicits your business you should always check references prior to contracting with them. Request a list of prior clients, showing the organization's name, address, phone number and contact person, as well as a brief description of the work performed. A list of the most recent clients is preferable (especially previous CDBG projects). Contact each reference. Some useful questions might be:

- Were you satisfied with the work?
- Was it performed on time?
- Was the consultant knowledgeable about the program?
- Were the tasks or work products prepared by the consultant useful?
- Did the consultant work with local staff to develop local capacity?
- Were the costs or charges reasonable? Did they stay within their original budget?
- Would you hire them again?

In addition, check to see if the work done for these clients is similar to what you want the consultant to do. The ability to write a grant application does not mean the same consultant has the capability to assist you with managing a grant.

Sometimes the firm you are interested in will be a new firm with few if any client references. New, small firms can be just as good as well established, large firms, so instead of asking for client references, you would ask for past employer references.

Checking references prior to contracting is the most important action you can take to avoid becoming involved with a less than satisfactory firm.

5) **Involve Local Staff**

Whenever you retain a consultant to assist you with preparing a grant application or managing a CDBG project, make sure that someone from the city or county works with the consultant and understands the community's application or the management issues involved. You should have a local staff person become familiar with the regulations for the CDBG program and work closely with the consultant in developing the application or managing the project. A consultant is a technical resource.

Section 5.05 Requirement for Submitting Applications

To apply for funds under these guidelines, an eligible applicant must complete the APPLICATION FOR WATER/WASTEWATER CATEGORY form. This form consists of five parts: *Part I – General Information, Part II – Funding Summary, Part III – Project Budget, Part IV – Project Descriptions and Scoring Criteria, Part V – Required Exhibits & Attachments, Part VI Additional Attachments (where applicable)*. All parts must be completed according to instructions before an application will be considered for funding. Applicants shall be contacted by DED if their application is incomplete. Incompleteness applies only to *Part I – General Information* and *Part II – Funding Summary*. When all deficiencies have been corrected, DED will resume the review process.

Section 5.06 Post-Award Requirements

Consideration should be given to a variety of Federal and State regulations that can have scheduling or cost implications. Among these are:

1. Records

All information on grant-assisted activities must be retained for ten (10) years following completion and closeout of the grant. During the grant period, performance reports are required semi-annually.

2. 2 CFR Part 200 Subpart F

Local governments and nonprofits that expend \$750,000 or more must conduct a single audit of federal and local funds.

3. Davis-Bacon Act

This and related acts require that prevailing wage rates be paid to all employees working on a construction contract of \$2,000 or more.

4. Acquisition/Relocation

Regulations for acquisition and relocation emphasize anti-displacement and should be discussed with the Department URA representative at the beginning of the project. The Uniform Relocation and Real Properties Acquisition Act (URA) apply to all federally assisted activities that involve the acquisition of real property or the displacement of persons. If CDBG funds are used in any part of the project, the URA would govern the acquisition of real property, including easements, and any resulting displacement, even if local funds are used to pay the acquisition costs. The URA requirement may include formal notification of the affected property owner(s), preparation of an appraisal to determine fair market value, and a written purchase offer based on an amount determined to be fair market value. The only exception is a voluntary transaction that meets certain criteria.

Regulations emphasize anti-displacement. However, if displacement is necessary, relocation assistance must be provided to persons displaced by rehabilitation, acquisition, demolition, or the conversion of units for use other than low- to moderate-income dwelling units. Grantees will be required to replace every occupied unit that is demolished or converted with CDBG funds on a one-for-one basis within a three-year period.

5. Regulations Emphasize Anti-Displacement

However, if displacement is necessary, relocation assistance must be provided to persons displaced by rehabilitation, acquisition, demolition, or the conversion of units for use other than low- to moderate-income dwelling units. Grantees will be required to replace every occupied unit that is demolished or converted with CDBG funds on a one-for-one basis within a three-year period.

6. Procurement

Open and free competition on solicitation of professional services bidding is also required in most cases. If the applicant intends to use CDBG funds to pay all or a portion of fees, or intends to claim fees as match, then CDBG procurement guidelines must be followed. Grantees must establish and maintain effective internal controls over the CDBG award, providing reasonable assurance that all parties involved are compliant with federal, state, and local statutes, regulations, and the terms and conditions of the CDBG award. For more information, see *Section 5.05* of the Application Guidelines.

7. Environmental Review

Grant recipients are required to obtain appropriate environmental clearance for their projects and to maintain an Environmental Review record for each project. Depending on the determination of level of review, the review process may involve consultation with various agencies, groups and individuals regarding: historic properties, floodplain management, wetland protection, noise control, air quality, explosive and flammable operations, airport hazards, water quality, threatened and endangered species, wild and scenic rivers, farmland protection, environmental justice, contamination and toxic substances. The environmental review

and Request for Release of Funds/Certification, if required, must be completed before the grantee, or any participant in the development process, incur costs against the project.

8. Special Assessments

Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments to recover the non-CDBG portion may be made provided CDBG funds are used “to pay” the special assessment on behalf of all properties owned and occupied by low- and moderate-income persons. For more information see *Section 3.02 (3)*.

9. Equal Opportunity, Fair Housing, and Handicap Accessibility

Laws require that CDBG grantees administer their projects in a manner that affirmatively furthers fair housing and equal opportunity. All grantees will be required to undertake specific activities to further fair housing. Grantees must also assure that all activities and services are accessible to those with disabilities.

10. International Energy Conservation Code

Most new construction or substantial rehabilitation of buildings must meet the 2009 International Energy Conservation Code or the most recent version of the International Conservation Code in effect, as specifications (at no cost) that meet said standards. This applies to lighting, heating, cooling, ventilating, or water heating equipment or controls, as well as building envelopes. The certification form, which will be provided by the NEO, will attest that the building design complies and provide summary information about the design.

When the Energy Office has determined that a subject building complies, or has received documentation of alternate compliance, it will provide a Verification of Construction form on which it must be certified that the building is constructed substantially according to the plans. At key points during construction, the building should be inspected to verify that insulation and other envelope components, and all specified lighting, heating, cooling, ventilating, and water heating equipment and controls are installed as indicated on the plans. The Verification of Construction form must be signed and returned to the Energy Office within twenty (20) days following substantial completion. Contact NEO at (402) 471-2867 for a copy of the code.

As an alternate compliance method when a licensed architect and/or engineer have designed a subject building, a Designer Certification may be submitted to NEO instead of building plans and specifications. The certification form, which will be provided by the NEO, will attest that the building design complies and provide summary information about the design.

11. Continued Use

All community facilities assisted with CDBG funds must remain in the same use for five year after grant closeout. For more information, see 24 CFR 570.489.

Section 6.01 Glossary of Terms

Age of Seniors

For purposes of this program and qualifying a project as meeting the low- and moderate-income national objective by principally benefitting seniors, a senior citizen is a person aged 62 or older.

Annual Action Plan

The Annual Action Plan updates the Nebraska Housing and Community Development Consolidated Plan, a five-year plan addressing the state's housing and community development needs.

Assessment Abatement

To pay fees levied against private property for the costs of public facilities activities (see special assessment). In order to maximize benefit to low- and moderate-income households, funds may be used to abate the assessments for these owner-occupied households.

Beneficiary

The ultimate consumer of HUD programs who receives benefits from a HUD Recipient or Sub-recipient.

Community Development Need

A demonstrated deficiency in housing stock, public facilities, economic opportunities, or other services that is necessary for developing or maintaining viable communities.

Comprehensive Strategic Approach

A comprehensive strategic approach is one that effectively utilizes community needs assessments, stakeholder participation, and planning processes. A comprehensive approach should include: significant needs identification, adopted or updated Comprehensive Plan, housing study, and capital improvement plan.

Consolidated Plan

The Nebraska Five-Year Consolidated Plan is a comprehensive planning document identifying the state's needs in housing, homelessness, community and economic development. The State is required by the U.S. Department of Housing and Urban Development (HUD) to complete a Consolidated Plan every five years to receive federal funds for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), National Housing Trust Fund (HTF), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Solutions Grant (ESG) programs. Two other State funded programs are included in the plan, Homeless Shelter Assistance Trust Fund (HSATF) and Nebraska Affordable Housing Trust Fund (NAHTF).

Department or DED

Nebraska Department of Economic Development. The state agency that administers the federal Community Development Block Grant State Program for communities under 50,000 population with funds allocated to the US Department of Housing and Urban Development.

Disability

Any condition or characteristic that renders a person an "individual with disabilities" as defined in 24 CFR Part 8.3 (Code of Federal Regulations). An "individual with disabilities" means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such impairment.

Eligible Activities

Those activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act. However, the State and local participants have developed priorities, listed in *Section 3.01*, that best serve their interests and increase the likelihood of being funded.

Family

A family is defined as all persons living in the same household who are related by birth, marriage, or adoption. An individual living in a housing unit that contains no other person(s) related to him/her is considered to be a one-person for this purpose. A dependent child who is living outside of the home (e.g. students living in a dormitory or other student housing), is considered for these purposes to be part of the family upon which he/she is dependent, even though he/she is living in another housing unit.

Firm Public or Private Commitment

An agreement by a private or public party to take part in a local community development project. The party must demonstrate the capacity to carry out the activity specified in the grant application. The agreement may take the form of a city council or county board resolution, letter from a governmental agency, or a letter of credit from a private lending institution.

Flood and Drainage

Facilities designed to influence or affect the flow in a natural water course (such as a river, stream, lake, or intermittent stream) and excludes storm sewers.

Grant Closeout

The process by that the department determines that the grant recipient and the department have completed all applicable administrative actions and all required work.

Grant Contract

The legally binding contract between the state and a grant recipient. It consists of the notice of grant award, special conditions to the contract, certifications to comply with applicable state and federal regulations, the project budget, and the grant application.

Household

All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing and Community Development Needs Assessment

A statement by the applicant that lists the community's development needs, including housing needs and needs of low- and moderate-income persons and strategies to address the needs. Required of all applicants to be eligible for CDBG funding under Title I of the Housing and Community Development Act.

Income

The total gross income (before taxes) of all members of a family who are age 15 or older. Income includes all monies received by all members of the family such as gross wages and salaries, bonuses, tips, interest, dividends, social security, other retirement, supplemental security income, welfare, disability, VA payments, unemployment, alimony, other. A family that is involved in a business where the finances are interrelated with the family budget (such as a farmer) should consider their income as net after expenses, as reported to the Internal Revenue Service.

Language Assistance Plan (LAP)

A written implementation plan that addresses identified needs of the LEP persons served.

Leverage

Funds that are committed to the project activities exceeding the required match. Leverage may include public and private funds, or in-kind services, such as materials, labor, or other items that are directly related to the project. Leveraged funds may be considered only if they are spent during the project period. (Date of Release of funds through the project completion date). The amount of leverage must be given in dollars.

Limited English Proficient Person (LEP)

Individuals who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English because of national origin.

Low- and Moderate-Income

For CDBG, a person is considered to be of low income only if he or she is a member of a household whose income would qualify as "very low income" under the Section 8 Housing Assistance Payments program. Generally, these Section 8 limits are based on 50% of area median. Similarly, CDBG moderate income relies on Section 8 "lower income" limits, which are generally tied to 80% of area median.

Low- and Moderate-Income Person

A member of a family having an income as described under the Low- and Moderate-Income definition.

Lower-Income Person

A member of a family having an income equal or less than the Section 8 "lower income" limit established by HUD (80% or less of the area median). Unrelated individuals shall be considered as one-person families for this purpose.

Municipal Equalization Fund (MEF) score

The Municipal Equalization Fund (MEF) was created in 1996 as a needs-based method of providing state aid to cities. The program is administered by the Nebraska Department of Revenue, with data provided by the Department of Revenue's Property Assessment and Research Divisions, and the Nebraska Auditor of Public Accounts. Final aid calculations for Nebraska communities are posted in June of each year.

This aid formula provides a way of looking at needs and resources while at the same time ensuring that local governments provide a level of local resources. DED will incorporate the MEF calculation into the scoring criteria for this program.

Each city's population is multiplied by the average per capita property tax levy for the relevant population group. Then each city's property tax valuation is multiplied by the state average property tax levy. These numbers are used to make the preliminary determination for state aid under the MEF formula. If a city's population multiplied by the average per capita property tax levy is greater than the state-wide average levy multiplied by its valuation, the community will earn points. If the difference is negative, no points will be awarded under the MEF scoring criteria for this program.

All of the incorporated cities in a state are divided into three population groups:

1. Municipalities with a population of 5,000 inhabitants or more;
2. Municipalities with a population between 800 and 5,000 inhabitants; and
3. Municipalities with a population of 800 inhabitants or less.

Populations are based on the last decennial census including those modified by annexations that have taken place since the last census and any special censuses completed by the US Census Bureau.

Neighborhood

A geographic location with the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation; or the entire jurisdiction of a unit of general local government that is under 25,000 population.

Neighborhood-based nonprofit organization

An association or corporation, duly organized to promote and undertake community development activities on a not-for-profit basis within a neighborhood. To be considered neighborhood-based, the majority of the organization's membership, clientele, or governing body are residents of the neighborhood where activities assisted with CDBG funds are to be carried out.

Non-administrative costs

Costs associated with administration are those of general administration, construction management, and housing management. All other costs are considered CDBG project activity costs OR non-administrative costs.

One-page Project Summary

Applicants are required to submit a one-page project summary describing the nature and scope of the project. This summary is utilized to determine eligibility of project activities and provides overall context to the selection criteria for scoring of applications. This summary should include a how the project proposes to address at least one objective and one outcome as described in *Section 2.03*.

Single Purpose Project

One or more activities designed to meet a specific community development need.

Special Assessment

A fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement or a onetime charge made as a condition of access to the improvement. The amount of the fee represents the pro rata share of the capital costs of the public improvement levied against the benefitting properties. For additional information see, *Section 3.02 (3)*.

Target Area

A defined geographic area within which an applicant has determined that, based on community plans or other studies, a need for community development activities exists. A target area may be a neighborhood of 100 or more families in a community or an entire community. The target area must encompass the entire area served by the project. For additional information, see *Section 3.02 (4)*.

Units of Accomplishment

Awarded projects must report on accomplishments specific to project outcomes. There are seven accomplishment types, the number of accomplishments will depend on the project activities to be undertaken. These types include People, Households, Businesses, Organizations, Housing Units, Public Facilities, and Jobs. For reporting purposes, at the time of application, the number of accomplishments is considered "proposed" and upon completion of project activities, the accomplishments are considered "actual".

Vital Document

Any document that is critical for ensuring meaningful access to the Recipient's major activities and programs by Beneficiaries generally and LEP persons specifically.