

## Chapter 10 Public Works

Business Oregon will finance, or help finance, publicly owned, public works projects using Community Development Block Grants (CDBG) and other sources of funds. Publicly owned water and wastewater system improvement projects are necessary for the health and economic well-being of every community. Federal laws, the Clean Water and Safe Drinking Water Acts in particular, require municipalities to make extensive improvements to existing systems to comply with the national standards. The funding sources and grant amounts for each project will depend on the type of facility and other circumstances of the project.

The CDBG program will only fund the planning, design and or construction of comprehensive system wide improvements addressing a 20-year timeframe. All design and construction projects must be in accordance with a regulatory agency approved water master plan or wastewater facilities plan and be comprehensive system improvement projects meeting the needs of the community for the next 20 years.

**Public Water and Sewer Systems**—necessary for the health and economic well-being of every community. Maximum grant amount \$2,500,000.

### **Business Oregon Water Meter and User Rate Policy**

Business Oregon encourages water utilities to conserve water. It is our policy to require the installation of water meters within the project area as part of an infrastructure improvement project funded by our agency. Once the project is completed, the utility must routinely read the meters installed with the project and bill those customers, in part, according to their water consumption. Business Oregon encourages the water utility to adopt an ascending rate water fee structure.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

### **Financial Review**

All applications for public works projects, except water and wastewater preliminary engineering/planning; asset management plans; and water management and conservation planning grants will undergo a financial review. The grant, if awarded must be the minimum necessary, in combination with other resources, to ensure the completion of the project. Any project determined by the department to not be financially feasible will not be funded.

- **If an applicant (city or county) is the owner and operator** of the facility, the applicant’s financial records will be analyzed for ability to service debt.
- **If an applicant (city or county) is applying on behalf of a nonprofit or other public entity (water or wastewater district)** and the nonprofit or other public entity will be the owner and operator of the facility and the applicant has no responsibility for providing said service, then the nonprofit’s or other public entity’s financial records will be analyzed for the ability to service debt, if any is a part of the project.

- The financial review must determine that the operating entity of the proposed facility, whether it be a non-profit, other government entity or the city/county applicant has adequate and consistent annual revenue projections to cover the annual operation and maintenance expenses associated with the facility, throughout the five year continued use period.
- **If, during staff review of the application, direct and clear evidence is obtained by the department that the grant funds are not needed and that the project can or will be carried out by the applicant whether or not the grant is awarded, the application will not be processed.**
- All financial information in the application must be prepared for the proposed activity, unless another funding source (e.g., USDA Rural Utilities Service) has already reviewed similar financial information and made a funding commitment based upon their review. In such cases, the financial feasibility analysis of the other funding source shall be submitted with the application in lieu of the requested documentation.

**Water and wastewater final design**–In addition to the financial review described above, **all** water and sewer applications for final design and construction will undergo a financial review to ensure that the monthly user rate at construction completion of the proposed project meets the threshold rate criteria.

**Threshold Rate Criteria**–The projected annual utility rate for the respective system (water or wastewater), with the requested CDBG assistance, at construction completion of the proposed project must be at or exceed the current percentage (1.25%) of the current Median Household Income (MHI) as defined by the most recent American Community Survey 5 year estimate. The user rate must provide adequate operations, maintenance and debt service. If the proposed project annual utility rate meets this figure, the project will be eligible for funding.

The annual (water/sewer) rate is 12 times the monthly fee that the system would need to charge its residential service connections, on average per connection for usage up to 7,500 gallons of water consumption and similar wastewater disposal per month, as calculated by the applicant and verified by the department after taking into account the projected operations, maintenance, debt repayment and capital outlay for 10 years or less assets, and all other reasonable system expenses, including the funded project.

As applicable, this annual user rate will incorporate fee-equivalents derived from other local funding sources that are or will be used to pay specifically for the system/facility that is being upgraded/constructed with this project. This could include special levies on taxable property within the system’s service area being used to pay for the system. The figure does not include system development charges.

The median household income is based on the most recent American Community Survey (ACS) 5 year estimate corresponding for the city or a more appropriate census statistical unit (e.g., census tract) that contains and is representative of the system’s residential users, as approved by the department. The recipient should consult with the department if the ACS figure significantly overstates the relative level of current household income in the local area. In such cases, a special survey that either exists already or is newly commissioned, consistent with the department’s usual

procedures may be used to establish a comparable, up-to-date median household income figure, which is then not inflated by the department’s customary practice.

**Note:** If the user rate actually needed, and projected by the project proponent, to adequately cover operation, maintenance and replacement (OM&R) at construction completion is higher than the department’s threshold rate, the higher rate shall apply to the project and will be required within any grant contract issued for this project.

### **Public Water and Sewer Systems**

Business Oregon is committed to helping Oregon communities make the necessary improvements to their water and sewer systems by providing state and federal funds according to financial need.

### **Land Use Information**

Construction of new water and sewer facilities in areas outside urban growth boundaries is subject to the State Planning Goal 11: Public Facilities and Services, as amended on July 16, 1998, and the Department of Land Conservation and Development requirements in the Oregon Administrative Rules Chapter 660, Division 11 (Public Facilities Planning), Chapter 660, Division 4 (Interpretation of Goal 2 Exception Process) and Chapter 660, Division 22 (Unincorporated Communities). Projects outside urban growth boundaries must access funding through a city or county and must include verification from the appropriate county that the proposed activities are allowed under current state law.

### **Maximum Grant**

Grants can be made for each of the three phases (preliminary engineering/planning, final design and construction) of an applicant’s single water system or sewer system project. The maximum grant available for a single water or sewer system project is \$2,500,000. The \$2,500,000 per project limitation covers all aspects of the single project for a period of five years.

### **\$20,000 Maximum Grant Amount Per Residential Connection**

The maximum grant per project also is subject to an additional limit of not more than \$20,000 per permanent residential connection to be served by the water or sewer improvement project. This means that at construction completion there must be a minimum of 125 residential connections served by the water or sewer system project in order for the applicant to be considered for the maximum grant of \$2,500,000. Water or sewer systems currently serving, or at construction completion will be serving less than 125 residential connections may only be awarded a maximum of \$20,000 per available residential connection, subject to the other program requirements.

### **Maximum Award During a Five-Year Period**

The \$2,500,000 per project limitation covers all components of a major capital improvement project for a period of five years. The five-year period is commensurate with a current regulatory agency approved/accepted water system planning document or wastewater facilities plan. A city or county may not separate a project into phases, such as collection system improvements in one phase and treatment system improvements in another, in order to apply for more than \$2,500,000 in grant funds within a five-year period. The department’s financing goal is to award the minimum amount of grant funds necessary to complete the project activity successfully.

For example: Greentree applied for a \$500,000 (amount used as an example, only) design grant for their Phase I water system design improvements on March 31, 2016. Greentree is not eligible for an additional \$2,500,000 grant because they have already received \$500,000 in prior grants for their water system design improvements (Phase I) over the last five years. They would not be eligible for another \$2,500,000 for their water system improvements until 2021. However, after March 31, 2016, they could apply for \$2,000,000 from the program for the construction of the water system improvements. This would assume they have a project meeting the eligibility requirements for construction phase of the project.

**Example Schedule of Events**

2016	2017	2018	2019	2020	2021	2022
<b>Phase I Design</b>			<b>Phase II Construction</b>			
<b>Design</b>		<b>Construction</b>		<b>Final Design or Construction</b>		
Awarded 3-31-2016 \$500,000		Awarded 8-8-2017  \$2,000,000		Application received 3-31-2020 \$2,500,000 <b>NOT ELIGIBLE But would be eligible for \$500,000</b>		Eligible for another \$2,000,000 (in 2022)

**Maximum Grant Exception for Water and Wastewater Projects**

It is the department’s sole discretion to exceed the maximum grant amount if the projected monthly user rate at construction completion will exceed 150 percent of the CDBG threshold rate. In making these determinations the department will consider: CDBG fund availability; the status of committed matching funds; whether increased grant funding will buy down the monthly user rate; and any other information the department considers relevant. This review will be conducted during the CDBG quarterly competitive application process. Under no circumstances shall any increased grant award from the department exceed \$3,000,000 per project. The request for consideration of maximum grant exception should be reflected within the cover letter of the application along with the justification for the exception request and other supporting documentation.

Understanding the maximum grant exception is at the sole discretion of the department, the project budget within the application must be based on the maximum allowable grant amount (or the requested amount if less than the maximum allowed) for each project type and should not be based on the amount of the requested exception.

**National Objective**

All projects must meet a national objective of the Community Development Block Grant Program regardless if CDBG funds will or will not be used in the future phases of the same project. The low- and moderate-income area benefit national objective is the only one that is available to applicants for public water and sewer system improvements.

In order to document that the area served by the system is providing area wide LMI national objective benefit everyone served by the system must be physically connected to the water or wastewater system and being served by the system that was assisted in whole or in part with CDBG funds to meet the national objective, by construction completion.

**Capacity**

Federal Community Development Block Grant rules limit program assistance to activities that are necessary to benefit current residents in a primarily residential area. This means that if the main reason for doing the project is to provide capacity for population and economic growth, other funding sources must be sought. Community Development Block Grant funds are intended to solve problems faced by current residents, such as poor drinking water quality or inadequate sewage treatment. Community Development Block Grant funds may be used for projects needed to benefit current residents (e.g., water treatment improvements to comply with Safe Drinking Water Act requirements) but which will be built with capacity for future development. In these cases, the Community Development Block Grant participation will be limited to that portion of the project cost that is necessary to serve the current population.

Applicants must complete and submit the following tables to the department for a project eligibility/capacity review determination. It is recommended that this eligibility/capacity review determination be made prior to the submission of a PNIF or prior to conducting a one stop during project development.

Population projections must be consistent with the local County Planning Department’s allocated population projections that have been approved by the Department of Land Conservation and Development for the service area within the defined boundary of the project.

USE	Current		Future (20-year projected capacity)	
	EDU’s	Flow	EDU’s	Flow
Residential Permanent				
Commercial & Business				
Industrial				
Other				
Total				
Percent Residential	%	%	%	%

**EDU–Equivalent Dwelling Unit (EDU)**

These numbers can be found in the water system master plan or wastewater facilities plan.

**Capacity Building–Total Current (EDU’s x 2):**

Is it more than the Total Future EDU’s?                      Yes \_\_\_\_                      No \_\_\_\_

**Capacity Building–Total Current (Flow x 2)**

Is it more than the Total Future Flow?                      Yes \_\_\_\_                      No \_\_\_\_

**Percent Residential–(Residential/Total) x 100%**

Is the residential component more than 51%?                      Yes \_\_\_\_                      No \_\_\_\_

	Population at date of income qualification (2000 census or other approved survey)	Current Population Estimate	Future Population Estimate
Total Persons			

**After completing the tables above the project will be eligible for funding if it meets the following four criteria:**

- The project must serve an area that is comprised of more than 51 percent permanent residents (both currently and in the future), i.e., permanent residents must reside within their residence 6 months or more out of the year;
- The permanent residents must be comprised of more than 51 percent low- and moderate-income persons;
- The facility must serve primarily permanent residential needs as determined by flow (both currently and in the future); and
- The facility is **not** needed primarily for capacity building purposes (over 100 percent growth as determined by population or flow over the 20-year planning period).

**Eligible projects include**

- Projects necessary to bring municipal water and sewer systems into compliance with the requirements of the Safe Drinking Water Act or the Clean Water Act administered by the Oregon Health Authority–Drinking Water Program (OHA-DWP) and the Oregon Department of Environmental Quality (DEQ);
- Projects where the municipal system has not been issued a notice of non-compliance from the Oregon Health Authority-Drinking Water Program, Safe Drinking Water Program or the Department of Environmental Quality, but the department determines that a project is eligible for assistance upon finding that; a recent letter, within the previous twelve months, from the appropriate regulatory authority (OHA-DWP, DEQ) or their contracted agent, indicating a high probability that within two years the system will be notified of non-compliance, and department staff deems it reasonable and prudent that program funding will assist in bringing the water or sewer system into compliance with current regulations or requirements proposed to take effect within the next two years.
- Water system planning, design and construction projects necessary to eliminate water rationing. The applicant must demonstrate past (within last 2 years) and/or consistent water rationing events due to insufficient drinking water quality or supply.
- Planning, design and construction projects necessary for the provision of dependable and efficient water storage, treatment and/or transmission to meet domestic drinking water needs;
- Planning, design and construction projects necessary for the provision of dependable and efficient wastewater collection, treatment and disposal/re-use, and
- The preparation of water management and conservation plans as required by the Oregon Water Resources Department through permitting processes. These may be combined with projects for the preparation of Water System Master plans required by Oregon Health Authority–Drinking Water Program, Safe Drinking Water Program.

**Ineligible Projects**

- Projects primarily needed for capacity building purposes. (Explained in more detail on Page 10-4);
- Projects that are needed solely to drill/develop wells. However, projects where well drilling/development is only a component of a much larger project and not the primary purpose will be eligible for funding. For example, a project that consists of distribution, treatment and well drilling improvements all in one phase would be eligible for funding;
- Deferred maintenance and/or and operational expenses.

- Work on private property.
- Projects primarily needed for fire suppression.

#### **Eligible Activities**

- Wastewater treatment facilities including all facilities necessary for collecting, pumping, treating and disposing of sanitary sewage. Included is correction of infiltration and inflow (I&I) through replacement of lines or slip lining;
- Separation of storm drainage from sanitary sewers, if necessary to meet federal or state water quality statutes, rules, orders or permits;
- Domestic water systems including all facilities necessary for supply development, storage, filtration, treatment, transmission and metering;
- Equipment that is an integral and permanent part of a water or wastewater facility. Purchase or lease of other equipment, including vehicles is not eligible;
- The acquisition of real property, including permanent easements, necessary for the proposed water or wastewater project;
- Television inspection and internal grouting of wastewater collection lines if approved in advance by the department. Since this work also can be a method of maintaining the lines, case-by-case determinations must be made because operation and maintenance expenses are considered not eligible under federal regulations for the Community Development Block Grant program;
- Preliminary planning (wastewater facilities plans, asset management plans, water system master plans and water management and conservation plans) and preliminary and final engineering, surveying, architectural and other support activities necessary to the construction of a water or wastewater project;
- Administrative costs necessary to ensure that federal requirements for the grant project are met. Refer to Chapter 5 for more information; and
- Construction contingencies. Refer to Chapter 5 for more information.
- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

#### **Coordinated Solutions**

To the greatest extent possible, public works funds will be awarded to projects that will result in coordinated solutions to water quality management problems.

#### **Water Meter Requirement**

Projects for water supply, storage and/or treatment facility improvements will be considered only if the service connections are metered, or the project will include installation of active meters. Projects including the installation of new water lines also must include installation of water meters at all active service connections to those lines. The water meter requirement provides the applicant or system-operating entity a useful tool for operating and maintaining the community water system. Meters are used for fair and accurate billing, water-use monitoring, conservation purposes and as a means of problem detection.

#### **Water Quality Limited Streams**

Additional review will be done for applications involving sewage treatment facilities that discharge into “water quality limited” streams for which the Oregon Department of Environmental Quality (DEQ) has not yet established TMDLs (Total Maximum Daily Loads). Consultation with DEQ will take place to determine if the project can or should be designed and constructed without established

TMDLs. The applicant will be kept informed as this review takes place. The consultation will consider the following:

- DEQ’s anticipated schedule for completion of the TMDL study for the affected stream;
- Specific water quality standards being violated in the affected stream and how this information may affect the nature and extent of work needed for the treatment system;
- If the project is designed and constructed prior to establishment of TMDLs, whether it is likely the community will face another design and construction project soon after completion of the grant-funded improvements; and
- If funding the design and construction of the proposed project prior to establishment of TMDLs for the affected stream is a wise investment of public funds.

#### **Limitations on Engineering Costs**

Applicants may select their engineering consultant prior to award of grant funds if they carry out a competitive selection process in accordance with state statutes and obtain department approval of the scope of work and draft contract. However, Community Development Block Grant funds cannot be used to pay for engineering costs incurred prior to the grant award or prior to clearance of the environmental review requirements. Communities will have to use their own funds to cover all engineering costs associated with the project if these conditions are violated. Refer to Chapter 5 for more information.

#### **Engineering Requirements**

**For Applications**—All applicants must provide the following documents prepared, stamped and signed by a registered professional engineer licensed to do work within the state of Oregon.

- **Preliminary Engineering and Planning Grants**—A scope of work and a detailed cost estimate of the project to be funded. The scopes of work must be prepared in accordance with either the “Guidelines for the Preparation of Planning Documents for Developing Community Water System Projects” or the Guidelines for “Preparing Wastewater Planning Documents and Environmental Reports for Public Utilities.”
- **Final Design Only**—A water system master plan or wastewater facilities plan reviewed and approved by the appropriate regulatory agency and a detailed cost estimate, and diagram that identifies the improvements of the project to be funded.
- **Construction Only**—Plans, specifications and bid and contract documents reviewed and approved by the appropriate regulatory agency and a detailed cost estimate of the project to be funded. **Note:** Construction only grant applicants must also submit a complete environmental review record prepared in accordance with Chapter 3 of the Grant Management Handbook. Publication of environmental notices should not take place before a funding decision is made on the application.
- **Final Design and Construction**—A water system master plan or wastewater facilities plan reviewed and approved by the appropriate regulatory agency and a detailed cost estimate and diagram that identifies the improvements of the project to be funded.

**For Funded Projects**—Final design engineering documents and construction oversight in projects funded in full or in part with CDBG funds must be prepared, stamped and signed or conducted by a registered professional engineer licensed to do work within the state of Oregon.

**Note:** Using the preliminary engineering/planning grant category does not obligate the grant recipient to construct the project if it is determined to not be feasible. Using any one of three public works funding categories does not obligate the department to fund any other portion of the project.

**Table N**

**Oregon Community Development Block Grant Program  
Public Works Improvements Activities  
Eligibility, Project Activity Type, and Maximum Grant Awards**

	<b>Final Engineering</b>	<b>Construction</b>
<b>Grant Maximum</b>	The only limitation to the size of these grants is the limit of \$2,500,000 (including all Community Development Block Grant awards for preliminary engineering & planning, final engineering, and construction) within a five-year period. *	
<b>Project Activities to be Funded</b>	<ul style="list-style-type: none"> <li>• Final engineering designs, bid specifications, and updated cost estimates</li> <li>• Project financial feasibility information</li> <li>• Environmental review of project (does not include publishing of notices for public comment)</li> <li>• Preparation of application for construction financing to department or other agencies for construction funding</li> <li>• Grant administration and audit</li> <li>• Rate Studies</li> <li>• Land Appraisals</li> <li>• Legal fees</li> <li>• LEP Translation Services</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Construction engineering</li> <li>• Acquisition of property, including easements</li> <li>• Grant administration and audit</li> <li>• Legal fees</li> <li>• Cultural Monitoring</li> <li>• LEP Translation Services</li> <li>• Federal Labor Standards compliance</li> </ul>
<b>Project Period</b>	All activities must be completed and the Project Completion Report submitted to the department, within this time from contract execution with the department:	
	24 months	24 months
	36 months if these two phases are combined in one grant	
*Community Development Block Grants awarded prior to 2012 do not count against the \$2,500,000 limit.		
<b>Note:</b> Contracts with recipients combining final design and construction into one grant will have a contract condition prohibiting the department from releasing construction funds until the recipient provides evidence that all necessary construction funding, to complete the activity, has been secured and, if applicable, regulatory agency approvals have been received. These grants are not considered (design/build) grants.		

**Preliminary Engineering and Planning Grants**

**Note:** The grant contract will require that the completed planning/engineering document must contain a complete rate study for the system. For CDBG projects, the rate study is defined as follows: “a thorough evaluation to assist the community in evaluating the existing water/sewer rates and provide recommendations that would help in the community’s decision-making process to adequately fund water/sewer utility operations, capital costs and all other reserves needed for replacement and maintenance.”

These grants will help communities pay for water system master plans, wastewater facilities plans, capital improvement plans, asset management plans and problem identification studies (e.g., sanitary surveys, value engineering, inflow, and infiltration studies). Funding for the future project may come from other sources, but the future project must meet a national objective.

**Funds may be requested for preliminary engineering and planning that will result in a comprehensive assessment of a community’s entire water or sewer system and that can reasonably be expected to result in a construction project within two years of the grant award for preliminary engineering and planning.** The maximum grant for preliminary engineering and planning is \$150,000 given that the community has not exceeded the \$2,500,000 per project

limitation of Community Development Block Grant assistance for a community’s overall project within a five-year period. Based upon the five year project limitation the community may not be eligible for the maximum grant of \$150,000.

**The applicant must demonstrate that the specific future construction project will meet the Community Development Block Grant low- and moderate-income area-wide national objective. This rule applies even if the applicant does not intend to use CDBG funds for future phases of the same project.**

Examples of preliminary engineering and planning work include, but may not be limited to:

- The facilities plan for a wastewater system required by the Oregon Department of Environmental Quality prior to its funding of a capital construction project;
- The preliminary engineering report and other information required by USDA-Rural Development prior to issuance of a Letter of Conditions by that agency for a water or sewer system project;
- The master plan or feasibility plan for municipal drinking water system required by the regulatory agency (Oregon Health Authority–Drinking Water Program [OHA] or Department of Environmental Quality [DEQ]);
- Water Management Plans or Conservation Plans required by the Oregon Water Resources Department;
- Planning projects necessary for the provision of dependable and efficient water and wastewater needs;
- Rate Studies;
- Environmental reports;
- Legal fees;
- Design and/or construction funding application preparation for the department or other funding agencies; and
- Asset Management Plans.

Preliminary engineering and planning grants for comprehensive system assessments must result in a plan with at least a 20-year timeframe addressing the public facility (wastewater or water) needs of the jurisdiction and matching the costs of future improvements to anticipated revenues. Applicants must contact department staff about the contents that must be included in the specific scope of work in all circumstances. Applicants are required to develop scopes of work that follow the “Guidelines for the Preparation of Planning Documents for Developing Community Water System Projects” and the Guidelines for “Preparing Wastewater Planning Documents and Environmental Reports for Public Utilities” available from department staff. Plans resulting from these grants must be coordinated with the local planning and budget processes. They must include a timetable for completing future improvements with a determination of project priorities, project timing, cost estimates and consideration of methods of financing.

For each project, the scope of work and final product description will be determined on a case-by-case basis by the recipient or its representative, Business Oregon and the appropriate state or federal regulatory agency.

The grant contract will require recipients of preliminary engineering and planning grants to obtain a review of draft reports and documents by the appropriate regulatory agencies. The regulatory agency(s) comments must be obtained before the recipient accepts a final product. If the preliminary engineering and planning grant is for a wastewater facilities plan or a water system

master plan, the draft must be accepted by the regulatory agency. The department will not make the final disbursement of grant funds for these projects until the above approvals/acceptance have been received from the appropriate regulatory agency.

Some of the preliminary engineering and planning grant may be used to pay for:

- The preparation of a funding application to the department or other state or federal agency for the next phase of the project. Refer to Chapter 5 for details; and
- Grant Administration/Audit. Refer to Chapter 5 for more information.

### **Final Engineering Grants**

Grant funds are available to help the applicant obtain the products listed below that will be required elements of a construction application. The only limit to the size of these grants is the limit of no more than \$2,500,000 in Community Development Block Grant assistance for a community's overall project within a five-year period. A single grant may be awarded for both final engineering and construction. Eligible projects must be in accordance with a regulatory agency approved water system master plan, wastewater facilities plan or other regulatory approved planning document. A copy of the planning document and the subsequent regulatory agency approval must be submitted with the application.

The most common eligible activities include but are not limited to:

- Project description, including an explanation of the basis for the size and/or capacity of the proposed facility;
- Pre-design reports, final engineering design and bid specifications. Refer to Chapter 5 for more information on the limits of engineering costs;
- 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;
- Financial feasibility information, including information regarding the applicant's or utility system's financial situation. For projects where a financial review was prepared by another funding source (e.g., USDA Rural Development) a copy must be provided to the department for review with the application;
- Maps showing the general location of the project, tax lots or parcels in the project area and the specific location of the project, including, if applicable, line sizes, road widths, etc.;
- Environmental review of the proposed project that complies with the National Environmental Policy Act (NEPA), other applicable federal authorities and the implementing regulations of the U.S. Department of Housing and Urban Development. The review would not include issuance of a Finding of No Significant Impact or publishing of a Request for Release of Funds, since these are not appropriate until construction financing is obtained. For applicable situations, publishing flood plain notices as part of the "8 step" process must be done as part of the final engineering grant project. Refer to Chapter 5 for details;
- Grant Administration/Audit. Refer to Chapter 5 for more information;
- Constuction funding application preparation to the department or other funding agencies. Refer to Chapter 5 for details;
- Rate studies;
- Legal fees;
- LEP Translation Services. Refer to Chapter 5 for details;
- Land appraisals; and

- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

In addition to the above products, the applicant may use some of the final engineering grant to pay for preparation of a construction application or an application to another federal or state program for construction financing.

Final engineering projects may not include the use of grant funds to pay for the actual acquisition of property, whether sites or easements. Costs for activities leading up to acquisition, such as appraisals, are allowable. Grant recipients for final engineering only must have regulatory agency approval of final plans and specifications before the grant is administratively closed and before a Community Development Block Grant construction application is submitted.

**Note:** An applicant may apply for a final engineering grant without having been awarded a grant for preliminary engineering and planning. Applicants who already have completed the work involved in what these rules term a preliminary engineering and planning project may apply directly for a final engineering grant. The department may determine upon review of the application that an award for a preliminary engineering and planning grant is necessary to obtain information to justify a final engineering award.

## Construction Grants

### Maximum Grant

\$2,500,000, minus any prior CDBG award for preliminary engineering and planning or final engineering grants that have been awarded to the applicant within the five-year period for the same project. This is also subject to the maximum overall limit calculated at \$20,000 of CDBG funds per residential connection within the water or sewer system. Grants will be awarded for the minimum amount considered necessary to provide the improvements needed to benefit current residents. A single grant may be awarded for both final engineering and construction. Eligible projects must be in accordance with regulatory agency approved final design documents and plans. A copy of the final design documents and plans and the regulatory agency approval must be submitted with the application.

### Eligible Activities

Community Development Block Grants for construction may be used to pay for:

- Preparation of the environmental review. Refer to Chapter 5 for details;
- Bid process;
- Construction of improvements;
- Engineering oversight and construction management. Refer to Chapter 5 for more information;
- Construction contingencies. Refer to Chapter 5 for more information;
- Federal Labor Standards Compliance. Conducting on-site employee interview/verifying certified payroll report data. Refer to Chapter 5 for details;
- Appraisal and acquisition of real property including permanent easements, preparation of as-built drawings, operation and maintenance manuals;
- Grant administration/audit. Refer to Chapter 5 for more information;
- Cultural Monitoring;
- LEP Translation Services;
- Legal Fees; and

- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

Applicants may apply for a construction grant without having been awarded a preliminary engineering and planning or a final engineering grant from the Community Development Block Grant program. Applicants who have completed the work involved, described by the rules as preliminary engineering and planning and final engineering projects, may apply for a construction grant. Following review of the application, the department may determine an award for preliminary engineering and planning or final engineering is necessary to obtain information to justify a construction award.

**Outcome and Performance Measures**

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

**Public Works Water and Wastewater Projects**

Objective	Outcome (Pick One)	Indicators	Performance Measures	State Measurement
Suitable Living Environment	<ul style="list-style-type: none"> <li>• Availability/ Accessibility</li> <li>• Sustainability/ Promoting Livable or Viable Communities</li> </ul>	Number of households assisted with: <ul style="list-style-type: none"> <li>• New access to service or benefit</li> <li>• Improved access to service or benefit</li> <li>• Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community)</li> </ul>	Amount of money leveraged from other federal, state, local and private resources	The amount of money leveraged from all other funding sources
			Number of persons, households or units assisted (pick the one most appropriate to your project– pick only one)	Number of persons having access to more affordable facilities and services including the percentage of low- and moderate-income persons who benefit from the improvements
			Number of low- and moderate-income persons served by the project.	Number of systems brought up to environmental/safety standards or upgraded
			Number of communities assisted	Number of persons benefiting from new or improved facilities including the percentage of low- and moderate-income persons who benefit from the improvements
			Race, ethnicity, disability (current categories for beneficiary reporting still apply)	