

Montana Renewable Resource Grant and Loan Program

**Uniform Application for Public Facility Projects
Application Supplement**

APPLICATION DEADLINE MAY 15, 2014



**Department of Natural Resources and Conservation
Resource Development Bureau**

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**Web Page: <http://www.dnrc.mt.gov/cardd>
Online Application: <http://www.fundingmt.org>**

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The Renewable Resource Grant and Loan Program Instructions and Forms for Grant and Loan Applications

General Information

The Montana Legislature established the Renewable Resource Grant and Loan Program (RRGL) to enhance Montana's renewable resources. The Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC) administers the program. This program is funded through earnings from certain natural resource-based taxes. Use this application to apply both for renewable resource grants and loans. Application forms in this booklet are for **governmental entities only**.

Public Facility Project Applications

Applicants for public facility projects (drinking water, wastewater, and solid waste projects) must submit the *Uniform Application for Montana Public Facility Projects*. In order to be considered for RRGL funding, public facility project applicants must also complete this supplemental application. This supplement outlines Step 2 (Proposal Abstract), Step 3 (Resource and Citizen Benefits), and Step 5 (Project Management Plan) of the RRGL application. Together with the uniform application this fulfills all requirements for a complete RRGL application.

Submittal Information

Applicants must submit the following by May 15, 2014:

Submitted Online:

1. Online application at <http://www.fundingmt.org>;

Postmarked by Mail:

2. Original authorizing statement;
3. One unbound original application (printed from the database) including a copy of Preliminary Engineering Report (PER) or all supporting documentation
4. One bound copy of the Preliminary Engineering Report (PER) or all supporting documentation
5. One CD of the PER or other supporting technical documents; and
6. \$250.00 application fee

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Application Deadline

Application forms must be submitted online at <http://www.fundingmt.org> and additional documents must be postmarked to the DRNC office **no later than May 15, 2014**. If you have questions, please contact our office at (406) 444-6668.

Applicant Eligibility

Grants and Loans for Governmental Entities

Eligible applicants include any division of state government, tribal government, or other county, city, or local political subdivision. These governmental entities have included cities, towns, counties, county conservation districts, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

Project Eligibility

Project types eligible for funding are specified in 85-1-602, Montana Code Annotated (MCA).

[1] *Either grants or loans may be provided to fund the following types of projects:*

(a) feasibility, design, research, and resource assessment studies;

(b) preparation of construction, rehabilitation, or production plans; and

(c) construction, rehabilitation, production, education, or other implementation efforts.

Projects must enhance the common well-being of Montanans through the conservation, management, development, or preservation of a targeted renewable resource. Renewable resource projects, including water conservation, water for public, domestic, industrial, stock, fire protection, or other beneficial uses, water quality, forestry, air quality, resource education, waste management, and other renewable resource-related projects are eligible to receive grant and loan funding.

In addition to applicant qualifications and project type, to be eligible for funding, projects must result in resource and citizen benefits; be financially feasible; have no significant environmental impacts after mitigation, if any; have an adequate project management plan; and be technically feasible.

Funding Selection

After grant applications are received, DNRC staff, with assistance from consultants, will review the applications and make recommendations. The DNRC director and the governor will review the recommendations. By January 2015, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 2015. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 2015.

For an outline of the ranking criteria, please see Application Ranking Criteria beginning on page 4.

Funding Limitations

Grants

The Legislature appropriates funds directly, based on DNRC recommendations. DNRC limits its grant funding recommendations to a maximum of \$125,000 for any one renewable resource project.

Loans

DNRC does not put a specific limit on the recommended loan amount. The limit is essentially the maximum amount that can be borrowed by the local government and repaid. Local governments enter into debt by issuing bonds. The type of bond that needs to be issued depends on the type of local government and the source of revenue used to make the payments. There are basically two categories of bonds: (1) revenue bonds pledge the revenue of a system and are generated through rates and charges for the use of the system; (2) in tax-backed bonds, the taxing authority of the local government is pledged as the source of repayment.

Drinking water and wastewater projects are encouraged to apply to the State's Revolving Fund (SRF) loan programs. These SRF loan programs are specifically designed to provide below-market interest rates for these types of systems. However, some renewable resource projects are not eligible for funding under the SRF programs. An example would be rehabilitation of an irrigation diversion dam. For these projects, the Renewable Resource Loan Program provides an excellent source of loan funds. If the applicant can demonstrate a high cost of water or other financial hardship, DNRC may recommend a below-market rate loan. The identified cost and financial hardship will be compared to other projects that have been funded by the RRGL program as well as those partially funded by other agencies. The amount of the subsidy depends on the specific RRGL need demonstrated by the borrower.

Renewable Grant Application Ranking Criteria

Projects funded under the Renewable Resource Grant and Loan (RRGL) program must result in resource and citizen benefits, be financially feasible, have no significant environmental impacts, have an adequate project management plan, and be technically feasible. After DNRC receives applications, projects are reviewed, compared with each other, and ranked on how well the project will meet RRGL program goals. The criteria described in this section were developed based on Montana Code. Projects with greater resource and citizen benefits will rank higher. A brief summary of the program's ranking criteria is offered below.

1. Application Summary (no points)

2. Proposal Abstract (no points)

3. Renewable Resource Benefits

Renewable Resource benefit criteria are based on 85-1-602, MCA. The proposed project must have benefits to a sustainable natural resource such as water, wind, renewable energy, soil, wetlands, fish and aquatic habitat, wildlife habitat, range land, crop land, or forest. The Renewable Resource section of the application will be the most heavily weighted.

4. Public or Citizen Benefits

The proposed project must have benefits that accrue to the common well-being, safety, health or welfare on the citizens of Montana from a renewable resource project including, but not limited to, the benefits that accrue to the applicant. Scores for this section will also be weighted.

5. Technical Feasibility

The proposed project must be technically feasible to be eligible. Points will be deducted for deficiencies in this section.

6. Project Management and Implementation

The proposed project must have an adequate management plan and address staffing and coordination, public involvement and contract management in order to be eligible. Points will be deducted for deficiencies in this section.

7. Financial Feasibility

The proposed project must be financially viable and the application must address budget feasibility; the proposed project's affordability, and the proposed funding feasibility in order to be eligible. Points will be deducted for deficiencies in this section.

8. Environmental Evaluation

The proposed project must have a completed environmental checklist and narrative. The narrative must contain a mitigation plan for any adverse environmental impacts and must indicate that the alternative with the least adverse environment impact has been chosen. No points are awarded for this section. If adverse impacts for the project cannot be mitigated, the project is ineligible for funding.

9. Tie Breaking Preferences

Tie breaking preference will be given to projects that have an equal score and that implement state water plan priorities and/or mitigate human health or safety problems.

Renewable Resource Grant and Loan Program

Application Checklist

✓ Please include each of the following items in your application.
Applications are due no later than May 15, 2014.

- 1. Proposal Abstract
- 2. Resource and Citizen Benefits
- 3. Project Management Narrative
 - a. Water Rights
- 4. Online entry of the application
- 5. Submit one PER/Supplemental Document CD

Step 2: Proposal Abstract

Prepare a brief project description that highlights how the project's benefits support the RRGL program purpose. This proposal abstract will be used to inform the review team and the public of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Because it will be incorporated into the RRGL program's report to the Montana Legislature, provide accurate information in the abstract that best describes the project's renewable resource benefits and other merits. Legislative assessment of the benefits of each project will be based primarily on public testimony, this abstract, and ranking recommendations.

Your abstract should contain **no more than 300 words**. Longer abstracts will be returned to you for redevelopment.

Step 3: Resource and Citizen Benefits

Instructions for Resource and Citizen Benefits Narrative

Use the Outline for the Resource and Citizen Benefits Narrative on the following page to organize your presentation. The narrative should describe how and to what extent your project benefits a renewable resource as described in the statute provided below.

85-1-602, MCA

- (1) *Objectives: The department [of Natural Resources and Conservation] shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:*
 - (a) *feasibility, design, research, and resource assessment studies;*
 - (b) *preparation of construction, rehabilitation, or production plans; and*
 - (c) *construction, rehabilitation, production, education, or other implementation efforts.*
- (2) *Projects that may enhance renewable resources in Montana include but are not limited to:*
 - (a) *development of natural resource-based recreation;*
 - (b) *development of offstream and tributary storage;*
 - (c) *improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state, tribal, federal, water projects;*
 - (d) *water-related projects that improve water quality, including livestock containment facility projects;*
 - (e) *advancement of farming practices that reduce agricultural chemical use; and*
 - (f) *projects that facilitate the use of alternative renewable energy sources as defined in 15-6-225.*
- (3) *The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.*

Projects with the greatest benefits to renewable resources tend to rank the highest. Project reviewers need enough information and documentation to determine if the benefits claimed in your proposal are actually attainable.

Outline for Resource and Citizen Benefits Narrative

The outline below presents the topics that DNRC will use to evaluate your project's renewable resource benefits. This outline is not all-inclusive; you may wish to address other topics.

- ✓ **Tip: Information provided in this part of the application will be heavily weighted in the project's ranking.**
- ✓ **Tip: Studies will be assessed on the basis of the direct benefits that would occur from actions taken as a result of the knowledge or understanding gained from the study.**
- ✓ **Tip: Studies should cite references to similar completed studies and the direct benefits that occurred from those studies.**

1. **Describe the project's renewable resource benefits-conservation, management, development and preservation and the method used to evaluate and quantify the project's renewable resource benefits.**

- ✓ **Tip: A project can have many resource benefits (conserve, manage, develop or preserve) to different resources (water, energy, soil, forests, or others) and can receive points for each. Projects will rank better if they can demonstrate more than one resource benefit.**

Example: A project may conserve both water and energy and preserve water quality.

- ✓ **Tip: Points will be awarded for the degree to which a project will benefit renewable resources in one or more of the categories below.**

Example: The resource benefit to groundwater for a project in which leaking septic tanks will be replaced with a new wastewater system should score higher than a project in which an established wastewater system is replacing leaking lines.

2. **Describe the public or citizen benefits that enhance the common well-being, safety, health, or welfare of the citizens of Montana.**

- ✓ **Tip: A project can have many public or citizen benefits, including but not limited to, economic, health, safety, and natural resource based recreation.**

Tie Breaker Preferences

Tie breaking preferences will be given to projects have an equal score and that implement state water plan priorities and/or will mitigate human health or safety problems.

- ✓ **Tip: Projects that benefit health and safety must also demonstrate renewable resource benefits in order to be considered.**

Step 5: Project Management Plan

Effective planning and management are necessary for successful project implementation. Explain how you plan to control management issues. Applications that do not address the project management components listed below may be ineligible for consideration.

Outline for Project Management Narrative

Discuss how you will implement this project from funding through project completion. Use the outline below to organize your presentation. This outline is not all-inclusive; you may wish to address other topics. To complete this section, 450 words or less should be sufficient.

1. Identify staff requirements needed for successful project management. Discuss how you plan to meet those requirements. If possible, identify the members of your project management team, including any already properly procured consultants who will provide project management services.
2. Discuss procurement procedures and requirements related to your project.
3. Discuss coordination activities with other local, state, or federal agencies needed to implement the project and if the plan is part of another on-going or planned action.
4. Discuss your public involvement plans during the planning and implementation of your project through completion and closeout.
5. Describe how you will manage consultants responsible for completing major project tasks. Discuss how you will remain current on the status of consultant and contractor activities as project tasks are completed
6. **Water Rights - All successful applicants are required to follow state, federal and local laws and ordinances awarded a renewable resource grant.**

If you are developing a new water appropriation, i.e. water storage, water conservation, water salvage, or water reuse project, or changing an existing water right with the project, you **are urged to** contact your local DNRC Regional Office and have your technical and conceptual information reviewed. Indicate if you have contacted the DNRC regional office and attach a letter from the DNRC Regional Office that indicates if a permit, change authorization, or no action is required.

It is an applicant's responsibility to ensure any permit or authorization that may be required by law is obtained at the appropriate time, including before a project begins. Applicants should also be aware that projects involving disturbing the bed or banks of perennial streams may require a 310 permit. The local Conservation District may be able to assist you in determining if such a permit may be required.

Projects that are completed or initiated that are later determined to be contrary to state, federal or local laws or ordinances in whole or in part may not receive reimbursement and may subject the successful applicant to agency enforcement actions under §85-2-114, MCA or other enforcement authority depending on the source of the violation.

If you have questions regarding the water rights or a change in an existing water right for this project, contact your local DNRC Regional Office for assistance.

DNRC Water Resources Division (406) 444-6601

<http://dnrc.mt.gov/FieldOperations/regionaloffices/Default.asp>

If you have questions regarding 310 permitting requirements, contact your local conservation district with questions and be prepared to provide your conceptual and technical information to the district if your project is in proximity to a perennial stream bed or banks.

