

Renewable Resource Grant and Loan Program

Application Instructions and Forms
for Governmental Entities



Montana Department of Natural Resources and Conservation

*Applications Due
May 15th, 2016*

Montana Renewable Resource Grant and Loan Program

**Governmental Entities
Application Instructions and Forms**

APPLICATION DEADLINE MAY 15, 2016



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

**P.O. Box 201601
1625 Eleventh Avenue
Helena, Montana 59620-1601**

**Telephone: (406) 444-6668
Fax: (406) 444-6721**

**Web Page: dnrc.mt.gov/divisions/cardd
Online Application: fundingmt.org**

Table of Contents

<i>General Information</i>	1
Public Facility Project Applications	1
Application Deadline.....	2
Applicant Eligibility	2
Project Eligibility	2
Funding Selection.....	2
Funding Limitations	3
Application Checklist	7
<i>Step 1: Application Summary</i>	9
14	
<i>Step 2: Proposal Abstract</i>	15
<i>Step 3: Resource and Citizen Benefits</i>	16
Outline for Resource and Citizen Benefits Narrative	16
DEFINITIONS.....	17
<i>Step 4: Technical Presentation</i>	21
<i>Step 5: Project Management Plan</i>	24
Outline for Project Management Narrative	24
<i>Step 6: Financial Presentation</i>	25
Instructions for Financial Narrative	25
Outline for Financial Narrative	25
Financial Documentation	28
Instructions for Completing Budget Forms	28
<i>Step 7: Environmental Evaluation</i>	35
Outline for Environmental Narrative.....	35
Instructions for Environmental Checklist.....	35
ENVIRONMENTAL CHECKLIST.....	37

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 both the *Uniform Application for Montana Public Facility Projects* and the *RRGL Application supplement to the Uniform Application*.

Submittal Information

Applicants must submit the following by May 15, 2016:

Submitted Online:

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

Postmarked by Mail:

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

**Montana DNRC
Resource Development Bureau
P.O. Box 201601
Helena, MT 59620-1601
Phone: (406) 444-6668
Fax: (406) 444-6721
<http://www.fundingmt.org>**



Application Deadline

Application forms must be submitted online at <http://www.fundingmt.org> and additional documents must be postmarked to the DNRC office **no later than close of business day May 15, 2016**. 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, 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 2017, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 2017. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 2017.

Please see page 5, Application Ranking Criteria for an outline of the Ranking Criteria

Funding Limitations

Grants

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

Loans

DNRC does not have a standard limit on the recommended loan amount. The limit is based on 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 and Loan 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 based on criteria listed below, 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 Montana statutes. The Renewable Resource section of the application will be the most heavily weighted.

4. Public or Citizen Benefits

Public or citizen benefits are also based on Montana statutes and scores for this section will also be weighted.

5. Tie Breaking Points

Tie breaking points will be awarded for projects that have an equal score and that 1) implement the state water plan priorities; and or 2) will mitigate human health or safety problems.

4. Technical Feasibility

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

5. 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.

6. Financial Feasibility

The proposed project must be financially viable and the application include a reasonable budget and a feasible funding package. Points will be deducted for deficiencies in this section.

7. 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. Points will be deducted for deficiencies in this section.

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, 2016.

- _____ 1. Application Summary
- _____ 2. Proposal Abstract
- _____ 3. Resource and Citizen Benefits
- _____ 4. Technical Presentation
- _____ 5. Project Management Narrative
 - _____ a. Water Rights
- _____ 6. Financial Presentation
 - _____ a. Financial Documentation
 - _____ b. Budget Forms
 - _____ c. Applicant Affordability Data
- _____ 7. Environmental Evaluation
 - _____ a. Environmental Checklist
- _____ 8. One Bound, one Unbound copy of the original application and one CD version of the PER with all technical documentation
- _____ 10. Entry of the application onto Montana Webgrants. (fundingmt.org)

Step 1: Application Summary

(All applicants must complete this form)

1. Name of Applicant(s) _____
2. Project Title _____
3. Type of Entity _____
(City, county, tribal government, district, other)
4. Type of Project _____
(Irrigation, municipal, groundwater study, other.)
5. Project Location _____
(Include a map of the project area and latitude/longitude coordinates or township, range and section)
6. State Senate District _____ 7. State House District _____
8. Population Served by Project _____ (if applicable)
9. Households Served by Project _____ (if applicable)
10. Number of Farms or Ranches Served by Project _____ (if applicable)
11. Number of Acres Served by Project _____ (if applicable)
12. County _____

Proposed Funding Sources

Enter the source and amount of all possible funding for this project. Total the amount for each source. Even if you have not yet applied for the funds or have not yet received a commitment from the source, list the funds. The total amount of the proposed funding may be greater than the estimated total project cost indicated below.

Proposed Project Budget		
Funding Source (grant/loan or cash reserves)	Amount	Committed/Uncommitted*
RRGL Grant	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL	\$	

Note: Committed funds must have a written letter committing funds to the project.

Estimated Total Project Cost \$ _____

CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

PROJECT ENGINEER/ARCHITECT/CONSULTANT:

(Name of Engineer)

(Name of Firm)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

LEGAL COUNSEL:

(Name)

(Name of Firm)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

CLERK/CHIEF FINANCIAL OFFICER:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-mail Address)

PRIMARY CONTACT PERSON:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

GRANT/LOAN ADMINISTRATOR:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

BOND COUNSEL:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail address)

ACCOUNTANT:

(Name of Accountant)

(Name of Firm)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX)

(E-Mail Address)

Authorizing Statement

An authorized agent representing the applicant must, by his/her signature, indicate that the application for funds and expenditure of matching funds, as represented, is officially authorized.

A. Grant Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Applicant Name), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain funding if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that grant funds will become available only as revenue is available.

Applicant Name

Date

Authorized Representative (signature)

Title

B. Loan Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Applicant Name), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan financing if this application is approved. I understand that all funds must be authorized by the Montana Legislature, that loan funds will become available after the sale of state bonds, and that I will be expected to enter into a loan agreement when funding is available and according to my construction schedule.

Applicant Name

Date

Authorized Representative (signature)

Title

Disclaimer

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.

Activities in Sage Grouse Habitat

Activities that occur in designated sage grouse habitat are subject to Executive Order 12-2015. Consult with the Sage Grouse Habitat Conservation Program prior to submitting a grant application. See program webpage at <http://dnrc.mt.gov/divisions/cardd/sage-grouse> for more information.

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

Outline for Resource and Citizen Benefits Narrative

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

DEFINITIONS

Renewable Resource:

Means a sustainable natural resource including water, wind, energy, soil, wetlands, fish and aquatic habitat, wildlife habitat, rangeland, crop land, and forests.

Public Resource:

Means land, air, water, fish, wildlife, and recreation opportunities.

Public or Citizen Benefit:

Means a benefit that accrues to the common well-being, safety, health, or welfare on the citizens of Montana from a renewable resource project.

Conserve:

Conservation means the promotion of efficient and/or sustainable use of a renewable resource. Projects that are considered to have strong conservation benefits are:

- Canal lining or installation of pipe
- Replacement of antiquated equipment by new equipment that allows the increased utilization or savings of a renewable resource
- Energy conservation projects

Manage:

Management means activities that improve governing entities' ability to control and administer a renewable resource. Projects that are considered to have strong management benefits are:

- Groundwater studies needed by watershed groups and county governments to locate and characterize resources
- Engineering studies that identify alternatives for renewable resource projects
- Telemetry systems that allow the remote operation of water systems

Develop:

Development means a new beneficial and sustainable use of a renewable resource. Projects that are considered to have strong development benefits are:

- Construction of new irrigation facilities
- Development of a new water well for a community
- Construction of artificial wetlands or spawning beds
- Development of renewable energy projects

Preserve:

Preservation means the protection of a renewable resource from pollution, destruction, or neglect. Projects that are considered to have strong preservation benefits are:

- Repair and restoration of a dam where stored water provides significant public benefit
- Repair or restoration of a stream channel
- Restoration/preservation of fish or wildlife habitat
- Restoration/preservation of water quality

Outline for Renewable Resource and Citizen Benefits Narrative

The outline below presents the topics that DNRC will use to evaluate your project's renewable resource and public benefits, **based on the statute and definitions provided**. 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 actual benefits that would occur from actions taken as a result of the knowledge or understanding gained from the study.**

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 Points

Tie-breaker points will be awarded for projects that are equal in score and that:

1. Implement the state water plan priorities; and/or
2. 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 4: Technical Presentation

Describe the Project that will take place during the grant term. Distinguish project phases that will be completed before or after the grant term. Do not discuss tasks associated with past or future project phases. Discuss past phases or phases currently under way only as part of the project history.

Example: Suppose an irrigation district is taking steps to improve irrigation infrastructure and is seeking funding to line irrigation canals. Currently, the district is installing new headgates on its main canal; in the future the district plans to install measuring devices. In this scenario, the project proposal concerns only the canal-lining project. The applicant should discuss the technical merits of only the lining phase of the project and not the future phase of installing measuring devices.

Outline for Technical Narrative

This outline for technical narrative presents the topics that DNRC considers in evaluating the technical feasibility of the project. Projects not technically feasible will be ineligible for consideration. This outline is not all-inclusive; you may wish to address other topics. The description must provide sufficient detail to verify that the project is technically feasible and will achieve its objectives. This information will be used as the scope of work for a grant agreement.

- ✓ **Tip: All basic information requested in the Outline for Technical Narrative and the Environmental Assessment should be provided in the main application text, not in the appendices. Appendices should provide supporting information but not serve as the primary source of that information. If critical information is buried in the appendices, it might not receive due consideration in the grant evaluation.**

1. Project identification.

- Identify the physical location of the project including longitude and latitude coordinates. Provide a map that displays the relationship of the proposed project to the larger scale watershed, region, or resource that stands to benefit (include scale and a north arrow).
- Identify the project type (that is, research, planning, design, construction, or others).
- Specifically describe the problem this project will address.

2. Discuss the project history, and describe all related work previously conducted.

- Discuss the circumstances that precipitated need for the project.
- Discuss ongoing or past efforts made to address the problem or achieve the proposed purpose.
- Identify related facilities, programs, or other resources that support the project.

3. Describe the purpose of the project.

- Relate the project purpose to the RRGL program's objectives: implementing activities that conserve, develop, or preserve a renewable resource. The project may have more than one objective and the application should address and analyze each objective.
- Describe specific project implementation tasks.

4. Describe the renewable resource current condition. Describe what data currently exists and how it relates to understanding the current condition of renewable resources to be addressed by the project. Provide documentation where appropriate.

Describe underlying causes of the current condition.

- What are identified and potential causes of the problem? Of these, what are limiting factors—those factors most responsible for the current condition?
- Which of these factors have been quantified and to what degree? Describe any uncertainty about the importance of these factors.

5. Describe the desired outcome. Describe in detail what changes are desired in the current condition and what the condition will be when the project has achieved its objectives (use qualitative as well as quantitative descriptions where possible).

- Which factors contributing to the current condition will and will not be addressed by the proposed project and to what degree?
- How will these affect desired results?

6. Describe the alternatives that will accomplish the same or substantially similar goals as that of the proposed project. Discuss alternatives that could accomplish the proposed project's goals, but in a different way, under a different time frame, or with different costs and benefits. At a minimum two alternatives must be discussed. Include the no action alternative (i.e., natural recovery).

7. Compare the costs and benefits of each alternative and the reasons for selection of the preferred alternative. Descriptions of each alternative do not have to be as detailed as the description of the preferred alternative. But enough information must be provided to demonstrate that the alternatives were investigated and that the proposed alternative provides either greater resource benefits at the same or similar costs or similar resource benefits at a lower cost. If costs and benefits of the project cannot be quantified, provide a narrative discussion of the cost and benefits.

8. Provide a specific description of the project implementation plan.

- Describe the overall approach to project implementation.
- Identify each of the project phases, and the specific tasks comprising each phase, and then relate them to the project's purpose.
- Identify project staff for the particular tasks and quantify staffing time necessary to complete the project.
- Identify contracted services necessary to complete the project.
- Identify all permits, regulatory approvals, or easements necessary to complete the project.

- Indicate whether the project is a phase of a larger project for which additional funding is needed and, if so, the targeted funding sources.
- Describe the measures that will be undertaken to ensure long-term effectiveness

9. Provide a project time schedule.

10. Provide supporting technical documentation.

- Provide information on the natural features of the project area, such as soils, vegetation, and hydrology.
- Include any draft and/or completed technical reports and studies related to the project.
- Provide a topographic map or aerial photo that shows the project location by sections, townships, and ranges. (Show titles on all maps, and include both a scale and a north arrow.)
- Identify all applicable statutes, rules, regulations, and standards to be met.

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.

Step 6: Financial Presentation

(Instructions, Outline, Budget Forms, and Affordability Data)

The Financial Presentation is a central component of a successful grant or loan application. The following section contains background information that you may find helpful in constructing your presentation:

- A suggested outline for your financial narrative;
- A list of financial documentation that you should submit with the application;
- Budget forms for listing project expenses; and
- Affordability data for applicants who collect revenues through assessment of fees.

To help you build a defensible budget, DNRC provides the following definitions of project-specific versus program costs.

Project Costs vs. Program Costs

DNRC reimburses only project-specific costs. Non-reimbursable program costs are costs not directly related to the project including but not limited to: office rent that will be incurred whether or not the project is implemented; salaries of existing staff positions unless the work-hours associated with the project are accounted for; or any other costs that pay for ongoing or general services of the applicants. Reimbursable costs are costs that will be incurred only by implementing the project described in the application, and whose funding source is RRGL program funds; matching dollars; or in-kind contributions.

Instructions for Financial Narrative

The Financial Narrative must demonstrate clearly that the funding is available to complete the project and that the project can be completed within the proposed budget. The budget forms, following the narrative, **may not** be used in lieu of the Financial Narrative. Projects must be financially feasible to be eligible. Failure to submit adequate financial information will jeopardize your chance of receiving project funding.

The financial narrative must describe the use of funds committed to the project from DNRC and from matching funding sources. Do not include the costs for phases of construction completed before or after the term of a DNRC funding agreement.

Outline for Financial Narrative

The outline for the Financial Narrative addresses the topics that DNRC will consider in the evaluation of the financial feasibility of your project. Structure your narrative accordingly. This outline is not all-inclusive; you may wish to address other topics.

1. Explain the Total Budget.

The narrative must explain the basis of the figures provided in the budget tables and how they match the scope of work. Show how the amounts in each of the budget line items were calculated.

Example: If the project budget lists \$12,600 in material costs, provide the breakdown for all material costs (120 tons of gravel @ \$30 per ton = \$3,600 and 50,000 square feet of geo-textile material @ \$0.18 per square foot = \$9,000. Total material cost = \$12,600).

Contract Administration

These costs include salaries, contracted services, and associated costs of planning and administering the proposed project. Identify the amount needed to manage the project successfully and express this amount as a percentage of total project cost. Demonstrate that these costs are project-specific above and beyond general program costs. DNRC will reimburse only project-specific administration costs.

- ✓ **Tip: University and other state agencies indirect costs for grant administration are not eligible for grant funding.**

All grant recipients must comply with Montana contracting and procurement laws applicable to state agencies, counties, conservation districts and municipalities.

Professional and Technical Costs

Include the cost of personnel or contracted services for professional services in this category. These costs must be project-specific. **Provide the unit costs for all professional staff and contracted personnel.**

Example: Include the cost of contracted services for engineering design, or legal advise

Construction Costs

These costs include all of the costs of construction: construction contract costs, material purchases, land purchases directly related to the project, and a reasonable contingency. You may include an inflation factor, accounting for time lapse between project approval and receipt of funding. Identify this cost on the budget forms.

- A. Provide enough information to show clearly how the construction cost estimates were developed. Describe unit costs where applicable. The costs should relate to the technical narrative or Preliminary Engineering Report.
- B. Provide the preliminary cost estimates used to evaluate the alternatives to the proposed project.
- C. If another application with either greater or lesser project costs represented has been submitted or will be submitted to a funding agency, explain the discrepancy.

5. Identify the operation and maintenance costs necessary to support the project in the future. Identify the source of funds you will use to cover these expenses.

Discuss how you plan to fund the ongoing operation and maintenance of facilities and infrastructure constructed with grant or loan funding.

6. Describe the funding structure that ensures the project is financially feasible.

Demonstrate that adequate sources of funds are available to complete the proposed project. Include grants, loans, matching dollars, and in-kind contributions.

- A. Identify matching funds or in-kind contributions that support the project budget.
 - B. Identify other sources and amounts of matching dollars.
 - C. Identify other sources and amounts of in-kind contributions. Eligible in-kind contributions are those project-specific contributions associated directly with project implementation.
 - D. Indicate whether other costs remain undefined at the time of application.
 - E. If the funding structure for your project contains uncommitted grant funds, please provide an explanation of how the project could proceed if the uncommitted grants were not realized, such as phasing the project.
- ✓ **Tip: The project's scope of work is legislatively approved and the intent of the project must remain intact. A substantial change in the proposed scope of work may result in a change in grant funding for the project.**
 - ✓ **Tip: The applicant cannot apply for an irrigation development grant or private grant to be used as part of the project budget. An irrigation development grant or private grant may be used for a separate project that is related to the project.**

Provide Loan Information

- a. Will tax revenues be pledged for repayment? If yes, will this be a special tax levy (e.g. a special improvement district) or will it be a pledge of the general taxing authority of the local government?
- b. Will rates and charges be pledged for repayment (e.g. a revenue bond)? If yes, please describe the rates and charges of the system. Include in this discussion information about number of users and the method of calculating the rates (e.g. is it based on quantity of water or on a per hook-up basis). Also, using the last fiscal year's information, what were the total revenues of the system and what was the cost of the operation and maintenance of the system?
- c. Is there any outstanding debt that relies on the same revenues that will be the basis of the DNRC loan? If yes, what is the amount of the debt, what is the remaining term of the debt, and, if possible, please provide a copy of the bond resolution associated with the outstanding debt.
- d. Use a rate of five percent (5%) over a 20-year term to calculate annual debt service payments associated with a Renewable Resource loan. Using this information along with current rate or tax information for the system, discuss the overall financial status of the local government. To be eligible for a below-market rate of interest, the applicant must demonstrate a high financial need.

Financial Documentation

Submit supporting documentation to provide evidence of the financial feasibility of the proposed project.

1. **Include copies of estimates used to generate the project budget.**
2. **If you applied to other funding agencies for grant and/or loan funds for the same project, or you intend to apply for additional funding in the future, provide the following:**
 - a. Indication of the date a funding decision is expected, and whether you requested a grant or a loan;
 - b. If funding has been secured, a copy of the notice of award.
3. **If other agencies, associations, or individuals will provide in-kind or match funding, provide the following information:**
 - a. Copies of correspondence to show the date assistance was requested, the type of assistance (whether matching dollars or in-kind contribution) and the amount, the date a funding decision is expected;
 - b. If funding has been secured, provide copies of correspondence documenting funding commitments and type of funds committed (matching dollars or in-kind contribution);
 - c. If the RRGL grant is providing partial funding, describe how the RRGL grant fits into the overall picture.
Example: A floodplain project where cost of the entire project is \$4 million, and with four different funding entities, describe specifically what the RRGL funds will be used for.

Instructions for Completing Budget Forms

Complete one set of budget forms to indicate the details of the total estimated project cost. Show only those costs that you will document during project implementation. Include only costs directly related to the project. Do not include costs that will occur whether or not this project is implemented. These programmatic costs may not be included in this budget or attributed to the project, although they may support the project indirectly.

Use one column for each sponsor and for each type of funding (grant or loan). Add more columns if you need them. Place the name of contributors from other sources in the "other" columns. If all sources of funds are not secured, label one column "Unknown." The sum of the totals of each column must add up to the total estimated project cost.

Applicant Name _____ Budget Forms for Renewable Resource Projects

1. Contract Administration

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Total
Project manager							
Administrative support							
Benefits							
Legal fees/bond counsel							
Audit fees							
Loan origination fee							
Bond reserve							
Subtotal							
Communications							
Supplies							
Travel							
Rental							
Total Administration							

Applicant Name _____ Budget Forms for Renewable Resource Projects

2. Professional and Technical Costs

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Total
Professional/technical							
Professional _____							
Other contracted services							
Subtotal Technical Services							
Indirect costs, please itemize							
Total Professional & Technical							

Applicant Name _____ Budget Forms For Renewable Resource Projects

3. Construction Costs

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Other <i>(Specify)</i>	Total
Labor							
Materials							
Equipment							
Construction contract							
Contingency (10%)							
Total Construction							

4. Total Costs

A. Total Administration							
B. Total Professional & Technical							
C. Total Construction							
Total Project Cost							

Applicant Affordability Data

Complete the following section only if your entity generates revenue through user fees or assessments.

For Sewer or Water Projects:

	Current	Projected
Number of residential users served by system	_____	_____
Average monthly residential water rate	_____	_____
Average monthly residential sewer rate	_____	_____
Type of billing system used (flat fee or metered)	_____	_____

For Irrigation Projects:

	Current	Projected
Number of irrigated acres served by system	_____	_____
Annual assessment per acre	_____	_____
or		
Number of acre-feet of water sold annually	_____	_____
Cost of water per acre-foot	_____	_____

Step 7: Environmental Evaluation

To avoid problems that would cause delays, add significantly to project costs, or even prevent a project from being carried out, all applicants must consider the potential environmental impacts of their projects. Preparation of this document can alert applicants to consideration of location, design, or construction that will help to avoid potential adverse environmental impacts or expensive mitigation or construction costs. A project will not be eligible for funding if it would result in significant adverse impact after mitigation.

Outline for Environmental Narrative

1. Provide a narrative evaluation of the potential environmental impacts for each project alternative, including the preferred alternative. Environmental analysis of each alternative does not have to be as detailed as the analysis for the preferred alternative, but enough information must be provided to demonstrate that the alternatives were investigated. Use the checklist on the following pages as a guide in your consideration of environmental impacts.
2. Describe and document the environmental resources of the area affected. Include any environmental assessments or analyses previously completed in addition to the completed environmental checklist.
3. Identify the sources consulted for the completion of the environmental evaluation. Sources may include studies, plans, documents, or the persons, organizations, or agencies contacted for assistance.

Instructions for Environmental Checklist

Complete an Environmental Checklist for the preferred alternative. All applicants must submit the environmental checklist. DNRC will review the checklist and prepare its own environmental evaluation to determine whether further information is required.

Five types of impacts may be identified on the form:

- N** - No impact anticipated or not applicable to this project;
- B** - Potentially beneficial impact;
- A** - Potentially adverse impact;
- P** - Agency approval or permits required; and
- M** - Mitigation actions required

A space is provided next to each subject area to list at least one of the above impact types. Describe the impact, or indicate why there is no impact from the project in the “comments” section of this form. When completed on a computer, the form can be expanded to accommodate lengthy comments. An environmental checklist must be completed for each

alternative.

If a potentially adverse impact has been identified, indicate if an agency approval or permit may also be required.

If a potentially adverse impact is identified for the preferred alternative, the applicant must provide the following:

1. A description and analysis of reasonable alternatives that would avoid the impact and a justification for the selected alternative;
2. A description of short-and/or long-term measures to mitigate the impact and a discussion of the effects of those mitigative measures on the proposed project.

For assistance in preparing the environmental checklist, contact DNRC at 444-6668.

ENVIRONMENTAL CHECKLIST

Key Letter: **N** – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse
P – Approval/Permits Required **M** – Mitigation Required

PHYSICAL ENVIRONMENT	
<u>Key</u> <hr/>	<p>1. Soil Suitability, Topographic and/or Geologic Constraints (e.g., soil slump, steep slopes, subsidence, seismic activity)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>2. Hazardous Facilities (e.g., power lines, EPA hazardous waste sites, acceptable distance from explosive and flammable hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities such as natural gas storage facilities & propane storage tanks)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>3. Effects of Project on Surrounding Air Quality or Any Kind of Effects of Existing Air Quality on Project (e.g., dust, odors, emissions)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>4. Groundwater Resources & Aquifers (e.g., quantity, quality, distribution, depth to groundwater, sole source aquifers)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>5. Surface Water/Water Quality, Quantity & Distribution (e.g., streams, lakes, storm runoff, irrigation systems, canals)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>6. Floodplains & Floodplain Management (Identify any floodplains within one mile of the boundary of the project.)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> <hr/>	<p>7. Wetlands Protection (Identify any wetlands within one mile of the boundary of the project.)</p> <p><i>Comments and Source of Information:</i></p>

Key Letter: N – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse
P – Approval/Permits Required **M** – Mitigation Required

<u>Key</u> _____	<p>8. Agricultural Lands, Production, & Farmland Protection (e.g., grazing, forestry, cropland, prime or unique agricultural lands) (Identify any prime or important farm ground or forest lands within one mile of the boundary of the project.)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>9. Vegetation & Wildlife Species & Habitats, Including Fish (e.g., terrestrial, avian and aquatic life and habitats)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>10. Unique, Endangered, Fragile, or Limited Environmental Resources, Including Endangered Species (e.g., plants, fish or wildlife)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>11. Unique Natural Features (e.g., geologic features)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>12. Access to, and Quality of, Recreational & Wilderness Activities, Public Lands and Waterways (including Federally Designated Wild & Scenic Rivers), and Public Open Space</p> <p><i>Comments and Source of Information:</i></p>
HUMAN POPULATION	
<u>Key</u> _____	<p>1. Visual Quality – Coherence, Diversity, Compatibility of Use and Scale, Aesthetics</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>2. Nuisances (e.g., glare, fumes)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>3. Noise -- suitable separation between noise sensitive activities (such as residential areas) and major noise sources (aircraft, highways & railroads)</p> <p><i>Comments and Source of Information:</i></p>
<u>Key</u> _____	<p>4. Historic Properties, Cultural, and Archaeological Resources</p> <p><i>Comments and Source of Information:</i></p>

Key Letter: N – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse
P – Approval/Permits Required **M** – Mitigation Required

<p><u>Key</u></p> <hr/>	<p>5. Changes in Demographic (population) Characteristics (e.g., quantity, distribution, density)</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>6. Environmental Justice – (Does the project avoid placing lower income households in areas where environmental degradation has occurred, such as adjacent to brownfield sites?)</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>7. General Housing Conditions - Quality, Quantity, Affordability</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>8. Displacement or Relocation of Businesses or Residents</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>9. Public Health and Safety</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>10. Lead Based Paint and/or Asbestos</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>11. Local Employment & Income Patterns - Quantity and Distribution of Employment, Economic Impact</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>12. Local & State Tax Base & Revenues</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>13. Educational Facilities - Schools, Colleges, Universities</p> <p><i>Comments and Source of Information:</i></p>
<p><u>Key</u></p> <hr/>	<p>14. Commercial and Industrial Facilities - Production & Activity, Growth or Decline</p> <p><i>Comments and Source of Information:</i></p>

Key Letter: N – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse **P** – Approval/Permits Required **M** – Mitigation Required

<u>Key</u> <hr/> <hr/>	15. Health Care – Medical Services <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	16. Social Services – Governmental Services (e.g., demand on) <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	17. Social Structures & Mores (Standards of Social Conduct/Social Conventions) <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	18. Land Use Compatibility (e.g., growth, land use change, development activity, adjacent land uses and potential conflicts) <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	19. Energy Resources - Consumption and Conservation <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	20. Solid Waste Management <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	21. Wastewater Treatment - Sewage System <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	22. Storm Water – Surface Drainage <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	23. Community Water Supply <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	24. Public Safety – Police <i>Comments and Source of Information:</i>
<u>Key</u> <hr/> <hr/>	25. Fire Protection – Hazards <i>Comments and Source of Information:</i>

Key Letter: N – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse
P – Approval/Permits Required **M** – Mitigation Required

<u>Key</u> <hr/>	26. Emergency Medical Services <i>Comments and Source of Information:</i>
<u>Key</u> <hr/>	27. Parks, Playgrounds, & Open Space <i>Comments and Source of Information:</i>
<u>Key</u> <hr/>	28. Cultural Facilities, Cultural Uniqueness & Diversity <i>Comments and Source of Information:</i>
<u>Key</u> <hr/>	29. Transportation Networks and Traffic Flow Conflicts (e.g., rail; auto including local traffic; airport runway clear zones-avoidance of incompatible land use in airport runway clear zones) <i>Comments and Source of Information:</i>
<u>Key</u> <hr/>	30. Consistency with Local Ordinances, Resolutions, or Plans (e.g., conformance with local comprehensive plans, zoning, or capital improvement plans) <i>Comments and Source of Information:</i>
<u>Key</u> <hr/>	31. Is There a Regulatory Action on Private Property Rights as a Result of this Project? (consider options that reduce, minimize, or eliminate the regulation of private property rights.) <i>Comments and Source of Information:</i>

Montana Department of Natural Resources and Conservation



1625 ELEVENTH AVENUE
PO BOX 201601
HELENA, MONTANA 59620-1601

www.dnrc.mt.gov/cardd



Persons with disabilities who need an alternative, accessible format of this document should contact DNRC at the above address. Phone 406-444-6668 or fax 406-444-6721.

100 copies of this public document were published at an estimate cost of \$x.xx per copy. The total cost of \$xxx.xx includes \$xxx.xx for printing and \$0 for distribution.