Renewable Resource Grant and Loan Program

Application Supplement to the Uniform Application for Montana Public Facility Projects

Montana Department of Natural Resources and Conservation

Montana Renewable Resource Grant and Loan Program

Uniform Application for Public Facility Projects
Application Supplement

APPLICATION DEADLINE MAY 15, 2016

Department of Natural Resources and Conservation
Resource Development Bureau

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Table of Contents

General Information 1
Public Facility Project Applications 1
Application Deadline 2
Applicant Eligibility 2
Project Eligibility 2
Funding Selection 2
Funding Limitations 3
Application Checklist 5
Step 2: Proposal Abstract 7
Step 3: Resource and Citizen Benefits 8
Instructions for Resource and Citizen Benefits Narrative 8
Definitions 9
Step 5: Project Management Plan 11
Outline for Project Management Narrative 11

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

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 and 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, 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 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 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.

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 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. Proposal Abstract (Step 2)**

_____ **2. Resource and Citizen Benefits (Step 3)**

_____ **3. Project Management Narrative (Step 5)**

_____ **4. Online entry of the application (Fundingmt.org)**

_____ **5. One Bound and one Unbound original application and one CD of the PER and other supporting technical documents**

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

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.

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 ant 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 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

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