

DEPT.  
OF  
COMMUNITY  
AND  
REGIONAL  
AFFAIRS -  
BLOCK  
GRANTS

#### H. RECAPTURED AND UNOBLIGATED FUNDS

Recaptured funds are those which are returned to the State through close-out of a grant, termination for cause, or other means. Unobligated funds are those funds which remain after all awards and their relevant Grant Agreements are in place.

Recaptured and Unobligated funds will be distributed/redistributed in a timely manner to qualified recipients for projects in all categories, according to the criteria used in the year the funds are being AWARDED/RE-AWARDED, not according to the criteria used in the year the funds were originally granted by HUD to the State.

Recaptured or Unobligated funds:

- 1) may be distributed to grantees who can document exceptional and critical need for additional funding, up to an amount which equals 10% of the original award;
- 2) may be awarded to applicants for demonstrated exigencies between regular award cycles, with all federal requirements being met and according to normal criteria, and following approval of an ad hoc review committee;
- 3) may be dedicated to increase the Rural Economic Development Revolving Loan Fund; or
- 4) may be held and awarded in the next regular award cycle.

ABOVE AMENDED PARA MUST BE APPLIED AS AN AMENDMENT TO EACH GRANT YEAR FROM FFY82 through FFY87.

Good Morning  
WCH - Ex. Dir. of SEACAP

First I would like to comment on changes in CSBG State Plan.

The change in Section II to add the Planning Process is a good one. We need to develop a process to ensure that we are spending the funds effectively, that the funds are spent exclusively for the causes of the poor and that those we are serving are able to participate in CAA activities.

*Also as addressed in Section II*

It is especially critical that the activities of the two state CAA's be coordinated. In Alaska, we have a situation where two CAA's work in one target area. In order to eliminate the overlapping of services and confusion among our constituents, we must develop a coordinated effort and communicate this to our people.

The change in Section III will save ~~some~~ time and effort on the part of the CAA's and DCRA in regards to presenting billing on a quarterly basis. The presentation of billings on a monthly basis causes cash flow problems which puts the emphasis on processing the billings. On a quarterly basis it will be possible to place more emphasis on the progress reports.

At this time, I would like to make a Statement regarding the SEACAP activities for the past year. It is no secret that in 1987 SEACAP suffered from a serious management and financial crisis. I took over to ~~alleviate those problems and re-organize SEACAP.~~

My goals in 1988 were to resolve our financial difficulties and set the stage to rebuild SEACAP's Program Services. I am proud to state that SEACAP is a financially solvent organization again. At the beginning of the year, we had a funds deficit of \$70,000, presently we have a funds surplus of \$10,000.00.

We have set the stage to rebuild our Program Services. We have worked hard on this for the past year. Our Executive Committee and I attended the VPC, we have held special E.C. meetings on this subject, we have issued a Need Assessment of the People of Southeastern Alaska, we have discussed the needs of low-income people with other organizations in Southeast.

In February of 1989 we plan to hold the first meeting of our full Board of Directors since 1986, *and plan to hold the annually in the future.*

We are ready to move on in a financial sense and we have done the soul searching and polling of our public to determine that there is a need for SEACAP in S.E. Alaska as well as throughout the State. We are not a native organization. We are here to serve all low-income people.

It is clear from our investigation that there are gaps in the safety net. People need us. The systems are not all working. Our Needs Assessment points out repeatedly that services are available, but the problems still exist. This is where we are needed. I personally feel

that single women with children are those most in need. This is where I would like to see ~~CAA's~~ in Alaska concentrate ~~their~~ efforts.

<sup>SEACAP</sup>  
I am sorry to report that it does not appear that SEACAP will be able to participate in the Weatherization Program this year. I consider this program to be one of the building blocks of a CAA. We are unable to participate because there are some questions remaining from our operation of the program in the past. Rural CAP was gracious in their decision not to apply for funds in S.E. Alaska. However, due to the prior program questions situation, SEACAP must find a sponsor to subcontract the program to us. We have been unable to find a party willing to be our sponsor.

In general when I look back over the past year it is clear that we have made great steps in our effort to rebuild our organization. We are ready to reach out. I am sure that when we look back at the end of next year, we will see that we are once again making a significant impact on alleviating the problems of low-income people of S.E. Alaska.

I appreciate this opportunity to make this statement and wish to thank Commissioner Hoffman and Judy Holden for their support of SEACAP during this rebuilding process.

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11-14-88  
 HOUSE COMMUNITY AND REGIONAL AFFAIRS  
 COMMUNITY BLOCK GRANTS  
 BARROW  
 MEG

FINAL STATS

NAME/REPRESENTING	ADDRESS	PHONE #
*****		
TO TESTIFY:		
1. BEN NAGAOK	NSBDWM, P.O. BOX 69 BARROW, AK. 99723	852-2611
2.		
3.		
4.		

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TO OBSERVE:

- 1.
- 2.
- 3.
- 4.

TESTIFIED: 1  
 UNABLE TO TESTIFY: 0  
 OBSERVED: 0  
 TOTAL: 1

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 \*  
 \* DELIVER TO: LHSCMMF \*  
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 \* ORIGINAL \*  
 \* SENT: 11/15/88 TIME: 19:19 \*  
 \* FROM: LTCKTN \*  
 \* SUBJECT: H CRA; BLOCK GRANTS; 11-14; FS \*  
 \* PRINT DATE: 11/23/88 TIME: 03:06 \*  
 \*  
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DATE: 11/14/88  
 SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE  
 SUBJECT: BLOCK GRANTS FY '89  
 MODERATOR: JUNE ROBBINS  
 SITE: KETCHIKAN

PARTICIPANT LIST  
 FINAL STATS

\*\*\*\*\*  
 TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. VICKY ARMSTRONG,	WISH, 2002 1ST AVE, KTN	225-9474	
2. ROBERT D. BOWERS,	KCH, BOX 8515, KTN	225-3780	
3.			
4.			
5.			

\*\*\*\*\*  
 OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. JEFF BUDD,	KYS, BOX 7202, KTN	225-2540	
2. CHUCK F. BURT, JR.,	BOX 3003, KTN	225-6003	
3.			
4.			
5.			

TESTIFIED: 2  
 UNABLE: 0  
 OBSERVED: 2  
 TOTAL: 4

START TIME: 9:55 AM                      END TIME: 11:27 AM

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\* DELIVER TO: LHSCMMF \*  
\* \* \* \* \*  
\* ORIGINAL \*  
\* SENT: 11/14/88 TIME: 11:18 \*  
\* FROM: LIOCKOT \*  
\* SUBJECT: HCRA; BLOCK GRANTS; 11-14-88 \*  
\* PRINT DATE: 11/14/88 TIME: 12:03 \*  
\* \* \* \* \*

DATE: NOVEMBER 14, 1988  
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS

SUBJECT: BLOCK GRANTS  
MODERATOR: MARY BROWN  
SITE: KOTZEBUE

FINAL STATS

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TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
✓ 1. CHESTER L. BALLOT,	BOX 296, KOTZ. 99752	442-3467	

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OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
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TESTIFIED: 1  
UNABLE: 0  
OBSERVED: 0  
TOTAL: 1

START TIME: 9:55                      END TIME: 11:13

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* FROM: LTCCNOM
* SUBJECT: HCRA;FS;GRANTS;11-14
* PRINT DATE: 11/14/88 TIME: 12:03
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DATE: NOVEMBER 14, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
SUBJECT: CDBC-REDI GRANTS
MODERATOR: BECKA BAKER
SITE: NOME

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*OM 2*

FINAL STATS

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TESTIFIED

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NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
✓ 1. MATTHEW IYA/KAWERAK	BOX 948, NOME	443-5231	

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- 3.
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OBSERVED

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NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
✓ 1. BOB WALSH/DCRA	BOX 1068, NOME	443-2274	
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TESTIFIED: 1
UNABLE: 0
OBSERVED: 1
TOTAL: 2

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* DELIVER TO: LHSCMNF
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* ORIGINAL
* SENT: 11/14/88 TIME: 11:33
* FROM: LTCCFBX
* SUBJECT: HCRA;FS;BLOCK GRANTS;11-14
* PRINT DATE: 11/14/88 TIME: 12:04
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DATE: NOVEMBER 14, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
SUBJECT: LEG. PUBLIC HEARING: DCRA BLOCK GRANTS
MODERATOR: MELBA
SITE: FAIRBANKS

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PARTICIPANT LIST  
FINAL STATS

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TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. DICK FARRIS,	BREAD LINE, BOX 73329,	FBX 99707	456-8317

*FA*

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OBSERVED



	NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.	JO COOPER, DCRA,	1001 NOBLE #430, FBX 99701	452-4468	
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TESTIFIED: 1  
UNABLE: 0  
OBSERVED: 1  
TOTAL: 2

START TIME: 10 00 A.M.      END TIME: 11.25 A.M.

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* SUBJECT: HCRA;FS;DCRA;11-14-88
* PRINT DATE: 11/14/88 TIME: 12:04
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DATE: NOVEMBER 14, 1988  
SPONSOR: COMMUNITY AND REGIONAL AFFAIRS  
SUBJECT: DEPT. OF COMMUNITY AND REGIONAL AFFAIRS  
SITE: BETHEL  
MODERATOR: DEE STELMACH

FINAL STATS

*BSJ*

OBSERVED:

1. MARY PIRTZ, CRA, BOX 348, BETHEL, 543-3475
2. EVELYN PENSGARD ( SAME AS ABOVE)
3. ORIE WILLIAMS (SAME AS ABOVE)

TESTIFIED: -0-  
 UNABLE: -0-  
 OBSERVED: 3  
 TOTAL: 3

TIME IN/OUT: 10:05 AM-11:25 AM.

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 \* DELIVER TO: LHSCMMF \*  
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 \* ORIGINAL \*  
 \* SENT: 11/14/88 TIME: 11:41 \*  
 \* FROM: LICCKOD \*  
 \* SUBJECT: H.CRA;FS;BLOCK GRANTS;11-14-88 \*  
 \* PRINT DATE: 11/14/88 TIME: 12:04 \*  
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DATE: NOVEMBER 14, 1988  
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS

SUBJECT: BLOCK GRANTS  
MODERATOR: LORNA STEELMAN  
SITE: KODIAK L.I.O.

FINAL STATE

KOD

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TESTIFIED

✓ NAME/REPRESENTING ADDRESS PHONE BILL NO.  
1. KATHY HOLLSTEIN, CITY OF KODIAK, BOX 1397, 99615 - 486-3224

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- 3.
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OBSERVED

NAME/REPRESENTING ADDRESS PHONE BILL NO.  
1.  
2. NO OBSERVERS  
3.  
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TESTIFIED: 1  
UNABLE: 0  
OBSERVED: 0  
TOTAL: 1

START TIME: 10:00 AM END TIME: 11:25 AM

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* SUBJECT: HCRA,FS;BLOCK GRANTS;11-14
* PRINT DATE: 11/14/88 TIME: 12:05
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DATE: NOVEMBER 14, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
SUBJECT: LEG. PUBLIC HEARING: DCRA BLOCK GRANTS
MODERATOR: MELBA
SITE: FAIRBANKS

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PARTICIPANT LIST  
FINAL STATS

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TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. DICK FARRIS, BREAK LINE			
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OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. JO COOPER, DCRA			
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TESTIFIED:  
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DATE: NOVEMBER 14, 1988  
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS  
SUBJECT: LEG. PUBLIC HEARING: DCRA BLOCK GRANTS  
MODERATOR: WALLY FLITT  
SITE: FORT YUKON

PARTICIPANT LIST  
FINAL STATS

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TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
✓ 1. PAT STANLEY, PO BOX 215,	FORT YUKON 99740	662-2587	

- 2.
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OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. BETTY FLEENER,	NATIVE VILLAGE OF FORT YUKON		
2.	PO BOX 126, FORT YUKON 99740	662-2587	
3. PAUL SHEWFELT,	TRIBAL COUNCIL		
4.	PO BOX 126, FORT YUKON 99740	662-2587	
5.			

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TESTIFIED: 1  
 UNABLE: 0  
 OBSERVED: 2  
 TOTAL: 3

START TIME: 10:00 A.M.                      END TIME: 11:25 A.M.

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* SUBJECT: FS;HCRA;BLOCK GRANTS;11-14
* PRINT DATE: 11/14/88 TIME: 12:06
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DATE: NOVEMBER 14, 1988  
 SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS  
 SUBJECT: BLOCK GRANTS  
 MODERATOR: INEZ  
 SITE: ANCHORAGE

PARTICIPANT LIST  
 FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. REPRESENTATIVE SPRINGER			
2. REPRESENTATIVE COLLINS			
3. REPRESENTATIVE ZAWACKI			
4. ✓ CHUCK AKERS, DCRA	949 E. 36TH AVE, ANCH	561-0900	
5. ✓ JEANINE KENNEDY, RURALCAP	BOX 200908, ANCH	279-2511	
6. ✓ JONATHON SOLOMON	FORT YUKON, AK 99740	662-2415	
7. ✓ DAVID K. ELUSKA SR.	BOX 5071, AKMOIK 99615	836-2229	
8. ✓ MARGARET CASEY, BEAN'S CAFE	BOX 100940, ANCH 99510	274-9595	
9. ✓ WILLIAM W. TREFON SR.	GENERAL DELIVERY, NONDALTON	NONE	
10. ✓ GEORGE G. KOKTELASH, SR.	NONDALTON, AK		

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. ✓ LESLIE TOOMBS, DCRA	949 E 36TH, S.#404, ANCH	563-1955	
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TESTIFIED: 10  
 UNABLE:  
 OBSERVED: 1  
 TOTAL: 11







File Contents

DCRA Block Grants, '89

<u>No.</u>	<u>Description</u>
1.	Cover memo from Fischbach, HCRA Aide, 11/7/88
2.	Cover memo from DCRA, 11/1/88, on Community DEVELOPMENT Block Grant-Redi Program
3.	Draft State Plan, Community DEVELOPMENT Block Grant-Redi Program
4.	Cover memo from DCRA, 11/1/88, on Community SERVICES Block Grant Program
5.	Draft State Plan, Community SERVICES Block Grant Program
6.	Proposed Revisions - Community SERVICES Block Grant Program State Plan
7.	Letter from Jeanine Kennedy, RurAL CAP, 10/26/88, Suggested Amendment

CSBG.FIL  
11/9/88

File Contents

DCRA Block Grants, '89

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1.	Cover memo from Fischbach, HCRA Aide, 11/7/88
2.	Cover memo from DCRA, 11/1/88, on Community DEVELOPMENT Block Grant-Redi Program
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6.	Proposed Revisions - Community SERVICES Block Grant Program State Plan
7.	Letter from Jeanine Kennedy, RurAL CAP, 10/26/88, Suggested Amendment

① DCRA Block Grants '89



# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4833

#### M E M O R A N D U M

To: HCRA Members

From: Martha Fischbach, HCRA Aide *MF*

Date: November 7, 1988

Subject: Community Service Block Grant (CSBG) and Community Development Block Grant (CDBG) Programs

As in past years, a legislative hearing for the purpose of taking public testimony is required by the state and federal governments in order to receive funding from the federal government for the CSBG and CDBG programs.

#### CSBG

Approximately \$750,000 will be available for CSBGs. The attached FY 89 draft plan includes technical revisions to the FY 88 Final Plan. 90% of the funds are distributed to eligible Community Action Agencies and 10% go to the State for administration and discretionary activities. The Rural Alaska Community Action Program (RurAL CAP) and Southeastern Alaska Community Action Program (SEACAP) are the prime recipients of these funds.

#### CDBG

Approximately 4% less than last year's \$1,510,000 is expected for the CDBG program. Substantial changes include the separation of the CDBG-Rural Economic Development Initiative (REDI) and Rural Development Assistance (RDA)-REDI handbooks, elimination of the pre-application stage funding for the new Rural Economic Development Revolving program will be ready in June of 1989 and more information has been provided applicants through more detailed criteria and ranking for all categories. Some technical changes were made.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RURAL DEVELOPMENT DIVISION

② DCRA Block Grants '89

STEVE COWPER, GOVERNOR

P.O. BOX BC  
JUNEAU, ALASKA 99811-2110  
PHONE: (907) 465-4890

949 E. 38TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1955

P.O. BOX BD  
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PHONE: (907) 465-4814

1001 NOBLE STREET, SUITE 430  
FAIRBANKS, ALASKA 99701-4948  
PHONE: (907) 452-4468

P.O. BOX 1068  
NOME, ALASKA 99762-1068  
PHONE: (907) 443-2274

P.O. BOX 348  
BETHEL, ALASKA 99559-0348  
PHONE: (907) 543-2885

November 1, 1988

Dear Legislators, Mayors, and Interested Persons:

The Department of Community and Regional Affairs is pleased to attach a draft copy of the FY89 Community Development Block Grant-Rural Economic Development Initiative (CDBG-REDI) Application Handbook for your review and comment.

The CDBG-REDI grant program is funded through federal Department of Housing and Urban Development block grant funds. This is the second year of the department's Rural Economic Development Initiative program, which emphasizes the overall goal of enhancing the quality of life in Alaska's rural communities by:

- Increasing business and employment opportunities;
- Promoting self-sufficiency and diversification in local economies;
- Expanding the capacity of local communities to plan and support economic development; and
- Meeting situations which impact the community's health and welfare in such a manner as to promote long-term solutions.

To achieve these goals, the CDBG-REDI program will offer grants to eligible communities in all three categories: Economic Development, Community Development, and Technical Assistance/Planning. By May, 1989 the Department will also have in place a CDBG supported loan fund for economic development projects only.

A public hearing will be held on Monday, November 14, 1988, between 10:00 a.m. and 11:30 a.m., to solicit public comments from interested parties, on the CDBG-REDI program. Comments on the State Community Services Block Grant Program (CSBG) will also be heard at this hearing, following the CDBG comments.

Legislators, Mayors, and Interested Persons  
November 1, 1988  
Page Two

The Department will use the Legislative Teleconference System with the following teleconference sites on line:

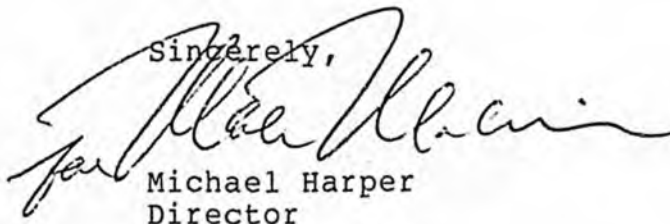
Anchorage, 3111 "C" Street, Suite 150;  
Barrow, Christian Education Building;  
Bethel, 309 Willow Street;  
Cillingham, Kangilqutaq Office Building;  
Fairbanks, 119 North Cushman Street, Suite 101;  
Fort Yukon, Tribal Council Office;  
Juneau, Capitol Building, Room 205;  
Ketchikan, 352 Front Street;  
Kotzebue, Eskimo Building, 333 Front Street;  
Nome, Second Floor, State Building, Front Street; and  
Sitka, 210 Lake Street.

Written comments will be accepted until the close of business on November 25, 1988, and must be sent to:

Judith A. Holden, Block Grants Administrator  
Department of Community and Regional Affairs  
Rural Development Division  
P. O. Box BC  
Juneau, Alaska 99811

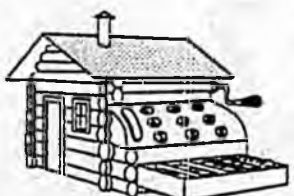
This Public Hearing is both a state and federal requirement. The Department of Community and Regional Affairs welcomes your comments on its Community Development Block Grant - Rural Economic Development Initiative program. It is our desire and intention to be responsive to the needs of the people of rural Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Harper".

Michael Harper  
Director

Enclosure: Proposed FY89 CDBG-KEDI Handbook



**Grants**

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**Outreach**

**Rural Economic Development Initiative Program**

**DRAFT**

**Community Development  
Block Grant Program**

**FY89 Final Statement  
and Application Handbook**

**October 1988**

**State of Alaska  
Steve Cowper, Governor**

**Department of Community and Regional Affairs  
David G. Hoffman, Commissioner**



RURAL ECONOMIC DEVELOPMENT INITIATIVE  
 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 APPLICATION HANDBOOK

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RURAL ECONOMIC DEVELOPMENT INITIATIVE  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

GENERAL APPLICATION SCHEDULE FOR 1988

Application materials available	December 1, 1988
Applications due	January 31, 1989
Grants awarded	March 15, 1989

NOTE: An additional award cycle for The Department's new Rural Economic Development Revolving Loan program, for the funding of for-profit economic development projects, will be announced in the spring. Funding levels for these loans will probably be for a maximum of \$50,000 per project..

RURAL ECONOMIC DEVELOPMENT INITIATIVE  
COMMUNITY DEVELOPMENT BLOCK GRANTS

INTRODUCTION

This Handbook contains the guidelines for Alaska's Community Development Block Grant (CDBG)-Rural Economic Development Initiative (REDI) program. The CDBG-REDI program uses funds from the federal Department of Housing and Urban Development's Community Development Block Grant (CDBG) program. The overall goal is one of enhancing the quality of life in Alaska's communities, through an emphasis on economic development projects in and for rural Alaska.

The guidelines describe the general requirements which will apply to all local governments requesting CDBG-REDI funds as well as the specific requirements and ranking criteria which will be used to evaluate applications.

The following GOALS AND OBJECTIVES have been established to guide the distribution and use of funds under the State of Alaska's program:

COMMUNITY AND ECONOMIC DEVELOPMENT

Goal: To promote activities which encourage community self-sufficiency and diversification in local economies.

Objective: Increase business and employment opportunities.

Objective: Provide funds to support projects which expand the capacity of local communities to plan and support economic development.

Objective: Provide funds to support projects for the development of infrastructure which creates revenue or employment.

Objective: Provide funds to support the development of new or existing local businesses which promote/provide import substitution and/or export development.

Goal: To reduce or eliminate those conditions which are detrimental to the health and welfare of local communities and to reduce the cost of essential community services.

Objective: Provide funds for projects which impact a community's health and welfare in such a manner as to promote long-term solutions.

Objective: Provide funds for projects which upgrade or construct essential community facilities, provide a safer community environment, and/or reduce the operational and maintenance costs of those services.

To achieve these goals, the CDBG/REDI program offers grants and/or loans to eligible communities in three categories. They are: Economic Development, Community Development, and Technical Assistance/Planning.

\*A. BACKGROUND ON H.U.D. FUNDING

The Housing and Community Development Act of 1974 has historically provided discretionary federal funds administered by the U.S. Department of Housing and Urban Development for non-entitlement community projects which principally benefit low and moderate-income persons. The Omnibus Budget Reconciliation Act of 1981 made fundamental changes in the transfer of power and decision-making with respect to these Community Development Block Grants. Each state now has the option to administer the block grants for all its non-entitlement areas.

During FY82 the State of Alaska elected to administer Community Development Block Grant (CDBG) discretionary funds for the State's non-entitlement areas (also known as the Small Cities Program). HUD proposed regulations on November 20, 1981 which described how states could assume administrative authority for these discretionary funds. The State of Alaska assumed administration of the program during FY82. In compliance with those regulations the State of Alaska is now making application for its seventh year of funding by submitting this Final Statement for administration of the non-entitlement Community Development Block Grant for FY89.

B. PREVIOUS USE OF C.D.B.G. FUNDS

Last year, the State selected seventeen communities, through a competitive selection process, to receive FY88 CDBG funds. Each community selected was reviewed for its compliance with Federal and State goals and objectives. Applications were funded for five Community Development projects, nine Economic Development (including economic development infrastructure) projects, and three economic development Technical Assistance projects.

In addition to the benefit to Low- and Moderate-income Persons, projects met one or more of the following objectives:

1. Promote health and welfare of community.
2. Upgrade or create facilities to provide safer community environment.
3. Reduce cost of essential community services.
4. Promote community self-sufficiency.
5. Relieve adverse conditions caused by external development.
6. Provide infrastructure for economic and/or employment generators.

C. FEDERAL OBJECTIVES

According to requirements outlined in Title I of the Housing and Community Development Act of 1974 (as amended through 1983) the State of Alaska must insure that each funded activity meets at least one of the three national objectives. These include: "(1) ...the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families, or (2) aid in the prevention or elimination of slums or blight, and (3) the projected use of funds may also include activities which are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs."

The State of Alaska gives the highest priority to CDBG-REDI Grant activities which will principally benefit low- and moderate-income families.

D. DISTRIBUTION OF STATE FY89 H.U.D. FUNDS

The State of Alaska expects to receive an amount approximately four percent (4%) less than the FY88 allocation of \$1,510,000 as advised by the HUD Seattle Regional Office.

These funds will be distributed as described in this Final Statement.

## I. GENERAL INFORMATION

### A. FUNDING CATEGORIES

1. Economic Development - projects should accomplish one or more of the following:

Support those projects that will increase the number of jobs in the State;

Promote economic recovery in small communities heavily dependent on a single industry;

Support the development of the State's small businesses, especially those owned by women and minorities; Emphasize development in underdeveloped rural areas;

Emphasize development in underdeveloped rural areas;

Promote energy conservation in rural areas, or;

Encourage projects that assist businesses selling goods and services in markets for which national or international competition exists.

An emphasis will be placed on this category of CDBG-REDI funds. A majority of the funds available will be awarded for Economic Development projects.

See Chapter XI for special requirements and ranking criteria which are specific to the Economic Development category.

Maximum grant amount for the Economic Development category is \$200,000.

2. Community Development - projects should develop basic community facilities or infrastructure for the economic development of a community. Typical projects include those from the following list:

Public utilities, including water and sewer systems, electrical distribution and interties and fuel and gas distribution systems;

Transportation improvements, including local service roads and trails, airports, barge facilities or subsistence access areas;

Fixed plant facilities, including manufacturing facilities, transmitters and generators; or,

Buildings and structures, including storage facilities, warehouses, aircraft facilities, fire stations, docks, clinics and daycare facilities.

This list is not all inclusive, but rather is noted to give general direction to applicants. Maximum grant amount for the Community Development category is \$100,000.

3. Technical Assistance/Planning - Technical Assistance and/or Planning grants will be available to all eligible communities for their technical assistance needs for potential projects or existing project improvements, and for community planning needs. Examples include:

Market feasibility studies, assessments of various kinds, economic feasibility for business plans, and a wide range of economic development or community development concerns; and

Capital improvement plans, land use or comprehensive plans, community economic development plans, maps, surveys, or up-date of any of the above.

This list is not all inclusive, but rather is noted to give general direction to applicants. Maximum grant amount for the Technical Assistance/Planning category is \$50 000.

#### B. SINGLE-PURPOSE PROJECTS

CDBG-REDI funds are for single-purpose projects. An applicant may propose ancillary activities with CDBG-REDI funds as long as they are related to the main activity and, taken together, do not exceed the funds requested for the main category. If more than one activity is proposed they all must clearly relate to the single need established and be required to accomplish it.

#### C. PAST RECIPIENTS

A past recipient of CDBG funds is not eligible to apply for more CDBG-REDI funds until the following conditions have been met:

Fiscal Year 1986 grantees - 90% of non-administrative funds drawn down or project completed; and,

Fiscal Year 1987 grantees - 75% of non-administrative funds drawn down or project completed.

Fiscal Year 1988 grantees - 50% of non-administrative funds drawn down or project completed;

#### D. GRANT/LOAN AMOUNT

The maximum amount that may be awarded for a single grant in a program year for each category is:

Economic Development	\$200,000.
Community Development	\$100,000.
Technical Assistance/Planning	\$ 50,000.

The State may offer an applicant an amount for more than or less than the amount applied for.

#### E. PROJECT ADMINISTRATION

Grantees may use up to a maximum of 10% of the total funds awarded for project administration. The State reserves the right to negotiate a percentage less than 10% for administrative costs if it determines the project can be successfully completed with a lesser amount for administration.

To ensure that the timely completion of projects and reporting requirements are met, up to 10% of the grantees administrative allocation may be withheld until the project is closed out. Allowable audit costs and related administrative expenses will be reimbursed up to the amount of administrative funds retained.

#### F. JUSTIFICATION FOR GRANT REQUEST

The Alaska CDBG-REDI Program is intended to supplement the efforts and financial resources of local governments in dealing with their most serious needs. Because of the limited funds available, the State CDBG-REDI Program cannot be expected to serve as a source of general support for ongoing economic or community development activities. With the limited State and federal funds available for support of local economic or community development activities, it is in the best interest of all Alaskan communities that each applicant seek out and coordinate with all other appropriate potential financial resources in order to increase the impact of their CDBG-REDI project upon local needs.

Each applicant must demonstrate that the proposed CDBG-REDI activities offer a solution to an identified economic or community development need which could not reasonably be accomplished by the applicant without DCBG-REDI assistance. The applicant must substantiate that other private or local, State or federal resources are not available at reasonable cost to address the identified need and must demonstrate that the level of local financial participation in the proposed project is the maximum that it can reasonably be expected to provide.

## G. COMMUNITY ASSESSMENT

All applicants are required to submit planning documents with the Application.

Entities submitting Applications under the Community Development or Technical Assistance/Planning categories will simply need to provide documentation that the proposed project has been considered by the community and that the project was discussed at the public hearing required of all CDBG-REDI applicants. (See Section I, Citizen Participation.) This abbreviated planning process is intended to promote better coordinated strategies for addressing local needs, particularly as they affect low and moderate income persons.

There is no one recommended procedure for preparing a community needs assessment. Examples of documentation that will satisfy this requirement for applicants under the Community Development or Technical Assistance/Planning categories are:

- community survey;
- community-wide town meeting;
- community profile which identifies the proposed project;
- proposal from a short-term committee established specifically for this grant requirement, or;
- actual planning documents the applicant has prepared (e.g., comprehensive plans, community development objectives, ....)

The project proposed in the applicant's CDBG-REDI Application does not have to be the highest priority community need. There are a number of reasons, including the availability of other, more appropriate local, state or federal resources, which would justify submitting a REDI application for other than the top-ranked community need.

For entities applying for funding under the Economic Development grant category, the above requirements must be satisfied with the Application. Further, the applicant must include a description of needs with the Application, which summarizes:

(a) The process used to identify community needs and establish priorities and objectives, including efforts to encourage meaningful participation of local citizens, particularly those of low and moderate incomes;

(b) The planned activities to be taken to meet the identified needs; and

(c) The alternative projects considered for CDBG-REDI funding and the rationale for selecting the proposed project(s).

The needs assessment requirement can provide an opportunity to review existing capital improvements or economic development plans to determine if they still adequately reflect current conditions, needs and community goals.

A summary of the applicant's Community Needs Assessment must be submitted as part of the CDBG-REDI application for funding under the Economic Development category.

The needs assessment process does not have to be conducted annually for applicants applying for CDBG- REDI funds if a previously prepared needs assessment still accurately reflects existing conditions and community development objectives and meets the requirements set out above. If an existing needs assessment will be used as the basis for application or, in the case of possible reapplication, the applicant should solicit public comment on the previously identified community needs and priorities at the public hearings required by Chapter I, Section H, Citizen Participation.

#### H. CITIZEN PARTICIPATION PLAN

Applicants must provide citizens, especially low and moderate income residents, an adequate opportunity for meaningful involvement in the planning and development of REDI applications. The following Citizen Participation Plan requires that:

1. The applicant must hold at least one public hearing. The purpose of the public hearing is to give citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's REDI application, before it is submitted. The issues which should be considered include the proposed project location, activities, budget (including the estimated amount proposed to be used for activities that will benefit low- and moderate-income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate income), and, if appropriate, the plans of the applicant for minimizing displacement of persons, when applicable, as a result of activities funded with REDI funds;

2. The public hearing must be held not more than three months prior to the submission date of the Application. A record of the required hearings must be submitted with the Application for CDBG-REDI funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens, or a tape of the proceedings, is sufficient (See Attachment G);

3. Technical assistance must be provided to persons who request assistance in developing or understanding proposals presented;

4. When requested and practicable, written response to written complaints and grievances regarding proposals must be given; and

5. When a significant number of non-English speaking residents are expected to participate, they must be assisted in understanding the public hearing proceedings.

#### I. RIGHT TO RENEGOTIATE

If other funding, from the state, federal, or other sources, is withdrawn, reduced, or limited in any way after the effective date of an award and before the completion of performance, the Department may terminate the grant. If the Department determines that it is in the best interests of the state, it may renegotiate the terms of the award in accordance with the new funding limitations and conditions.

#### J. LEVERAGE

Leverage is a term used to refer to the participation and use of non-CDBG-REDI resources in local CDBG-REDI funded projects. With the limited State and federal funds available for support of local projects, it is in the best interest of the State, and Alaska communities, that applicants seek out and coordinate with other appropriate potential financial resources in order to increase the impact of their CDBG-REDI projects upon local needs. In preparing the proposed budget for the Application, the applicant should identify the sources and uses of funds and the amounts to be contributed by each financial source. Usually, an applicant that indicates participation of non-CDBG-REDI dollars will be considered before an applicant requesting 100% funding of a project with all CDBG-REDI dollars. Another factor coming into play in such cases will be demonstrated degree of need. Non-CDBG-REDI funds may come from a variety of sources, such as bank loans, loans or grants from other State or federal agencies, or funds to be provided by the applicant.

Equipment and inkind services may apply as leveraging towards CDBG-REDI funds. This would be contingent upon the proposed inkind or equipment costs being reasonable or verifiable. If an applicant's equipment costs are counted as leverage then operation and maintenance costs of the equipment are not allowable CDBG-REDI grant costs.

Costs incurred prior to Application, or the refinancing of existing debt will not be considered as leverage.

The ratio of non-CDBG-REDI dollars to requested CDBG-REDI dollars will be compared to other applications submitted for the competition and past applications. A very low ratio may be less competitive; an excessively high ratio may indicate a questionably low level of need for CDBG-REDI assistance. The Department would look for a base target of leveraging to start at one leveraged dollar to every one CDBG-REDI dollar requested.

#### K. LOW AND MODERATE INCOME (LMI) PERSONS

The State of Alaska believes that those persons with low and moderate incomes as defined by the federal government suffer obvious economic hardships. Therefore, in compliance with the federal requirement, the State of Alaska requires that 60 percent of CDBG-REDI funds must be used for activities that principally benefit low and moderate income persons and address the identified needs of the low and moderate income persons of the applicant's community.

Each Applicant must document in its application that a minimum of 60 percent of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of persons of low and moderate income in the area. Applicants must demonstrate that any activities proposed will not benefit moderate income persons in a manner which would exclude or discriminate against low income persons.

On February 5, 1988, the Housing and Community Development Act of 1987 became law and amended the federal Housing and Community Development Act. One amendment, a change in the definition of "low and moderate income person," has affected communities which are considering applying for CDBG funds. In particular, this change affects the income levels which are used to determine the eligibility of families and local governments for CDBG assistance.

Under the new definition, "low and moderate income" is now based on the higher of either:

- 80% of the median income for your community; or
- 80% of the median income for the entire nonmetropolitan area of the State (all of Alaska excluding the Municipality of Anchorage).

Details for determining your Low and Moderate Income Status can be found in Appendix E.

Compliance with the benefit to low and moderate income requirement is calculated on an activity-by-activity basis. The following general guidelines can be used in determining, on a case-by-case basis, which projects (activities) will be considered as benefiting low and moderate income households:

- the project has income eligibility requirements that limit the benefits of the project to low and moderate income persons; or
- the project serves an area in which at least 60 percent of the residents are low and moderate income persons and provides services for such persons; or
- the project will retain current jobs or create new jobs, 60 percent of which will be filled by or made available to persons of low and moderate income, or
- the activity must be carried out prior to or as an integral part of a project which will principally benefit low and moderate income persons (e.g., extension of water and sewer lines to permit construction of low income housing, or a new manufacturing facility which will create employment for low and moderate income persons).

Applicants proposing to use CDBG-REDI funds for areawide activities (such as a community-wide public facility project) must provide income data to demonstrate that at least 60 percent of the persons who would benefit from CDBG-REDI assistance have low or moderate incomes.

Applicants intending to conduct local surveys of household income must utilize the income levels and guidelines described in Appendix E. An applicant's failure to assure a statistically valid and sufficiently random sample for a local income survey will be considered sufficient grounds to discount claims made for percentage of benefit to low and moderate income persons during the application ranking process. If an applicant intends to use an alternative format or methodology, it must seek prior approval from the DCRA before conducting the survey.

## II. ELIGIBLE APPLICANTS

There are several categories under which an applicant may qualify and apply for a CDBG-REDI Grant. Eligible applicants are limited to general purpose local governments, boroughs, incorporated cities and villages, and consolidated city-borough governments.

An eligible entity (applicant) is defined as:

1. Any municipal government entity as defined by Title 29 of the Alaska Statutes, (i.e., home rule, 1st, 2nd, and 3rd class boroughs, unified municipalities, and 1st and 2nd class cities) which exercises powers consistent with the proposed project, and which is a non-entitlement jurisdiction as defined by the Federal Department of Housing and Urban Development. (i.e., all municipal jurisdictions except the Municipality of Anchorage may apply).

### 1) Joint Applicants-

If the Department or an eligible entity sees the opportunity to bring together two or more eligible entities for a project, a Joint Applicant Agreement may be proposed between the eligible entities. If one or more communities (eligible entities) present a Joint Applicant Agreement, this flexibility may provide for additional funding levels as well as increase demonstrated need and/or potential for success of the project (See Appendix for sample form.).

### 2) Co-Applicants-

When an eligible entity (non-profit or for-profit organization, agency or business) wishes to conduct a project which it feels will benefit the community, an eligible applicant may agree to submit an application with this cooperating entity. In such cases, a Cooperative Agreement must be in place prior to the Application being submitted for consideration (See Appendix for sample form.).

Applicants should be aware that they will be accepting very important responsibilities and liabilities if a grant is awarded. When the applicant provides CDBG funds to a business, it is responsible for ensuring that the business complies with all state and federal requirements, fulfills the projected hiring goals and complies with applicable agreements.

### III. ELIGIBLE AND INELIGIBLE ACTIVITIES

#### A. ELIGIBLE ACTIVITIES

The Alaska CDBG-REDI program has limited financial resources and, therefore, the following activities have been selected as State priority activities for funding from the Alaska CDBG-REDI program:

1. Those projects which have the greatest potential for creating long-term employment opportunities for low and moderate income Alaskans and for providing other long-term benefits to the state's economy. In addition, those projects which provide assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project will be considered. Application must be in conjunction with one of the entities detailed at Chapter II, Eligible Applicants. For projects involving a private, for-profit entity and a public entity, a Cooperative Agreement must be fully executed. (See Appendix A for example of Cooperative Agreement format.)

2. Those projects which promote economic development through improvements to the infrastructure of a community. Those projects listed under Community Development projects (See page 4) meet the State's priority as it relates to the development of infrastructure for economic development.

In rating applications, the state will give additional points to communities who choose activities that fall within the state priorities.

#### B. INELIGIBLE ACTIVITIES

1. GOVERNMENTAL OFFICE SPACE - Buildings or portions thereof, used predominantly for the general conduct of government cannot be assisted with CDBG-REDI funds. These buildings include, but are not limited to: local governmental office buildings, police stations, courthouses, and other headquarters of government where the governing body meets regularly. If CDBG-REDI funds are intended to be used in a facility which includes an ineligible use, refer to the paragraph below on multiple use buildings which contain both eligible and ineligible uses.

B. INELIGIBLE ACTIVITIES, Continued

2. MULTIPLE USE BUILDINGS - Public facilities which contain both eligible and ineligible uses may be partially funded. Funding may be provided for the eligible portion of a multiple use building containing ineligible uses if the following two conditions are met: (1) the eligible portion must occupy a designated and discrete area within a larger facility, and (2) the community must be able to demonstrate that it has adequate funds available to cover the pro rata share of the ineligible portion of the facility by providing documentation that they have committed funds for the ineligible portion.

3. GENERAL GOVERNMENT EXPENSES - Expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance with CDBG-RFDI funds.

4. MAINTENANCE AND OPERATION EXPENSES - The general rule is that any expenses associated with repairing, operating or maintaining public facilities, services, or equipment is ineligible. Examples of ineligible operating and maintenance expenses are: Maintenance and repair of streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for the handicapped, parking, similar public facilities, and equipment.

5. FURNISHINGS AND PERSONAL PROPERTY - The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible unless:

it is to be used for operation of a landfill;

it is to be used as fire fighting equipment;

it is necessary for the ongoing operation of a facility, such as manufacturing or processing equipment or appliances, or;

it is to be used for maintaining streets, roads, dikes, ramps, or airports, or similar structures.

CDBG-RFDI funds may be used, however, to pay depreciation or use allowances for equipment (in accordance with OMB Circulars A-87 or A-122 as applicable), although the Department would expect an entity to offer their equipment as leverage. The Department does not want to purchase equipment if the equipment is not an integral part of the project being funded with CDBG-RFDI funds.

#### IV. PROGRAM INFORMATION

##### A. AGREEMENTS

Agreements must be signed by the highest elected official of the community (or communities/cooperating entities if it is a Joint Application or Cooperative Agreement) and returned to DCRA within 2 weeks of receipt.

##### B. LENGTH OF PROJECT

Grants will be awarded for a single year. If necessary and allowable, grants may be extended for more than one year to complete projects.

##### C. PROGRAM INCOME

Program income is defined as the income earned by a REDI recipient or sub-recipient on CDBG-REDI funds provided. For example, interest earned, user fees, or the sale of assets acquired with CDBG-REDI funds would be program income. Recipients of CDBG-REDI funds must report all program income earned on REDI funds, to DCRA when requesting payments. Loan repayments made by an entity when the loan was funded with CDBG-REDI dollars is also defined as program income. Income generated by an entity assisted with CDBG-REDI funds is not considered to be program income.

If program income is earned during the term of a project, it must either be: 1) added to funds committed to the project, after advising DCRA, and used to continue the activity from which such program income was derived, or, 2) it may be returned to the State. Program income received after a project is completed may be treated by a grantee as miscellaneous non-CDBG-REDI revenue.

An applicant proposing to retain program income must submit, with its application, a plan for the ongoing use and financial administration of program income and must retain the following records of program income:

- sources of program income;
- dates and amount of program income deposits;
- interest earned;
- dates and amounts of all disbursement of program income; and
- the activities funded with program income.

In addition, communities that apply for subsequent REDI grants must retain these records. An entity may elect to return program income to the State, if it desires; or, if the entity determines it does not have the recordkeeping capabilities necessary to maintain adequate accounting for the retention of program income.

Program income received after a project is completed is considered to be miscellaneous revenue and does not need to be reported to the Department. The one exception to this is if an entity were to receive another CDBG-REDI grant before the first project was closed. If this were the case, then any program income generated by the first REDI grant would have to be used to support the second CDBG-REDI project before additional CDBG-REDI funds could be released.

#### D. SANCTIONS

The Department may bar a recipient from applying for REDI funds, withhold unallocated funds, require return of unexpended funds, require repayment of expended funds or require return of program income, if during the project period, the Department finds that:

1. None of the project activities has begun within six months after the grant award; or
2. Private party agreement is not legally binding within 6 months of the award; or
3. Federal or State statutory regulations have not been met; or
4. There is a significant deviation from the proposed activities at the time of or after funding; or
5. There has been a finding that significant corrective actions are necessary to protect the integrity of the project funds, and those corrective actions are not, or will not be, effected within a reasonable time.

No action will be taken by the Department until the recipient has been notified in writing and has been given a reasonable time to respond and correct the deficiencies noted.

## E. RECORDKEEPING AND REPORTING

The community will maintain records specified in the contract and the regulations governing the program. These records will include information pertaining to environmental review, equal opportunity and labor standards, when applicable. They will also include information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays and income.

In addition to basic recordkeeping, communities will also be required to submit financial and progress reports/requests for funds as specified in the agreement, on forms provided by DCRA.

These reports detail the status and progress of the local program. The reports allow the State to analyze the submitted data and assess the State's effectiveness in meeting program objectives and requirements, and can assist the State in future planning. The State will submit a comprehensive Annual Report to HUD based on this input as applicable. Through these various reports, information regarding the CDBG-REDI program can be communicated to elected officials, public interest groups, and private citizens. Should a community fail to comply with reporting requirements, or should they fail to meet required progress in implementing their grant program, payments may be withheld, or the award withdrawn.

## F. ACCESS TO RECORDS

The Department and other State and Federal officials authorized by the Department may examine, excerpt, or transcribe any pertinent records, documents, papers and books of the community, and of persons or organizations with which the community may contract, involving transactions related to the project and the contract.

## G. MONITORING

DCRA Regional Office Staff will be responsible for the regular review of community performance in the proper management and use of CDBG funds. This monitoring will be performed on a periodic basis throughout the grant period and will involve telephone contact, written communications, analysis of reports and on-site visits when possible. It will be the purpose of this review process to reinforce, improve and augment the community's capacity to administer their project by identifying potential problem areas, and initiating corrective action to prevent deficiencies.

A monitoring letter outlining specific review findings will be sent to the community with recommendations reflecting corrective action required, if any, and a due date for the corrective action to be in place. When the Regional Office confirms that the appropriate corrective action has been taken, a letter shall be sent to the community stating that the finding(s) is closed.

## H. RECAPTURED FUNDS

Recaptured funds are those which are returned to the State through close-out of a grant, termination for cause, or other means. Recaptured funds will be redistributed in a timely manner to qualified recipients for projects in all categories, according to the criteria used in the year the funds are being RE-AWARDED, not according to the criteria used in the year the funds were originally granted by HUD to the State.

## I. AUDITS

Recipients are responsible for having their projects audited for program and financial compliance. The recipients shall comply with the audit requirements established by 02.AAC.45.010 and the federal A128; Audits of State and Local Governments, set forth in Appendix D; except that the minimum threshold triggering the audit requirements is \$25,000 if federal financial assistance of at least that amount is received in a program year. The Department will notify grantees as to whether federal funds were used to fund a project and the dollar amount of federal assistance.

Payment for the audit is an eligible expense which can be paid with CDBG-REDI recipient's administrative funds. If the recipient has other funds which must also be audited, a pro rata share of the CDBG-REDI funds may be used for the audit.

If a recipient fails to arrange for required audit(s), the Block Grants Administrator may authorize and arrange for compliance with this requirement. The audit may be funded from the CDBG-REDI recipient's funds or from other available CDBG-REDI funds if none are available in the project being audited.

## J. APPEALS

For all Applications, any dispute considering a question of fact, which is not disposed of by mutual agreement, shall be decided without bias by the Commissioner of the Department of Community and Regional Affairs. The decision shall be in writing and mailed or otherwise furnished to the applicant/recipient. The decision of the Commissioner is final and conclusive, unless, it is fraudulent or not supported by substantial evidence. In any proceeding under this section, the applicant/recipient has a right to offer evidence in support of its appeal. Pending final decision of a dispute, the recipient shall proceed with the performance of the contract in accordance with the Commissioner's decision.

## K. AMENDMENTS

1. Project amendments - must have prior approval of the Division of Rural Development if they change the overall cost, scope, location, objectives, or time frame of the approved activities or beneficiaries. Failure to gain approval for amendments may result in sanctions.

The recipient may revise the project budget in the grant agreement without a formal amendment, EXCEPT the administrative line item amount and EXCEPT that such revisions are limited to a maximum of 10% of the total amount of each line item of this agreement or \$10,000, whichever is less, over the entire term of the grant agreement. Such budget revisions shall be limited to existing budget line items, and the creation of new budget line items which are within the scope of the project. Budget revisions may not be used to increase any budget item for project administrative expenses. Approval for revisions must be obtained from the Block Grants Administrator prior to being carried out.

Changes to the budget beyond the limits authorized by this provision may only be made by a formal amendment to the grant agreement.

2. To the State CDBG-REDI Program - This Program can be amended at any time by the State. Notification of the proposed changes will be sent to affected parties at least 30 days before changes are final.

The Department of Community and Regional Affairs reserves the right to make administrative changes in this plan when laws which affect the management procedures change. These changes will not be considered an amendment.

## L. WAIVER

The Director of the Division of Rural Development may waive non-statutory requirements.

## M. ENVIRONMENTAL REVIEW

Grant recipients are required to obtain appropriate environmental clearances for their projects. An environmental checklist and environmental review statement will be provided by the Division of Rural Development, for those projects which have environmental concerns or impacts. The environmental review must be completed before costs are incurred.

## N. PROJECT START-UP AND SCHEDULE

Within six months of the date of the announcement of the tentative grant award by the Alaska Department of Community and Regional Affairs, each applicant selected for CDBG-REDI funding must:

- Comply with all applicable State and federal requirements for project start-up;
- execute a grant agreement;
- submit an acceptable schedule for local CDBG-REDI project administration and implementation; and
- fulfill other appropriate grant agreement terms established by the Department.

In the event that these conditions have not been met, the tentative award will be withdrawn and the funds reallocated according to the State CDBG-REDI Program award procedures, unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time to meet these conditions.

It will take at least two months before any funds will actually be received. This delay occurs because several activities must take place in the interim. For example, the grant agreement between the grantee and Department must be prepared, the grantee must conduct a review of environmental factors, and all the details for assuring proper management of the project and the federal funds must be finalized.

## V. APPLICATION INFORMATION-GENERAL

### A. APPLICATIONS

1. Application may only be made on CDBG-REDI Program forms, or on a clear copy of these forms. Applicants MUST submit an original and five copies of all Applications AND any attachments.

2. Application forms must be completely filled out. Incomplete Applications may be returned to the applicant with a description of those items missing or incomplete. Applicants will usually first be notified by phone that the Application is incomplete. The Department, where appropriate, will offer technical assistance and may offer suggestions to correct problems with the application.

3. If a project is a multi-year project, or if it is anticipated that additional funds will be requested, from any source, in following years to complete the project, this information must be indicated on the Application. Funding adequate to complete the project must be demonstrated.

4. If a project is for infrastructure, which is to be funded from the Economic Development funding category, then the linkage to a specific Economic Development project must be described and substantiated.

Applicants must identify the source and provide supporting data for any claims made. The lack of supporting documentation to substantiate information on the Application, or falsified information, will be sufficient grounds for the Department to reject an Application and, if justified, to withdraw a tentative award unless extenuating circumstances exist which are beyond the control of the community.

5. The Application must contain the following components; however, the Department reserves the right to request additional information. (See VI., E.) Forms and instructions for preparing Applications will be provided by the Department to all eligible jurisdictions and other interested persons. The components are:

a. Project Description - A project description should describe the existing conditions, the nature of the proposed project, and what the project will accomplish or resolve. To the greatest extent possible, the application should quantify the problem, the project and its impacts.

b. Proposed Budget - which identifies, specifically how requested CDBG-REDI funds will be spent, as well as all other proposed funding sources. Funding requests must be sufficient either as proposed, or in combination with non-CDBG-REDI funding sources that the proposed project will be completed within the grant agreement period. Each applicant must propose a budget which is sufficient to assure effective administration and timely project completion.

Costs must be fully supported and explained in a narrative justification, including sources and amounts of non-CDBG-REDI funds. Documentation and firm commitments from other sources providing funds for the project must be included.

1. Costs - The total budget of any proposed CDBG-REDI project should be divided between "project costs" and "administrative costs." The administrative budget covers the costs of implementing a local project, the pro rata share of the local project audit; and other contractual costs for professional services that may be associated with administration of the project.

Administrative costs must be appropriate and commensurate with the project being undertaken. Any proposed administrative costs must be eligible, fully supported, and explained. In no case may the administrative budget for the grant exceed 10 percent of the total amount requested. (See Chapter I, Section F, Project Administration.)

Applicants which propose to contract for project management assistance must specifically itemize this amount in the administrative budget and fully explain it.

Under no circumstances may costs incurred prior to an award be eligible for reimbursement (i.e., fees for preparing an application; needs assessment; cost associated with conducting a local survey; or preliminary engineering studies).

Applicants should be especially careful to see that all potential costs for carrying out the project are identified prior to submitting the Application. Consideration must be given to such costs as:

- ° future maintenance and operation costs;
- ° compliance with state and federal requirements;
- ° preparation of reports;
- ° bookkeeping;
- ° legal services;
- ° travel for CDBG-REDI administration training or project related workshops;
- ° staff training;
- ° if applicable, conducting environmental review and publishing required public notices;
- ° appraisals;
- ° acquisition of land or easements for demonstrating site control;
- ° engineering or design costs;
- ° Davis-Bacon (prevailing wage) requirements which may increase construction costs;

- ° regulatory agency approvals (e.g., State Fire Marshal office, Department of Environmental Conservation, or Army Corps of Engineers);
- ° if applicable, relocation costs for displaced persons; and
- ° audit costs. (The Department recommends that applicants budget from \$3,000 to \$5,000 for a final project audit and a pro rata share of a state and/or federally mandated audit.)

2. Narrative - The budget must be accompanied by a narrative justification for the specific proposed CDBG-REDI project and related administrative costs, including a breakdown of total project costs which identifies sources and amount of all non-CDBG-REDI funds to be used. The cost estimates for each item in the proposed budget must be explained in the narrative. For other sources of funds, the status of these funds and how they will be used with CDBG-REDI funds needs also to be described.

c. A Schedule for Project Implementation - The Schedule should identify the time frames for major activities and expenditures and, if applicable, the coordination of non-CDBG-REDI resources for the project. Further, the applicant must commit to adhere to the schedule.

d. The applicant must also meet THRESHHOLD REQUIREMENTS (reference Threshold Requirements Checklist in Appendixes), which include:

i.) Each applicant must address the objective of assisting low and moderate income persons. (See Chapter I, Section L, Low and Moderate Income Persons).

ii.) Each applicant must have, or demonstrate ability to secure, the administrative capacity necessary to undertake and complete the project. Experienced grantees can show past performance and existing mechanisms. If an applicant has unresolved audit findings from previous CDBG-REDI grants/loans, or if there is a record of poor performance in implementing other federal or State grants, the Department reserves the right to deny application for funding.

If an applicant does not feel that it currently has the management capacity to manage a CDBG-REDI grant/loan, it may propose to hire administrative staff or arrange for project administration by another entity, after the award. In all cases, the applicant must assume direct responsibility for proper financial management of CDBG-REDI funds awarded to it.

6. The Application must be signed by the highest elected official for the applying entity or by all chief officials included in a Cooperative Agreement, this is to indicate the applicant's assurance of cooperation for and with the proposed project. If the Application is approved for funding, a formal resolution will need to be provided.

7. Completed Application forms should be sent to the Department of Community and Regional Affairs, Juneau Central Office, Attention: Block Grants Administrator.

8. Application forms for all funding categories must be received during the period specified by the Department.

9. Two or more eligible communities may join together and submit a single Application. In such a case, the total maximum amount of funding may be an amount equal to the combined funding, if each eligible community applied separately. A fully executed agreement between the communities involved must be submitted with the Application.

10. Site Control - When a proposed project requires real property, verifiable documentary evidence of title or other sufficient interest in the land or facility to be used must be provided. Site Control is documented by a deed, a lease (usually for at least 20 years), an easement, or similar document allowing the proposed activity to occur. Communities will be given six months from the date of award to acquire site control unless extenuating circumstances which are beyond the control of the community exist, which are documented then approved by the Department. If this does not happen, awarded funds may be redistributed.

11. Resolution or Ordinance - The Application for CDBG-REDI funds must be accompanied by a copy of a resolution or a motion duly adopted or passed as an official act by the applicant's governing body within six months prior to the date of the Application which:

a. to fund as requested, if at least a minimum score was received and funds are available;

b. to fund at a lesser amount, if at least a minimum score was received and funds are available; or to

c. deny funding and suggest alternative funding sources, if available.

Applications will be weighed against the criteria for the appropriate category and must obtain a minimum score in that category to be considered for funding.

## VI. APPLICATION CRITERIA

### A. GENERAL SELECTION CRITERIA

1. Detailed review of the Applications will be based on community need and the impact of the project.

2. In assessing need and impact, reviewers will consider the following factors in addition to the specific impact criteria:

- a. extent and seriousness of identifiable needs;
- b. results to be achieved;
- c. number and percent of persons in the project area benefited, given the type of application (impact);
- d. nature of benefits;
- e. the amount of funds requested;
- f. previous actions taken by the applicant;
- g. environmental concerns, if applicable;
- h. the nature of the activity; and
- i. readiness to proceed.

### B. RANKING SYSTEMS

Because of the problems faced by Alaska communities, the demand for funds from the CDBG-REDI grant programs far exceeded the amount available. CDBG-REDI ranking systems have been developed to provide an objective means to evaluate the degree to which a proposed project responds to the criteria of its type of project. Each of the project categories uses different criteria in order to provide measures which are appropriate to that category.

Applications for grant categories will be evaluated by applying the ranking criteria against proposed project activities. These criteria have been established to identify projects which are well planned and most clearly respond to the State and federal objectives of the CDBG-REDI program. Those Applications assigned at least a minimum score will be considered for funding.

### C. PROJECT CATEGORY SELECTION

The selection of the appropriate project category is the applicant's responsibility. Local officials having any concern or questions regarding the proper category for the CDBG-REDI project they are considering should contact the Department for guidance as early as possible in the application process. If an Application is submitted under an inappropriate category, the Department reserves the right to review it under the proper category. If it is determined that it is appropriate to change the category of an Application, the applicant will be notified.

### D. POINTS ASSIGNED

Not all the criteria in each category are of equal importance. Each criterion has been assigned a number representing its relative priority or weight. By reviewing the criteria and weight in potential points assigned to them, applicants should have a better sense of the major issues involved in designing a competitive proposal and the relative effort which should be devoted to responding to each criterion. Any person with a question or concern regarding the ranking criteria should contact the Department's CDBG-REDI staff prior to application.

The individual Applications submitted under each project category will vary depending upon the project activities proposed, the size and character of the entity applying, and each applicant's unique response to its community's specific needs. Because no purely quantitative measures exist which can anticipate the variety of potential community needs and all responses to them, the ranking must be, in part, subjective.

### E. APPLICATION CONTENT

In general, information submitted by the applicant after the due date for Applications for CDBG-REDI funding will not be considered unless that information is specifically requested by the Department. Applicants are expected to keep the Department informed of any developments during the review process which would impact the funding for the project or adversely affect the viability of the proposed project. The Department may contact the applicant to obtain omitted information, to clarify issues, or to verify information contained in the application.

The Department may supplement application materials, as needed, by consulting public or private agencies knowledgeable about proposed projects or particular community problems. The Department will provide for outside technical review of applications by other public or private agencies or professionals when deemed necessary to assure adequate review. Site visits may be made to the proposed project area for the purpose of verifying or further evaluating information contained in an application.

## VII. APPLICATION REVIEW PROCESS

### A. EVALUATION

An Application Selection Committee (ASC) for each project category will be appointed by the Director of the Rural Development Division from state agency staff and outside experts. Applications will be evaluated by the ASC using the appropriate criteria and numerical point systems described in the CDBG-REDI application guidelines. The ASC will recommend to the Director which Applications should be funded and appropriate funding levels.

### B. RATING

After reviewing each Application and any technical review comments, the ASC will assess the degree to which the proposed project responds to each of the applicable criteria. Scores will be assigned according to the point values established for the criteria. The lack of response to a criterion will result in zero points. If the ASC determines that the applicant has inadequately documented specific statements made in responding to a criterion, it may assign the application a lower score than would otherwise have been assigned based on the statement itself. Likewise, numerical and percentage claims will only be accepted and considered valid to the extent to which they are clearly substantiated by accompanying documentation.

### C. SELECTION

The ASC will submit their selections for grant awards to the Director for his approval, based upon the order of scores assigned by the ASC for the applicants in each category. The actual number and types of awards will be subject to funding availability, the amount of each applicant's request and the procedures set out for distribution of funds.

In the event of tie scores, projects will be selected on the basis of the Director's judgment of the overall quality of the proposed projects and their consistency with the goals and objectives of the REDI program.

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## VIII. ECONOMIC DEVELOPMENT PROGRAM AND RANKING SYSTEM (GREEN SECTION)

### A. INTRODUCTION

This chapter outlines the process by which eligible entities, either on their own or in partnership with non-profits, can benefit from public financing. The special requirements and ranking criteria which are applicable to CDBG-REDI Economic Development applicants are detailed here.

NOTE: This chapter covers the special requirements and ranking criteria which are applicable to CDBG-REDI Economic Development applications for infrastructure or other economic development non-profit projects (not FOR-PROFIT). This chapter must be read in conjunction with Chapters I-VII, which describe the general requirements and policies which are applicable to all applications for CDBG-REDI funds.

The Department expects to have a new Rural Economic Development Revolving Loan program in place by mid-spring. The loan program will consider for-profit project loans for up to \$50,000; details will be distributed after January 1, 1989. All references to loans in this CDBG-REDI Handbook are not intended to be relevant to grants.

The Economic Development category of Alaska's CDBG-REDI Program is designed to assist in providing incentives to stimulate new investment in order to expand, maintain or start local economic development activity with principal emphasis on assisting the private sector. These funds are intended to complement conventional business financing techniques and other federal programs such as the Economic Development Administration, Farmers Home Administration, and Small Business Administration. The REDI Program is also designed to complement the various other state programs offering assistance for economic development.

It is the goal of the Department of Community and Regional Affairs (DCRA) to use economic development grants and loans to increase employment, benefit low and moderate income people, and enhance Alaska's economy. The CDBG-REDI Economic Development program is designed to assist businesses by making appropriate grants or long-term, fixed-rate financing available to them at reasonable interest rates. Applications will rank higher if a high percentage of the project funds are provided through loans from private and public sector lending institutions and especially if project funds include at least 10% new private cash equity.

In order to accomplish these goals, a strategy is outlined below. Although these points will not necessarily be used to eliminate eligible projects, they do express the preference of the department and will weigh in favor of funding.

#### B. APPLICATION DEADLINE

Applications for Economic Development grants will be accepted only during the general CDEG-REDI competition (between December 1, 1988 and January 31, 1989). Applications must be received on or before January 31, 1989.

#### C. ELIGIBLE APPLICANTS

All entities detailed at Chapter II., Eligible Applicants may apply for funding under the Economic Development program. A business may not apply directly to DCRA. It must work with the appropriate local government body. The Application must be submitted by the local jurisdiction or entity and be signed by the highest elected official for the applying entity or by all chief officials included in a Cooperative Agreement.

#### D. NECESSARY OR APPROPRIATE

The State must determine that the amount of assistance requested is not excessive, taking into account both the actual needs of the business in making the project financially feasible and the extent of public benefit expected to be derived from the economic development project.

Documentation must be presented demonstrating analysis of the business need for assistance as well as public benefit factors, which should be considered in making a determination that the assistance is necessary or appropriate. The type of factors considered might include: the number and type of jobs to be made available in relation to the needs of persons of low and moderate income and others who are likely to be to be employed or retained for employment; other development which is likely to be stimulated in the area by the activity; increases to the tax base including property, sales and income taxes in the area; or increases in needed services which result from the activity.

#### E. ELIGIBLE ACTIVITIES

CDBG-REDI Economic Development projects should be designed to create new employment opportunities or maintain existing employment, principally for low and moderate income persons and to provide long-term benefits to the state's economy. The CDBG-REDI Economic Development program will be designed to assist businesses by making funds available to them. Presently, grants are only available, but in the future the Department anticipates establishing a loan program which will make loan funds available at reasonable interest rates.

Funds may be provided to purchase fixed assets. Not more than 25% of any project award may be used for working capital.

Typical eligible activities that fall within the REDI Economic Development category include:

- land acquisition; grantees may sell or lease the land to a business. If the land is sold to a business, it must be sold at no less than 75% of appraised value. Land may not be given to businesses;
- public facilities and other improvements in support of economic development, such as water and sewer lines, and access roads;
- acquisition, construction, rehabilitation or installation of commercial and industrial buildings, facilities or equipment;
- market research or availability;
- working capital;
- employee training;
- manufacturing or other industrial production;
- retail businesses or food service facilities;
- convention facilities, trade centers and tourism facilities; or
- other activities which represent new technology or types of economic enterprises which meet community development needs and which diversify the economic base of an area.

For those projects which are for infrastructure which is related to an Economic Development project, this linkage to Economic Development must be detailed on the Application.

Eligible use of REDI funds in assisting for-profit businesses may include grants, loans, loan guarantees or interest supplements, which are necessary or appropriate to carry out an economic development project.

Economic Development projects must also accomplish one or more of the following:

- Support projects that will increase the number of jobs in the State,
- Promote economic recovery in small communities heavily dependent on a single industry,
- Emphasize development in underdeveloped rural areas;

- ° Support the development of the State's small businesses, especially those owned by women and minorities;
- ° Encourage projects that assist businesses selling goods and services in markets for which national or international competition exists; and,
- ° Replace and/or compete with business products or services being imported into the state.

#### F. FUNDING

The maximum amount that may be awarded in a single grant in a program year (state fiscal year) is \$200,000. The State may offer an applicant a grant amount for less than the amount applied for.

Economic Development Applications may be submitted year round. By not restricting applications to a specific application period, communities will be able to respond to actual business cycles. Although funds may run out before the end of the grant year, local jurisdictions are well advised to prepare a complete and carefully compiled application. Rushing an application when business prospects are less than secure, greatly lessens the chance of funding.

Grantees may use grant funds to finance public improvements but the following conditions must be met:

It is the responsibility of the applicant to demonstrate that the business is in need of Economic Development funds in order to complete the project. The applicant is encouraged to work with DCRA staff to see that the development could not proceed but for an infusion of public dollars.

Projects that involve refinancing of existing debt are not eligible for funding. Neither does refinancing count as private leverage.

Businesses which are relocating within the State are generally not eligible for funding.

#### G. RANKING CRITERIA & SPECIAL REQUIREMENTS

Economic Development Applications will be evaluated according to the following criteria:

- |  |           |
|--|-----------|
| 1. Rationale for selection of the project; | 15 points |
| 2. Project plan;                           | 25 points |

3. Project impact;	20 points
4. Hiring and training plan;	10 points
5. Benefit to Low and Moderate Income Persons; and	15 points
6. Project Management.	<u>15</u> points
Total	100 points

A An Application must obtain a score of least 70 points from the ASC before the Application may be considered for funding.

1. RATIONALE FOR SELECTION OF THE PROJECT--15 Points

This criterion will consider the thoroughness of the applicant's:

- ° community needs assessment process;
- ° citizen participation efforts, especially involving low and moderate income residents;
- ° local efforts to promote economic development; and
- ° assistance to Nonprofit Entities or Local Governments.

Applicants will receive a higher score on this criterion if:

- ° awards to For-Profit Entities (in conjunction with the eligible applicant);
- ° there is evidence of active citizen participation, especially low and moderate income residents, in the development of the community needs assessment, in the selection of the proposed CDBG-REDI project, and of the applicant's efforts to thoroughly address any potential impacts of the project on low and moderate income residents;
- ° the applicant has developed a complete, well-rounded, appropriate, and achievable plan for dealing with its total economic development needs, taking into consideration all available public and private resources and local capacity;
- ° the local governing body has officially adopted an economic development plan as a matter of public policy and the proposed program for which CDBG-REDI funding is sought is an integral part of the plan;
- ° the community has made substantial local efforts to deal with its economic development problems and feels CDBG-REDI funding for this project is necessary;

° the proposed REDI project is realistic and workable, and the job savings or creation expected to result from its implementation will occur within a reasonable time following the date of grant award;

° the applicant has considered potential adverse economic impacts of the project on other similar local businesses, and;

° the project is appropriate and can be expected to proceed as planned.

## 2. PROJECT PLAN--25 Points

### A. Uses of CDBG-REDI Funds:

For applicants involving grants or loans to for-profit entities, the business plan(s) will be analyzed on the basis of the:

° need for CDBG-REDI assistance and the appropriateness of the proposed use of CDBG-REDI funds;

° presented financial strength of the proposal;

° appropriateness of the proposed terms (e.g., security, interest rate, etc..) of any CDBG-REDI funds loaned;

° past performance of the proposed firm or principals; and

° the level of local participation by the applicant community in the proposed project in relation to available local resources.

Federal regulations require the department to consider whether CDBG-REDI assistance to any for-profit entity applying in conjunction with the eligible applicant is necessary or appropriate. Also included in the requirement is the need to determine the extent of need for assistance and the amount to be provided in relation to the public benefit that would result. Applicants must clearly demonstrate the need for CDBG-REDI assistance by documenting that a financing "gap" exists in funding the project. Applicants must show that all reasonable resources have been considered and are not available or appropriate. A gap may be documented in a number of different ways.

HUD requires that the applicant follow the steps outlined below in order to document that the proposed level of financial assistance is necessary and appropriate.

#### Step 1 -- Evaluate All Project Costs

The applicant must verify all project costs and document how they were determined and by whom (land appraisal, engineer or architect prepared estimates, equipment lists and cost

schedules, etc.). The applicant must determine the reasonableness and completeness of the cost estimates (such as the inclusion of Davis-Bacon prevailing wage rates, if applicable).

## Step 2 -- Verify and Maximize Private and Other Public Funding Sources

It is the responsibility of the applicant to verify that all other reasonably available sources of private financing have been maximized for the project proposed. Other private sources such as banks, venture capital companies, or additional private equity should be sought before the project funding sources and uses budget is finalized and CDBG-REDI funds applied for.

The applicant must include documentation that other federal funding sources have been considered such as the Small Business Administration, Farmers Home Administration, Economic Development Administration, as well as State sources.

The applicant must document that each potential funding source is inappropriate, insufficient, or unavailable for the project. For example, if a private lending institution denies an application for a loan by the proposed business to be assisted, the letter of denial should be included in the application. If the owners of the business are not able to inject additional equity into the project, their personal financial statements should support that position.

Before submitting a proposal to the applicant community, the business should first request a loan (or loans) from lending institutions for the remaining amount needed for the project after as much new private equity as possible has been committed to the project. If the lender(s) or investor(s) is/are unable or unwilling to make a loan or investment for the amount needed to complete the project, the business and applicant community should approach them with a financing package that includes CDBG-REDI funds and request a loan contingent on CDBG-REDI funds being received.

All reasonable funding sources should be seriously and thoroughly investigated prior to applying for CDBG-REDI funds. CDBG-REDI funds should be requested only when the business and the applicant can document that other funding sources are insufficient for the proposed project.

## Step 3 -- Make a Determination of Need for CDBG-REDI Assistance

The applicant must demonstrate that the business it is proposing to assist with CDBG-REDI funds has a quantifiable need for the funds. There are several methods of determining the need for CDBG-REDI assistance. The applicant should request that the business answer the following questions in order to quantify the financial "gap."

A. Financing Gap

1. Are the annual earnings of the proposed project sufficient without CDBG-REDI assistance to meet the annual debt service requirement of a loan at market rate?

The application should include two pro formas. One pro forma should project earnings and debt service without CDBG-REDI assistance and the other should include CDBG-REDI assistance in the assumptions.

2. Is there insufficient equity to meet collateral and other lending requirements of private lending institutions? Can the firm to be assisted contribute sufficient equity to the project to meet the collateral requirements of the first or the second position lenders?

The application should include letters from the private lending institutions contacted by the business for loans. The letters should document one or more of the following situations:

- the lender will not make any loan to the business;
- the lender can only lend a portion of the total project costs; or
- the lender will only participate if CDBG-REDI funds are involved in the project and states that its participation is contingent on CDBG-REDI funds.

The amount of the financial gap should be quantified based on the pro formas. For example:

- if a lender can only provide a loan (contingent on CDBG-REDI funds) for a portion of the project costs, and all available private equity is invested into the project, the amount of the financing gap equals the amount remaining in the project that can not be financed privately; or
- if a lender agrees to finance the project costs above the amount of private equity invested, but the annual debt service is higher than the projected cash flow from the project, the amount of the financing gap is equal to the amount of CDBG-REDI funds needed to lower the debt service so that a reasonable cash flow coverage is achieved and the project's financial feasibility is maintained.

B. Rate of Return Gap

If there is sufficient financing and cash flow to cover projected debt service but the rate of return on the private sector investment in a project is not sufficient to provide a reasonable rate of return to investors, a financing gap exists. It is difficult to verify and quantify a rate of return based gap. An acceptable method involves the comparison of several financial ratios to industry norms in order to determine if the rate of return projected for the project is reasonable. The following financial ratios should be calculated for the project based on no CDBG-REDI financing participation and with CDBG-REDI financing and then compared to industry norms:

1. Profit Before Taxes/Tangible Net Worth
2. Profit Before Taxes/Total Assets
3. Sales/Net Fixed Assets
4. Sales/Total Assets

Other ratios may be used if the business can effectively demonstrate their appropriateness for making a determination of its need for CDBG-REDI assistance.

C. Location Cost Differential Gap

CDBG-REDI funds may be used as compensation for the quantified difference between alternative locations for site selection decisions if the cost differential between locating at the proposed sites can be documented and it is determined that the provision of CDBG-REDI funds is necessary and appropriate in relation to the public benefit expected to result from the project. Alaska communities cannot use CDBG-REDI funds to compete with other Alaska communities for businesses which are relocating in the state or starting up operations. CDBG-REDI funds must not be used to entice a business to relocate or start up in the applicant's jurisdiction instead of another Alaska community.

Step 4 -- Size the CDBG-REDI Assistance

Determine the minimum amount of CDBG-REDI financial assistance necessary to stimulate private investment based on the quantified financial gap. Ensure that the business is not unduly enriched compared to the public benefits expected to occur as a result of the project.

For applications where facilities or activities are proposed that will remain the responsibility of the applicant local government or a nonprofit entity, the business plan will be analyzed on the basis of the:

level of documentation demonstrating the ability of the facility or activity to support itself over time;

need for REDI assistance;

appropriateness of the proposed use of REDI funds; and

in instances where the local government or nonprofit entity will assume an ongoing subsidy of the project, the level of subsidy and effect of the subsidy on local revenues and the anticipated long-term benefits of the project.

#### B. Business Plan Requirements:

Each applicant must submit a business plan for each firm or entity to receive assistance, whether for-profit or non-profit. Each business plan must contain sufficient information for the Department's selection committees to obtain an adequate understanding of the firm to be assisted, including the products or services offered, estimated market potential, management experience of principals, current financial posture, and details of the proposed venture.

Applications involving more than one business will require a longer review period. Each business included in an application will be evaluated and rated separately. An application will be more competitive if all businesses proposed are financially strong individually. An otherwise strong application could be less competitive if a weak business is included.

NOTE: ALL BUSINESS PLAN INFORMATION AND FINANCIAL EXHIBITS WILL BE CONSIDERED CONFIDENTIAL, FOR EVALUATION PURPOSES ONLY, AND WILL NOT, EXCEPT AS REQUIRED BY LAW, BE PROVIDED TO ANY THIRD PERSON, FIRM, CORPORATION OR PUBLIC ENTITY WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BUSINESS.

The business plan must include the following elements:

##### (1) Business Description

Include a description of the company or enterprise and an explanation of the products or services offered.

##### (2) Management

Provide the names, titles and resumes of each of the principals to be responsible for the management of the business.

### (3) Market.

Discuss the present or proposed market area and share, as well as future projections, and provide an explanation of how the information was developed (for example, market surveys or research). Document any identified potential markets (for example, contracts, letters or other evidence of interest in the product[s] by potential buyers or distributors), especially if sales projections show annual increases exceeding 25%.

### (4) Sources and Uses of All Funding

This section would discuss the source, use and terms of all funds to be included in the project.

No award may be made directly to for-profit entities. The REDI portion of the project may include a loan to a private sector firm with terms to be negotiated by the local government and the assisted entity, subject to approval by the Department of Community and Regional Affairs. A description of all aspects of the proposed assistance (i.e., loan terms, security, etc..) and the rationale for each must be included with the application.

All loans are subject to the following guidelines:

#### (a) Loan Terms

The terms of the loan should be consistent with the projected use of funds, and individual project needs. For example, terms for financing machinery and equipment should generally be between 5 and 10 years. For buildings and real estate, terms should generally range between 15 and 20 years. Working capital loans should be limited to 10 years.

#### (b) Deferral of Repayments

Repayments of principal, interest, or both may be deferred up to three years. The need for deferral must be supported by the projected cash flow of the business and the defined financial gap.

### 8(c) Loan Security

All loans must be secured with fixed assets (i.e., land, buildings, and capital equipment) and/or personal guarantees. REDI funds may be placed in a subordinated security position to other lenders involved in the project. Applicants must include documentation for the value of collateral offered for security and a description of all security positions held by lenders.

(d) Interest Rates

Interest rates are negotiable but, at a minimum, should not be lower than either the lesser of five percent, or 50 percent of the rate for U.S. Treasury Bonds of like or similar maturity to the terms of the proposed REDI loan, on the date 15 days prior to the preapplication deadline. Lower interest rates may be considered by the department if it can be conclusively demonstrated that a lower rate is essential to the economic viability of the project.

(5) Financial Exhibits

The business plan must include the following financial exhibits:

(a) Financial Statements

For existing businesses, provide financial statements for the three most recent years of operation to include the following:

Balance Sheet;

Profit and Loss Statements;

Cash Flow Statement; and

Reconciliation of Net Worth.

Audited or reviewed financial statements with full disclosure notes are preferred. (If not reviewed by independent accountants, then supported by copies of federal tax returns.) Financial statements should also include a current Aging of Accounts of Receivable and Payable.

(b) Earnings Projections

Provide the following projections for three years:

Balance Sheet;

Profit and Loss Statement; and

Cash Flow Statement.

Earnings projections must include a projected monthly cash flow analysis for one year. For businesses that experience regular or occasional cyclical variations in cash flow, provide a narrative explanation of the reason(s) for the occurrence of the cycles and the effect, if any, on the business's ability to meet its debt obligations identified in the existing and projected debt schedules.

(c) Debt Schedule

Provide descriptions of all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements.

(d) Working Capital Needs

Provide information on working capital needs and verify through cash flow projections showing changes in inventory and receivables.

(e) Personal Balance Sheet

Provide personal balance sheet for each individual with 10 percent or more ownership in the projected project.

The business must be able to show that projected cash flow will be sufficient to cover projected debt service and that a positive net worth can be maintained. The projections must include a narrative explanation of how the figures and assumptions were derived with special emphasis on any changes in major assumptions from existing conditions (i.e., changes in cost of goods sold and general administrative expenses as a percentage of sales, or if sales increases exceed 25% annually). Special care should be taken to include increased labor costs related to achieving the hiring goals contained in the Hiring and Training Plan.

Applicants should include any other information which may be helpful in documenting the economic viability of the project.

(6) Private Sector Commitments

Final Applicants must provide firm commitment letters from any private sector lenders or investors involved in the project.

Letters of commitment from firms to be assisted should be submitted with the preapplication and must:

- ° be on letterhead of the firm and signed by an official of the firm authorized to commit the organization;

- provide a clear statement of the firm's concept of the project, (i.e., the location, scope and cost);

- specify the nature of the commitment, (e.g., amount of private commitment, amount of borrower's commitment, type and size of the project, number of jobs to be created, commitment to hire low and moderate income individuals, etc...); and

- state a willingness of the firm to sign a legally binding commitment upon grant award.

NOTE: LETTERS OF COMMITMENT FROM PRIVATE FINANCING INSTITUTIONS MUST ALSO BE SUBMITTED AND MUST SPECIFY THE AMOUNT AND TYPE (FOR EXAMPLE, INTERIM CONSTRUCTION FINANCING) OF THE LOAN BEING PROVIDED FOR THE SPECIFIC ACTIVITY TO BE UNDERTAKEN. THE COMMITMENT SHOULD BE BINDING, CONTINGENT ONLY UPON RECEIPT OF REDI FUNDS.

(7) Public Sector Commitments

If resources from the public sector or nonprofit entities are to be involved in the proposed economic development project, Final Applications must provide written evidence of firm commitment of public funds and/or other resources. Such commitments should be binding, contingent only upon receipt of REDI funds. Evidence should include resolutions passed by the local governing body and/or a letter of commitment from other sources.

Each application will receive points depending on its response to the criterion:

25 points	BEST
20 points	ABOVE AVERAGE
13 points	AVERAGE
7 points	BELOW AVERAGE

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Suggestions for Applicants

Applicants will likely receive a higher score on this criterion if:

the Application is complete as submitted, and contains accurate information;

the earnings projections submitted with the Application are realistic and attainable and are supported by historical trends and indicate that projected cash flow is sufficient to support increased debt;

if applicable, the REDI assistance would be adequately secured with fixed assets and/or personal guarantees;

the Application documents a sound, well thought out proposal with a perceived strong chance for success if REDI funds are received;

the private or public sector lenders involved in the project have provided firm public commitment of funds; and

the Application conclusively demonstrates that the project will support itself over time, and will not impose a burden on any local government or nonprofit entity participating in the project.

Applications which document a sound, well-reasoned proposal will be awarded a higher score in this category. Applications where viability may be questionable, or where the overall business plan or need for REDI assistance is inadequately documented, will receive a lower score. The Department may request outside assistance in evaluating this criterion.

### 3. PROJECT IMPACT--20 Points

Federal regulations require the department to consider the amount of the CDBG-REDI assistance to be provided in relation to the public benefit that would result.

#### A. Leverage--10 Points

In preparing its project budget, the applicant is required to identify the sources and uses of funds and the amounts to be contributed by each financial source. To be eligible for consideration, an applicant must assure the participation of at least one, non-REDI dollar for each one dollar of non-administrative REDI Economic Development funds requested (a 1:1 leverage ratio). The non-REDI funds may come from a variety of sources, such as new investment by a firm to be assisted, bank loans, loans to be repaid to a another state or federal loan program or grants.

Increased owner equity resulting from the proposed business expansion, existing fixed assets or investments made prior to grant application will not be counted toward this requirement. Existing equipment, inkind services, costs incurred prior to grant application, or the refinancing of existing debt will not be considered as match.

The ratio of new investment to non-administrative REDI dollars will be compared to other preapplications submitted for the competition. A very low ratio may be less competitive; an excessively high ratio may indicate a questionably low level of need for REDI assistance.

#### B. Jobs Created / Retained

This factor will be assessed by dividing the total number of permanent full-time or full-time equivalent jobs to be directly created or retained by the assisted enterprise into the total amount of the non-administrative REDI funds requested. This ratio will be evaluated against the type of job(s) created, the amount of non-REDI funds contributed to the project, the potential for long-term growth of the assisted firm, and the ratio of REDI dollars to the number of current positions the assisted enterprise presently has.

Therefore, the following ratios and/or assessments will be made, where applicable, to determine the proposed project's impact:

a. Total number of jobs to be created or retained, will be divided into the total amount of REDI funds received for the project. The amount of REDI funds used in this calculation will be those funds specifically for the project, those funds for administration of the project will not be used in this calculation.

b. The types of jobs to be created or retained will be evaluated (e.g., are the jobs proposed seasonal, part-time, or full-time, and are the jobs to be created or retained the type that either do not have difficult entrance requirements or the hiring plan provides training for unqualified applicants).

c. The number and types of positions impacted by the proposed project will be compared to the amount of non-REDI funds also brought to the project by the applicant.

d. The possibility of the proposed new or assisted positions being retained and the assisted enterprise being able to continue operating after REDI funds are expended will be evaluated.

e. The ratio of REDI dollars to the number of current positions the assisted enterprise presently has working for it will also be evaluated.

## B. Economic Impact

This factor considers both the direct and indirect economic benefits the REDI project is expected to produce including:

a. whether the firm to be assisted is a "basic industry", an "import substitution activity", or an activity which involves the "distribution of Alaska-made goods", as defined by the Made In Alaska program.

b. whether the project involves the processing, refining, marketing, and innovative use and promotion of Alaska's natural resources;

c. the size of the additional payroll expected to be generated from the jobs created or retained in relation to the size of the community;

d. the total number of jobs created or retained in relation to the existing employment base;

e. the amount of local property taxes generated by the construction of new facilities, expansion of or improvements to existing facilities, preserved by retaining an existing facility as compared to the local government's existing tax base, or loss of tax base, if an existing facility or parcel of land will be turned over to a government activity or if moved out of the applicant community to an adjacent jurisdiction; and

f. the indirect effects of the activity on the surrounding community such as benefits provided to related businesses or the importance of the assisted firm to the local trade area and the number of indirect jobs that are expected to be created as a result of the proposed project.

Proposals that encourage the relocation of a business from one Alaska community to another will be disqualified unless the applicant can demonstrate the existence of unusual or extenuating circumstances that would justify the relocation.

Each application will receive points based on its response to the criterion:

20 points	BEST
15 points	ABOVE AVERAGE
10 points	AVERAGE
5 points	BELOW AVERAGE

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Suggestions for Applicants

A higher score on this criterion would likely result when:

the proposed project is consistent with the community's economic development strategy;

the applicant has demonstrated that the firm to be assisted has a high potential for growth and future job creation;

the applicant has clearly justified the claimed number of indirect jobs to be created as a result of the project;

the economic development activity proposed would foster the creation or saving of permanent full-time employment for persons of low and moderate income, which offers those workers opportunity for advancement;

the applicant has demonstrated that a high level of positive economic benefit to the community will likely result; and

the applicant has considered potential adverse economic impacts of the project on other similar local businesses.

#### 4. HIRING AND TRAINING PLAN--10 Points

The primary goal of REDI-funded economic development grants is to increase job opportunities for local residents, particularly persons of low and moderate income.

A low and moderate income person is defined as a member of a low and moderate income family. Both the size of the family and the total income of the entire family must be considered when making a determination of whether an individual is a low and moderate income person. The family income is considered as one at the time the jobs are filled or retained, not after the low and moderate income person is hired. Jobs must be as equally available to low income persons as they are to moderate income persons.

Applications must propose methods to ensure preferential recruitment, hiring, and training of local workers, particularly those of low and moderate income. In the event of grant award, the applicant's commitment to the hiring plan will be considered binding and will be incorporated in the grant agreement between the local governing body and the department.

Hiring goals should be reasonable and justified by the financial statements and projections. Claims for the number of jobs to be created or retained should be realistic and not inflated or overly optimistic.

The assistance agreement between the community and the assisted entity must contain conditions regarding the hiring of low and moderate income persons. The assisted entity must show substantial compliance with the hiring and training plan and a "good faith" effort towards accomplishing the hiring goals set out in the assistance agreement before the project can be closed out.

In order to comply with federal requirements, the department must ensure that performance goals are achieved; therefore, the assistance agreement will contain a penalty clause for noncompliance with the hiring and training plan which could result in recovery of grant funds from the assisted entity or the recipient community.

Assistance in the development of a hiring and training plan may be obtained from the local Job Service and the department's JTPA or Regional Offices. Other programs such as the Job Training Partnership Act (JTPA) programs should be coordinated with the hiring process as much as possible. HUD will accept persons eligible under JTPA guidelines as low and moderate income persons except for those eligible under the Dislocated Workers Program. Grantees must ensure that complete hiring

records are maintained by the assisting agency, the assisted business, and by the grantee. A base level of employment must be provided in order to determine the actual number of new hires. For existing firms, applicants should provide employment levels for the past three years. The date for determining the base level of employees will be December 31, 1988.

Applicants should take into consideration equal opportunity and nondiscrimination laws to ensure that women and minorities are not excluded from participation, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or part with REDI funds.

An acceptable hiring and training plan should contain the following:

a. A breakdown of jobs to be created or retained, indicating the percentages which are full-time, part-time, skilled, semiskilled, or unskilled;

b. A discussion of the actions to be taken to ensure that the positions created will be made available to persons of low and moderate income;

c. A breakdown of jobs to be created indicating the job titles and descriptions and the rates of compensation. For applications proposing positions involving less than full-time employment, an estimate of the number of hours to be worked each week or months to be worked each year for each position must be included;

d. A timetable for creating the jobs, the total number of persons, and number of low and moderate income persons to be hired. The department will use the number of jobs to be created or retained within a period of two years from the date of grant award as the basis of comparison between applications.

e. An assurance that equal opportunity and nondiscrimination laws will be complied with;

f. Procedures for outreach, recruitment, screening, selection, training and placement of workers which will ensure maximum access for local residents, particularly persons of low and moderate income;

g. A description of the training curriculum and resources, if applicable;

h. Written commitments from any agencies or organizations participating in the implementation of the plan, including this department's own JTPA program; and

i. Written commitment from the assisted entity to comply with the plan.

Minimum job requirements should not exceed the equivalent of a high school education in order to be counted as a job opening available to low and moderate income persons. If job qualification requirements exceed the equivalent of a high school education, training can be provided to enable otherwise unqualified persons to qualify for the position. The jobs that are to be created must be physically accessible to the low and moderate income population within a reasonable geographic area. Consult with department staff if uncertain whether a job to be created would be considered available to low and moderate income persons.

The following factors will be considered for this criterion:

the completeness, clarity, and feasibility of the hiring and training plan;

the timetable for creating jobs and hiring workers in relation to the projected growth of the business;

the degree to which the plan responds to the needs of low and moderate income person; and

whether the applicant has taken into consideration equal opportunity and nondiscrimination laws to ensure and document that women and members of protected minority groups will not be excluded from participation in program benefits;

Applications will be ranked as follows:

BEST	10 points
ABOVE AVERAGE	7 points
AVERAGE	5 points
BELOW AVERAGE	3 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

the number of jobs proposed to be created or retained appears realistic and reasonable, based on the business plan and other information contained in the application;

a firm commitment to follow the plan has been obtained from each business expected to benefit directly from the REDI assistance;

the applicant's hiring and training plan provides clear, complete procedures for outreach, recruitment, screening, selection, training and placement of workers which will ensure maximum access for local residents, particularly persons of low and moderate income, to jobs created or saved by the project;

the applicant has contacted the local Job Service, Regional Office JTPA program person or other appropriate agencies to provide assistance in the implementation of the hiring plan;

attention has been given to necessary supportive services for trainees needing them;

a complete training curriculum has been developed and all training resources identified; and

responsibility has been assigned for all phases of the program and all necessary personnel and funding commitments have been received, contingent only upon receipt of REDI funds.

5. PERCENT OF JOBS TO BENEFIT LOW AND MODERATE INCOME PERSONS-- 15 POINTS

In order to be eligible for REDI assistance, the applicant must demonstrate that a minimum of 60 percent of the jobs directly created or retained by an economic development project will be available for low and moderate income persons or be made available to low and moderate income persons through special training planned as part of the project.

The focus of the REDI economic development program is to create or retain employment opportunities for low and moderate income persons, not to create or retain low and moderate income jobs.

The program's goal is to increase the opportunity for low and moderate income Alaskans to better their employment situations and income levels. Applicants must include a letter from each business to be assisted indicating that firm's commitment to hiring low and moderate income individuals to fulfill this requirement.

The department will use full-time annual equivalent positions as the basis for ranking. If part-time or seasonal employment is proposed, the preapplication must include an estimate of the number of hours to be worked each week or the number of months to be worked each year for each proposed position. Only jobs that are created during the first three years of the project will be counted towards this requirement.

To determine this score, the number of full-time annual equivalent jobs to be created or retained and made available to low and moderate income persons will be divided by the total number of jobs to be created or retained as a result of the REDI project.

Remember: To be eligible for consideration a project must demonstrate at least 60 percent benefit factor for low and moderate income persons.

6. PROJECT MANAGEMENT--15 POINTS

This criterion will assess the soundness and appropriateness of the applicant's plan for assuring proper short and long-term management of the REDI project, including financial management of grant funds, compliance with state and federal requirements, effective and timely start-up and completion of project activities, and the proposed use of any program income (i.e., loan repayments) generated by the project.

Each application will receive points depending upon its response to the criterion:

BEST	15 points
ABOVE AVERAGE	11 points
AVERAGE	8 points
BELOW AVERAGE	4 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

the applicant has demonstrated that the activities are feasible and achievable, taking into consideration the size and resources of the community and the budget and work schedule proposed, and can be conducted consistent with applicable state and federal requirements;

the applicant has described how funding from various sources will be coordinated and directed;

the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for the other resources to be involved in the project;

the applicant has addressed potential environmental concerns and there appear to be no significant problems;

the applicant has identified (or developed position descriptions for) the person or persons who will be responsible for day-to-day grant management or has identified any contracted services to be utilized in carrying out the project;

the applicant has considered the assistance agreement to be entered into between the local government and the firm to be assisted, including items such as performance standards, methods for monitoring compliance, and actions that may be taken if the assisted firm is unable to meet the terms of the REDI assistance;

if the applicant has under the former CDBG or RDA grant programs, had above average or superior project management responsibilities; and

if program income is proposed to be retained locally, the applicant has developed a sound plan for the use and administration of any program income which will result from the project, such as, funding additional economic development projects.

#### F. FEDERAL & STATE REGULATIONS

To a private business person, many of the federal and state regulations associated with the program may seem more applicable to traditional public sector projects. However, it is the responsibility of all REDI grant applicants to comply with applicable federal and state laws, executive orders and regulations affecting their projects. (The major federal requirements which may apply are listed in Appendix B, Statement of Assurance.) These requirements address issues such as financial management, labor practices, environmental impacts, civil rights, fair housing and acquisition and relocation. Compliance with these and other requirements will become specific conditions of the grant contract between the department and the grant recipient. Certain requirements will also apply to the agreement between the local government and any business or agency which will receive REDI assistance through a loan or grant.

Applicants should carefully review these requirements and consider their potential impacts when designing their REDI project. These laws can have an affect on the costs and complexity of the project and the schedule for completion. Applicants should also be aware that it will take at least two months before any funds will actually be received, after the decision is made to fund the Application. This delay occurs because several activities must take place in the interim. For example, the contract between the grantee and the department must be prepared, and if applicable, the grantee must conduct a review of environmental factors, and all details for assuring proper management of the project and the expenditure of public funds must be completed.

Unless prior written approval is given, it is absolutely essential that the applicant and the business do not incur costs or obligate funds which are intended to be reimbursed with CDBG-REDI funds prior to the date that all contract conditions are released in writing by the Department of Community and Regional Affairs.

#### G. DAVIS-BACON REQUIREMENTS

Federal Davis-Bacon and the state's "mini Davis-Bacon" wage and labor requirements should be given careful consideration when planning CDBG-REDI-funded projects. Projects which involve construction, remodeling, site development, major equipment installation or other similar activity which involves the use of contracted labor and services may have to comply with Davis-Bacon requirements. The additional costs associated with Davis-Bacon wage rates should be considered when calculating project costs and when obtaining estimates from potential contractors.

In a recent U.S. Department of Justice ruling regarding Davis-Bacon coverage of projects funded partially or in total by Title I funds, the following specific applications were given:

1. Real property acquisition-federal funds financing of land acquisition clearly does not require payment of Davis-Bacon wages for those employed in privately-funded construction on the site.
2. Purchase of equipment, machinery and fixtures to be installed- the use of federal funds to purchase materials equipment, machinery, or other fixtures installed during the construction work does not trigger Davis-Bacon coverage when no federal funds are used to pay for the construction work itself.
3. Purchase of materials- Materials to be incorporated in construction constitute part of the construction work and their financing with Federal funds triggers Davis-Bacon applicability; however, where materials have an independent use so that "installation" most accurately describes their introduction into the structure, the DOJ opinion indicates that, as with machinery and equipment, their mere purchase with federal funds does not trigger Davis-Bacon requirements
4. Architectural and Engineering fees- under the DOJ ruling federal financing of architectural and engineering services does not trigger Davis-Bacon requirements.
5. Other services (legal, accounting, construction management, etc.)- federal financing of such other services does not trigger Davis-Bacon wage requirements.
6. Other nonconstruction items; e.g. furniture purchases business licenses, and real estate taxes, including tenant allowances for such items- federal financing of tenant allowances for purchasing furniture and obtaining business licenses does not trigger Davis-Bacon requirements, and does not impose those requirements when federal funds are used to pay for any activity other than construction work.

Additionally, Davis-Bacon wage rates would not apply in cases where: A contractor that bids successfully on the project is a sole proprietor and the work will be performed entirely by the owner, without additional employees (sole proprietors must submit documentation indicating they are the owners.

Davis-Bacon wage rates also do not apply to the assisted entity's existing work force or to newly hired low and moderate income persons when they are occupied at their regular duties as described in their regular job description. When applying for assistance, an entity may plan to utilize its existing labor force for minor, incidental work on project activities

only when no separate contracts to perform the work involved for the project activities are entered into by the entity. The laborers cannot conduct work that is required to be done by licensed or certified persons (e.g., electricians, carpenters or plumbers).

Determining the applicability of Davis-Bacon wage rates to your REDI project can be complex. Contact the department's regional office staff during the planning stages of a proposed project for guidance and assistance.

#### H. BUILDING CODE AND STANDARDS ENFORCEMENT

Economic development projects often include using CDBG-REDI funds for renovation, construction, rehabilitation, expansion, and modification of structures for commercial purposes. Commercial and industrial facilities for which CDBG-REDI funds are used for construction must be in compliance with the requirements contained in the current editions of the following:

- National Electric Code, as amended;
- Uniform Plumbing Code, as amended;
- Uniform Mechanical Code; and
- Uniform Building Code.

Permits must be obtained from the \_\_\_\_\_ for all electrical and/or plumbing work undertaken with CDBG-REDI funds unless the grant recipient has been certified by the Division to enforce the codes cited above. In such cases, permits will be obtained locally. Grantees will be responsible for assuring that such work is inspected by proper authorities.

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IX. COMMUNITY DEVELOPMENT PROGRAM AND RANKING SYSTEM  
(BLUE SECTION)

Note: This chapter covers the special requirements and ranking criteria which are applicable to CDBG-REDI applications. This chapter must be read in conjunction with Chapters I-VII, which describe the general requirements and policies which are applicable to all applications for CDBG-REDI funds.

A. INTRODUCTION

Community Development projects should be designed to improve public facilities or infrastructure principally serving low and moderate income persons within a neighborhood or a community.

Some of the eligible activities under this category include:

Public utilities, including water and sewer systems, electrical distribution and interties and fuel and gas distribution systems;

Transportation improvements, including local service roads and trails, airports, barge facilities or subsistence access areas;

Fixed plant facilities, including manufacturing facilities, transmitters and generators; or,

Buildings and structures, including storage facilities, warehouses, aircraft facilities, fire stations, docks, clinics and daycare facilities.

This list is not all inclusive, but rather is noted to give general direction to applicants. Maximum grant amount for the Community Development category is \$100,000.

In selecting activities for a Community Development application, communities should be aware that although an activity is legally eligible under the federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system incorporated in the Alaska CDBG-REDI Program. For example, while parks or recreation facilities, as an individual project, are eligible under the federal statute, historically, the CDBG-REDI project evaluation criteria and the high demand for the limited CDBG-REDI funds have not made an application for those types of activities competitive. To date, under the Alaska CDBG-REDI Program, applications for water, sewer, and solid waste projects have been the most competitive types of public facility applications.

Any project under consideration for a CDBG-REDI application should be compared against the ranking criteria before a decision is made to prepare an application. If you have questions regarding a particular project under consideration in your community, contact the Department of Community and Regional Affairs CDBG-REDI staff for guidance.

## B. APPLICATION DEADLINE

Applications for Community Development grants will be accepted only during the general CDBG-REDI competition (between December 1, 1988 and January 31, 1989). Applications must be received on or before January 31, 1989.

## C. COMMUNITY DEVELOPMENT RANKING CRITERIA

Community Development applications will be evaluated according to the following criteria and may be assigned up to a maximum of 100 points:

1. Rationale for Selection of the Project and Project Strategy	18 points
2. Need for Project Activities	18 points
3. Appropriateness of the Technical Design	18 points
4. Operation and Maintenance	5 points
5. Community Efforts	5 points
6. Need for CDBG-REDI Assistance	10 points
7. Overall Benefit to Low and Moderate Income	20 points
8. Project Management	<u>6 points</u>
TOTAL	100 points

### 1. RATIONALE FOR SELECTION OF THE PROJECT AND PROJECT STRATEGY -- 18 points

This criterion will consider:

- the thoroughness of the applicant's needs assessment process and citizen participation efforts, especially those to involve low and moderate income residents;
- the relationship of the proposed project to the needs assessment;
- the rationale for selection of the project;
- the degree to which the applicant has developed a reasonable, complete, and appropriate strategy for dealing with its community development needs in relation to its financial capacity and available sources of funding; and
- the degree to which the needs of low and moderate income residents have been considered by the applicant and how the proposed project will benefit low and moderate income persons.

Each application will receive points depending upon its response to the criterion:

BEST	18 points
ABOVE AVERAGE	14 points
AVERAGE	9 points
BELOW AVERAGE	5 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

- there is evidence of active citizen participation, especially that of low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG-REDI project and project area, and of the applicant's efforts to thoroughly address any potential impacts of the project on low and moderate income residents;
- the applicant has reviewed its alternatives for addressing its community development needs, taking into consideration all local, State, and federal sources and has developed a thorough and achievable long-term plan with step-by-step actions necessary to respond to local needs;
- the applicant has assessed its community development needs, including the needs of households with lower incomes, and has identified and documented its deficiencies and established priorities for dealing with them;
- the applicant has described the alternatives considered before selecting the proposed option for resolving its community development need and has developed a well-reasoned and achievable proposal;
- the applicant has proposed improvements necessary in order to comply with a mandate or similar order from a state or federal regulatory agency and has made all reasonable efforts to assess the need for the mandated improvement as compared to its other community development needs;
- the applicant has considered the financial impact which would be imposed on low and moderate income households as a result of project activities, such as increased service rates, hookup charges, or tax assessments;
- the applicant has proposed administratively sound, cost-effective means of minimizing adverse financial impacts or maximizing benefits such as establishing a metered water system to allocate costs on the basis of use or payment of assessments, hookup fees, or water meter installation charges for low and moderate income households;

- the estimated cost per household has been discussed and is documented in the public hearing minutes and affected property owners have been informed of any increases in assessments or user charges through public hearings or other consultations and are in support of the project;
- the local governing body has officially adopted a community development plan or a capital improvements program and has integrated it with its local budget planning and adoption process;
- the proposed CDBG-REDI project is an integral part of the applicant's community development plan or capital improvements program and is consistent with the goals and needs set out in it; and
- in cases where the proposed project will not completely resolve the community's need, the project is consistent with an adopted capital improvements program and represents a complete component of the overall program.

2. NEED FOR PROJECT ACTIVITIES -- 18 points

This ranking criterion will consider the overall need for the activities to be addressed with CDBG-REDI funds. In documenting the need for the proposed CDBG-REDI project activities, applicants should address, as appropriate:

- the degree to which the public facilities problem to be addressed with CDBG-REDI funds affects the public's health and safety, who is affected, and how;
- the immediacy of the problem to be addressed with CDBG-REDI funds, including the cause of the problem, how long the problem has existed, and/or how often it has recurred; and
- whether the proposed activities to be addressed with CDBG-REDI funds are necessary to comply with a court order or a State agency mandate.

Each application will receive points depending upon its response to the criterion:

BEST	18 points
ABOVE AVERAGE	14 points
AVERAGE	9 points
BELOW AVERAGE	5 points

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Suggestions for Applicants

Priority will be given to projects proposing CDBG-REDI-funded activities which are designed to complement local efforts to eliminate serious and immediate threats to the public's health or safety. This criterion will assess the overall need for the

specific activities proposed to be funded with CDBG-REDI funds. Combining high priority activities with activities considered to be lower priority could result in the assignment of a lower overall rank. In order to document that serious conditions exist, applicants should submit written verification by a public or private agency other than the applicant (a statewide agency, if possible) that existing conditions pose a threat to the health or welfare of the community or targeted population group.

The need for the proposed project activities will be assessed by using existing criteria or recommendations of other appropriate public or private agencies, whenever possible. When necessary, the Department will seek technical review by appropriate agencies to evaluate proposals.

A higher score on this criterion would likely result when the applicant has thoroughly documented through technical reports and public or private agency comments that:

- a serious deficiency exists in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply (or that the community lacks the facility or service entirely), or a day care facility which is safe and meets code;
- circumstances clearly attributable to a deficiency have occurred, or are likely to occur, such as serious illness, disease, outbreak, substantial property loss or serious environmental pollution, or which would impair the ability of an employee to hold a job;
- the entire community or a substantial portion of the residents of the community are seriously affected by the deficiency; and
- the problem is existing, continual, and chronic, as opposed to occasional, sporadic, probable, or potential.

The proposed activities to be addressed with CDBG-REDI funds will be assessed for each applicant. Applicants proposing CDBG-REDI-funded activities which, overall, are considered to be addressing the most severe and immediate needs will receive the highest score.

### 3. APPROPRIATENESS OF THE TECHNICAL DESIGN -- 18 points

Applicants for community development projects must provide a preliminary engineering or construction report which is sufficiently detailed to describe the scope of the problem to be addressed as well as the components of and estimated costs for the proposed facility, service, or improvements. The report should describe the technical alternatives considered to deal with the identified problem, the cost projections for each, and the rationale for the selection of the proposed alternative.

Any special features in the project area which will result in an unusual facility design or a costly design (e.g., lack of right-of-way, topography) should be described. Applicants should also indicate the sources of cost estimates for each activity.

This criterion will consider the appropriateness and cost-effectiveness of the technical design proposed to respond to the identified problem. This criterion will also consider the degree to which the project thoroughly addresses the problem and provides a reasonably complete and long-term solution in relation to the applicant's financial capacity and available funding sources. When necessary, the Department will seek technical review by appropriate agencies.

Each application will receive points depending upon its response to the criterion:

BEST	18 points
ABOVE AVERAGE	14 points
AVERAGE	9 points
BELOW AVERAGE	5 points

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#### Suggestions for Applicants

A higher score on this criterion would likely result when the applicant has clearly demonstrated that:

- the technical design for the project represents the most efficient, appropriate, and cost-effective option for resolving the local public need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project;
- the proposed costs for the budgeted technical activities for resolving the problem are reasonable; and
- the proposed facility or service would provide a reasonably long-term solution or would substantially alleviate the identified need.

#### 4. OPERATION AND MAINTENANCE -- 5 points

Applicants must provide a description of their plan to physically and financially maintain the proposed community development project, or the total system of which the project is a component, over the long term after construction. Reference the State of Alaska Life Cycle Cost requirement; AS 35.10.160-200.

This criterion will consider the soundness and thoroughness of the applicant's long-term plan for financial and physical operation and maintenance of the facility or the overall system, of which the project may be a component, as well as the applicant's past performance in assuring adequate financial and physical maintenance.

Each application will receive points depending upon its response to the criterion:

BEST	5 points
ABOVE AVERAGE	4 points
AVERAGE	3 points
BELOW AVERAGE	1 points

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Suggestions for Applicants

A higher score on this criterion will likely result when:

- the applicant has developed a sound plan to assure long-term physical and financial maintenance of all the community's public facilities, as well as the proposed facility or system, including provision of adequate training for maintenance staff and licensed operators;
- by past performance, the applicant has demonstrated a strong commitment to ongoing, long-term operation and maintenance of its public facilities;
- the applicant has demonstrated that reasonable operation and maintenance have been and will be supported by the community over the long-term, including adequate reserves for repair and replacement; and
- the applicant has thoroughly explained the circumstances and described the actions that will be taken in the future to assure that the problem will not reoccur, if there are indications that the problem is not of recent origin or has developed because of inadequate operation and maintenance practices.

5. COMMUNITY EFFORTS -- 5 points

This criterion will assess the applicant's efforts to secure alternative or additional funds from appropriate public and private sources to finance the proposed project.

Each application will receive points depending upon its response to the criterion:

BEST	5 points
ABOVE AVERAGE	4 points
AVERAGE	3 points
BELOW AVERAGE	1 points

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Suggestions for Applicants

A higher score on this criterion would likely result when the applicant has made every reasonable effort to thoroughly seek

out and secure alternative or additional funds from all appropriate public or private sources to finance or assist in the financing of the proposed project. The applicant must be able to provide evidence of serious efforts to apply, and to meet any applicable requirements of, all appropriate State or federal agencies or programs to secure the commitment of alternative or additional funds. The applicant must also demonstrate that conventional private financing has seriously been considered, such as through the issuance of revenue bonds or the creation of a special improvement district.

In documenting a public commitment, the public agency must specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body which specifies the approximate amount of the commitment. Funds or resources from a State or federal agency must be documented by a letter of commitment from the agency involved. The commitment of funds or resources may be made on the condition that CDBG-REDI funds are made available for the activity proposed to be undertaken.

#### 6. NEED FOR CDBG-REDI ASSISTANCE -- 10 points

The "Need for CDBG-REDI Assistance" criterion will assess the degree to which the applicant has clearly documented that its request for CDBG-REDI financial assistance is necessary and reasonable, relative to its financial capability and the amount of CDBG-REDI assistance requested per household, in comparison to other applications.

CDBG-REDI funds should be requested only for the difference between the total cost of a project and the amount of funds that an applicant can reasonably provide. Each community is expected to contribute a reasonable share of project costs and to request the least amount of CDBG-REDI funds necessary to complete a project.

In order to receive an "above average" or higher score, applicants for CDBG-REDI community development grants must contribute local funds equal to 25 percent of the non-administrative CDBG-REDI funds requested as part of their project budget. For example, if a community intends to request \$100,000 in CDBG-REDI funds for assistance in financing engineering and construction costs, it would have to provide a \$25,000 matching contribution. The local share of the non-administrative (construction and engineering) budget may be provided either by a direct cash contribution or by incurring a loan or issuing bonds to be paid through user charges or property tax assessments. The following would not be eligible to document the applicant's local share of project costs: "in-kind" services (such as land, labor or materials), debt incurred prior to grant application, or grants from other sources.

For the purpose of ranking this criterion, the Department will consider this level of effort the standard for comparing local participation in the proposed project's non-administrative costs.

Each application will receive points depending upon its response to the criterion:

BEST	10 points
ABOVE AVERAGE	8 points
AVERAGE	5 points
BELOW AVERAGE	3 points

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Suggestions for Applicants

In responding to this criterion, the applicant should document local financial constraints such as existing mill levies set at the legal ceiling, outstanding indebtedness at or approaching the limits set by State law, bonding capacity insufficient to fund the entire project, continued past increases in service rates, and/or existing or proposed service rates that are well above average.

A higher score on this factor would likely result when the applicant provides clear supporting documentation to show that:

- the applicant will contribute local funds equal to 25 percent of the non-administrative CDBG-REDI funds requested, unless the criteria for waiver have been met;
- all avenues to fund the proposed project with local resources have been exhausted;
- the proposed project could not reasonably be accomplished without CDBG-REDI assistance to fill a financial gap;
- low and moderate income households are concentrated in the project area, and a thorough analysis of project costs clearly documents the residents' lack of ability to pay the projected costs without CDBG-REDI assistance; and
- the proposed level of local financial participation in the project is the maximum that can reasonably be expected.

7. OVERALL BENEFIT TO LOW AND MODERATE INCOME -- 20 points

This ranking criterion assesses the extent to which CDBG-REDI funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG-REDI funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG-REDI funds requested by the applicant.

Applicants will be assigned one point for each documented percentage of benefit to low and moderate income persons above sixty percent. Fractional percentages will be rounded to the nearest whole number.

Documentation for benefit to low and moderate income must be consistent with the Department of Community and Regional Affairs' Low and Moderate Income requirements, which are described in these guidelines.

8. PROJECT MANAGEMENT -- 6 points

This criterion will assess the soundness and appropriateness of the applicant's plan for assuring proper short- and long-term management of the CDBG-REDI project, including financial management of grant funds, compliance with State and federal requirements, and effective implementation of project activities. When an applicant proposes the "targeting" of financial assistance to low or moderate income households, such as payment of assessments or hookup charges for a water or sewer system, this factor will also consider whether the financial and administrative mechanisms proposed are cost-effective, consistent with the applicant's capacity, and appropriate to the normal term of a CDBG-REDI project.

Each application will receive points depending upon its response to the criterion:

BEST	6 points
ABOVE AVERAGE	5 points
AVERAGE	3 points
BELOW AVERAGE	2 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

- the applicant has demonstrated that the activities are feasible and achievable, taking into consideration the size and resources of the community and the budget and implementation schedule proposed, and can be conducted consistent with applicable State and federal requirements;
- in cases where direct financial assistance to low and moderate income persons is proposed, the applicant:
  - (a) has developed a sound and cost-effective targeting mechanism which is appropriate and feasible given the administrative resources of the applicant;
  - (b) has provided thorough documentation in support of any claims of benefit to low and moderate income persons; and
  - (c) can assure completion of the targeting assistance within the term of the project.

- the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other resources to be involved in the project;
- in cases where more than a single funding source or organization is involved, the applicant has described how these will be coordinated and directed;
- the applicant has incorporated features in the overall project design to assure that sound management concepts are followed for the long-term. For example, when proposing major improvements to a community water system, the applicant will institute water metering to encourage conservation and a more equitable assignment of user costs;
- the applicant has addressed environmental concerns or is in the process of addressing them and there appear to be no major problems, or appropriate resolutions for identified problems have been described;
- the applicant has identified (or developed position descriptions for) the person or persons who will be responsible for day-to-day project management and financial management or has identified any services which will need to be contracted for to carry out the project;
- the applicant has developed an adequate plan for the use and administration of any program income which will result from the project; and
- in cases where the applicant is a previous grantee under the State CDBG-REDI Program, performance of project management responsibilities has been above average or superior.

(Note: In the FINAL version of this book, this page will be  
YELLOW)

X. TECHNICAL ASSISTANCE/PLANNING PROGRAM AND RANKING SYSTEM  
(YELLOW SECTION)

Note: This chapter covers the special requirements and ranking criteria which are applicable to CDBG-REDI Technical Assistance and Planning applications. The chapter must be read in conjunction with Chapters I-VII, general requirements and policies which are applicable to all applications for CDBG-REDI funds.

A. INTRODUCTION

Technical Assistance/Planning - Technical Assistance and/or Planning grants will be available to all eligible communities for their technical assistance needs for potential projects or existing project improvements, and for community planning needs. Examples include:

Market feasibility studies, assessments of various kinds, economic feasibility for business plans, and a wide range of economic development or community development concerns; and

Capital improvement plans, land use or comprehensive plans, community economic development plans, maps, surveys, or up-date of any of the above.

B. APPLICATION DEADLINE

Applications for Technical Assistance and Planning grants will be accepted between December 1, 1988 and February 28, 1989. Applications must be delivered or postmarked on or before February 28, 1989.

C. SPECIAL REQUIREMENTS

1. Technical Assistance and Planning Projects

Technical Assistance and Planning projects should be directed or "targeted" toward a single project or concentrated area of need in order to assure adequate recognizable impact. (For small communities, the most appropriate area may be the entire community.) All project activities must take place within the project area boundaries unless approved by the Department.

2. Code and Standards Enforcement

Planning and feasibility needs using CDBG-REDI funds should take into consideration all standard code requirements, including:

- Cost-Effective Energy Conservation Standards;
- Electrical Codes;
- Plumbing Codes;
- Mechanical Codes;
- Uniform Building Codes.

### 3. Other Considerations

The Department encourages applicants to address the following in their Technical Assistance and Planning applications:

- the targeting of assistance to low and moderate income households identified as having special needs such as those with low incomes, female heads of household, or elderly, handicapped, or minority members;
- the establishment of a reasonable ceiling on the amount of funds to be spent on any one project;
- policies to encourage comprehensive rehabilitation or new project work in communities to assure individuals of a safe, decent, and sanitary condition and to provide a suitable living environment with primary emphasis on addressing basic code deficiencies; and
- special financing techniques to "leverage" CDBG-REDI funds to encourage investment by other federal, state, and private lenders, thereby increasing the total amount of funding available in order to increase overall assistance.

In addition, the Department requires applicants to address the following in their local plans and studies:

- procedures to assure enforcement of applicable codes, standards, permitting and licensing requirements;
- if rehabilitation or construction is proposed, provisions which require consideration of low and moderate income persons;

### 4. Project Categories

#### a. Capital Projects:

Projects proposed must be for public facilities or infrastructure which provide a new or additional service and which meet a community development need or improve the health and welfare of the community. The following are general activities which may be funded under this project category: 1) real property acquisition; 2) major replacements; upgrading or rehabilitation of existing facilities; 3) acquisition of major equipment and fixtures integral to a project; and 4) other project related activities, including architectural, engineering design, and legal expenses.

#### b. Planning/Feasibility Grants:

Plans or studies which a community determines is needed may include the following:

- (i) Land Use or Comprehensive Plan

A land use plan, often referred to as a comprehensive plan, is essentially a guide or blueprint for the way in which residents wish to see growth and development occur in their community. Plans will vary from community to community due to differing conditions and circumstances; however, they will contain similar elements or components. These include: 1) an inventory of community assets such as public facilities, utility systems, skills and lifestyles of residents; 2) a description of community features such as land ownership, current land use, local economy; 3) an analysis of community needs; for example, protection from erosion, more land for homes, new roads; 4) other project related activities, including architectural, engineering design and legal expenses.

(ii) Capital Improvement Project Plan

A capital improvement is a development project or purchase which involves a major expenditure and has a useful life of at least several years. This could include anything from the purchase of a desktop computer to the construction of a health center. A CIP plan is a listing of the capital improvements projects which a community wishes to build or purchase over a period of time. The plan describes each project, including such things as need for the project, expected project cost, and the project's priority compared to other community projects. It is important to note that the cost of operating and maintaining a capital project during its useful lifetime can be much greater than the original cost of construction. CIP plans should contain only those projects which the community can afford to operate and maintain using local revenues like taxes and user fees. The State of Alaska Life Cycle Cost requirement should be considered; AS 35.10.160-200.

(iii) Economic Feasibility Plan

An economic feasibility study examines a proposed development project or business activity to determine if the project is more likely to make money or lose money over the expected life of its operation. A feasibility study will investigate such things as availability of raw resources, facility requirements, costs of production, potential markets, distribution requirements, and so on. Economic feasibility studies are important in determining whether a desired community project is actually going to be a benefit, or a handicap, for the community.

D. RANKING CRITERIA

Technical Assistance and Planning applications will be evaluated according to the following criteria and may be assigned up to a maximum of 100 points, based on the following ranking criteria:

1. Rationale for Selection of the Project	30 points
2. Community Efforts	5 points
3. Project Strategy	15 points
4. Project Impact	20 points
5. Benefit to Low and Moderate Income	25 points
6. Project Management	<u>5 points</u>
TOTAL:	100 points

1. RATIONALE FOR SELECTION OF THE PROJECT (includes degree of need) -- 30 points

This criterion will consider:

- the thoroughness of the applicant's community development needs assessment process and citizen participation efforts, especially involving low and moderate income residents;
- the relationship of the proposed project to the needs assessment; and
- the rationale for the selection of the project area; when applicable.

Each application will receive points depending upon its response to the criterion:

BEST	30 points
ABOVE AVERAGE	25 points
AVERAGE	15 points
BELOW AVERAGE	10 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

- the applicant has thoroughly documented and assessed its overall related community needs, including the particular needs of both low and moderate income households (including owners and renters) and households which may have special needs such as those with low incomes, female heads of family, and minority, elderly or disabled household members;
- the applicant has established priorities for dealing with its overall related needs; has reviewed its alternatives for dealing with those needs, taking into account all local, State, and federal resources; and has developed a well-reasoned and achievable long-term plan to respond to those local needs;
- there is evidence of active citizen participation, especially that of low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG-REDI project and project area, and of the applicant's efforts to thoroughly address any potential impacts of the project on low and moderate income residents; and
- the applicant has demonstrated a sound rationale describing why the activities proposed are the most appropriate ones to meet the identified needs by discussing the alternatives considered before selecting this option.

2. COMMUNITY EFFORTS -- 5 points

This criterion will assess the applicant's past and current efforts to resolve its identified Technical Assistance and Planning needs through local, State or federal public resources or the private sector. The applicant should outline steps taken to secure financing or other resources, and the results of those efforts.

Each application will receive points depending upon its response to the criterion:

BEST	5 points
ABOVE AVERAGE	3.5 points
AVERAGE	2.5 points
BELOW AVERAGE	1.5 points

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Suggestions for Applicants

A higher score on this criterion would likely result when:

- the local governing body has officially adopted or will adopt a local planning process;
- the applicant has established or will establish planning and zoning policies which facilitate affordable, energy-efficient facilities;
- the applicant has offered or will offer financial inducements to financier or developers;
- the applicant has undertaken or will undertake efforts in the community and/or project area to address the identified Technical Assistance and Planning needs such as improvements to public facilities and aggressive code enforcement; and
- the applicant has demonstrated that the level of local financial participation in the proposed project is the maximum that can reasonably be expected.

3. PROJECT STRATEGY -- 15 points

This criterion will consider the degree to which the applicant has developed a complete, well reasoned, appropriate and achievable strategy for dealing with identified Technical Assistance and Planning needs within the project area, taking into consideration all available public and private resources and local capacity. This criterion will also assess the extent to which the proposed activities represent the applicant's most effective option for achieving maximum impact on identified needs, given the complexity of the needs and the funds available for the proposed project.

Each application will receive points depending upon its response to the criterion:

BEST	15 points
ABOVE AVERAGE	12 points
AVERAGE	8 points
BELOW AVERAGE	5 points

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Suggestions for Applicants

A higher score on this criterion would be likely when:

- the proposed financing terms encourage the "leveraging" of private sector resources;
- the applicant has designed a comprehensive strategy for dealing with the needs of all tenure types, income categories, and groups having special needs, as well as substandard facilities ineligible for CDBG-REDI assistance;
- the applicant has clearly targeted a geographic area of high need, in terms of concentrations of low and moderate income and substandard facilities which offers a potential for generating considerable recognizable impact;
- all project activities support and implement a comprehensive community strategy;
- the applicant is coordinating all available public and private resources with CDBG-REDI activities to respond to the identified Technical Assistance and Planning needs in order to achieve maximum impact from limited CDBG-REDI funds and benefit to low and moderate income persons;
- the applicant will undertake specific local actions to address identified problems in the project area through administrative actions such as code enforcement or through programming of improvements to public facilities, such as repairs of the water or sewer system, streets or sidewalks;
- the proposed financing terms and techniques are appropriate to and affordable for the income levels of community residents and consistent with prudent management of scarce public funds;
- the applicant has realistically assessed potential response to the program design which has been selected, given local income levels, tenure types, and population characteristics;
- the proposed project is feasible, given the level of identified needs, time schedule, and available resources;

- if land assemblage is proposed, firm commitments have been obtained for site control on the sites to be acquired; and
- the applicant has designed a comprehensive and long-term strategy for dealing with those Technical Assistance and Planning needs which will not be addressed within the scope of the proposed CDBG-REDI project.

4. PROJECT IMPACT -- 20 points

This criterion will consider the:

- degree to which the identified needs will be met by the proposed project;
- degree to which any proposed secondary CDBG-REDI activities are clearly complementary to and in support of the principal activity and enhance the overall impact of the project in resolving the identified problem; and
- applicant's efforts to avoid adverse impacts from the project.

Each application will receive points depending upon its response to the criterion:

BEST	20 points
ABOVE AVERAGE	15 points
AVERAGE	10 points
BELOW AVERAGE	5 points

-----

Suggestions for Applicants

A higher score on this criterion would be likely when:

- the project involves "leveraging" of funds or is supported by local private investments with firm commitments from developers and financial institutions, and therefore, a high likelihood exists that additional support is expected;
- the applicant is dealing with as much of the identified problem as reasonable within funding constraints;
- the proposed activities will directly relate to and significantly address with substantial benefit, the identified needs of especially needy households;
- the project will expand opportunity and choice for low and moderate income persons through the provision of services not available previously;

- the applicant will avoid adverse impact on the environment, including historic resources, and avoid adverse impact which may result from the proposed activities; and
- for projects involving improvements to public facilities as part of a coordinated Technical Assistance and Planning project, the applicant has:
  - taken steps to assure that low and moderate income households will not be adversely affected financially by increased assessments or service charges; and
  - described how any public facilities activities will relate to the surrounding and overall infrastructure system and have a substantial impact on the identified deficiencies.

5. BENEFIT TO LOW AND MODERATE INCOME -- 25 points

This ranking criterion assesses the extent to which CDBG-REDI funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG-REDI funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG-REDI funds requested by the applicant.

Applicants will be assigned two points for each percentage of benefit to low and moderate income persons. Fractional percentages will be rounded to the nearest whole number. Documentation for benefit to low and moderate income persons must be consistent with the Department guidelines, described earlier in the application.

6. PROJECT MANAGEMENT -- 5 points

This criterion will assess the soundness and appropriateness of the applicant's plan for assuring proper management of the CDBG-REDI project, including financial management of grant funds, compliance with State and federal requirements, and effective and timely start-up and completion of project activities.

Each application will receive points depending upon its response to the criterion:

BEST	5 points
ABOVE AVERAGE	3.5 points
AVERAGE	2.5 points
BELOW AVERAGE	1.5 points

-----

Suggestions for Applicants

A higher score on this criterion would likely result when:

- the applicant has thoroughly considered the administrative and technical issues involved in the proposed project and has developed appropriate (and perhaps innovative) responses to them. For instance, the applicant has defined the mechanisms and procedures for conducting loan and/or grant negotiations with related linkages with area financial institutions, cost estimates, bidding and contracting procedures, construction supervision and inspections, building code inspections, energy audits, coordination with other related programs (Weatherization, JTPA, and Child Care) and training.
- a realistic cost has been estimated in relation to the standards the applicant proposes to achieve, the severity of needs described in the application, and the types of options to be addressed;
- if leveraging or other special financing techniques are proposed, the applicant has developed a sound administrative mechanism, has provided thorough documentation in support of any claims for the amount of funds leveraged, and has demonstrated that the proposal is appropriate and feasible given the administrative resources of the applicant lending institution;
- if acquisition, demolition or displacement are proposed, the applicant has thoroughly considered the administrative and technical issues, mechanisms and procedures that will be involved in carrying out these activities;
- the applicant has considered staffing needs for day-to-day project management and financial management and has developed preliminary positions, including qualifications and experience levels, or has identified the persons to whom these tasks will be assigned;
- all budgeted costs and the proposed implementation schedule are clearly reasonable and well supported;
- a realistic and reasonable administrative cost has been proposed, including general administration, inspections, work write-ups, travel, meetings with contractors or consultants, and applicant eligibility screening;
- if other funding sources or organizations will be involved in the project, the applicant has described how these will be coordinated and directed;

- the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other public or private resources to be involved in the project;
- if income is to be generated by CDBG-REDI-funded activities, a plan has been developed for the use of that money, and a mechanism has been established for its administration;
- if existing structures are to be rehabilitated or if activities in support of new construction are proposed, the applicant has provided additional applicable information such as preliminary site and/or floor plans, and has addressed issues such as compliance with handicapped access, prevailing wage rates and local zoning requirements; and
- if a previous grantee under the State CDBG-REDI program, performance of project management responsibilities has been above average or superior.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RURAL DEVELOPMENT DIVISION

4 DCRA Block Grants '89

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November 1, 1988

Dear Interested Persons:

Enclosed is the Draft FY 89 Community Services Block Grant (CSBG) State Plan for your review and comment. A public hearing chaired by Representative Heinrich Springer of the House Community and Regional Affairs Committee will be conducted through the Legislative Teleconference Network November 14, 1988, between 10:00 and 11:30 AM to hear your comments. Written comments will be accepted until the close of business November 25, 1988. The enclosed public notice contains additional information about the hearing.

For those of you who may be unfamiliar with the CSBG Program, it is funded by the U.S. Department of Health and Human Services (DHSS), Office of Community Services (OCS) and administered by the Department of Community and Regional Affairs (DCRA), Rural Development Division (RDD). The state will receive approximately \$750,000 for federal fiscal year 1989.

The federal law provides that 90 percent of the funds must be distributed to eligible Community Action Agencies that were established in 1981. The remaining 10 percent is granted to the State for administration and discretionary activities. In Alaska, the two primary recipients are the Rural Alaska Community Action Program (Rural CAP) and the Southeastern Alaska Community Action Program (SEACAP). The State has grant agreements with these organizations to provide activities that benefit low-income persons. The draft of the state plan provides details about these activities and how the State administers the program.

Included with this letter is a copy of the draft plan, which is very similar to the FY 88 Final Plan with technical revisions we feel are necessary to insure a more effective program. These changes are identified by page, section and paragraph in the enclosed material entitled Proposed Revisions. This document also presents proposed new language which deals with amendments to the state plan.

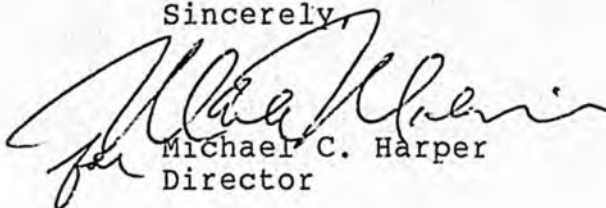
Interested Persons  
November 1, 1988  
Page Two

We look forward to your participation in the public hearing and encourage you to provide written comments if you wish. If you have questions please contact:

Judith A. Holden  
Block Grants Administrator  
Department of Community and Regional Affairs  
Rural Development Division  
P.O. Box BC  
Juneau, AK 99811

Phone: 465-4890

Sincerely,



for Michael C. Harper  
Director

Enclosure: Proposed FY89 CSBG State Plan

# COMMUNITY SERVICES BLOCK GRANTS

## STATE PLAN FOR FY 89

**DRAFT**



Rural Development Division  
Block Grant Administrator  
P.O. Box BC  
Juneau, Alaska 99811  
Phone: (907) 465-4890

State of Alaska  
Steve Cowper, Governor

Department of Community and Regional Affairs  
David G. Hoffman, Commissioner

November 1988



STATE OF ALASKA

COMMUNITY SERVICES BLOCK GRANT  
STATE PLAN FOR FY 1989

Prepared by:

Department of Community and Regional Affairs  
Rural Development Division  
P.O. Box BC  
Juneau, Alaska 99811

NOVEMBER 1988

STATE OF ALASKA  
FY 89 COMMUNITY SERVICES BLOCK GRANT STATE PLAN

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STATE OF ALASKA  
FY 89 COMMUNITY SERVICES BLOCK GRANT STATE PLAN

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## I. SUBMISSION OF THE STATE PLAN

With the submission of this plan the State of Alaska, Department of Community and Regional Affairs, is applying for FY 89 funding for the Community Services Block Grant program [Sec. 675(a)] pursuant to the provisions of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35); HJR 599-13, the mechanism for the inclusion of the Grandfather Clause, which assures 90 percent funding for CAAs; and Public Law which appropriates funds for the Department of Labor, Health and Human Services, and Education for FY 89. This plan describes how the State of Alaska will carry out the assurances contained in Section 675(c) as per Section 675(d)(1), and the proposed uses of funds, as required by Section 1742 of the Act.

## II. INTRODUCTION

### A. The Omnibus Budget Reconciliation Act.

The Omnibus Budget Reconciliation Act of August 13, 1981 (Public Law 97-35) repealed all but Title VIII and Title X of the Economic Opportunity Act of 1964. With this repeal, the Administration also changed the traditional role of the Federal Government of directly funding private non-profit anti-poverty programs at the local level. Instead, this funding is now channeled directly to states in the form of Community Services Block Grants, giving Governors more direct control over the expenditure of such funds at the local level for low-income residents.

### B. State Administration.

The federal Department of Health and Human Services, through its Office of Community Services, administered the CSBG funds for the State during FY 82 by making grants to the two designated Community Action Agencies in the State: The Rural Alaska Community Action Program, Inc. (Rural CAP) and the Southeastern Alaska Community Action Program (SEACAP). A variety of tribal entities receive direct funding from Washington, D.C. during each fiscal year. This amount is deducted from the State's CSBG allocation.

During FY 83, the State of Alaska assumed administration of the Community Services Block Grant. The Governor designated the Alaska Department of Community and Regional Affairs (DCRA) as the State administering agency for this block grant program. In 1983 the CSBG application was developed by the Division of Community Development (DCD). This Division had responsibility for administering the Job Training Partnership Act (JTPA). In addition, State funded Day Care Assistance and Child Care Programs, the Displaced Homemaker's Program, and a number of other State funded capital projects and Legislative Grants were administered by the Division. The federally funded HUD-Community Development Block Grant and Department of Energy Low Income Weatherization and State Energy Conservation Programs have also been administered by the Division. The Division is familiar with and has significant experience in operating a variety of complex federal program. In 1988, the Division of Community Development's name was changed to the Rural Development Division, to more accurately reflect the majority of the area serviced by its various programs.

Set out below is the State of Alaska's plan for the distribution and administration of CSBG funds. The State Plan annotates the required federal assurances to meet the conditions and stipulations contained in Section 675(d)(1) of the Act.

C. The Role of the Community Action Agencies.

At least 90 percent of the funding received by the State of Alaska will be passed through to the two existing Community Action Agencies. This plan relies largely on the continuation of activities by these agencies to meet the assurances required in Section 675(c) of the Act.

With these funds the Rural Alaska Community Action Program (Rural CAP) and Southeastern Alaska Community Action Program (SEACAP) provide a range of services to low-income Alaskans in rural and urban communities which are dispersed over a vast geographic area.

In southeast Alaska, SEACAP has provided regional programs in weatherization, youth employment and advocacy, and referral services to the low-income clients in the region. Rural CAP's services are available throughout rural Alaska. Rural CAP serves its low-income population with Head Start and other child development programs alcoholism and drug abuse prevention, weatherization and other energy programs designed to lower the fuel bills of poor families, natural resources programs to ensure continued access to fish and game resources by those who depend on them as staples, and citizen participation programs to ensure that the voice of the poor is heard. Both agencies use CSBG and non-CSBG funds to extend services to rural and urban Alaskans. Appendix A provides a summary of each agency's activities for the past program year.

CSBG funds are used to help low-income people to secure and retain meaningful employment, an adequate education, make the best use of available income, obtain and maintain adequate housing, obtain emergency assistance for energy related life-sustaining needs, and attain greater self-sufficiency and participation in programs and projects that directly affect their lives and well-being.

Meeting the needs of low-income people would be improved with the development of a good, responsive, and effective planning process or how people participate, the needs of the poor are determined, priorities developed, program formed, administered, approved, monitored, and evaluated. A good CAA planning process should be year-round and taken seriously.

Program coordination is strongly encouraged in the CSBG Auth. Leg. Section, 675(c)(8) which states that "coordination will be provided between anti-poverty programs in each community, where appropriate, with emergency energy crisis intervention programs under Title XXVI of the Budget Reconciliation Act (relating to low-income home energy assistance) conducted in such community. In the next fiscal year, CAAs receiving CSBG funds will be strongly encouraged to coordinate with other CAAs or agencies with similar goals in their target area.

### III. ROLE OF THE STATE AGENCY

The Governor of the State of Alaska has designated the Department of Community and Regional Affairs, formerly the State Economic Opportunity Office (SEOC), as the administering agency for the Community Services Block Grant Program.

#### A. Public Review and Hearings.

The State Department of Community and Regional Affairs disseminates the State Plan to the public [as per Sec. 675(d)(2)], in order to facilitate comments from interested local governments, corporations, agencies and persons [Section 1742(b) and (c)]. Copies of the Plan are sent to interested parties, all legislators, appropriate legislative committees, Community Action Agencies, and Regional Offices of the Division of Community Development for review and comment.

Public notices are placed in statewide newspapers and the State Administrative Journal to inform the public of the availability of the State Plan and to invite public comments for up to 20 days. The State conducts the legislative and public hearings on the State Plan in accordance with Section 675(b) of the Act. The Community and Regional Affairs Committee of the State House of Representatives will conduct a statewide public hearing on November 14, 1988 over the Legislative Teleconference Network. Testimony is to be taken from twenty rural and urban sites around the State.

#### B. Responsibilities to Subgrantees and Financial Audits.

The State will not expend more than five percent or \$55,000, whichever is greater, of its allotment for administrative expenses as per Section 675(c)(2)(B). The State will disburse funds, coordinate and monitor the programs operated with Community Services Block Grant Funds, and provide training and technical assistance, where required. The State will assist, where necessary, with program management and compliance, including, but not limited to, financial monitoring and audits [Sec. 675(c)(9)]. Audits of CSBG expenditures will be conducted at least every two years in accordance with 45 CFR part 96 subpart I paragraph 96.91 and Section 1745(b).

The audits will be conducted in accordance with federal circulars A-128 and A-110, as appropriate, and with standards established by the Comptroller General for the audit of governmental organizations, programs, activities and functions. Audits are required in the State's grant agreement with CAAs and are conducted in lieu of any other financial and compliance audits of the same funds which the State is required to conduct under any other provision of this Act [Sec. 175(a), (c) and (d)]. Such audits will be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles [Sec. 675(f)]. The cost of subgrantee audits will be included in the CAA's administrative budget.

### C. Subgrantee Application Procedures

CAAs are required to submit an application for CSBG funds in order to be funded. The application includes a workplan which explains the CAA planning process and establishes the CAA's Planning Process, establishes the CAA's goals and objectives, cites which statutory requirements are being met, identifies project timelines, technical assistance/coordination mechanisms and requirements, and sources of other funds. In addition, the workplan includes a detailed narrative, and a budget prepared by line item with a detailed breakdown for each line item. The application must be approved by the applicant's governing board. The CAA is required to provide the necessary assurances included in the Omnibus Budget Reconciliation Act. The activities to be undertaken by the CAA must be measurable and have a potential impact on the causes of poverty [Section 675 (c)(1)(A) (i through viii) and (C)(D) and (E)], of the Omnibus Budget Reconciliation Act.

The board must provide assurances that it has adopted and implemented bylaws for itself and agency policies relative to travel, personnel, and other areas as appropriate, consistent with federal and State laws and regulations. The reimbursement rates for travel and related expenses will be set locally by the boards, but may not exceed State limits. Fiscal management policies and procedures must have been approved and be located in a separate volume. Any weaknesses or inadequacies identified in the latest audit report must have been corrected, with assurances contained in the application.

### D. Subgrantee Monitoring

A narrative overview of the work performed, and how those activities are in conformance with the subgrantee's workplan are required with all drawdown requests.

Monitoring checklists will be utilized for on-site program reviews to assure programmatic and fiscal compliance. Through on-site visits staff can identify performance/achievements, potential or actual problem areas, and initiate corrective action in cooperation with the local agencies. A written report of the on-site visit will be prepared, copies of which will be provided to the Community Action Agency board chairperson and executive director.

### E. Suspension, Termination of Funds, and Procedure for Appeals

All grantees, to be eligible for funding under the plan, must use CSBG funds to carry out only those activities authorized under Section 675 (c)(1) of the Omnibus Budget Reconciliation Act of 1981. CSBG funds must not be used for activities prohibited under Section 675 (c)(6) and (7).

Grantees must have internal control and fund accounting procedures to assure the proper disbursement of and accounting for funds provided. If a grantee or a potential grantee fails to meet these program and fiscal requirements, it will be ineligible for continued funding under the State's CSBG program.

Termination by Mutual Consent:

- a. Either party may terminate a CSBG grant agreement by mutual consent by setting forth the reasons and submitting them in writing. Before the termination is effective, the other party must give written consent.

Termination for Cause:

If the Grantee fails to comply with the provisions of the grant agreement, or fails to use the funds for only those purposes which have been designated in the grant agreement, the Department may, after written notice to the Grantee:

- a. Suspend the grant agreement and withhold any further payment or prohibit the Grantee from incurring additional obligations of funds, pending corrective action by the Grantee or a decision to terminate; or
- b. Terminate the grant agreement in whole, or in part, at any time before the final payment is made, and notify the Grantee in writing of its decision to terminate, the reason for termination and the effective date of termination.

If the Grantee defaults or violates the terms of the grant agreement the Department may request the Attorney General to institute actions to recover all or part of the project funds paid to the Grantee.

All reasonable and necessary costs incurred or obligated before the actual grant agreement termination and which are allowable under the terms of the grant agreement shall be reimbursed by the Department.

The Grantee can appeal a decision to terminate a grant for cause by writing to the Commissioner of the Department of Community and Regional Affairs. The Grantee must explain in detail all of the reasons for the appeal. The appeal must be received by the Department within thirteen (13) working days of the date the Grantee received the grant termination notice. The Commissioner may grant an extension for exceptional circumstances for up to five (5) days, if a written request is received before expiration of the initial thirteen (13) day period.

The Commissioner will review the appeal and notify the appellant within ten (10) working days if it is timely and accepted for a hearing.

When an appeal is accepted, the Commissioner will conduct a hearing on the appeal as soon as practicable within twenty (20) working days. The Commissioner will conduct the hearing and may designate one or more persons from within the Department to serve as a hearing panel.

If a hearing is conducted it will be recorded. All interested parties wishing to be heard at the hearing shall submit a written brief of their statement no later than 24 hours prior to the hour of the hearing.

The decision will be made available to interested parties within fifteen (15) working days of the date of the completion of the hearing.

As required by Sec. 676 A of Public Law No. 98-588, a copy of the hearing record will be made available for a prompt review by the Secretary of the Department of Health and Human Services, if such a request is made. If a review by the Secretary is requested, the Department's determination will not be effective until a finding confirming the State's finding of cause is provided by the Secretary.

F. Grant Application Process.

The CSBG grant application process occurs annually in conjunction with application for refunding. Grantees submit a refunding application which includes:

a planning process which is approved by the grantee board and by the DCRA

a work program which is approved by the grantee board and by DCRA

a budget which is approved by the grantee board, the fiscal officer, and by DCRA

a State of Alaska request for an advance of 25% of the grant

a grant document which is signed by the grantee board chairperson or other individual authorized to sign on behalf of the board

G. Quarterly Program Progress Report.

Quarterly Program Progress Reports are required from subgrantees outlining an analysis of the activities included in the workplan as compared to actual accomplishments, any variations in the workplan, as well as identification of particular successes or problem areas encountered. In addition, an annual report shall be submitted for the grant period which contains the same level of information. The annual report will require an analysis of the effectiveness of the subgrantee's workplan and will discuss proposed activities for the next program year based on public participation, board priorities, and impacts of previous or present funding. The Contractor shall use the format prescribed by the Department.

H. Quarterly Fiscal Reports

Once a grant application is approved by DCRA, the payment process begins. The initial payment request, equal to 25% of the total grant amount, is submitted by the CAA to DCRA, which authorizes the issuance of a check with approval from DCRA, for advance payment to the grantee. Subsequent advances are made quarterly based upon receipt of a payment voucher and approval of required quarterly financial and program reports. (Please see new DCRA Advance Payment Policy).

In the initial implementation of CSBG advance payment policy, monthly financial reports will be required and will include a brief narrative overview of work performed and how those activities were in conformance with the CAA Work Plan. The DCRA reserves the right to place CAAs on a cost reimbursable basis should there be questionable expenditures in no less than three quarterly fiscal and program reports submitted by the CAA.

#### I. Amendments.

1. To the State Plan: The State Plan may be amended during the program year, as necessary, to accommodate administrative and programmatic changes of fluctuation of federal funds. Grantees and other interested parties are to be provided copies of proposed changes and given up to fifteen (15) working days to comment. The Department must consider these comments before taking any action. The Office of Community Services will be notified of amendments to the State Plan.
2. To Local Programs: Proposed budget or program amendments may be submitted during the course of the year. The Department of Community and Regional Affairs reserves the right to approve or disapprove such requests for amendments. Proposed amendments which are reasonable, and which do not significantly change the program benefit will be approved.

#### IV. CRITERIA AND METHOD OF FUND DISTRIBUTION

Alaska, a large state geographically, with a relatively small but diverse population uses not less than 90 percent of the funds to make grants to the two existing Community Action Agencies [Sec. 675 (c)(4) and 675 (c)(2)(B)].

The State will use not more than the allowable \$55,000 of the total Community Services Block Grant funds for administration of the grant [Sec. 675 (c)(2)(B)]. The Department reserves the right to distribute the discretionary funds for activities that benefit low-income Alaskans. Discretionary funds may be distributed to existing CAAs or other non-profit organizations for "new and innovative" projects that will attack the causes and conditions of poverty. It should be used to mobilize other resources rather than relying on this small source of funds to support a project on its own.

##### A. History of Funding

The Department has periodically reviewed the funding available to Alaska's two CAAs since the Office of Community Services administered the Community Services Block Grant Program. Just prior to the State assuming administration of the program, the available funds were divided between the two CAAs on the basis of approximately 17 percent for SEACAP and 83 percent for Rural CAP. When the Department prepared its first plan, the funding ratio was based primarily on poverty population derived from the 1980 census. This resulted in changing the funding ratio to approximately 8.7 percent for SEACAP and 91.3 percent for Rural CAP because of the poverty populations in the respective service areas claimed.

While both CAAs experienced an overall loss of funds during this period, the experience of the last several years has shown that the smaller organization was seriously hampered in its ability to maintain a staff and conduct programs with available funds. Inherent in the Department's assumption of the CSBG program from OCS, is a recognition of the value of maintaining the two eligible organizations in order for them to support their existing programs and/or to initiate new programs as need dictates.

In reviewing the funding situation during 1985 and early 1986, the Department acknowledged its oversight in creating a disproportionate distribution based solely on poverty population. The Department recognizes that a certain level of funding is necessary for a program to meet the basic operational requirements of Public Law 97-35. These basic costs include staff, office, supplies, and travel for governing board and staff.

The Department of Community and Regional Affairs in this new plan strongly encourages both CAAs to seek and mobilize other state, federal, and private resources to lower reliance on CSBG, given the historical and precarious nature of CSBG in the federal budget process in the past decade.

**B. Current Distribution Formula**

The Department proposes to use the same formula used in 1987 to determine the distribution of funds to the CAAs in 1989. The federal allocation figure will not be available from Congress until late December, 1987; therefore, the 1989 State Plan figures have not been included in this draft.

A breakdown of the basic formula for the FY 89 funds is as follows:

Total CSBG Funds To State  
 minus Tribal Grantees  
 equals Balance to DCRA  
 minus 10% Administrative and Discretionary  
 equals 90% to CAAs

**Funding Available to CAAs**

	<u>RURAL CAP</u>	<u>SEACAP</u>
Step I. Basic Grant	\$50,000.00	\$ 50,000.00
Step II. Poverty Population		
Formula		
* \$xxxxxxxxxx	+	+
<u>-100,000.00</u>		
\$xxxxxxxxxx	X .903 =	X .0969 =
	<u>\$xxxxxxxxxx</u>	<u>\$xxxxxxxxxx</u>
Total to Each CAA	\$xxxxxxxxxx	\$xxxxxxxxxx

The factors used in Step II to determine the distribution of funds on a population basis are derived in the following manner:

1. 1980 Census of Population  
 General Social and Economic Characteristics  
 Poverty Status in 1979 or Families and Persons for Counties:  
 1980 Table 181

2. Alaska Department of Health and Social Services  
 Eligibility Information System  
 Aid to Families with Dependent Children (AFDC) Payment Summary  
 April, 1988

To arrive at equitable distribution of CSBG funds, the following process is used.

The statewide number of low-income individuals at 125 percent of poverty per the 1980 Census from Table 181 is 55,909. The number of low-income persons residing in Southeastern Alaska is 4,677 (this number includes the census districts of Haines, Juneau, Ketchikan Gateway Borough, Prince of Wales/Outer Ketchikan, Skagway/Yakutat/Angoon, Wrangell/Petersburg, and Sitka). 4,677 is then divided by the statewide number of low-income, 4,677/55,909 arrive at 8.37 percent. The balance of State allocation 51,232 (55,909 - 4,677) is divided by 55,909 to arrive at a rate of 91.63 percent.

Similarly, AFDC cases in Southeastern Alaska are used to arrive at a percentage of AFDC cases relative to the balance of the State. In April, 1988, 777 AFDC cases are served in the southeast region versus a total of 7,605 statewide. These figures are taken from the report identified in #2 above. The resulting percentage for Southeast is 11 percent and 89 percent for the balance of the State.

\* Figures not available at this time.

The CSBG allocation based on statistical information is:

	<u>RurAL CAP</u>	<u>SEACAP</u>
1980 Poverty Statistics (125 % of poverty level)	91.63%	8.37%
AFDC cases	<u>89.00</u>	<u>11.00</u>
Total	180.63%	19.37%

These figures are divided by two to arrive at a distribution figure for CSBG funds.

<u>RurAL CAP</u>	<u>SEACAP</u>
90.31%	9.69%

V. GEOGRAPHIC AREAS AND CHARACTERISTICS OF INDIVIDUALS TO BE SERVED

As mentioned earlier, with RurAL CAP serving the majority of rural Alaska and now acting as a conduit of funds to help assist the urban poor, and with SEACAP serving the low-income population of Southeastern Alaska, the Community Services Block Grant Program can touch, within the limits of funding, all eligible low-income participants, including the elderly poor, on a state-wide basis, with population estimates of 55,909 [Sec. 1742 (a)(2)] as per the 1980 U.S. Census.

## VI. GOALS AND OBJECTIVES

### A. The Overall Goal: Preventing Poverty.

The primary State goal for the CSBG program [Sec. 1742 (a)(1)] is to reduce and/or prevent poverty through community-based educational activities which lead to a greater degree of self-sufficiency on the part of low-income people [as per Sec. 675 (c)(1)(A) and 675 (c)(1)(B)(ii), (vi) and (vii)].

### B. Background of Programs.

Section II of this Plan briefly describes the history of anti-poverty funding and programs in Alaska and the role that CAAs have played. The Plan further provides understanding of specific projects accomplished to date. The attached Appendices describe the projects CAAs have used to meet the goals and objectives of the Community Services Block Grant program for the previous fiscal year [per Sec. 1742 (a)].

### C. Coordination of Resources

To help meet both the goal and objectives, the State, through its subgrantees, will coordinate all available resources.

### D. Program Objective: Impacting Poverty.

One of the State's main objectives with its subgrantees is to continue to provide a wide range of services and activities which have a measurable and major impact on the causes of poverty in the State [as per Sec. 675 (c)(1)(A)].

Many of the relevant activities detailed throughout this Plan, are ongoing programs of the existing CAAs which, since 1965, have worked to eradicate the causes of poverty in Alaska. Particular program components which attain this objective include, but are not limited to:

#### 1. Local Control.

A local control component will provide training and technical assistance to interested eligible applicants to help return power and responsibility to the local unit of government. This element is an integral part of both self-sufficiency [Sec. 675 (c)(1)(B)(vi)] and self-awareness, which will help to impact the causes of poverty [Sec. 675 (c)(1)(A)].

#### 2. Planning and Research.

A planning component enables the programs to research and help provide some of the education and information [Sec. 675 (c)(1)(B)(ii)] necessary to both the low-income population who require such knowledge for self-improvement, and to appropriate government agencies to help coordinate and establish linkages between such governmental and other social services programs to assure the effective delivery of services to low-income individuals as per Sec. 675 (c)(1)(D).

E. Program Objective: Self Sufficiency.

Another similar objective of the CSBG funded programs will be to concentrate on removing obstacles to the achievement of self-sufficiency [Sec. 675 (c)(1)(B)(vi)], through programs that provide education [Sec. 675 (c)(1)(B)(ii)], encourage community involvement and participation [Sec. 675 (c)(1)(B)(vii)], and help make more effective use of other related programs [Sec. 675 (c)(1)(B)(viii)], in part because of the coordination between government and other social service programs to assure effective delivery [Sec. 675 (c)(1)(D)]. Specific activities, programs and concerns designed to meet this objective are:

1. Economic Development.

An economic development program helps to provide employment opportunities, some job counseling, and related activities [Sec. 675 (c)(1)(B)(i)] as well as using and encouraging the use of the private sector [Sec. 675 (c)(1)(E)]. The latter partially through use of the coordinated efforts with other agencies, programs, and through the Boards of Directors of the CAAs.

2. Natural Resources.

A natural resources component concentrates both on resource management and energy conservation with educational activities [Sec. 675 (c)(1)(B)(ii)] designed to assist low-income participants make better use of available income [Sec. 675 (c)(1)(B)(iii)], and to help obtain and maintain adequate housing and a suitable living environment [Sec. 675 (c)(1)(B)(iv)].

3. Rural Programs.

A rural component is coordinated with appropriate agencies and local governments to identify priorities that address the needs of the rural poor.

4. Urban Programs.

An urban component is coordinated with local municipal agencies to identify priorities that address the needs of the urban poor [Sec. 675 (c)(1)(B)(v)], [Sec. 675 (c)(1)(C)].

5. Citizen Participation.

A citizen participation component [Sec. 675 (c)(1)(B)(vii)] is provided to educate low-income people in governmental and other processes [Sec. 675 (c)(1)(B)(ii)] as to their significance in these processes in order to gain a measure of control over decisions which affect the overall quality of life.

VII. REQUIRED FEDERAL STATUTORY AND STATE ADMINISTRATIVE ASSURANCES

A. Application

Pursuant to Section 675(a) of the Community Services Block Grant Act of 1981, as amended, I submit this application to the Secretary of the U.S. Department of Health and Human Services for administration of its Community Services Block Grant by the State of Alaska for Fiscal Year 1989.

B. Assurances Required By Section 675(b)

I hereby certify that the State of Alaska will comply with the following assurance contained in Section 675(b):

No funds shall be allotted to such State for any fiscal year under this subtitle unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under this subtitle for such fiscal year.

C. Assurances Required By Section 675(c)

I hereby certify that the State of Alaska will comply with the following assurances contained in Section 675(c):

(1) Use of Funds

Funds available under this Community Services Block Grant Act will be used:

- (A) To assist in the provision of a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;
- (B) To provide activities designed to assist low-income participants including the elderly poor;
  - (i) to secure and retain meaningful employment;
  - (ii) to attain an adequate education;
  - (iii) to make better use of available income;
  - (iv) to obtain and maintain adequate housing and a suitable living environment;
  - (v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
  - (vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;
  - (vii) to achieve greater participation in the affairs of the community; and
  - (viii)

to make more effective use of other programs related to the purposes of this subtitle;

- (C) To provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;
- (D) To coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and
- (E) To encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

(2) Allocation of Funds

Not less than 90 percent of the funds allotted to the State will be used to make grants to use for the purposes described above to Community Action Agencies, Community Action Programs, or to organizations serving seasonal or migrant farm workers. The State will not expend more than five percent, or \$55,000 of its allotment, whichever is greater under Section 674, for administrative expenses at the State Level [675(c)(2)(B)].

(3) Board of Directors

In the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (B) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education or other major groups and interests in the community. [675(c)(3)]

(4) Special Consideration in Designating Subgrantees

Special consideration in the designation of local community action agencies under this subtitle to any community action agency which is receiving funds under any Federal anti-poverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration,

determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is not such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency for which the determination is made. [675(c)(4)]

(5) Transfer of Funds

The State may transfer funds, but not to exceed five percent of its allotment, for the provision set forth in the Community Services Block Grant Act to services under the Older Americans Act of 1965, the Head Start program, or the energy crisis intervention program [675(c)(5) as amended by Public Law 98-588, Section 203(a)(5).]

(6) Political Activities

Any political activities in accordance with this subsection will be prohibited. [Subsection (e)]; [675(c)(6)]

(7) Political Assistance

Any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity will be prohibited; [675(c)(7)].

(8) Program Coordination

Coordination will be provided between anti-poverty programs in each community, where appropriate, with emergency energy crisis intervention programs under Title XXVI of the Budget Reconciliation Act (relating to low-income home energy assistance) conducted in such community; [675(c)(8)].

(9) Fiscal Control

Fiscal Control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under the Community Services Block Grant Act. The State will provide every year, in accordance with Section 675(f), an audit of its expenditures of amount received under the Community Services Block Grant Act and amounts transferred to carry out the purposes of the Community Services Block Grant Act; [675(c)(9)].

(10) Federal Investigations

Upon written notification that an authorized federal investigation is being conducted, the State of Alaska will cooperate, to the extent of its ability, with any federal investigations undertaken in accordance with Section 679 of the Act [Sec/ 675(c)(10)].

(11) Grant Termination

Any community action agency, or migrant or seasonal farm worker organization, which received funding in the previous fiscal year under this Act will not have its present or future funding terminated under this Act, unless the State determines, after notice and an opportunity for a hearing on the record, that cause existed for such termination. The decision to terminate is subject to review by the secretary as provided in Section 676A of this Act. [Public Law 98-558, Section 203(3)]

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Steve Cowper, Governor

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Date

FY 88 STATE PLAN

COMMUNITY SERVICES BLOCK GRANT PROGRAM

APPENDIX A

SUMMARY OF ACTIVITIES FOR FY 88

This information summarizes the activities of Alaska's two Community Action Agencies during the past year. In accord with the purposes stated in Public Law 97-35, the state will use the funds available under this subtitle --

- (A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;
- (B) to provide activities designed to assist low-income participants, including the elderly poor:
  - (i) to secure and retain meaningful employment;
  - (ii) to attain an adequate education;
  - (iii) to make better use of available income;
  - (iv) to obtain and maintain adequate housing and a suitable living environment;
  - (v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
  - (vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;
  - (vii) to achieve greater participation in the affairs of the community; and
  - (viii) to make more effective use of other programs related to the purposes of this subtitle.

Alaska's Community Action Agencies (CAA) have made use of funds from various sources over the past year, including CSBG funds, to provide a range of programs and advocacy activities for the benefit of low-income persons. CSBG resources were used in conjunction with state and other federal funds such as the Low Income Home Energy Assistance Program (LIHEAP), Head Start, State Office of Alcoholism and Drug Abuse (SOADA), and direct state grants.

The following material briefly describes activities of the community action agencies to the extent they can be categorized in (B) (i - viii) above.

(i) Employment

RurALCAP: CDBG funds were used to supplement training funds in the Head Start budget allocated in the Child Development Department of RurAL CAP because it is such an effective way to provide low-income people with meaningful employment job skills. Over the past year, they provided 20 training sessions with 450 people, and 19 communities participating. The Energy Department developed 20 efficient stove dealerships with 58 stoves sold by the village entrepreneurs.

SEACAP: They are currently attempting to resolve a dispute between the U. S. Forest Service and Alaska Legal Services Corporation regarding logging practices near Hoonah. A decrease in logging activity near Hoonah and all over Southeast Alaska would cause a loss of jobs for low-income people.

(ii) Education

RurAL CAP: Provided some funding and support for Interns of Alaska in which nine interns were placed with non-profit organizations for the summer of 1988. Child Development Activity supported the Head Start Program, which served nearly 1,000 children statewide. Alcohol Department held numerous workshops and training sessions. Rural Providers Conference on Alcohol drew almost 400 registered participants. The Rural Energy Conference, which provided information and education about energy conservation, drew over 125 individuals. Energy Fairs in two villages drew 60 participants. The RurAL CAP agency newsletter, Village Voices, was sent to over 6,000 individuals every quarter.

SEACAP: SEACAP is beginning the renewal of their newsletter, targeting the low-income population.

(iii) Use of Available Income

RurAL CAP: A shared savings demonstration project with a village provided energy saving features in a community building amounting to an estimate of \$6,000 in heating costs the first year. A lighting demonstration project with Copper River Basin Housing Authority helped them buy energy-efficient lights to demonstrate the amount of energy it would save in homes of low-income people.

SEACAP: The agency suffered from financial difficulties in 1987. Much activity centered in 1988 focused on restructuring the organization and preparing it to be actively involved in providing services to low-income people in Southeastern Alaska.

(iv) Housing and Living Environment

RurAL CAP: Energy-efficient demonstration projects continue in several villages. Continuous advocacy for low-income housing; with a grant from the State, RurAL CAP prepared a Housing Needs Assessment study which resulted in \$3.2 million being supplemented to HUD for low-income housing this year.

SEACAP: Worked with the Presbyterian Synod to provide funds to the City of Kake for the improvement of homes owned by senior citizens. SEACAP administered the funds for the Emergency Housing Program.

(v) Emergency Assistance

RurAL CAP: Provided \$6,138 to Beans Cafe in Anchorage to provide meals for homeless. Applied for Homeless Assistance funds to expand program.

SEACAP: Worked with the Weatherization Program to provide emergency weatherization assistance to low-income people.

(vi) Removing Obstacles to Self-Sufficiency

RurAL CAP: Village Participation Conference - skills building and training for village people to find solutions to their own problems; 80 villages from throughout Alaska were represented and for the first time in 15 years, 50% came to the Conference on their own. Continuous advocacy to protect subsistence and natural resources which supports the subsistence lifestyles in rural Alaska. Coordinated Gwich'in Gathering to issues affecting their cultural survival (400 people in attendance) and Indigenous Survival International (ISI) which had over 200 participants and received world-wide satellite television and other media coverage.

SEACAP: Worked to strengthen its board of directors and staff; began the development of an effective Planning Process; and completed a study on the Alaska Native Allotment Issue to provide 160 acres to eligible recipients.

(vii) Community Affairs Participation

RurAL CAP: Much activity in this area with our sponsorship of Village Participation Conference; Gwich'in Gathering; Indigenous Survival International; Energy Conferences and Fairs; Rural Alaska Resources Association; and others involved the active participation of over 1,000 individuals from rural Alaska on issues that affected their communities and individual ways of life.

SEACAP: Executive committee, from five communities, and staff attended the Village Participation Conference. Communities involved in SEACAP made assessment.

(viii) Effective Use of Other Programs

RurAL CAP: \$30,000 was set aside for resource mobilization and was responsible for the receipt of other new grants such as a \$40,000 grant to the Alcohol Department to train the trainers; \$145,000 grant to supplement the mental health component of Head Start; support the training component of Head Start with a \$40,000 budget allocation; and others.

SEACAP: In 1988, focused entirely upon SEACAP to develop a Planning Process, beginning with conducting a community needs assessment; addressing financial problems; program priorities; and strengthening board, staff, and delivery system.

Community Food and Nutrition Program

Under the provisions of Section 681A(b) (1) of the Community Services Block Grant Act as amended by Public Law 99-425, the State of Alaska received an award for Statewide Community Food and Nutrition initiatives to assist unemployed and disadvantaged individuals. These funds were utilized in the following manner:

- (C) To provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the Poor.

RurAL CAP: Provided \$6,138 to Beans Cafe to provide meals for the homeless.

SEACAP: No activity reported in the past year.

- (D) To coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals.

RurAL CAP: As a statewide agency, has contact and working relationships with all native regional non-profits and linkages with governmental agencies through its Board and programs. The Alcohol Department alone has over 30 written memoranda of agreement with statewide and local social service agencies. Each program has a vast statewide network to ensure cooperation and non-duplication of services to low-income people statewide

SEACAP: On a regional basis in Southeastern Alaska, SEACAP has a similar link on their Board of Directors and with other non-profit corporations in their area.

- (E) To encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

RurAL CAP: Completed through a strong private sector representation on the Board of Directors and working with over 30 local dealerships with Toyotomi of Japan on the sale of fuel efficient heaters.

SEACAP: Has similar representation on Board of Directors and completing an analysis on past private sector initiative in Seafood Products

END

FY 89 Community Services Block Grant State Plan

Proposed Revisions

Various Sections --

References to FY 88 have been changed to FY 89

Section II --

- C. Fifth and sixth paragraphs on page 2, C; add the following new paragraphs to read:

"Meeting the needs of low-income people would be improved with the development of a good, responsive, and effective planning process or how people participate, the needs of the poor are determined, priorities developed, program formed, administered, approved, monitored, and evaluated. A good CAA planning process should be year-round and taken seriously."

"Program coordination is strongly encouraged in the CSBG Auth. Leg. Section, 675(c)(8) which states that 'coordination will be provided between anti-poverty programs in each community, where appropriate, with emergency energy crisis intervention programs under Title XXVI of the Budget Reconciliation Act (relating to low-income home energy assistance) conducted in such community. In the next fiscal year, CAAs receiving CSBG funds will be strongly encouraged to coordinate with other CAAs or agencies with similar goals in their target area.

Section III --

- C. Insert in second sentence after the word "which" the following phrase "explains the CAA Planning Process and"

- F. Change "Reporting Requirements" title on page 6 to "Grant Application Process" and add this language to the new subsection,

"The CSBG grant application process occurs annually in conjunction with application for refunding. Grantees submit a refunding application which includes:

a planning process which is approved by the grantee board and by the DCRA

a work program which is approved by the grantee board and by DCRA

a budget which is approved by the grantee board, the fiscal officer, and by DCRA

a State of Alaska request for an advance of 25% of the grant

a grant document which is signed by the grantee board chairperson or other individual authorized to sign on behalf of the board"

G. The G subsection entitled "Amendments" is now entitled "Quarterly Program Progress Report" and add this language to the new subsection.

"Quarterly Program Progress Reports are required from subgrantees outlining an analysis of the activities included in the workplan as compared to actual accomplishments, any variations in the workplan, as well as identification of particular successes or problem areas encountered. In addition, an annual report shall be submitted for the grant period which contains the same level of information. The annual report will require an analysis of the effectiveness of the subgrantee's workplan and will discuss proposed activities for the next program year based on public participation, board priorities, and impacts of previous or present funding. The Contractor shall use the format prescribed by the Department."

H. New subsection entitled "Quarterly Fiscal Reports" and add this language to the new draft plan:

"Once a grant application is approved by DCRA, the payment process begins. The initial payment request, equal to 25% of the total grant amount, is submitted by the CAA to DCRA, which authorizes the issuance of a check with approval from DCRA, for advance payment to the grantee. Subsequent advances are made quarterly based upon receipt of a payment voucher and approval of required quarterly financial and program reports. (Please see new DCRA Advance Payment Policy.)

In the initial implementation of CSBG advance payment policy, monthly financial reports will be required and will include a brief narrative overview of work performed and how those activities were in conformance with the CAA Work Plan. The DCRA reserves the right to place CAAs on a cost reimbursable basis should there be questionable expenditures in no less than three quarterly fiscal and program reports submitted by the CAA."

I. "Amendments" now follows new paragraphs G and H with virtually the same language.

## Section VII --

Page 12: "Administrative Assurances" is replaced with new heading and will now read "Required Federal Statutory and State Administrative Assurances." Paragraphs A through H on pages 11 through 13 are deleted and replaced with paragraphs beginning on page 12, "Application" outlined in the FY 88 draft State Plan. "Administrative Assurances" and "Additional Required Assurances" repeated virtually the same language and intent. We merely combined them into one new heading.

NOV - 1 1988

# Rural Alaska Community Action Program, Inc.

October 26, 1988

Ms. Judith A. Holden, Block Grants Administrator  
State of Alaska, Dept of Community/Regional Affairs  
Rural Development Division  
P. O. Box BC  
Juneau, Alaska 99811-2210

RE: Draft FY 88 Community Services Block Grant State Plan

Dear Ms. Holden,

Thank you for the opportunity to provide input to the draft FY 88 Community Services Block Grant State Plan. My recommendation for amendment and improvement to the state plan is the same this year as it was last.

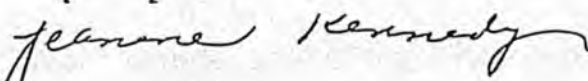
As you are aware, the Dept of Community and Regional Affairs is entitled to a small amount of discretionary funds (last year I believe it was around \$30,000). The State of Alaska receives its allotment from the federal government after Alaskan tribes who apply get their funds. Of the remainder, DCRA gets 5% for administration and 5% for discretionary. The remaining 90% is then divided between the two CAPs based on a two-step formula plan which ultimately is based on the poverty population served.

In light of the fact that CSBG dollars continue to drop each year, and since the two CAPs in Alaska have program needs that are underfunded, I feel that the proper use of these discretionary funds ought to go only to the CAPs for special projects. I also would recommend that the decision be made by a request for proposal from the CAPs, and that the most innovative proposal be funded. There has been much discussion about the financial needs of SEACAP, and yet, when the Department had discretionary funds last year from the CSBG, DCRA gave the \$30,000 to CEDC.

My recommendation is: the 1989 State Plan be amended to include language which would direct the discretionary funds to either of the CAPs, the allocation to be determined by proposals.

Thank you for this opportunity for input.

Sincerely,



Jeanine Kennedy, Executive Director  
Rural Alaska Community Action Program, Inc.

xc: Gordon Jackson  
SEACAP  
House Committee on Community and Regional Affairs