



**MONTANA DEPARTMENT OF COMMERCE  
TREASURE STATE ENDOWMENT PROGRAM**

**APPLICATION & ADMINISTRATION GUIDELINES FOR  
INFRASTRUCTURE PLANNING GRANTS**

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# I. APPLICATION GUIDELINES

## INTRODUCTION

The Treasure State Endowment Program (TSEP) is a state-funded program created in 1992. It was established to help solve serious health and safety problems and assist communities with the financing of public facilities projects. The program helps local governments with infrastructure planning as well as constructing or upgrading drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. These guidelines pertain to Infrastructure Planning grants only; instructions on how to apply for Construction or Emergency Grants are contained in separate guidelines.

We anticipate that grant funds will be available for TSEP Infrastructure Planning grants awarded through the 2015 Legislature. Applications for infrastructure planning grants will be accepted on a continuous basis, until there are no more TSEP planning grant funds available. Applications for grants to be awarded by the 2015 Legislature will not be awarded, however, until after the 2015 Legislature has passed the TSEP funding bill and the Governor has signed that bill.

These application guidelines explain how cities, towns, counties, special purpose districts, and tribal governments can apply for TSEP financial assistance pertaining to Infrastructure Planning grants.

The following information highlights some of the aspects of the Treasure State Endowment Program:

- A. Cities, towns, counties, consolidated governments, county or multi-county water, sewer, or solid waste districts, and tribal governments are eligible to apply for TSEP Infrastructure Planning grants. Types of projects eligible for Infrastructure Planning grant funding include:
- Preliminary Engineering Reports
  - Capital Improvement Plans
  - Other (contact the TSEP Program)

Planning grants must address one or more of the following: drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and/or bridges.

- B. In addition to Infrastructure Planning grants, eligible applicants can apply for funds for construction grants and emergency grants. TSEP Construction grants are awarded by the Legislature, which convenes every two years. TSEP Emergency Grants are awarded by the Department of Commerce on a continuous basis.

- C. There are various administrative procedures and requirements that go along with receiving TSEP funds. The *TSEP Project Administration Manual*, which contains the administrative procedures and requirements related to being awarded TSEP funds, can be viewed by visiting the TSEP web page located at <http://comdev.mt.gov/TSEP/default.mcpx>.

If you have any questions regarding the *TSEP Infrastructure Planning Grant Application and Administration Guidelines*, the application form, available technical resources and assistance, or other aspects of the Treasure State Endowment Program, please contact Planning Bureau staff by phone at (406) 841-2770 or by email at DOCTSEP@mt.gov.

**The Department of Commerce does not discriminate on the basis of disability in admission to, access to, or operations of its program, services, or activities. Individuals who need aids or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known. Please provide as much advance notice as possible for requests.**

## **ELIGIBLE APPLICANTS**

- A. Eligible applicants for TSEP assistance include any:
- Incorporated city or town;
  - County;
  - Consolidated government;
  - County or multi-county water, sewer, or solid waste district; or
  - Tribal government (includes any federally recognized Indian tribe within the State of Montana).
- B. Private water or sewer users associations are not eligible to apply for TSEP funds because they are not a public entity. In order to apply for TSEP funds, an association would first have to be legally created as a county or multi-county water and sewer district (pursuant to sections 7-13-22 and 23, MCA) before submitting a TSEP application.

Non-public entities are not eligible for TSEP assistance. Under Article V, Section 11 of the Montana Constitution, the Legislature is prohibited from making any appropriation for religious, charitable, industrial, educational, or benevolent purposes to any private individual, private association, or private corporation not under the control of the State.

- C. Counties are allowed to apply for a TSEP infrastructure planning grant in order to study problems related to subdivisions or areas of the county that are not yet served by a county water and sewer district.
- D. Cities and towns are allowed to apply for a TSEP infrastructure planning grant to study problems related to subdivisions or areas outside of the city's boundaries in order to study the area for possible annexation or to decide whether to provide services to the area.

### **ELIGIBLE PROJECTS**

- A. Preliminary engineering reports (PER) to study the following:
  - Drinking water systems;
  - Wastewater treatment systems;
  - Sanitary sewer or storm sewer systems;
  - Solid waste disposal and separation systems; and
  - Bridges.
- B. Comprehensive capital improvements plans.

### **DETAILS OF INFRASTRUCTURE PLANNING GRANTS**

TSEP Infrastructure Planning grants can be used to fund infrastructure planning documents such as preliminary engineering reports and capital improvements plans. **The maximum amount that will be awarded for a TSEP Infrastructure Planning grant is \$15,000.**

Please contact TSEP staff for information on environmental review requirements if you are considering submitting a construction grant application.

TSEP grantees should be prepared to provide information to the Department about how they intend to procure, or have procured, grant administration and/or professional services in accordance with the procurement laws applicable to them, including but not limited to a copy of any advertisements and a copy of the request for proposals or qualifications.

Commerce strongly suggests that the attorney for the local government review and approve the procurement procedures. Commerce staff is available to review procurement procedures as a technical service, but Commerce has no direct approval authority.

### **MATCH REQUIREMENTS**

**Local governments must provide matching funds on a dollar-for-dollar basis.** Firm loan commitments or local case reserves are acceptable forms of match. Grants or other cash contributions

from local, state or federal agencies, programs or private organizations may also be considered acceptable forms of match. The entire match for the project must be firmly committed before TSEP funds will be awarded, with documentation accompanying the application at the time of submittal. In-kind services such as labor performed by the employees of the applicant are not eligible as match.

In documenting financial commitment, the applicant must:

- Specify the amount and source of the funds; and
- For funds committed by a local government, provide a resolution by the governing body that specifies the amount of the commitment; or
- For all other funds, provide a letter of commitment from the agency or organization involved.

The Montana Board of Investments offers deferred repayment loans for preliminary engineering studies, which may serve as the required match for a TSEP planning grant. The INTERCAP program staff can approve these loans and have the funds to you in as little as one month from the time you apply. For more information about the program, contact: INTERCAP Program, Montana Board of Investments, Montana Department of Commerce, PO Box 200126, Helena MT 59620-0126, (406) 444-0001.

## **ELIGIBLE AND INELIGIBLE EXPENSES**

### A. Eligible Expenses

TSEP funds can be used for the preparation of infrastructure planning documents such as preliminary engineering reports and capital improvements plans. Capital improvements plans must be comprehensive and developed in accordance with the most current version of the Capital Improvements Planning Manual developed by the Community Technical Assistance Program (CTAP) at the Department of Commerce. Other planning efforts that support the development of a capital improvement plan may be considered as eligible expenses on a case-by-case basis, with pre-approval from Commerce.

For preliminary engineering reports (PERs), project expenses eligible to be reimbursed by TSEP funds include any reasonable expenses incurred in the preparation of plans, studies, analyses, or research in the preparation of a PER as generally described in the most current *Uniform Application for Montana Public Facility Projects*, or for bridges as generally described in these guidelines. In the preparation of a PER related to bridge projects, TSEP funds can be used to assess the condition of all bridges within the applicant's jurisdiction. The preliminary engineering report outline is available on the Commerce website at <http://comdev.mt.gov/ctap/planningtools.mcp>.

Reimbursement cannot occur until a contract between the Montana Department of Commerce and the grantee has been fully executed. Note that payment terms will typically provide for up to 50% of the TSEP grant amount to be paid upon submittal of a draft of the PER or Capital Improvements Plan

acceptable to Commerce; the remaining funds will be paid after the completed report has been submitted and reviewed by Commerce or its representative and proof of expenditure of match has been received.

## B. Ineligible Expenses

Costs that have been incurred prior to a grantee receiving its Notice of Award letter are ineligible for reimbursement with TSEP planning grant funds. Costs incurred prior to the date that the Governor signed the bill containing the TSEP infrastructure planning funds are ineligible for match. The costs of preparing TSEP or other grant applications, including responding to the statutory priorities, are ineligible for reimbursement, but may be counted as match.

## **SUBMITTING AN APPLICATION**

Eligible applicants may apply for one TSEP Infrastructure Planning grant per funding cycle. However, counties may submit one application to study its bridge system or any other eligible infrastructure that is the responsibility of the county, and another application to study an unincorporated community that is not served by a community water or wastewater system. The application process is noncompetitive and applications are processed on a first-come first-serve basis, based on the following conditions:

- Commerce will accept applications on a continuous basis.
- Only complete applications will be processed and placed in line. The application must be complete in all respects, including the documentation of the commitment of matching funds.
- Only one application per project per cycle will be accepted; applications to study the same system from multiple eligible applicants will not be funded.
- Commerce will only provide reimbursement to local governments that are in compliance with the State's auditing and reporting requirements provided for in Section 2-7-503, MCA. If the local government has failed to conduct audits or submit reports as required by statute, or has received an adverse audit opinion or disclaimer from any state or federal agency or authorized agent thereof, a grant will be tentatively awarded, but no funds will be released until the reporting requirements have been complied with, or if an audit is required before a financial report can be submitted, an auditor has been contracted with and the audit is scheduled. If one of these two actions have not taken place within one year of award, the grant award may be rescinded and the funds may be released to award to another eligible applicant.
- Commerce will start accepting grant applications for the 2017 biennium funds on or after May 18, 2015. Commerce will start awarding the grants after the Legislature appropriates the funds by passing the TSEP funding bill and the Governor signs the bill.
- The following applies to infrastructure planning grants:
  - Applications from local governments that received a preliminary engineering grant in the

previous cycle, for the same type of eligible project, will not be processed until July 1, 2015. If grant funds are still remaining on that date, complete applications will be processed in the order that they were received. The July 1<sup>st</sup> date does not apply if a local government submits an application for a different system. For example, a city could submit a wastewater system PER in one cycle and a water system PER in the next cycle.

- Applications to update, amend, or improve a PER, for the specific project addressed in the original PER, and previously funded by the Department of Commerce (TSEP, CDBG, or the Coal Board) within the past four years will only be considered after July 1, 2015.
- Applications to update, amend, or improve a PER for which the applicant has already received a TSEP construction grant for that same project will be considered on a case by case basis, as funding allows.
- Commerce reserves the right to limit the amount of the PER grant to an amount appropriate to the scope of the planning project.

See Appendix A for a copy of the planning grant application. One hard copy and one electronic copy of the application materials must be submitted to Commerce.

### **TIMING & REQUIREMENTS**

Local governments that are awarded an infrastructure planning grant are expected to complete their report, plan, assessment or policy in a timely manner.

- Grantees that have not procured an engineer or planning professional within six months of a signed grant agreement will cause the grant to be terminated, unless the Grantee can demonstrate substantial progress in obtaining an engineer or planning professional.
- Grant agreements will not be extended past the completion date stated in the contract unless the Grantee can demonstrate substantial progress and show good cause for extending the termination date.
- An applicant will not be awarded a new TSEP planning grant until all previous TSEP planning grants have been closed.

## II. GRANT ADMINISTRATION

This section describes the specific requirements related to the administration of infrastructure planning grants. These grants can only be used to fund work related to infrastructure planning.

### A. TSEP Contract

The TSEP grant recipient is required to enter into a grant agreement with Commerce. Commerce will establish a termination date in the contract. Infrastructure planning grant contracts won't be extended past the contract expiration date unless reasonable progress can be shown. Grant recipients that have not procured an engineer or professional services within six months of a signed grant agreement will cause the grant to be terminated, unless the grant recipient can demonstrate substantial progress in obtaining an engineer or planning professional.

Grant recipients must be in compliance with the state's auditing and reporting requirements provided for in 2-7-503, MCA.

### B. Signature Certification and Depository Forms

The Signature Certification Form, which authorizes several local officials to sign requests for payment, must be completed and submitted to Commerce before a request for funds can be processed. At least two officials must sign each drawdown request.

The Designation of Depository form will also need to be completed before any TSEP funds can be sent to the grant recipient. This form provides that the payment for a grant will be sent directly to the local government's designated bank account.

Both forms are available at the following link: <http://comdev.mt.gov/TSEP/tseppergrants.mcp>.

### C. Expenses Eligible for Reimbursement

TSEP funds can be used for the preparation of plans, studies, analyses, or research in the preparation of a preliminary engineering report (PER) as generally described in the most current *Uniform Application for Montana Public Facility Projects* or the *TSEP Application Guidelines (for bridge projects)* or a comprehensive capital improvement plan in accordance with the work plan/table of contents as provided in the TSEP infrastructure planning grant application. A complete final planning product will be required to be submitted to Commerce at the conclusion of the planning grant. An electronic copy of the final PER or CIP is required.

Infrastructure planning grant funds cannot be used as reimbursement for the preparation of a TSEP construction application, but those preparation costs can be counted as match.

#### D. Request for TSEP Funds

No TSEP funds appropriated for the 2017 biennium are available for actual distribution until after July 1, 2015.

Commerce will reimburse the TSEP grant recipient a maximum of 50% of the total grant amount for incurred expenses within 30 days of receipt of an approved draft infrastructure planning document. A draft PER must generally address each item required in the PER outline as presented in the most current edition of the *Uniform Application for Montana Public Facility Projects*. While it is not expected that the document will be complete, it must show clearly that all applicable items required for a PER are being addressed and that the engineer is proceeding toward the preparation of a complete and acceptable final product.

The Department will reimburse the TSEP grant recipient the balance of the grant within 30 days of receipt of an approved final document for any additionally incurred expenses not claimed in the first payment. The final version must be complete and have been reviewed by Commerce staff; an electronic version of the final product will be required.

Grantees that plan to submit a TSEP construction grant application should contact TSEP staff for guidance on environmental requirements.

A Request for Funds Form (for infrastructure planning grants) is used by TSEP grant recipients to request TSEP funds for reimbursement of eligible project costs (available at the following link: <http://comdev.mt.gov/TSEP/tseppergrants.mcpX>). The Request for Funds form, along with a copy of detailed invoices showing hourly rate breakdown by activity and employee (at minimum) from the consultant, signature certification and designation of depository forms, and either the draft or final document, should be sent to Planning Bureau staff at Commerce.

Upon receipt, Commerce staff will review the request to ensure that the form is properly completed, invoices are adequate and the planning document meets minimum requirements and is acceptable to Commerce. TSEP grant recipients will be notified if the draft or final document is found to be unacceptable for payment.

#### E. Closeout of the Grant

Prior to final payment, the TSEP grant recipient must submit to Commerce a final complete document as stated above. The TSEP grant recipient must provide a certification to Commerce showing compliance with TSEP requirements (form available at the following link: <http://comdev.mt.gov/TSEP/tseppergrants.mcpX>). The TSEP grant recipient must retain all of the project related records for a minimum of three years after the final closeout of the grant.

# **APPENDICES**

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## APPENDIX A

### TSEP INFRASTRUCTURE PLANNING GRANT APPLICATION FORM

#### **Applicant Information:**

1. Name of Applicant: \_\_\_\_\_

2. Type of Governmental Entity: \_\_\_\_\_

(Incorporated Municipality, County, Tribal Government, County Water/Sewer District, Solid Waste District, etc.)

3. Federal Tax Identification Number: \_\_\_\_\_

4. Primary Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Applicant: \_\_\_\_\_

Street/P.O. Box: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone/Fax Numbers: \_\_\_\_\_

Email address: \_\_\_\_\_

#### **Type of Grant Applied For (check one):**

Preliminary Engineering Report (PER)

Capital Improvements Plan (CIP)

Other (Documentation of Commerce approval required)

**Proposed Budget:**

	SOURCE: <i>TSEP Grant</i>	SOURCE:	SOURCE:	TOTAL
Professional Services				
Other Services				

**Proposed Implementation Schedule:**

**Estimated Start Date of Infrastructure Planning:** \_\_\_\_\_

**Estimated Completion Date of Infrastructure Planning:** \_\_\_\_\_

Attach a proposed implementation schedule. This schedule should include the major milestones including field activities, draft report preparation and review, and final report preparation and submittal (see Attachment I).

**Proposed Project Narrative:**

For an infrastructure planning grant that is to be used to prepare a preliminary engineering report, provide a description of the project that is being proposed for construction after the preliminary engineering is completed (using separate sheets as necessary), and the proposed activities and work schedule in completing the preliminary engineering:

1. The type of project;
2. The project location (using maps & text);
3. A brief history of the system, and its known or presumed deficiencies;
4. Any related compliance issues;
5. A brief description of alternatives that are being considered at the time of this application; and
6. Activities that will take place (including the process to be used to procure an engineer) and products produced.

For capital improvement plans provide a brief description of the plan that is being proposed and the types of infrastructure that will be evaluated and planned for. The CIP must be comprehensive and should identify the current and future infrastructure needs of the jurisdiction. Include a proposed work plan and a proposed table of contents.

**Required Attachments:**

- Documentation showing the legal creation of the district (if a County Water and Sewer District);
- Documentation (i.e. resolution or formal letter) showing the commitment of matching funds; and
- Proposed implementation schedule (Attachment I).

**Authorizing Statement:**

I hereby declare that the information included in, and all attachments to, this application is true, complete, and accurate to the best of my knowledge. I further declare that, on behalf of (Insert Name of Applicant), I am legally authorized to enter into an agreement with the Montana Department of Commerce if a TSEP grant is awarded.

- 1) I further declare that if a TSEP grant is awarded, and if that grant is to be used to prepare a preliminary engineering report, then the PER will follow the format that meets the requirements of the *Uniform Preliminary Engineering Report for Montana Public Facility Projects* outline and will include a completed Environmental Checklist.
- 2) Or, if that grant is to be used to prepare a Capital Improvements Plan (CIP), then the CIP will be comprehensive and in accordance with criteria acceptable to Commerce.

I understand that Commerce will only review the final PER in an attempt to ensure that the information presented in the PER meets the basic requirements of the *Uniform Preliminary Engineering Report for Montana Public Facility Projects* outline, and that Commerce will not certify the quality of the PER. I further understand that the review and approval of the content of the PER by Commerce does not guarantee that a subsequent application to TSEP for a construction project would result in the maximum number of points being assigned in the scoring of the engineering problem or design during the TSEP ranking process.

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**Signature**

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**Date**

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**Title**

# ATTACHMENT I

## IMPLEMENTATION SCHEDULE

TASK	MONTH / YEAR
<b>ADVERTISEMENT FOR PROFESSIONAL SERVICES</b>	
Publish RFP	
Select firm	
Execute agreement with firm	
<b>MAJOR ACTIVITIES/MILESTONES</b>	
<b>TSEP Drawdowns</b>	
Submit draft report and request first drawdown of funds	
Submit final report and request final drawdown of funds	

## **APPENDIX B**

### **SAMPLE RESOLUTION TO AUTHORIZE SUBMISSION OF TSEP APPLICATION**

Each application for TSEP funds must be accompanied by a copy of a resolution formally adopted by the applicant and authorizing:

- The submission of the TSEP application in compliance with the TSEP Application Guidelines, and
- The applicant's chief elected official or chief executive officer to act on its behalf in regard to the application and to provide such additional information as may be required.

The resolution must also indicate the governing body's intent to commit to any funding for the project that will be provided by the applicant.

Applicants must have the legal jurisdiction and authority to finance, operate and maintain the proposed facility and, where applicable, must have the demonstrated financial capacity to repay any debt incurred. In all cases, the applicant assumes complete responsibility for proper financial management of the TSEP funds awarded to it and compliance with all State laws and regulations. Pursuant to Section 2-7-504, MCA, all TSEP recipients must be able to demonstrate that their financial management systems meet generally accepted accounting principles before Commerce will disburse TSEP funds for a local project.

See sample resolution on next page.

**Resolution No.[TBD]**  
**Authorization to Submit TSEP Planning Grant Application**

WHEREAS, the (Name of applicant) is applying to the Montana Department of Commerce for financial assistance from the Treasure State Endowment Program (TSEP) to (describe purpose of project);

WHEREAS, the (Name of applicant) has the legal jurisdiction and authority to construct, finance, operate, and maintain (the proposed public facility);

WHEREAS, the (Name of applicant) agrees to comply with all State laws and regulations and the requirements described in the TSEP Application & Administration Guidelines for Infrastructure Planning Grants specifically, and those that will be described in the TSEP Project Administration Manual generally;

WHEREAS the (Name of applicant) commits to provide the amount of matching funds as proposed in the TSEP application; and

That (name of Chief Elected Official or Chief Executive Officer), (title), is authorized to submit this application to the Montana Department of Commerce, on behalf of (Name of applicant), to act on its behalf and to provide such additional information as may be required.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attested: \_\_\_\_\_