

**Board of County Commissioners of Santa Fe County**  
County Commission Chambers  
County Administrative Building  
102 Grant Avenue  
Santa Fe NM 87501

**SPECIAL MEETING**  
**Community Development Block Grant (CDBG) Program**

**February 26, 2019 at 2:00 p.m.**

*Please turn off cellular phones during the meeting.*

## *Agenda*

- I. **Opening Business**
  - A. Call to Order
  - B. Roll Call
  - C. Approval of Agenda (Action Item)
  
- II. **CDBG Program Overview**
  - A. CDBG Program Objectives, Requirements, and Limitations. (Growth Management Department/Paul Olafson)
    1. Program Objectives.
    2. Eligible Applicants.
    3. Eligible and Ineligible Activities.
    4. Program Requirements.
    5. Application Requirements.
  - B. Current and Past CDBG Projects (Growth Management Department/Paul Olafson)
  - C. Questions
  - D. Citizen Input
  
- III. **Selection of 2019 CDBG Project**
  - A. Presentation and Public Hearing Concerning Potential CDBG Projects.
  - B. Selection of 2019 CDBG Projects for Submission to the State of New Mexico for Funding Consideration. (Action Item)

- C. Resolution No. 2019-\_\_\_, A Resolution Selecting a Community Development Block Grant (CDBG) Infrastructure Project; Authorizing the Submission of a New Mexico CDBG Program Application to the Department of Finance and Administration/Local Government Division/Community Development Bureau for the Project; and Authorizing the County Manager to Act as the Chief Executive Officer and Authorized Representative in All Matters Pertaining to the Application and Santa Fe County's Participation in the CDBG Program. (Growth Management Department/Paul Olafson) (Action Item)**
- D. Resolution No. 2019-\_\_\_, A Resolution Selecting a Community Development Block Grant (CDBG) Economic Development Project; Authorizing the Submission of a New Mexico CDBG Program Application to the Department of Finance and Administration/Local Government Division/Community Development Bureau for the Project; and Authorizing the County Manager to Act as the Chief Executive Officer and Authorized Representative in All Matters Pertaining to the Application and Santa Fe County's Participation in the CDBG Program. (Growth Management Department/Paul Olafson) (Action Item)**

**IV. Concluding Business**

**A. Adjournment (Action Item)**

Santa Fe County makes every practical effort to assure that auxiliary aids or services are available for meetings and programs. Individuals who would like to request auxiliary aids or services should contact Santa Fe County Manager's Office at (505) 986-6200 in advance to discuss specific needs (e.g., interpreters for the hearing impaired or readers for the sight impaired).

**Henry P. Roybal**  
Commissioner, District 1

**Anna Hansen**  
Commissioner, District 2

**Rudy N. Garcia**  
Commissioner, District 3



**Anna T. Hamilton**  
Commissioner, District 4

**Ed Moreno**  
Commissioner, District 5

**Katherine Miller**  
County Manager

## **MEMORANDUM**

**Date:** February 12, 2019

**To:** Board of County Commissioners

**From:** Tony Flores, Deputy County Manager  
Paul Olafson, Planning Projects Manager

**Via:** Katherine Miller, County Manager

**Item:** **2019 Community Development Block Grant (CDBG) Project Proposals Presentation and Discussion – Second Public Hearing (Paul Olafson/Growth Management)**

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### **BACKGROUND:**

The Department of Housing and Urban Development's Community Development Block Grant (CDBG) program, administered by the New Mexico Department of Finance and Administration's Local Government Division (DFA) will be accepting applications for new CDBG projects in June of 2019.

### **Program Objectives:**

Project applications shall be utilized in one of three national program objectives:

1. Benefit principally low and moderate income families.
2. Aid in the prevention of slum or blight.
3. Meet urgent community development needs where an existing condition poses a threat to the health and welfare of the community and other financial resources are not available.

### **Eligible Applicants:**

- All counties/incorporated municipalities except the cities of Albuquerque, Las Cruces, Santa Fe, Farmington, and Rio Rancho.
- Water and mutual domestic associations may apply for a planning grant through their county; sanitation districts, public nonprofit groups, etc. cannot apply directly for assistance but may apply through an eligible municipality or county.
- Indian Pueblos and tribes receive funding directly from HUD.

### **Eligible Activities/Categories:**

Project funding may be used for the following purposes:

- **Community Infrastructure:** Water and sewer systems; street improvements consisting of roads, streets, curbs, gutter, sidewalks, traffic control devices; municipal utilities.
- **Housing:** Real property acquisition; rehabilitation; clearance; provision of public facilities to increase housing opportunities; code enforcement; historic preservation activities; a maximum of \$65,000 in CDBG funds per home can be used on rehab/repair activities.
- **Public Service Capital Outlay:** Community centers; senior citizen centers; community facilities designed to provide health, social, recreational and other services to residents.
- **Economic Development:** Assists communities in creating or retaining jobs for low and moderate income persons; creation or retention of businesses owned by community residents.
- **Planning:** Grant assistance must be used for a comprehensive plan if there has not been a current or updated plan within the last five years; feasibility studies; base mapping, aerial photography, GIS systems; development of codes and ordinances; limit of \$50,000.
- **Colonias:** Communities must be within 150 miles of the U.S.-Mexico border and be designated by the county or municipality where it is located. The criteria necessary to qualify are lack of potable water supply, inadequate sewage system and lack of decent, safe, and sanitary housing.

### **Ineligible Activities:**

Project funding may not be used for the following purposes:

- City halls or county courthouses, with the exception of city halls or county courthouses that are not ADA compliant
- General operation and maintenance expenses of public facilities
- Housing allowance payments and mortgage subsidies
- Expenditures for political purposes
- Costs involved in preparing applications and securing funding

### **Program Requirements:**

- Applicants must conduct at least one public hearing prior to selecting a project. The public hearing is meant to advise citizens of estimated CDBG funds available, the types of projects available, and to obtain recommendations from citizens regarding community development and housing needs.
- Citizen participation must be encouraged with emphasis on low and moderate income persons by publishing public hearing notices in English and Spanish, and using other means to reach the public.
- Recommendations from the public are to be considered and the project is selected at an official, regularly scheduled meeting of the governing body.
- Each CDBG application must address at least one of the three national objectives:
  1. Benefit low and moderate income persons
  2. Prevent slum and blight
  3. Meet an urgent or life-threatening community development need

## Application Requirements

- Infrastructure application requests are limited to \$750,000 with certified cost estimates and \$500,000 without certified cost estimates. Planning applications are limited to \$50,000. A phased project is also required.
- Economic development applications for this funding cycle are limited to \$500,000.
- Applicant must meet threshold requirements: Any grantee with one or more active grants in the infrastructure, public service, capital outlay categories, and Colonias projects, cannot apply for additional funding until the current project is fully closed.
- Rural applicants (3,000 or less population) must provide a minimum 5% cash match; Non-Rural applicants must provide a 10% cash match.
- Applicants may request a waiver of the matching requirements in the absence of local resources or apply for a loan to meet the matching requirement at appropriate interest rates.
- Applications are scored by rating certain criteria such as description and need, benefit to low and moderate income persons, leveraging, citizen participation, planning, feasibility and readiness, user fees and revenues, and cost benefit. The Community Development Council (CDC) will also consider current economic situations, if the entity was funded last year, and application presentation.

## SUMMARY:

At the February 12<sup>th</sup> BCC meeting, staff presented an overview of the 2019 CDBG application process. The following bullet points identify key dates in the 2019 CDBG process:

- CDBG Application Workshop - March 15, 2019
- Low / Moderate Income (LMI) Survey Methodology approval deadline - April 5, 2019
- Application deadline- June 21, 2019
- Applicant notice of eligibility - July 19, 2019
- Selection of projects for grant award - September 2019

Along with the current DFA CDBG guidelines, the New Mexico Administrative Code 2.110.2 (NMAC) outlines the CDBG Rules and Regulations (effective November 15, 2016). Included within the NMAC are the program requirements including the application review and evaluation process. It is important to note the highest rated evaluation criteria are Benefit to Low/Moderate Income Beneficiaries, and Appropriateness and Feasibility/Readiness. The State of New Mexico expects to distribute approximately \$10,000,000 statewide on a competitive basis through the 2019 CDBG process.

As required within the CDBG guidelines, any local unit of government that contemplates submission of an application shall conduct a minimum of one (1) CDBG Public Hearing to solicit project ideas and to make a formal determination of the project to be submitted for consideration. Staff proposes the BCC consider the opportunity of pursuing CDBG grants for both Infrastructure and Economic Development projects.

On January 30 and February 3, 2019 respectively staff placed advertisements in the Santa Fe New Mexican and the Journal North in English and Spanish to notify the public about the CDBG application process and to provide information on how a project can be requested. These notices also included the dates and times of the Special BCC meetings to provide for public input on potential projects as follows:

- February 12, 2019: 1<sup>st</sup> CDBG Hearing - Presentation of Proposals for 2019 CDBG Infrastructure and Economic Development Projects
- February 26, 2019: 2<sup>nd</sup> CDBG Hearing – Selection of Projects for Application for 2019 CDBG Infrastructure and Economic Development Grants
- March 12, 2019: 3<sup>rd</sup> CDBG Hearing – Confirmation of Selection of Projects for Application for 2019 CDBG Infrastructure and Economic Development Grants

### **CURRENT AND PAST CDBG PROJECTS:**

Currently the County has one open CDBG project. Since approximately 2000, the County has completed several projects with CDBG funding, including:

- Santa Fe County Housing Authority housing unit roof upgrades
- Greater Glorieta Mutual Domestic Water Association system improvements
- La Familia Medical Center
- Marcos P. Trujillo Teen Center
- Nancy Rodriguez Community Center
- Youth Shelters facility

### **CITIZEN INPUT:**

The purpose of the CDBG Public hearings is to allow the Board to solicit citizen input regarding community development and infrastructure needs as well as other aspects of the County's participation in the CDBG program. This meeting is designed to provide opportunity for this public input and will include a public comment period.

### **ACTION REQUESTED:**

This is the second of three Special BCC Meetings regarding the 2019 CDBG application process. Staff requests that the BCC review the final list of potential CDBG projects, selects an infrastructure project and economic development project, if that is the desire of the Board, and approves resolutions ratifying the decisions (see Exhibit A and Exhibit B).

### **EXHIBITS:**

#### **Exhibit A:**

**Resolution No. 2019-\_\_\_, A Resolution Selecting a Community Development Block Grant (CDBG) Infrastructure Project; Authorizing the Submission of a New Mexico CDBG Program Application to the Department of Finance and Administration/Local Government Division/Community Development Bureau for the Project; and Authorizing the County Manager to Act as the Chief Executive Officer and Authorized Representative in All Matters Pertaining to the Application and Santa Fe County's Participation in the CDBG Program.**

**Exhibit B:**

**Resolution No. 2019-\_\_\_, A Resolution Selecting a Community Development Block Grant (CDBG) Economic Development Project; Authorizing the Submission of a New Mexico CDBG Program Application to the Department of Finance and Administration/Local Government Division/Community Development Bureau for the Project; and Authorizing the County Manager to Act as the Chief Executive Officer and Authorized Representative in All Matters Pertaining to the Application and Santa Fe County's Participation in the CDBG Program.**

**Exhibit C:**

**New Mexico Administrative Code 2.110.2**



THE BOARD OF COUNTY COMMISSIONERS  
OF SANTA FE COUNTY

RESOLUTION NO. 2019 –

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A RESOLUTION

**SELECTING A COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
INFRASTRUCTURE PROJECT; AUTHORIZING THE SUBMISSION OF A NEW  
MEXICO CDBG PROGRAM APPLICATION TO THE DEPARTMENT OF FINANCE  
AND ADMINISTRATION/LOCAL GOVERNMENT DIVISION/COMMUNITY  
DEVELOPMENT BUREAU FOR THE PROJECT; AND AUTHORIZING THE  
COUNTY MANAGER TO ACT AS THE CHIEF EXECUTIVE OFFICER AND  
AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE  
APPLICATION AND SANTA FE COUNTY'S PARTICIPATION IN THE CDBG  
PROGRAM**

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**WHEREAS**, the need exists within Santa Fe County (County) for community improvement projects that meet the national objectives and other requirements of the federal Community Development Block Grant (CDBG) Program; and

**WHEREAS**, the County desires to apply to the New Mexico Department of Finance and Administration/Local Government Division/Community Development Bureau (DFA) for CDBG funding for a community improvement project; and

**WHEREAS**, the County obtained citizen input and participation with respect to the selection of the project that is the subject of this Resolution through a series of public hearings, as follows: on February 12, 2019, and February 26, 2019, the Board of County Commissioners (Board) of the County held two (2) public hearings for public input; and

**WHEREAS**, on February 26, 2019, the Board selected one project for which to submit a 2019 CDBG Infrastructure Project Application to DFA, which project is described in Exhibit A hereto and is referred to throughout the remainder of this Resolution as the "Project"; and

**WHEREAS**, the Board finds that there is significant need to undertake the Project to provide adequate services to the community; and

**WHEREAS**, the Board desires to and hereby does affirm that the Project meets the requirements of the CDBG Program and should be the subject of the County's 2019 CDBG Infrastructure Project Application to DFA.



**NOW, THEREFORE, BE IT RESOLVED** by the Board as follows:

1. County staff is hereby authorized to prepare and submit a 2019 CDBG Infrastructure Project Application to DFA for the Project.
2. The Board designates the County Manager as the County Chief Executive Officer and Authorized Representative for the New Mexico CDBG Program. Without limiting the generality of the foregoing, the Board specifically authorizes and directs the County Manager to act in all matters in connection with the 2019 CDBG Infrastructure Project Application for the Project and the County's participation in the New Mexico CDBG Program.
3. County officials and staff are directed to do any and all acts necessary to carry out the intent of this Resolution.
4. That the full application amount be for \$750,000 of grant funds for the Project.
5. That the Board is committing \$75,000.00 as a cash contribution toward the following activities of the Project: Construction of Project Improvements.

**PASSED, APPROVED, AND ADOPTED THIS 26<sup>th</sup> DAY OF FEBRUARY, 2019.**

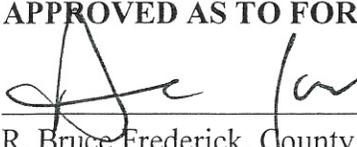
**THE BOARD OF COUNTY COMMISSIONERS  
OF SANTA FE COUNTY**

\_\_\_\_\_  
Anna Hamilton, Chair

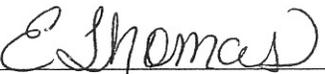
**ATTEST:**

\_\_\_\_\_  
Geraldine Salazar, County Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
R. Bruce Frederick, County Attorney

**FINANCE DEPARTMENT APPROVAL:**

  
\_\_\_\_\_  
Erika Thomas, Acting Finance Director

THE BOARD OF COUNTY COMMISSIONERS  
OF SANTA FE COUNTY

RESOLUTION NO. 2019 –

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A RESOLUTION  
SELECTING A COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ECONOMIC DEVELOPMENT PROJECT; AUTHORIZING THE SUBMISSION OF  
A NEW MEXICO CDBG PROGRAM APPLICATION TO THE DEPARTMENT OF  
FINANCE AND ADMINISTRATION/LOCAL GOVERNMENT  
DIVISION/COMMUNITY DEVELOPMENT BUREAU FOR THE PROJECT; AND  
AUTHORIZING THE COUNTY MANAGER TO ACT AS THE CHIEF EXECUTIVE  
OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS  
PERTAINING TO THE APPLICATION AND SANTA FE COUNTY'S  
PARTICIPATION IN THE CDBG PROGRAM

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**WHEREAS**, the need exists within Santa Fe County (County) for community improvement projects that meet the national objectives and other requirements of the federal Community Development Block Grant (CDBG) Program; and

**WHEREAS**, the County desires to apply to the New Mexico Department of Finance and Administration/Local Government Division/Community Development Bureau (DFA) for CDBG funding for a community improvement project; and

**WHEREAS**, the County obtained citizen input and participation with respect to the selection of the project that is the subject of this Resolution through a series of public hearings, as follows: on February 12, 2019, and February 26, 2019, the Board of County Commissioners (Board) of the County held two (2) public hearings for public input; and

**WHEREAS**, on February 26, 2019, the Board selected one project for which to submit a 2019 CDBG Economic Development Project Application to DFA, which project is described in Exhibit A hereto and is referred to throughout the remainder of this Resolution as the "Project"; and

**WHEREAS**, the Board finds that there is significant need to undertake the Project to provide benefits to the community; and

**WHEREAS**, the Board desires to and hereby does affirm that the Project meets the requirements of the CDBG Program and should be the subject of the County's 2019 CDBG Economic Development Project Application to DFA.



**NOW, THEREFORE, BE IT RESOLVED** by the Board as follows:

1. County staff is hereby authorized to prepare and submit a 2019 CDBG Economic Development Project Application to DFA for the Project.
2. The Board designates the County Manager as the County Chief Executive Officer and Authorized Representative for the New Mexico CDBG Program. Without limiting the generality of the foregoing, the Board specifically authorizes and directs the County Manager to act in all matters in connection with the 2019 CDBG Economic Development Project Application for the Project and the County's participation in the New Mexico CDBG Program.
3. County officials and staff are directed to do any and all acts necessary to carry out the intent of this Resolution.
4. That the full application amount be for \$500,000 of grant funds for the Project.
5. That the Board is committing \$50,000.00 as a cash contribution toward the following activities of the Project: Acquisition of Equipment and Construction of Project Improvements.

**PASSED, APPROVED, AND ADOPTED THIS 26<sup>th</sup> DAY OF FEBRUARY, 2019.**

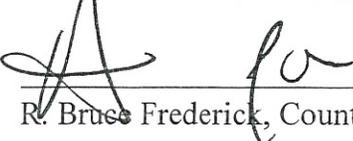
**THE BOARD OF COUNTY COMMISSIONERS  
OF SANTA FE COUNTY**

\_\_\_\_\_  
Anna Hamilton, Chair

**ATTEST:**

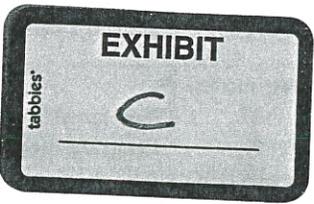
\_\_\_\_\_  
Geraldine Salazar, County Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
R. Bruce Frederick, County Attorney

**FINANCE DEPARTMENT APPROVAL:**

  
\_\_\_\_\_  
Erika Thomas, Acting Finance Director



TITLE 2 PUBLIC FINANCE
CHAPTER 110 LOCAL GOVERNMENT GRANTS
PART 2 SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT

J.2.1 ISSUING AGENCY: Department of Finance and Administration Local Government Division, Suite 202 Bataan Memorial Building Santa Fe, New Mexico 87501.

[2.110.2.1 NMAC - Rp, 2 110.2.1 NMAC, 11/15/2016]

2.110.2.2 SCOPE: All counties and incorporated municipalities, except the cities of Albuquerque, Farmington, Las Cruces, Santa Fe and Rio Rancho.

[2.110.2.2 NMAC - Rp, 2 110.2.2 NMAC, 11/15/2016]

2.110.2.3 STATUTORY AUTHORITY: Title 1 of the Housing and Community Development Act of 1974, as amended.

[2.110.2.3 NMAC - Rp, 2 110.2.3 NMAC, 11/15/2016]

2.110.2.4 DURATION: Permanent.

[2.110.2.4 NMAC - Rp, 2 110.2.4 NMAC, 11/15/2016]

2.110.2.5 EFFECTIVE DATE: November 15, 2016, unless a later date is cited at the end of a section.

[2.110.2.5 NMAC - Rp, 2 110.2.5 NMAC, 11/15/2016]

2.110.2.6 OBJECTIVE: The objective of Part 2 of Chapter 110 is to establish procedures to be used by counties and incorporated municipalities when applying for a small cities community development block grant.

[2.110.2.6 NMAC - Rp, 2 110.2.6 NMAC, 11/15/2016]

2.110.2.7 DEFINITIONS:

A. "Asset management" means a systematic process of maintaining, upgrading, and operating physical assets cost-effectively. It combines engineering principles with sound business practices and economic theory, and it provides tools to facilitate a more organized, logical approach to decision making. It is a planning process that ensures the most value from each asset with a plan to rehabilitate and replace them when necessary. An accurate and up-to-date asset management plan will help communities comply with the government accounting standards board's standard #34 (GASB 34), an accounting standard for publicly owned systems.

B. "Blighted area" means, pursuant to the Metropolitan Redevelopment Act, Section 3-60A-4 NMSA 1978 (as amended), "an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors, substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use."

C. "CDBG" means the small cities community development block grant program.

D. "Council" means the New Mexico community development council.

E. "Council of governments" means a regional association of municipalities, counties and special districts formed to provide planning and other services to its member organization.

F. "Department" means the department of finance and administration.

G. "Division" means the local government division.

H. "Economic development" means an activity that improves a community's economic base by using private and public investments that provide expanded business activity, jobs, personal income and increased local revenues in a defined geographic area.

I. "Federal rules" means code of federal regulations, housing and urban development 24 CFR Part 570 which governs the CDBG program.

J. "ICIP" means an infrastructure capital improvement plan. An ICIP is a planning document developed by a unit of local government, water association, or land grant/merced that includes capital improvement priorities over a five year period and is developed and updated annually. An ICIP includes policy direction, funding time frames, estimated costs, justifications, and details of each specific infrastructure capital improvement project proposed, by year, over the five year period.

K. "Land grant/merced" means a political subdivision of the state organized under Section 49-1-1 through 49-1-23 NMSA 1978, and its General Provisions.

L. "Low and moderate income person" means a member of a household whose income would qualify as "very low income" under the Section 8 housing assistance payments program. Section 8 limits are based on fifty percent of the county median income. Similarly, CDBG moderate income is based on Section 8 "lower income" limits, which are generally tied to eighty percent of the county median low and

moderate income.

M. "Non-rural" means a county or an incorporated municipality that does not meet the definition of rural.

N. "Program income" means amounts earned by a unit of general local government or its sub recipient that were generated from the use of CDBG funds.

O. "Rural" means a county with a population of less than 25,000 and an incorporated municipality with a population of less than 5,000. For purposes of determining population a unit of local government, water association, or land grant/merced must use Attachment I at the end of 2.110.2 NMAC.

P. "SBA" means the United States small business administration.

Q. "Set-aside" means a portion of all CDBG funding received by the CDBG program that is annually allocated by the council to be used only for certain set-aside categories that are chosen by the council.

R. "Slum area" means, pursuant to the Metropolitan Redevelopment Act, Section 3-60A-4 NMSA 1978 (as amended), "an area within the area of operation in which numerous buildings, improvements and structures, whether residential or non-residential, which, by reason of its dilapidation, deterioration, age, obsolescence or inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population, overcrowding or the existence of conditions that endanger life or property by fire or other causes, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and is detrimental to the public health, safety, morals or welfare."

S. "Units of local government" means an incorporated municipality or county.

T. "Water association" means political subdivisions of the state organized under Section 3-29-1 through Section 3-29-20 NMSA 1978, the "Sanitary Projects Act" or Section 73-21-1 through Section 73-21-55 NMSA 1978, the "Water and Sanitation District Act".  
[2.110.2.7 NMAC - Rp, 2 110.2.7 NMAC, 11/15/2016]

#### 2.110.2.8 INTRODUCTION:

A. The council is responsible for allocating grants under the CDBG program to assist local communities with basic infrastructure and community development needs.

B. These application regulations will govern the CDBG appropriation allocated to the state from the United States department of housing and urban development.

C. As part of their administrative responsibility, the council and the division will continue to provide technical assistance to prospective applicants and grantees. The nature of these programs requires a thorough outreach effort to ensure that units of local government are aware of program requirements.

D. The council and the division assure local entities and citizens of the state of New Mexico that public comment will be solicited should the council choose to make any substantial changes to these application regulations.

110.2.8 NMAC - Rp, 2 110.2.8 NMAC, 11/15/2016]

#### 2.110.2.9 PROGRAM OBJECTIVES:

A. The CDBG program was established under Title I of the Housing and Community Development Act of 1974, as amended, to assist communities in providing essential community facilities, providing decent housing for residents, promoting economic development, and maintaining a suitable living environment.

B. State and national objectives of the CDBG program require that assistance be made available for activities that address at least one of the following, which are described in greater detail in 2.110.2.16 NMAC:

(1) benefit principally low and moderate income families;

(2) aid in the prevention or elimination of slums or blight;

(3) meet other community development needs of recent origin having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

C. The state encourages successful applicants to award a fair share of contracts and subcontracts to small, minority, and women's businesses and to commit itself to hire locally for any employment opportunities that will be created as a result of project funding.

[2.110.2.9 NMAC - Rp, 2 110.2.9 NMAC, 11/15/2016]

#### 2.110.2.10 ELIGIBLE APPLICANTS:

A. All counties, incorporated municipalities, and New Mexico mortgage finance authority (MFA) are eligible to apply except: the city of Albuquerque, the city of Farmington, the city of Las Cruces, the city of Santa Fe and the city of Rio Rancho which cannot apply since they receive funding directly from the department of housing and urban development (Title I, Section 106) as entitlement cities.

B. Other entities such as water associations, sanitation districts, land grants, public nonprofit groups, council of governments, mutual domestic water consumer associations, etc., cannot apply directly for assistance, other than planning grants.

C. However, these entities may be involved in the execution of an approved CDBG project if the eligible applicant chooses to operate the program through such an entity under a contractual agreement.

D. Indian pueblos and tribes receive funding directly from the department of housing and urban development (Title I, Section 107). Native American tribes are encouraged to submit applications to the Albuquerque HUD Office of Native American Programs, 201 3rd St., N.W., Suite 1830, Albuquerque, New Mexico 87102-3368, (505) 346-6923.

110.2.10 NMAC - Rp 2 110.2.10 NMAC, 11/15/2016]

2.110.2.11 ELIGIBLE ACTIVITIES/CATEGORIES: Applicants may apply for funding assistance under the following categories:

A. **Community infrastructure:** Eligible activities may include, but are not limited to:

- (1) real property acquisition;
- (2) construction or rehabilitation of the following:
  - (a) water systems;
  - (b) sewer systems;
  - (c) municipal utilities;
  - (d) roads;
  - (e) streets;
  - (f) highways;
  - (g) curbs;
  - (h) gutters;
  - (i) sidewalks;
  - (j) storm sewers;
  - (k) street lighting;
  - (l) traffic control devices;
  - (m) parking facilities;
  - (n) solid waste disposal facilities.

B. **Housing:** Eligible activities may include, but are not limited to:

- (1) real property acquisition;
- (2) rehabilitation;
- (3) clearance;
- (4) demolition and removal of privately-owned or acquired property for use or resale in the provision of assisted housing;
- (5) provision of public facilities to increase housing opportunities;
- (6) financing the repair, rehabilitation and in some cases reconstruction of privately-owned residential or other properties through either loan or grant programs;
- (7) certain types of housing modernization;
- (8) temporary relocation assistance;
- (9) code enforcement; and
- (10) historic preservation activities;
- (11) not to exceed sixty-five thousand dollars (\$65,000) in CDBG funds per home can be used on home rehabilitation/repair

ies.

C. **Public facility capital outlay:** Eligible activities may include, but are not limited to:

- (1) real property acquisition;
- (2) construction or improvement of community centers;
- (3) senior citizen centers;
- (4) non-residential centers for the handicapped such as sheltered workshops;
- (5) other community facilities designed to provide health, social, recreational or similar community services for residents.

D. **Economic development:** The economic development category is established to assist communities in the promotion of economic development and is described in 2.110.2.26 NMAC.

E. **Emergency:** The emergency fund provides funding for emergency projects that address life threatening situations resulting from disasters or imminent threats to health and safety.

- (1) Applications under this category will be accepted throughout the year.
- (2) Application shall include verification of emergency from an authoritative state agency documenting the need for the emergency project, and shall be submitted no later than 18 months from the date of the authoritative state agency's written verification of emergency.
- (3) An applicant for emergency funding must verify that it does not have sufficient local resources to address the life threatening condition; and that other federal or state resources have been explored and are unavailable to alleviate the emergency.

F. **Planning:** Municipalities, counties, water associations, water and sanitation districts, and land grants are eligible to apply directly for planning grants. Municipalities or counties who have a comprehensive plan dated five years or greater from the date of application submission are required to use CDBG planning grant funds solely for the development of a comprehensive plan. A comprehensive plan must be focused on a community's physical development over the next 15-20 years related to the goals and policies of the community, developed with input from all segments of the community, adopted by resolution or ordinance, and include as a minimum the following required elements and may include the following optional elements:

- (I) required elements:
  - (a) land use including:
    - (i) an analysis and mapping of existing land patterns and an inventory of the amount, type and intensity of uses by land category;
    - (ii) a projection of the distribution, location and extent of future land uses by land use category over a 20-year period;
    - (iii) goals, objectives and policies that address maintaining a broad variety of land uses, including the

range of uses existing when the plan is adopted or amended; and

- (iv) specific actions and incentives that the entity may use to promote planned development, reduction in greenhouse gas emissions, or otherwise encourage certain identified development patterns and the locations where such development patterns should be encouraged;

(b) housing including:

- (i) an analysis of existing housing supply and demand, and forecasted housing needs;
- (ii) goals, objectives and policies for the improvement of housing quality, variety and affordability, for reduction of greenhouse gas emissions, and for provision of adequate sites for housing and housing opportunities for all segments of the community;
- (iii) a description of the actions that may be taken to implement housing goals, objectives and policies;

and  
(iv) must comply with the affordable housing act.

(c) transportation including:

- (i) description and assessment of the location, type, capacity and condition of existing transportation facilities, such as freeways, arterial and collector streets, mass transit or other modes of transportation as may be appropriate;
- (ii) goals, objectives and policies for encouraging safe, convenient, efficient and economical transportation, including mass transit and facilities for bicyclists and pedestrians, for reduction of greenhouse gas emissions, and potential funding mechanisms; and

- (iii) a description and assessment of proposed location, type and capacity of proposed transportation facilities designed to implement transportation goals, objectives and policies and a description of funding mechanisms that will be used to fund proposed transportation improvements;

(d) infrastructure including:

- (i) a description and assessment of the location, type, capacity and condition of existing infrastructure, including emergency services, sewage, drainage, local utilities and other types of facilities;
- (ii) goals, objectives and policies for promoting the efficient provision of infrastructure; and
- (iii) a description and assessment of proposed facility expansion and improvements designed to support planned uses and implement infrastructure goals, objectives and policies;

(e) economic development including:

- (i) a description of existing job composition and trends by industry and location characteristics, such as access to transportation or proximity to natural or human resources, that influence the economic development potential of the entity;
- (ii) goals, objectives and policies for promoting economic development; and
- (iii) a description of the actions that the entity will take to implement economic development goals, objectives and policies;

(f) water including:

- (i) description and assessment of the sources of water supply;
- (ii) the existing demand for water by residential, commercial, institutional, industrial and recreational sectors;
- (iii) assessment of the unaccounted for water losses due to leaks, theft or other reasons;
- (iv) goals, objectives and policies for promoting the efficient use of water and for managing periods of drought; and

- (v) an analysis of the demand for water that will result from future growth projected in the plan, when added to existing uses, and how the demand for water that will result from future projected growth will be served by current water supplies, water conservation, water reuse or a plan to obtain additional water supplies or increase water use efficiencies;

(g) hazard including:

- (i) an analysis of the risks of hazards such as wildfire, floods, extreme weather conditions, accidents, and terrorism;
- (ii) goals, objectives and policies for hazard mitigation; and
- (iii) a description of the actions that will be taken to mitigate hazards; and

(h) implementation; a compilation of the plan's goals, objectives, policies, standards or guidelines, along with specific actions to be completed in a stated sequence, which start with adoption of the comprehensive plan by ordinance;

(2) optional elements:

- (a) drainage;
- (b) parks, recreation and open space;
- (c) tourism;
- (d) growth management;
- (e) fiscal impact analysis;
- (f) intergovernmental cooperation;
- (g) social services;
- (h) historic preservation;
- (i) asset management plan.

(3) if the entity has a comprehensive plan that is not more than five years old at the date of application, it may apply for funding assistance for any of the following planning activities:

- (a) data gathering analysis and special studies;
- (b) base mapping, aerial photography, geographic information systems, or global positioning satellite studies;
- (c) improvement of infrastructure capital improvement plans and individual project plans;
- (d) development of codes and ordinances, that further refine the implementation of the comprehensive plan;
- (e) climate change mitigation and adaptation plan;
- (f) preliminary engineering report (according to United States department of agriculture/rural utilities service (USDA/RUS) guidelines);
- (g) related citizen participation or strategic planning process;
- (h) other functional or comprehensive planning activities;
- (i) asset management plan; or
- (j) regionalization of infrastructure and service delivery.

(4) applicants may apply for planning assistance throughout the year.

**G. Colonias:**

(1) The Colonias category is established in the amount of ten percent of the annual CDBG allocation for specific activities including water, sewer and housing improvements, which are the three conditions that qualify communities for designation to be carried out in areas along the U.S. - Mexican border.

(2) Eligible applicants for the Colonias set aside are municipalities and counties located within 150 miles of the U.S. - Mexico border.

(3) Colonias must be designated by the municipality or county in which it is located. The designation must be on the basis of objective criteria, including:

- (a) lack of potable water supply; or
- (b) lack of adequate sewage systems; or
- (c) lack of decent, safe and sanitary housing.

(4) Appropriate documentation to substantiate these conditions must be provided along with the application for funding. [2.110.2.11 NMAC - Rp, 2 110.2.11 NMAC, 11/15/2016]

**2.110.2.12 OTHER ELIGIBLE ACTIVITIES:**

A. Administrative costs associated with implementing a program such as preparing environmental reviews, and other costs for are eligible activities.

B. Although the costs of conducting program audits are considered an eligible activity, it is recommended that they be paid by the applicant to expedite grant closeout.

C. Applicants may use fifteen percent of a CDBG grant for public facility program activities including:

- (1) employment;
- (2) crime prevention;
- (3) child care;
- (4) drug abuse prevention;
- (5) education;
- (6) energy conservation;
- (7) welfare and recreation.

D. The council may pledge future CDBG allocations to guarantee repayment of loans to non-entitlement municipalities and counties for CDBG eligible projects in accordance with Section 108 of the Housing and Community Development Act of 1974, as amended. [2.110.2.12 NMAC - Rp, 2 110.2.12 NMAC, 11/15/2016]

**2.110.2.13 INELIGIBLE ACTIVITIES:** The following are among the activities that are not eligible for CDBG funding assistance:

A. construction or rehabilitation of buildings used for the general conduct of government, such as city halls or county courthouses; compliance with the Americans with Disabilities Act is an eligible activity;

B. general operation and maintenance expenses associated with public facilities or services;

C. income maintenance;

D. housing allowance payments and mortgage subsidies;

E. expenditures for the use of equipment or premises for political purposes, sponsoring or conducting candidates' meetings, engaging in voter registration, voter transportation or other political activities;

F. costs involved in the preparation of applications and securing of funding.

[2.110.2.13 NMAC - Rp, 2 110.2.13 NMAC, 11/15/2016]

**2.110.2.14 RURAL ALLOCATION:**

A. A minimum of fifteen percent of the CDBG allocation will be awarded to rural counties and municipalities.

B. Rural applicants will compete for funding from the community infrastructure, housing, Colonias, and public facility capital outlay categories.

C. Rural and non-rural applicants will compete for funding from the economic development, emergency and planning categories. [2.110.2.14 NMAC - Rp, 2 110.2.14 NMAC, 11/15/2016]

**2.110.2.15 PROGRAM PUBLIC PARTICIPATION REQUIREMENTS:** Applicants must provide opportunities for public participation in the development of community development goals, objectives, and applications for funding assistance by undertaking the following activities:

- A. provide for and encourage citizen participation within their areas of jurisdiction with particular emphasis on participation by persons of low and moderate income;
  - B. provide citizens with reasonable and timely access to local meetings, information, and records relating to proposed and actual use of funds;
  - C. provide for technical assistance as determined by the applicant, groups and representatives of low and moderate income persons that request assistance in developing proposals; the level and type of assistance is to be determined by the applicant.
  - D. provide for public hearings to obtain citizen participation and respond to proposals and questions at all stages;
  - E. prior to selecting a project and submitting an application for CDBG funding assistance, conduct at least one public hearing for the following purposes:
    - (1) to advise citizens of the amount of CDBG funds expected to be made available for the current fiscal year;
    - (2) to advise citizens of the range of activities that may be undertaken with the CDBG funds;
    - (3) to advise citizens of the estimated amount of CDBG funds proposed to be used for activities that will meet the national objective to benefit to low and moderate income persons;
    - (4) to advise citizens of the proposed CDBG activities likely to result in displacement, and the unit of general local government's anti-displacement and relocation plans;
    - (5) to obtain recommendations from citizens regarding the community development and housing needs of the community;
  - F. After considering all recommendations and input provided at the public hearing(s), the governing body must select one project for which to submit an application for funding assistance at an official public meeting.
  - G. The applicant must conduct a second public hearing prior to the submission of the application. Public hearing notices must be published in the non-legal section of newspapers, or posted in a minimum of three prominent public places within the project area, with public access. Notice of any public hearing must be published or posted at least 10 days in advance of the hearing date. Emergency hearings may be called upon 72 hour's notice unless threat of personal injury or property damage requires less notice. Emergency hearings may be called only under unforeseen circumstances, which demand immediate action to protect the health, safety and property of citizens or to protect the applicant from substantial financial loss. All applicants must be in compliance with all provisions of the Open Meetings Act Section 10-15-1 NMSA 1978 et., seq.
  - H. Evidence of compliance with these public participation requirements must be provided with each application, i.e., hearing notice, minutes of public meetings, list of needs and activities to be undertaken, etc.
  - I. Amendments to goals, objectives, and applications are also subject to public participation.
  - J. Applicants must provide for timely written answers to written complaints and grievances within 15 working days where practicable.
  - K. Applicants must identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
- [2.110.2.15 NMAC - Rp, 2 110.2.15 NMAC, 11/15/2016]

**2.110.2.16 PROGRAM REQUIREMENTS FOR MEETING NATIONAL PROGRAM OBJECTIVES:** Each CDBG application must meet at least one of the following three national objectives.

- A. Low and moderate income benefit - an activity identified as principally benefiting fifty one percent persons of low and moderate income will be considered eligible only if it meets one of the following criteria:
  - (1) the activity must be carried out in a neighborhood or area consisting predominantly of persons of low and moderate income and provide services to such persons; or
  - (2) the activity must involve facilities designed for use by a specific group of people or clientele predominantly of low and moderate income; or
  - (3) the activity must add or improve permanent residential structures that will be occupied by low and moderate income households upon completion; or
  - (4) the activity must involve creating or retaining jobs, the majority of which must be for persons of low and moderate income.
- B. Prevention or elimination of slums or blight - an activity identified as aiding in the prevention or elimination of a slum or blighted area must meet all of the following five criteria.
  - (1) The area must be designated by the applicant and must meet a definition of a slum, blighted area.
  - (2) The area must exhibit at least one of the following physical signs of blight or decay.
    - (a) At least one quarter of all the buildings in the area must be in a state of deterioration.
    - (b) Public improvements throughout the area must be in a general state of deterioration. For example, it would be sufficient for only one type of public improvement, such as the sewer system, to be in a state of deterioration; rather, the public improvement taken as a whole must clearly exhibit signs of deterioration.
  - (3) Documentation must be maintained by the applicant on the boundaries of the area and the condition that qualified the

area at the time of its designation.

(4) The activity must address one or more of the conditions that contributed to the deterioration of the area.

(5) To comply with this objective on a spot basis outside of a slum or blighted area the proposed activity must be designated to eliminate specific conditions of blight or physical decay including:

(a) acquisition and clearance of blighted properties;

(b) renovation and reuse of abandoned, historic properties;

(c) commercial revitalization through façade improvements; or

(d) removal of environmental contamination on property to enable it to be redeveloped.

C. Urgent need - planning grants are not allowed under urgent need. Verification of the urgency of the need must be provided with written documentation by the appropriate authoritative state agency. An activity identified as having urgent community development needs will be considered only if the applicant verifies the following:

(1) that the activity is designed to alleviate existing conditions that pose a serious and immediate threat to the health and welfare of the community;

(2) that the condition(s) to be alleviated is of recent origin, i.e., it developed or became critical within 18 months preceding the certification by the applicant; and

(3) that the applicant is unable to finance the activity on its own and other sources of funding are not available.

[2.110.2.16 NMAC - Rp, 2 110.2.16 NMAC, 11/15/2016]

### 2.110.2.17 APPLICATION REQUIREMENTS:

A. Number of applications - all eligible applicants may submit one application for CDBG funding assistance in the community infrastructure, public facility capital outlay, or Colonias categories.

B. Planning applicants may submit at any time an additional planning application that shall not exceed fifty thousand dollars (\$50,000).

C. Applications for the economic development and emergency categories may be submitted at any time and shall be limited to a maximum of five hundred thousand dollars (\$500,000.00) for applications without certified cost estimates; and a maximum of seven hundred fifty thousand dollars (\$750,000.00) for applications accompanied by a certified cost estimate from an engineer, architect, or landscape architect licensed to do business in the State of New Mexico, which must be certified no more than 120 days prior to application submission.

D. Counties may submit multiple applications for planning grants on behalf of eligible applicants.

E. Planning, economic development, and emergency applications may be submitted even if the applicant has not completed previously awarded CDBG projects.

F. Single purpose application - an application must be limited to a project specific activity or set of activities that address a singular need in a designated target area of a unit of local government.

G. Joint applications - Joint applications are allowed when two or more eligible applicants within reasonable proximity of each other wish to address a common problem.

(1) Joint applications must satisfy certain criteria found in federal rules and must receive division approval prior to submitting an application for funding assistance.

(2) One community will be designated to serve as the lead applicant and will be subject to administrative requirements and to the application limit requirements.

(3) Other parties to the joint application may submit another application.

H. The following minimum requirements apply to all applications for CDBG funding:

(1) Applications must involve a project that will be fully functional on a stand-alone basis once awarded CDBG and other committed funds have been expended.

(2) Projects shall be completed within 24 months of an executed grant agreement signed by both parties.

(3) Applications shall be limited to a maximum of five hundred thousand dollars (\$500,000.00) for applications without cost estimates; and a maximum of seven hundred fifty thousand dollars (\$750,000.00) for applications accompanied by a certified cost estimate from an engineer, architect, or landscape architect licensed to do business in the State of New Mexico, which must be certified no more than 120 days prior to application submission.

(4) Application must be complete, with all documentation provided as listed on the submission and attachment checklist included in the application, otherwise application will be deemed ineligible and the application will be returned to the applicant and will not be considered for funding.

(5) Applications must include a determination of rural or non-rural status.

(6) Applications must include estimates of both full and phased project costs.

I. Threshold requirements - a project must be completed by the deadline for threshold compliance.

(1) Any open CDBG project must be completed at the time of application (certificate of occupancy or certification of operation must be in place).

(2) Any previous CDBG project's monitoring findings and concerns must be resolved.

(3) The current applicant's fiscal operating budget must be certified by the division.

(4) The applicant's quarterly/monthly financial reports to the division must be current.

(5) An applicant must have submitted to the New Mexico state auditor its most current audit(s) that were required to be conducted and submitted for review per the New Mexico state auditor's required report due dates for the previous fiscal year(s) and an applicant

must be in compliance with the budget certification rule, 2.2.3 NMAC.

(6) The set aside categories; planning, economic development and emergency, are exempt from threshold requirements set forth in Subsections I of 2.110.2.17 NMAC.

J. Matching requirements - to extend available resources and to ensure applicants are invested in projects, the following matches will be required.

(1) Rural applicants must provide, at a minimum, a five percent cash match during the project period from local, state or other public resources, excluding local work force or local equipment.

(2) Non-rural applicants must provide, at a minimum, a ten percent cash match during the project period from local, state or other public resources, excluding local work force or local equipment.

(3) An application in the economic development category must provide at least one private dollar in match for each dollar of CDBG funds requested.

(4) Local funds expended by an eligible applicant for engineering, architectural design or environmental review prior to project approval can be applied towards the required match.

(5) Applicant may request a waiver of the matching requirement if documentation can be provided to demonstrate the absence of local resources to meet the required match. Criteria used by the division to recommend council approval/disapproval will be as follows:

(a) the required match must exceed five percent of the applicant's general fund budget;

(b) the required match must equal or exceed the available balance of funds in the applicant's overall budget.

K. Other funding commitments - if other funding is necessary to make a proposed project feasible, funding commitments must be in place and letters of commitment or grant agreement from the funding agency must be submitted with the application.

L. Asset management - communities that implement an asset management program and use that approach as the basis for their rate analysis will be credited in the application process for their achievement. To support the long term operation, maintenance, repair and replacement of system facilities, infrastructure, public facilities, or other eligible activities the following will be required to be submitted at the time of application. The model for the asset management program is the international infrastructure asset management model. This approach includes five core components:

(1) current state of the assets: an asset inventory that includes at a minimum: asset name, asset location, asset condition, useful life, and an estimate of replacement value;

(2) level of service: a description of type and level of service provided;

(3) criticality: an evaluation of which assets are critical to sustaining the operation;

(4) life cycle costing: at a minimum, a capital improvement plan that describes the replacement of assets and some consideration of operation and maintenance of the assets;

(5) financing plan: a description of the funding sources that will be used to pay for capital and operational needs.

[2.110.2.17 NMAC - Rp, 2 110.2.17 NMAC, 11/15/2016]

**2.110.2.18 APPLICATION SUBMISSION PROCEDURES AND CONTENT:** The application packet provided by the division must be used. It is only necessary to answer the questions on the application that pertain to the relevant single project category.

A. An applicant must submit an original (hard copy) and two separate electronic copies of each application to the division, and one electronic copy to the appropriate council of governments.

B. Applications for community infrastructure, housing and public facility capital outlay must be date stamped by the division on or before 5:00 p.m. on the designated application deadline. Applications received after that time will not be processed.

[2.110.2.18 NMAC - Rp, 2 110.2.18 NMAC, 11/15/2016]

**2.110.2.19 APPLICATION REVIEW AND EVALUATION PROCESS:**

A. Upon receipt of an application, division staff will review for eligibility, completeness, feasibility, and compliance and ensure that all other funding necessary to make the project functional is in place. Applications not meeting the criteria will be returned to the applicant and will not be considered for funding.

B. Applications will be forwarded to appropriate state agencies for technical review and comment. Review agencies may include, but are not limited to, the environment department, department of transportation, department of health, state engineer's office, agency on aging and long term services, economic development department, state fire marshal and governor's commission on disability.

C. An eligible applicant will be allowed to make a presentation to the council and division staff at the official hearing. Testimony related to the application will be presented by an official or designee of the applicant who may be assisted by technical staff.

D. Community infrastructure, housing, public facility capital outlay, emergency, and Colonias rating criteria: The following rating criteria will be used to evaluate and score CDBG applications for the community infrastructure, housing, public facility, capital outlay, emergency, and Colonias categories.

(1) **Description and need** - (10 points) the more severe the need as documented in the application, the higher the score.

(2) **Benefit to low and moderate income beneficiaries and appropriateness** - (20 points) extent to which the CDBG

application:

(a) documents the number and percentage of low and moderate income beneficiaries, also include race and

gender; or

(b) addresses the prevention or removal of slum or blighting conditions; or

(c) addresses conditions that pose a serious and immediate threat to the health and welfare of the community (for

emergency applications only).

(3) **Leveraging** - (10 points) extent to which state, local and other public resources, in addition to the required match, will be used by the applicant for the proposed project.

(4) **Citizen participation** - (10 points) extent to which the applicant evidences opportunity for citizen activities related to proposed project:

- (a) (10 points) has provided four or more citizen activities;
- (b) (7 points) has provided three citizen activities;
- (c) (5 points) has provided two citizen activities.

(5) **Planning** - (10 points) extent to which:

- (a) (3 points) applicant has adopted a local ICIP, which has qualified for publication in the most recent state published prior to the CDBG application deadline. Evidence of the adopted ICIP for the current year must be provided as part of the application;
- (b) (3 points) project has qualified for publication in the most recent state ICIP prior to the CDBG application deadline and applicant has selected CDBG as one of its possible funding sources. Evidence of such publication identifying the project and selecting CDBG funds as a possible funding source must be provided with application;
- (c) (1 point) project shows consistency with applicant's comprehensive plan;
- (d) (1 point) applicant has adopted a drought contingency plan, setting in place various drought management stages and accompanying restrictions on water use;
- (e) (1 point) applicant has adopted a water conservation ordinance, setting in place various methods for conserving potable water;
- (f) (1 point) applicant has implemented a water conservation ordinance, accompanied by evidence of exercising at least two various methods for conserving potable water.

(6) **Feasibility/readiness** - (20 points) extent to which the project is technically and economically feasible and ready to be implemented;

- (a) (5 points) necessary real property or easements acquired;
- (b) (5 points) professional services contract executed;
- (c) (5 points) completed plans, specifications, bid documents, or preliminary engineering reports; and
- (d) (5 points) completed environmental review process.

(7) **Cost benefit** - (10 points) the amount of funds requested divided by the number of direct low and moderate income beneficiaries of the project; the lower the ratio, the higher score.

(8) **Asset management plan** - (maximum of 10 points).

- (a) (1 point) attendance within the last three years at an asset management training that includes the five core components as described in the international infrastructure asset management model;
- (b) (2 points) development of an asset management plan that includes some, but not all, of the five core components;
- (c) (10 points) development of a complete asset management plan with all five core components.

(9) **Council application scoring** - (10 points) Each member of the council shall be allowed to award up to 10 points per application in the application rating process, with one point for a low priority, five points for a medium priority and 10 points for a high priority project based on the criteria used for rating. The points will be averaged by totaling the individual member scores and dividing by the number of members who scored the project.

(10) **Additional Colonias criteria** - When submitting a Colonias applicant shall prove documentation of the Colonias designation and documentation that the project shall address one of the following conditions:

- (a) lack of potable water; or
- (b) lack of an adequate sewage system; or
- (c) lack of safe, sanitary housing.

E. **Planning grant criteria:** The following rating criteria will be used to evaluate and score CDBG applications for the planning category.

(1) **Description and need** - (20 points) extent to which the application:

- (a) provides detail for and documents community need for the project; and
- (b) describes the impact that the project will have on the community; and
- (c) is determined to be feasible.

(2) **Benefit to low and moderate income beneficiaries and appropriateness** - (20 points) extent to which the CDBG

- (a) documents the number and percentage of low and moderate income beneficiaries, including race and gender;
- (b) is in alignment with existing planning documents, or proposes the development of a new comprehensive plan.

(3) **Leveraging** - (15 points) extent to which federal, state, and local resources in addition to the required match, will be used by the applicant for the proposed project.

(4) **Citizen participation** - (10 points) extent to which the applicant evidences opportunity for citizen activities related to the proposed project:

- (a) (10 points) has provided 4 or more citizen activities;

(b) (7 points) has provided 3 citizen activities;

(c) (3 points) pledges opportunities for actives;

(d) (2 points) has provided 1 citizen activity;

(5) **Planning** - (20 points) extent to which:

(a) (5 points): applicant has adopted a local ICIP, which has qualified for publication in the most recent state ICIP published prior to the CDBG application;

(b) (5 points): the proposed project has qualified for publication in the most recent state ICIP prior to the CDBG application and applicant has selected CDBG as one of its possible funding sources;

(c) (2.5 points): applicant's proposed project shows consistency with applicant's comprehensive plan;

(d) (2.5 points): applicant adopts a drought contingency plan, setting in place various drought management stages and accompanying restrictions on water use;

(e) (2.5 points): applicant adopts a water conservation ordinance, setting in place various methods for conserving potable water;

(f) (2.5 points): applicant implements a water conservation ordinance, accompanied by evidence of exercising at least two various methods for conserving potable water.

(6) **Cost benefit** - (10 points) the amount of funds requested divided by the number of low and moderate direct beneficiaries of the project. The lower the ratio the higher the score.

(7) **Comprehensive plan** - (5 points) whether the community has an updated comprehensive plan that is not more than five years old.

**F.** Economic development rating criteria is included in 2.110.2.26 NMAC.

**G.** Site visits will be conducted as needed to verify or review information presented.

**H.** Emergency, economic development and planning applications that are in compliance with all applicable rules and regulations are received and evaluated throughout the year.

**I.** The council delegates to the division director the authority to award, in the division director's discretion, funding for applications for emergency, economic development, and planning projects in compliance with applicable rules and regulations. The division will provide the council with an update on all such awards at each council meeting.

[2.110.2.19 NMAC - Rp, 2 110.2.19 NMAC, 11/15/2016]

**2.110.2.20 SELECTION OF CDBG GRANTEES BY COUNCIL:**

**A.** Division staff will present its recommendation to the council at least seven days prior to each allocation meeting.

(1) Staff recommendation will present projects in high, medium and low groupings.

(2) Staff recommendation will include specific funding allocation amount to each project, within total available funds.

**B.** The council will review staff recommendation and funding allocation and make funding decisions in an open public meeting.

**C.** The council, in making its final decisions, will consider the past performance of the applicant in administering CDBG projects.

**D.** The council may adjust the scope and dollar amount to stay within available funding or for purposes of consistency.

**E.** The council may deviate from staff recommendation and funding allocation, if the council by majority vote determines and substantiates that any of the following conditions apply:

(1) To not fund a project recommended by the division staff other funding sources for the project are available or other applications were deemed to be a priority or circumstances have changed since the application was submitted.

(2) To fund a project not recommended by division staff.

(a) the health and safety of area residents is at stake;

(b) funding committed to the project from other sources may be jeopardized;

(c) significant economic benefits will be realized if the project is implemented; or

(d) the need for the project is critical.

**F.** The council will make funding determinations by a majority vote.

**G.** The council may waive or adjust any division imposed CDBG application requirement as long as the waiver will not result in violation of state or federal statutes, regulations, rules, or penalize other applicants.

**H.** If the council sets aside funding for emergency, economic development or planning; the council may at any time during the calendar year, transfer funds between categories if there is limited demand in the funded categories. The transferred funds may be used to fund projects that were previously submitted for funding.

[2.110.2.20 NMAC - Rp, 2 110.2.20 NMAC, 11/15/2016]

**2.110.2.21 REVERSIONS, SUPPLEMENTAL FUNDING AND UNDERRUNS:**

**A.** Decision of the division to impose special conditions or fiscal agent requirements - if a CDBG award is provided to a grantee that has deficiencies identified in the audit(s) approved by the state auditor's office, the division reserves the right to impose special conditions or fiscal agent requirements dependent upon the specific findings or opinions as described in the audit(s).

**B.** Decision by the council to revert funds - if, within 12 months of a CDBG award for a project by the council, the CDBG award not resulted in a signed grant agreement between the division and the applicant or the applicant has not made adequate progress on the project or the council determines there was fraud or misrepresentation regarding the project by the applicant, the division may recommend to the council to revert all or part of the award and the council may vote to revert all or part of the award. The applicant shall receive written notice from the