

**OFFICE OF RURAL COMMUNITY AFFAIRS  
GOVERNING BOARD MEETING**

**June 8-9, 2009**

**Texas State Capitol Extension  
1100 Congress Ave., Room E1.028  
Austin, Texas 78701  
1:00 PM**

**NOTICE: Three sub-committees will meet on June 8, 2009 to review respective agenda items with ORCA staff. The sub-committees and respective meeting times are: Community Development – 10:00 AM  
Finance and Disaster Recovery-- 11:00 AM  
Rural Health – 11:00 AM**

**The public is welcome to attend the sub-committee meetings, which will also be held in room E1.028.**

**The Board will discuss, consider and take appropriate action on the following agenda items starting at 1:00 PM:**

**A. CALL TO ORDER BY THE CHAIR**

1. Roll call and certification of a quorum.
2. Consider approval of the minutes of the April 2-3 meeting.

**B. PUBLIC COMMENT**

1. The Board will provide interested persons the opportunity to offer public comment on any matter within the jurisdiction of the agency and, if time permits, may offer this more than once. The Board may limit the time of each speaker to three minutes or less and exclude repetitious comments.

**C. EXECUTIVE DIRECTOR**

1. Hear update on legislative activities related to ORCA in the 81<sup>st</sup> Legislative Session.
2. Hear an update on activities related to the Texas Rural Foundation.

#### D. TEXAS CAPITAL FUND PROGRAM (TCF)

1. Hear report on TCF activities.

#### E. FINANCE

1. Hear an update on the agency's Fiscal Year 2009 Operating Budget.

#### F. STATE OFFICE OF RURAL HEALTH PROGRAM (SORH)

1. Hear a report on the status of collection efforts by the OAG and ORCA staff related to grants and awards made by the agency.
2. Hear report on the FLEX CAH-HIT Network Implementation Grant Program.
3. Hear an update on the Tenaha and Washington County Rural Health Pilot projects that utilized CDBG funds.
4. Consider appointment to the Outstanding Rural Scholar Recognition Program (ORSRP) Advisory Committee. (Action needed)
5. Review and approve the Rural Health Work Plan. (Action needed)

#### G. TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (TxCDBG)

1. Hear an update on disaster declarations and applications received and approved under the Disaster Relief Fund.
2. Hear report on the HUD CDBG Neighborhood Stabilization Program.
3. Consider adoption of an amendment to ORCA TxCDBG programs found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code related to the appeals process as a result of enactment of HB 1079. (Action needed)
4. Consider approval of a proposed 2010 TxCDBG Action Plan. (Action needed)
5. Consider latest information related to the proposed amendments to the TxCDBG Action Plan for the supplemental funds to be received under the ARRA of 2009 (i.e., the "stimulus CDBG funds").

6. Consider proposed use of deobligated funds / program income funds.  
(Action needed)

## H. DISASTER RECOVERY DIVISION

1. Hear update on the status of disaster recovery for Hurricane Ike/Dolly.
2. Hear a report on the procurement of Design Engineering, Grant Administration, Environmental, Application Review, and Project Management Company professional services.
3. Hear disaster recovery status report on TxCDBG non-housing Round 1 & 2 supplemental disaster funding.
4. Consider accepting \$1,314,990,193 allocated to the State of Texas for 2008 TxCDBG Disaster Recovery Supplemental Funds for Hurricanes Dolly/Ike.  
(Action needed)
5. Hear presentation on HNTB project assessment report.
6. Consider transferring \$300,000 from Rita II Disaster Recovery Funding unobligated administrative funds to Rita II program funds. (Action needed)

## I. OLD BUSINESS AND OTHER ITEMS

1. Consider setting the date and location for future meetings.

## J. EXECUTIVE SESSION

THE BOARD MAY GO INTO CLOSED SESSION ON ANY ITEM LISTED ON THE AGENDA WHERE AUTHORIZED BY THE TEXAS OPEN MEETINGS ACT, CHAPTER 551, TEXAS GOVERNMENT CODE.

1. Executive Session Pursuant to Section 551.071 Government Code to consult with the Board's attorney concerning contemplated litigation, and all matters identified in the agenda in which the Board members seek the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and pursuant to Section 551.074(a)(1) Government Code, for purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, compensation, reassignment, duties, discipline, or dismissal of the Executive Director.

2. Action, if any, in open session on items discussed in the Executive Session.

#### K. ADJOURN

AGENDA ITEMS MAY NOT NECESSARILY BE CONSIDERED IN THE ORDER THAT THEY APPEAR. TIME SPECIFIC ITEMS ARE SO NOTED ON THE AGENDA. THE BOARD MAY RECESS AND RECONVENE THE MEETING ON JUNE 9 IF NEEDED.

Persons with disabilities, who plan to attend this meeting and are in need of a reasonable accommodation in order to observe or participate, should contact Sandy Seng at 512-936-6706 at least four (4) working days prior to the meeting.

To access this agenda and details on each agenda item in the Board book, please visit our website at [www.orca.state.tx.us](http://www.orca.state.tx.us).

NONE AT THE TIME OF THIS  
POSTING

**OFFICE OF RURAL COMMUNITY AFFAIRS  
GOVERNING BOARD MEETING**

April 2 & 3, 2009  
Omni Austin Hotel at Southpark  
4140 Governor's Row, Omni Room E  
Austin, Texas 78744  
11:00 AM

The Office of Rural Community Affairs Governing Board meeting convened at the Omni Austin Hotel at Southpark, 4140 Governor's Row, Omni Room E, Austin, Texas at 11:00 AM on April 2, 2009. Chairman Wallace Klussmann recessed the meeting that same afternoon at 5:27 PM.

Chairman Klussmann called the meeting to order at 8:35 AM on Friday, April 3, 2009. Chairman Klussmann adjourned the meeting at 10:34 AM that same day.

**Governing Board Members in Attendance**

**Present**

Wallace Klussmann, Chairman  
David Alders, Vice-Chairman  
Mackie Bobo, Secretary  
Dora Alcalá  
Woody Anderson  
Remelle Farrar  
Charles Graham  
Drew Deberry for TDA Commissioner Todd Staples  
Patrick Wallace

**Not Present**

Charles Butts

**Others Registered in Attendance**

<b>Last Name</b>	<b>First Name</b>	<b>Organization Represented</b>
Rhodes	Rick	Texas Department of Agriculture
Young	Karl	Texas Department of Agriculture
McPhee	Don	PMB Helin Donovan
Lanham	Tadd	PMB Helin Donovan
Inabinet	Michael	HNTB Engineering Firm
Slimp	Robert	HNTB Engineering Firm
Wendorf	Tom	HNTB Engineering Firm
JonMichael	Jason	HNTB Engineering Firm
Parker	Nancy	HNTB Engineering Firm
Griebel	Tom	Pape-Dawson Engineers
Tenney	Sean	CDM Engineering Firm
Lindner	John	Bury & Partners Engineering Firm

Harwick	Brad	Bury & Partners Engineering Firm
Ruiz	Philip	CDMC, Inc.
Spitzengel	Bruce	Grant Works, Inc.

**Agenda Item A**

1. Chairman Klussmann called the meeting to order at 11:00 AM and asked Dr. Mackie Bobo, Secretary, to call the roll. A quorum was present.

**Agenda Item J**

The Board entered into Executive Session at 11:02 on Thursday, April 2, 2009. At this time, Chairman Klussmann made the following Executive Session announcement:

THE BOARD MAY GO INTO CLOSED SESSION ON ANY ITEM LISTED ON THE AGENDA WHERE AUTHORIZED BY THE TEXAS OPEN MEETINGS ACT, TEXAS GOVERNMENT CODE, CHAPTER 551.

1. Executive Session Pursuant to Government Code Section 551.071 to consult with the Board's attorney concerning contemplated litigation, and all matters identified in the agenda where the Board members seek the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and pursuant to Section 551.074(a)(1) for purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, compensation, reassignment, duties, discipline, or dismissal of the Executive Director.
2. Action, if any, is open session on items discussed in the Executive Session.

At 12:45 PM, Chairman Klussmann announced:

"The Executive Session is ended. The date is Thursday, April 2, 2009, and the time is 12:45 PM. No formal action was taken on any item in the Executive Session."

Chairman Klussmann recessed the meeting at 12:45 PM, Thursday, April 2, 2009, until 1:30 PM that same day.

The Office of Rural Community Affairs Governing Board meeting reconvened at the Omni Austin Hotel at Southpark, 4140 Governor's Row, Omni Room D, Austin, Texas at 1:30 PM on April 2, 2009.

**Agenda Item A**

4. Chairman Klussmann called for a motion to approve the minutes from the February 5-6, 2009 Board Meeting. The minutes were approved as published.

**Agenda Item B**

1. Chairman Klussmann opened the meeting to public comment. None present.

**Agenda Item C**

1. Mr. Don McPhee, with PMB Helin Donovan, presented to the Board a follow up on the Internal and External Audits for the Office of Rural Community Affairs. No action needed.

Mr. McPhee reported that on the External Audits, ORCA has implemented the recommendations with the exception of one recommendation from the Texas State Auditor's Office. ORCA is currently in the process of implementing a new rural grants management system (RGMS) and will be designing and implementing integration and reconciliation controls during this project in accordance with the Texas State Auditor's recommendations.

Mr. McPhee reported that on the Internal Audits, ORCA has been very responsive to the recommendations and timely in taking action with the final steps being to adopt and approve the final aspects of implementing the recommendations.

3. Mr. Eric Beverly and Ms. Kim White, ORCA's Intergovernmental Specialists, presented an update to the Board on the legislative activities related to the Office of Rural Community Affairs in the 81st Legislative Session since the day the Board Books were provided to the Governing Board. No action needed.

**Agenda Item D**

1. Mr. Rick Rhodes, Assistant Commissioner, Texas Department of Agriculture, for Rural Economic Development, gave an overview to the Board of the 2009 Texas Capital Fund Programs' awards this year to date, the 1<sup>st</sup> of 4 rounds of applications have been received and are under review. No action needed.

**Agenda Item E**

1. Ms. Sharon Page, ORCA Chief Financial Officer, presented an update to the Board on the agency's Fiscal Year 2009 Agency Operating Budget. No action needed.

**Agenda Item F**

1. Ms. Theresa Cruz, ORCA Director of the State Office of Rural Health and Compliance Division, presented to the Board an update on collection efforts by ORCA and the Office of Attorney General related to grants and awards made by the agency. No action needed.
2. Ms. Theresa Cruz, ORCA Director of the State Office of Rural Health and Compliance Division, presented to the Board a summary of the FY 2007-2008 Annual Evaluation Study of the Medicare Hospital Flexibility (FLEX) Program. The large majority of respondents (95%) were either satisfied or very satisfied with ORCA services. No action needed.

**Agenda Item C**

2. Mr. Charlie Stone, ORCA Executive Director, presented to the Board a report on the Texas Rural Foundation regarding the decision that was made by the Board at the last Board meeting authorizing the Executive Director to re-post a current vacant position, the Director of Outreach and Special Programs (OSP), to include a Rural Foundation work related background to get the TRF program up and operational. The outcome of the interviews resulted in two top candidates. One of those two people will be recommended to fill that position.



Ms. Remelle Farrar was asked to present an update to the Board on the Texas Rural Foundation and any activities related to planning future fundraising activities for the foundation. Ms. Farrar presented several ideas and needs for this event. No action needed.

Chairman Klussmann called for a break. The time was 2:54 PM. Chairman Klussmann called the meeting to order at 3:02 PM.

### **Agenda Item B**

1. Chairman Klussmann opened the meeting to public comment. The Board received comment from:
  - Mr. Bruce Spitzengel, President, Grant Works, Inc.  
Mr. Spitzengel made comment regarding the agenda item on the contracted services with engineering firm HNTB. Mr. Spitzengel informed the Board that it has been a very favorable experience working with HNTB. Their cities are seeing the projects being developed that will enhance the probability of more of these dollars from the Hurricane Recovery Program going to rural communities. He stated that in terms of the investment that the Office of Rural Community Affairs is making, the return on that investment is going to be significant to Rural Texas.

Chairman Klussmann closed the public comment period.

### **Agenda Item H**

1. Ms. Oralia Cardenas, ORCA Director of the Disaster Recovery Division, presented an update to the Board on the status of the proposed Action Plan for Disaster Recovery. No action needed.
2. Ms. Heather Lagrone, ORCA Disaster Recovery Division Manager, presented to the Board a status report on the Supplemental CDBG Disaster Recovery Funds for Round 1 (Rita) and Round 2 (Rita) – Non-Housing and Infrastructure Funds. No action needed.
3. Ms. Oralia Cardenas, ORCA Director of the Disaster Recovery Division, proposed that the Board consider transferring \$1,000,000 from Rita II Disaster Recovery Funding unobligated administrative funds to Rita II program funds.

Mr. Patrick Wallace made the motion to accept the staff's recommendation and approve the transfer of \$1,000,000 of DR2 funds from administrative funds to project funds to allow additional recovery work in Jasper County. Ms. Remelle Farrar seconded the motion. The motion passed unanimously.

4. Mr. Robert Slimp, Vice-President, and Mr. Tom Wendorf, Project Manager, both with HNTB Engineering Firm, presented a report to the Board on the contracted service activities for Hurricane Ike disaster recovery assistance. It was reported that over the last 4 months HNTB working with ORCA has identified 3500 projects, have assessed 2400 projects in the field, have performed cost estimates on 1200 projects, and have conducted over 350 community and elected official meetings. This accomplishment should be credited to this Board's visionary approach and committed leadership at ORCA. This is a very results driven execution process and to date this planning process is less than 1% of the total construction value for this program. No action needed.

5. Mr. David Flores, ORCA's Disaster Recovery Division Director of Operations, presented to the Board the recommendation to approve the HNTB Contract Amendment for the identification, scoping and cost estimating for an additional 1,340 eligible projects.

Mr. Woody Anderson made the motion to approve the \$8,014,835 HNTB Contract Amendment to continue the services listed above. Mr. Pat Wallace seconded the motion. The motion passed unanimously.

Chairman Klussmann recessed the meeting at 5:27 PM, Thursday, April 2, 2009, until 8:35 AM on Friday, April 3, 2009.

The Office of Rural Community Affairs Governing Board meeting reconvened at 8:35 AM on April 3, 2009. Chairman Klussmann adjourned the meeting that same day at 10:34 AM.

### **Agenda Item G**

1. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), presented to the Board an update on the disaster declarations and applications received and approved under the Disaster Relief Fund. No action required.

Mr. Pat Wallace made comment that he wanted all present to acknowledge what ORCA has done since it came into existence back in 2001. This is a primo fascia example of the good work that has been done by this Board and by the ORCA staff for the last eight years, to clean up the mess that existed both from a record keeping and bookkeeping vantage point to make all of these funds available to rural Texas. ORCA inherited a mess and Mr. Wallace wanted to attest that this agency has done a *really good* job cleaning up that mess and have freed up a lot of dollars for rural Texas and we ought to give ourselves credit for that!

2. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), proposed that the Board consider the approval of the use of Deobligated Funds / Program Income Funds for the Disaster Relief Fund.

Mr. David Alders made the motion to approve staff's allocation of additional future deobligated funds and program income for Disaster Relief assistance as needed up to a limit of an additional \$2,000,000. Dr. Charles Graham seconded the motion. The motion passed unanimously.

3. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), presented a report to the Board on staff activities on the HUD CDBG Neighborhood Stabilization Program.

Mr. David Alders made the motion to propose that the Board direct staff to express the will of the ORCA Board to the Texas Department of Housing and Community Affairs (TDHCA) Board by sending written communication that "The ORCA Board expresses its will that existing rural community property owners not be disadvantaged in anyway in the process of acquiring distressed properties in their communities under HUD's Neighborhood Stabilization Program. Existing rural community property owners should receive equal notification and credit availability for acquisition of distressed real estate assets in their communities as any potential real estate investor." Dr. Charles Graham seconded the motion. The motion passed unanimously.

4. Ms. Susan Grosz, Manager, Texas Community Development Block Grant Program (TxCDBG), and Ms. Suzanne Barnard, Program Specialist, TxCDBG, presented a report to the Board on the status of Open Aged Contracts. Providing this report periodically to the Board will satisfy a recommendation and management decision in an Internal Audit. No action needed.

Mr. Pat Wallace made comment that he wanted again to say congratulations to this Board and to the staff of this agency for continuing to pursue the publication of this information that is more accurate and can be found and presented in a public form like staff is doing today. Several years ago there was no way to dig this information out and to be able to trust it, certainly not eight years ago, and Mr. Wallace wanted to again recognize the efforts of the agency and the staff.

5. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), proposed that the Board consider approval of a proposed amendment to the TxCDBG Action Plan for the supplemental funds to be received under the American Recovery and Reinvestment Act of 2009, Public Law 111-05 (sometimes referred to as the "stimulus funds").

Dr. Charles Graham made the motion that staff may present to the public for comment the Proposed Amendment to the Texas CDBG Action Plan covering approximately \$19.47 Million of CDBG funds to be provided to Texas under the American Recovery and Reinvestment Act of 2009. Provided further, prior to publication of the proposed amendment, staff is authorized to make any adjustment necessary to conform the amendment to HUD's requirements for the use of these funds. Ms. Remelle Farrar seconded the motion. Chairman Klussmann, Dr. Charles Graham, Ms. Remelle Farrar, and Mr. David Alders voted favorably. Dr. Mackie Bobo, Mr. Drew Deberry, and Mr. Patrick Wallace voted against. The motion passed.

6. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), presented to the Board the recommendation for consideration of the proposed amendments to the TxCDBG programs found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code related to the appeals process contingent upon enactment of HB 1079.

Dr. Mackie Bobo made the motion to approve the publication of the proposed amendment in the *Texas Register* for public comment. Ms. Remelle Farrar seconded the motion. The motion passed unanimously.

#### **Agenda Item I**

1. Chairman Klussmann discussed future ORCA Board meeting locations and dates. It was discussed that the next meeting will be June 8&9, 2009, and will be held in Austin. Future meetings will be discussed at the June meeting.

#### **Agenda Item K**

Chairman Klussmann adjourned the meeting at 10:34 AM on Friday, April 3, 2009.

NONE AT THE TIME OF THIS  
POSTING

**SUMMARY**  
**Legislative Update**  
Presented by Eric Beverly and Kim White\*

**DISCUSSION**

The information provided in the Board Book as supporting documentation for this item is subject to change. If additional changes occur, an additional handout will be provided at the Board meeting with the final actions taken by the legislature.

**RECOMMENDATION**

No action needed – for informational purposes only.

**RURAL DEFINITION**

N/A for this agenda item.

**\*Should a Board member have questions concerning this agenda item, please contact Charlie Stone at 512-936-6704, or Eric Beverly at 512-936-6728 or Kim White at 512-936-6713.**



GOVERNOR RICK PERRY  
Dr. Wallace Klusmann, *Chair*  
David Alders, *Vice Chair*  
Dr. Mackie Bobo, *Secretary*

ORCA GOVERNING BOARD

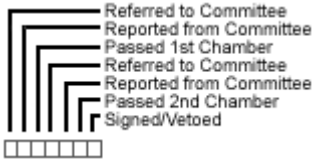
Agriculture Commissioner Todd Staples  
Dora G. Alcalá  
Woody Anderson  
Charles N. Butts  
Remelle Farrar  
Dr. Charles Graham  
Joaquin L. Rodriguez  
Patrick Wallace

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# Office of Rural Community Affairs

**Legislative update  
May 27, 2009**





## LEGISLATION RELATED TO ORCA

HB 492 	Zerwas Deuell	Relating to the expansion of faith- and community-based health and human services and social services initiatives.
<b>Bill History:</b> 05-20-09 G Sent to the Governor		
HB 1079 	Kolkhorst Estes	Relating to the appellate process for the community development block grant program.
<b>Bill History:</b> 05-23-09 G Earliest effective date		
HB 1684 	Brown, Betty Estes	Relating to the creation and administration of the rural veterinarian loan repayment program.
<b>Bill History:</b> 09-01-09 G Earliest effective date		
HB 1918 	Darby Estes	Relating to changing the name of the Office of Rural Community Affairs to the Texas Department of Rural Affairs.
<b>Bill History:</b> 09-01-09 G Earliest effective date		
HB 2308 	Davis, Yvonne Lucio	Relating to the establishment of the Texas secure loan pilot program by the Texas Department of Housing and Community Affairs.
<b>Bill History:</b> 05-27-09 S Placed on the Senate Intent Calendar for		
HB 4067 	Gonzales Lucio	Relating to the creation of the Bureau for Economic Development of the Border Region.
<b>Bill History:</b> 05-25-09 S Passed (Vote: Y: 28/N: 3)		
SB 1878 	Nelson Chavez	Relating to the creation and operation of a council to increase state efforts to offer service-enriched housing through increased coordination of housing and health services.
<b>Bill History:</b> 05-18-09 H Passed (Vote: Y: 89/N: 51)		
SB 2169 	Ellis Alvarado	Relating to the establishment of a smart growth policy work group and the development of a smart growth policy for this state.
<b>Bill History:</b> 05-26-09 H Passed on local calendar (Vote: Y: 99/N: 48)		





**House bills**

**HB 492 by Rep. John Zerwas**

**Sponsor: Deuell**

**Relating to the expansion of faith- and community-based health and human services and social services initiatives.**

**Bill History**

**Sent to the Governor**

**5-20-09**

**Author**



**Sponsor**



HB 492 requires the chief administrative officer of several state agencies, including ORCA, in consultation with the governor, to designate one employee from the agency to serve as a liaison for faith- and community-based organizations by December 1, 2009. The bill sets forth general duties of the liaisons and establishes an interagency coordinating group consisting of agency liaisons that is headed by the liaison from the Texas Health and Human Services Commission.

The bill requires a liaison to report:

- periodically to the chief administrative officer who designated the liaison;
- annually to the governor's office of faith- and community-based initiatives;
- as necessary, to the administrative entity with which the commission contracts or awards a grant under the Renewing Our Communities Account created in this bill. That entity is the administrative entity designated as the State Commission on National and Community Service in accordance with the National and Community Service Act of 1990 (42 U.S.C. Section 12501 et seq.). For Texas, that entity is the One Star Foundation. Ms. Susan Weddington is President/CEO.

**Effective Date**

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

**HB 1079 by Kolkhorst**

**Sponsor: Estes**

**Relating to the appellate process for the community development block grant program.**

**Bill History**

**Earliest effective date 5-23-09**

**Author**



**Sponsor**



The bill modifies the appellate process for the community development block grant program by abolishing the state community development review committee and authorizing an applicant for a grant, loan, or award under a community development block grant program to appeal a decision of the executive director by filing an appeal with the board. The bill requires the board to hold a hearing on the appeal and render a decision.

**Effective date**

May 23, 2009.

**HB 1684 by Brown of Kaufman**

**Sponsor: Estes**

**Relating to the creation and administration of the rural veterinarian loan repayment program.**

**Bill History**

**Earliest effective date 9- 1-09**

**Author**



**Sponsor**



The bill establishes the Rural Veterinarian Loan Repayment Program at the Office of Rural Community Affairs (office). The bill requires that the office establish and administer a program to provide loan repayment assistance to veterinarians who agree to practice veterinary medicine on livestock or deer in a designated rural area.

The bill authorizes the board to provide repayment assistance to a veterinarian for up to four years. The bill requires the board to determine the amount of repayment assistance to provide each year. The bill sets forth eligibility requirements for a veterinarian to be eligible to receive loan repayment assistance. The bill authorizes the office to provide repayment assistance for the repayment of any education loan received by the veterinarian through any lender for education at any veterinary school that awards a degree that satisfies the veterinary study requirements to obtain a license to practice veterinary medicine in this state. The bill prohibits the office from providing repayment assistance for an education loan that is in default at the time of the veterinarian's application. The bill provides that a person must, to qualify for loan repayment assistance under this section, enter into a written agreement with the office. The bill specifies what the agreement must contain. The bill requires the office to determine the terms of the required promissory note. To the extent practicable, the terms must be the same as those applicable to state or federally guaranteed student loans made at the same time.

The bill requires the office to deliver any repayment assistance in a lump sum payable to the lender and the veterinarian and in accordance with any applicable federal law. The bill authorizes loan repayment assistance to be applied to the principal amount of the loan and to interest that accrues. In addition to funds appropriated by the legislature, the bill authorizes the office to solicit and accept grants, gifts, and donations from any public or private source for the purposes of this subchapter. The bill requires the board to adopt rules for the rural veterinarian loan repayment program not later than December 31, 2009. The bill requires the office to distribute to each veterinary school in this state a copy of the rules adopted under this section. The bill provides that "designated rural area" means a rural geographic area in this state that the board by rule designates as rural for purposes of the loan repayment program.

**Effective Date**

September 1, 2009.

**HB 1918 by Darby**

**Sponsor: Estes**

**Relating to changing the name of the Office of Rural Community Affairs to the Texas Department of Rural Affairs.**

**Bill History**

**Earliest effective date      9- 1-09**

**Author**



**Sponsor**



This bill changes the name of the Office of Rural Community Affairs to the Texas Department of Rural Affairs.

**Effective date**

September 1, 2009.

**HB 2308 by Davis, Yvonne**

**Sponsor: Lucio**

**Relating to the establishment of the Texas secure loan pilot program by the Texas Department of Housing and Community Affairs.**

**Bill History**

**Placed on the Senate Intent Calendar for 5-27-09**

**Author**



**Sponsor**



The bill would create the Nonborder Colonia Fund as an account in the General Revenue Fund in the state Treasury. The bill would require the Office of Rural Community Affairs (ORCA) to set aside and transfer an amount of money, not to exceed \$7.5 million each year, that exceeds the amount provided to the state under the federal community development block grant nonentitlement (CDBG) program in state fiscal year 2008.

The bill would require that that amounts in the fund could be appropriated to ORCA only for housing initiatives in eligible counties and cities and housing improvements in a colonia. Additionally, the bill would require both ORCA and TDHCA to transfer \$1 million in fiscal year 2010 in federal funding to the rural housing land assemblage program.

The bill would establish a new division at TDHCA to support rural community and small municipality housing initiatives, to include creating regional housing development organizations, assisting local governments in housing development planning, establishing an online homebuyer education program, and creating pilot programs. The bill would provide for real time, online training to rural communities to increase housing opportunities in rural areas.

The bill would establish the Texas Secure Loan pilot program at TDHCA to provide mortgage loans to low-income homeowners and creates an associated housing education service for the loan recipients.

The bill would create the Rural Housing Land Assemblage Program at TDHCA in coordination ORCA and rural communities. The bill would grant rulemaking authority to TDHCA and ORCA to implement the provisions of the bill.

The bill would require TDHCA to adopt rules required by the bill no later than October 1, 2009; implement the new homebuyer education program no later than December 1, 2009; and to begin issuing loans under the Texas secure loan pilot program no later than January 1, 2010.

**Effective Date**

September 1, 2009.

**HB 4067 by Gonzales**

**Sponsor: Lucio**

**Relating to the creation of the Bureau for Economic Development of the Border Region.**

**Bill History**

**Passed the Senate (Vote Y: 28/N: 3) 5-25-09**

**Author**



**Sponsor**



- **The Rural Capacity and Leadership Enhancement Program** would assist rural leaders in developing and refining the skills needed to effectively and efficiently lead their communities of less than 10,000 in population.
- **The Rural Community Asset Study Matching Grant Program** would issue grants (with a matching requirement) to allow rural Texans to identify community assets, with the goal of leveraging community strengths to enhance community and economic development.
- **The Rural Area Regional Planning and Implementation Matching Grant Program** would issue grants (with a matching requirement) for planning and implementation of regionally-identified objectives. Regions would be self-identified by participants, but program requirements would encourage cross-sector, multi-city and multi-county planning.
- **The Texas Rural Youth Corps Program** would develop the next generation of rural leaders by involving youth in decisions that shape their rural communities. The program would work with local organizations to empower youth to improve their lives and the lives of others in their communities through public service. Preference would be given for projects that provide youth ages 12 to 18 with an opportunity to earn scholarship awards for community service.
- **The Rural Wealth Creation and Retention Program** would assist rural communities in developing community foundations to decrease long-term reliance on state and federal resources. The program would provide supportive services including financial management, strategic development, and educational training.
- **The Rural Entrepreneurship and Business Innovation Program** would assist microenterprises, entrepreneurs, and small businesses in rural areas of Texas through the provision of loans for job creation and retention.

The bill requires the board of the Office of Rural Community Affairs, not later than March 1, 2010, to adopt any necessary rules for the fund. Implementation of the programs established under this Act is contingent on appropriation of funding by the legislature.

**Effective Date**

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, or September 1, 2009 if it does not.





# Senate bills

**SB 1878 by Nelson**

**Sponsor: Chávez**

**Relating to the creation and operation of a council to increase state efforts to offer service-enriched housing through increased coordination of housing and health services.**

**Bill History**

**Passed the House (Vote Y: 89/N: 51) 5-18-09**

**Author**



**Sponsor**



The bill requires TDHCA to establish a housing and health services coordination council that is composed of 16 members, including one representative from the Office of Rural Community Affairs (office), appointed by the Executive Director of the office. The bill sets forth provisions relating to the composition, qualifications, reimbursement, and terms of the council. The bill requires the council to meet at least quarterly. The bill requires TDHCA to provide clerical and advisory support staff to the council. The bill specifies certain exceptions in law providing that those provisions do not apply to the size, composition, or duration of the council.

The bill sets forth provisions related to the duties of the council. The bill requires the council to develop a biennial plan to implement the goals described above and, not later than August 1 of each even-numbered year, deliver a report of the council's findings and recommendations to the governor and the Legislative Budget Board.

The bill authorizes the council to solicit and accept gifts, grants, and donations for the purposes of the council.

The bill requires TDHCA employees assigned to provide advisory support to the council for specified purposes.

The bill requires the governor and the heads of the applicable state agencies, as soon as possible after the effective date of the bill, to appoint members to the housing and health services coordination council and sets forth provisions related to the governor's initial appointments to the housing and health services coordination council.

The bill requires the housing and health services coordination council, not later than September 1, 2010, to submit the first report of the council's findings and recommendations as required by the bill.

**Effective Date**

September 1, 2009.

**SB 2169 by Ellis**

**Sponsor: Alvarado**

**Relating to the establishment of a smart growth policy work group and the development of a smart growth policy for this state.**

**Bill History**

**Passed on House local calendar (Vote Y: 99/N: 48)**

**5-26-09**

**Author**



**Sponsor**



The bill establishes the smart growth policy workgroup and provides that the work group is composed of a representative from several agencies (appointed by the executive head of each agency), including the Office of Rural Community Affairs.

The bill requires the representatives from the Texas Department of Transportation, the Texas Commission on Environmental Quality, and the Department of State Health Services to serve as co-presiding officers of the work group. The bill requires the work group to hold regular meetings.

The bill requires the work group to collaborate and develop a comprehensive smart growth plan for the state to prepare for the projected population growth in the state. The bill authorizes the workgroup to make recommendations to the legislature.

The bill requires the work group to coordinate with councils of government, regional mobility organizations, metropolitan planning associations, and smart growth experts in the public and private sectors, including the United States Environmental Protection Agency and planning departments in other states. The bill requires the work group to solicit and obtain input from relevant stakeholders.

Not later than January 1 of each odd-numbered year, the bill requires the work group to submit a report to the legislature on the smart growth plan and policies developed by the work group. The bill requires the executive head of each agency included on the work group, not later than November 1, 2009, to appoint a representative to the work group on smart growth policy.

**Effective date**

September 1, 2009.

**SUMMARY**  
**Texas Rural Foundation**  
Presented by Charlie Stone\*

**DISCUSSION**

Board member Remelle Farrar will provide an oral update to the Board on any activities related to future fundraising and other activities concerning the Texas Rural Foundation.

**RECOMMENDATION**

No action needed – for informational purposes only.

**RURAL DEFINITION**

N/A for this agenda item.

**\*Should a Board member have questions concerning this agenda item, please contact Charlie Stone at 512-936-6704, or [cstone@orca.state.tx.us](mailto:cstone@orca.state.tx.us).**



# SUMMARY

## FY 2009 Agency Operating Budget Update (As of April 30, 2009)

Presented by Sharon Page

### DISCUSSION

#### Budget Changes

The 2009 Agency Operating Budget has been increased by \$501,774,526 and is now at \$590,682,602.

**The increase is a result of the following:**

#### CDBG Adjustment:

An **increase** of \$2,000,000 to the CDBG Grant line-item in the budget as a result of Board action at the April 2009 meeting approving an additional \$2 million set-aside for Disaster Relief.

#### Disaster Recovery Adjustments:

An **increase** of \$1,000,000 to the Disaster Recovery Grant line-item in the budget as a result of Board action at the April 2009 meeting approving the transfer of \$1 million DRII funds from administrative funds to project funds to allow additional recovery work in Jasper County.

The Hurricane Recovery Grant Award for \$1.3 billion to support the States' long-term disaster recovery was received. The line-of-credit was received the first week of May 2009. The following adjustments reflect the Non-Housing portion of the IKE Grant Award for the 2009 Agency Operating Budget

#### Grant Line Item Adjustment:

An **increase** of \$469,583,178 to the Disaster Recovery Grant line-item in the budget for the Non-Housing Infrastructure/Economic Development Grant awards.

#### Professional Services Adjustments:

- An **increase** of \$8,014,835 to the Professional Services line-item in the budget as a result of Board action at the April 2009 meeting approving the

\$8,014,835 HNTB Contract Amendment to achieve the primary objective of the original contract.

- An **increase** of \$300,000 to the Professional Services line-item in the budget for the Non-Housing Application Review Services.
- An **increase** of \$9,586,340 to the Professional Services line-item in the budget for the Non-Housing Engineering Services.
- An **increase** of \$5,456,840 to the Professional Services line-item in the budget for the Non-Housing Grant Administrative Services.
- An **increase** of \$3,333,333 to the Professional Services line-item in the budget for the Non-Housing Environmental Services.
- An **increase** of \$2,500,000 to the Professional Services line-item in the budget for the Non-Housing Project Management Company (PMC) services.

### **Pending Budget Items**

**2009 CDBG Grant Allocation** – The 2009 CDBG allocation is budgeted at \$71,779,088 which is the 2008 funding level. While the 2009 CDBG grant allocation is \$73,017,739 million, the official grant award has not been received from HUD so the necessary budget adjustments have not been made to the 2009 Agency Operating Budget.

**Federal Economic Stimulus Bill** – In January 2009, the President signed into law the American Reinvestment and Recovery Act, also known as the Federal Economic Stimulus Bill. ORCA is expected to receive an additional \$19.5 million for the Community Development Block Grant (CDBG) program that will be used to award a supplemental allocation of CDBG grants to non-entitlement rural communities. The federal regulations have been finalized and once the funds are received from HUD, an adjustment will be made to the 2009 Agency Operating Budget.

**HUD CDBG Neighborhood Stabilization Program** – The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by the “Housing and Economic Recovery Act of 2008” (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) program. TDHCA is the lead agency and will be working with ORCA and the Texas State Affordable Housing Corporation to administer \$102 million of the NSP funds. Once the decisions and guidelines are finalized and the funds are received from HUD, an adjustment will be made to the 2009 Agency Operating Budget.

### **Budget Status**

**Utilization** – The Agency Operating Budget schedule shows that eight months (67%) into the year, the:

- **Internal Administration** budget was at 51% expended/obligated
- **External Services** budget was 24% expended/obligated



- **Grants to Communities** budget was 4% expended/obligated

The **Internal Administration** budget activity is below target due to the new Disaster Recovery Division budget and vacant positions in the CDBG Division. As the Disaster Recovery Division becomes fully operational the percentages are expected to recover. The **External Services** budget activity is below target due to the increase in the Professional Services line-item in the budget for the Disaster Recovery Professional Services. As these Disaster Recovery services are obligated the percentages will recover. The **Grants to Communities** budget activity is below target and will most likely remain so until July when Disaster Recovery staff will begin to award the \$470 million in Non-Housing Disaster Recovery grants. In June, Community Development staff will also begin to award \$54 million in CD and Colonias funds which represent over 74% of the CDBG allocation.

**Disaster Recovery Funds \$74,523,000 – (DR I) Status**

**ORCA**

	<u>Budget</u>	<u>Expended</u>	<u>Obligated</u>	<u>Remaining</u>
Grants	\$30,537,574	\$28,481,316	\$ 1,918,866	\$ 137,392
Admin	\$ 1,607,241	\$ 1,423,184	\$ 45,567	\$ 138,490
Total	\$32,144,815	\$29,904,500	\$ 1,964,433	\$ 275,882

**TDHCA**

Grants	\$40,259,276	\$25,916,606	\$13,516,681	\$ 825,989
Admin	\$ 2,118,909	\$ 1,778,338	\$ 49,943	\$ 290,628
Total	\$42,378,185	\$27,694,944	\$13,566,624	\$ 1,116,617

**Hurricane Recovery Funds \$428,671,849 – (DR II) Status**

**ORCA**

	<u>Budget</u>	<u>Expended</u>	<u>Obligated</u>	<u>Remaining</u>
Grants	\$43,000,000	\$10,410,207	\$31,589,793	\$ 1,000,000
Admin	\$ 1,100,000	\$ 466,597	\$ 0	\$ 633,403
Total	\$44,100,000	\$10,876,804	\$31,589,793	\$ 1,633,403

**TDHCA**

Grants	\$365,238,257	\$73,738,927	\$291,388,804	\$ 110,526
Admin	\$ 19,333,592	\$ 6,446,779	\$ 0	\$ 12,886,813
Total	\$384,571,849	\$80,185,706	\$291,388,804	\$ 12,997,339

### **TxCDBG Fund Balance Report**

As of April 30, 2009 the TxCDBG Fund Balance Report shows that \$3,658,176 is available from prior year deobligated contracts and program income.

## **Enclosures**

FY 2009 Agency Operating Budget

FY 2009 Departmental Budget

TxCDBG Fund Balance Report

The budget schedules and reports are presented for informational purposes.

**\*Should any ORCA Board member have any questions concerning this agenda item please contact Ms. Page at (512) 936-6717 or [spage@orca.state.tx.us](mailto:spage@orca.state.tx.us)**

**ORCA FY 2009 Agency Operating Budget Schedule**  
As of April 30, 2009

<b>ORCA ADMINISTRATION</b>	<b>ORCA Operating Budget</b>	<b>Expended As of 04/30/09</b>	<b>Obligated As of 04/30/09</b>	<b>Amount Remaining 04/30/09</b>	<b>Expended 04/30/09</b>	<b>Expended &amp; Obligated 04/30/09</b>
<b>INTERNAL ADMINISTRATION</b>						
Salaries and Wages	5,937,107	3,124,607	0	2,812,500	53%	53%
Other Personnel Costs	197,667	100,224	0	97,443	51%	51%
<i>Travel</i>						
In State Travel	562,500	149,118	0	413,382	27%	27%
Out of State Travel	39,960	11,853	0	28,107	30%	30%
<i>Capital Outlay</i>						
Computer Equipment	0	0	0	0	0%	0%
Other Furniture/Equipment	0	0	0	0	0%	0%
<i>Consumable Supplies</i>	68,073	25,117	20,070	22,885	37%	66%
<i>Utilities</i>	86,875	14,655	11,915	60,305	17%	31%
<i>Rent - Building</i>	88,300	10,126	2,330	75,844	11%	14%
<i>Rent Machine and Other</i>	66,410	19,656	19,561	27,192	30%	59%
<i>Other Operating Expense</i>						
Computer - Expensed	324,432	121,084	77,789	125,560	37%	61%
Furniture & Equipment - Expensed	256,688	29,279	203,422	23,987	11%	91%
Postage	52,188	13,246	3,816	35,126	25%	33%
Other	445,250	116,300	45,757	283,193	26%	36%
<b>Subtotal, Internal Administration</b>	<b>8,125,447</b>	<b>3,735,265</b>	<b>384,661</b>	<b>4,005,522</b>	<b>46%</b>	<b>51%</b>
<b>EXTERNAL SERVICES</b>						
Dept of Agriculture	442,781	0	442,781	0	0%	100%
Dept of Housing & Community Affairs	82,755	38,167	44,588	0	46%	100%
Councils of Governments	272,761	40,991	217,021	14,749	15%	95%
Rural Health Physician Relief	166,176	0	0	166,176	0%	0%
Professional/Contracted Services	38,296,102	5,598,578	3,125,822	29,571,702	15%	23%
<b>Subtotal, External Services</b>	<b>39,260,575</b>	<b>5,677,736</b>	<b>3,830,212</b>	<b>29,752,627</b>	<b>14%</b>	<b>24%</b>
<b>TOTAL, ORCA ADMINISTRATION</b>	<b>47,386,022</b>	<b>9,413,001</b>	<b>4,214,873</b>	<b>33,758,149</b>	<b>20%</b>	<b>29%</b>
<b>GRANTS TO COMMUNITIES</b>						
TxCDBG Grants	67,408,312	63,216	14,156,098	53,188,998	0%	21%
Disaster Recovery Grants	470,583,178	0	0	470,583,178	0%	0%
Rural Foundation	32,500	0	0	32,500	0%	0%
SORH Grants (Excluding Tobacco)	2,841,537	1,111,710	1,460,773	269,055	39%	91%
SORH Grants (Tobacco)	2,431,052	400,000	1,829,343	201,709	16%	92%
<b>Subtotal, Grants to Communities</b>	<b>543,296,579</b>	<b>1,574,926</b>	<b>17,446,213</b>	<b>524,275,440</b>	<b>0%</b>	<b>4%</b>
<b>TOTAL, ORCA</b>	<b>590,682,602</b>	<b>10,987,926</b>	<b>21,661,087</b>	<b>558,033,589</b>	<b>2%</b>	<b>6%</b>

<b>CDBG PROGRAM FUNDS AVAILABLE TO OBLIGATE</b>	<b>3,658,176</b>
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**ORCA FY 2009 Agency Operating Budget Schedule**  
As of April 30, 2009

**ORCA FY 2009 Departmental Budget Schedule**  
As of April 30, 2009

ORCA ADMINISTRATION	Community Development	State Office of Rural Health & Compliance	Disaster Recovery	Finance	Executive Director	Proposed Budget
<b>INTERNAL ADMINISTRATION</b>						
<b>Personnel</b>						
Salaries and Wages	1,827,650	787,300	1,674,064	836,547	811,546	5,937,107
Other Personnel Costs	64,000	28,000	54,667	26,000	25,000	197,667
<b>Travel</b>						
In State Travel	180,000	70,000	205,000	25,000	82,500	562,500
Out of State Travel	6,900	6,080	19,980	0	7,000	39,960
<b>Capital Outlay</b>						
Computer Equipment	0	0	0	0	0	0
Furniture & Equipment	0	0	0	0	0	0
<b>Consumable Supplies</b>	17,600	7,700	28,748	7,150	6,875	68,073
<b>Utilities</b>	17,600	7,700	47,550	7,150	6,875	86,875
<b>Rent - Building</b>	6,400	18,600	58,200	2,600	2,500	88,300
<b>Rent Machine and Other</b>	16,845	6,945	29,475	6,681	6,463	66,410
<b>Other Operating Expense</b>						
Computer Equipment Expensed	54,770	22,848	200,000	22,673	24,141	324,432
Furniture & Equipment Expensed	12,000	5,250	129,875	4,875	4,688	156,688
Postage	12,000	5,250	25,375	4,875	4,688	52,188
Other	169,000	35,000	277,500	32,500	31,250	545,250
<b>Subtotal, Internal Administration</b>	<b>2,384,765</b>	<b>1,000,673</b>	<b>2,750,434</b>	<b>976,052</b>	<b>1,013,524</b>	<b>8,125,447</b>
<b>EXTERNAL SERVICES</b>						
Dept of Agriculture	442,781					442,781
Dept of Housing & Community Affairs	82,755					82,755
Councils of Governments	272,761					272,761
Rural Health Physician Relief		166,176				166,176
Professional/Contracted Services	109,600	52,200	38,075,652	29,900	28,750	38,296,102
<b>Subtotal, External Services</b>	<b>907,897</b>	<b>218,376</b>	<b>38,075,652</b>	<b>29,900</b>	<b>28,750</b>	<b>39,260,575</b>
<b>TOTAL, ORCA ADMINISTRATION</b>	<b>3,292,662</b>	<b>1,219,049</b>	<b>40,826,086</b>	<b>1,005,952</b>	<b>1,042,274</b>	<b>47,386,022</b>
<b>GRANTS TO COMMUNITIES</b>						
TxCDBG Grants	67,408,312					67,408,312
Disaster Recovery Grants			470,583,178			470,583,178
Rural Foundation					32,500	32,500
SORH Grants (Excluding Tobacco)		2,841,537				2,841,537
SORH Grants (Tobacco)		2,431,052				2,431,052
<b>Subtotal, Grants to Communities</b>	<b>67,408,312</b>	<b>5,272,589</b>	<b>470,583,178</b>	<b>0</b>	<b>32,500</b>	<b>543,296,579</b>
<b>TOTAL, ORCA</b>	<b>70,700,974</b>	<b>6,491,638</b>	<b>511,409,264</b>	<b>1,005,952</b>	<b>1,074,774</b>	<b>590,682,602</b>

**TxCDBG Fund Balance Report**  
as of April 30, 2009

Program Year	Fund Balance	Amount needed to Obligate TCF	Amount needed to Obligate ORCA	Deobligated Funds Available for TxCDBG	Program Income Funds Available for TxCDBG
1993	0.00	0.00	0.00	0.00	\$0.00
1994	192,773.74	0.00	0.00	192,773.74	\$0.00
1995	0.00	0.00	0.00	0.00	\$0.00
1996	0.00	0.00	0.00	0.00	\$674.67
1997	0.00	0.00	0.00	0.00	\$0.00
1998	188,645.87	0.00	0.00	188,645.87	\$28,782.22
1999	57,356.04	0.00	0.00	57,356.04	\$10,562.00
2000	42,867.01	0.00	0.00	42,867.01	\$35,178.96
2001	48,403.18	0.00	0.00	48,403.18	\$305,382.81
2002	65,033.04	0.00	0.00	65,033.04	\$0.00
2003	265,526.05	0.00	0.00	265,526.05	\$31,488.29
2004	382,094.34	0.00	0.00	382,094.34	\$100,000.00
2005	1,192,006.17	0.00	0.00	1,192,006.17	\$0.00
2006	1,244,689.29	0.00	0.00	1,244,689.29	\$12,363.02
2007	1,948,457.41	0.00	0.00	1,948,457.41	\$1,701,190.31
2008	3,800,043.33	1,565,559.00	2,164,414.00	1,242,320.97	\$2,458,684.24
2009	0.00	0.00	0.00	0.00	\$433,936.20
<b>TOTAL</b>	<b>9,427,895.47</b>	<b>1,565,559.00</b>	<b>2,164,414.00</b>	<b>6,870,173.11</b>	<b>\$5,118,242.72</b>

IDIS AVAILABLE BALANCE		
Deob Available to Obligate	\$6,870,173	
Program Income Funds (Excluding 2% Admin)	\$5,118,243	
<b>Total IDIS Available Balance</b>		<b>\$11,988,416</b>
<b>Reconciliation Adjustments:</b>		
* Deob Pending IDIS Close Out	(\$1,985,076)	
<b>Total Reconciliation Adjustments</b>		<b>(\$1,985,076)</b>
<b>ORCA Board Set-Asides:</b>		
STEP Fund	(\$756,024)	
Additional Disaster Relief Fund - Reserve	(\$4,242,535)	
Urgent Need Fund	(\$797,820)	
Renewable Energy	(\$500,000)	
CSH Deob Reserve	(\$48,785)	
<b>Total ORCA Board Set-Asides</b>		<b>(\$6,345,164)</b>
<b>CDBG PROGRAM FUNDS AVAILABLE TO OBLIGATE</b>		<b>\$3,658,176</b>

\* This balance reflects contracts that have been deobligated by ORCA staff in the internal Contract Management System, but not in HUD's Intergrated Disbursement & Information System (IDIS).

**SUMMARY**  
**Collection Efforts by**  
**The Office of the Attorney General**  
**and ORCA**  
Presented by Theresa Cruz\*

**DISCUSSION**

As part of our continuing effort to keep the Board up to date on collections, a report as of April 30, 2009 collections both by the OAG and by ORCA staff is attached behind this brief.

**RECOMMENDATION**

No action needed. For informational purposes only.

**RURAL DEFINITION**

N/A for this agenda item.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719 or at [tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us).**

**ORCA Rural Health - Outstanding Debt Collections**

As of April 30, 2009

Collections by ORCA									
	Student Name	Program *	Profession	Original Amount Owed	Year Entered Program	Default Date	Balance as of 4/30/2009	FY 2009 Collections	Comment
1	Castillo, Renee	ORS	Registered Nurse	\$ 18,629.40	2003	2007	\$ 17,518.91	\$ 500.00	Pending referral to OAG
2	Chaka, Ted	ORS	Physician Assistant	\$ 33,933.34	2001	2005	\$ 17,581.69	\$ 5,778.08	
3	Dorman, April	ORS	Registered Nurse	\$ 51,762.77	2005	2008	\$ 47,462.77	\$ 4,300.00	Pending referral to OAG
4	Doss, Sarah	ORS	Family Medicine	\$ 59,196.68	1997	2004	\$ 7,892.96	\$ 7,892.88	
5	Laurel, Patricia	ORS	Internal Medicine	\$ 217,183.80	2001	2009	\$ 213,564.07	\$ 3,619.73	New - Repayment packet recently sent
6	Redman, John	THSCP	Family Medicine	\$ 21,760.60	2007	2009	\$ 21,760.60	\$ -	First payment due May 15, 2009
7	Simons, Candice	ORS	Family Medicine	\$ 13,326.85	2007	2008	\$ 11,344.73	\$ 1,982.12	
8	Ybarra, Annette	ORS	Pharmacist	\$ 76,500.00	2000	2004	\$ 6,340.00	\$ 10,200.00	
<b>Total, ORCA</b>				<b>\$492,293.44</b>			<b>\$343,465.73</b>	<b>\$ 34,272.81</b>	

Collections by the Office of Attorney General (OAG)									
	Student Name	Program *	Profession	Original Amount Owed	Year Entered Program	Default Date	Balance as of 4/30/2009	FY 2009 Collections	Comment
1	Cochran, Phillip	ORS	Family Medicine	\$ 133,938.93	1994	2003	\$ 34,823.00	\$ 14,662.32	\$67,958.50 paid in December 2007
2	Fulcher, Jesseca	ORS	Registered Nurse	\$ 38,750.73	2005	2005	\$ 38,750.73	\$ -	OAG deemed uncollectible and closed Jan. 08
3	Ginbey, Deborah	ORS	Registered Nurse	\$ 70,356.63	1995	2001	\$ 63,866.69	\$ 2,869.97	Referred to OAG 12/17/2008
4	Rizer, Tabbatha	ORS	Registered Nurse	\$ 86,203.20	2005	2007	\$ 84,878.48	\$ -	Referred to OAG 4/18/2008
5	Taylor, Margaret	ORS	Physician Assistant	\$ 7,824.35	1998	2000	\$ 6,329.33	\$ 1,200.00	Referred to OAG 12/4/2006
6	Zube, Robert	ORS	Emergency Medicine	\$ 221,634.03	1999	2006	\$ 193,887.61	\$ 12,000.00	
7	Munroe, Joseph	THSCP	Family Medicine	\$ 10,250.00	2005	2005	\$ -	\$ 10,249.61	Paid in Full as of 9/8/2008
<b>Total, Attorney General</b>				<b>\$558,707.87</b>			<b>\$422,535.84</b>	<b>\$ 40,981.90</b>	

	Original Amount Owed			Balance as of 4/30/2009	FY 2009 Collections
<b>Total</b>	<b>#####</b>			<b>\$766,001.57</b>	<b>\$ 75,254.71</b>



## **SUMMARY**

### **Award of Funding for the Critical Access Hospital/Medicare Rural Hospital Flexibility Program**

#### **HIT Network Implementation Grant**

Presented by Theresa Cruz \*

## **DISCUSSION**

**The Medicare Rural Hospital Flexibility Program** encourages the development of a statewide rural health plan; conversion of small rural hospitals to Critical Access Hospital (CAH) status; development of rural health networks associated with the CAH facilities; the integration and strengthening of rural emergency medical systems; and the improving of the quality of healthcare services for rural populations. Programs and activities under this program are designed specifically for hospitals designated as CAHs. In May 2007, an application guide was made available to State Offices of Rural Health (SORHs) for additional Flex funds to support Health Information Technology (HIT) Network Implementation Program. The guidelines specified on to three CAHs to be identified to support a network for patients between hospitals, their local partners and a common tertiary hospital utilizing electronic medical records. The ORCA SORH staff partnered with the Rural & Community Health Institute at Texas A&M to submit an application identifying Collingsworth General Hospital in Wellington, and Parmer County Community Hospital in Friona as the critical access hospitals. Both hospitals make referrals to Northwest Texas Hospital in Amarillo. In addition to the three hospitals named, commitments to participate were received from local partners including pharmacies, home health and nursing homes, as well as from Texas Tech University for telemedicine specialty follow up consults.

In all, 29 state offices applied and 16 awards were made. Fourteen awards were at the full \$1.6 million cap, and two were partially funded.

The attached summary is part of the final report submitted to the Health resources and Services Administration (HRSA). Texas was one out of five, of the original 16 awards, who completed the project within the 18 months as written in the original contract.

## **RECOMMENDATION**

This summary has been submitted for informational purposes. No action is required.

## **RURAL DEFINITION**

For the purposes of the State Office of Rural Health grants, "Rural" is defined as counties that are not designated as "Metropolitan Statistical Areas", as determined by the Office of Management and Budget.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. ([tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us))**

## **Critical Access Hospital-Health Information Technology Implementation Grant**

The goal and primary need for the Critical Access Hospital-Health Information Technology Implementation Grant project has been to improve health care delivery and quality of life through Health Information Technology (HIT) implementation within two rural communities as a demonstration model for all rural Texas communities. The objectives are to improve the safety, quality, efficiency and effectiveness of healthcare delivery through implementation of health information technology.

The management team (ORCA & Texas A&M) conducted an onsite evaluation of both facilities near the completion of the project. Due to the remote location of both of these hospitals the team chose to visit shortly after the electronic systems were complete at both sites.

The Wellington (Collingsworth General Hospital) site had been live for approximately one month at the time of the visit. Staff reported they were very pleased with the Electronic Health Records system (EHR) and the implementation process. It was interesting to note that they openly discussed how they had changed some processes, for the better, as a result of the tool. They also noted that while they were still learning they could see how beneficial automation will be. In particular the nurse responsible for abstracting discreet data elements for Core Measure reporting was very excited that the data would be pull electronically.

The second location, Friona (Parmer County Community Hospital), went live four days prior to the grant completion date. They reported the activation of the EHR system went very well and that some of the lessons learned at Wellington were helpful in making their implementation smooth.

Both hospitals have the ability to pull the outcomes measures, as required by the grant, from their system. However, due to the late January activation at the Wellington hospital and then the late February activation date at Friona there was not enough data in the system to provide for an electronic data pull to be meaningful.

The network has the capacity to function as planned. Due to the grant timeline and the delay in selecting our EHR not all the community organizations have had permissions set to use the tool as planned. Both communities are aware that the functionality is present and that they have the capacity to further develop this component of connectivity post grant period. The selected vendor (OPUS Healthcare) will be in the community for two more phases. They will work with the communities to extend this option at a pace felt to be appropriate by community leaders. Opus Healthcare has scheduled the ancillary providers of both communities for access. This includes the Rural Health Clinics, Home Health Agencies, Assisted Living and EMS providers.

The use of telemedicine is, at this time, uncertain. While the physicians in Wellington have used the equipment the referral network by the telemedicine provider is different from the community practice and referral patterns. This has made using the equipment less favorable than it could be. The physicians in the community of Friona have been trained to use the equipment; however, it does not appear that they are yet ready to adopt this technology.

## **SUMMARY**

### **Appointment of new Advisory Committee Members for the Outstanding Rural Scholar Recognition Program (ORSRP)**

Presented by Theresa Cruz \*

## **DISCUSSION**

The Outstanding Rural Scholar recognition Program has been beneficial in previous years to rural Texas communities by enabling them to “grow their own healthcare professionals” by allowing communities to nominate students to become ORSRP scholars and be able to attend school while receiving a forgiveness loan to complete their training.

The Office of Rural Community Affairs, State Office of Rural Health is the administrative office for this program. In compliance with Texas Administrative Code, title 10, Part 6, Chapter 257, Subchapter B, Section 257.23, a 12 member ORSRP Advisory Committee is to meet for purposes of nominating ORSRP scholars to the ORCA Executive Director for final approval after each application deadline, currently three times a year. There is currently one vacancy on the Committee. Included please find the Appointment/renewal form and resume/curriculum vitae for:

- Dr. Mark H. Garnett, D.O.

## **RECOMMENDATION**

It is recommended that the Governing Board accept the appointment of the proposed ORSRP Advisory Committee member. (Action needed)

## **RURAL DEFINITION**

For the purposes of the State Office of Rural Health grants, “Rural” is defined as counties that are not designated as “Metropolitan Statistical Areas”, as determined by the Office of Management and Budget.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. ([tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us))**

# **SUMMARY**

## **Update: Rural Health Demonstration Project using TxCDBG Funds**

Presented by Theresa Cruz \*

### **DISCUSSION**

The State Office of Rural Health Division and the Texas Community Development Division of ORCA have collaborated to provide for the use of \$500,000 of deobligated TxCDBG funds for a Rural Health Pilot Project. The Executive Committee voted to approve the proposed use of deobligated TxCDBG funds for a Rural Health Project at the February 2008 meeting.

The current status of the two projects is as follows:

**Tenaha 728352:** According to the application, “The city shall address lack of dental services for the city and surrounding areas by constructing a dental facility to service and education for the underserved. Land has been donated for the building. Private foundations have provided monies for the dental equipment. At full operational capacity, it is anticipated that there will be approximately 8,000 users. The dental clinic will become self-sustaining through Medicaid and self-pay patients. Dental students from UTHSC-Houston will provide service on a rotational basis.”

- 1/23/09: contract awarded
- 2/12/09: ORCA field staff technical assistance visit
- Apr 09: Raymond Vann and Associates selected for administrative professional services
- Currently in the process of procuring engineering/architectural services
- Potential challenge: Fully securing “other funds” of approximately \$1.7M from a collaboration of private foundations in this downturn economy
  - St. Luke’s Episcopal Health Charities
  - Rockwell Fund, Inc.
  - T.L.L. Temple Foundation
  - Abell Hanger Foundation
  - Meadows Foundation
  - J.E. and L.E. Mabee Foundation
  - Leaman Foundation
  - Robert Wood Johnson Foundation

**Washington County 728362:** According to the application, “The County shall renovate an existing building to house a health center to provide public health services (MAP, WIC, State Health Services and case management services) and provide clinic services of a nurse practitioner to uninsured individuals. The Brazos Valley COG engineering department will monitor the construction process.”

- 1/23/09: contract awarded
- 3/31/09: ORCA field staff technical assistance visit
- Apr 09: Steve Kerbow and Associates Consulting, Inc. selected for administrative professional services
- Currently in the process of completing acquisition and environmental review

## **RECOMMENDATION**

This Summary has been submitted for informational purposes. No action is required.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. ([tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us))**

## **SUMMARY**

### **Appointment of new Advisory Committee Members for the Outstanding Rural Scholar Recognition Program (ORSRP)**

Presented by Theresa Cruz \*

## **DISCUSSION**

The Outstanding Rural Scholar recognition Program has been beneficial in previous years to rural Texas communities by enabling them to “grow their own healthcare professionals” by allowing communities to nominate students to become ORSRP scholars and be able to attend school while receiving a forgiveness loan to complete their training.

The Office of Rural Community Affairs, State Office of Rural Health is the administrative office for this program. In compliance with Texas Administrative Code, title 10, Part 6, Chapter 257, Subchapter B, Section 257.23, a 12 member ORSRP Advisory Committee is to meet for purposes of nominating ORSRP scholars to the ORCA Executive Director for final approval after each application deadline, currently three times a year. There is currently one vacancy on the Committee. Included please find the Appointment/renewal form and resume/curriculum vitae for:

- Dr. Mark H. Garnett, D.O.

## **RECOMMENDATION**

It is recommended that the Governing Board accept the appointment of the proposed ORSRP Advisory Committee member. (Action needed)

## **RURAL DEFINITION**

For the purposes of the State Office of Rural Health grants, “Rural” is defined as counties that are not designated as “Metropolitan Statistical Areas”, as determined by the Office of Management and Budget.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. ([tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us))**



GOVERNOR RICK PERRY  
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 David Adcox, Vice Chair  
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ORCA GOVERNING BOARD

Agriculture Commissioner Todd Staples  
 Wesly Anderson  
 Charles N. Butts  
 Remello Farney

Joaquin L. Rodriguez  
 Lydia Roman Suarez  
 Patrick Wallace  
 Vivian

## Outstanding Rural Scholar Recognition Program (ORSRP) Advisory Committee Appointment Renewal / Acceptance Form

Please read entire form and complete all information as requested. Please use blue or black ink to complete these form. Thank you!

Name: *Mark Carnett DO.*  
 Address: *712. S. Roland*  
 City, State, Zip: *Spearman TX 79081*  
 Contact #: *806-659-1773*  
 E-Mail: *mhcarnett@hotmail.com*  
 Preferred Method of Contact: *email.*

ORSRP Committee member duties include:

- Review all eligible ORSRP applications and score each eligible application for candidate suitability for ORSRP program.
- Determine minimum score needed to be accepted into the ORSRP.
- ORSRP committee members review cases and make recommendations concerning:
  - a) exceptions regarding the community in which a student may fulfill the obligated service period, and
  - b) exceptions concerning a students academic progress.
- Recommend guidelines for awarding forgiveness loan and nomination process.

ORCA will attempt to notify ORSRP Committee members of upcoming meetings several weeks prior to meeting date (usually within 3 weeks of ORSRP application deadlines).

I am (check appropriate):

- Accepting appointment to the ORSRP Committee
- Declining appointment to the ORSRP Committee
- Renewing my appointment to the ORSRP Committee

I am a (check appropriate):

- Practicing Family Physician in a rural Texas area
- Practicing Registered Nurse in a rural Texas area
- Practicing Allied Health Professional in a rural Texas area
- Hospital Administrator in a rural Texas area
- Public School Superintendent in a rural Texas area
- Dean of a Texas Medical School
- Dean of a Texas Nursing School
- Dean of a Texas School of Allied Health Sciences
- Administrator of a Texas Community College
- Head of a Texas Vocational/Technical College
- Individual Knowledgeable in Student Financial Aid Programs
- Resident of a rural Texas area

I am aware that I will be contacted regarding ORSRP meetings and updates and will be asked to participate (in person or via teleconference) in 3 scoring meetings each year to determine ORSRP applicants' suitability for program.

I am aware that appointment to ORSRP Committee is a 6-year term (I may request to be removed from committee before term expiration) and that it is renewable with my consent.

Print Name: Mark Garrett

Signature: [Handwritten Signature]

Date: 4-7-09



## CURRICULUM VITAE

### January 2008

**NAME:** Mark H. Garnett, D.O.

**HOME:** 322 S. Endicott  
Spearman, Texas 79081  
(806)-659-2768

**BUSINESS:** Palo Duro Family Health Clinic  
712 S. Roland  
Spearman, Texas 79081  
(806)-659-1778

**PERSONAL DATA:** *Born:* Amarillo, Texas  
*Citizenship:* U.S.A.  
*Marital Status:* Married  
*Languages Spoken:* English, Spanish  
*Interest :* Hunting, skiing, basketball, backpacking

#### LICENSURE

1999 – present      DEA License  
1999 – 2004        Wyoming State Medical License  
2001 – present     Texas State Medical License

#### CERTIFICATION

2003 – present      Pediatric Advanced Life Support  
2002 – present      Advanced Trauma Life Support  
2003 – present      Advanced Cardiac Life Support  
2001 – present      Board Certified by American Board of Family Practice

#### EDUCATION

1994 – 1998        D.O. University of Health Sciences College of Osteopathic  
Medicine, Kansas City, Missouri  
1987 – 1998        Brigham Young University  
1990 – 1993        Undergraduate Studies – History  
Provo, Utah

Curriculum Vitae for  
Mark Garnett, D. O.

**POST GRAUDATE EDUCATION**

July 1998 – June 2001	Resident Physician University of Wyoming Family Practice Residency Program Casper, Wyoming
April 2000 – June 2001	Chief Resident University of Wyoming Family Practice Residency Program Casper, Wyoming
2009	Adjunct Clinical Assistant Professor TCOM

**PRACTICE EXPERIENCE**

August 2001 – present	Solo Private Practice Palo Duro Family Health Clinic Spearman, Texas
July 1998 – June 2001	Resident Physician University of Wyoming Family Practice Residency Program Casper, Wyoming

**LOCUM TENENS EXPERIENCE (ER)**

2001 – present	Hansford County Hospital District, Spearman, Texas
2001 – present	Moore County Hospital, Dumas Texas
1999 – 2001	Worland, Wyoming
1999 – 2001	Cody, Wyoming
2000 – 2001	Lander, Wyoming
2001	Gillette, Wyoming

**PROFESSIONAL ORGANIZATIONS AND MEMBERSHIPS**

1998 – present	American Academy of Family Physicians
1998 – present	Wyoming Academy of Family Physicians
1998 – present	Wyoming State Medical Society

1998 – present American Osteopathic Association  
2002 – present Texas Medical Association  
2002 – present Texas Academy of Family Physicians

**CURRENT COMMITTEES AT HANSFORD COUNTY HOSPITAL**

As of January, 2008

Chief of Medical Staff  
ER/ Trauma Medical Director  
Infection Control/Employee Health Medical Director  
Home Health Service Chief  
PI/RM/Safety Medical Director  
Utilization/ Swing Bed Service Chief  
Laboratory Medical Director with PPL as technical advisor

# **SUMMARY**

## **2009 Rural Health Work Plan**

Presented by Theresa Cruz

### **DISCUSSION**

The Rural Health Work Plan is required by the Texas Legislature to address the following areas within the Texas State Office of Rural Health:

1. The Mission, Goals and objectives of how the Office will work to assist rural communities in meeting rural health care needs;
2. Ways for the state to effectively and creatively address the unmet health care needs of rural communities;
3. Ways to coordinate the administration and delivery of rural health care service with federal, state, and local public and private programs that provide similar services; and
4. The Office's priorities to accomplish the objectives of the plan.

The purpose of this item is to present the 2009 Rural Health Plan due for approval by the Board at its regular meeting scheduled before August 1, 2009.

### **RECOMMENDATION**

Staff recommends Board approval for the enclosed 2009 Rural Health Work Plan. (Action Needed.)

### **RURAL DEFINITION**

For purposes of the State Office of Rural Health grants, "Rural" is defined as counties that are not designated as "Metropolitan Statistical Areas", as determined by the Office of Management and Budget.

**\*Should a Governing Board member have questions concerning this agenda item, please contact Ms. Cruz at 512-936-6719 ([tcruz@orca.state.tx.us](mailto:tcruz@orca.state.tx.us)).**



**Office of Rural Community Affairs**

**Texas State Office of Rural Health**

**Rural Health Work Plan  
2009**

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## **Mission**

The Office of Rural Community Affairs' Mission Statement is "To enhance the quality of life for rural Texans". Consistent with this statement, the Texas State Office of Rural Health is solely dedicated to serving the healthcare needs and interests of rural Texas communities through the development of programs and services that will increase the quality of care, access to care and the number of healthcare professionals that choose to practice in the rural areas of the State.

## **Goals**

The Governing Board of the Office of Rural Community Affairs and the State Office of Rural Health identified priorities to be addressed during the biennium. These policy recommendations are indicated on pages 20-21 of this document. The primary goals of these recommendations are:

- I. To increase the quality of, and access to, health care in rural areas, and
- II. To improve the recruitment and retention of health professionals.

## **Objectives**

The overall objectives for the workplan are:

- provide support to small rural hospitals in order to maximize access to health care for rural residents of the state,
- to work with partner agencies, associations and educational institutions to provide education to students regarding the benefits and financial incentives of health care professionals practicing in rural areas,
- offer financial assistance programs to increase the number of health professionals in rural areas, and
- coordinate rural health resources and activities by working with Federal, State and local agencies, as well as health care providers and rural residents to increase access to healthcare.

## **TEXAS STATE PROFILE**

Texas is the second-largest, second-most-populous state in the United States. The state's land mass covers more than 213,297 square miles and sprawls across many different climates and soil regions. Extending from sea level at the Gulf of Mexico to over 8,000 feet in the Guadalupe Mountains of far West Texas and from the semitropical Lower Rio Grande Valley to the High Plains of the Panhandle, Texas has a natural environment best described as unique.

Texas occupies about 7 percent of the total water and land area of the United States. Second in size among the states, Texas has a land and water area of 267,277 square miles as compared with Alaska's 615,230 square miles. California, the third largest state, has 155,959 square miles.

In 2007, Texas ranked first as the state with the most number of farms (247,500) and number one as the state with the most land in farms (130,400,000 acres). Of the 23.6 million Texans, over three million people, approximately 15 percent of the state's population, live in rural areas.

### **CHARACTERISTICS OF RURAL TEXAS**

Rural Texas is nearly everywhere, covering 70 percent of the state's total land area. Rural Texas includes 213,297 of the 261,797 square miles that is Texas.

With terrain ranging from tropical Gulf Coast to the High Plains, the mountains of Big Bend, and the Piney Woods, rural Texas is representative of the American West. It wasn't until after World War II that Texas began the transition to an urban state. Its history and its future are rooted in the ranches, small towns, and farms of the rural heart of Texas.

### **DESCRIPTION OF RURAL TEXAS**

Rural Texas is home to over three million people (approximately 15 percent of the state's population). The fastest population growth since the 2000 census was in urban Texas and rural areas experienced the slowest rate of growth.

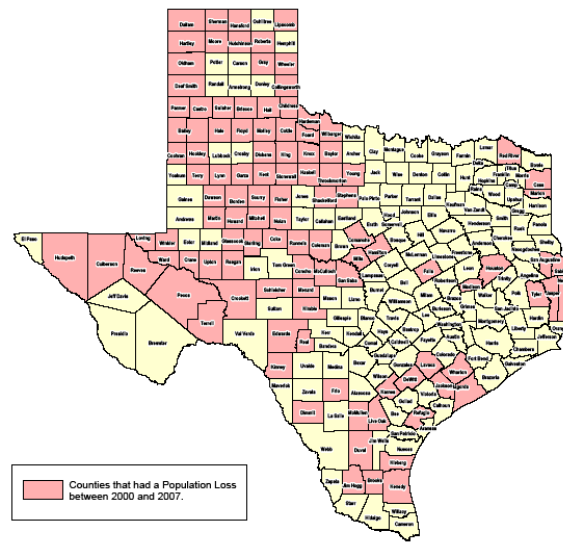
Obviously, rural Texas counties are small in population. According to the Census Bureau Population Estimates 2007, 82 of the 177 rural counties had fewer than 10,000 residents. Rural county populations ranged from 54 in Loving County to over 82,000 in Angelina County. Hispanics make up a majority of the population in 45 counties, the majority of which are rural counties. In Starr County, Hispanics make up nearly 97 percent of the population.

With a variation in population size for rural Texas counties, statewide totals were further analyzed. Some rural counties (particularly in the Hill Country and along



the border with Mexico) are experiencing tremendous growth in population, while others continue to lose population. The counties losing population are clustered in the Panhandle and western parts of Texas, with smaller clusters in the northeast, the near west, and the Gulf Coast areas.

### **RURAL COUNTIES THAT HAD A POPULATION LOSS BETWEEN 2000-2007**



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
April, 2009.  
Source: U. S. Census Bureau.

On the whole, rural Texans are generally older, more likely to be white, slightly poorer, and more dependent on public financing for health services. There are 15.9 percent of rural Texans 65 and older, compared with 10 percent of the total population. This population group has a significant effect on health care service delivery and expenditures. In 2007, only 31 physicians statewide had a primary specialty in geriatrics and these physicians were located in only 13 counties (all but one of these metropolitan). 272 physicians listed geriatrics as their secondary specialty.

In 2007 over 47 percent of the Texas population was White, 11 percent was Black, 37 percent was Hispanic and 4% was Asian, Native American and other races.

## **I. ADDRESSING UNMET HEALTHCARE NEEDS ACCESS To And QUALITY Of HEALTHCARE**

There are a number of programs that address the issues of access to healthcare. Some of these programs are federal and state programs, and some are private or public programs. While these programs are not all inclusive in satisfying the problems of access to health care, they are valuable in the services that are offered to alleviate many of barriers that rural Texans encounter on the issue of access to health care.

- a. Recognizing the importance of quality improvement, ORCA has developed a number of programs related to quality of care to assist small rural hospitals, including Critical Access Hospitals (CAH), in continuous quality improvement and assessment (CQI/A) activities that yield improved health services that meet Medicare's Conditions of Participation (CoP). CAH facilities are small rural hospitals that operate at most 25 beds, which may be used interchangeably for inpatient (hospital-level) acute care or skilled nursing services, and that are eligible to receive enhanced reimbursement from Medicare for inpatient, outpatient, and swing bed services. A participant of the Medicare Rural Hospital Flexibility (Flex) Program, Texas is eligible to receive financial assistance through the Health Resources and Services Administration's (HRSA) Office of Rural Health Policy (ORHP) to assist these CAH facilities. As the agency that administers the CAH/Flex Program in Texas, ORCA offers these programs to assist hospitals improve their quality of care.

To assist hospitals in maintaining a trend in improving quality, ORCA has been working with the Texas Tech University Health Sciences Centers HealthNet to provide high-tech satellite broadcasting of accredited health care education and training programs to Board members of all designated/certified CAHs in Texas. Currently, 76 Critical Access Hospitals benefit from this service as part of the Flex Grant. Depending on the training program accessed, continuing education units may be available.

The improvement and integration of rural and frontier EMS in Texas is a formidable challenge and is one of the top priorities of the CAH/Flex Program. ORCA devotes a portion of the Flex Grant to support three areas of need: (1) recruitment and retention of rural and frontier EMS workforce, (2) continuing education and training, and (3) capital investments for training equipment. The program supports instructor training in various emergency care proficiencies, on-site pre-hospital EMS courses, general EMS training for re-certification or to increase certification level from EMT-Basic or EMT-Intermediate to EMT-Intermediate or Paramedic, respectively, purchase of EMS training equipment, and placement of Automated External Defibrillators (AED).

As part of the process of administering the Flex Program, an annual evaluation is prepared from survey input by the 76 CAHs the program supports. The most recent evaluation was prepared and submitted to ORCA by the Rural & Community Health Institute (RCHI) at the Texas A&M Health Sciences Center during February 2009 and was based on the grant period 2007-2008. Under Part B: Findings, the following areas were identified by the respondents as priority:

1. The most important actions that ORCA can do to help the sustainability of Critical Access Hospitals in Texas, according to respondents of the FY 2007-2008 evaluation survey, were grouped in the following categories<sup>1</sup>:
  - a. Financial and economic resources (41 percent)
  - b. Recruitment and retention of qualified personnel (31 percent)
  - c. Equipment and Facility Improvement / Replacement (22 percent)
  - d. Training and Education (19 percent)
  - e. Advocacy (16 percent)

<sup>1</sup> The percentages add to more than 100 percent because some of the respondents provided more than one suggestion.

*ORCA Priority: ORCA will continue to evaluate and develop programs within the FLEX Grant according to the stated needs of the Critical Access Hospitals. Programs will be implemented with input from the Critical Access Advisory Committee as well as from the Annual Flex Evaluation received at the end of each grant cycle.*

- b. The RCHI, through an interagency agreement with ORCA, is managing a Rural Performance and Quality Improvement Program for small rural and community hospitals, including several CAHs, designed to coordinate, manage and expand existing statewide rural performance and quality improvement networks, focusing on quality measurement. The program has existed at RCHI for several years and has progressed to a stage in which participation of ORCA Flex and Small Rural Hospital Improvement Program funds is an efficient and effective means to support the program. As a result of ORCA's support of this program with RCHI, the end cost to the hospitals is as low as \$0 per year to \$3,000 per year, compared to other programs that cost as much as \$11,000 – 15,000 per year.

*ORCA Priority: ORCA will include the Quality Improvement Program as one of its on-going initiatives to provide a consistent benchmarking product for the state's small rural and community hospitals.*

- c. ORCA administers the Small Rural Hospital Improvement Program (SHIP). The purpose of SHIP is to assist small rural hospitals with 49 beds or fewer:
  - a) pay for costs related to the implementation of the Prospective Payment System (PPS),
  - b) comply with provisions of the Health Insurance Portability and Accountability Act (HIPAA), and
  - c) reduce medical errors and support quality improvement.

A total of 116 hospitals participated in this program in 2008, and 119 eligible hospitals have applied for the 2009 funding cycle. The total funds available at the federal level are divided by the total number of eligible hospitals who apply nationwide for an approximate grant award of \$8,000-9,000 per hospital. De-obligations from these grants over the last two cycles have been used to supplement the Quality Improvement Program developed primarily with Flex funds.

This federal program is managed purely as a pass-through initiative with ORCA being the state vehicle to pass the funds from HRSA to the hospitals. The hospitals also have an option to assign the State as the administrator of the funds on a state-wide initiative. This option would require a group of hospitals to assign ORCA as the administrator to pool the funds and develop a beneficial project for all of the participants.

*ORCA Priority: ORCA staff will actively participate in the development of a SHIP – approved activity at a regional or statewide level and seek opportunities to market the concept to regions of the state. The steps to achieve this goal will be to coordinate efforts with some key hospital administrators who have expressed an interest in participating in a regional or statewide project with SHIP funds to gain their assistance in promoting a particular activity, canvass other State Offices of Rural Health to determine their successful projects using a fund pooling method, and to seek assistance from one or more of our statewide partners, such as the Texas Organization of Rural & Community Hospitals (TORCH), the Texas Hospital Association (THA) and/or a Health Science Center to provide a possible resulting service on ORCA's behalf.*

- d. The use of Health Information Technology (HIT) has gained momentum during the past few years. This technology can decrease costs and improve the quality of care provided by rural hospitals, clinics, and practitioners by providing them with current and up-to-date patient information while helping them to avoid medical errors. Many rural hospitals have a high rate of HIT use for their administrative and financial applications that include billing and patient registration, but a lower usage for clinical applications.

The current American Recovery and Reinvestment Act of 2009 will assist rural practitioners and hospitals to adopt and implement the use of certified electronic health records (EHRs) through Medicare and Medicaid incentives for HIT adoption.

*ORCA Priority (1): ORCA submitted an Exceptional Item request in the 2010-2011 Legislative Appropriation Request (LAR) to fund an HIT project to cluster hospitals for Electronic Medical Records (EMR) implementation at a reduced cost. This project has been funded pending final signing by the Governor. ORCA will work to implement EMR systems for two clusters within the biennium of five hospitals each using a common vendor. ORCA will post a Request for Proposal outlining the requirements for the service, score the resulting submissions and make a vendor selection based on the best service for price within the available funding. ORCA will monitor the vendor for implementation within a timeframe specified in the resulting contract.*

*ORCA Priority (2): ORCA will continue to monitor the American Recovery and Reinvestment Act of 2009 to determine appropriate participation of the State Office of Rural Health in any specific initiatives.*

*ORCA Priority (3): ORCA has established discussion with RCHI for their assistance in helping ORCA develop a formal Rural HIT Strategic Plan in Texas. The resulting Plan will be primarily to provide a guideline for rural health partners to use for the future implementation of rural HIT, but will also include an implementation process for policy recommendation to the state Legislature to consider. Efforts will be made to provide education to interested parties to ensure optimal acceptance of the Plan.*

## COORDINATION EFFORTS – Access and Quality

ORCA works closely with the Texas Department of State Health Services and the Texas Association of Rural Health Clinics. The Texas Department of State Health Service’s Primary Care Office deals with issues related to increasing access to areas of the state that are underserved, and ORCA collaborates to assist in that effort. ORCA’s association with the Texas Association of Rural Health Clinics supports efforts to maintain clinics in underserved areas of the state.

Several federal and state programs address geographic and transportation issues related to access to care. Some of these programs are not specific to rural, but apply statewide. The Texas Department of Health and Human Services, the Texas Department of State Health Services and the Texas Department of Transportation are the state agencies that administer the primary programs that deal with transportation and access issues.

### Other Programs Related to Access and Quality of Health Care

Agency	Program
Texas Department of Health and Human Services, Office of Community Transportation	<b>Community Transportation Program:</b> Utilizes available transportation resources to transport people to available health facilities.
Texas Department of State Health Services, Medical Transportation	<b>Medical Transportation Program:</b> Transportation services for Medicaid, children with special health care needs and indigent cancer patients to go to and from health care services.
Texas Department of State Health Services, Kidney Health Care	<b>Kidney Health Care Transportation:</b> Serves persons with end-stage renal disease by providing mileage reimbursement to receive dialysis treatments.
Texas Department of State Health Services, Bureau of Emergency Management	<b>Local Projects Grants Program:</b> Allows EMS organizations to purchase equipment, including ambulances, to increase response times to residents.
Texas Department of State Health Services, Primary Care Office	<b>National Health Service Corps Program:</b> Increases the number of providers available to underserved areas of the state.
Texas Department of Aging and Disability Services	<b>Transportation Program:</b> Transportation to and from health care facilities for elderly residents.
Texas Department of Transportation	<b>Rural Public Transportation Grant Program:</b> Provides funding to non-urbanized areas to improve transportation systems.
U.S. Department of Health and Human Services, Office of Rural Health Policy	<b>Rural Health Outreach Grant Program:</b> Grants to encourage the development of new and innovative health care delivery systems in rural communities that lack essential health care services.
U.S. Department of Health and Human Services, Office of Rural Health Policy	<b>Network Development Grant Program:</b> These grants are designed to further ongoing collaborative relationships among health care organizations by funding rural health networks that focus on integrating clinical, information, administrative, and financial systems across members.
U.S. Department of Health and Human Services, Office of Rural Health Policy	<b>Rural Access to Emergency Devices Grant Program:</b> provides funding to rural communities to purchase automated external defibrillators (AEDs) and provide training in their use and maintenance, which increases access to emergency aid.
Texas Association of Community Health	Provide support and assistance for community health centers.

Centers	
Texas Association of Rural Health Clinics	Provide support and assistance for rural health clinics.
Texas Medical Foundation (TMF)/ Quality Improvement Organization (QIO)	<b>CMS Data Collection and Reporting Initiative</b> is aimed at transitioning hospitals to collect data on CMS/JCAHO quality measures and to report the data to the national clinical repository QualityNet Exchange so that aggregate comparative information are available to assist benchmarking and hospital quality improvement efforts.
Texas Organization of Rural and Community Hospitals (TORCH)	<b>Hospital Benchmarking System and Quality Improvement program</b> has been developed to give hospitals real-time data they can use to gauge their operation and financial efficiency in relation to other facilities with similar attributes.
American Recovery and Reinvestment Act of 2009	<b>Provides incentives for hospitals and practitioners to implement and adopt Electronic Health Records.</b>

## II. ADDRESSING UNMET HEALTHCARE NEEDS THROUGH RECRUITMENT AND RETENTION

The enormous size of Texas can pose great difficulties for rural constituents seeking access to health care services. Access to critical health care and emergency medical services are hampered in rural areas due to limited or inadequate resources and a lack of providers. To address the lack of healthcare providers, the Office of Rural Community Affairs (ORCA) has developed several programs. Specifically, ORCA provides five programs and two web-based services related to recruitment and retention, some of which were initiated as early as 1991.

- a. Three of the recruitment programs specifically focus on recruitment and/or retention of primary care practitioners (PCPs): the Medically Underserved Community – State Matching Incentive Program (MUCSMIP), the Texas Health Service Corps program (THSC) and the Physician Assistant Loan Repayment Program (PALRP). All three of these programs provide incentives for primary care practitioners to either locate their practice in a rural area or to continue working in a rural area. Eligibility for the first two programs requires a sponsoring community with a commitment on the part of the PCP to practice in the sponsoring community, and the third program requires prior practice in a rural community.

*ORCA Priority: ORCA will maintain level funding for these programs. As additional funds become available, consideration will be made for funding increases for these programs. ORCA will also continue marketing these programs as part of the ongoing outreach provided through presentations and education sessions with the various University education programs and conference/job fair exhibit opportunities.*

- b. The other two recruitment programs, the Outstanding Rural Scholarship Recognition Program (ORSRP) and the Rural Communities Health Care Investment Program (RCHIP), also provide incentives for either locating a practice in rural areas or continue working in a rural area; however, they are offered to not only primary care practitioners but to any healthcare professional. RCHIP has provided loan repayment for healthcare professionals remaining in the rural workforce and stipends for new healthcare professionals who commit to staying in the community for an additional year.

*ORCA Priority(1): ORCA requested an Exceptional Item in the 2010-2011 Legislative Appropriation Request (LAR) to supplement the regular ORSRP allocation in order to fully fund applications submitted during the most previous application round (May 2008). This project has been funded pending final signing by the Governor. ORCA will continue to seek ways to address the increased demand for ORSRP funds in rural areas of*



*Texas. ORCA will also continue requesting additional funds for this program as needed during future Legislative Sessions.*

*ORCA Priority(2): ORCA requested an Exceptional Item in the 2010-2011 Legislative Appropriation Request (LAR) seeking to develop and implement a Large Animal Veterinary Loan Reimbursement Program in order to attract large animal Vets to practice in rural areas of Texas. This project has been funded pending final signing by the Governor. ORCA staff will work to develop and implement appropriate rules to administer the program by seeking input from the A&M Veterinary School, the Veterinary Board and any other related parties.*

- c. ORCA recruitment efforts also include internet based recruitment by communities, workshops and technical assistance provided by ORCA, and special programs to increase effectiveness of rural communities to recruit health care professionals.

*ORCA Priority(1): ORCA will continue participation in Texas HealthMatch with the Primary Care Office at the Department of State Health Services and with the East Texas Area Health Education Center (AHEC) to provide a Texas database of health professional job openings.*

*ORCA Priority (2): ORCA will continue participation in 3-RNet, a national database of job openings in rural areas in the country and resumes of physicians seeking practice opportunities in rural areas of the country.*

*ORCA Priority (3): ORCA will implement a new initiative in collaboration with the East Texas AHEC to provide economic analysis for selected rural counties using the Rural Health Works IMPLAN tool. The analysis will provide the economic impact on the selected county of supporting a specified healthcare professional (physician, physician specialist, dentist, mental health professional, etc.). The analysis will also provide the community with needed data for determining the community support level required for a specified healthcare professional.*

- d. In addition to the five specific recruitment and retention programs, ORCA administers continuing education initiatives to enhance the skills and knowledge of rural health care professionals. The strategy is to improve job satisfaction by enhancing the skills and knowledge of the workforce, which will contribute to retention. These initiatives include:
  - i. EMS Enhancement grant program to train EMS personnel to obtain higher levels of certification
  - ii. HealthNet initiative providing health professional's continuing education (both are funded through the Flex Program which supports Critical Access Hospitals)

- iii. Nursing Skills Enhancement program to provide continuing education for nurses in rural areas, supported by the State Office of Rural Health grant program.

*ORCA Priority (1): ORCA will continue to provide level program funding for these initiatives. The Flex related programs have both been identified through the annual Flex Evaluation as needed programs for continued support. As resources allow, the funding level will be increased as demand continues to increase.*

*ORCA Priority (2): ORCA will also continue funding the Nursing Skills Enhancement Program with the UT Arlington School of Nursing. Previous efforts have resulted in enhanced training for approximately 2,500 nurses practicing in rural areas of Texas.*

*ORCA Priority (3): ORCA will support at least one Health Careers Summer Camp, an initiative of the Texas AHECs. The summer camp provides high school students with hands-on education in area healthcare facilities in order to encourage them to consider a healthcare career. ORCA support will be provided as a result of additional available funding from HRSA through the SORH grant.*

- e. HealthFind, an annual health care job fair, is a major recruitment program of ORCA. HealthFind takes place each year, and allows communities and health care professionals an opportunity to network and discuss opportunities in rural Texas.

*ORCA Priority: ORCA has observed the need to re-assess the HealthFind venue due to consistent reduction in health professional participation over the last several years. As a result, ORCA enlisted the assistance of the Texas Organization of Rural & Community Hospitals (TORCH) for the 2008 event and will engage the West Texas AHEC at Texas Tech University for the 2009 event. Additionally, the event was moved from Austin to the Dallas area in 2008 and will be held in Lubbock in 2009. ORCA will continue to monitor the success with our partners to determine optimal participation from rural hospitals and healthcare professionals for future HealthFind events.*

## COORDINATION EFFORTS FOR RECRUITMENT AND RETENTION

The primary coordination effort related to recruitment and retention is accomplished through the Statewide Health Coordinating Council housed at the Texas Department of State Health Services. Several state agencies and other organizations develop a statewide health plan focusing on these and other areas of concern and improvement. The Statewide Health Coordinating Council provides the primary collaboration effort for the state of Texas related to workforce.

ORCA also participates with the Rural Recruitment and Retention Group, which also includes representatives from the Department of State Health Services Primary Care Office, UTMB, East Texas AHEC, the Texas Higher Education Coordinating Board, and the Texas Association of Community Health Centers. One of the goals of this group is to provide additional collaboration between agencies and organizations having a primary focus on recruitment and retention of healthcare professionals to rural areas without duplicating efforts.

In addition, ORCA also provided representation on the Texas Health Workforce Planning Partnership Subcommittee of the Health Care Policy Council. The Partnership subcommittee is charged with; monitoring the health care workforce needs of the state; undertaking and implementing appropriate health care workforce planning activities; and researching and identifying ways to increase funding for health care workforce.

As part of a report issued by the Office of the Governor, Health Care Policy Council in December of 2008, *Physician Workforce and Graduate Medical Education in Texas*, the following recommendation was included in the overall report:

### “Other Physician Workforce Recommendations”

Below are several recommendations the Council considered that are not GME-related and thus fall outside the scope of this report. The Council, however, believes implementation of these recommendations is essential to ensuring Texas has an adequate supply of physicians in the future.

#### Launch a Nationwide Physician Recruitment Campaign

Launch a nationwide media and communications recruitment and marketing campaign to increase the number of physicians migrating to Texas, with a particular emphasis on underrepresented specialists and physicians that establish medical practices in rural or underserved areas in Texas.

The Council supports the appropriation of \$400,000 to ORCA to support the administration of a recruitment and marketing campaign.”

The J-1 Visa program that is overseen by the Texas Department of State Health Services' Primary Care Office allows foreign citizens to enter the U.S. for graduate medical education or residency training. For those physicians who

agree to practice in rural areas for a three year period, the home residency requirements may be waived. ORCA works closely with the Primary Care Office to ensure that the neediest areas of Texas are served by this program.

Finally, there is collaboration between the Texas Medical Board and ORCA in expediting physician licensure for physicians contracting to practice in non-metropolitan counties.

While these programs are not all inclusive in satisfying the problems of access to health care, they are valuable in the services that are offered to alleviate many of barriers that rural Texans encounter on the issue of access to health care.

### **Other Programs and Coordination Efforts Related to Recruitment and Retention**

<b>Agency</b>	<b>Program</b>
Texas Department of State Health Services, Primary Care Office	<b>The Clearinghouse for Health Professions:</b> A service in which health providers such as physicians, physician assistants, and nurse practitioners seek collaborative practice opportunities with other healthcare providers.
Texas Department State of Health Services, Primary Care Office	<b>The J-1 Visa Waiver Program:</b> A program that allows U.S. trained, foreign physicians a waiver to practice in critical shortage areas in Texas.
Texas Medical Board	<b>Physician Licensure Expedition Agreement:</b> Physicians contracted to practice in a non-metropolitan Texas county may request for license expedition from ORCA.
Texas Department State of Health Services	<b>The Statewide Health Coordinating Council (SHCC):</b> a collaboration of several organizations creating a statewide health plan partially dedicated to workforce planning and development. The health plan focuses on four interdependent areas related to workforce: telemedicine/telehealth, general recruitment & retention, ensuring a quality workforce for the aging Texas population, and ensuring a quality public health workforce.
Texas Higher Education Coordinating Board (THECB)	<b>Dental Education Loan Repayment Program:</b> Encourages qualified dentists to provide dental care (General Dentistry or Pediatric Dentistry) in areas of need in Texas.
Texas Higher Education Coordinating Board (THECB)	<b>Physician Education Loan Repayment Program:</b> Provides loan repayments for undergraduate, graduate, and medical education to physicians who hold current, unrestricted licenses with no disciplinary action; who do not currently have an existing service obligation; and who have completed one year of medical practice in an economically depressed or rural medically underserved area.
Texas Higher Education Coordinating Board (THECB)	<b>The Rural and Public Health Residency Rotation Program:</b> Requires all accredited Texas family practice residency programs to provide an opportunity for family physician residents to complete a one-month rotation in a rural or public health setting.
Texas Higher Education Coordinating Board (THECB)	<b>Professional Nurses' Student Loan Repayment Program (PNSLRP):</b> Encourage qualified professional nurses to practice in Texas by helping them pay off their student loans.
U.S. Department of Health & Human Services' Health Resources & Services Administration (HRSA)	<b>The National Health Service Corps (NHSC):</b> Improves access to care for persons living in federally designated primary medical, dental, and mental areas of medical under service.
U.S. Department of Health & Human Services' Health Resources & Services Administration (HRSA)	<b>The Health Professions Student Loan Program:</b> Provides long-term, low interest rate loans to full-time, financially needy students to pursue a degree in dentistry, optometry, pharmacy, podiatric medicine, or veterinary medicine.
U.S. Department of Health & Human Services' Health Resources & Services Administration (HRSA)	<b>Nursing Education Loan Repayment Program:</b> Provides long-term, low interest rate loans to full-time and half time students pursuing a degree in nursing.

## CURRENT ORCA PROGRAMS

The Office of Rural Community Affairs (ORCA) provides services, programs and grants for rural health in the amount of approximately \$5 million per year. Major funding sources include the Health Resources and Services Administration (HRSA) of the U.S. Department of Health & Human Services, and the general revenue of the State of Texas. ORCA has been designated by HRSA as the Texas State Office of Rural Health. This designation positions ORCA as a coordination, facilitation and grant issuing agency for federal and state programs related to healthcare in rural areas.

Major rural health related programs include the following:

**The Outstanding Rural Scholar Recognition Program (ORSRP)** is designed to assist rural communities in “growing their own” health care professionals by matching community funds with state funds to support a student of the community’s choice in a health professional education program. Fifty percent of the student’s educational expenses are contributed by the sponsoring rural community and the remainder is provided by ORCA’s Rural Health Unit. For each year the student receives funds through the program, the student provides a year of health care in the sponsoring rural community.

**The Rural Communities Healthcare Investment Program (RCHIP)** is designed to attract and retain healthcare professionals in rural communities by providing incentives such as stipends or loan repayment assistance to non-physician healthcare professionals who agree to practice in medically underserved areas.

**The Rural Health Facility Capital Improvement Loan Fund Program (Capital Improvement)** provides grants or loans to hospitals in rural counties to make capital improvements to existing health facilities, construct new health facilities, or purchase capital equipment. Hospitals eligible to apply for these funds are public and nonprofit facilities. The funds for this program are made available through a \$50,000,000 endowment from the Tobacco settlement. Each year, approximately \$2,000,000 is awarded to rural hospitals.

**The Small Rural Hospital Improvement Program (SHIP) Grant** provides funding to small rural hospitals to help them do any or all of the following: 1) pay for costs related to the implementation of PPS, 2) comply with provisions of HIPAA and 3) reduce medical errors and support quality improvement. To be eligible for these grants, a hospital must be: (1) a small hospital having 49 available beds or less, as reported on the hospital’s most recently filed Medicare Cost Report, (2) rural as defined by its location outside a Metropolitan Statistical Area (MSA); or located in a rural census tract of a MSA as determined under the Goldsmith Modification or the Rural Urban Commuting Areas, and (3) a hospital that is defined as a non-Federal, short-term, general acute care facility. There is no requirement for matching funds with this program. The funds for this program

are made available to ORCA through the Federal Office of Rural Health Policy.

**Rural Access to Emergency Devices Grant Program** The Rural Access to Emergency Devices Grant Program provides defibrillators to rural and frontier first responders and also provides training dollars to eligible awardees. Approximately \$100,000 is available each year for this grant program.

**The Texas Health Service Corps Program (THSCP)** offers up to \$15,000 per year as an incentive to primary care physicians in their residency to establish practices in medically underserved communities.

**The Rural Physician Assistant Loan Reimbursement Program (PALRP)** is designed to encourage physician assistants to practice in rural areas of the state where there is a high need for primary care providers. Annual awards of up to \$5,000 are available to qualified physician assistants.

**The Medically Underserved Community-State Matching Incentive Program (MUC-SMIP)** administers matching funds to eligible medically underserved communities to cover start-up costs for contracted physicians to establish primary care practices. The funds, from \$15,000 up to \$25,000 per year, per applicant, must be used to establish a primary care physician's office and ancillary facilities for diagnosing and treating patients.

**The Nursing Skills Enhancement Program** is a collaborative effort with the University of Texas at Arlington, Rural Health Outreach Program to provide skills training to nurses on-site at rural hospitals. The program focuses on the most needed and current nursing techniques, issues, and protocols.

**Recruitment Assistance** includes ORCA's participation in two internet-based healthcare provider recruitment efforts, 3RNet and Texas Health Match. The programs allow communities to recruit on Internet web sites as well as allowing practitioners to make their availability known.

**HealthFind** is an annual healthcare job fair that provides rural Texas communities and healthcare professionals the opportunity to meet face-to-face and explore practice opportunities. The event recruits physicians from Texas residency programs and allows small communities to market themselves to these practitioners, and vice-versa, without the time and expense of the usual recruiting/application procedures.

**The Medicare Rural Hospital Flexibility Program** encourages the development of a statewide rural health plan; conversion of small rural hospitals to Critical Access Hospital (CAH) status; development of rural health networks associated with the CAH facilities; the integration and strengthening of rural emergency medical systems; and the improving of the quality of healthcare services for rural populations. Programs and activities under this program are designed

specifically for hospitals designated as CAHs or those investigating converting to a CAH. The major programs include the following:

**Rural Health Planning Grants** are designed to support two major types of rural health planning needs: strategic planning activities, assessments and system development needs for Texas Critical Access Hospitals (CAH); and financial feasibility studies for eligible rural Texas hospitals to determine the financial and operational impact and benefit of CAH status and conversion.

**Rural Health Technology Grants** are designed to assist Texas Critical Access Hospitals (CAH) to make innovative and strategic health information technology and capital equipment investments aimed at improving the provision, delivery, coordination or integration of high quality rural health services that meet local needs while enhancing the performance and sustainability of the hospital.

**Rural EMS Enhancement Grants** are designed to support the development and improvement of rural EMS response, delivery and service capacity. The program funds a wide range of rural and frontier EMS needs, including providing ongoing certification courses and training to EMS personnel (EMT-B to EMT-I to EMT-P); training staff as ongoing certification course instructors; and purchasing of EMS training and patient care equipment.

**Rural Health Trauma Team Training Program** is to provide and coordinate a trauma team training program for health professionals working in CAHs with a focus on medical emergencies and advanced life support.

**Rural Performance and Quality Improvement Program** for CAHs is designed to coordinate, manage and expand existing statewide rural performance and quality improvement networks, focusing on quality measurement.

**CAH Board of Trustee Continuing Education Reimbursement Program** is designed to assist trustees in the governance of the CAH by supporting continuing Board education and training on health system governance, Medicare and Medicaid reimbursement, CAH reimbursement as well as rules, regulations and developments specific to the CAH program.

**Certified Healthcare Continuing Education Services** are made available through funding from the State Flex Grant Program to all CAH facilities in Texas. This service, currently offered through collaborative arrangement with the Texas Tech University Health Sciences Center – HealthNet, provides accredited continuing education and training to all certified CAH facilities in Texas.

## POLICY RECOMMENDATIONS

Under HB 2542 (80<sup>th</sup> legislative session), the Office of Rural Community Affairs (Office) was charged under its Powers and Duties in Section 487.051, Government Code, with:

- identifying and prioritizing policy issues and concerns affecting rural communities in the state in consultation with rural community leaders, locally elected officials, state elected and appointed officials, academic and industry experts, and the interagency work group; and
- making recommendations to the legislature to address the concerns affecting rural communities.

To meet this charge, the Office created an online forum so that interested individuals could submit their policy issues and concerns electronically. The Office also held two facilitated public meetings to gather input from various rural stakeholders regarding their rural issues and concerns.

At each step of the way, rural Texans were asked to provide concrete and specific policy issues and concerns with the goal of providing the Texas Legislature with specific policy recommendations for its consideration. Participants were asked to provide information regarding their issues and concerns in four key policy areas: community development, economic development, healthcare, and housing. Concerns ranged from land fragmentation to open space tax valuation, telecommunications to water policy, and roads and bridges to workforce needs.

After public comment, office staff used the CROP method to analyze and sort the issues and concerns that had been identified. First, the issues and concerns were clustered around (C) common themes. Next, the issues and concerns were researched and some required a (R) response but not a state level policy change. Third, some issues and concerns pertained to ways to improve (O) operations or existing programs, but did not require a state level policy change. Finally, the remaining state level (P) policy recommendations were submitted to the office's Governing Board for their consideration and prioritization.

The Office presents the policy recommendations that the Office's Governing Board prioritized pertaining to rural health. The Office recognizes that some of the issues presented to us by rural Texans are under the jurisdiction of other state-level agencies and hope that those agencies will receive the issues and concerns in the spirit that we present them.



<b>Healthcare</b>	
<b>Summary</b>	<b>ORCA Governing Board policy recommendations</b>
Electronic medical records	We encourage the legislature to provide funding for a pilot project to support the development of electronic medical records (EMR) using two clusters of hospitals with similar patient bases in the same general geographic area. This would enhance the attractiveness of rural areas as places that residents might consider for permanent practice. The cluster method for EMR development would also streamline the costs of building the system from a vendor perspective. This item has been submitted as an exceptional item request in the office's LAR (Small Rural Hospital Information Technology Program).
Recruit and retain health care practitioners	We recommend that the legislature support an increase in funding for existing rural-focused healthcare recruitment and retention programs to increase the number of healthcare professionals in rural areas. In particular, we encourage a focus on primary care practitioners. Two ways to increase the supply of primary care practitioners would be to 1) encourage Texas residency programs to sponsor J1 visa recipients for training provided that the individual completes a three-year service obligation in an underserved area and 2) provide additional funding for the Outstanding Rural Scholar Recognition and Loan Program for Rural Health Care.
Long-term healthcare needs	We encourage the legislature to support an increase in funding for the rate methodology for Medicaid to address long-term healthcare needs. In addition, we encourage the legislature to study methods for increasing reimbursement for home healthcare with the goal of decreasing the costs associated with long term care.
Innovative Pilots in Physician Training	Because telemedicine holds great promise in increasing access to care in a cost effective manner, we recommend that the legislature fund a pilot program that supports telemedicine training as a part of a rural residency training program.
Transit	We recommend that the legislature support an increase in state funds for rural public healthcare transportation.

**APPENDIX**

**Health Coverage for Rural Texans**

**Employment of Rural Texans**

**Health Status**

**Defining Rural**

**Healthcare Facilities**

**Health Workforce**

**Maps**

**List of Counties/Health Facilities**

## **HEALTH COVERAGE FOR RURAL TEXANS**

Texas has the highest uninsured rate in the nation at 25 percent. According to the U.S Census Bureau, in 2005 more than 583,000 rural Texans had no health insurance.

The lack of health insurance has great impact on health care providers and, on the availability of health care in a given area. To a large extent, health insurance status of patients determines whether and how many health care providers are paid for their services. And while most health care providers expect to provide a certain amount of uncompensated care, such care can, if it becomes too large a share of a provider's services, endanger a provider's ability to continue service.

Many rural Texans go without health insurance even though they are employed. How to pay for health care for uninsured rural Texans remains one of the most challenging questions that the State has to answer.

## **EMPLOYMENT OF RURAL TEXANS**

Rural Texas has slowly shifted from an agricultural base to a more diversified workforce. In the 1980s, the agricultural sector employed the most rural Texans, followed by the service, government, and trade sectors. By 2003, the heaviest concentrations of rural employees were in the educational, health and social assistance, retail trade and manufacturing sectors.

Rural Texans continue to have lower per capita personal incomes than urban Texans, although on average the gap is widening. Rural per capita income was estimated at slightly over \$26,000 in 2006 compared to metropolitan per capita income of over \$36,000. This has an effect on health care. Lower incomes mean that people have less money available for health services or insurance. It can mean that they postpone treatment until a health problem becomes quite serious, ultimately costing much more to treat.

Rural Texas has higher rates of poverty than urban areas. According to the U.S. Census Bureau, twenty-one percent of rural Texans live under the poverty level, while the State average is 16%. Poverty rates have a direct impact on health care needs, the ability to afford health care, and on the health status of a population.

In March, 2009, the unemployment rate was 8.5% in the U.S. and 6.7% in Texas. Seventy-two counties in Texas had unemployment rates higher than the U.S. average, and the majority of those counties were rural. Again, the impact of such economic conditions on health care is obvious.

Urban Texans are typically more educated than rural residents. Approximately 27.8 percent of the rural population that is 18 years and older have only a high

school diploma or GED, while 30.5 percent has either attained a college degree or completed some college coursework. In contrast, approximately 22.7 percent of urban population 18 and older have only a high school diploma or GED while 43.9 percent has either attained a college degree or completed some college coursework. A highly educated work force generally has more earning potential and enhances the chances of attracting new industries and jobs into the area.

## HEALTH STATUS

According to the table below, there were 381,441 births reported in Texas in 2004, with approximately 11 percent of the births occurring in rural areas of the State. The birth rate in rural counties is less than the urban rate. Yet, the rate of urban births with no prenatal care is substantially higher than that of the rural rate.

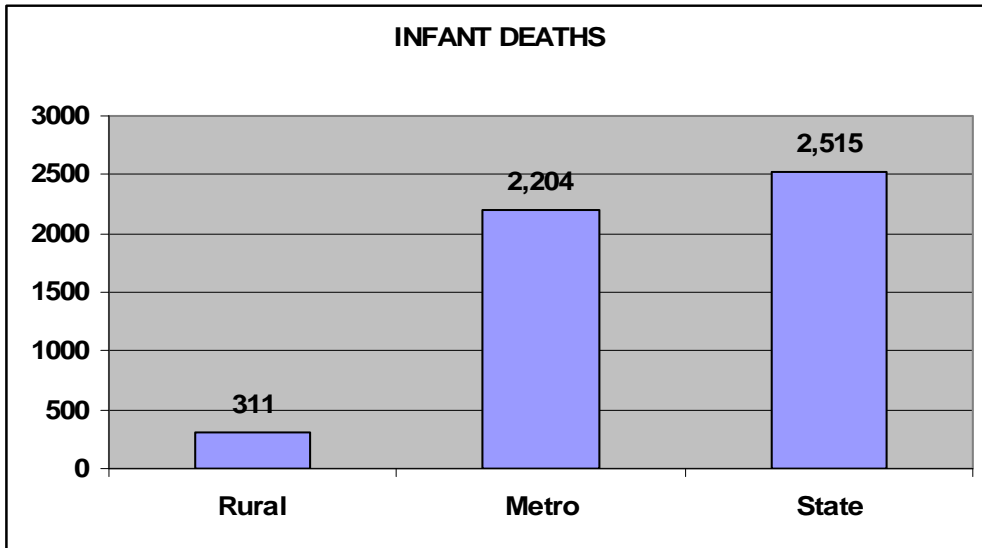
Birth Statistics	Rural	Urban	State
Birth (all)	41,820	339,759	381,441
Birth (no prenatal care)	422	6,731	7,153
Birth (w/ prenatal care within first trimester)	33,324	273,877	307,106
Birth (low weight)	3,475	27,185	30,647
Birth (very low weight)	591	4,778	5,364
Birth (premature)	5,548	42,995	48,532

Source: Texas Department of State Health Services, Bureau of Vital Statistics, 2005.

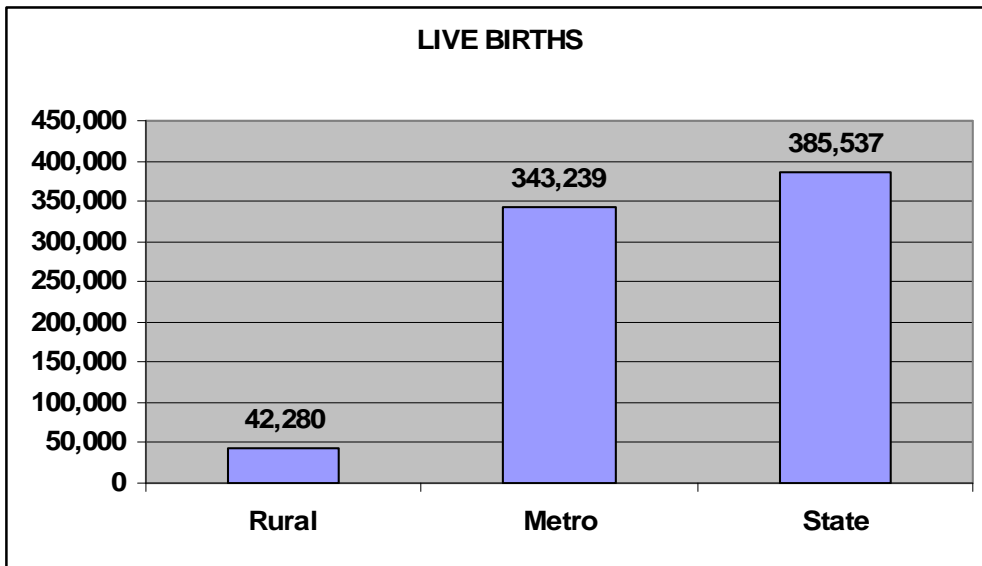
The Department of State Health Services reported that about 81 percent of women statewide received prenatal care in the first trimester. The rate is slightly better for rural women who had prenatal care within the first trimester of their pregnancy.

About 11 percent of all births in rural areas are low weight births, which include pre-term infants and infants with intrauterine growth retardation. According to Healthy People 2010, the risk factors for low birth weight babies include both young and old maternal age, poverty, late prenatal care, smoking, substance abuse, and multiple births. In rural areas very low weight births accounted for only about 1 percent of all births or 591 cases. In summary, the data indicated that while there are fewer births in rural areas than in urban areas, the rate at which rural women are receiving prenatal care within the first trimester of their pregnancy, compared to their urban dwellers, is significantly greater. Moreover, the rates of low weight births and very low weight births occurring in rural areas are less than both the urban and statewide rates.

One of the most important indices of population health status is infant mortality rate (IMR). The number of infant deaths to total live births for 2005 is provided in the charts below.



Source: Texas Department of State health Services, Bureau of Vital Statistics, 2005.



Source: Texas Department of State health Services, Bureau of Vital Statistics, 2005.

Part of the task and challenge in meeting the national objective set by Healthy People 2010 is to understand the relationship between external factors (temporal, social, cultural, and environmental influences) and unique internal dynamics (functional, physiological, and mental factors) that contribute to the development, progression, and manifestations of any health conditions. If infant

death rate is one of the most important indexes in Public Health work, then any effort, whether traditional medicine or public health must understand that there are many factors that contribute to infant deaths during the neonatal period. These factors include, for example, nutrition, length of gestation, chromosomal abnormalities, congenital malformations, and deformations. There is much work to be done in Texas to further reduce the incidences of such health conditions and to reduce disparities that exist among and within racial and ethnic groups.

The top eight leading causes of death in Texas in 2005 are identified in the table below. Not surprisingly, diseases of the heart top the chart as the leading causes of mortality. Although heart disease is the leading cause of death and a common cause of morbidity and disability for all racial and ethnic groups, it disproportionately impacts minority and low-income populations, which are the fastest growing sector and which comprise a significant proportion of the rural population.

Malignant neoplasm and cerebrovascular diseases ranked as the second and third leading causes of death, respectively, and totaled another 43,539 deaths. Over a fifth of these cases occurred in rural populations. In all, the top three causes of deaths accounted for almost 55% of all deaths recorded among rural residents.

There is a remarkable difference between the rural and urban rates for many of these leading causes of mortality. Compared to their urban counterparts, rural counties showed a statistically higher rate of death for all categories shown.

Causes of Mortality	Rural	Urban	State
Deaths (all causes)	30,919	125,005	155,197
Diseases of the Heart	8,435	31,561	39,996
Malignant Neoplasm's	6,572	27,625	34,197
Cerebrovascular Diseases	1,932	7,410	9,342
Chronic Lower Respiratory Diseases	1,874	6,088	7,962
Accidents	1,637	6,867	8,504
Diabetes Mellitus	1,129	4,562	5,593
Influenza & Pneumonia	881	2,756	3,637
Alzheimer's Disease	952	3,660	4,612

Source: Texas Department of State Health Services, Bureau of Vital Statistics 2005

## DEFINING RURAL

While there are many definitions for rural there is no definitive measurement or delineation of rurality. One widely used definition comes from the Office of Management and Budget (OMB). According to OMB, a metropolitan statistical area (MSA) is an area made up of entire counties that include either a city with 50,000 or more inhabitants or an urbanized area with 50,000 or more inhabitants and a total MSA population of 100,000 or more. Each MSA includes the county of the central city and any contiguous or fringe communities or counties that are economically and socially integrated with the population nucleus of the central city. By exclusion, a county that is not metropolitan is non-metropolitan or “rural.”

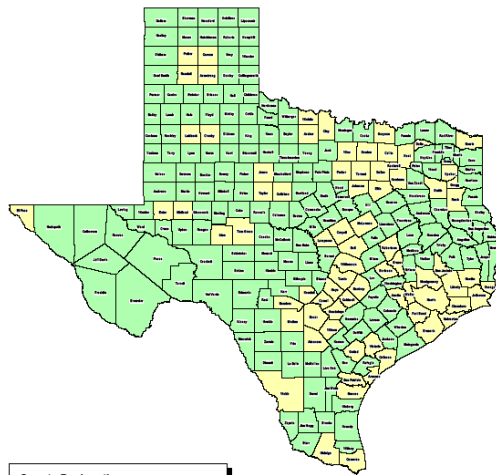
According to current OMB definitions of labor market areas based on the 2000 census data, there are 177 non-MSA counties in Texas. Recently, OMB has added a new designation called Micropolitan Areas, which are made up of counties that have at least one urban cluster of at least 10,000 and fewer than 50,000 inhabitants. Currently, almost all counties that are classified as Micropolitan are considered a sub-category of non-MSA or rural. Many federal health programs use OMB’s definition to determine qualification or eligibility. Several programs administered by the Office of Rural Community Affairs (ORCA) also use this definition.

The federal government, through the United States Bureau of the Census and the Office of Management and Budget, has three different categories most often used to define rural: non-metropolitan statistical areas (non-MSAs), non-urbanized areas, and rural populations.

All references to a rural county or rural area in this document refer to OMB’s non-MSA definition.

The way rural is defined has implications for the state and for communities. Each year, billions of dollars in state and federal money are distributed to “rural” and “urban” areas on the basis of some specific definition.

## TEXAS COUNTY DESIGNATIONS



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2009.

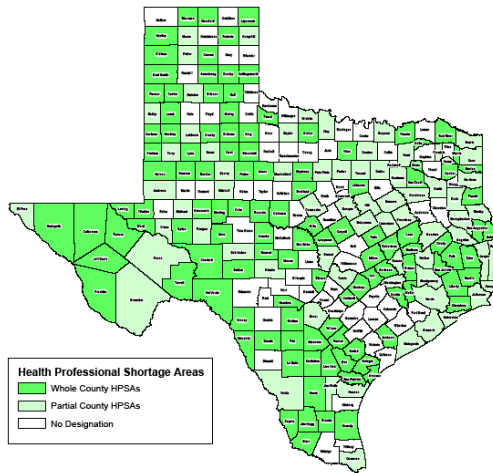
### Health Professional Shortage Areas

Health Professional Shortage Areas (HPSAs) is a federal designation used to define an area with a ratio of more than 3,500 people per primary care physician and no available physician within a reasonable distance in surrounding communities. The federal government uses this designation to measure the availability of primary care. As of December 2008, over 75 percent of the HPSA designations in Texas are in rural counties, according to the Primary Care Office at the Department of State Health Services. Forty-eight percent of rural counties had a “whole county” HPSA designation and nearly sixty percent of the border counties had a whole county designation.

HPSAs include geographic areas, population groups and facilities recognized by the U.S. Department of Health and Human Services (DHHS) as having an acute shortage of three professions: primary care physicians, dentists, and mental health professionals. The map below indicates primary care physician HPSAs.



## HEALTH PROFESSIONAL SHORTAGE AREAS



HPSAs include geographic areas, population groups and facilities recognized by the U.S. Department of Health and Human Services as having an acute shortage of health care personnel.

Generally, there are three major components of the Federal HPSA criteria:  
 - National service areas;  
 - Population-to-physician ratio; and  
 - Accessibility of populations to primary care resources in surrounding areas.

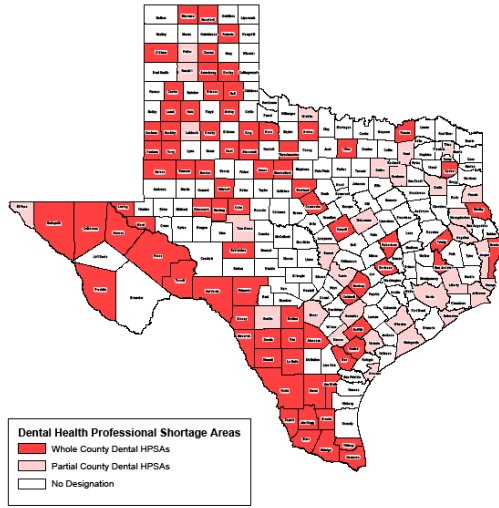
Map Prepared By:  
 OFFICE OF RURAL COMMUNITY AFFAIRS  
 Texas State Office of Rural Health  
 January, 2005

These criteria were originally established to determine eligibility for programs such as the National Health Service Corps, but the use of these standards has expanded significantly. There are currently many federal programs that use either MUA or HPSA status as qualifying criteria, and many other states use them for program eligibility as well.

There is some question as to how well these designations identify the accurate need for services. Many other factors such as poverty level, lack of adequate transportation and socioeconomic barriers are not addressed by the current methods.

There are also Dental and Mental Health Professional Shortage Areas. The ratio for Dental HPSA designation is 5,000:1. As of December, 2008 there were 111 Dental HPSAs. Seventy-two of the Dental HPSAs were rural counties.

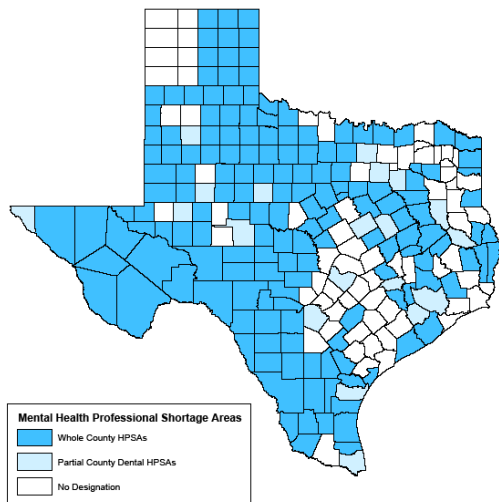
**DENTAL HEALTH PROFESSIONAL  
SHORTAGE DESIGNATIONS**



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
December, 2005

For Mental Health HPSAs the ratio is 6,000:1 for core mental health providers and 20,000:1 for psychiatrists. Of the 170 designated mental Health HPSAs, 143 were rural counties.

**MENTAL HEALTH PROFESSIONAL  
SHORTAGE AREAS**

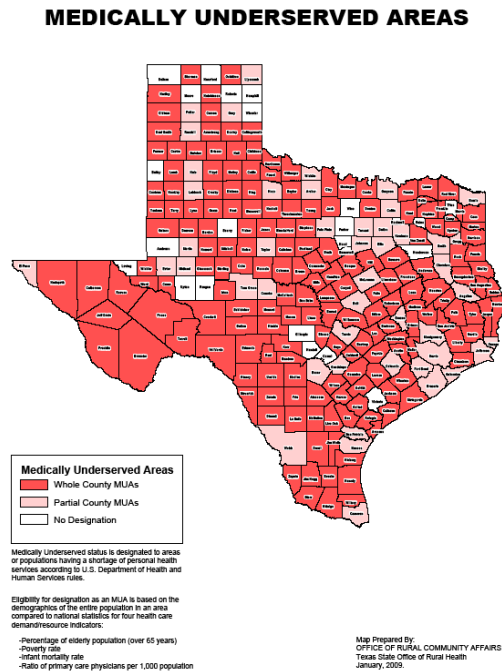


Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2006

## Medically Underserved Areas

Medically Underserved Areas are federal designations used to identify an area or population with inadequate access to personal health services. Four factors are used to determine this designation: physician access, percentage of aged population, and poverty rate and health status indicators such as infant mortality rate.

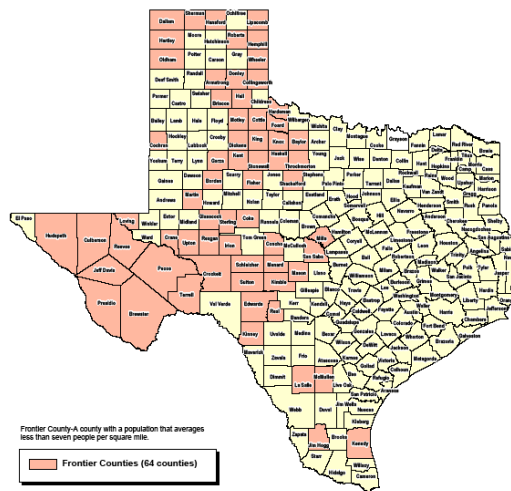
In December 2008, 87 percent of rural Texas counties had some type of MUA/MUP designation.



## Frontier Counties

Frontier counties are defined as counties with a population density of fewer than seven persons per square mile. Texas has identified 64 frontier counties. These counties are generally lacking in health care facilities and healthcare professionals.

### FRONTIER COUNTIES



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2008.

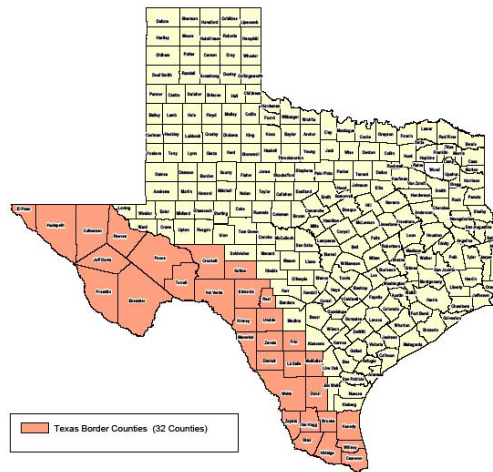
## Border Counties

Texas shares over 1,200 miles of border with Mexico. The counties considered border counties are not just the counties that are contiguous to Mexico, but 32 counties that are located in the South Texas and West Texas regions. This is based upon the La Paz Agreement between the United States and Mexico. The estimated population of the border counties is, according to the U.S. Census Bureau, over 2.5 million people. Only four of the border counties are considered metropolitan, but over 2 million people reside in these four counties. Seventeen of the border counties do not have an acute care hospital.

The border area has a higher poverty rate than the rest of Texas at over 25 percent, compared to 16 percent for the State. There is a prevalence of barriers to access to health care, the most notable being language and cultural barriers.

All but three of the Border counties are considered whole county medically underserved areas. The remaining three counties are partially medically underserved.

### TEXAS BORDER COUNTIES



Map prepared by  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2009.

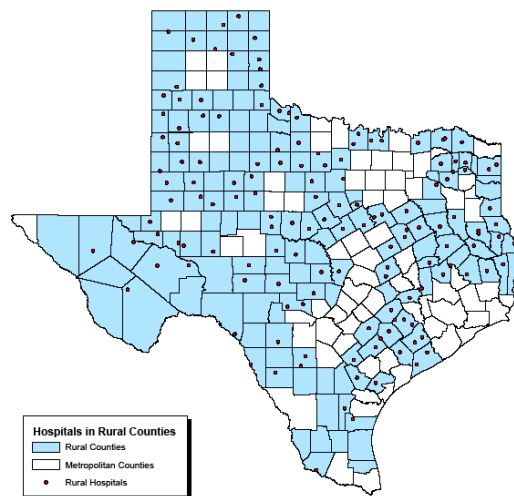
## HEALTHCARE FACILITIES

### Hospitals

Rural Hospitals are those hospitals not located in a Metropolitan Statistical Area (MSA) as determined by the Federal Office of Management and Budget or those that are located in a county with a population density of less than 225 persons per square mile of land area and a municipality of 15,000 persons or less.

There are 531 acute care hospitals in Texas. Forty-four percent of those hospitals have less than 50 beds. In rural areas there are 150 rural hospitals and sixty-four counties do not have an acute care hospital.

### HOSPITALS IN RURAL COUNTIES



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2009.

### Critical Access Hospitals

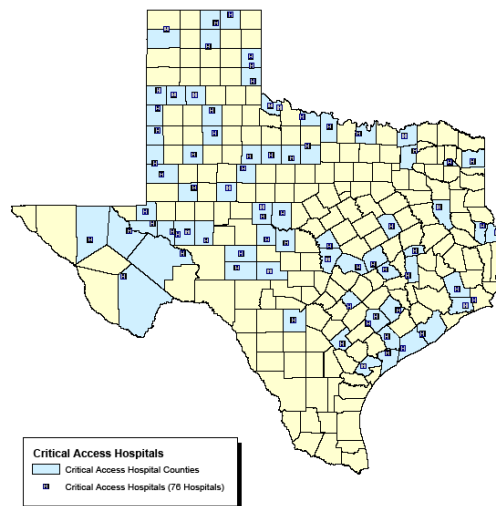
The Medicare Rural Hospital Flexibility (Flex) Program was authorized by the Balanced Budget Act of 1997. The Flex program provides funding to States for the designation of Critical Access Hospitals (CAH) in rural communities. Under the program, hospitals certified as CAHs can receive cost-based reimbursement from Medicare. CAHs were originally reimbursed for both inpatient and outpatient services, based on allowable costs, but that has since been changed to 101 percent of costs.

A Critical Access Hospital (CAH) is a facility that is designated as a CAH by the State in which it is located and meets the following criteria:

- Is a rural, public, non-profit or for-profit hospital;
- Is located more than 35 miles from any other hospital or CAH;
- Makes available 24-hour emergency care services seven days per week;
- Provides not more than 25 acute care inpatient beds for providing inpatient care, and
- Provides an annual average length of stay of less than 96 hours per inpatient for acute care patients.

Currently, there are 76 CAHs in Texas, which ranks the state behind Kansas, Iowa and Minnesota, respectively, with the fourth most designated CAHs in the nation. The 76 CAHs account for nearly 60% of all small rural hospitals (under 50 licensed beds) in Texas, and together they provide essential healthcare to over 50% of all rural residents.

### CRITICAL ACCESS HOSPITALS



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2009

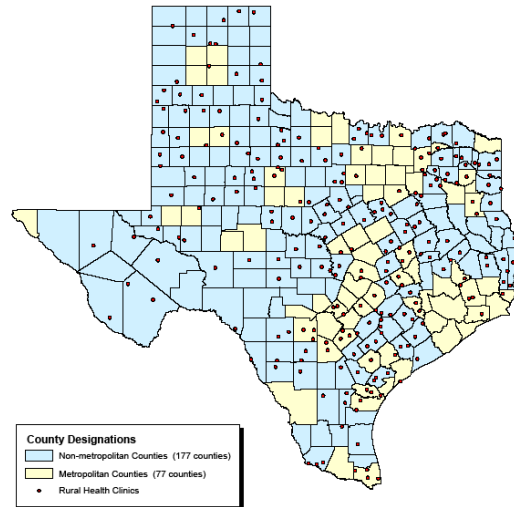
### Rural Health Clinics

Rural Health Clinics (RHCs) are created by congress and are federally certified health care providers. RHCs were created for two purposes. One was to provide enhanced Medicare and Medicaid reimbursement and the other to provide reimbursement to mid-level practitioners not in the physical presence of a physician. Overall, this provider type was created to improve access to care for underserved populations, particularly Medicare and Medicaid recipients, in rural areas of the country. For RHCs to be Medicare certified, they must be located in an area outside an urbanized area as defined by the US Census Bureau, as well

as being located in a medically underserved area (MUA) or health profession shortage area (HPSA).

RHCs may be freestanding facilities owned by an individual or provider-based clinics established by hospitals. Texas currently has 326 certified Rural Health Clinics.

### RURAL HEALTH CLINICS



Map Prepared By:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2007

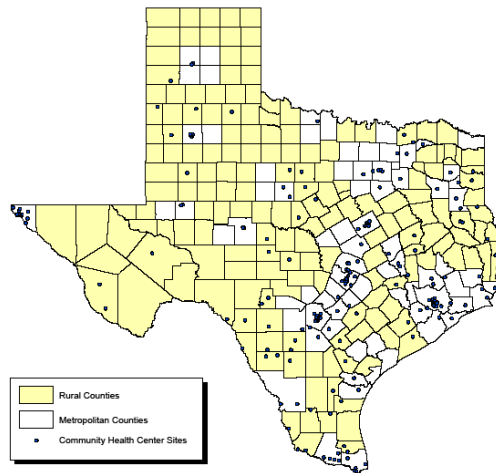
### Community Health Centers

Community Health Centers/Federally Qualified Health Centers (FQHCs) are public or not for profit, consumer-directed health care corporations which provide high quality, cost-effective and comprehensive primary and preventive care to medically underserved and uninsured people. This nationwide network of safety-net providers is primarily comprised of health centers which are supported by federal grants under the US Public Health Service Act (PHSA), including Community Health Centers, Migrant Health Centers, Health Care for the Homeless Programs, Public Housing Primary Care Programs, and Urban Indian and Tribal Health Centers. These providers must meet federal standards related to quality of care and services as well as cost, and they are qualified to receive cost-based reimbursement under Medicaid and Medicare law.

Texas has 285 Community Health Centers.



## COMMUNITY HEALTH CENTERS



Map Prepared by:  
OFFICE OF RURAL COMMUNITY AFFAIRS  
Texas State Office of Rural Health  
January, 2005.

## HEALTHCARE WORKFORCE

Texas is comprised of 254 counties, of which 177 counties are designated as rural. Of these counties, 64 are designated as frontier. Approximately 15 percent of Texas' total population resides in these rural counties. Rural Texas covers approximately 70 percent of the state's total land area.

The availability of physician and hospital care varies across the state. Lack of access to health care providers and facilities is a critical problem for rural communities. Rural Texas is older, poorer, has fewer health care services per capita and lacks access to specialty health care facilities. Approximately 15 percent of Texans live in rural areas, while only 10 percent of primary care physicians practice in rural areas. For many rural residents, it is not uncommon to travel 50 or more miles to see a doctor or access a medical facility. Transportation within rural communities and to urban areas is often cited as one of the primary barriers to accessing health care services.

### Rural Health Workforce Data

For purposes of this analysis, a comparison is made of the number of providers by health care profession type in Texas counties per 100,000 populations with the ratio of providers per 100,000 in the United States. The advantage of using the U.S. ratio as a benchmark is that the ratio is formed from a very large population and provider base. At the very least, we can determine the number of providers needed in Texas rural and frontier counties if our objective was to provide the same number of providers per 100,000 populations as provided in the U.S.

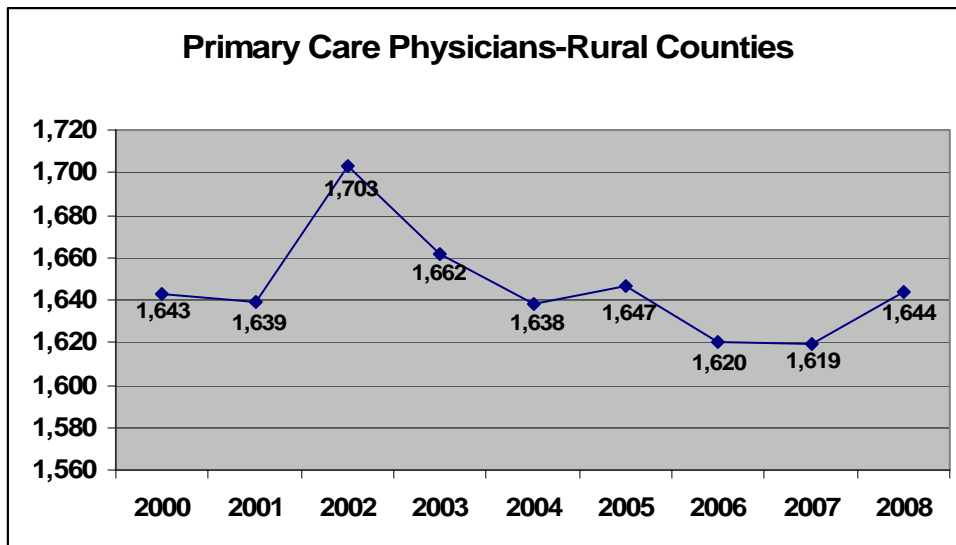
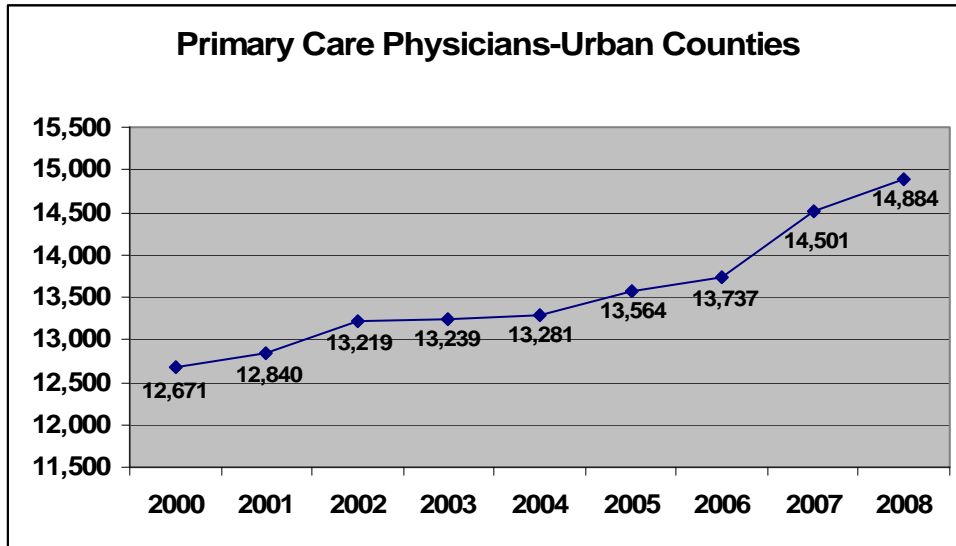
**Estimate of Texas Health Care Workforce Sufficiency by Comparing  
Texas Urban and Rural Workforce with U.S. Workforce per 100,000 Populations**

Health Care Professional Types	U.S.	Texas Counties			Texas Urban Counties			Texas Rural Counties		
	Ratio Per 100,000 2002-2004	# Providers 2008	Ratio Per 100,000 2008	(+/-)	# Providers 2008	Ratio Per 100,000 2008	(+/-)	# Providers 2008	Ratio Per 100,000 2008	(+/-)
Physicians, MD and DO (Primary Care)	79.0	16,528	68.4	-10.6	14,884	70.5	-8.5	1,644	52.6	-26.4
Physician Assistants (2002 U.S. Data)	14.8	4,191	17.3	2.5	3,779	17.9	3.1	412	13.2	-1.6
Registered Nurses (2004 U.S. Data)	824.6	162,304	671.3	153.3	148,540	705.7	-188.9	13,764	440.5	-384.1
Nurse Practitioners (2004 U.S. Data)	27.7	5,335	22.1	-5.6	4,896	23.3	-4.4	439	14.0	-13.7
Dentists	45.5	8,987	37.2	-8.3	8,248	39.2	-6.3	791	25.3	-20.2
Pharmacists	71.3	18,623	77.0	5.7	16,958	80.5	9.2	1,665	53.3	-18.0
<b>Population</b>		<b>24,178,180</b>			<b>19,675,490</b>			<b>3,124,786</b>		

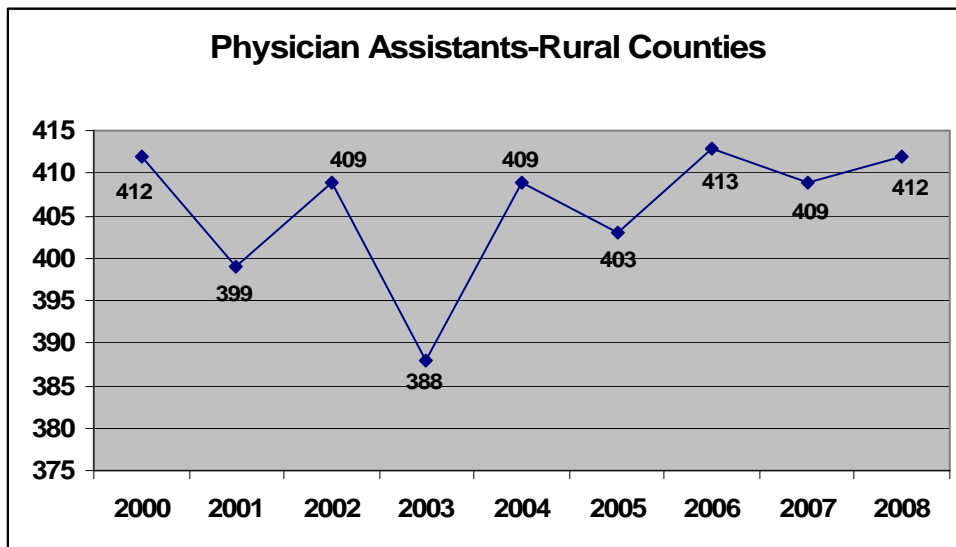
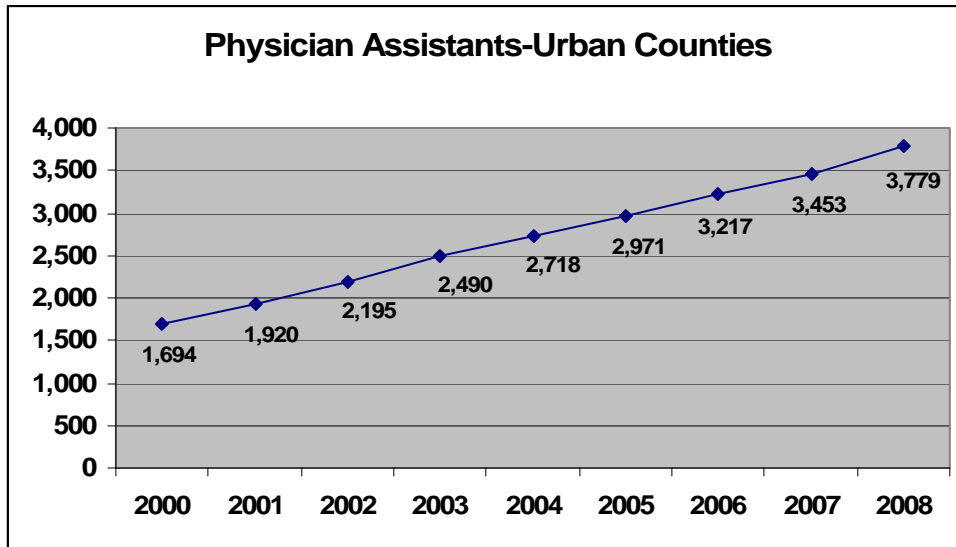
Data Sources: U.S. Department of Health and Human Services/Health Resource and Services Administration/Bureau of Health Professions, June 2002-2004.

Texas Department of State Health Services, September 2008.

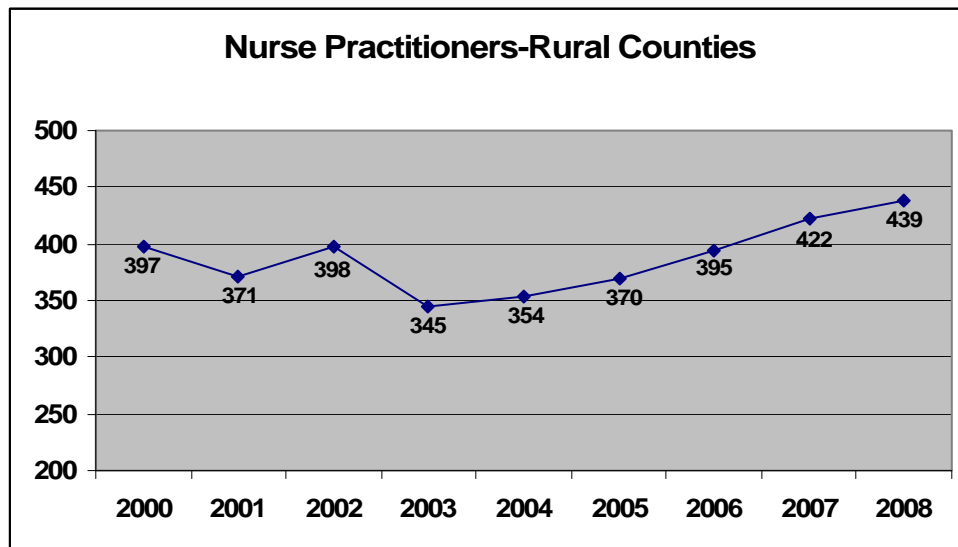
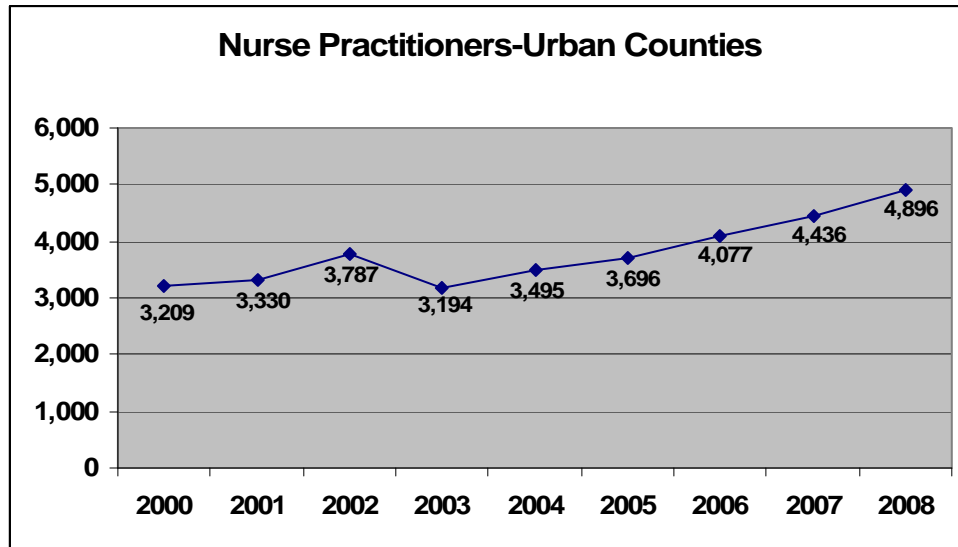
**Primary Care Physicians: MDs and DOs:** Primary Care Physicians include those in Family Practice, General Internal Medicine, General Pediatrics and Obstetrics/Gynecology and Geriatrics. Geriatrics was included as a primary care specialty in 2004. They are the first line of care for illness and injury in rural areas and help to reduce health care cost by providing a continuum of care from health education to medical intervention. Texas has fewer physicians per 100,000 population than the national average. In 2008, 24 counties had no practicing primary care physician. The number of Primary Care Physicians in rural counties in 2008 was 1,644.



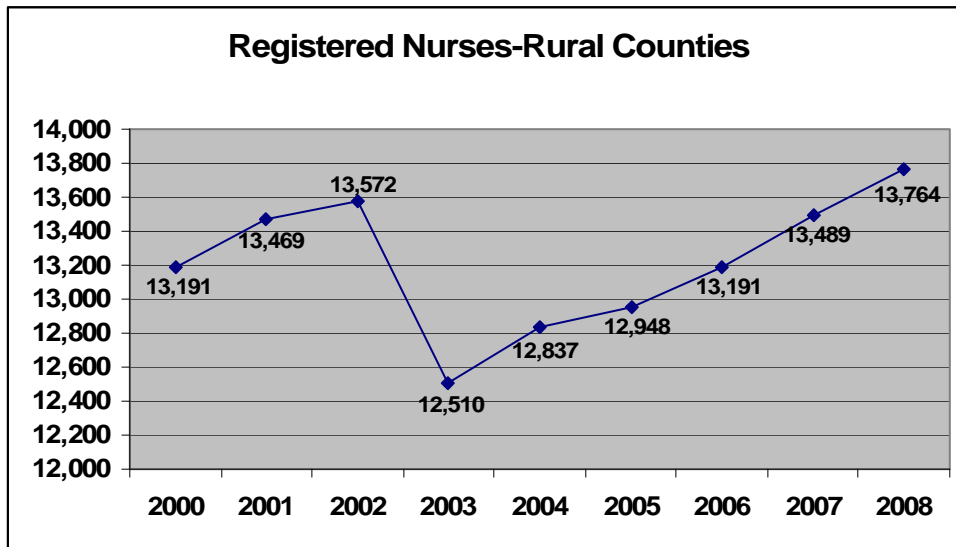
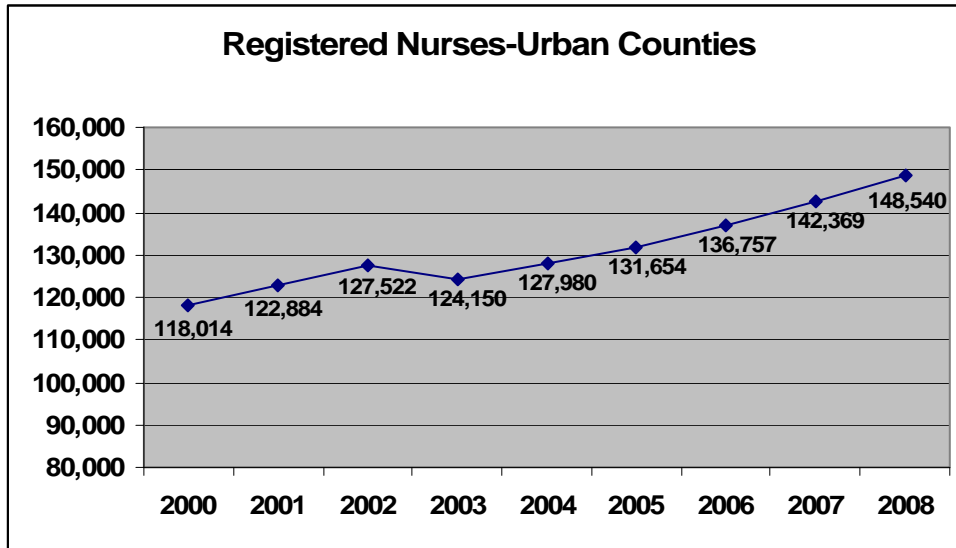
**Physician Assistants:** A physician assistant (PA) is a licensed health professional trained to provide medical care under the supervision of a physician. In 2008, there were 4,191 PAs in Texas. A total of 412 were located in rural Texas. Because PAs provide many of the same services as a physician (under a physician's supervision), they help to compensate for an insufficient number of physicians. The increased use of PAs in rural counties may be one way to extend health care services to areas where it is difficult to attract additional physicians.



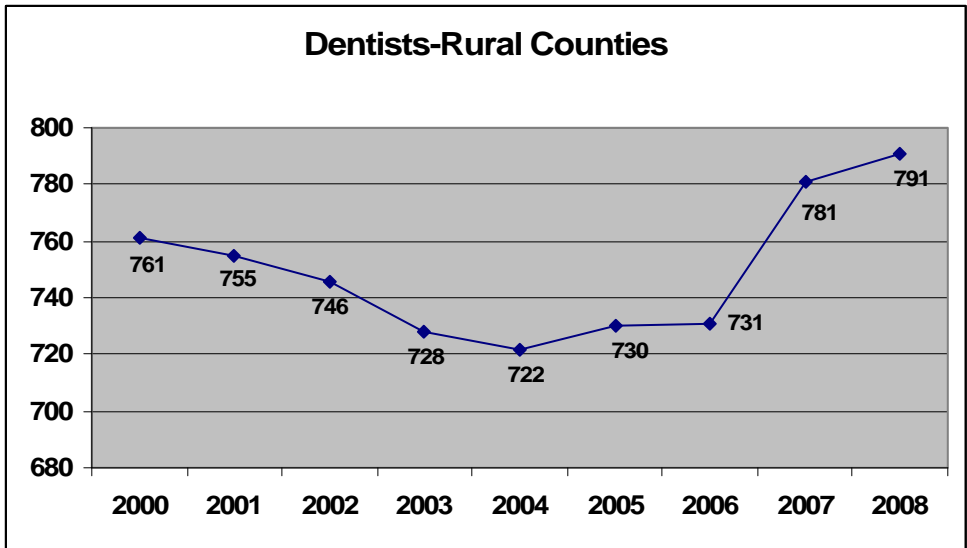
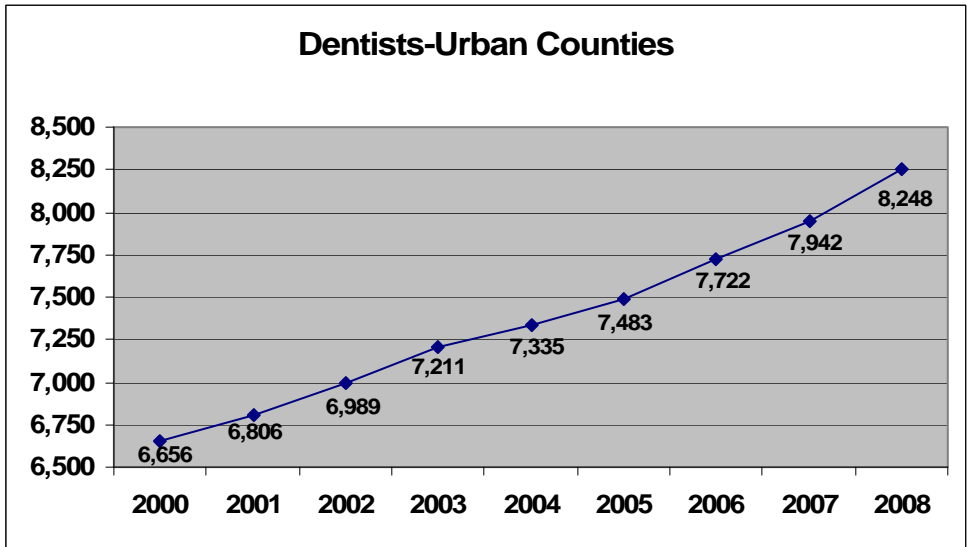
**Nurse Practitioners (Advanced Practice Nurses):** A registered nurse may become a nurse practitioner (NP) by completing a master's degree program or graduating from a certified program. Advanced Practice Nurses (APNs) include a number of types of nurse practitioners: certified nurse midwives (CNMs); certified registered nurse anesthetists (CRNAs) and clinical nurse specialist (CNS). There were 5,335 NPs in Texas as of 2008. A total of 439 were located in rural Texas. The amount of NPs has increased over the years. However, Texas has fewer than the national average.



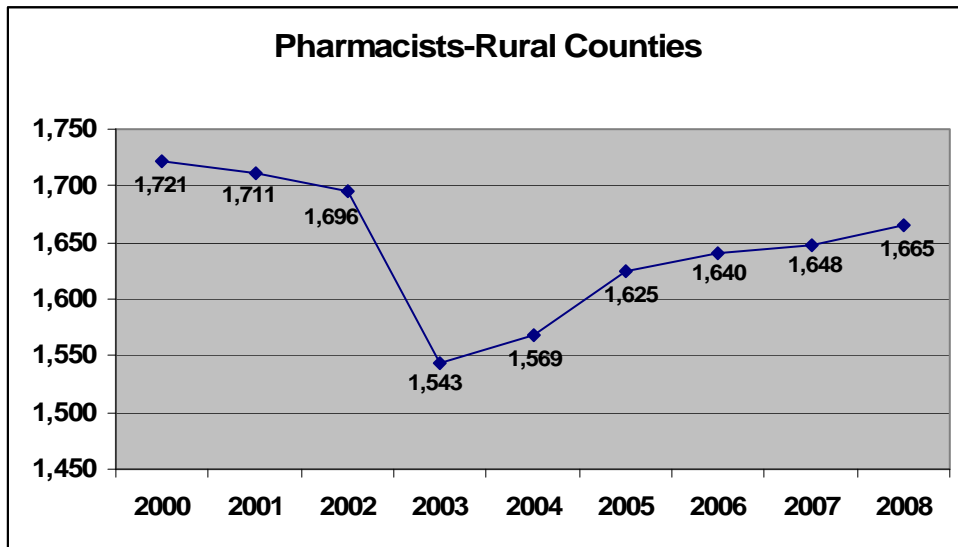
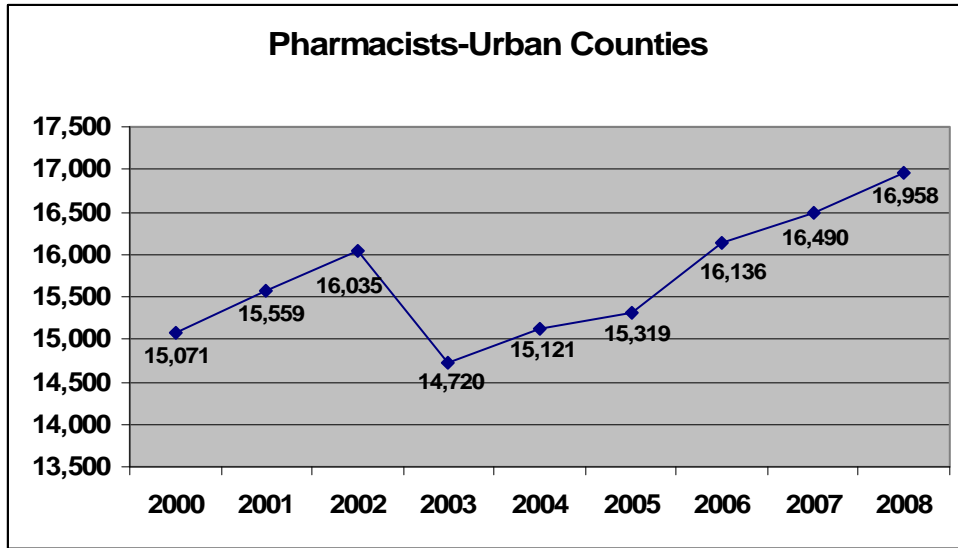
**Registered Nurses:** In 2008, there were 162,304 registered nurses (RNs) in Texas. A total of 13,764 were located in rural Texas. Because of this shortage, the competition for RNs is extreme even among the urban hospitals, clinics, and physician offices. When considering the demand for RNs in urban counties where higher pay and benefits are available, the challenge of attracting RNs to rural areas is daunting.



**Dentists:** There has been some growth in the number of dentists practicing in Texas since 2000. The number of dentists in Texas has grown from 7,417 in 2000 to 9,039 in 2008. A total of 791 were practicing in rural Texas in 2008. With a steadily growing population, however, this may continue to be a shortage even with the increase in number in the past eight years. Texas has fewer practicing dentists per resident than the national average.



**Pharmacists:** Pharmacists continue to increase in overall numbers in the nation and statewide. In 2008, Texas had 18,623 pharmacists. A total of 1,665 were located in rural Texas. In spite of that, Texas has fewer pharmacists per resident than the national average. Pharmacists are especially needed in rural areas for the distribution of prescription drugs and as a primary source of medical information.





# SUMMARY

## Disaster Relief Fund Update

Presented by Mark Wyatt\*

### DISCUSSION

#### **2009 Allocation & Deobligated Funds and/or Program Income the Disaster Relief Fund:**

Amount remaining Deobligated Funds and/or Program Income      \$4,242,535

Upon receipt of the PY 2009 allocation from HUD, the Disaster Relief Fund is anticipated to receive \$2,993,727.

Total Available – Allocation & Deobligated Funds / PI will be      **\$7,236,262** <==

#### **History of Disaster Relief Awards – TxCDBG** **by Calendar Year**

1992	\$699,534
1993	\$1,820,200
1994	\$1,987,546
1995	\$2,947,042
1996	\$4,285,113
1997	\$6,294,168
1998	\$3,902,787
1999	\$6,562,878
2000	\$6,583,629
2001	\$5,694,158
2002	\$7,442,557
2003	\$6,237,789
2004	\$5,661,479
2005	\$5,915,869
2006	\$2,824,760
2007	\$11,088,331
2008	\$13,318,496
2009	\$2,229,855
<hr/>	
Total	\$95,496,191

## Current Status Report

### Recent awards:

On March 27, 2009, the State Review Committee approved four Disaster Relief Fund recommendations covering Escobares (\$350,000), Refugio County (\$81,490), Roma (\$350,000), and Starr County (\$350,000), for a total of \$1,131,490.

### Anticipated demand based on current disaster declarations:

June 2009 - \$976,000

July 2009 - \$2,100,000

**Total anticipated demand - \$3,076,000** <==

## **RECOMMENDATION**

No action is required. This report is provided for informational purposes only.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**

# SUMMARY

## HUD's Neighborhood Stabilization Program

Presented by Mark Wyatt\*

### DISCUSSION

#### UPDATE:

This report provides an update of CDBG staff activities under the Neighborhood Stabilization Program (NSP).

Staff continues to work with the Texas Department of Housing and Community Affairs (TDHCA), which is the lead agency, on implementing this program.

**NSP Applications and Review:** Applications were due on April 27, 2009. Below is a breakdown of the total applications received in both the Direct Pool (administered by TDHCA) and the Select Pool (administered by ORCA), prior to any disqualifications.

#### **Direct Allocation Pool (TDHCA):**

38 applicants

Allocation Requested: \$74,445,041

Additional Amount Requested – As Available - \$38,358,546

Land Banking - \$1,623,119

*(Amounts Will Change - because some applicants did not request the appropriate, allowable amount-e.g., Combined requests exceeded the county allocation)*

#### **Select Pool (ORCA):**

16 applicants (one received after the deadline-will appeal to TDHCA Board)

Allocation Requested: \$15,775,000

Additional Amount Requested – As Available - \$17,303,750

Land Banking - \$491,000

*(Amounts Will Change (probably to a lower amount) because some applicants did not request the appropriate, allowable amount)*

#### **Land Bank only**

2 applicants - TSAHC & City of Houston

Requested: \$6,893,600

*(Subject to Change)*

(See attachment for a complete application list from TDHCA-which will be revised)

ORCA staff completed its review of the NSP Select Pool applications for application deficiencies on May 15, 2009 and submitted the results to TDHCA. The next step is a second review for consistency, followed by an opportunity for applicants to submit corrections to their deficiencies.

TDHCA is still reviewing our draft Interagency Agreement between the two agencies. We understand it is under review in TDHCA's legal office.

On May 4, 2009, HUD released the Notice on the second round of NSP with applications due July 17, 2009.

### BACKGROUND INFORMATION:

NSP is a CDBG supplemental program authorized by the "Housing and Economic Recovery Act of 2008" (HERA). The purpose of the program is to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. NSP provides funds to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The American Recovery and Reinvestment Act of 2009 (ARRA) provided an additional \$2 Billion to the NSP program and made significant changes to certain provisions of HERA such as requirements for program income and limits on demolition.

Texas will receive approximately \$173 Million, approximately \$71 Million of which has already been identified by HUD as a direct allocation to 13 cities and counties with the greatest need. The Texas Department of Housing and Community Affairs, as the lead agency, will implement the NSP funds and will work in cooperation with ORCA and the Texas State Affordable Housing Corporation (TSAHC) to deliver and administer the remaining \$102 Million funds.

## **RECOMMENDATION**

This report is provided to inform the Board. No action is required at this time.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**

# Neighborhood Stabilization Program Application Summary

Includes All Applications Received

## Land Bank

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Multiple Counties	20090001	Texas State Affordable Housing Corporation	Yes	\$650,000	\$0	\$4,393,600
<b>Totals For Land Bank</b>				\$650,000	\$0	\$4,393,600

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Harris	20090017	City of Houston	No	\$0	\$0	\$2,500,000
<b>Totals For Land Bank</b>				\$0	\$0	\$2,500,000

## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Bexar	20090011	Cevallos Lofts, Ltd. c/o NRP Holdings LLC	No	\$3,150,408	\$0	\$0
Bexar	20090025	San Antonio Alternative Housing Corporation	Yes	\$3,150,408	\$0	\$0
Bexar	20090052	Housing and Community Services, Inc.	Yes	\$2,250,000	\$0	\$0
<b>Totals For Direct Allocation</b>				\$8,550,816	\$0	\$0

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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Cameron	20090005	Brownsville Housing Authority	No	\$1,625,000	\$1,390,000	\$0
Cameron	20090013	Housing Authority of the City of San Benito	No	\$525,000	\$0	\$0
Cameron	20090023	City of Harlingen	No	\$1,110,900	\$0	\$0
Cameron	20090050	Community Development Corporation of Brownsville	No	\$2,935,382	\$2,358,176	\$583,119
<b>Totals For Direct Allocation</b>				\$6,196,282	\$3,748,176	\$583,119

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Collin	20090066	Plano Housing Corporation	Yes	\$2,164,531	\$0	\$0
<b>Totals For Direct Allocation</b>				\$2,164,531	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Collin, Denton	20090056	Inclusive Communities Project	Yes	\$3,328,110	\$0	\$0
<b>Totals For Direct Allocation</b>				\$3,328,110	\$0	\$0

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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Dallas	20090006	City of Irving	No	\$2,940,000	\$0	\$0
Dallas	20090019	Central Dallas Community Development Corporation	Yes	\$4,908,548	\$0	\$0
Dallas	20090053	Builders of Hope CDC	Yes	\$2,269,000	\$0	\$0
Dallas	20090055	City of Garland	No	\$1,630,000	\$0	\$0
Dallas	20090064	Frazier Revitalization Incorporated	Yes	\$1,009,500	\$0	\$0
Dallas	20090068	Friendship-West Promised Land Investment Corp.	Yes	\$750,000	\$0	\$0
<b>Totals For Direct Allocation</b>				\$13,507,048	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Denton	20090027	Plano Community Home Sponsor, Inc	Yes	\$685,860	\$0	\$0
<b>Totals For Direct Allocation</b>				\$685,860	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Ector	20090058	City of Odessa	No	\$699,232	\$800,768	\$0
<b>Totals For Direct Allocation</b>				\$699,232	\$800,768	\$0

\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
El Paso	20090012	City of El Paso	No	\$1,648,634	\$0	\$0
<b>Totals For Direct Allocation</b>				\$1,648,634	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Galveston	20090010	City of Galveston	No	\$850,000	\$0	\$0
Galveston	20090071	Nautical Affordable Housing, Inc.	Yes	\$1,003,104	\$10,797,000	\$0
<b>Totals For Direct Allocation</b>				\$1,853,104	\$10,797,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Harris	20090062	Harris County	No	\$1,545,000	\$0	\$0
Harris	20090076	Fifth Ward Community Redevelopment Corporation	Yes	\$3,432,000	\$0	\$500,000
Harris	20090077	Baytown Properties Mgmt. & Development Corp.	Yes	\$1,500,000	\$0	\$0
<b>Totals For Direct Allocation</b>				\$6,477,000	\$0	\$500,000

\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA



## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Hidalgo	20090008	Affordable Homes of South Texas, Inc	No	\$1,550,000	\$0	\$0
Hidalgo	20090069	Housing Authority of the County of Hidalgo	No	\$1,000,000	\$250,000	\$0
<b>Totals For Direct Allocation</b>				\$2,550,000	\$250,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Jefferson	20090054	City of Port Arthur	No	\$599,578	\$1,798,734	\$0
Jefferson	20090063	City of Beaumont TX	No	\$899,367	\$200,000	\$0
<b>Totals For Direct Allocation</b>				\$1,498,945	\$1,998,734	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Lubbock	20090060	City of Lubbock	No	\$1,057,705	\$1,052,500	\$0
<b>Totals For Direct Allocation</b>				\$1,057,705	\$1,052,500	\$0

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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
McLennan	20090029	Neighborhood Housing Services of Waco, Inc.	Yes	\$680,370	\$455,700	\$0
McLennan	20090074	Grand Central Texas Development Corporation	Yes	\$533,500	\$420,600	\$0
<b>Totals For Direct Allocation</b>				\$1,213,870	\$876,300	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Potter	20090059	City of Amarillo	No	\$1,579,681	\$0	\$0
<b>Totals For Direct Allocation</b>				\$1,579,681	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Tarrant	20090004	Tarrant County Housing Partnerships, Inc	No	\$7,686,369	\$0	\$0
Tarrant	20090065	Housing Authority of the City of Fort Worth	No	\$7,320,349	\$14,799,651	\$0
<b>Totals For Direct Allocation</b>				\$15,006,718	\$14,799,651	\$0

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## Direct Allocation

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Taylor	20090072	Abilene Neighborhoods In Progress	Yes	\$1,062,000	\$0	\$0
<b>Totals For Direct Allocation</b>				\$1,062,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Travis	20090046	City of Austin	No	\$1,271,309	\$1,271,309	\$0
Travis	20090057	Travis County Housing Finance Corporation	No	\$847,540	\$525,000	\$0
<b>Totals For Direct Allocation</b>				\$2,118,849	\$1,796,309	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Webb	20090007	City of Laredo	No	\$2,127,102	\$0	\$0
<b>Totals For Direct Allocation</b>				\$2,127,102	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Williamson	20090014	City of Taylor	Yes	\$1,119,554	\$2,239,108	\$540,000
<b>Totals For Direct Allocation</b>				\$1,119,554	\$2,239,108	\$540,000

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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Select Pool

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Multiple Counties	20090043	Northwest Central Texas Housing Finance Corp.	No	\$2,200,000	\$0	\$0
Multiple Counties	20090073	Northwest Central Texas Housing Finance Corp.	No	\$4,950,000	\$0	\$0
<b>Totals For Select Pool</b>				\$7,150,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Bastrop	20090015	City of Elgin	No	\$525,000	\$1,680,000	\$0
<b>Totals For Select Pool</b>				\$525,000	\$1,680,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Brazos	20090020	City of Bryan	No	\$525,000	\$0	\$0
<b>Totals For Select Pool</b>				\$525,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Coryell	20090002	Fort Hood Area Habitat for Humanity	Yes	\$525,000	\$105,000	\$0
<b>Totals For Select Pool</b>				\$525,000	\$105,000	\$0

\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Select Pool

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Gonzales	20090024	City of Waelder	No	\$525,000	\$0	\$0
<b>Totals For Select Pool</b>				\$525,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Grayson	20090022	Texoma Housing Finance Corporation	No	\$525,000	\$1,575,000	\$0
<b>Totals For Select Pool</b>				\$525,000	\$1,575,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Guadalupe	20090021	City of Seguin	No	\$525,000	\$1,050,000	\$0
<b>Totals For Select Pool</b>				\$525,000	\$1,050,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Hays	20090041	City of San Marcos	No	\$525,000	\$0	\$0
<b>Totals For Select Pool</b>				\$525,000	\$0	\$0

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## Select Pool

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Howard	20090009	City of Big Spring	No	\$500,000	\$300,000	\$0
<b>Totals For Select Pool</b>				\$500,000	\$300,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Kaufman	20090040	City of Terrell	No	\$345,000	\$345,000	\$155,000
<b>Totals For Select Pool</b>				\$345,000	\$345,000	\$155,000

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Maverick	20090030	FUTURO Communities, Inc.	Yes	\$500,000	\$0	\$0
<b>Totals For Select Pool</b>				\$500,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Midland	20090070	Midland County Housing Authority	No	\$450,000	\$6,378,750	\$0
<b>Totals For Select Pool</b>				\$450,000	\$6,378,750	\$0

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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

## Select Pool

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Nacogdoches	20090078	City of Nacogdoches	No	\$225,000	\$0	\$300,000
<b>Totals For Select Pool</b>				\$225,000	\$0	\$300,000

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Orange	20090003	Nautical Affordable Housing, Inc.	Yes	\$0	\$6,050,000	\$0
<b>Totals For Select Pool</b>				\$0	\$6,050,000	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Tom Green	20090028	City of San Angelo	No	\$525,000	\$0	\$0
<b>Totals For Select Pool</b>				\$525,000	\$0	\$0

County Served	App Nbr	Lead Applicant	Nonprofit Entity?	Total Allocation Request	Total "As Available" Request*	Total Land Bank Request
Walker	20090026	City of Huntsville	No	\$525,000	\$525,000	\$0
<b>Totals For Select Pool</b>				\$525,000	\$525,000	\$0

<b>Totals for all Applications</b>	\$88,990,041	\$56,367,296	\$8,971,719
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\*"As Available" means funding requested in excess of the county geographical allocations as indicated in the Texas NSP NOFA

# SUMMARY

## **Adopt Amendments to the TxCDBG Program Found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code – Appeals Process**

Presented by Mark Wyatt\*

### **DISCUSSION**

The attached amendments to the Texas Administrative Code would establish an appeals process for recommendations of awards as provided in HB 1079, which had an effective date of May 23, 2009.

HB 1079 provides that “An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the executive director by filing an appeal with the board. The board shall hold a hearing on the appeal and render a decision.”

In addition, HB 1079 abolished the State Review Committee that has in the past heard appeals on the Community Development Fund recommendations.

The amendments would modify the appeal of TxCDBG actions (§255.1) and the appeal of Regional Review Committee decisions (§255.8). The amendment would eliminate any reference to Texas Capital Fund / TDA appeals.

There were no written comments received during the public comment period.

### **RECOMMENDATION**

Staff recommends that the Board adopt the amendments, as attached, and authorize staff to provide notification in the Texas Register.

### **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**



## SECTION 255.1 General Provisions

(a) – (h) No change.

(g) Appeals. An applicant for funding under the TxCDBG, except for the Texas Capital Fund, may appeal the disposition of its application in accordance with this subsection.

(1) The appeal may only be based on one or more of the following grounds.

(A) Misplacement of an application. All or a portion of an application is lost, misfiled, or otherwise misplaced by Office staff ~~and, in the case of TCF applications, by TDA staff,~~ resulting in unequal consideration of the applicant's proposal.

(B) Mathematical error. In rating the application, the score on any selection criteria is incorrectly computed by the Office ~~and, in the case of TCF applications, by the TDA~~ due to human or computer error.

(C) Other procedural error. The application is not processed by the Office ~~and, in the case of TCF applications, by the TDA,~~ in accordance with the application and selection procedures set forth in this subchapter. Procedural errors alleged to have been committed by a regional review committee may only be appealed in accordance with the provisions of §255.8 of this title (relating to Regional Review Committees).

(2) The appeal must be submitted in writing to the TxCDBG of the Office no later than 30 days after the date the announcement of ~~community development fund and planning/capacity building fund~~ contract awards is published on in the Office's website, Texas Register. ~~In addition, timely appeals not submitted in writing at least five working days prior to the next regularly scheduled meeting of the state review committee will be heard at the subsequent meeting of the state review committee.~~ The Office staff will evaluate the appeal and may either concur with the appeal and make an appropriate adjustment to the applicant's scores, or disagree with the appeal and prepare an appeal file for consideration by the Executive Director. ~~state review committee at its next regularly scheduled meeting. The state review committee will make a final recommendation to the executive director of the Office. The decision of the executive director of the Office is final. If the appeal concerns a TCF application, the appeal must be submitted in writing to the TDA no later than 10 days following the date of the notification letter of the denial. If the appeal concerns a disaster relief fund or urgent need fund application, the appeal must be submitted in writing to the Office no later than 30 days following the date of the notification letter of the denial. If the appeal concerns a disaster relief fund or urgent need fund application, the appeal must be submitted in writing to the Office no later than 30 days following the date of the notification letter of the denial. The staff of either the Office or the TDA, when appropriate, evaluates the appeal and may either concur with the appeal or disagree with the appeal and prepare an appeal file for consideration by the appropriate executive director. The executive director, of the agency with which the appeal was filed, then considers the appeal within 30 days and makes a the final decision.~~

(3) In the event the appeal is sustained and the corrected scores would have resulted in project funding, the application is approved and funded. If the appeal concerning an a ~~community development fund or planning/capacity building fund~~ application is rejected, the office notifies the applicant of its decision, including the basis for rejection. ~~after the meeting of the state review committee at which the appeal was considered. If the appeal concerns a small business fund, microenterprise fund, section 108 loan guarantee pilot~~

~~program, non-border colonia fund, Young v. Martinez fund, TCF, housing fund, colonia fund, disaster relief fund, small towns environment program fund, or urgent need fund application, the applicant will be notified of the decision made by the appropriate executive director within ten days after the final determination by the executive director.~~

(4) Appeal of Executive Director's Decision to the Board.

(A) If the appealing party is not satisfied with the Executive Director's response to the appeal, it may appeal in writing directly to the board within seven days after the date of the Executive Director's response. In order to be placed on the next agenda of the board, the appeal must be received by the Office at least fourteen days prior to the next scheduled board meeting. Appeals received after the fourteenth calendar day prior to the board meeting will be scheduled for the next board meeting. The Executive Director shall prepare an appeal file for the board's review based on the information provided. If the appealing party receives additional information after the Executive Director has denied the appeal, but prior to the posting of the appeal, for board consideration, the new information must be provided to the Executive Director for further consideration or the board will not consider any information submitted by the applicant after the written appeal. New information will cause the deadlines in this subsection to begin again. The board will review the appeal de novo and may consider any information properly considered by the Office in making its prior decision(s).

(B) Public comment. The board hears public comment on the appeal under its usual procedures. Persons making public comment are not parties to the appeal and no rights accrue to them under this section or any other appeal process. Nothing in this section provides a right to appeal any decision made on an application if the appealing party does not have direct grounds to appeal.

(C) Possible actions regarding applications. In instances in which the appeal if sustained by the board could have resulted in an award to the applicant, the application shall be approved by the board contingent on the availability of funds. If the appeal is denied, the Office shall notify the applicant of the decision.

5. Decisions are final. Appeals not submitted in accordance with the section will not be considered. The decision of the board is final.

~~An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the state review committee by filing a complaint with the Board. The Board will hold a hearing on a complaint filed with the Board and render a decision.~~

~~Appeals not submitted in accordance with this subsection are dismissed and may not be refiled.~~

## SECTION §255.8 Regional Review Committees

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(a) – (k) No change.

(l) Appeals. Appeals will be handled in accordance with the following procedures:

(1) Written Notification to RRC and ORCA. An applicant must notify its Regional Review Committee and ORCA in writing of the alleged specific violation of the RRC procedures within five working days following the date the RRC scores are made available to the applicants (RRC staff support is advised to record this date).

(2) RRC Notification to Applicants of Appeal(s). Within ten working days following the receipt of an appeal, the RRC will notify all applicants in the region that the RRC will reconvene to hear the appeal. The RRC will give notice to applicants that their scores may be affected by the outcome of the appeal.

(3) RRC Reconvenes to Hear the Appeal(s). In an open meeting, the RRC shall consult with the appellant jurisdiction and consider the appeal. With a simple majority quorum present (i.e., seven members), the RRC will vote to either deny the appeal and forward the appeal and the original regional scores to ORCA or to sustain the appeal and proceed with corrective actions. If the RRC sustains the appeal, the RRC makes corrections and forwards the corrected regional scores to ORCA. The RRC administrative staff will send a written description of the results of the appeals meeting to all applicants in the region and to ORCA. Please note that applicants negatively affected by an original appeal have the same procedural rights to counter-appeal.

(4) Applicants May Appeal a Decision of the RRC. Within five working days following the decision of the RRC, an applicant may submit an appeal of the RRC decision to ORCA. The appeal must be submitted to ORCA in writing stating the alleged specific violation of the RRC procedure.

(5) ORCA Makes Final Scoring and Ranking Determinations. If the appeal is unresolved by the RRC, denied at the regional level, or if an applicant appeals a decision of the RRC, the ORCA executive director will make a ~~final~~ determination as follows: sustain the appeal and make funding recommendations based on corrected regional scores; or reject the appeal and make funding recommendations considering the original RRC scores. ORCA will notify the region of the decision and post the final rankings for the region.

~~(6) ORCA Forwards Funding Recommendations to the SRC. Following resolution of regional appeals, ORCA staff will make funding recommendations to the State Review Committee for the 2009 and 2010 program years. The SRC consists of 12 elected officials, including a chairman appointed by the Governor. In consultation with the executive director and TxCDBG office staff, the State Review Committee is responsible for reviewing and approving grant applications and associated funding awards of eligible counties and municipalities.~~

~~(7)~~ Applicants May Appeal A Decision of the ORCA executive director SRC and File a Complaint with the ORCA Board. An applicant ~~applying under the CD Fund~~ may appeal a decision of the ORCA executive director SRC by filing a complaint with the ORCA Board. The ORCA Board shall hold a hearing on a complaint filed with the Board and render a decision. After the ORCA Board renders a final decision, ORCA will notify the region of the determination and post the final rankings for the region.



# **SUMMARY**

## **2010 Proposed CDBG Program Action Plan**

Presented by Mark Wyatt\*

### **DISCUSSION**

The following is the draft of the 2010 Proposed Action Plan for the Texas Community Development Block Grant Program. The 2010 Proposed Action Plan would be presented to the public for comment as part of the public hearing process.

#### Highlights

Because PY 2010 is the second year of the two-year biennial selection process for most of the fund categories with the TxCDBG program, there are few changes in this proposed plan. We only propose changes to biennial fund categories where it is considered essential. There are a few proposed changes to the STEP Fund. The proposal also reflects the elimination of the State Review Committee as the result of the enactment of HB 1079 and several other enhancements.

1. STEP – Adds that to be eligible for additional STEP awards, an applicant must have demonstrated to TxCDBG management that its existing STEP contracts are currently being implemented on schedule in accordance with the applicable contracts and in accordance with any TxCDBG-approved allowances. This is designed to improve timely expenditure of STEP funds and ensure the applicant has the capacity to manage multiple STEP awards. We have had some instances where a single jurisdiction had numerous STEP contracts significantly behind schedule. Rather than address the issue by limiting the number of open STEP contracts for a particular jurisdiction, this proposal rewards those jurisdictions who have demonstrated they have the ability to keep multiple STEP contracts on schedule. (See page 11)

2. STEP – Under the threshold for demonstrating “capacity”, it clarifies that as part of demonstrating the applicant has the required manpower, it must demonstrate the ability to operate applicable construction equipment. (See pages 11 and 37)

3. State Review Committee – deletes references as the result of enactment of HB 1079. (See pages 20 and 21)

4. Indicates in the Action Plan that Administration (2%) and Technical Assistance (1%) funds are fungible. (It provides the TxCDBG an option without amending the Action Plan.) (See page 13)

5. Deletes references to the potential consequence of any RRC not adopting objective scoring for the 2009/2010 CD Fund application cycle. All RRCs adopted objective scoring so it seems no longer appropriate. (See pages 29 and 42 to 45)

6. Added various conforming sections that were already in the Texas Administrative Code and reflects the current agency mission statement.

## **RECOMMENDATION**

Staff recommends approval to present the 2010 Proposed Texas CDBG Action Plan as attached to the public for comment.

## **RURAL DEFINITION**

Nonentitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us).**

**PROPOSED**  
**TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
**2010~~2009~~ ACTION PLAN**

**I. PROGRAM YEAR 2010~~2009~~ GENERAL PROGRAM INFORMATION**

**A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION**

The Office of Rural Community Affairs (ORCA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Block Grant Program (Texas CDBG). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between ORCA and TDA. The Tx CDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between ORCA and TDHCA.

The mission of the Office of Rural Community Affairs is to enhance the quality of life for rural Texans. ~~to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.~~

**B. ELIGIBLE APPLICANTS**

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Block Grant (Tx CDBG) Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the Tx CDBG Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the Tx CDBG Colonia Economically Distressed Areas Program Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia Fund, are also eligible applicants for the Tx CDBG Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.905 of the Texas Local Government Code, a colonia that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

**C. ELIGIBLE ACTIVITIES**

Eligible activities under the Texas Community Development Block Grant Program are listed in 42 U.S.C Section 5305. The Tx CDBG staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

**All proposed activities must meet one of the following three National Program Objectives:**

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or

3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for Tx CDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

#### **D. INELIGIBLE ACTIVITIES**

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Block Grant Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising / video taping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

#### **E. PRIMARY BENEFICIARIES**

The primary beneficiaries of the Texas Community Development Block Grant Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section 102(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

#### **F. DISPLACEMENT OF PERSONS ASSISTED**

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Block Grant Program grant funds.

## **II. ALLOCATION OF CDBG FUNDS**

### **A. AVAILABLE FUND CATEGORIES**

Assistance is available in six funding categories and one pilot program under the Texas Community Development Block Grant Program as indicated below:

Funds:

1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
  - 3a. Colonia Planning and Construction Fund
  - 3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
  - 3c. Colonia Self-Help Centers Legislative Set-Aside
4. Planning and Capacity Building Fund
5. Disaster Relief/Urgent Need Fund
6. Tx CDBG STEP Fund

Pilot Program:

Renewable Energy Demonstration Pilot Program



## **B. DESCRIPTION OF FUNDS**

### **1. Community Development Fund**

This fund is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition in each of the 24 state planning regions. Applications received by the 2009 program year application deadline are selected to receive grant awards from the 2009 and 2010 program year allocations. The scoring of the applications is shared between ORCA and the 24 Regional Review Committees (RRC), with the RRC having the predominate percentage of the total possible score.

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions based on the following:

#### **REGIONAL ALLOCATION METHOD:**

The original CD formula is used to allocate 40 percent of the annual state CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual state CDBG allocation.

Original CD formula (40%) factors:

a. Non-Entitlement Population	30%
b. Number of Persons in Poverty	25%
c. Percentage of Poverty Persons	25%
d. Number of Unemployed Persons	10%
e. Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

HUD formula (21.71%) - the formula is the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the ORCA board, Task Forces, and input from the State Community Development Review Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

Some regions in the state have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2009 and 2010 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2009 and 2010 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to Tx CDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the Tx CDBG staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2009 regional allocation or 2010 regional allocation. Depending on the State of Texas' CDBG allocations for the 2009 and 2010 program years, there could be a large variance between the 2009 and 2010 regional allocations. If the 2010 regional allocation for one of these regions decreases significantly from the 2009 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2010 regional allocation.

A significant increase or decrease to the State's [current Program Year~~2009~~](#) CDBG allocation may result in corresponding increases or decreases to the [current Program Year~~2009~~](#) Community Development Fund allocation and correspondingly higher or lower regional allocations.

Non-border colonia projects – available to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990).

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

## **2. Texas Capital Fund**

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. Responsibility for this fund is contracted to the Texas Department of Agriculture

through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

- a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.
- b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.
- c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.
- d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.
- e. County economic and management development activities as approved by ORCA. Not more than five percent (5%) of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires ORCA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." ORCA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.
- f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:
  - (1) creates or retains jobs for low- and moderate-income persons;
  - (2) prevents or eliminates slums or blight;
  - (3) meets urgent needs;
  - (4) creates or retains businesses owned by community residents;
  - (5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
  - (6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

- a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and
- b. Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

### **3. Colonia Fund**

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by Tx CDBG staff. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

#### **3a. Colonia Planning and Construction Fund**

The allocation is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition. Applications received by the 2009 program year application deadline are eligible to receive grant awards from the 2009 and 2010 program year allocations. Funding priority shall be given to Tx CDBG applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the Tx CDBG project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

An eligible county applicant may submit one (1) application for the following eligible construction activities:

- (1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.
- (2) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

### **Colonia Planning Component**

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2009 program year application deadline are eligible to receive a grant award from the 2009 and 2010 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning activities application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

#### **(1) Colonia Area Planning Activities**

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and
- costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

#### **(2) Colonia Comprehensive Planning Activities**

To be eligible for these funds, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

### **3b. Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside**

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

An applicant may not have an existing CEDAP contract open in excess of 48 months and still be eligible for a new CEDAP award.

### **3c. Colonia Self-Help Centers Legislative Set-aside**

In accordance with Subchapter Z, Chapter 2306, Government Code, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a Texas Community Development Block Grant Program contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program. The Advisory Committee shall advise TDHCA regarding:

- (1) the needs of colonia residents;
- (2) appropriate and effective programs that are proposed or are operated through the centers; and
- (3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain

a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

- (1) providing assistance in obtaining loans or grants to build a home;
- (2) teaching construction skills necessary to repair or build a home;
- (3) providing model home plans;
- (4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
- (5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
- (6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
- (7) providing credit and debt counseling related to home purchase and finance;
- (8) applying for grants and loans to provide housing and other needed community improvements;
- (9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
- (10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
- (11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and
- (12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

[For any award made on or after September 1, 2005, any political subdivision that receives community development block grant program money targeted toward street improvement projects in eligible colonia areas must allocate not less than five percent but not more than 15 percent of the total amount of street improvement money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias if street lighting is absent or needed. \[Editor's note: Conforming insert only - Currently in the Texas Administrative Code\]](#)

#### **4. Planning And Capacity Building Fund**

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans.

A significant increase or decrease to the State's ~~2010~~2008 CDBG allocation may result in corresponding increases or decreases to the ~~2010~~2008 Planning and Capacity Building Fund allocations.

#### **5. Disaster Relief/Urgent Need Fund**

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or the President has issued a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of Tx CDBG funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a

lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

**To qualify for Disaster Relief funds:**

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program for buyout projects unless ORCA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.
- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

**To qualify for Urgent Need funds:**

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government [\(e.g., not for facilities or equipment beyond their normal, useful life span\)](#).
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the Tx CDBG for Urgent Need assistance. The Urgent Need Fund will not fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the Tx CDBG contract. The Tx CDBG reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the Tx CDBG funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the Tx CDBG funds requested. For county



applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

## **6. Tx CDBG STEP Fund**

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2009 and 2010 Community Development Fund/~~Community Development Supplemental Fund~~ grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a ~~2010~~2009 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2009 or 2010 Community Development Fund/~~Community Development Supplemental Fund~~ grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Tx CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

### Eligible Activities

For the Tx CDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer
- reasonable associated administrative costs
- reasonable associated engineering services costs

### Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the Tx CDBG STEP Fund unless the activity is approved by the Texas Community Development Block Grant Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The Tx CDBG will not reimburse for force account work for construction activities on the STEP project.

### Funding Cycle



Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The Tx CDBG will not accept an application for STEP Fund assistance until Tx CDBG staff and representatives of the potential applicant have evaluated the self-help process and Tx CDBG staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

### Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:

- 1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
- 2) readiness—local perception of the problem and the willingness to take action to solve it;
- 3) capacity—manpower including some skills required to solve the problem [and operate applicable construction equipment](#);
- 4) 40% Savings off of retail price; and
- 5) must be performed predominately by community volunteer workers.

[To be eligible for additional STEP awards, an applicant must have demonstrated to TxCDBG management that its existing STEP contracts are currently being implemented on schedule in accordance with the applicable contracts and in accordance with any TxCDBG-approved allowances.](#)

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

- 1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; Leaders that have been identified and agreed on by the community:
  - at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs)
  - one should be detailed enough to maintain the paperwork needed for the project
  - one should have some knowledge or skills to lead the self-help effort
  - And one can have a combination of these skills or just be the motivator and problem solver of the groupThese are not absolutes but the best scenario for any project.
- 2) readiness—local perception of the problem and the willingness to take action to solve it:
  - a strong local perception of the problem
  - community perception that local implementation is the best and maybe only solution
  - community has confidence that they can do it adequately
  - community has no strong competing priority
  - local government is supportive and understands the urgency
  - public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
  - effort and attention have already been given to local assessment of the problem
  - enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency

3) capacity— manpower including some skills required to solve the problem:

- Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
- List of Volunteers by task
- Possible equipment in community (not a requirement)
- Letters stating support from local businesses in form of donation of supplies or manpower
- Letter from service provider supporting project and agreeing to provide service
- CPA Letter documenting that the applying locality has financial and management capacity to compete project

4) 40% Savings off of retail price.

Documentation of the 40% savings off of the retail price:

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

**Pilot Program:**

**Renewable Energy Demonstration Pilot Program (Using Deobligated and/or Program Income)**

The TxCDBG will develop a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. It is anticipated that the projects funded would meet the National Objective of benefiting a “target area” where at least 51 percent of the residents are low and moderate income persons, although the project would be allowed to qualify under other National Objective alternatives. The maximum amount of the project would be \$500,000 and the minimum would be \$50,000.

The projects will be selected on the following basis (which are assigned points under Section IV(C)(6) of this Action Plan):

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.)

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals.

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – percent of portion of total project receiving TxCDBG funds is leveraged with other funds.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 or counties under 100,000.

### C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's ~~2010~~2009 program year CDBG allocation. The State's ~~2010~~2009 allocation could be lower than the ~~2009~~2008 allocation of ~~\$73,017,739~~~~\$71,779,088~~.

The amount available for Tx CDBG assistance will be the ~~2010~~2009 State CDBG allocation amount plus an estimated \$2,500,000 in program income. Funds will be allocated according to the following percentages of the State's ~~2010~~2009 allocation upon the execution of the grant agreement with HUD:

FUND	<del>2010</del> 2009 PERCENT	AMOUNT AVAILABLE
Community Development Fund	61.71 <sup>1</sup>	
Texas Capital Fund (TCF) Program Income from TCF	14.51	\$ 2,000,000 <sup>4</sup>
Colonia Fund		
Colonia Planning and Construction Fund	7.2 <del>68</del>	
Colonia EDAP Legislative Set-aside	2.74 <del>2</del> <sup>6</sup>	
Colonia Self-Help Centers Legislative Set-aside	2.50	
Planning And Capacity Building Fund	0.90	
Disaster Relief/Urgent Need Fund		
Disaster Relief	4.10	
Urgent Need	0 <sup>2</sup>	
Tx CDBG STEP Fund	3.14	
Administration - Percentage	2.00 <sup>5</sup>	
Administration - \$100,000	0.13 <del>70</del> <del>58</del>	
Technical Assistance	1.00 <sup>5</sup>	
Pilot Programs (Deobligated Funds/ Program Income):		
Renewable Energy Demonstration Pilot Program	0 <sup>3</sup>	
Other Program Income:		\$ 500,000

**Note:** The percentages shown above are based on the State's actual ~~2009~~2008 allocation percentages. Changes to the above percentages may occur if the State's ~~2010~~2009 CDBG allocation is higher or lower than the ~~2009~~2008 allocation of ~~\$73,017,739~~~~\$71,779,088~~.

Deobligated funds/program income notes:

<sup>1</sup> Allocated to each region based on Section II (B).

<sup>2</sup> Deobligated funds and/or program income sufficient to replenish to \$1,000,000 is made available for the Urgent Need Fund on the first day of PY ~~2010~~2009. Based on a Tx CDBG Program determination of respective demand for financial assistance under the Urgent Need and Disaster Relief portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be used for Disaster Relief projects.

<sup>3</sup> Deobligated funds and/or program income of \$500,000 is made available on the first day of PY ~~2010~~2009.

The amounts for these fund categories may be adjusted during PY ~~2010~~2009 as needed.

<sup>4</sup> Used based on Section II (C) (a).

<sup>5</sup> Fungible – May be adjusted per statutory CDBG rules.

<sup>6</sup> [May be transferred for other projects benefitting Colonias if there are an insufficient number of EDAP-eligible projects ready for CEDAP connection funding](#)

## **Summary of Activities That Utilize 1% Technical Assistance Funding**

### ***Technical Assistance Performed Through the Community Development Program***

The Texas Community Development Block Grant Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (1% TA) set-aside approved by HUD. These visits will be conducted throughout the year when the Tx CDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

Tx CDBG Community Development staff, including ORCA field office staff, will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial Tx CDBG project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries which allows Tx CDBG staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% technical assistance funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% technical assistance funds for on-site technical assistance on the Colonia Self-Help Centers program.

The Tx CDBG is utilizing the 1% technical assistance funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The Tx CDBG may utilize the 1% technical assistance funds to support Tx CDBG activities related to ORCA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that ORCA dedicate considerable resources for disaster recovery efforts.

In ~~2010~~2009, the Tx CDBG will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of non-entitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% technical assistance funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for Tx CDBG funds in each region.

The 1% technical assistance funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% technical assistance funds may be used to support the operations of ORCA' technical assistance field offices in West Texas, South Texas, and East Texas and other ORCA Community Development-related field office activities.

### **Deobligated Funds, Unobligated Funds, and Program Income**

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the Tx CDBG for eligible Texas Community Development Block Grant Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Block Grant Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds which HUD has recaptured from Small Cities may be redistributed among the established

~~2010~~2009 program year fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the ORCA Board on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, established priority uses within existing fund categories or programs, any awards necessary to resolve appeals under fund categories requiring publication of contract awards in the Texas Register, TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of ORCA. Other purposes or initiatives may be established as a priority use of such funds within existing fund categories or programs by the ORCA Board.

If a portion of the State's ~~2010~~2009 Community Development Block Grant allocation is rescinded by the federal government, or if the State's ~~2010~~2009 allocation is decreased or increased significantly from the State's ~~2009~~2008 allocation, the Tx CDBG may make corresponding changes within the fund allocation percentages as required.

**(b) Re-distribution of Funds Recaptured from Withdrawn Awards.** Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the Tx CDBG's award letter to the applicant, the award will be immediately withdrawn by the Tx CDBG (excluding the colonia self-help center awards). Should the applicant fail to execute the Tx CDBG's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the Tx CDBG. For an award that is withdrawn from an application, the Tx CDBG follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) For the Community Development Fund, if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other Tx CDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(3) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Colonia Planning and Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx

CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section,.

(5) Funds recaptured under the Colonia Economically Distressed Areas Program Legislative Set-Aside from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program set-aside applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program set-aside applications within twelve months after the Tx CDBG receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other Tx CDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(9) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

#### **D. PROGRAM INCOME**

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Block Grant Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

##### **1. Texas Capital Fund Program Income**

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. This section, "Texas Capital Fund Program Income," replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to Tx CDBG approval of an RLFP must be returned to the State." 2) "...every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived." 3) "...contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state."

## **2. Program Income Generated Through Housing Activities**

For program income generated through housing activities funded through the Housing Fund or Tx CDBG fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least sixty (60) days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the Tx CDBG.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the Tx CDBG.



### III. APPLICATION INFORMATION

#### A. TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Block Grant Program:

##### 1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in Tx CDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the Tx CDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the Tx CDBG application threshold requirements would be considered ineligible.

##### 2. Multi-Jurisdiction Applications

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application and the authorized applicant is accountable to the Tx CDBG for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one state planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

#### B. APPLICATION CYCLES

Based on the support from cities and counties for previous biennial funding cycles, applications for the Community Development, Colonia Planning and Construction Fund, and Planning and Capacity Building Fund will be accepted on a biennial basis. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	Biennial <sup>1</sup>	<a href="#">December 12, 2008 in 21 regions and February 20, 2009 in 3 regions</a> <del>September 2008</del>
2. Texas Capital Fund		
Real Estate Program	Four times annually	
Infrastructure Program	Four times annually	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
3. Colonia Fund:		

Planning and Construction Fund	Biennial	<del>March 27, 2009</del> <del>December 2008</del>
EDAP Set-aside	As-needed	
4. Planning/Capacity Building Fund	Biennial <sup>1</sup>	<a href="#">December 12, 2008 in 21 regions and February 20, 2009 in 3 regions</a> <del>September 2008</del>
5. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need <sup>2</sup>	By notification	
6. Tx CDBG STEP Fund	Two times annually	
Renewable Energy Demonstration Pilot Program	As announced, at least once annually.	

<sup>1</sup> The applications submitted for the program year ~~2010~~~~2009~~ Community Development Fund and Planning and Capacity Building Fund as part of the 2009/2010 biennial application process will be scored and ranked. Applications will be funded to the extent that allocated ~~2010~~~~2009~~ funds are available. Applications submitted for the Colonia Planning and Construction Fund will be scored and ranked. The final 2009 program year rankings under the Community Development Fund, Planning and Capacity Building Fund, Colonia Planning and Construction Fund will be used to determine the 2009 applicants that are selected for funding from the 2010 program year allocations. Only one application may be submitted for the combined 2009 program year and 2010 program year period under the Community Development Fund, Colonia Construction component, Colonia Planning component, and the Planning and Capacity Building Fund.

### C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Block Grant Program are:

FUND	CONTRACT AWARD	
	MAXIMUM	MINIMUM
<b>Community Development Fund</b>		
Single Applicant	\$ 800,000 <sup>1</sup>	\$ 75,000 <sup>1</sup>
Multi-Jurisdiction Application	\$ 800,000 <sup>1</sup>	\$ 75,000 <sup>1</sup>
<b>Texas Capital Fund</b>		
Real Estate Program	\$ 750,000 <sup>2</sup>	\$ 50,000
Infrastructure Program	\$ 750,000 <sup>2</sup>	\$ 50,000
Main Street Program	\$ 150,000 <sup>3</sup>	\$ 50,000
Downtown Revitalization Program	\$ 150,000 <sup>3</sup>	\$ 50,000
<b>Colonia Fund</b>		
Construction Fund Component	\$ 500,000	\$ 75,000
EDAP Set-aside	\$ 500,000	None
Area Planning Component	\$ 100,000 <sup>4</sup>	None
Comprehensive Planning Component	\$ 200,000 <sup>4</sup>	None
<b>Planning/Capacity Building Fund</b>	\$ 50,000	None
<b>Disaster Relief/Urgent Need Fund</b>		
Disaster Relief Fund	\$ 350,000	\$ 50,000
Urgent Need Fund	\$ 250,000	\$ 25,000
<b>Tx CDBG STEP Fund</b>	\$ 350,000	None

**Renewable Energy Demonstration Pilot Program**

\$ 500,000

\$ 50,000

- <sup>1</sup> Regional Review Committees are authorized to establish a grant maximum for their respective regions between \$250,000 and \$800,000 for a single jurisdiction application and between \$350,000 and \$800,000 for a multi-jurisdiction application. The maximum amount for a housing or non-border colonia priority activity application is the same as other Community Development Fund applications in the region.
- <sup>2</sup> The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than \$750,000, but may not exceed \$1,000,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as "jumbo" awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the \$1,000,000 increased maximum grant amount, however, projects that receive an amount greater than \$750,000 may not exceed \$2,000,000 in total awards during the program year.
- <sup>3</sup> Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is \$150,000. Main Street Program projects may not exceed \$600,000 in total awards. The Downtown Revitalization Program projects may not exceed \$1,200,000 in total awards.
- <sup>4</sup> The maximum grant award for the Colonia Comprehensive Planning component is set at \$200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county's total unincorporated area population.

Amounts shown are maximum funding levels or contract "ceilings," since the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Block Grant Program are subject to negotiation between ORCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

**D. PROJECT LENGTH**

All funded projects, except the Texas Capital Fund and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. [STEP contracts for awards made in PY 2010 will continue to be for a twenty-four \(24\) month term with no automatic extension to 36 months, which is the same as PY 2009 STEP awards.](#) [Editor's note: No program change. In PY 2009 the change to 24- month contracts was made by deleting the 36-month option. This is being added solely for emphasis.] The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. The other Texas Capital Fund programs must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Center contracts may be adjusted to account for each program year award. Waivers through a contract amendment of these requirements for any Tx CDBG contract will only be granted when a waiver request is submitted in writing to ORCA or TDA (for Texas Capital Fund contracts) and ORCA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

**E. REVIEW PROCESS**

**1. Regional Review Committees (RRC) - Composition**

There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed at the pleasure of the Governor.

The Regional Review Committees may review and comment on applications to other Tx CDBG fund categories.

## **2. State Review Committee (SRC) – Composition and Role**

~~A State Community Development Review Committee comprised of 12 local elected officials appointed by the Governor for two-year terms is provided for by State statute. Chapter 487.353 of the Texas Government Code prescribes the duties of the State Review Committee.~~

~~Chapter 487.353 says the State Review Committee shall:~~

- ~~—(1) consult with and advise the executive director of ORCA on the administration and enforcement of the community development block grant program; and~~
- ~~—(2) in consultation with the executive director and Tx CDBG office staff, review and approve grant and loan applications and associated funding awards of eligible counties and municipalities and advise and assist the executive director regarding the allocation of program funds to those applicants.~~

~~The State Review Committee may annually recommend to the executive director a formula for allocating funds to each geographic state planning region established by the governor under Chapter 391, Local Government Code. The formula must give preference to regions according to the regions' needs.~~

~~An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the State Review Committee by filing a complaint with the ORCA board. The board will hold a hearing on a complaint filed with the board and render a decision.~~

## **23. Texas Capital Fund Review Process**

The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

## **34. Clearinghouse Review**

Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

## **45. Regional Water Plans**

Water activities included in Tx CDBG applications must be consistent with Regional Water Plans promulgated by Senate Bill 1. (Passed during the 75<sup>th</sup> State of Texas Legislative Session)

## **F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS**

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Block Grant Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
  - a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
  - b. Indicate intention to use a third-party administrator, if applicable;
  - c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff; or
  - d. Tx CDBG management may determine that an applicant has or does not have the capacity to manage and administer the proposed project based on an applicant's prior performance on a Tx CDBG contract.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
  - a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight;

- b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles; and/or
  - c. TxCDBG management may determine that an applicant has or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project based on a review of audited financial records, current financial status, or current financial management of a TxCDBG contract.
3. Levy a local property (ad valorem) tax or local sales tax option.
4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Block Grant Program contracts, by using the following criteria:
- a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in ORCA's resolution letter(s);
  - b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
  - c. No outstanding delinquent response to a written request from Tx CDBG regarding a request for repayment of funds to Tx CDBG; or
  - d. Not more than one outstanding delinquent response to a written request from Tx CDBG regarding compliance issues such as a request for closeout documents or any other required information.
5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Block Grant Program contracts, by using the following criteria:
- a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the ORCA resolution process.
6. Submit any past due audit to ORCA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.
- a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but the TXCDBG may withhold the award or issuance of a contract until it receives a satisfactory audit.  
  
The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.
  - b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Block Grant Program.  
  
The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's state budget appropriation. Failure to meet the threshold will be reported to the Texas Department of Housing and Community Affairs for review and recommendation.

(c) If an audit becomes due after the award date, the Office may withhold the issuance of a contract until it receives a satisfactory audit. If a satisfactory audit is not received by the Office within four months of the audit due date, the Office may withdraw the award and re-allocate the funds in accordance with Section II(C)(b) (excludes the colonia self-help center awards and Texas Capital Fund awards). [Editor's note: Conforming insert only - Currently in the Texas Administrative Code]

7. **12-Month Applicant Threshold Requirement**

Obligate at least fifty percent (50%) of the total Tx CDBG funds awarded under an open Tx CDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines

and have received all applicable environmental approvals from TxCDBG covering this obligation. This threshold is applicable to Tx CDBG contracts with an original 24-month contract period.

To meet this threshold, 50% of the Tx CDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. The Tx CDBG contract activities do not have to be 50% completed, nor do 50% of the Tx CDBG contract funds have to be expended to meet this threshold.

**Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories**

**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories ~~or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund~~ [Editor's note: No change. Just moved below.]**

Community Development Fund  
 Community Development Supplemental Fund  
 Colonia Construction Fund  
 Colonia Fund Planning  
 Disaster Relief / Urgent Need Fund  
 Planning/Capacity Building Fund  
 Non-Border Colonia Fund  
[Texas STEP \(except for STEP contracts awarded prior to PY 2010\)](#)

Texas Capital Fund  
 Colonia Self-Help Centers Fund  
 Housing Rehabilitation Fund  
 Housing Infrastructure Fund  
 Texas STEP  
 Colonia Economically Distressed Areas  
 Disaster Recovery Initiative  
 Young vs. Martinez  
 Microenterprise Loan Fund  
 Small Business Loan Fund  
 Section 108 Loan Guarantee  
 Renewable Energy Demonstration Pilot Program

[This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund or for the Renewable Energy Demonstration Pilot Program](#)

**8. 24-Month Applicant Threshold Requirement**

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold “expended” means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold will apply to an open Tx CDBG contract with an original 24-month contract period and to Tx CDBG Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

**Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories**

**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories ~~or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund~~ [Editor's note: No change. Just moved below.]**

Community Development Fund  
 Community Development Supplemental Fund  
 Colonia Construction Fund  
 Colonia Fund Planning

Texas Capital Fund  
 Colonia Self-Help Centers Fund  
 Housing Rehabilitation Fund  
 Housing Infrastructure Fund  
 Texas STEP (original 24-month contract, extended to



Disaster Relief / Urgent Need Fund Planning/Capacity Building Fund Non-Border Colonia Fund <a href="#">Texas STEP (except for STEP contracts awarded prior to PY 2009)</a> (See note)	36-months) awarded prior to PY 2009 (See note) Colonia Economically Distressed Areas Disaster Recovery Initiative Young vs. Martinez Microenterprise Loan Fund Small Business Loan Fund Section 108 Loan Guarantee Renewable Energy Demonstration Pilot Program
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Editor's note: STEP awards prior to PY 2009 were awarded with a 24-month contract that may be extended to 36 months. STEP awards in PY 2009 had a term of 24 months and the 36-month provision was deleted from the PY 2009 Action Plan. A STEP contract awarded in PY 2009 would not reach 24 months until 2011 so this is advance notice.

[This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.](#)

**9. 36-Month Applicant Threshold Requirement**

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold is applicable for a previously awarded Tx CDBG contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to Tx CDBG Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

**Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories**

**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories ~~or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund~~** [Editor's note: No change. Just moved below.]

Texas STEP (original 36-month contract or original 24-month contract, extended to 36 months)

Texas Capital Fund (see Texas Capital Fund Section)  
 Colonia Self-Help Centers Fund  
 Housing Rehabilitation Fund  
 Colonia Economically Distressed Areas  
 Disaster Recovery Initiative  
 Young vs. Martinez  
 Microenterprise Loan Fund  
 Small Business Loan Fund  
 Section 108 Loan Guarantee  
 Renewable Energy Demonstration Pilot Program

[This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.](#)

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.
11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit

to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

12. Based on a pattern of unsatisfactory (a.) performance on previously awarded Texas Community Development Block Grant Program contracts, (b.) management and administration of Tx CDBG contracts, or (c) financial management capacity based on a review of official financial records and audits, ORCA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for Tx CDBG funding even though at the application date it meets the threshold and past performance requirements. ORCA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

## **G. ADMINISTRATION OF TxCDBG CONTRACTS**

In order to administer a TxCDBG contract awarded in PY ~~2010~~2009, the administrator (contracted administrators on behalf of the client community or the city or county staff of self-administering award recipients) must attend, and retain the completion certificate, from the most recent cycle of TxCDBG Project Implementation Manual workshops. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.) The TxCDBG contract recipient (city or county) is strongly encouraged to attend the TxCDBG Project Implementation Workshops even if it anticipates using an outside firm to provide it with contract administration services.

The TxCDBG is under no obligation to approve any changes in a performance statement of a TxCDBG contract that would result in a program year score lower than originally used to make the award if the lower score would have initially caused that project to be denied funding. This does not apply to colonia self-help centers or the Texas Capital Fund. [Editor's note: Conforming insert only - Currently in the Texas Administrative Code]

## **IV. APPLICATION SELECTION CRITERIA**

### **A. GENERAL DESCRIPTION**

The scoring criteria used in the TxCDBG are described in Section C below.

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

- (1) Jobs
- (2) Business Emphasis
- (3) Feasibility
- (4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

- (1) Community Profile
- (2) Project Feasibility
- (3) Leverage Ratio
- (4) Aiding in the Elimination of Slum an/or Blight Conditions

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.



In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for Tx CDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote Tx CDBG-eligible economic development in the community or for Tx CDBG-eligible construction, improvement, extension, repair, or maintenance of Tx CDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

**Readiness to Proceed Requirements:** In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

- a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.
- b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider's application.
- c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant's cash match included in the Tx CDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the Tx CDBG contract, in accordance with 24 CFR Part 570.

**B. RESOURCES FOR DESCRIPTIONS OF SELECTION CRITERIA BY FUND CATEGORY**

Starting on the next page, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this ~~2010~~2009 Action Plan for the ~~2010~~2009 program year. Any changes to the selection criteria will be published in the *Texas Register* prior to final adoption.

The Texas Administrative Code can be found on the Texas Secretary of State website at [www.sos.state.tx.us](http://www.sos.state.tx.us). Listed below are the Tx CDBG fund categories that are currently contained in the Texas Administrative Code. Certain Texas Administrative Code sections are retained for previous Fund Categories to govern existing TxCDBG contracts.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
<del>255.3</del>	<del>Young v. Martinez Fund</del>
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund

255.8	Regional Review Committees
255.9	Colonia Fund
<del>255.10</del>	<del>Housing Fund</del>
255.11	Small Towns Environment Program Fund
<del>255.12</del>	<del>Microenterprise Loan Fund</del>
<del>255.13</del>	<del>Small Business Loan Fund</del>
<del>255.14</del>	<del>Section 108 Loan Guarantee Pilot Program</del>
<del>255.15</del>	<del>Community Development Supplemental Fund</del>
<del>255.16</del>	<del>Non-Border Colonia Fund</del>
<a href="#">255.17</a>	<a href="#">Renewable Energy Demonstration Pilot Program</a>

## C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

### 1. COMMUNITY DEVELOPMENT FUND

#### a. Regional Review Committee (RRC) Objective Scoring

(1) Responsibilities of the RRC:

Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input.

(2) Maximum RRC Points Possible:

The RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring factors.

(3) RRC Selection of the Scoring Factors:

The RRCs are responsible for convening public hearings to discuss and select the objective scoring factors that will be used to score applications at the regional level. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring factors is the responsibility of each RRC. Each RRC shall develop a Regional Review Committee Guidebook, in the format provided by TxCDBG staff, to notify eligible applicants of the objective scoring factors and other RRC procedures for the region.

(4) Examples of RRC Objective Scoring Factors:

Examples of objective scoring factors are shown in Appendix [AB](#) to further clarify the term objective.

The RRC must clearly indicate how responses would be scored under each factor and use data sources that are verifiable to the public. After the RRC's adoption of its scoring factors, the score awarded to a particular application under any RRC scoring factor may not be dependent upon an individual RRC member's judgment or discretion. (This does not preclude collective RRC action that the state TxCDBG has approved under any appeals process.)

(5) RRC Priority Set-asides:

Housing and Non-Border Colonia projects - Each Regional Review Committee is highly encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and for RRCs in eligible areas, non-border colonia projects, for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.) The RRC must include any set-aside in its Regional Review Committee Guidebook.

(6) RRC Designation of Staff Support:

The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support:

- (i) Regional Council of Governments (COG), or
- (ii) TxCDBG staff or TxCDBG designee, or
- (iii) A combination of COG and TxCDBG staff or TXCDBG designee.

The RRC Guidebook should be adopted by the RRC and approved by TxCDBG staff at least 90 days prior to the application deadline.

The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. ORCA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and TxCDBG scores are summed. The RRC is responsible for providing to the public the RRC scores, while the TxCDBG is responsible for publishing the final ranking of the applications.

(7) Tie-breaker in a region:

If needed in the ranking of applications within a region based on available funds remaining, a tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

**b. State Scoring (TxCDBG Staff Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC**

(1) Past Selection – Maximum Points - 2% of Maximum Possible RRC Score for each region - are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award

(2) Past Performance - Maximum Points - 4% of Maximum Possible RRC Score for each region

An applicant can receive points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years (for CD/CDS contracts only the 2003/2004 and 2005/2006 cycle awards will be considered). The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. (Adjustments may be made for contracts that are engaged in appropriately pursuing due diligence such as bonding remedies or litigation to ensure adequate performance under the TxCDBG contract.) The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.
- The expenditure timeframes on the applicable TXCDBG contracts.

(3) Benefit To Low/Moderate-Income (LMI) Persons -- Applications that meet the Low and Moderate Income National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 2% of the Maximum Possible RRC Score for each region.

(4) Cost per Household (CPH) – The total amount of TxCDBG funds requested by the applicant is divided by the total number of households benefiting from the application activities to determine the TxCDBG cost per household. (Use pro rata allocation for multiple activities.) – Up to 2% of the Maximum RRC Score for each region.

- (i) Cost per household is equal to or less than \$8,750 – 2%.
- (ii) Cost per household is greater than \$8,750 but equal to or less than \$17,500 – 1.75%.

- (iii) Cost per household is greater than \$17,500 but equal to or less than \$26,500 – 1.25%.
- (iv) Cost per household is greater than \$26,500 but equal to or less than \$35,000 – 0.5%.
- (v) Cost per household is greater than \$35,000 – 0%.

(When necessary, a weighted average is used to score to applications that include multiple activities with different beneficiaries. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

(Maximum State points - the calculated maximum score is rounded to a whole integer, with Past Selection, Past Performance, and LMI being rounded to a whole integer and CPH points being the difference.)

The RRC may not adopt scoring factors that directly negate or offset these state factors.

**c. Other TxCDBG State Responsibilities:**

The state TxCDBG staff will review each RRC Guidebook to ensure that the scoring procedures are in compliance with 24 CFR 91.320(k)(1). The regulation states in part that “The statement of method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.” TxCDBG staff will also review the scoring factors selected to ensure that all scoring factors are objective. Each RRC must obtain written approval from TxCDBG staff before implementing the RRC scoring process. As part of the approval process of the RRC Guidebook, the TxCDBG state staff may provide further details or elaboration on the objective scoring methodology, data sources and other clarifying details without the necessity of a subsequent RRC meeting.

~~In the event that an RRC fails to approve an objective scoring methodology to the satisfaction of the TxCDBG or if the RRC fails to implement the approved methodology, TxCDBG will score and rank all applications for the region under the methodology shown in Appendix A of this Action Plan.~~

The state TxCDBG staff may establish:

- (i) a deadline for the RRC to adopt objective factors for all of its scoring components and submit its adopted Guidebook incorporating the objective scoring methodology to the state TxCDBG staff for approval;
- (ii) an RRC scoring review appeals process in the Guidebook Instructions and/or the Texas Administrative Code.

~~The TxCDBG will award 2008 funds for a region after its RRC has adopted an objective scoring for PY 2009. If the RRC does not adopt an objective scoring methodology and submit it to the state TxCDBG for approval by the established deadline above, the state TxCDBG staff will establish for the region the scoring factors in Appendix A for the 2009 applications as described above and will award PY 2008 funds for a region after the region's applications have been re-scored using the State scoring method in IV (C)(1)(a-e) of the 2007 Action Plan.~~

Only the state TxCDBG staff may disqualify an application submitted in a region. The regional scores for RRC factors and the ranking of applications are not considered final until they have been reviewed and approved by the state TxCDBG staff.

**Community Development Fund Marginal Competition**

Due to the two-year funding cycle proposed for program years 2009 and 2010, a Community Development Fund pooled marginal competition ~~was~~will not ~~be~~conducted for program year 2009. A pooled marginal competition may be conducted for program year 2010 using available funds if the State's 2010 allocation is not decreased significantly from the State's estimated 2010 Community Development allocation.

All applicants whose marginal amount available is under \$75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the Tx CDBG grant minimum of \$75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than \$75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than \$75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the Tx CDBG Community Development Fund factors scored by TXCDBG staff as described in this section with the following adjustments (1) Past Selection – Ten (10) points are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award; (2) Past Performance – Up to 25 points; and (3) Community Distress -- 55 Points Maximum (Percentage of persons living in poverty 25 points; Per Capita Income 20 points; Unemployment Rate 10 points)

<b>2a. TEXAS CAPITAL FUND      Real Estate, And Infrastructure Programs</b>
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The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

- a. Creation or retention of jobs primarily for low to moderate income persons
- b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
- c. Generation of a greater ratio of private investment to Texas Capital Fund investment
- d. Expansion of markets through manufacturing and/or value-added processing
- e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
- f. Benefit to areas of the state most in need by considering job impact to community
- g. Assistance for small businesses and Historically Underutilized Businesses
- h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

<b>2b. TEXAS CAPITAL FUND      Main Street Program</b>
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The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

- a. Aid in the elimination of slum or blight
- b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
- c. Feasibility of project
- d. Generation of a greater ratio of private investment to Texas Capital Fund investment
- e. Texas Historical Commission scoring
- f. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

<b>2c. TEXAS CAPITAL FUND      Downtown Revitalization Program</b>
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The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

- a. Aid in the elimination of slum or blight
- b. Feasibility of project
- c. Generation of a greater ratio of private investment to Texas Capital Fund investment
- d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

<b>3a. COLONIA CONSTRUCTION COMPONENT</b>	<b>430 Total Points Maximum</b>
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**a. Community Distress -- 35 Points (Maximum)**

- Percentage of persons living in poverty 15 points
- Per Capita Income 10 points
- Percentage of housing units without complete plumbing 5 points
- Unemployment Rate 5 points

**b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)**

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

**c. Project Priorities -- 195 Points (Maximum)**

- Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems 195
- First time public Water service activities (including yard service lines) 145
- First time public Sewer service activities (including yard service lines) 145
- Installation of approved residential on-site wastewater disposal systems for providing first time service 145
- Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues 140
- Housing Activities 140
- First time Water and/or Sewer service through a privately-owned for-profit utility 135
- Expansion or improvement of existing Water and/or Sewer service 120
- Street Paving and Drainage activities 75
- All Other eligible activities 20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

**d. Project Design -- 140 Points (Maximum)**

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

**e. Matching Funds -- 20 Points (Maximum)**

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 20 points
- Match at least 2%, but less than 5% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 20 points
- Match at least 2.5%, but less than 10% of grant request 10 points
- Match less than 2.5% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 20 points
- Match at least 3.5%, but less than 15% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 20 points
- Match at least 5%, but less than 20% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider



sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

### **Past Performance – 10 points (Maximum)**

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

### **Colonia Construction Component Marginal Applicant**

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Component grant minimum of \$75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Component allocation is less than \$75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established Tx CDBG fund categories.

### **3b. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM SET-ASIDE**

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established ~~2008~~ current program year fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible



approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

Tx CDBG staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the Tx CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Cost per beneficiary.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

<b>3c. COLONIA AREA PLANNING COMPONENT</b>	<b>340 Total Points Maximum</b>
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**a. Community Distress -- 35 Points (Maximum)**

- |   |           |
|---|-----------|
| • Percentage of persons living in poverty               | 15 points |
| • Per Capita Income                                     | 10 points |
| • Percentage of housing units without complete plumbing | 5 points  |
| • Unemployment Rate                                     | 5 points  |

**b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)**

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

**c. Matching Funds -- 20 Points (Maximum)**

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- |  |           |
|--|-----------|
| • Match equal to or greater than 5% of grant request   | 20 points |
| • Match at least 2%, but less than 5% of grant request | 10 points |
| • Match less than 2% of grant request                  | 0 points  |

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- |   |           |
|---|-----------|
| • Match equal to or greater than 10% of grant request     | 20 points |
| • Match at least 2.5%, but less than 10% of grant request | 10 points |
| • Match less than 2.5% of grant request                   | 0 points  |

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- |   |           |
|---|-----------|
| • Match equal to or greater than 15% of grant request     | 20 points |
| • Match at least 3.5%, but less than 15% of grant request | 10 points |
| • Match less than 3.5% of grant request                   | 0 points  |

Applicant(s) population over 5,000 according to the 2000 Census:

- |   |           |
|---|-----------|
| • Match equal to or greater than 20% of grant request   | 20 points |
| • Match at least 5%, but less than 20% of grant request | 10 points |
| • Match less than 5% of grant request                   | 0 points  |

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

**d. Project Design -- 255 Points (Maximum)**

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The Tx CDBG cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

**Colonia Area Planning Component Marginal Applicant**

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning allocation will be reallocated to either fund additional Colonia Comprehensive Planning applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

<b>3d. COLONIA COMPREHENSIVE PLANNING COMPONENT</b>	<b>200 Total Points Maximum</b>
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**a. Community Distress -- 25 Points (Maximum)**

- |   |           |
|---|-----------|
| • Percentage of persons living in poverty               | 10 points |
| • Per Capita Income                                     | 5 points  |
| • Percentage of housing units without complete plumbing | 5 points  |
| • Unemployment Rate                                     | 5 points  |

**b. Project Design -- 175 Points (Maximum)**

Each application will be scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- An applicant that has previously received a Tx CDBG comprehensive planning award would receive lower priority for funding.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

**Colonia Comprehensive Planning Component Marginal Applicant**

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and

accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

<b>4. PLANNING AND CAPACITY BUILDING FUND</b>	<b>430 Total Points Maximum</b>
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**a. Community Distress -- 55 Points (Maximum)**

- Percentage of persons living in poverty 25 points
- Per Capita Income 20 points
- Unemployment rate 10 points

**b. Benefit to Low/Moderate Income Persons - 0 Points**

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

**c. Project Design -- 375 Points (Maximum)**

(1) Program Priority 50 points

Applicant chooses its own priorities here with 10 points awarded per priority as provided below.

Base studies (base mapping, housing, land use, population components) are recommended as one selected priority for applicants lacking updated studies unless they have been previously funded by TXCDBG or have been completed using other resources.

An applicant requesting TxCDBG funds for fewer than five priorities may receive point credit under this factor for planning studies completed within the last 10 years that do not need to be updated. An applicant requesting TxCDBG funds for a planning study priority that was completed within the past 10 years using TxCDBG funds would not receive scoring credit under this factor.

Applicants should not request funds to complete a water or sewer study if funds have been awarded within the last two years for these activities or funds are being requested under other TxCDBG fund categories.

(2) Base Match 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

The population will be based on available information in the latest national decennial census.

(3) Areawide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 30 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 2000 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant’s Proposed Planning Effort based on an evaluation of the following:
  - the extent to which any previous planning efforts have been implemented or accomplished;
  - how clearly the proposed planning effort will resolve community development needs addressed in the application;
  - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
  - demonstration of local commitment.

<b>5. Tx CDBG STEP FUND</b>	<b>120 Total Points Maximum</b>
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The following is the selection criteria to be used by Tx CDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors:

**a. Project Impact – 60 Points (Maximum)**

Activity	Score
• First time service	60-40
• To address drought	60-40
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-40
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60-40
• Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
• Problems due to severe pressure problems (documented)	50-40
• Line replacement (water or sewer) other than for above	40-30
• All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and
2. projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally given additional consideration.

**b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)**

The Tx CDBG staff will assess the proposal for the following STEP characteristics not scored in other factors:

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. local leaders (sparkplugs) willing to both lead and sustain the effort;

3. readiness to proceed – the local perception of the problem and the willingness to take action to solve it;
4. capacity – the manpower required for the proposal including skills required to solve the problem and operate applicable construction equipment;
5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in Tx CDBG dollars requested per beneficiary, etc.; and
6. local efforts being made by applicants in utilizing local resources for community development.

**c. Past Participation and Performance – 15 Points (Maximum)**

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant’s past performance on previously awarded Tx CDBG contracts. The applicant’s score will be primarily based on our assessment of the applicant’s performance on the applicant’s two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant’s performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant’s performance on Tx CDBG contracts up to the application deadline date. The applicant’s performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant’s past performance will include, but is not necessarily limited to the following:

- The applicant’s completion of the previous contract activities within the original contract period.
- The applicant’s submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant’s submission of the required close-out documents within the period prescribed for such submission.
- The applicant’s timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant’s timely response to audit findings on previous Tx CDBG contracts.

**d. Percentage of Savings off of the retail price – 10 Points (Maximum)**

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points

41% - 44.99% Savings 1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50% - 54.99% Savings	5 points
45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

**e. Benefit To Low/Moderate-Income Persons – 5 Points (Maximum)**

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 12(b) to be considered for funding.

<b>6. RENEWABLE ENERGY DEMONSTRATION PILOT PROGRAM</b>	<b>70 Total Points Maximum</b>
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**(A) Type of Project:** Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons – up to 15 points.

**(B) Innovative Technology / Methods –** A project that would demonstrate the application of innovative technology and/or methods – up to 10 points.

**(C) Duplication in Other Rural Areas –** A project that could have widespread application (although it would not need to be applicable in every portion of the state.) – up to 10 points

**(D) Long-term Cost / Benefit and Texas Renewable Energy Goals –** Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals – up to 10 points

**(E) Partnership / Collaboration –** Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses – up to 10 points.

**(F) Leveraging –** projects with committed funds from other entities including funding agencies, local governments, or businesses.

Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

- Match equal to or greater than 15% of grant request 10 points
- Match at least 8% but less than 15% of grant request 5 points
- Match at least 3%, but less than 8% of grant request 3 points
- Match at least 2%, but less than 3% of grant request 1 point
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

- Match equal to or greater than 25% of grant request 10 points
- Match at least 13% but less than 25% of grant request 5 points

- Match at least 5%, but less than 13% of grant request 3 points
- Match at least 3%, but less than 5% of grant request 1 point
- Match less than 3% of grant request 0 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

- Match equal to or greater than 35% of grant request 10 points
- Match at least 18% but less than 35% of grant request 5 points
- Match at least 7%, but less than 18% of grant request 3 points
- Match at least 4%, but less than 7% of grant request 1 point
- Match less than 4% of grant request 0 points

Applicant(s) population over 10,000 according to the latest decennial Census:

- Match equal to or greater than 50% of grant request 10 points
- Match at least 25% but less than 50% of grant request 5 points
- Match at least 10%, but less than 25% of grant request 3 points
- Match at least 5%, but less than 10% of grant request 1 point
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county.

**(G) Location in Rural Areas** – Projects that benefit cities with populations under 10,000 or counties under 100,000 – 5 points.

## **V. PERFORMANCE MEASURES** - Goals, Objectives, Outcomes, Strategies, and Outputs

### **Tx CDBG Strategic Plan Performance Measures:**

The Tx CDBG currently has a performance measurement system in place that is part of its strategic plan and the Texas legislative budgeting process. The Tx CDBG has already implemented a performance measurement system that supports the HUD goals as stated in *CPD Notice – 03-09*, issued September 3, 2003, which “strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system.” In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to “(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs.”

The Tx CDBG has the following Performance Measures system in place for administering and evaluating the success of the CDBG non-entitlement program.

### | GOALS, OBJECTIVES AND OUTCOMES – For FY ~~2009-2010~~2008-2009

- Goal 1: Support Community and Economic Development Projects
- Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
- Outcome 1: Percent of the Small Communities’ Population Benefiting from Projects
- Outcome 2: Percent of Requested Project Funds Awarded to Projects Using Annual HUD Allocation

### | STRATEGIES AND EFFICIENCY, EXPLANATORY AND OUTPUT MEASURES – For ~~2009-2010~~2007-2008

- Goal 1: Support Community and Economic Development Projects
- Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
- Strategy 1: Provide Grants for Community and Economic Development Projects
- Efficiency 1: Average Agency Administrative Cost per Contract Administered
- Output 1: Number of New Contracts Awarded
- Output 2: Number of Projected Beneficiaries from New Contracts Awarded
- Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually

Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded  
Output 5: Number of Programmatic Monitoring Visits Conducted  
Output 6: Number of Single Audit reviews Conducted Annually

#### **HUD CDBG Performance Outcome Measurement System:**

The Tx CDBG has ~~begun to~~ implemented the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

### **VI. OTHER ~~2010~~2009 CDBG PROGRAM GUIDELINES**

#### **A. COMMUNITY NEEDS ASSESSMENT**

Each applicant for Tx CDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

#### **B. LEVERAGING RESOURCES**

##### **Texas Capital Fund**

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

- a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of \$750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of \$750,100 to \$1,000,000.
- b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the ~~2009~~2008 program year then the estimated amount of leveraged funds for the ~~2010~~2009 program year is approximately \$45 million.

#### **C. MINORITY HIRING/PARTICIPATION**

The Tx CDBG encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

#### **D. CITIZEN PARTICIPATION**



A grant to a locality under the Texas Community Development Block Grant Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. Tx CDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in Tx CDBG application guides.

**APPENDIX A**

**PY 2009-2010 Community Development Fund Scoring for a region if the Regional Review Committee fails to adopt an Objective Methodology**

**1. COMMUNITY DEVELOPMENT FUND**

**a. Regional Review Committee (RRC) Project Priorities -- 100 points (Minimum)**

The RRC's Project Priorities taken from the TxCDBG-approved RRC Scoring Guidelines for the region for the 2007-2008 CD/CDS cycle.  
(Adjusted if necessary for an objective methodology as described in the PY 2009 TxCDBG Action Plan.)

**b. Community Distress -- 55 Points (Maximum)**

- Percentage of persons living in poverty 25 points
- Per Capita Income 20 points
- Unemployment Rate 10 points

Compare each applicant's per capita income level to all other applicants in the region based on the established TxCDBG method.

**c. Benefit To Low/Moderate Income Persons -- 20 Points (Maximum)**

Applications that meet the Low and Moderate Income National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 20 points.

**d. Project Impact -- 175 Points (Maximum)**

Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of Tx CDBG staff to generate scores on the Project Impact factor.

Each application is scored by a committee composed of Tx CDBG staff. Each committee member separately evaluates an application and assigns a score within a predetermined scoring range based on the application activities. The separate scores are then totaled and the application is assigned the average score. The scoring ranges used for Project Impact scoring are:

ACTIVITIES	SCORING RANGE
•Water, Sewer, and Housing	175-145
•Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175-145
•Street Paving, Drainage, Flood Control and Accessibility Activities for Persons With Disabilities	160-130
•Fire Protection, Health Clinics, and Facilities Providing Shelter For Persons With Special Needs (Hospitals, Nursing Homes, Convalescent Homes)	145-125
•Community/Senior/Social Services Centers	135-115
•Demolition/Clearance, Code Enforcement	135-115
•Gas/Electrical Facilities and Solid Waste Disposal	130-110
•Access to Basic Telecommunications	125-105
•Jails, Detention Facilities	125-105
•All Other Eligible Activities	115-85

Multi-activity projects which include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 160-115. If the project included a water activity also, the possible range would be 175-115.

Other factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

- Each application is scored based on how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction.
- Projects addressing basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.
- Projects providing a first-time public facility or service generally receive a higher score than projects providing an expansion or replacement of existing public facilities or services.
- Public water and sewer projects providing a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.
- Projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally also given additional consideration.
- For water and sewer projects addressing state regulatory compliance issues, the extent to which the issue was unforeseen.
- Projects designed to address drought-related water supply problems are generally also given additional consideration.
- Water and sewer projects providing first-time water or sewer service through a privately-owned for-profit utility or an expansion/improvement of the existing water or sewer service provided through a privately-owned for-profit utility may, on a case-by-case basis, receive less consideration than the consideration given to projects providing these services through a public nonprofit organization.
- Projects designed to conserve water usage may be given additional consideration.
- Water and sewer projects from applicants that demonstrate a long-term commitment to reinvestment in the system and sound management of the system may be given additional consideration (including those that have remained in compliance with health and TCEQ system requirements).
- Consideration will be given to those water and sewer systems that have agreed to undertake improvements to their systems at TCEQ's recommendation but are not under an enforcement order because of this agreement.
- Projects that consider ORCA's Community Viability Index in establishing the issues to be addressed.
- Projects that use renewable energy technology for not less than 10% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

**e. Matching Funds -- 60 Points (Maximum)**

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 60 points
- Match at least 4% but less than 5% of grant request 40 points
- Match at least 3%, but less than 4% of grant request 20 points
- Match at least 2%, but less than 3% of grant request 10 points
- Match less than 2% of grant request -0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 60 points
- Match at least 7.5% but less than 10% of grant request 40 points
- Match at least 5%, but less than 7.5% of grant request 20 points
- Match at least 2.5%, but less than 5% of grant request 10 points
- Match less than 2.5% of grant request -0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 60 points
- Match at least 11.5% but less than 15% of grant request 40 points
- Match at least 7.5%, but less than 11.5% of grant request 20 points
- Match at least 3.5%, but less than 7.5% of grant request 10 points
- Match less than 3.5% of grant request -0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 60 points
- Match at least 15% but less than 20% of grant request 40 points
- Match at least 10%, but less than 15% of grant request 20 points
- Match at least 5%, but less than 10% of grant request 10 points

• Match less than 5% of grant request

-0 points

~~Tx CDBG funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or private service provider unless the applicant provides matching funds equal to at least fifty percent (50%) of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.~~

~~The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.~~

~~The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.~~

~~Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities.~~

~~Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities and are counted towards the ratio of local match to Tx CDBG funds requested. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.~~

#### **f. Other Considerations -- 40 Points (Maximum)**

~~(1) Past Selection — 10 points are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award.~~

~~(2) Past Performance — 20 Points Maximum~~

~~An applicant can receive from thirty (30) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include the following:~~

- ~~• The applicant's completion of the previous contract activities within the original contract period.~~
- ~~• The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.~~
- ~~• The applicant's submission of the required close-out documents within the period prescribed for such submission.~~
- ~~• The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.~~
- ~~• The applicant's timely response to audit findings on previous Tx CDBG contracts.~~
- ~~• The expenditure timeframes on the applicable TXCDBG contracts.~~

~~(3) Cost per Household — 10 Points Maximum. The total amount of Tx CDBG funds requested by the applicant is divided by the total number of households benefiting from the application activities to determine the Tx CDBG cost per beneficiary. (Use pro rata allocation for multiple activities.)~~

~~— (i) Cost per beneficiary is equal to or less than \$8,750 — 10 points.~~

~~— (ii) Cost per beneficiary is greater than \$8,750 but equal to or less than \$17,500 — 8 points.~~

~~— (iii) Cost per beneficiary is greater than \$26,500 but equal to or less than \$26,500 — 5 points.~~

- ~~—(iv) Cost per beneficiary is greater than \$26,500 but equal to or less than \$35,000— 2 points.~~
- ~~—(v) Cost per beneficiary is greater than \$35,000— zero points.~~

~~When necessary, a weighted average is used to score to applications that include multiple activities with different beneficiaries. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.~~

## APPENDIX AB – Examples of Objective Scoring Factors

**1. Per Capita Income – 20 points maximum** - Compare each applicant's per capita income level to all other applicants in the region.

Method: The base amount for the entire region is divided by the applicant's per capita income level and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the per capita income levels of all the applicants in the region multiplied by a factor 0.75.

Details:

Incorporated City Applications:

For an incorporated city, the data used to score is based on the 2000 decennial Census SF 3 information for the city's entire population.

For a new incorporated city that was not included in the 2000 decennial Census as an incorporated city, the data used to score is based on the 2000 decennial Census information for the entire county unincorporated population.

County Applications:

For a county, the data used to score is based on the 2000 decennial Census SF 3 information for:

- the county's entire population (for county-wide benefit activities);
- the county's entire unincorporated population (for activities that only benefit persons in unincorporated areas); or
- the 2000 decennial census geographic area information specific to the unincorporated areas benefiting from the county's application activities (for activities that only benefit persons in unincorporated areas) (only census tracts, or block numbering areas, and block groups are allowable census geographic areas)

Geographic area information may be substituted only for county applications where the application activities benefit no more than two separate unincorporated target areas. County applications that include application activities for unincorporated areas that are located in more than two county precincts are scored for the entire county unincorporated population or the entire county population.

If a county elects to use census geographic area information that is specific to the unincorporated areas benefiting from the application activities, the county must submit the census geographic area identification number and the associated per capita income amount for each target area.

Multi-Jurisdiction applications - For multi-jurisdiction applications, the data used for scoring is based on a simple average of the per capita income amounts for all of the participating jurisdictions.

Data Source – US Bureau of the Census - 2000 Census – SF 3, Per Capita Income

### **2. Matching Funds -- 60 Points Maximum**

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 60 points
- Match at least 4% but less than 5% of grant request 40 points
- Match at least 3%, but less than 4% of grant request 20 points
- Match at least 2%, but less than 3% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 60 points
- Match at least 7.5% but less than 10% of grant request 40 points
- Match at least 5%, but less than 7.5% of grant request 20 points
- Match at least 2.5%, but less than 5% of grant request 10 points

- Match less than 2.5% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 60 points
- Match at least 11.5% but less than 15% of grant request 40 points
- Match at least 7.5%, but less than 11.5% of grant request 20 points
- Match at least 3.5%, but less than 7.5% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 60 points
- Match at least 15% but less than 20% of grant request 40 points
- Match at least 10%, but less than 15% of grant request 20 points
- Match at least 5%, but less than 10% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category for an incorporated city is based on the city's 2000 Census population. The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Multi-Jurisdiction Applications - The population category under which multi-jurisdiction applications will be scored will be based on the combined populations of the participating applicants according to the 2000 census. The guidelines for determining the population category for county applications will also apply to multi-jurisdiction applications when a county or counties are participants in a multi-jurisdiction application.

Data Source - US Bureau of the Census - 2000 Census, SF 3.

### **3. Project Priorities – 30 Points Maximum**

- a. Activities providing or improving water or wastewater (including yardlines on residential property) – 30 Points
- b. Housing rehabilitation activities - 15 Points
- c. All other eligible activities – 5 Points

(When necessary, a weighted-average is used to score to applications that include multiple activities. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

# SUMMARY

## Update on HUD's Requirements Covering the Use of \$19.47 Million of Supplemental Funds (CDBG-Recovery funds)

Presented by Mark Wyatt \*

### DISCUSSION

On May 6, 2009, HUD released its Notice that contained the requirements for the use of the \$19.47 Million of supplemental CDBG funds (known as CDBG-Recovery or CDBG-R funds) that were part of the appropriations signed into law on February 17, 2009.

Highlights:

1. Use of funds- The use of the CDBG-Recovery funds for the 2009/2010 Community Development applications appear to be eligible under the Notice so no changes are contemplated in the submission.
2. Complete Community Development Fund selection by mid-June 2009: - HUD completely changed the method of submitting the Action Plan amendment from the method they have used for the regular CDBG program, the supplemental CDBG disaster recovery funds for Rita, Ike and Dolly, as well as the CDBG Neighborhood Stabilization Program. Instead of the state submitting a "method of distribution" that describes how the state will allocate and distribute these supplemental funds to cities and counties at a future date, HUD is requiring all states to submit a list of the recipients of CDBG-R funds by June 29th. In addition, we must post the selection 7 days prior to submission for public comment. This pushes the selection date back to mid-June. HUD's incredibly short timeframe means the ORCA staff must be finished with the application review, scoring, and allocation process in all 24 regions months ahead of the timeframe contemplated, particularly for the three regions affected by the recent hurricanes that received a 4 1/2 month application extension.



In order to meet this short deadline, the state will need to allocate the CDBG-R funds based on ranking first the 2009 and anticipated 2010 funds, with the CDBG-R being made available for the remaining applications.

(Please see the HUD timeline on page 4)

3. Action Plan amendment – The majority of the Action Plan amendment will focus on providing HUD with detailed information on the individual projects selected to received the CDBG-R funds. The Action Plan amendment must contain for each project activity within the application (not just each city or county application) the following information for all anticipated projects:

- Activity Name
- Activity Description
- Eligibility (Regulatory or HCDA Citation)
- National Objective Citation
- CDBG-R Project Budget (\$)
- Additional Recovery Funds (\$)
- Other Leveraged Funding (\$)
- Total Activity Budget

In addition, for each activity, the Action Plan amendment must provide a detailed narrative describing the anticipated outcomes. This information will be known only after the selections have been finalized and immediately prior to posting the action plan amendment for public comment.

4. Increased Administration and Reporting - There are substantial, completely new administration and reporting requirements associated with these CDBG-R funds compared to the regular annual allocation. The Notice allowed the state to use up to 10 percent for general administration and planning. In addition, the Notice indicated the normal one percent provided for state technical assistance must come from this amount. Therefore, the extra one percent for technical assistance will be allocated for that purpose, which would provide for five percent for state general administration and planning and one percent for state technical assistance.

The state must establish new procedures and have staff review and submit additional information quarterly to implement these requirements. (Please see attachments 1 and 2 for a summary of a comparison of the regular CDBG funds versus the CDBG-Recovery funds beginning on page 5).

## **RECOMMENDATION**

This information is being provided to update the Board on the HUD Notice for the use of the CDBG-Recovery funds. No further action is required for submission to HUD by June 29<sup>th</sup>.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**

**CDBG-Recovery – Timeline based on HUD’s Requirements**

February 17, 2009 - American Recovery and Reinvestment Act of 2009, Public Law 111-5 (sometimes referred to as the “stimulus funds.”) is signed

May 6, 2009 - HUD released its Notice that contained the requirements for the use of the supplemental CDBG funds (known as CDBG-Recovery or CDBG-R funds).

May 13, 2009 – HUD conducted a webinar to explain its Notice.

May 14 - 26, 2008 – HUD continues to release in stages additional information necessary to complete the Action Plan amendment submission.

=====

June 19, 2009 – Target date for ORCA to post list of all sections and Action Plan amendment – for 7-day public comment period.

June 27, 2009 – consider any public comments & finalize Action Plan amendment

June 29, 2009 – submit Action Plan amendment to HUD

## Additional State Administrative and Reporting Requirements for CDBG-Recovery (CDBG-R) Funds

Category	CDBG Annual Allocation	Additional CDBG-R Requirements
Action Plan Submission Requirements and Annual CAPER Reports	<p>Action Plan - Method of Distribution <u>only</u> (no selection list required)</p> <p>Consolidated Plan and Performance Report including Action Plan</p>	<p>Substantial Amendment to Action Plan due to HUD by June 29, 2009. <b><u>The state must submit a list of all recipients of CDBG-R funds to HUD by June 29<sup>th</sup></u></b>. Rather than just the Method of Distribution, the Action Plan must contain for <u>each project activity</u> (not just each city or county application) the following information for all anticipated projects:</p> <ul style="list-style-type: none"> <li>• Activity Name</li> <li>• Activity Description</li> <li>• Eligibility (Regulatory or HCDA Citation)</li> <li>• National Objective Citation</li> <li>• CDBG-R Project Budget (\$)</li> <li>• Additional Recovery Funds (\$)</li> <li>• Other Leveraged Funding (\$)</li> <li>• Total Activity Budget</li> </ul> <p>HUD is shortening the minimum time for citizen comments to 7 calendar days and requiring the substantial amendment materials to be posted on the grantee's official website as the materials are developed, published, and submitted to HUD.</p>
Quarterly Reports to HUD	None	<ul style="list-style-type: none"> <li>• Total amount of recovery funds received from HUD</li> <li>• Amount of funds received expended or obligated to projects or activities</li> <li>• List of all projects or activities for which recovery funds were expended or obligated including name of project an description of project or activity</li> <li>• Evaluation of the completion status of the project or activity</li> <li>• Estimate of the number of jobs created and retained by the project or activity</li> <li>• For infrastructure investments made by State and local governments: the purpose, total cost, and rationale of the grantee for funding the infrastructure investment; name and agency contact person</li> </ul>

## Additional State Administrative and Reporting Requirements for CDBG-Recovery (CDBG-R) Funds

Category	CDBG Annual Allocation	Additional CDBG–R Requirements
Special Contract Conditions	None	<ul style="list-style-type: none"> <li>• Data Universal Numbering System (DUNS) number</li> <li>• Central Contractor Registration (CCR)</li> <li>• Timely expenditure - All CDBG-R grantees must expend their entire allocation of CDBG-R funds by September 30, 2012.</li> </ul>
ConPlan – “Waived” Annual Requirements & Substituted Instead Quarterly Reporting	N/A	The consolidated plan regulation at 24 CFR 91.520 regarding <u>annual</u> reporting is waived and the alternative reporting form and timing for the CDBG-R funds is required on a <u>quarterly</u> basis.
“Buy American” Requirement – State Certification of Compliance	None	<p>The state of Texas (TxCDBG) must ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with CDBG-R funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent.</p> <p>The state must establish new procedures and have staff review information on each construction project to enforce this requirement.</p>

## **Overview: CDBG-R Reporting and Administrative Requirements**

*Additional reporting requirements:* The Recovery Act imposes additional reporting requirements that extend beyond those required by the regular CDBG program. Recipients of ARRA funding through HUD (Grantees) are required to submit quarterly reports that contain:

- the total amount of ARRA funding received from HUD;
- the amount of ARRA funding received that was expended or obligated to projects or activities; and
- a detailed list of all projects or activities for which ARRA funds were expended or obligated, including the name of the project or activity; a description of the project or activity; an evaluation of the completion status of the project or activity; an estimate of the number of jobs created and the number of jobs retained by the project or activity; and for infrastructure investments made by state and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under ARRA and the name of the person to contact at the agency if there are concerns with the infrastructure investment.

*Tracking CDBG-R funding:* Grantees are required to track CDBG-R funding separately from regular CDBG funding. CDBG-R funding will have separate contract language and a different grant number.

*“Buy American” Requirement – State Certification of Compliance* - The state of Texas (TxCDBG) must ensure that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with CDBG-R funds under the Recovery Act must be produced in the United States unless the Secretary finds that: (1) the requirement is inconsistent with public interest; (2) those goods are not reasonably available or produced in sufficient quantity in the U.S.; (3) or the use of the goods will increase the project cost by more than 25 percent. The state must establish new procedures and have staff review information on each construction project to enforce this requirement.

*Planning and administration costs:* Grantees may use up to 10 percent of their CDBG-R allocation for eligible planning and general administration activities. This amount includes the state’s allocation for technical assistance. The TxCDBG will allocate 5 percent for state general administration and 1 percent for state technical assistance.

*Expenditure deadlines:* Grantees must expend their entire allocation of CDBG-R funds by September 30, 2012. All CDBG-R funding not expended by that deadline will be recaptured and returned to the U.S. Treasury. CDBG-R funds will not be considered when determining a grantee's compliance with the regular CDBG program's timely expenditure requirements.

# SUMMARY

## **Proposed Use of CDBG Deobligated Funds and/or Program Income for the Community Development Fund and the Planning and Capacity Building Fund**

Presented by Mark Wyatt \*

### **DISCUSSION**

#### **Community Development Fund**

For the 2009 / 2010 Community Development Fund cycle, the TxCDBG program received applications totaling \$160,822,805. In 2009, from both the regular allocation and the CDBG-Recovery funds, we anticipate awarding a total of \$63,364,523. In addition, in PY 2010 we anticipate awarding another \$45,059,247 if HUD provides the same regular allocation amount in 2010 as it provided in 2009.

This would leave a total of \$52,399,035 in 2009/2010 Community Development Fund applications unfunded (or approximately 33% unfunded) due to a substantial over-subscription for this fund category.

In addition, under the CDBG-Recovery funding, the funds are allocated to each region. This will result in many partially funded applications.

At this time we have not completed the final allocations for both the CD and CD-R recipients. We are requesting authority to use Deobligated funds and/or Program Income in the amount of \$3.25 Million to fund CD applications. For applications funded under the CDBG-R rules, fully funding a project will expedite the expenditure of funds because the applicant will not be required to revise the project for a reduced award amount. For other CD awards, this will provide an economic stimulus across rural Texas because additional projects will proceed in 2009.

#### **Planning and Capacity Building Fund:**

The Planning and Capacity Building Fund is a modest, yet important fund category within the TxCDBG program. It provides funds for cities and counties to prepare planning activities that assess local needs, develop strategies to address local needs, and build or improve local capacity. This fund serves as the planning tool to

improve the long-term viability of rural communities and leads to the development of future infrastructure and other job-creation projects.

For the 2009 / 2010 cycle, the PCB Fund received applications totaling \$2,278,704. In 2009, we anticipate awarding a total of \$657,160. In addition, in PY 2010 we anticipate awarding another \$657,160 if HUD provides the same regular allocation amount in 2010 as it provided in 2009.

This would leave a total of \$964,384 in 2009/2010 Planning and Capacity Building Fund applications unfunded (or approximately 42% unfunded) due to a substantial over-subscription for this fund category. Therefore, we are requesting authority to use Deobligated funds and/or Program Income in the amount of \$260,000 to fund PCB applications. This would fund eight more PCB applications.

## **RECOMMENDATION**

Staff recommends approval of the following motion language:

*CD staff would be able to allocate deobligated funds and program income for Community Development Fund applications as needed up to a limit of an additional \$3,250,000 and up to \$260,000 as needed for the Planning and Capacity Building Fund.*

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Mr. Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**



**SUMMARY**  
**Update on the Status of Disaster Recovery for**  
**Hurricane Ike/Dolly**  
Presented by Oralia Cardenas\*

**DISCUSSION**

Below is a summary update on the status of disaster recovery activities for Hurricanes Ike/Dolly.

Program Update

- Seven of the 11 Councils of Governments (COGS) have received full approval of their proposed Methods of Distribution (MODs). Conditional approvals were given to the Houston-Galveston Area Council, Lower Rio Grande Valley Development Council and Coastal Bend Council of Governments due to allocation decisions being deferred to individual counties, requiring completion of County level MODs. The East Texas Council of Governments received a conditional approval pending ratification of a technical change to the MOD with approval at the COG level expected on June 11, 2009. All 16 counties requiring County level MODs have submitted their MODs as of May 18, 2009, of which eight have been approved. Staff is working with the remaining COGs to assist in their timely completion.
- ORCA has now completed nine application workshops from April 15, 2009 through May 14, 2009. The workshops were attended by approximately 286 city and county staff, administrators, and engineers. Also, ORCA has received its first six applications for funding. Implementation Manual Workshops will begin in July 2009, once applicants have begun to receive contracts. These workshops will provide detailed guidance on administrative and program requirements, such as labor standards, etc., for the project management process. Dates and locations are being determined.
- We recently closed two field office postings for positions in Weslaco and Kountze (two positions for each office) and interviewing will begin during the middle part of June 2009. In addition, we will soon post five positions for the Galveston County/Dickinson area field office (one field office supervisor and four staff positions).

## Program Update Continued

- Mr. Stone testified on “The Role of the Community Block Grant Program in Disaster Recovery” before the Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Disaster Recovery, of the United States Senate on May 20, 2009. Mr. Stone’s testimony focused on ORCA’s proposed statutory revisions to Title I that include the Stafford Act changes in responses to past challenges that prolonged the recovery process for affected communities. Chairwoman Mary Landrieu requested a copy of the proposed statutory language changes that ORCA had drafted so her Committee could consider this information when they review changes to this legislation.

## Media Plan Update

- As grant awards begin to be distributed, ORCA will engage the public and other constituents in a community-specific outreach effort that includes broadcast, print, web and direct mail elements. ORCA will choose specific communities and projects to highlight for local print and broadcast coverage. While drawing on guidance from the Governor’s Office and garnering local lawmaker support, ORCA will leverage in-house media capabilities to produce video vignettes and written stories for publication, broadcast and use on the agency’s own web channel. Public access to the TXORCA.ORG website and the project database can also foster positive dialogue with stakeholders. Key message of this effort – A capable and efficient State/Federal partnership is repairing what was damaged, recovering what was lost and making Texas better prepared for the next storm.

## Quality Assurance Program

- As designated by the Governor’s Office, ORCA is the entity responsible to HUD for the administration of the CDBG Disaster Recovery grant that was allocated to Texas. In this capacity, ORCA is responsible for the execution and administration of the CDBG Disaster Recovery program. To help ensure program goals and objectives are met, ORCA has established a Quality Assurance Program. This program is being designed to ensure compliance with state and federal requirements and to support efficient operations in the business processes and procedures of the Disaster Recovery Division. The Quality Assurance Program will encompass Non-Housing projects including our contracts for Professional Services and it will include the services provided under the MOU with the Texas Department of Housing & Community Affairs.

## **RECOMMENDATION**

The information is provided for information only and no action is needed.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Oralía Cardenas, Disaster Recovery Director, at 512/936-7890 (ocardenas@orca.state.tx.us).**

**SUMMARY**  
**Report on Professional Services**  
Presented by David Flores

**DISCUSSION**

**Background**

In previous Board Meetings the Executive Director and staff has informed the Board that new processes are going to be used to contract for non-housing grant projects in order to expedite Disaster Recovery projects and ensure timely performance. Unlike the Community Development program which enters into contracts with communities for the entire project, the Disaster Recovery Division will contract directly with communities for the construction part of their projects and with the Engineer, Grant Administrator and Environmental service provider associated with the community's project. By contracting directly with the professional service providers, ORCA expects to be in a better position to enforce contract timelines & deliverables to ensure timely performance on non-housing projects (entitlement communities will contract for their professional services).

To determine the amount needed from the \$1.3 billion round one funding for non-housing Engineering, Grant Administration and Environmental professional services, Disaster Recovery staff analyzed the contracts awarded by the regular Community Development program over the last three years. This analysis showed that Design Engineering costs have averaged 13% of the project contract and Grant Administrator & Environmental cost have averaged 8.9%.

For Disaster Recovery, the Engineering and Grant Administration services will be paid from the community's project funds while the Environmental, Application Review, Project Management Company and the previously approved Damage Assessment services will be paid from Planning and General Administration funds.

**The following tables show the breakout of the first round of Disaster Recovery non-housing funding:**

<b><u>DISASTER RECOVERY NON-HOUSING FUNDING</u></b>		
Project (Program)	\$589,928,615	89.5%
Planning	\$ 36,559,240	5.5%
General Administration	\$ 32,973,379	5.0%
Total Non-Housing Funding	\$659,461,234	100%

### **PROJECT (PROGRAM) FUNDING**

Construction	\$469,583,178	79.6%
Engineer	\$ 76,690,720	13.0%
Grant Administrator	\$ 43,654,717	7.4%
Total Project Delivery Funding	\$589,928,615	100%

As indicated, the decision to expedite the Disaster Recovery projects by contracting directly with the Professional Service Providers means that the Disaster Recovery Division must enter into multiple contracts (Community, Engineer, Grant Administrator, Environmental, Project Management Company) for our grant projects. The following information provides a status of the Professional Services that have been procured or are in the process of being procured for our Disaster Recovery projects. The estimated cost for the professional service and the number of jobs these procurements will create is also provided:

#### **Design Engineer Services – est. \$76.6 million (13% of Project Funding)**

In March 2009 the Disaster Recovery Division released a procurement solicitation to pre-qualify vendors for a Master List of Qualified Engineers that would be established for communities to select their Design Engineers for their projects. We received 139 proposals from vendors and qualified 122 (see list of Qualified Design Engineers) of them. These firms which are located throughout Texas (see map) are experienced working on Community Development projects.

As of June 1<sup>st</sup>, 193 communities have selected their Design Engineers, which represents **43 different firms**. We will be negotiating a contract for the Design Engineering Services with the firms selected by the communities. The engineering procurement is estimated to create **546 jobs** for two years.

#### **Grant Administration Services – est. \$43.6 million (7.4% of Project Funding)**

In March 2009 the Disaster Recovery Division released a procurement solicitation to pre-qualify vendors for a Master List of Qualified Grant Administrators that would be established for communities to select their Grant Administrator for their projects. We received 32 proposals from vendors and qualified 30 (see list of Qualified Grant Administrators) of them. These firms which are located throughout Texas (see map) are experienced working on Community Development projects.

As of June 1<sup>st</sup>, 171 communities have selected their Grant Administrator, which represents **14 different firms**. We will be negotiating a contract for the Grant Administration Services with the firms selected by the communities. The grant administrator procurement is estimated to create **310 jobs** for two years.

**Environmental Services – est. \$10 million (1.5% of Non-Housing Funding)**

In April 2009 the Disaster Recovery Division released a procurement solicitation to obtain Environmental services relating to the completion of all environmental review requirements associated with TxCDBG non-housing disaster recovery projects. We have received 29 proposals (see list of Environmental service proposals) from vendors interested in providing these services and an Evaluation Team is currently evaluating the proposals to qualify them. The qualified firms will be experienced in Environmental Reviews on Community Development projects.

We estimate that we will need 5 Environmental Review service providers for the number of projects that will be funded from the first round of Disaster Recovery funding. As a result, we will negotiate contracts with the top **5 firms** once they have been qualified. The environmental procurement is estimated to create **71 jobs** for two years.

**Application Review Services – est. \$300,000 (.05% of Non-Housing Funding)**

In March 2009 the Disaster Recovery Division released a procurement solicitation to obtain the services from Qualified Grant Administrators to assist with the review of Disaster Recovery Fund applications. We received 13 proposals from vendors and qualified 9 (see list of Application Review Service providers) of them. These firms are experienced Grant Administrators who work on Community Development projects.

We estimate that we will receive between 300-400 grant applications for first round Disaster Recovery funding. As a result, we have negotiated contracts for Application Review Services with the top **4 firms** that have been qualified. The application review process will be a two stage process, with the Grant Administrators completing the 1<sup>st</sup> review of the application and Disaster Recovery staff completing a 2<sup>nd</sup> quality control review. The Application Review firms were trained by Disaster Recovery staff on May 29<sup>th</sup> in Austin and have begun their work. The application review procurement is estimated to create **2.1 jobs** for two years.

**Project Management Company – est. \$30 million (4.5% of Non-Housing Funding)**

Disaster Recovery Division staff have drafted a Request for Qualifications (RFQ) procurement solicitation to obtain Project Management Company services from a firm that will work with staff, grantee communities and professional services vendors to provide oversight of engineering, grant administration, construction and general project management services for the eligible disaster recovery projects funded from the first round of funding. The desired firm will have the capacity and staff resources to provide engineering, project management and oversight activities for approximately 2,700 concurrent projects within 300 grantee localities funded .

As required, the draft RFQ was submitted to the State Comptroller’s Office on May 22<sup>nd</sup> for their Contract Advisory Team Review and Delegation. We have been informed that due to the legislative session their review will be delayed therefore we will not meet our target RFQ release date of June 8<sup>th</sup>. We hope that the delay will be no more than 1-2 weeks. The project management company procurement is estimated to create **213 jobs** for two years.

**Damage Assessment Services -- \$16.6 million (2.5% of Non-Housing Funding)**

This procurement provided for the identification, scoping, and cost estimating for over 2,700 eligible projects, the review of 1,300 FEMA Project Worksheets, the identification and scoping of 570 ineligible projects, development and maintenance of a Disaster Recovery website & program dashboard, conduct community meetings, provide technical assistance, provide Summary Reports. These primary objectives of these services is assist communities in identifying projects, prioritize them, maximizing federal funds, and simplify the grant application process for funding. The damage assessments procurement is estimated to create **118 jobs** for two years.

**PROFESSIONAL SERVICES RECAP**

<b>Professional Service</b>	<b>Jobs Created</b>
Construction	3,712
Engineer	546
Grant Administrator	310
Environmental	71
Application Review	2
Project Management Company	213
<u>Damage Assessments</u>	<u>118</u>
Total Jobs Created from DR Funds	4,972

**RECOMMENDATION**

The Professional Services information is presented for informational purposes.

**Enclosures**

- List of Qualified Engineers
- List of Qualified Grant Administrators
- Map location of Qualified Engineer & Qualified Grant Administrator Firms
- List of Application Review Service Providers

**\*Should any ORCA Board member have any questions concerning this agenda item please contact Mr. Flores at (512) 936-6707 or [dflores@orca.state.tx.us](mailto:dflores@orca.state.tx.us)**

#	ENGINEERING FIRM	#	Selector
1	AIA Engineers, LTD		
2	Alan Plummer Associates, Inc.		
3	Alliance Transportation Group, Inc.		
4	Ambiotec Civil Engineering Group		
5	Arceneaux & Gates Consulting Engineers, Inc.		
6	Baker & Lawson, Inc.	1	City of Angleton
		2	Commodore Cove Imp. District
		3	Matagorda County
		4	Velasco Drainage District
		5	City of Iowa Colony
		6	City of Clute
		7	Brazoria County
7	BEFCO Engineering, Inc.		
8	Benchmark Design Group	1	City of Bullard
9	Bendicion Engineering, LLC.		
10	Binkley & Barfield, Inc.		
11	Bleyl & Associates	1	City of Panorama Village
		2	City of Willis
12	Bocci Engineering		
13	Bury Partners, Engineering Solutions		
14	Camacho-Hernandez & Associates		
15	Camp, Dresser & McKee, Inc.		
16	Carnes Engineering, Inc.		
17	Carroll & Blackman, Inc.	1	City of Nome
		2	City of Dickinson
18	CDS/Muery Services Engineering & Surveying		
19	Century Engineering, Inc		
20	CES Network Services, Inc.		
21	Chica & Associates		
22	CivilCorp, LLC	1	Calhoun County (Precinct 1)
23	CivilTech Engineering, Inc.		
24	Cobb, Fendley & Associates, Inc.	1	City of Waller
		2	Town of Quintana
		3	Brazoria County
25	Conley Group, Inc.		
26	Consulting Environmental Engineers, Inc.		
27	Costello, Inc.		
28	Coyle Engineering, Inc.		
29	Coym Rehmet & Gutierrez Engineering	1	Brooks County
30	CP&Y		
31	Cruz-Hogan Consultants, Inc.	1	City of Lyford
		2	Willacy County
32	d.p. Consulting Engineers, Inc.	1	City of China
		2	City of Bridge City
		3	City of Groves
33	Dannenbaum Engineering Corporation		
34	Dos Logistics, Inc.		
35	Doucet & Associates, Inc.		
36	Duplantis Design Group, P.C.		
37	Edminster, Hinshaw, Russ and Associates		
38	Elledge Engineering Group		
39	Enprotec/Hibbs & Todd, Inc.	1	City of Roma
40	Environ International Corp.		
41	Espey Consultants, Inc.		
42	Everett Griffith, Jr. & Associates, Inc.	1	City of Center
		2	City of San Augustine
		3	City of Lovelady
43	Freese & Nichols, Inc.		
44	G & W Engineers, Inc.	1	Refugio County
45	Gary Burton Engineering, Inc.		
46	Goodwin-Lasiter, Inc.	1	City of Hudson
		2	City of Newton
		3	City of Kirbyville
		4	City of Sour Lake
		5	City of Browndell
		6	San Augustine County
		7	City of Coldspring
		8	City of Shepherd
		9	City of Corrigan
		10	City of Rose City
		11	City of Hemphill
		12	Town of Broaddus
		13	Tyler County
		14	Newton County
		15	Angelina County
		16	San Jacinto County
		17	Polk County
		18	Sabine County
47	Grounds Anderson, LLC		
48	Gunda Corporation, Inc.		
49	Guzman and Munoz	1	City of Acton
		2	City of Escobares
		3	City of Los Indios
		4	City of Raymondville
		5	City of Mercedes
50	Half Associates, Inc.		



#	ENGINEERING FIRM	#	Selector
51	Hamilton Engineering, Inc.		
52	Hayes Engineering	1	City of Gilmer
		2	City of East Mountain
		3	City of Linden
		4	Upshur County
		5	Panola County
		6	Marion County
		7	City of Hallsville
		8	City of Longview
		9	Gregg County
		10	City of White Oak
		11	City of Tatum
		12	City of Waskom
		13	City of Marshall
53	HDR Engineering, Inc.		
54	Horizon MEP		
55	Howard R. Green Company	1	City of Cleveland
56	Huitt-Zollars, Inc		
57	J. F. Fontaine & Associates, Inc.	1	City of San Perlita
58	Jay Engineering Co.		
59	Jaymark Engineering Corp.		
60	John D. Mercer & Assoc., Inc.	1	Village of Jones Creek
		2	City of Oyster Creek
		3	City of Richwood
		4	City of Brookside Village
		5	Village of Surfside Beach
		6	City of Seadrift
		7	City of Tiki Island
		8	Treasure Island Municipal Utility District
		9	City of Freeport
		10	City of West Columbia
		11	City of Bayou Vista
		12	Brazoria County
61	Johnson & Pace Incorporated	1	City of Kilgore
62	Jones & Carter, Inc.	1	City of Rosenberg
		2	Lyons Water Supply Corporation
		3	City of Centerville
		4	Grimes County
		5	City of Brenham
		6	City of Navasota
		7	City of Somerville
		8	Washington County
		9	Madison County on behalf of North Zulch MUD
		10	City of Iola
		11	City of Calvert
		12	City of Bedias
		13	City of Anderson
		14	Burleson County on behalf of Lyons WSC, Tunis WSC and Clay WSC
		15	City of Franklin
		16	Robertson County
63	K+ Architects		
64	Kelly R. Kaluza & Associates, Inc.	1	City of Hitchcock
65	Kimley-Horn & Associates		
66	Klotz Associates	1	City of Grapeland
		2	City of Daisetta
			City of Trinity
67	KMS Engineering, LLP		
68	KSA Engineers	1	City of Elkhart
		2	City of Onalaska
		3	City of Lone Star
		4	City of Naples
		5	City of Lakeport
		6	City of New Waverly
		7	City of Wells
		8	City of Gladewater
		9	City of Groveton
		10	City of Kountze
		11	City of Pineland
		12	City of Redwater
		13	City of Overton
		14	City of Diboll
		15	City of Hughes Springs
		16	City of Atlanta
		17	City of Clute
		18	City of Hempstead
		19	City of Crockett
		20	City of Goodrich
		21	City of Omaha
		22	City of Buffalo
		23	City of Avinger
		24	City of Palestine
		25	Ark-Tex Council of Governments
		26	Brazoria County
		27	City of Nacogdoches
		28	City of Jefferson
		29	Trinity County

#	ENGINEERING FIRM	#	Selector
		30	City of Kennard
		31	City of New Summerfield
		32	City of Easton
69	L&L Engineers & Planners, Inc.	1	City of Taylor Landing
70	LandTech Consultants, Inc.		
71	Langford Engineering, Inc.		
72	LEAP Engineering, LLC		
73	Lentz Engineering, L.C.		
74	LJA Engineering & Surveying, Inc.	1	City of Kemah
75	LNV, Inc. Engineering	1	Kleberg County
76	Lockwood, Andrews, & Newman, Inc		
77	Longaro & Clarke, LP		
78	MACTEC Engineering & Consulting, Inc.		
79	Matkin Hoover Engineering & Surveying		
80	Mejia & Rose, Inc.		
81	Merit Environmental		
82	MRB Group, PC		
83	Naismith Engineering	1	Town of Fulton
84	O'Malley Engineers, LLP	1	City of Sweeny
		2	City of Dayton
		3	City of Brazoria
		4	Brazoria County
		5	City of Splendor
		6	City of Caldwell
		7	City of Hearne
		8	City of Hillcrest Village
		9	Town of San Felipe
85	Othon, Inc.		
86	Pape Dawson Engineers, Inc.		
87	Pate Engineers, Inc.		
88	PBK Architecture Engineering Planning Facility		
89	PBS&J		
90	PlaGar Engineering, LLC		
91	Poznecki-Camarillo, Inc.		
92	PTI Inc., Engineers, Architects, Planners		
93	R.E. Garcia & Associates	1	City of Alamo
		2	City of Santa Rosa
		3	City of Primera
94	Raba-Kistner Consultants		
95	Reynolds, Smith & Hills, Inc.		
96	River City Engineering, Ltd.		
97	RVE, Inc.	1	City of La Joya
98	S&B Infrastructure	1	City of Sullivan City
99	S.D. Kallman, L.P. Engineers & Environmental	1	Milam County
100	SAM Engineering & Surveying, Inc.	1	City of Sullivan City
		2	City of Penitas
		3	Starr County
101	Schaumberg & Polk	1	City of Devers
		2	City of Alto
		3	City of Liberty
		4	City of Anahuac
		5	City of Jacksonville
		6	City of Rusk
		7	City of Lumberton
		8	City of West Orange
		9	City of Pinehurst
		10	Cherokee County
		11	Liberty County
		12	City of Cuney
		13	Orange County
102	Sigler, Winston, Greenwood & Associates, Inc.	1	City of La Feria
103	Skinner Engineering Services Company	1	Hardin County
104	Slay Engineering Co., Inc.		
105	Southwest Engineers, Inc.	1	City of Midway
106	Stanley Consultants, Inc.		
107	Stokes & Associates	1	City of Lindale
		2	City of Mount Enterprise
		3	Houston County
		4	City of Henderson
		5	City of New Boston
		6	City of Carthage
		7	Rusk County
		8	City of Troup
		9	Goodsprings Water Supply Corp.
		10	South Rusk County Water Supply Corp.
		11	Chalk Hill Special Utility District
108	Stolz Engineering & Consultants	1	Shelby County
		2	Sabine County
109	TEDSI Infrastructure Group, Inc.	1	City of Madisonville
		2	Madison County
		3	Burleson County
110	Tetra Tech		
111	The Arizpe Group, Inc.		
112	The Brannon Corp.	1	City of Livingston
113	Thonhoff Consulting Engineers, Inc.		
114	TLC Engineering, Inc.		
115	United Engineers, Inc.		

#	ENGINEERING FIRM	#	Selector
116	Urban Engineering	1	City of Port Aransas
		2	City of Point Comfort
		3	Matagorda County
117	Vandewiele Engineering, Inc.		
118	Vertex Engineering		
119	Walker Restoration Consultants		
120	Walker, Wiederhold, & Associates		
121	Wier & Associates		
122	Winn Professional Engineers	1	City of Ore City
		2	City of Marquez
		3	Concord Robbins WSC
		4	City of Jewett
		5	City of Normangee

As of June 1, 2009

#	GRANT ADMINISTRATOR	Selector
1	Amazing Grants	1 Upshur County
		2 Panola County
		3 City of Madisonville
		4 Marion County
		5 Gregg County
		6 City of White Oak
		7 City of Hallsville
		8 City of Longview
		9 Rusk County
		10 City of Marshall
2	Beck Disaster Recovery	
3	Business Services Company	1 City of Lyford
		2 Willacy County
		3 City of Raymondville
4	Camp Dresser & McKee	
5	Carl R. Griffith & Associates	1 Hardin County
6	Carlos Colina-Vargas, AICP	1 City of Santa Rosa
		2 City of Primera
7	Comfort Financial Services	
8	Community Development Management Company, Inc.	
9	Community Development Resources	1 City of Los Indios
10	David J. Waxman & Associates	1 City of Nome
		2 San Jacinto County
		3 City of Livingston
		4 Jefferson County
		5 Sabine County
		6 San Augustine County
		7 City of West Orange
		8 Orange County
		9 Nacogdoches County
		10 Jasper County
		11 Polk County
		12 Tyler County
		13 City of Lumberton
		14 City of Jasper
11	Frontera Consultants, RGV	
12	Frontera Consulting Services	
13	Gary R. Traylor & Associates	1 City of Bullard
		2 City of Lakeport
		3 City of Gladewater
		4 City of Cuney

- 5 City of Center
- 6 City of Easton
- 7 City of Carthage
- 8 City of East Mountain
- 9 City of Gilmer
- 10 City of Ore City
- 11 City of Redwater
- 12 City of Winona
- 13 City of Rusk
- 14 City of Bridge City
- 15 City of New Boston
- 16 City of Crockett
- 17 City of Henderson
- 18 City of Sour Lake
- 19 City of Kilgore
- 20 City of Colmesneil
- 21 City of Rose City
- 22 City of Newton
- 23 City of Lindale
- 24 City of Point Blank
- 25 City of Corrigan
- 26 City of Overton
- 27 City of Pinehurst
- 28 City of Jacksonville
- 29 City of Kirbyville
- 30 City of Taylor Landing
- 31 Newton County
- 32 City of Jefferson
- 33 City of Timpson
- 34 City of Coldspring
- 35 City of Pine Forest
- 36 City of Mount Enterprise
- 37 City of New Summerfield
- 38 City of Troup
- 39 Cherokee County

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14 Grant Development Services

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15 GrantWorks

- 1 City of Los Fresnos
- 2 City of Seadrift
- 3 Refugio County
- 4 City of Fulton
- 5 Kleberg County
- 6 Matagorda County
- 7 Brooks County
- 8 City of Alto

- 9 City of Port Aransas
- 10 City of Elkhart
- 11 Jim Wells County
- 12 San Patricio County
- 13 City of Hitchcock
- 14 City of Point Comfort
- 15 City of Santa Fe
- 16 City of Waskom

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16 Ibanez Consulting

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17 Kerbow & Associates Consulting

- 1 City of Rosenberg
- 2 Madison County
- 3 City of Centerville
- 4 City of Jewett
- 5 City of Hearne
- 6 City of Oakwood
- 7 City of Bremond
- 8 City of Calvert
- 9 Grimes County
- 10 City of Buffalo
- 11 Leon County
- 12 City of Normangee
- 13 City of Franklin
- 14 Washington County
- 15 Burleson County
- 16 City of Anderson
- 17 City of Caldwell
- 18 City of Iola
- 19 City of Bedias
- 20 City of Navasota
- 21 Robertson County
- 22 City of Somerville

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18 Langford Community Management Svcs

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- 1 City of La Feria
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19 Maximus

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20 Municipal & Corporate Services

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21 Municipal Consulting Agency

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22 Naismith Engineering

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23 Public Management, Inc.

- 1 Chambers County
- 2 City of Montgomery
- 3 City of Anahuac
- 4 City of Shenandoah
- 5 City of Cleveland
- 6 City of Devers
- 7 City of Dickinson
- 8 City of Splendora

- 9 City of Dayton
- 10 City of Ames
- 11 City of Plum Grove
- 12 City of Old River-Winfree
- 13 City of La Marque
- 14 City of Clear Lake Shores
- 15 City of Liberty
- 16 City of Hardin
- 17 Liberty County
- 18 City of Willis
- 19 City of Bevil Oaks
- 20 City of Panorama Village
- 21 City of Beaumont
- 22 City of Magnolia

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24 Raymond K. Vann & Associates

- 1 City of Kountze
- 2 City of Groveton
- 3 City of Hudson
- 4 Shelby County
- 5 City of Pineland
- 6 City of San Augustine
- 7 City of Midway
- 8 City of Onalaska
- 9 City of Lone Star
- 10 City of Marquez
- 11 City of Browndell
- 12 City of Naples
- 13 City of Shepherd
- 14 City of Wells
- 15 City of Woodloch
- 16 City of Daisetta
- 17 City of Tenaha
- 18 City of Broaddus
- 19 City of Diboll
- 20 City of Grapeland
- 21 City of Lovelady
- 22 Angelina County
- 23 Trinity County
- 24 City of Goodrich
- 25 City of Omaha
- 26 City of Seven Oaks
- 27 City of Kennard
- 28 Houston County
- 29 City of Bloomburg
- 30 City of Hemphill

- 31 City of Garrison
- 32 City of Joaquin
- 33 City of Huntington
- 34 City of Huxley
- 35 City of Zavalla
- 36 City of Latexo
- 37 City of Lufkin
- 38 City of Tatum

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25	Reznick Group		
26	Ricardo Gomez & Associates	1	City of San Perlita
27	Royal Engineers & Consultants		
28	The Riveron Law Firm		
29	Tim Glendening & Associates		
30	Vogt Engineering	1	Galveston County WCID #19

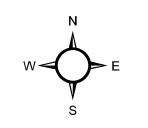
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**TEXAS OFFICE OF  
RURAL COMMUNITY  
AFFAIRS**

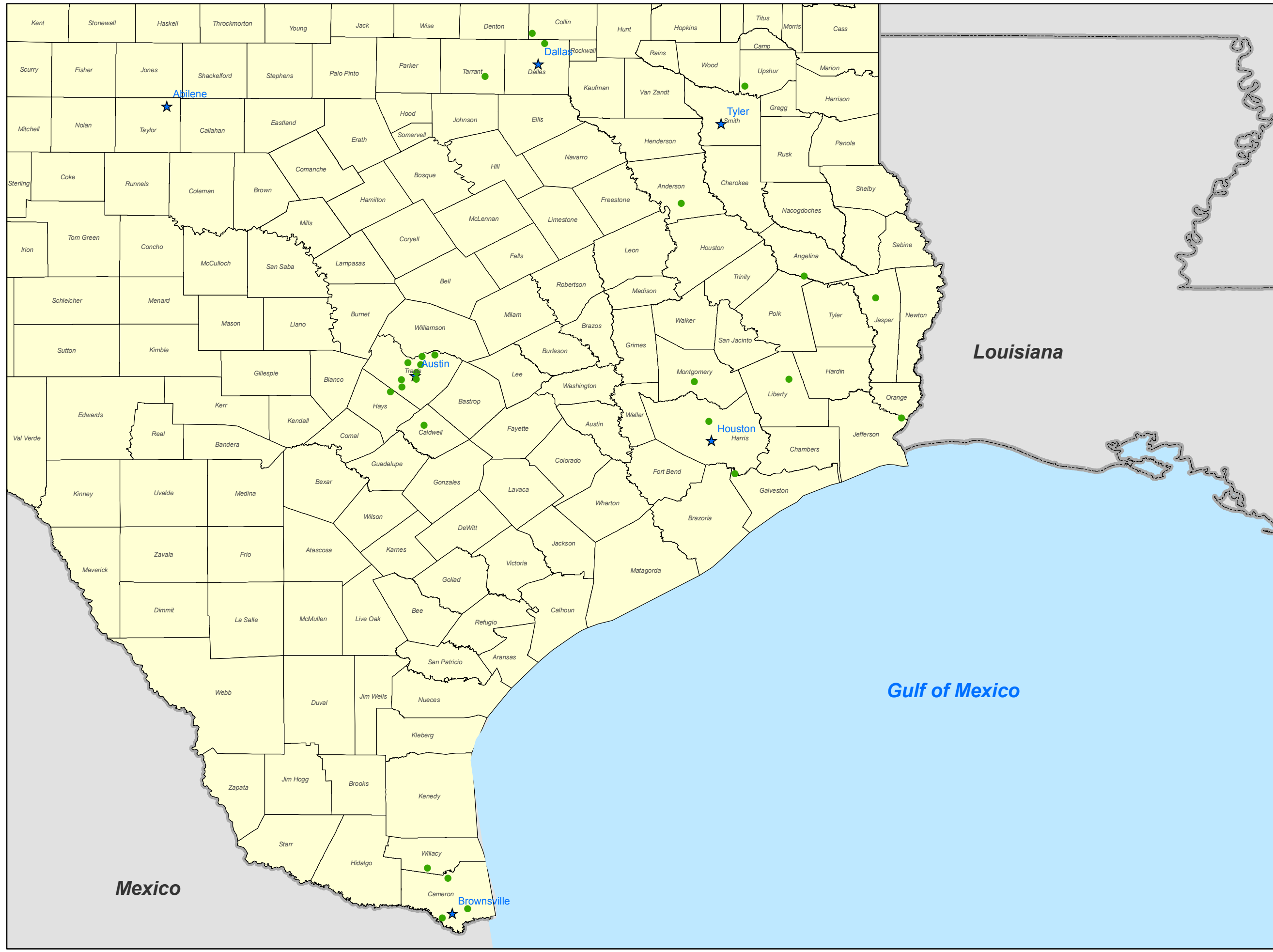
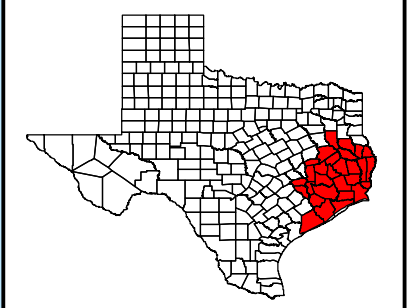


- Grant Administrator Location
- ★ City
- County



0 20 40 60 80 Miles

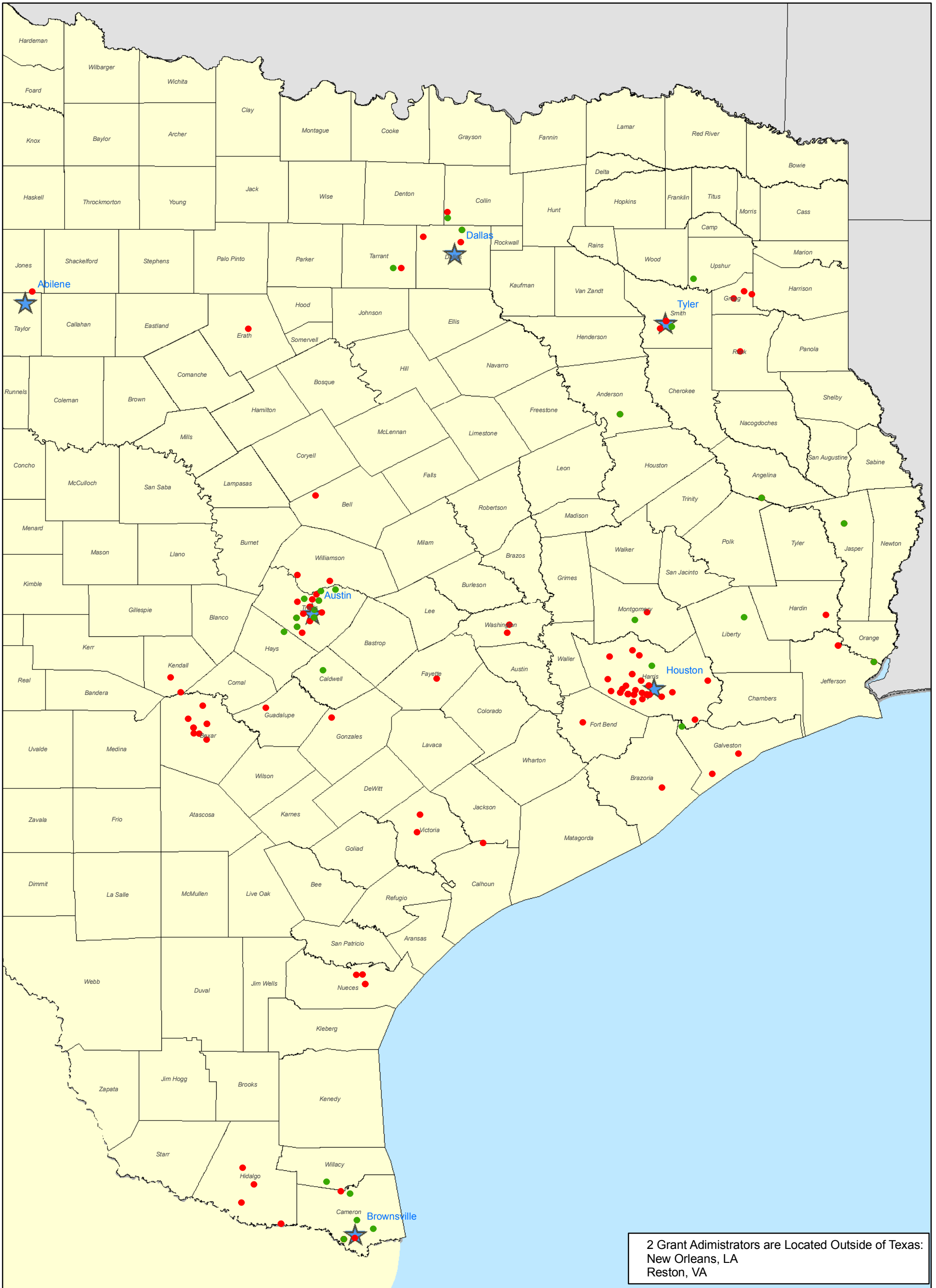
**Grant Administrators  
Qualified for ORCA  
Disaster Recovery  
Work**



#	APPLICATION REVIEW	CONTACT PERSON
1	Richardo Gomez & Associates	Ricardo Gomez
2	Grant Development Services	Gandolf Burrus
3	Community Development Management Co.	Rudy Ruiz
4	Langford Community Management Svcs	Judy Langford

<b>PHYSICAL ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP CODE</b>	<b>PHONE</b>	<b>FAX</b>
36068 Marshall Hutts	Rio Hondo	TX	78583	956-578-9559	956-748-9009
14511 Echo Bluff	Austin	TX	78737	512-301-2682	512-301-2113
317 South Main St.	Lockhart	TX	78644	512-398-7129	512-376-4857
13740 Research Blvd.	Austin	TX	78750	512-452-0432	512-452-5380

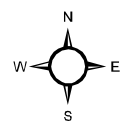
<b>E-MAIL</b>
<a href="mailto:RGainArroyoCity@aol.com">RGainArroyoCity@aol.com</a>
<a href="mailto:texasgrants@austin.rr.com">texasgrants@austin.rr.com</a>
<a href="mailto:rudy@ccaustin.com">rudy@ccaustin.com</a>
<a href="mailto:Judy@LCMSInc.com">Judy@LCMSInc.com</a>



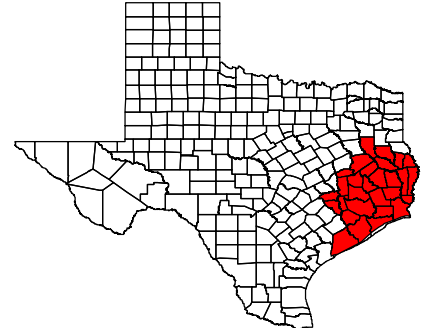
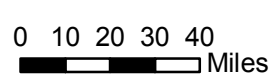
**Locations of Engineering Firms and Grant Administrators Qualified for ORCA Disaster Recovery Work**



**HNTB**



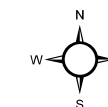
- Engineering Firm Location
- Grant Administrator Location
- ★ City



**TEXAS OFFICE OF  
RURAL COMMUNITY  
AFFAIRS**

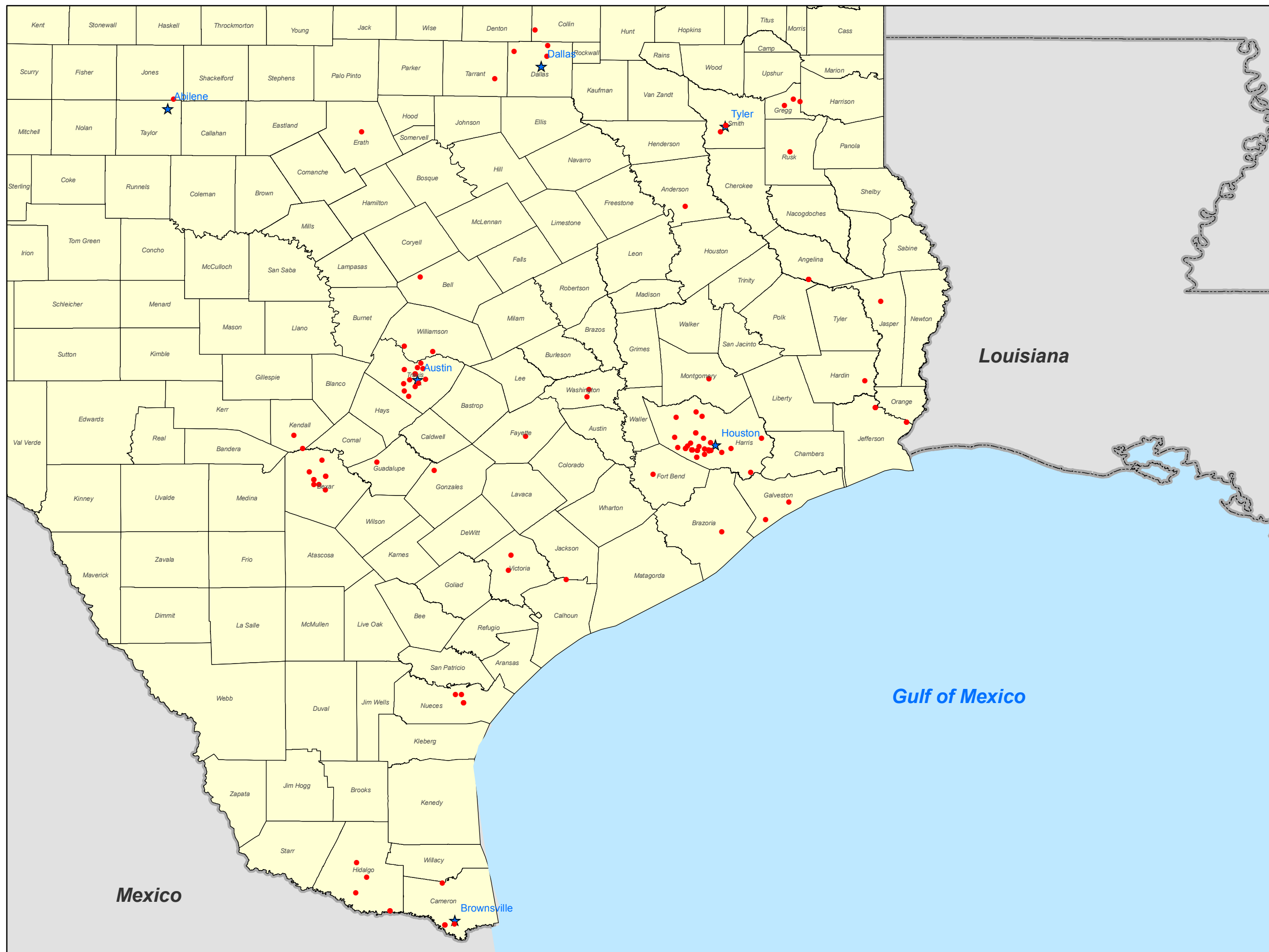
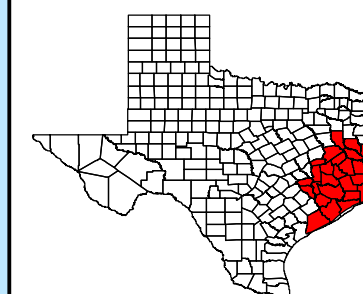


- Engineering Firm Location
- ★ City
- County



0 20 40 60 80 Miles

**Locations of  
Engineering Firms  
Qualified for ORCA  
Disaster Recovery  
Work**



**SUMMARY**  
**Status Report**  
**Supplemental CDBG Disaster Recovery Funds for**  
**Round 1 & Round 2 –Non-Housing &**  
**Infrastructure Funds**  
Presented by Heather Lagrone\*

**DISCUSSION**

This status report covers the portion of the Supplemental CDBG funds provided to Texas that were allocated to non-housing or infrastructure projects that ORCA is managing. The Texas Department of Housing and Community Affairs (TDHCA) was designated by the Governor as the lead agency in Texas. It is currently managing the delivery of the vast majority of the disaster recovery funds, which were allocated to housing. A breakdown by purpose and agency managing the funds is below.

**Hurricane Rita Funds – Round 1**

Housing (TDHCA):	\$41,795,655	
Non-housing (ORCA):	\$31,933,946	< =====
Unallocated :	<u>\$ 793,399</u>	
Total:	\$74,523,000	

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**Hurricane Rita Funds – Round 2**

Housing (TDHCA):	\$384,461,323	
Infrastructure (ORCA):	\$ 44,100,000	< =====
Unallocated :	<u>\$ 110,526</u>	
Total:	\$428,671,849	

## Hurricane Rita Funds – Round 1

(as of 5/13/09)

93 total contracts to communities (excludes COG contracts)

Amount Awarded: \$30,294,362

Amount Expended: \$28,929,051

Percentage Expended\*\* 95.63%

\*\*expended amount includes funds spent and draws pending in office

	All Funds Expended / Pending Final Closeout	Percent	Greater than 95% Expended	Percent	Total Contracts
DETCOG	11	23%	23	49%	47
ETCOG	3	43%	3	43%	7
HGAC	13	81%	0	0%	16
SETRPC	15	65%	2	9%	23
	42	45%	28	30%	93

## Hurricane Rita Funds – Round 2

(as of 5/13/09)

8 total contracts to communities

Amount Awarded: \$42,000,000

Amount Expended: \$12,880,345

Percentage Expended\*\*\* 30.67%

\*\*\*expended amount includes funds spent and draws pending in office

TDHCA and ORCA have executed an amendment to the Interagency Agreements for both Round 1 and Round 2 funding that provides for ORCA management to handle all non-housing / infrastructure funds.



## **RECOMMENDATION**

These reports are provided for information only.

## **RURAL DEFINITION**

Nonentitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Ms. Lagrone at 512-936-6727 ([hlagrone@orca.state.tx.us](mailto:hlagrone@orca.state.tx.us)).**

**SUMMARY**  
**Texas Community Development Block Grant**  
**Disaster Recovery Supplemental Funds for**  
**Hurricanes Ike/Dolly**  
Presented by Oralia Cardenas\*

**DISCUSSION**

The Office of Rural Community Affairs (ORCA) has received and executed a \$1,314,990,193 grant from the Department of Housing and Urban Development (HUD) for the state of Texas 2008 Community Development Block Grant (CDBG) Plan for Disaster Recovery (U.S. HUD Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 Public Law 110-329). A copy of the state of Texas 2008 CDBG funding approval/agreement is enclosed for your review. The 2008 CDBG grant will be used in accordance with the Action Plan towards meeting unmet housing, non-housing, and other eligible community and economic revitalization needs associated with major disaster declarations in 2008.

**RECOMMENDATION**

Staff recommends that the Governing Board accept the \$1,314,990,193 grant from the HUD for the state of Texas 2008 CDBG Plan for Disaster Recovery. Action is required.

**RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Oralia Cardenas at 512-936-7890 (ocardenas@orca.state.tx.us).**

# Funding Approval/Agreement

Title I of the Housing and Community Development Act (Public Law 930383)

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Community Development Block Grant Program

HI-00515R of 20515R

1. Name of Grantee (as shown in item 5 of Standard Form 424) State of Texas	3. Grantee's 9-digit Tax ID Number 72-261054	4. Date use of funds may begin (mm/dd/yyyy) 9/13/2008
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 1700 N. Congress Street Suite 220 Austin, TX	5a. Project/Grant No. 1 B-08-DI-48-0001	6a. Amount Approved \$1,314,990,193
	5b. Project/Grant No. 2	6b. Amount Approved
	5c. Project/Grant No. 3	6c. Amount Approved

**Grant Agreement:** This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Nelson R. Bregón	Grantee Name Charlie Stone
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Title General Deputy Assistant Secretary for CPD	Title Executive Director, Office of Rural Community Affairs
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Signature <i>Nelson R. Bregón</i>	Date (mm/dd/yyyy) MAR 27 2009	Signature <i>Charlie Stone</i>	Date (mm/dd/yyyy) 03/31/2009
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7. Category of Title I Assistance for this Funding Action (check only one) <input type="checkbox"/> a. Entitlement, Sec 106(b) <input checked="" type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 2/18/2009	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
		9b. Date Grantee Notified (mm/dd/yyyy) 2/13/2009	
		9c. Date of Start of Program Year (mm/dd/yyyy)	

11. Amount of Community Development Block Grant			
	FY (2009)	FY ( )	FY ( )
a. Funds Reserved for this Grantee	1314990193		
b. Funds now being Approved	1314990193		
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved	12b. Name and complete Address of Public Agency
<b>Loan Guarantee Acceptance Provisions for Designated Agencies:</b> The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency
	Title
	Signature

### HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By
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**SUMMARY**  
**Status Report**  
**Report on Contracted Activities with HNTB**  
Presented by Oralia Cardenas \*

**DISCUSSION**

ORCA has hired the engineering firm, HNTB, to provide technical assistance and to assist non-entitlement communities in prioritizing and assessing projects for Hurricane Ike disaster recovery assistance. HNTB is a nationally recognized engineering firm with offices throughout Texas. The timeframe to get the projects identified, scoped, and estimated was by May 31, 2009.

The contract was awarded for \$8,604,004 and later amended at the April 2009 Governing Board meeting to \$16,618,839. Payment for the contract initially came from funds secured by the Governor's Office, which was provided in a temporary transfer of \$6 million to fund the contract. Repayment of these borrowed funds has been initiated by ORCA from the Hurricane Dolly/ Ike Funds. The engineering services provided under the contract are eligible CDBG planning activities.

HNTB has the resources and staff with the extensive knowledge necessary to assist ORCA in providing damage assessments, identifying gaps in other funding sources, and prioritizing infrastructure projects, while at the same time identifying special permits and clearances that may affect the timeline to get funded projects completed. ORCA expects that this standardized approach will help to provide uniformity and reliability in the development of damage assessments. The results of the engineering assessments to identify priorities at the community level will assist the regions in determining regional priorities for funding and will be incorporated in the application process.

Number of Communities to Assess	165
Number of Community Meetings Held To Date (Remaining communities have declined or have been non-responsive)	147
Number of Review Findings Meetings Completed	14
Total Number of Eligible Projects Identified to Date	2768
Total FEMA Project Worksheets Reviewed	904
Potential Increase in FEMA Funding Identified	\$18.9 million

## **RECOMMENDATION**

These reports are provided for information only.

## **RURAL DEFINITION**

Non-entitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Ms. Cardenas at 512-936-7890 (ocardenas@orca.state.tx.us).**

# **SUMMARY**

## **Transfer in Unobligated DR2 Administrative Funds**

Presented by Oralia Cardenas \*

### **DISCUSSION**

On April 13, 2007, HUD approved an Action Plan for approximately \$428 million (DR2) to help restore and rebuild areas of the State most directly impacted by Hurricanes Katrina and Rita. Within this plan, TDHCA allocated \$42 million for restoration of critical infrastructure to be managed by ORCA. In addition to the grant funds provided, ORCA was allocated \$2.1 million for administrative costs. The Action Plan further required ORCA to directly set aside \$19.8 million of the critical infrastructure funds for three entities (Hardin County, Memorial Hermann Hospital – Orange, and Bridge City) and to hold a competition for the remaining \$22.2 million. ORCA received applications totaling over \$70 million from 24 eligible applicants. The result of the competition was full awards to four communities (Jefferson County, Tyler County, Lumberton, and Silsbee) and a partial award to Jasper County.

ORCA is currently one year or more into the management of the eight critical infrastructure contracts and has approximately \$600,000 remaining in the administrative budget (after Governing Board authority to move \$1 million at the April 2009 Board Meeting). Based on staff calculations, ORCA does not need at least \$300,000 of these remaining funds to complete the management of the grant awards and would recommend the Board consider a transfer from the unobligated administrative funds to program funding. This transfer would allow staff to award Jasper County, the partially funded community in the competitive process, additional funds to restore and rebuild from Hurricane Rita. Staff has visited with the County and they have confirmed they do have projects they could spend the additional funds on related to Hurricane Rita.

### **RECOMMENDATION**

Staff recommends the Board approve the transfer of \$300,000 of DR2 funds from administrative funds to project funds to allow additional recovery work in Jasper County.

## **RURAL DEFINITION**

Nonentitlement cities with populations under 50,000 and counties under 200,000.

**\*Should a Board member have questions concerning this agenda item, please contact Ms. Cardenas at 512-936-7890 ([ocardenas@orca.state.tx.us](mailto:ocardenas@orca.state.tx.us)).**

## **Future ORCA Board Meeting Dates**

### **2009**

August 6-7            (Thursday – Friday)            Austin

October 1-2           (Thursday – Friday)            Austin

December 3-4        (Thursday – Friday)            Austin

### **2010**

February 4-5        (Thursday – Friday)            Austin